

HEIDELBERGCEMENT

India Presentation

March , 2010



HEIDELBERGCEMENT

Agenda

- 1. HeidelbergCement Group : An introduction**
- 2. HeidelbergCement India Ltd. (HCIL) : Company Overview**
- 3. HCIL's Turnaround : Key Financials**
- 4. Growth Prospects**



HeidelbergCement Group : An Introduction

HeidelbergCement : An introduction

- **Founded in 1873**
- **No 1 in aggregates**
- **No 3 in cement**
- **No 3 in ready-mixed concrete**
- **56,000 employees**
- **Core business:**
 - Aggregates
 - Cement
 - Downstream activities
- **2,600 locations in around 40 countries:**
 - ~600 sand, gravel and hard rock sites
 - ~100 cement and grinding plants
 - ~1,400 ready-mix concrete plants
 - ~100 asphalt plants
- **Cement capacity 107 million tonnes**

HeidelbergCement: World market leader in aggregates & Top 3 global player in cement and ready-mix concrete

	HEIDELBERGCEMENT	LAFARGE	Holcim	CEMEX
Key figures 2008¹				
Gross sales (M€)	14,187	19,033	15,869	14,822
Operating EBITDA / EBITDA (M€)	2,946	4,438	3,364	2,969
OI / EBIT (M€)	2,147	3,362	2,119	1,700
OI / EBIT margin (%)	15.1	17.7	13.4	11.5

Source: Company Information

Aggregates¹ (2008 Shipments)		Cement² (2008 Shipments)		Ready-mix concrete (2008 Shipments)	
HEIDELBERGCEMENT	300 Mt	Lafarge	155 Mt	Cemex	77 Mcbm
Lafarge	248 Mt	Holcim	143 Mt	Holcim	49 Mcbm
Cemex	242 Mt	HEIDELBERGCEMENT	89 Mt	HEIDELBERGCEMENT	44 Mcbm
CRH	226 Mt	Cemex	79 Mt	Lafarge	44 Mcbm
Holcim	168 Mt	Italcementi	63 Mt	CRH	21 Mcbm

1. Vulcan + Florida Rock with 204 Mt shipments in 2008 have not been included given their US business focus

2. Anhui Conch with 102 Mt of 2008 shipments has not been included given its China business focus

Source: Company information

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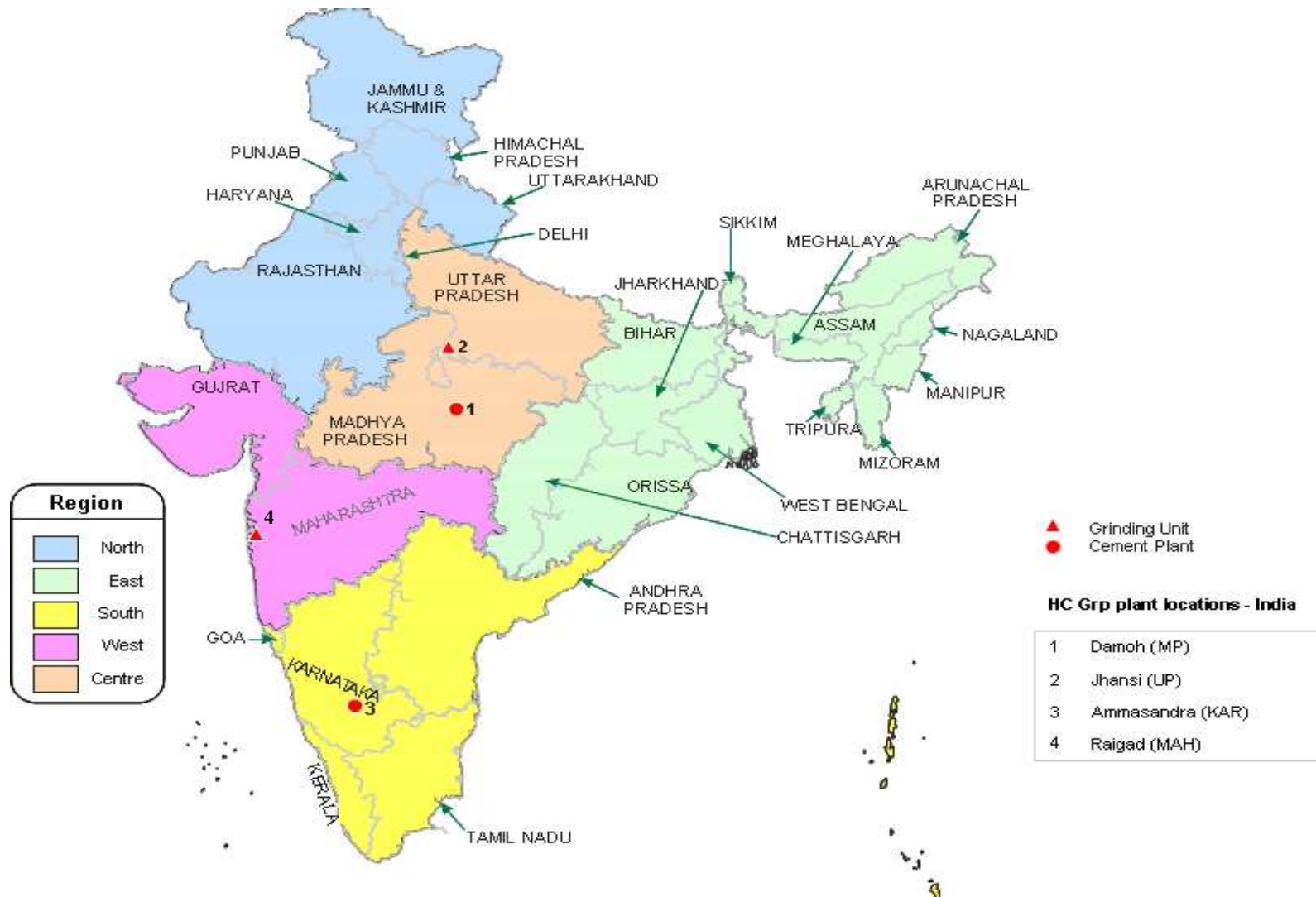


