HINDUSTHAN NATIONAL GLASS & INDUSTRIES LTD.

Q4 & FY2012 Earnings Presentation

May 15, 2012

Disclaimer

Certain statements in this communication may be 'forward looking statements' within the meaning of applicable laws and regulations. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, import duties, litigation and labour relations.

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Company overview

Dominant position	Leader in the container glass segment Current Installed capacity in India is 4,395 TPD (including Naidupeta) and Germany 320 TPD; Planned capacity expansion to ~4,820 TPD in India by FY14
Consumption Ancillary	Diversified end-user segment including Liquor, Beer, Beverages, Food, Pharmaceuticals and others
Pan-India Presence	Manufacturing facilities in 6 locations across India; Facility at Naidupeta is progressing as scheduled Additionally, International manufacturing footprint through 100% subsidiary HNG Global GmbH, Germany
Competent Management	Strong Management with vast experience and huge domain knowledge Successful history of acquiring loss-making units and turning them around
Well established customer relations	Six decades of presence in the industry has enabled the Company to develop long standing customer relationships
Strong Financials	In a capital intensive industry, the Company has been able to maintain robust Financials

Financial Highlights

FY2012 Highlights Vs FY2011 (Standalone)

- Total Income up 21% to Rs. 18,948 million (Rs. 15,604 million in FY2011)
- EBIDTA stood at Rs. 3,039 million (Rs. 2,703 million in FY2011)
- PBT at Rs. 951 million (Rs. 1,198 million in FY2011)
- PAT stood at Rs. 909 million (Rs. 864 million in FY2011)
- Basic & Diluted EPS at Rs. 10.4 (Rs. 9.9 in FY2011)
- Board recommends a final dividend of Rs. 1.5 per equity share (75% of face value of Rs. 2 per share)

Q4 FY2012 Highlights Vs Q4 FY2011 (Standalone)

- Total Income up 25% to Rs. 5,237 million (Rs. 4,177 million in Q4 FY2011)
- EBIDTA stood at Rs. 765 million (Rs. 443 million in Q4 FY2011)
- PBT at Rs. 192 million (Rs. 45 million in Q4 FY2011)
- PAT stood at Rs. 306 million (Rs. -37 million in Q4 FY2011)
- Basic & Diluted EPS at Rs. 3.50 (Rs. -0.42 in Q4 FY2011)

Financial Highlights (continued)

FY2012 Highlights Vs FY2011 (Consolidated)

- Total Income up 31% to Rs. 20,496 million (Rs. 15,705 million in FY2011)
- EBIDTA at Rs. 3,121 million (Rs. 2,728 million in FY2011)
- PBT stood at Rs. 756 million (Rs. 1,211 million in FY2011)
- PAT at Rs. 433 million (Rs. 588 million in FY2011)
- Diluted EPS at Rs. 4.96 (Rs. 6.73 in FY2011)

Note:

- *Consolidated performance includes full consolidation of 100% subsidiaries - a) HNG Global GmbH; b) Glass Equipment (India) Ltd.; c) Quality Minerals Ltd.*
- *Consolidation of HNG Float Glass Ltd. (Associate Company) has been implemented at the Net profit level*

MD’s Message

Comments on the performance for Q4 & FY2012 - from Mr. Mukul Somany, Vice Chairman & Managing Director of the Company :

“I am pleased to share with you, an encouraging operating performance for FY 2012, driven primarily by strong volumes. The year was marked with challenges as we embarked on our journey to strengthen our domestic presence whilst establishing our manufacturing footprint in the international market. One of the most strategic developments during the year was the acquisition of the state-of-the-art manufacturing facility of Agenda Glas in Germany which is one of the largest markets in Europe for the food and alco-bev industries. The progress at this facility has been notable and we are confident of being able to turn around the unit in the coming quarters as we steadily move towards profitability.

On the domestic front, we are building capacities in anticipation of firm demand from the consumer space as well as increased application of glass containers across industries. The greenfield and brownfield capacity expansions at Naidupeta and Nashik are progressing as scheduled.

The Company also implemented various initiatives to improve energy efficiency which constitutes a major portion of the cost structure. Price hikes coupled with cost optimization strategies are expected to ease the pressure on margins. For the year ahead, we are focused with our actions directed towards further leveraging our position and are confident that a sound business model, strong product profile and well-defined growth strategies provide us the environment to create increasing value for all our stakeholders.”

