

HEIDELBERGCEMENT

India Presentation

September , 2010



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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 4 in ready-mixed concrete**
- **53,000 employees**
- **Core business:**
 - Aggregates
 - Cement
 - Downstream activities
- **2,500 locations in around 40 countries:**
 - 583 production sites for sand, gravel and hard rock
 - 98 cement and grinding plants
 - 1,336 ready-mixed concrete plants
 - 97 asphalt plants
- **Cement capacity 110 million tonnes**
- **Aggregates reserves 18 billion tonnes**

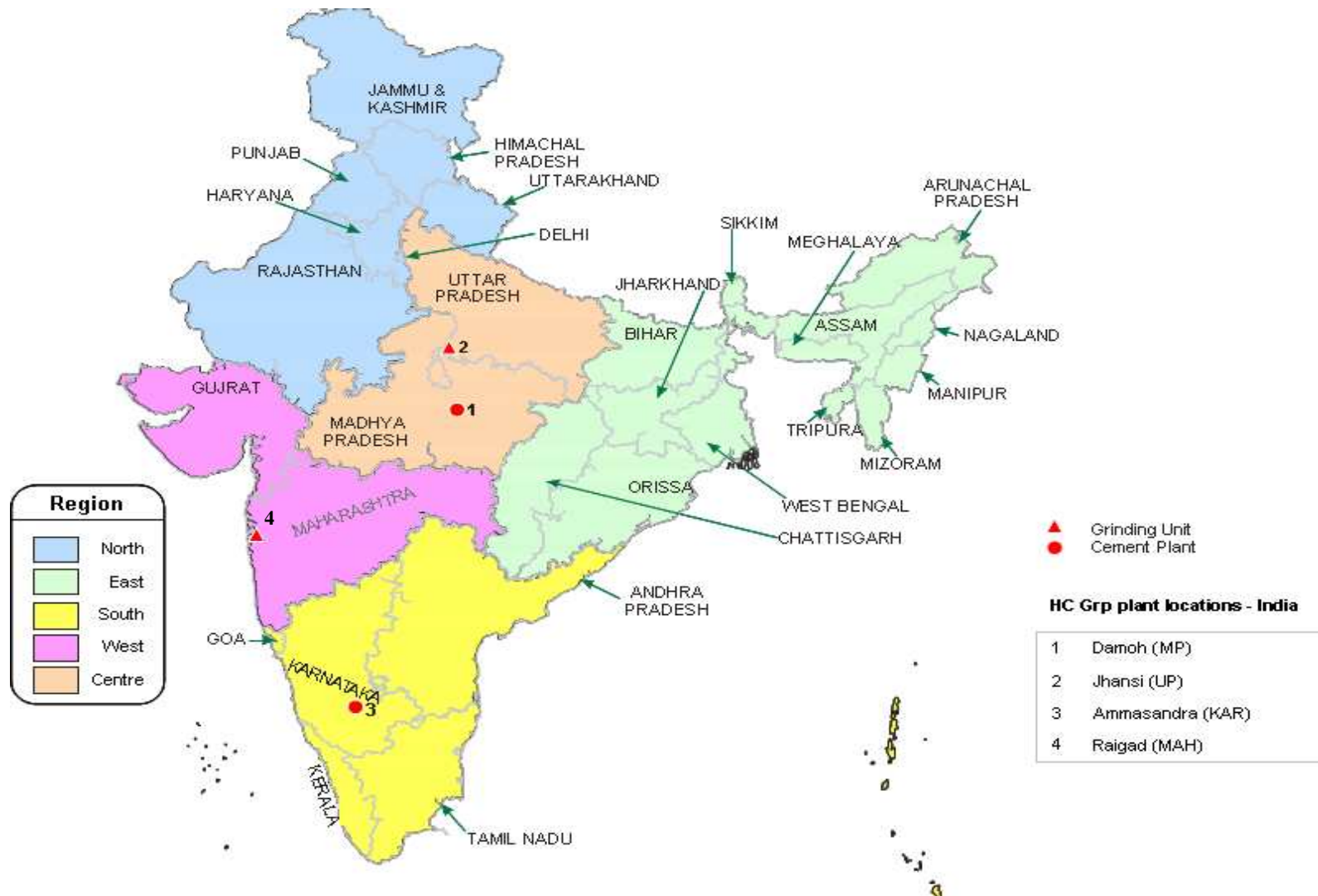