HeidelbergCement India Ltd. : Company Overview

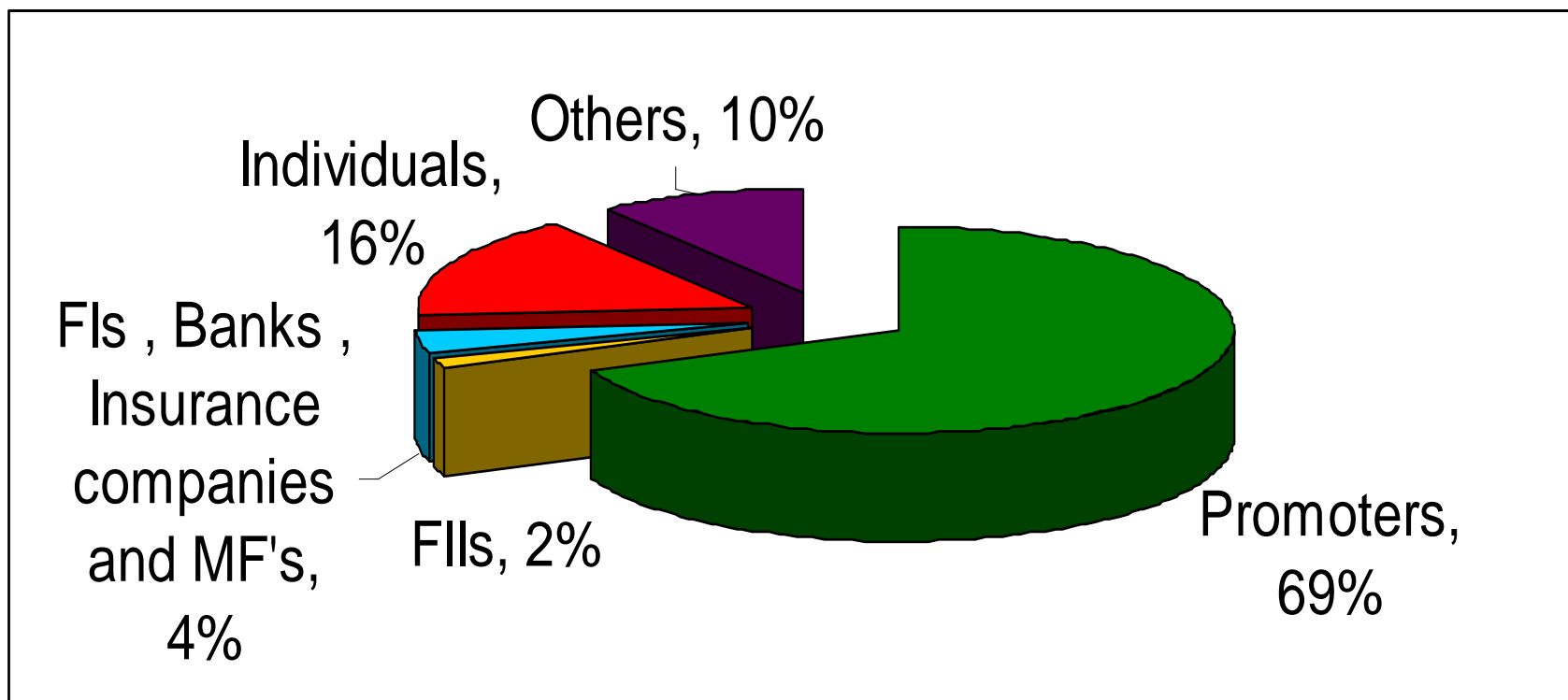
HeidelbergCement India Ltd. (HCIL) : Brief History

- Incorporated in Year 1958 as Mysore Cements Ltd.
- First plant at Ammasandra with a capacity of 1 lakh t commissioned in 1962
- Capacity of Ammasandra unit doubled to 2 lakh t in 1966 and further to 4 lakh t in 1968.
- In 1978 capacity at Ammasandra further increased to 6 lakh t .
- Green field 5 lakh t p.a. plant set up at Damoh , Madhya Pradesh in 1983 . Capacity of this unit enhanced to 1 million t p.a. in 1989 .
- Another green field 5 lakh t p.a. grinding unit set up at Jhansi in 1989 .
- HeidelbergCement Group acquired control of Mysore Cements Ltd. in August 2006 .
- Pursuant to the merger of Indorama Cement Ltd. into and with Mysore Cements Ltd w.e.f 1st April 2008 , the total capacity of the merged entity has increased to 3.07 million t .
- The name of the company has also been changed to HeidelbergCement India Ltd.

