

HeidelbergCement India Limited

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HCIL:SECTL:SE:2018-19

5th November 2018

BSE Ltd.
Listing Department
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai - 400001

Listing Department,
National Stock Exchange of India Ltd
Exchange Plaza, C/1, Block G,
Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051

Scrip Code:500292

Trading Symbol: Heidelberg

Dear Sir,

Sub: Presentation for Conference Call – Regulation 30(6)

This has reference to our letter dated 30th October 2018 sent earlier informing about conference call being organised by PhillipCapital (India) Pvt. Ltd. Further to our aforesaid letter please find attached a presentation to be made to analysts and the institutional investors at the conference call scheduled tomorrow.

After the conference call, a transcript of the discussion shall also be posted on the website of the Company, www.mycemco.com for information of the investors.

Thanking you,

Yours faithfully,
For HeidelbergCement India Ltd.


Rajesh Relan
Legal Head & Company Secretary

Encl.: a.a



HeidelbergCement India Limited (HCIL)

Q2FY19 Investor Presentation

November 5, 2018



Renewable Power



Waste Heat Recovery System



GreenCo Gold

■ Cautionary Statement

- Statements in this presentation, which describe the Company's objectives, projections, estimates, expectations or predictions, may be considered to be "forward-looking statements" within the meaning of applicable Securities Laws and Regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however materially differ from those expressed or implied.
- Important factors that could make a difference to the Company's operations include global and Indian political, economic and demand-supply conditions, finished goods prices, raw materials cost and availability, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, Policies, tax regimes, economic developments within India besides other factors such as litigation and industrial relations as well as the ability to implement strategies.
- The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