HeidelbergCement India Ltd. : Company Overview

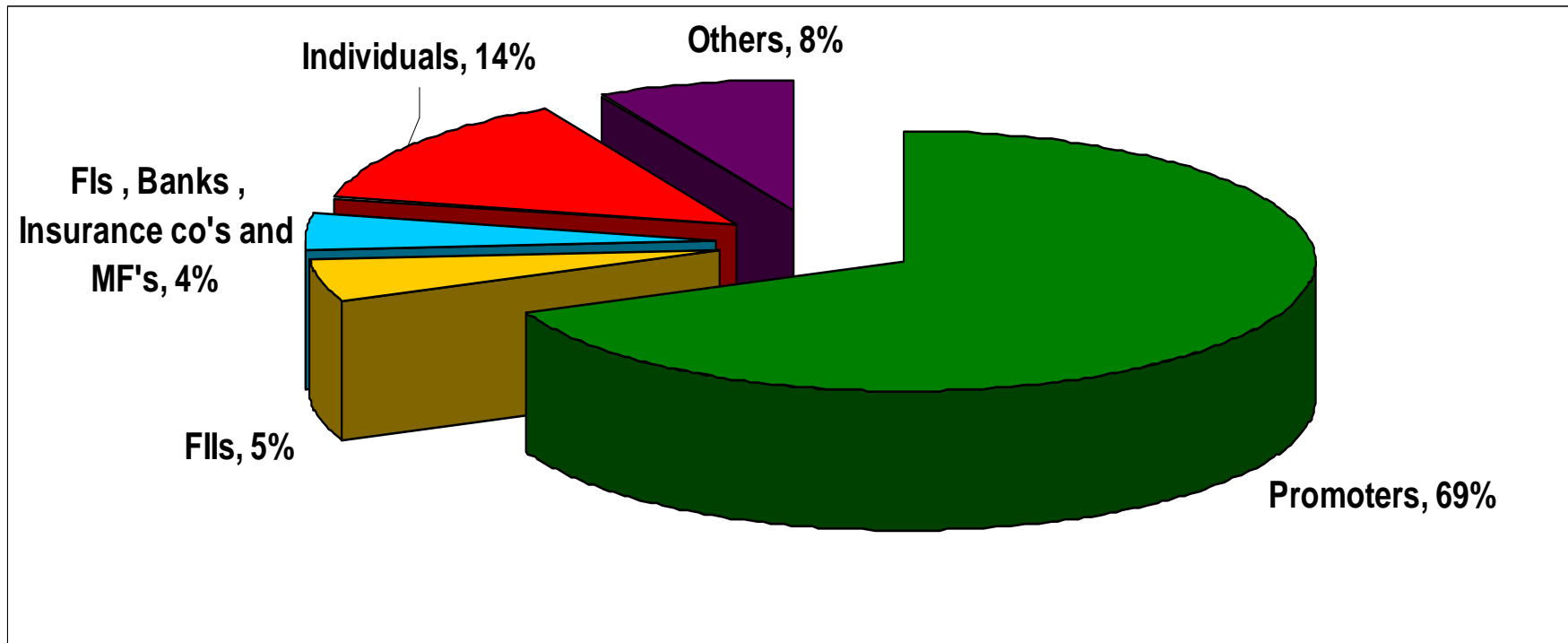
HeidelbergCement India Ltd. (HCIL) : Brief History

- Incorporated in Year 1958 as Mysore Cements Ltd.
- First plant at Ammasandra with a capacity of 1 lakh t p.a. commissioned in 1962
- Capacity of Ammasandra unit doubled to 2 lakh t p.a. in 1966 and further to 4 lakh t p.a. in 1968.
- In 1978 capacity at Ammasandra further increased to 6 lakh t p.a..
- 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 p.a. .
- The name of the company has also been changed to HeidelbergCement India Ltd.