HCIL plant locations - India

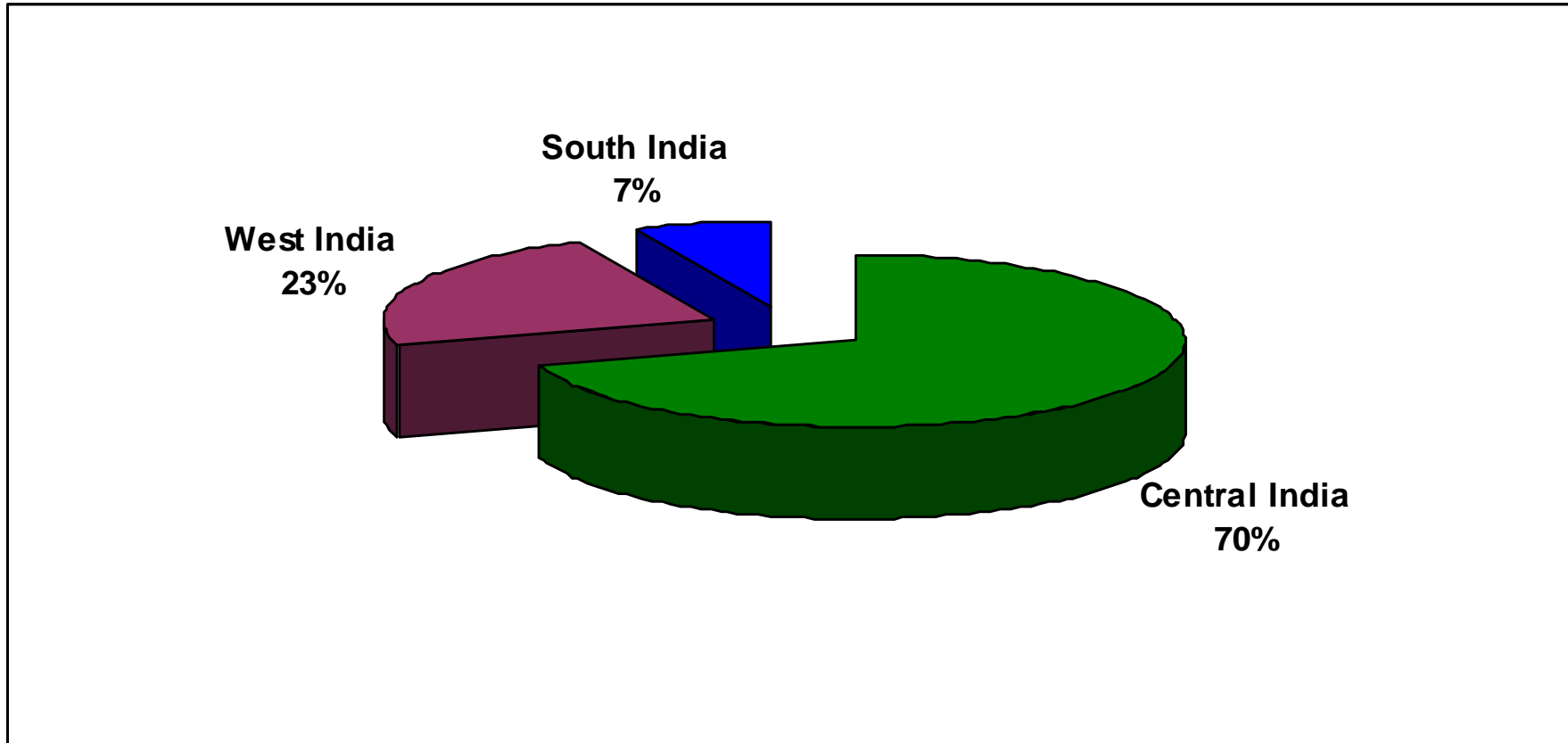


HCIL : Share Holding Pattern as on 31st December 2009



Equity Share Capital of the company : Rs. 226.62 Crores

HCIL : Revenue Split for Year 2009

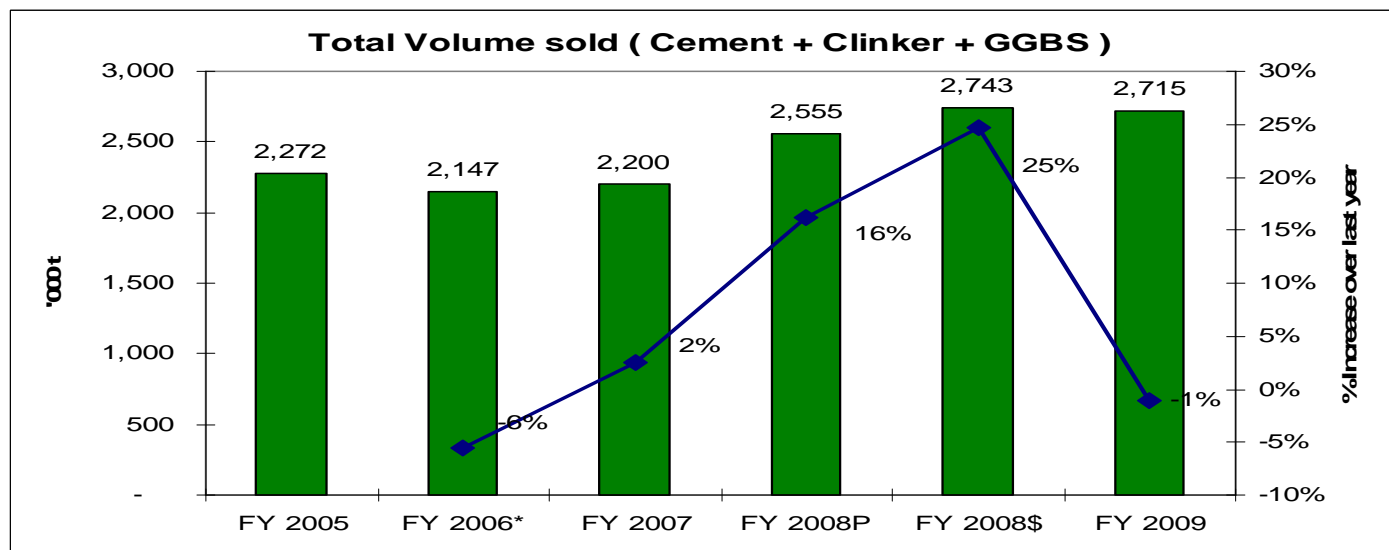
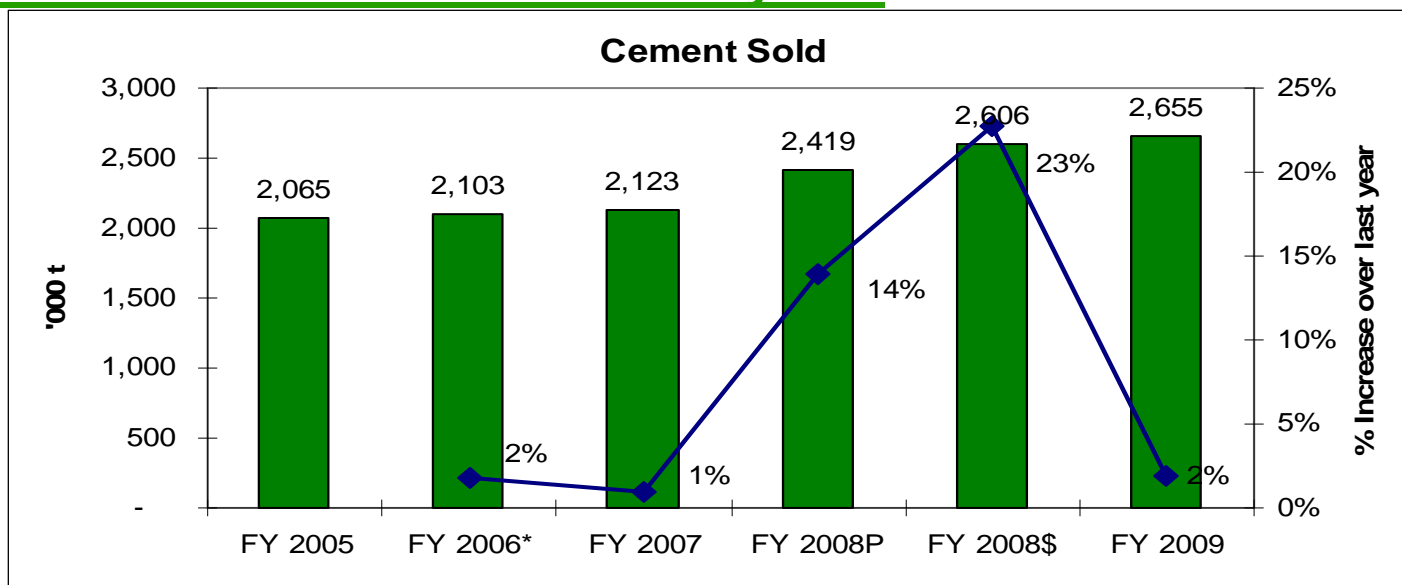