Business Progress

- Capacity expansion at Nashik & Naidupeta are progressing as scheduled
  - These are the world's largest end port furnaces
  - Capital expenditure incurred till March 2012 – Rs. 608 crore for Nashik & Rs. 673 crore for Naidupeta
  - Improved manufacturing efficiencies expected to reduce the marginal cost per unit recorded for the plant

- The Naidupeta facility is strategically located
  - Close proximity to key raw materials
  - Facilitate strengthening of operations in South – key market in India

- Implemented various processes and systems across manufacturing units during the year to optimize cost especially energy costs

- Sustained relations with international clientele through exports to over 30 countries; HNG is strategically positioned in the eventuality of a slow-down in the domestic market
  - Current exports order book size stands at USD 10 million
  - The order book is augmenting on a continuous basis
  - The size of book denotes healthy order visibility and booking

Business Progress (continued)

- Integrating state-of-the-art-technology in facilities through the latest capacity expansions
  - Narrow neck press and blow had been adapted at Rishra and Bahadurgarh, resulting in lower wastages and higher pack to melt ratio strengthening capacity utilization
  - Facilitate improved efficiency and increased productivity in-turn resulting in improved operating and financial performance in the coming quarters

HNG Global Gmbh – 100% subsidiary

- HNG acquired the assets of Agenda Glas (AG)**, Germany, in May 2011; manufacturing capacity of 320 TPD
  - Aligned with the Company's plans to achieve global scale
  - Commenced operations under HNG management in August 2011
  - Capacity utilization continuously witnessing improvement
  - Revenues for the period August 2011 – March 2012 stood at €18.80 millions; strong sales traction expected in the coming quarters on the back of improved volumes and better realization
  - Overall operations expected to breakeven in FY 2013
  - Technological synergies are expected to accrue across the existing spread of manufacturing units in India

***** Now known as HNG Global GmbH – 100 % Subsidiary of HNG***

Financial Highlights - Standalone

Profit & Loss Statement Snapshot

(Rs. million)

Particulars (Rs.mn)	Q4 FY2012	Q4 FY2011	Variance (%)	FY2012	FY2011	Variance (%)
Total Income	5,237.4	4,176.8	25%	18,947.5	15,603.5	21%
EBIDTA	764.6	442.5	73%	3,039.0	2,702.9	12%
Margins	*15%*	*11%*	-	*16%*	*17%*	-
Depreciation	312.7	256.8	22%	1,165.2	996.7	17%
Interest	259.6	141.0	84%	923.3	508.3	82%
PBT	192.3	44.7	330%	950.5	1,197.9	(21%)
Margins	*4%*	*1%*	-	*5%*	*8%*	-
Tax expense	(113.5)	81.2	-	41.9	333.7	-
PAT (after minority interest)	305.8	(36.5)	-	908.6	864.2	-
Margins	*6%*	*(1%)*	-	*5%*	*6%*	-
EPS	3.5	(0.4)	-	10.4	9.9	-

Financial Highlights - Standalone

Balance Sheet

(Rs. million)

Particulars (Rs. mn)	March 31, 2012	March 31, 2011
Liabilities		
Capital	174.7	174.7
Reserves & Surplus	11,402.5	11,486.8
Non-Current Liabilities	17,307.2	4,722.0
Current Liabilities	9,545.1	5,088.0
Total Liabilities	**38,429.5**	**21,471.5**
Assets		
Fixed Assets	25,500.8	13,205.8
Non-current Investments	1,809.0	1,775.4
Long-term Loans & Advances	2,319.0	866.1
Current assets	8,800.7	5,624.1
Total Assets	**38,429.5**	**21,471.5**

Financial Highlights - Standalone

Key Ratios

Particulars	March 31, 2012	March 31, 2011
Long term Debt to Equity (times)	1.38	0.32
ROCE (%)	7.32%	7.33%
Return on Net worth (%)	7.82%	7.82%
Current Ratio (times)	0.92	1.11
Net working capital cycle (days)	98	83

Key Perspectives

- Capacity expansion has primarily been funded through long term debt resulting in a higher debt to equity ratio as on 31 March, 2012 as compared to 31 March, 2011
- Return ratios are expected to progressively improve supported by higher volumes, input cost stability and increased realizations
- Various initiatives have been undertaken to improve the working capital cycle and minimize the lag in effectively passing increase in input cost