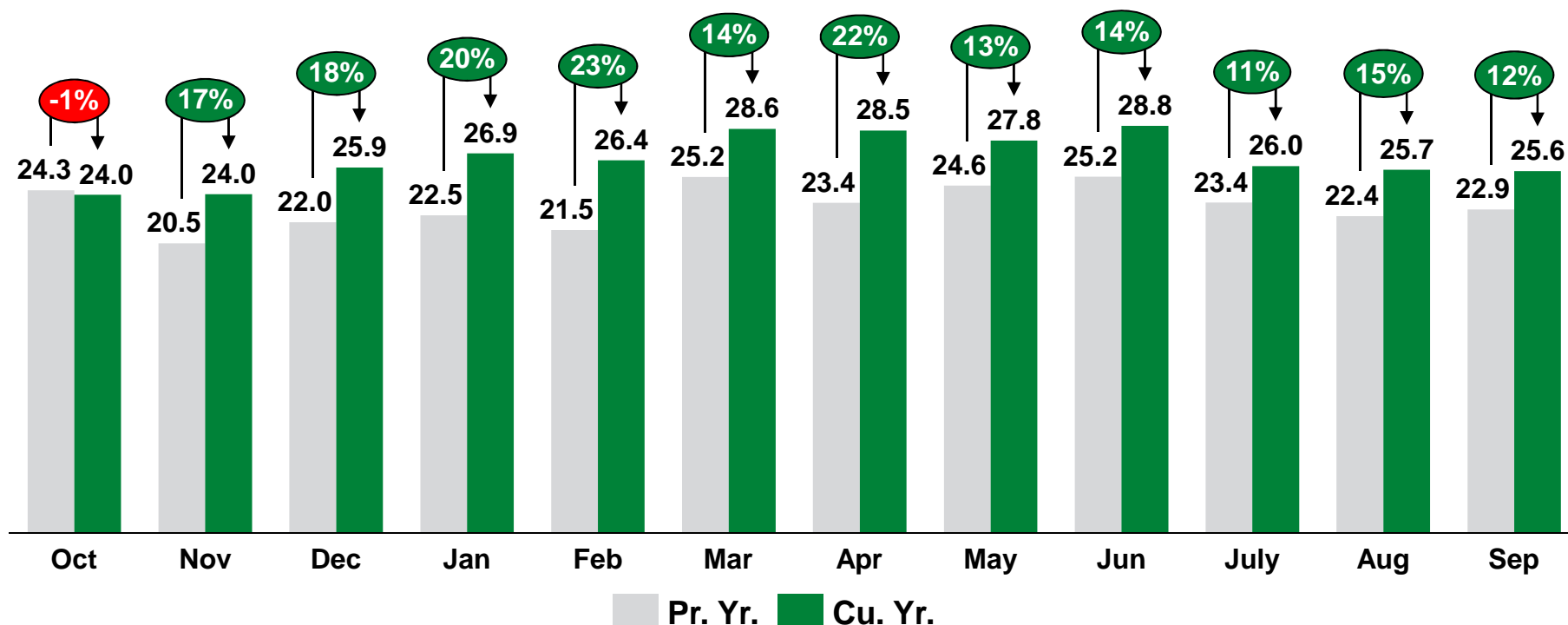
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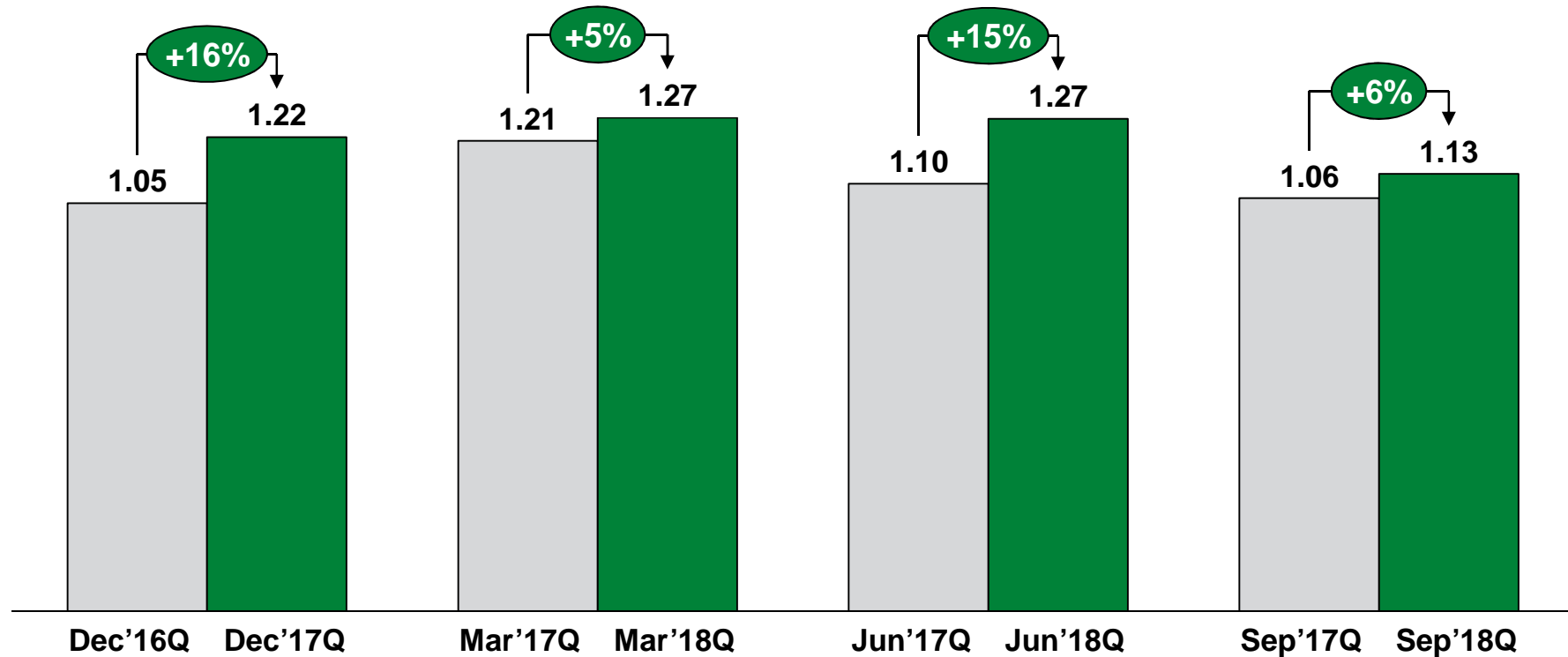
① Indian Cement Industry – trailing twelve months

- All India installed cement capacity of ~480 Mn T as at Sep'18.
- Cement Industry reported production volume growth of 15% in last twelve months driven by growth in infrastructure and rural housing; part of the growth was also driven by low base due to demonetization (Dec'16Q). During the same period, HCIL reported sales volume growth of more than 10%.
- HCIL reported cement capacity utilization of c. 90% against industry average of c.70%.