Central India contributed 70% of the total net revenues for the company in the year 2009



HCIL : Turnaround post HC take over

HCIL : Sales Volume Growth over the years

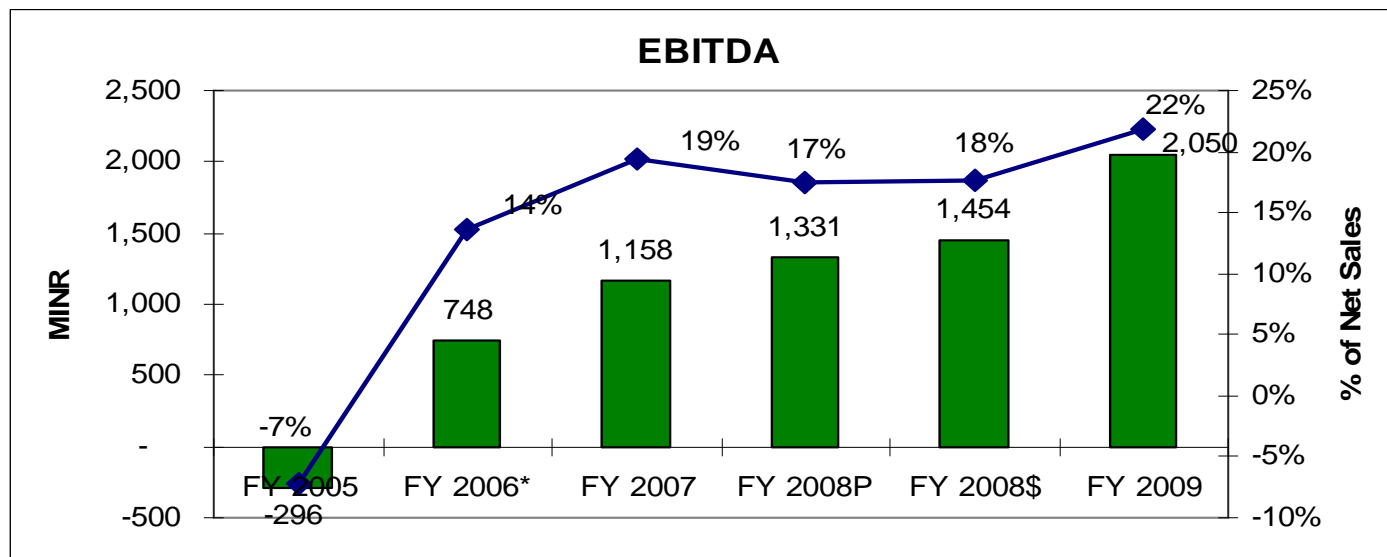
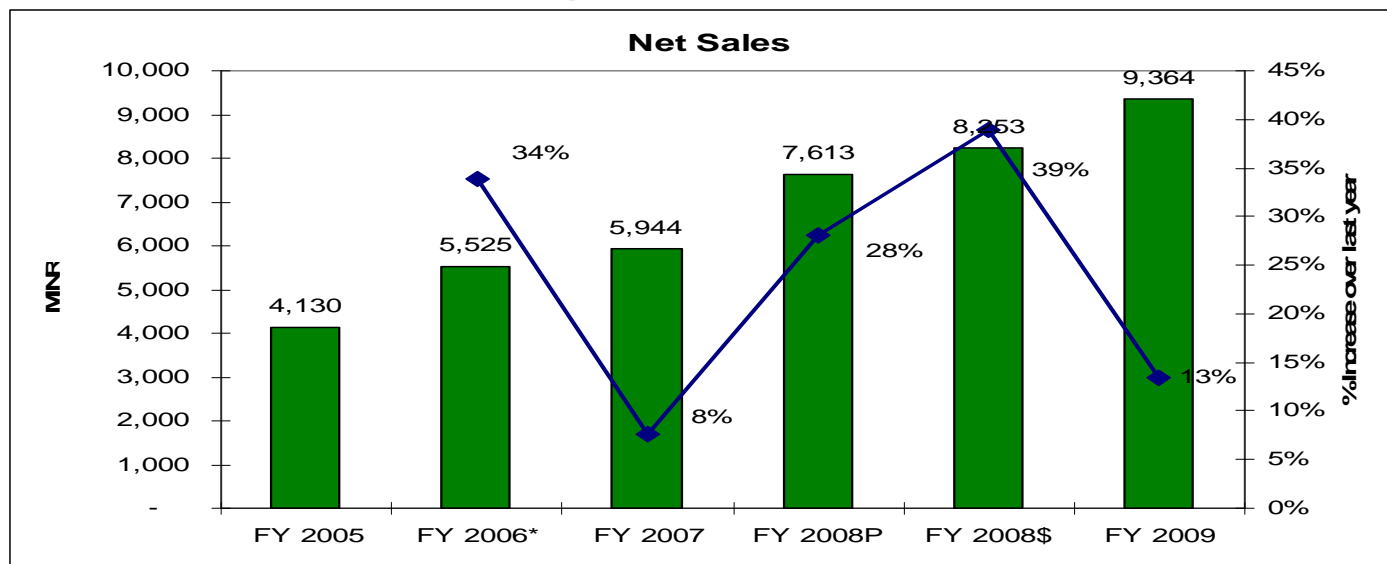


FY 2006* : Figures for FY 2006 have been annualized for proper comparison

FY 2008P : As per published accounts for year 2008 : includes 9 month's results for Raigad (erstwhile Indorama Cement Ltd.).