Note 1:Current Ratio is calculated as per the Revised Schedule VI, wherein any liability payable within 12 months is included in Current Liability (e.g. Loan repayments in next 12 months) and Loans & Advances not recoverable in next 12 months is excluded from Current Assets.
Note 2: Net working capital cycle = Debtors Turnover Ratio + Inventory Turnover Ratio – Creditors Turnover Ratio

Performance Analysis - FY12 Vs FY11 - Standalone

Total Income

- Total income improved to Rs. 18,948 million, marking a growth of 21% on a y-o-y basis
  - Furnace re-builds undertaken during the year resulted in improved capacity; production increased to 9,36,853 MT in FY2012 as compared to 8,29,374 MT in FY2011
  - Sales volumes enhanced by 7.2% over FY2011
  - Price hikes implemented during the year helped improve realizations

- As HNG's additional capacities come on stream, production and sales volumes are expected to improve significantly and will result in better absorption of costs

EBIDTA

- Higher realizations and higher cost led to stable operating margins
  - Cost of production per ton escalated by 15% as compared to FY2011; power & fuel cost and raw material cost increased by 30% and 10% respectively during the year
  - The Company implemented a price hike of 8% in Q4 FY2012 to cover the rising input cost
  - Margins expected to improve on the back of higher operating efficiencies augmented by new capacities, which will lead to better cost absorption on increasing volumes

Performance Analysis - FY12 Vs FY11 - Standalone

Interest and Finance Costs

- In FY2012, the Interest & Finance costs increased to Rs. 923.3 million as compared to Rs. 508.3 million in FY2011; a result of combined effect of higher borrowings and interest rates
  - Higher effective base rates during the year resulted in an increase in the average cost of borrowed funds
  - However, with the domestic interest rate scenario expected to witness a favourable change towards the end of FY13, decrease in borrowings cost should ease the pressure on margins

Net Profit

- PAT stood at Rs. 908.6 million, reported a moderation during the year owing to high interest and depreciation costs

- Margin enhancement expected to be witnessed in FY13 resulting from
  - Improved volumes and cost absorption on account of enhanced capacities
  - Higher realization owing to price hikes implemented during the year

Performance Analysis - FY12 Vs FY11 - Standalone

Balance Sheet

- Net worth higher on account of sustained internal accruals
- Borrowings increased as capacity expansions executed during the year were primarily funded by debt
  - 650 TPD brown-field capacity expansion in Nashik, Maharashtra
  - 650 TPD green-filed capacity expansion in Naidupeta, Andhra-Pradesh
  - Furnace re-builds undertaken at Rishra plants
- Fixed asset base expanded on account of capacity enhancement

Financial Highlights - Consolidated

Profit & Loss Statement Snapshot

(Rs. million)

Particulars	FY2012	FY2011	Shift (%)
Total Income	20,496.4	15,705.3	31%
EBIDTA	3,120.8	2,728.2	14%
PBT	755.5	1,210.5	(38%)
PAT	433.4	587.8	(26%)

Balance Sheet Snapshot

(Rs. million)

Particulars	FY2012	FY2011	Shift (%)
Net Worth	10,950.5	11,495.5	2%
Long-term Debt	18,348.6	3,730.3	365%
Cash & Cash Equivalents	120.2	64.1	88%
Net Working Capital (Rs. mn)	-221.8	785.8	(109%)

Note: Net working capital calculated as per the revise schedule VI requirements

Performance Analysis - FY12 Vs FY11 - Consolidated

Total Income

- Consolidated total income at Rs. 20,496.4 million registered a growth of 31% over FY2011
  - HNG Global GmbH reported revenues of €18.80 million; higher capacity utilizations in tandem with sustained efforts at strengthening order procurement are expected to result in higher revenues in the coming quarters

EBIDTA

- Consolidated operating profits at Rs. 3,121 million moderated during the year
  - Although performance has improved at HNG Global GmbH, positive contribution to the consolidated numbers will accrue in FY2013

Net Profit

- PAT at the consolidated level stood at Rs. 433.4 million owing to the negative impact of the financial performance of HNG Global GmbH and HNG Float Glass
- Increased in interest expense further added pressure on margins
  - Acquisition of Agenda Glas, Germany, was partly funded through long term loan

Note:

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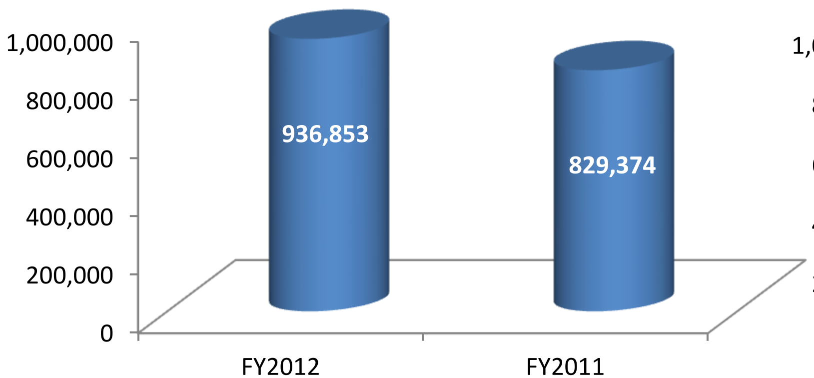
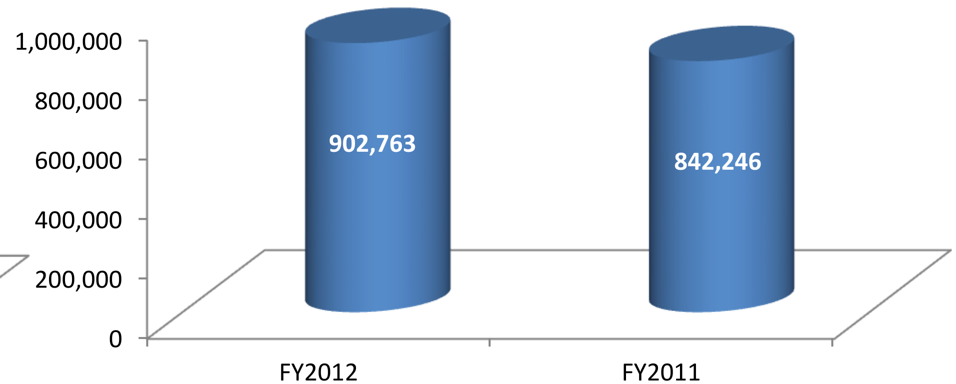
Operational Overview – Standalone

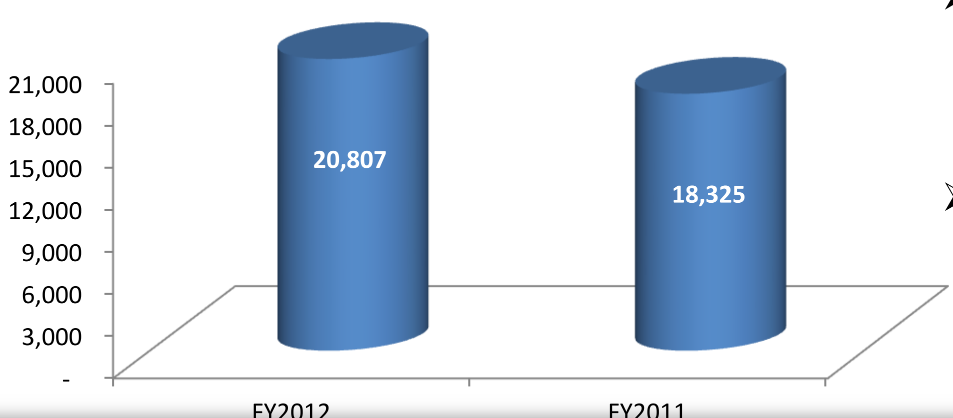
Production (MT)



Sales (MT)



Net Realization (Rs. / MT)