All India Monthly Cement Production (Mn T)



② HCIL Quarterly Volumes – trailing twelve months



> 10% volume growth in trailing twelve months driven by robust cement demand esp. in rural Central India

③ Q2FY19 – HCIL's major highlights

Highest ever quarterly realization & EBITDA/t

EBITDA of ₹ 1,036 per tonne @ capacity utilization of 82%

HCIL continues to sell 100% blended cement

mycem power - premium product vol. increased 11% y/y

WHR generation up by 12% y/y

Secured coal linkage of c.160kt under E-Auction for 5 years

Paid second tranche of ₹ ECB
Mio ₹ 750

Continue to operate on –ve Net Working Capital

Net debt at Sep'18 Mio ₹ 3,724

Avg. cost of debt @ 7.18%

Net Debt to EBITDA at 0.8x

Distributed FY18 dividend @ 25%
Mio ₹ 683 (incl. DDT)

FY19 Interim dividend @ 10%
Mio ₹ 273 (incl. DDT)

④ Income statement

Mio ₹

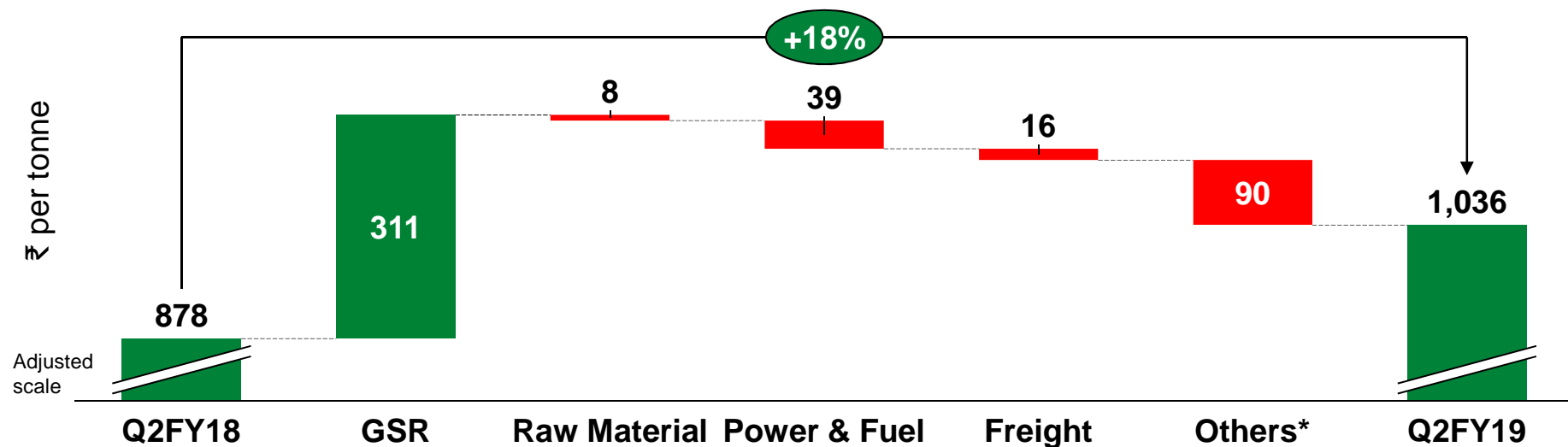
Particulars	Quarter ended		Y/y	6 months ended		Y/y
	Sep'18	Sep'17	Change%	Sep'18	Sep'17	Change%
Total Income	4,859	4,259	14%	10,261	8,669	18%
Total Expenditure	3,693	3,326	11%	7,901	7,065	12%
EBITDA	1,166	933	25%	2,359	1,604	47%
Depreciation/amortization	255	255	0%	510	505	1%
Other Income	62	23	164%	131	48	172%
EBIT	973	702	39%	1,981	1,148	73%
Financial expenses	199	188	6%	418	386	8%
Profit Before Tax	774	513	51%	1,563	761	105%
Tax Expenses	273	181	51%	551	268	105%
Profit After Tax	501	333	50%	1,012	493	105%