FY 2008\$: Results for 2008 arrived after considering full year results of Raigad operations (erstwhile Indorama Cement Ltd.) for the year

HCIL : Net Sales and EBITDA growth

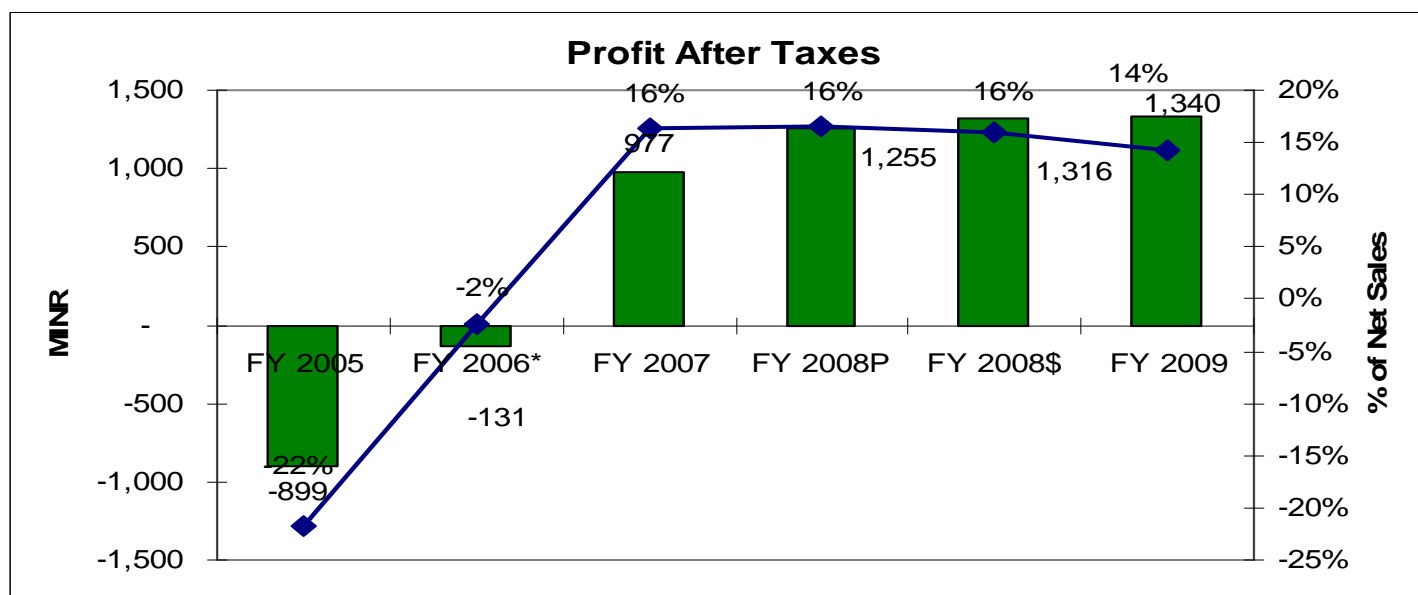
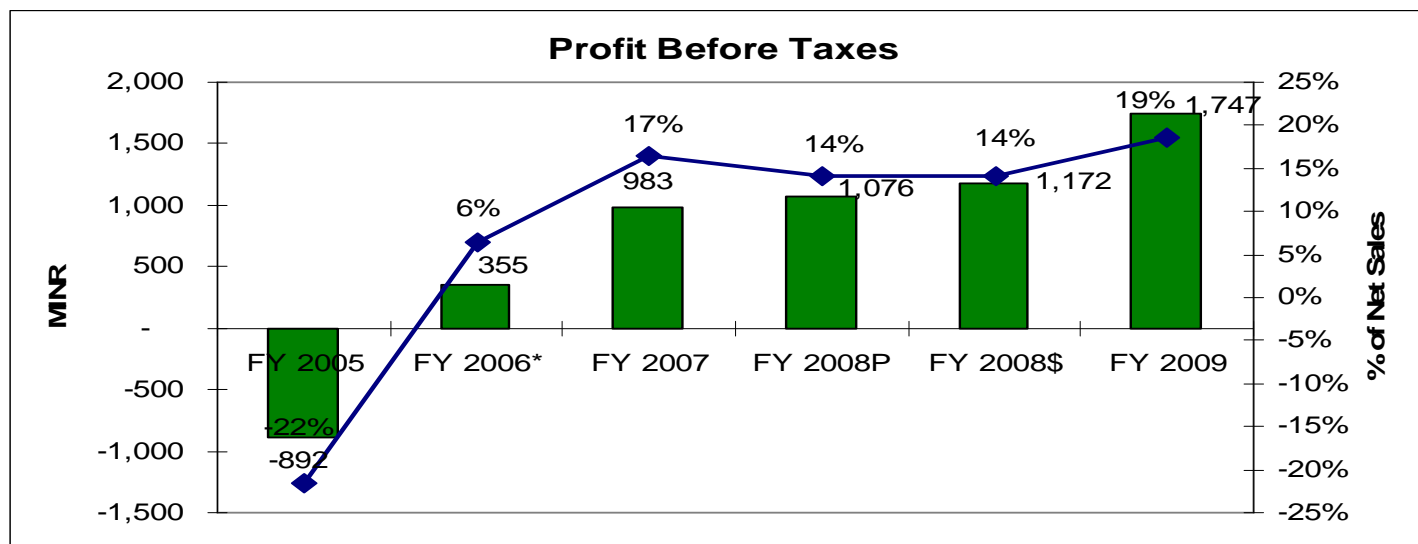