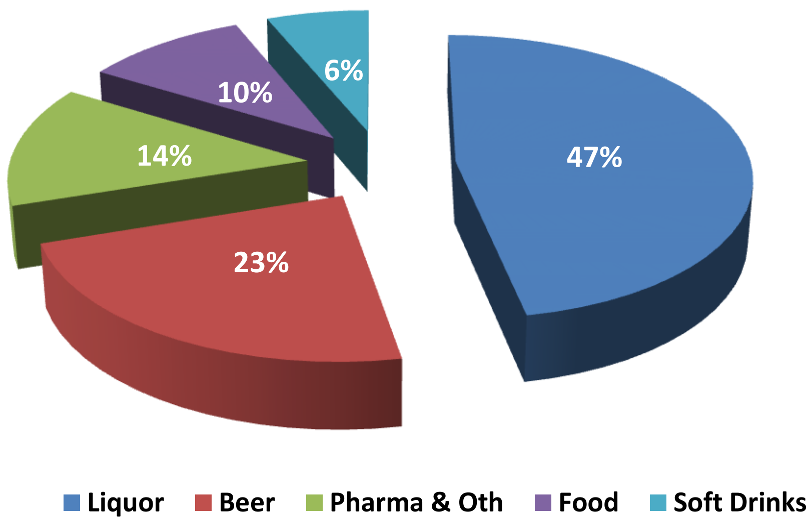


Key Perspectives

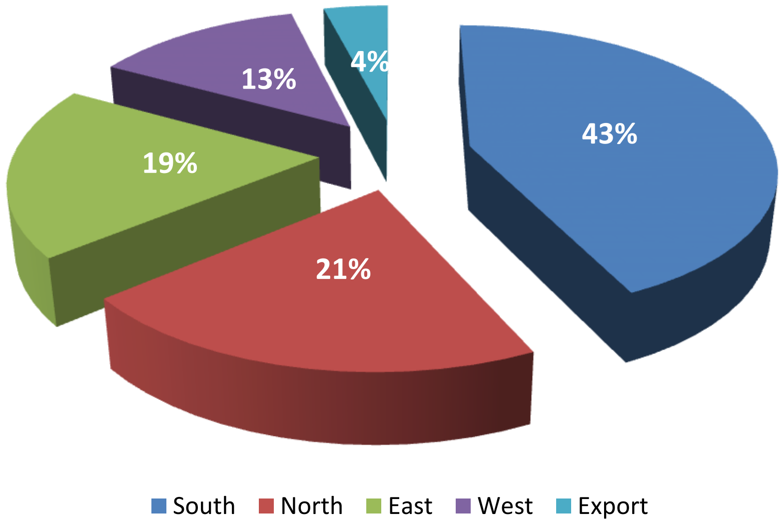
- Price hikes executed during in FY11 resulted in higher realizations for the year
  - In Q4 FY2012, HNG implemented a further 8% price hike in line with rising input cost
- Production and sales volumes are expected to improve with new capacities going on-stream in Q1FY2013