KPIs

Sales Volume (Mn T)	1.12	1.06	6%	2.39	2.16	10%
Gross realization (₹/t)	4,263	3,952	8%	4,249	3,933	8%
Total cost (₹/t)	3,283	3,129	5%	3,303	3,263	1%
EBITDA (₹/t)	1,036	878	18%	986	741	33%
EBITDA% of revenue	24.3%	22.2%	209 bps	23.2%	18.8%	438 bps
PAT% of revenue	10.4%	7.9%	252 bps	10.0%	5.8%	416 bps

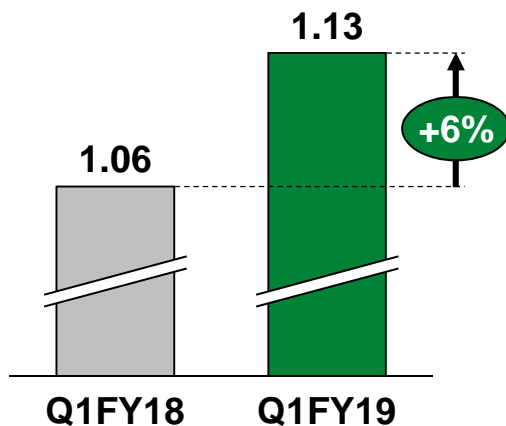
Improvement across KPIs; fuel cost remained at elevated levels

⑤ EBITDA per tonne bridge: Q2FY18 to Q2FY19



Note: Change in inventory has been apportioned equally on Raw Material and Power and Fuel expenses.

*Other expenses include other operating income, employee cost and miscellaneous expenses.



Sales Volume (Mn T)

- Power and fuel per ton has increased mainly due to higher fuel prices which is partially off-set by:
 - Higher power generation from WHR +12% y/y
 - Economical power sourcing
- Increase in freight cost primarily driven by hike in diesel prices
- Negative variance in Others is due to lower SGST benefit in Madhya Pradesh and DMF reversals in Q2FY18.

⑥ Q2FY19 – Share of volume



47% road volume, +230 bps y/y



41% Coal, +1390 bps y/y



9% of trade volume, flat y/y



85% Trade sales, +487 bps y/y

7 Balance sheet

			Mio ₹		
Particulars	30-Sep-18	31-Mar-18	Particulars	30-Sep-18	31-Mar-18
Equity and liabilities			Assets		
Equity			Non-current assets		
a) Equity share capital	2,266	2,266	a) Property, plant and equipment	17,590	18,044
b) Other equity	8,527	8,198	b) Capital work-in-progress	175	81
	10,793	10,464	c) Intangible assets	11	17
Non-current liabilities			d) Financial assets		
a) Financial liabilities			(i) Security deposits	285	285
(i) Borrowings	4,737	4,692	e) Other non-current assets	275	294
(ii) Other financial liabilities	37	54		18,336	18,720
b) Provisions	180	196	Current assets		
c) Government grants	461	512	a) Inventories	1,405	1,269
d) Deferred tax liabilities (net)	1,049	835	b) Financial assets		
	6,463	6,289	(i) Security deposits	167	107
Current liabilities			(ii) Trade receivables	246	188
a) Financial liabilities			(iii) Cash and bank balances	1,635	2,124
(i) Trade payables	2,477	2,266	(iv) Other financial assets	9	19
(ii) Other financial liabilities	1,756	3,122	c) Other current assets	2,998	2,901
b) Other current liabilities	839	896		6,461	6,608
c) Government grants	103	103	Total assets	24,797	25,328
d) Provisions	2,366	2,189			
	7,541	8,575			
Total liabilities	14,004	14,864			
Total equity and liabilities	24,797	25,328			

HCIL continues to operate on –ve Net Working Capital

⑧ Awards and accolades



Jhansi Plant – “GreenCo Gold” award by GreenCo Rating System



Damoh Plant – “GreenCo Silver” award by GreenCo Rating System



Jhansi Plant – CII’s award for Excellent Energy Efficient Unit

9 Outlook

Positives:



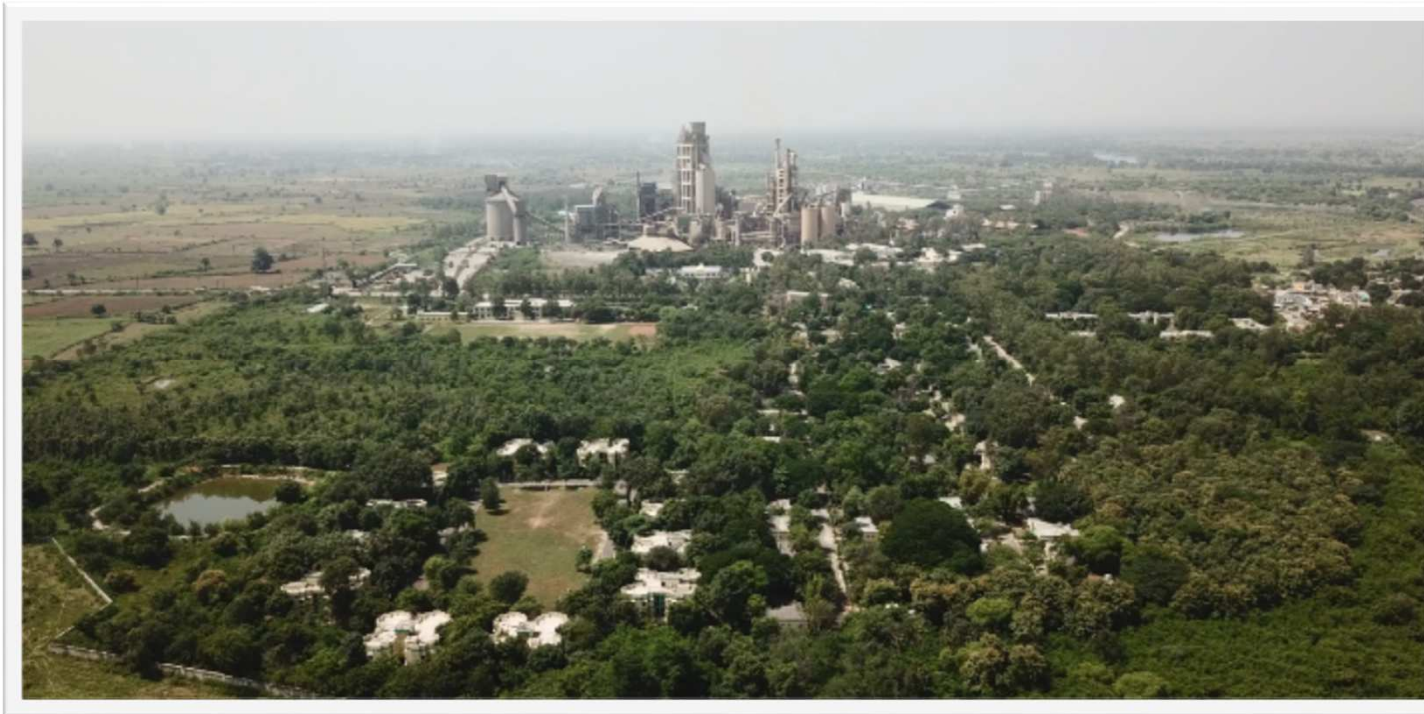
- ❑ **Cement demand** expected to touch double digit growth in FY19; demand expected to be primarily driven by rural housing, affordable housing and infrastructure.
- ❑ **Boost in government spending** on infrastructure to drive growth: affordable housing and Infrastructure development – concrete roads, railways, irrigation, mega Industrial and freight corridors etc.

Concerns:



- ❑ **Sharp depreciation** of Indian Rupee against US Dollar, 15% fall from Jan'18 levels.
- ❑ **Steep increase in crude prices:** fuel prices, diesel cost, packaging costs etc.
- ❑ **Liquidity** concerns and rising interest rates.
- ❑ **Hardening of compliance norms:** SOx and Nox.

Bird's-eye view of Damoh clinker plant



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Safety is our foremost priority