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HCIL : PBT and PAT growth



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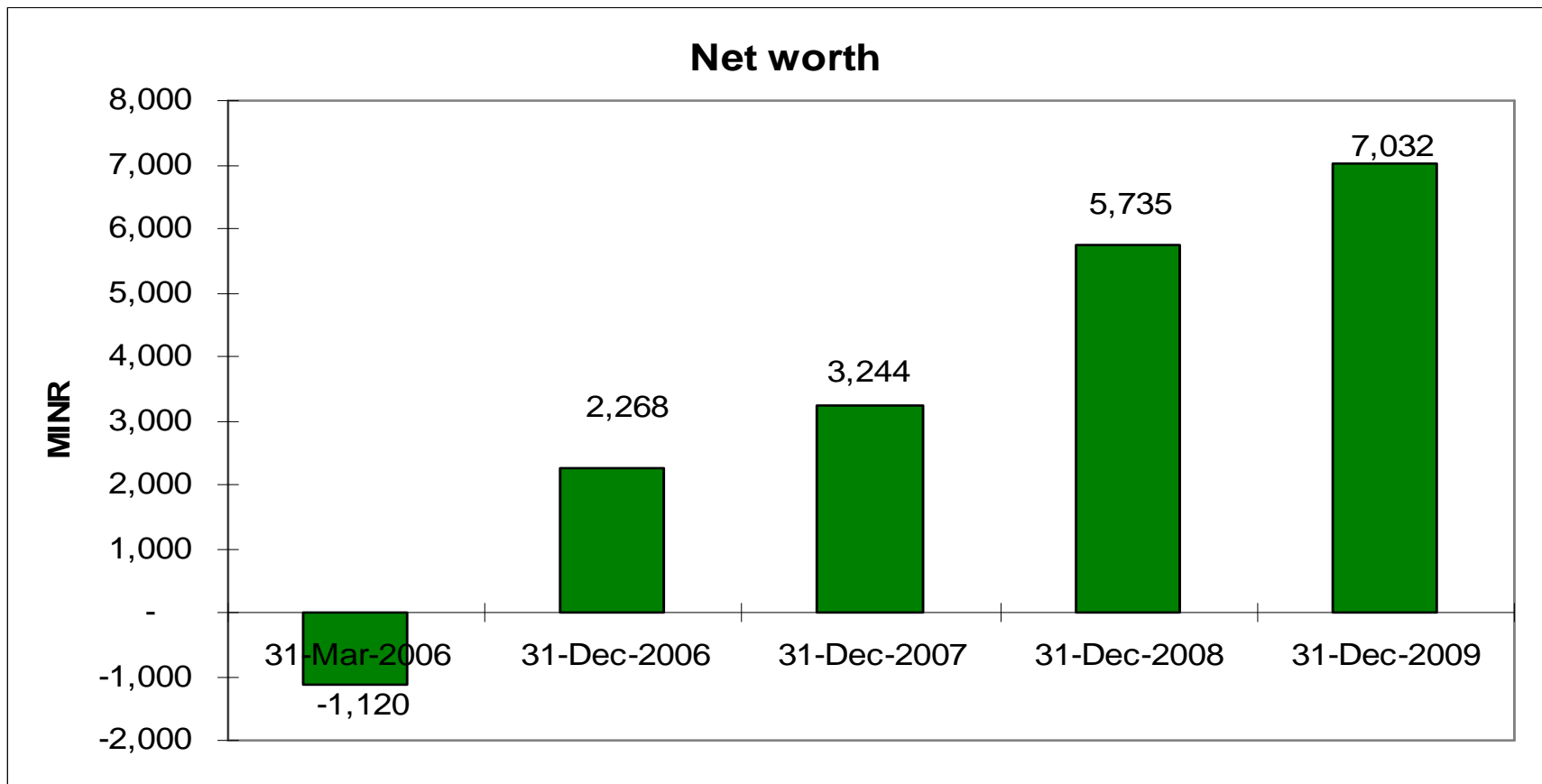
- The company had absorbed all accumulated business losses and unabsorbed depreciation during 2009 . As a result , the company has provided for a higher tax expense in the year 2009.

- It is pertinent to note that the company has paid income tax for the first time after a gap of nearly 15 years .

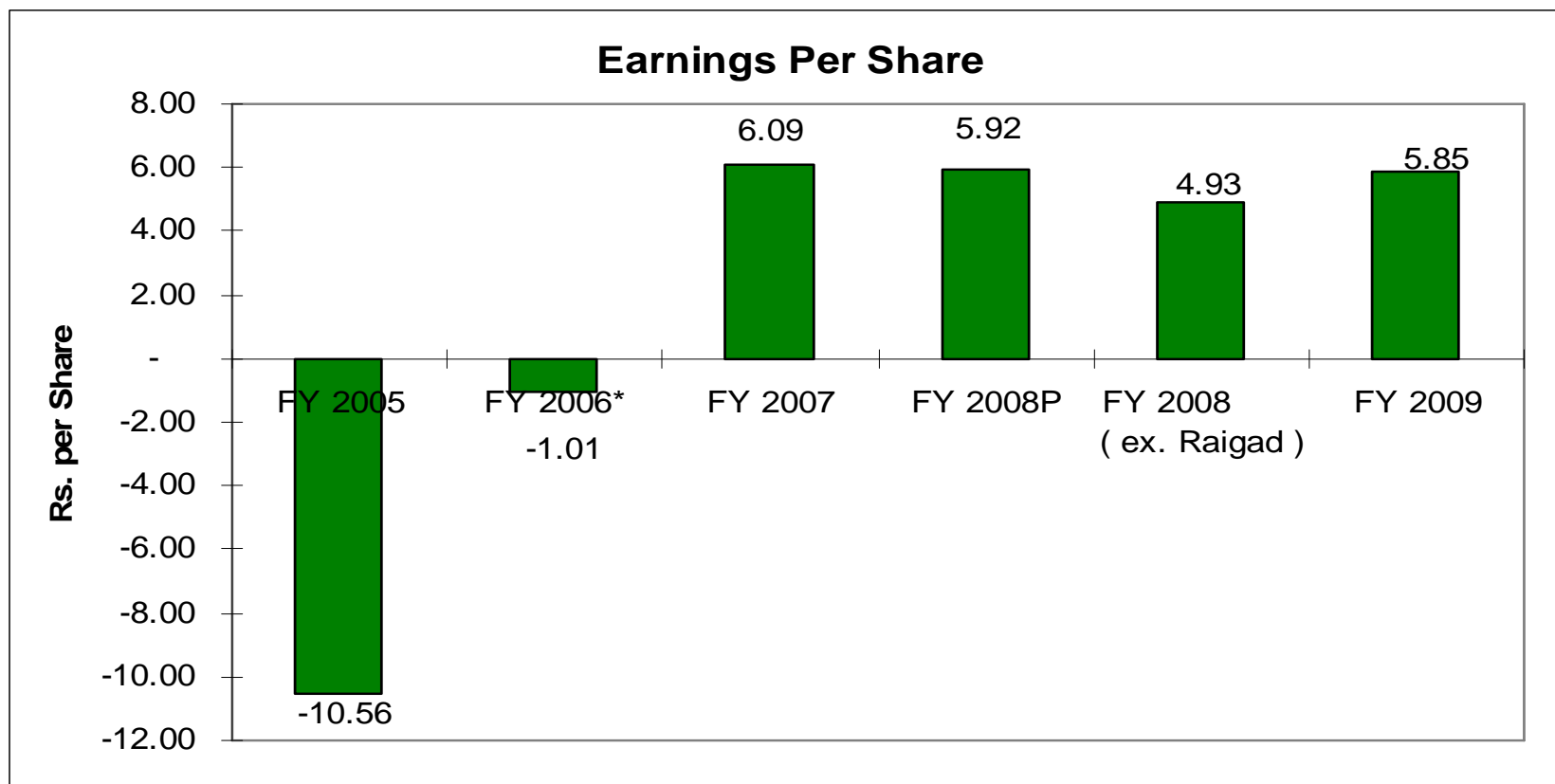
Key initiatives that helped in improving the profitability