Sales volume distribution – FY2012

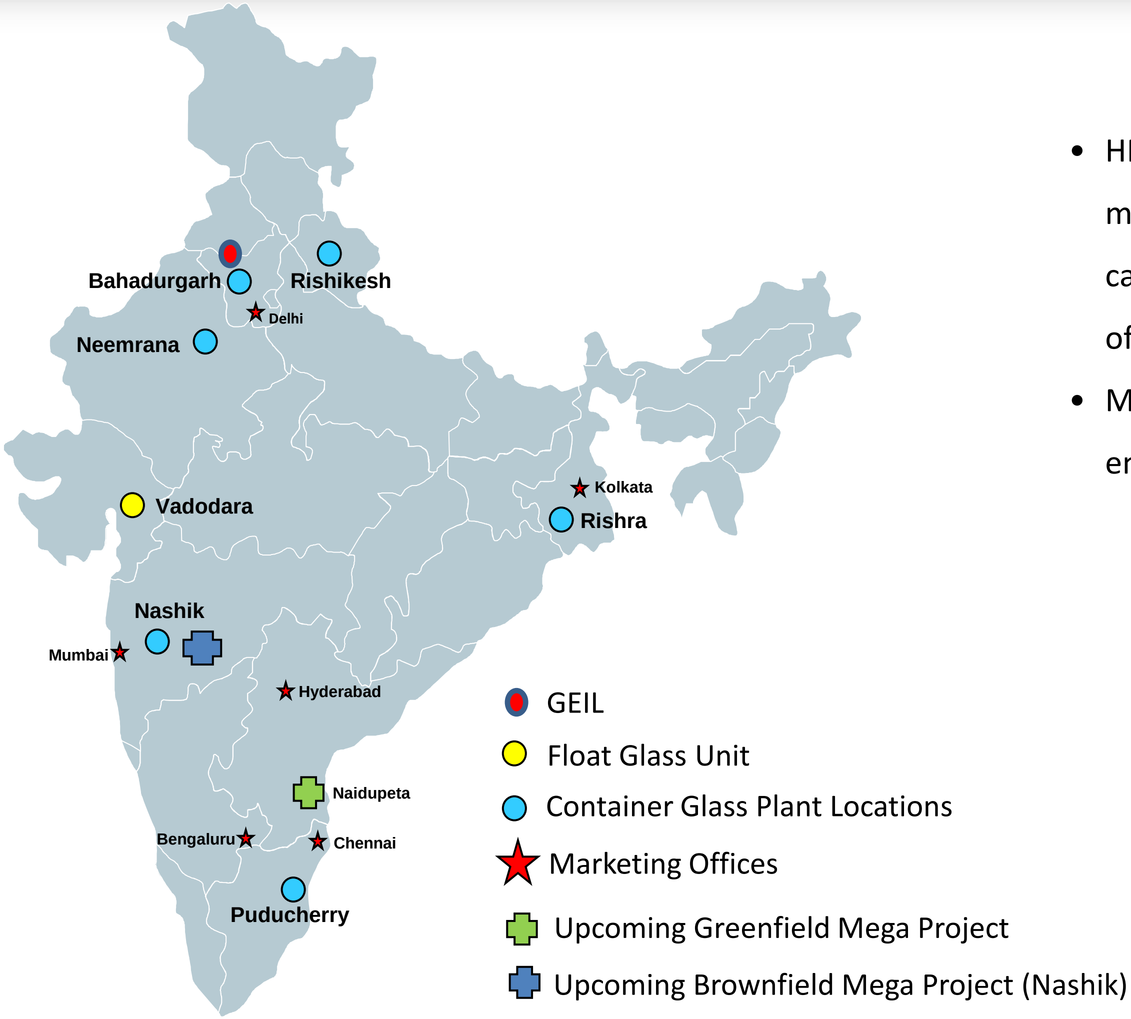
End user segment



Geographical distribution of Sales Volume



Pan – India Presence



- HNG, the largest container glass manufacturer in India has a manufacturing capacity of 4,395 TPD (including 650 TPD of Naidupeta)
- Multi-locational production facilities enable the Company to:
  - Lower landed cost to customers
  - Provide JIT supplies
  - Cater to key customers across India

Note: The total capacity is expected to grow to ~4,820 TPD by FY14 in India.

Shareholder Value - Perspective

Particulars	FY2009	FY2010	FY2011	FY2012	FY2013(E)	FY2014(E)
Capacity (TPD)	2,540	2,930	2,930	3,745@	4,630	4,820
Net Sales (Rs. Cr)	1,311	1,360	1,543	1,878	-	-
Net worth (Rs. Cr.)	935	1,043	1,166	1,233	-	-
No. of shares (Cr.)	8.7*	8.7	8.7	8.7	8.7	8.7
Earnings per share (Rs.)	12.34	17.77	9.90	10.40	-	-
Net worth per share (Rs.)	107	119	134	141	-	-

Key Perspectives

- Progressively increasing revenues
- Benefits of higher capacity and revenues to be visible over the next few years
  - Capacity to double by FY14 as compared to FY09
- Sustained increase in Book Value Per Share (BVPS)
- Continuously demonstrated increase in shareholder value over the last few years with a sustained growth outlook going forward

@ Includes 650 TPD capacity at Nashik
** Adjusted for share split*

Outlook – FY2013

- Outlook for FY2013 is robust:
  - Capacity expansion and increase in production / sales volumes
  - Higher operating efficiencies
  - Wider operating footprint

- Capacity expansion on track

Capacity as on	1-4-2012	1-4-2013 (F)	1-4-2014 (F)
TPD	3,745	4,630	4,820

- Significantly higher efficiencies primarily on account of implementation of improved technologies adapted in line with the state-of-the-art manufacturing processes
  - Cost optimization program being implemented
  - Lower wastages and substantially higher efficiencies at new capacities
  - Economies of scale along with a Pan India presence to further consolidate market position
  - Cumulative effect to result in better earnings

- Venturing into international territories through a manufacturing footprint in Germany aligned to the business strategy of foraying into profitable markets
  - The German acquisition expected to turn-around
  - Improved utilizations combined with better cost management
  - Adoption of best-in-class international processes and learnings throughout the organization

Annexure

Strong customer relationships

LIQUOR

BEER

FOOD

SOFT DRINKS

PHARMACEUTICALS

Caters to customers across segments

Hindusthan National Glass & Industries Ltd. (HNG)

THANK YOU

For further information please log on to www.hngindia.com or contact:

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