- Technical efficiencies → consumption of power and fuel, higher blending material incorporation, less downtime failures being significant ;
- Sales & marketing → brand awareness, higher road despatches leading to less freight costs and transparent channel operations ensuring enhanced motivation amongst trade partners ;
- HR initiatives → retaining and hiring best talent and implementing a successful MBO programme, congenial working atmosphere leading to enhanced productivity and initiative ;
- Procurement → entered into long term agreements for all key raw material with reputed vendors ; created strong relationships with key vendors through an interactive model of participation ensuring uninterrupted supplies through a fair pricing mechanism.
- Finance → reduced number of days of outstandings on receivables to 8.3 days and on payables managed at 31 days.
- Reduced G&A costs by exercising cost control.

HCIL : Improved Net worth



HCIL : Improved EPS



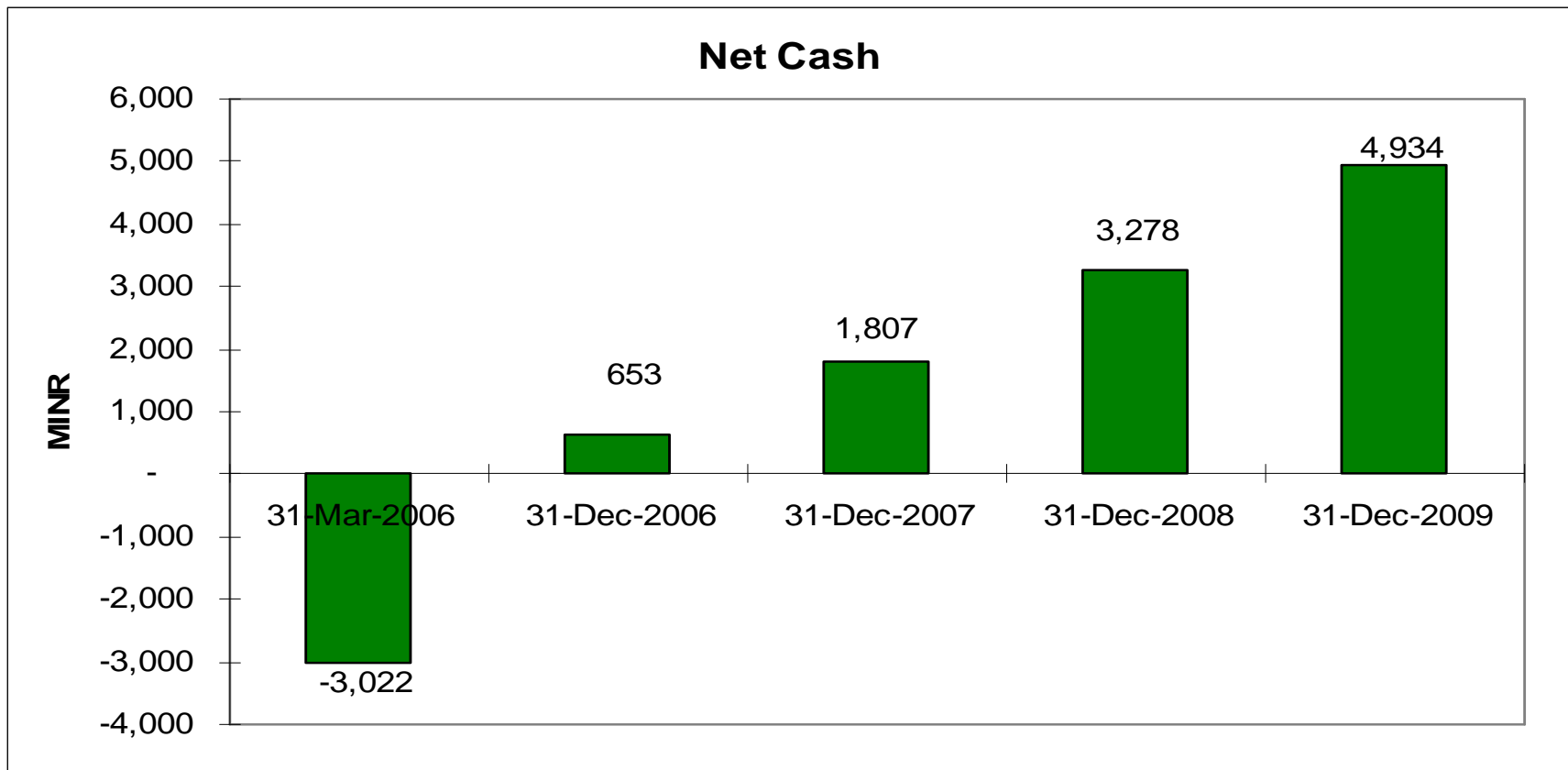
Merger of erstwhile Indorama Cements Ltd. was EPS accretive.

FY 2006* : Figures for FY 2006 have been annualized for proper comparison

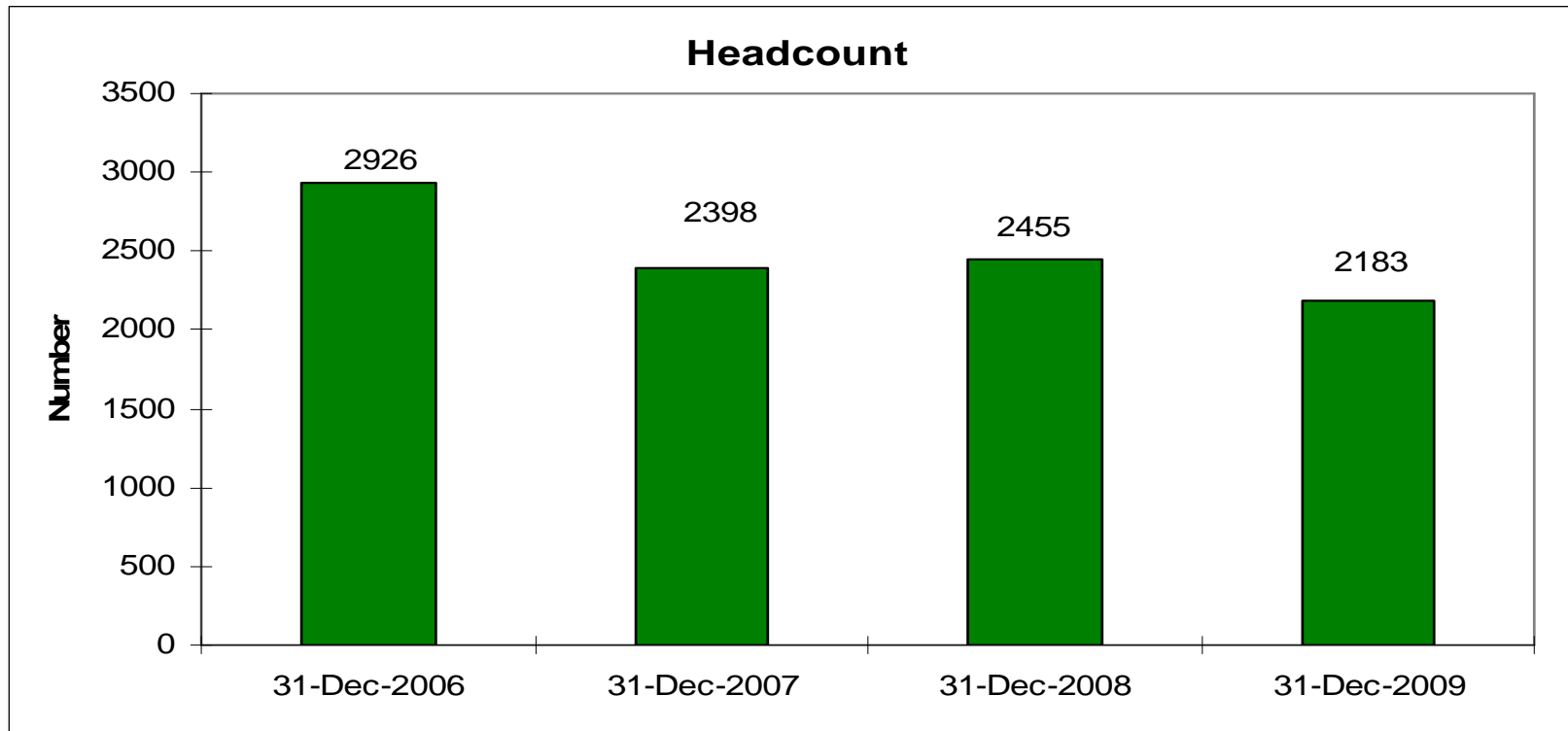
FY 2008P : As per published accounts for year 2008 : includes 9 month's results for Raigad (erstwhile Indorama Cement Ltd.).

FY 2008 : Results for 2008 for stand alone Mysore Cements Ltd.

HCIL : Cash position (Net of borrowings)



HCIL : VRS led to improved productivity



- Headcount as on 31 December 2008 includes 194 employees of erstwhile Indorama Cements Ltd.
- Headcount as on 31 December 2009 includes 179 employees of erstwhile Indorama Cements Ltd.



Expansion Plan to Drive Growth

Central India : Case for Expansion

- Damoh and Jhansi units currently sell 100% of their cement production in Madhya Pradesh (MP) and Uttar Pradesh (UP) and the current market share is 8.60% in MP and 6.20% in UP .
- Influencing markets for Damoh and Jhansi units are Uttar Pradesh , Madhya Pradesh , Bihar , Haryana , Rajasthan , Delhi and Uttarakhand as plants located in these states cater to 90% of the total demand in these states .
- Cement demand in these markets is expected to grow from 61 million t to 99 Million t in this period (avg. CAGR 8.55%) . Cement capacity for this region is also estimated to increase from 69 million t to 102 million t in 2015 (avg. CAGR 6.81%) .
- The present capacity utilization in influencing markets for Damoh and Jhansi units is 88.5% . This is expected to increase to 95% by 2015 . Based on this there is **room for further capacity increase in this region** .
- With the proposed additional cement production of 2.81 million tpa post expansion , HCIL targets a market share of 9.0% in MP and 7.3% in UP by 2015 .
- **Added advantage in form of secured mining lease** of limestone with adequate reserves .

Source : Figures are derived based on data published by CMA

Capacity Expansion : Key Points

- Expansion of clinker manufacturing capacity from 1.2 MTPA to 3.1 MTPA at Narsingarh, District Damoh, Madhya Pradesh.
- Expansion of cement grinding capacity from 1 MTPA to 2 MTPA at Imlai, District Damoh, Madhya Pradesh.
- Expansion of cement grinding capacity from 0.8 MTPA to 2.7 MTPA at Jhansi, Uttar Pradesh.
- Commercial production Mar 2012
- Environmental clearance and Consent to Establish have been issued for both Damoh and Jhansi (plants + mines)

Expansion : Key reasons for increase in profitability post expansion

Profitability of the Damoh Jhansi unit will improve on account of :

- Economies of scale in terms of administration and personnel costs ,
- Savings from reduction in power consumption and fuel consumption for the new line
- Savings in transportation costs as belt conveyor will be used to transport limestone from quarry to the plant for both existing and incremental production .
- We have also approached the MP govt. to extend certain tax and other benefits to us for the new line which will further enhance return on the project .

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