HCIL plant locations - India

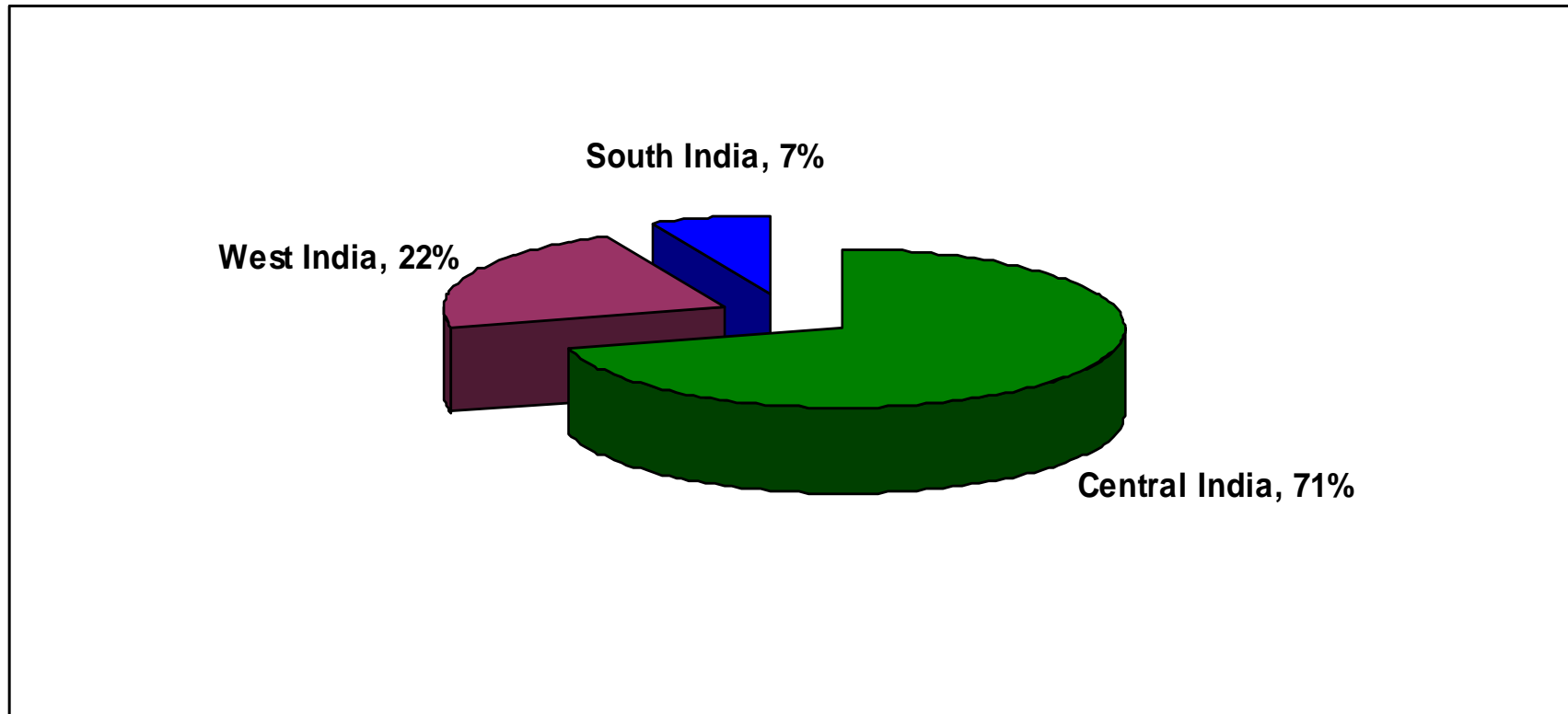


HCIL : Share Holding Pattern as on 30th June 2010



Equity Share Capital of the company : Rs. 226.62 Crores

HCIL : Revenue Split for 1H 2010

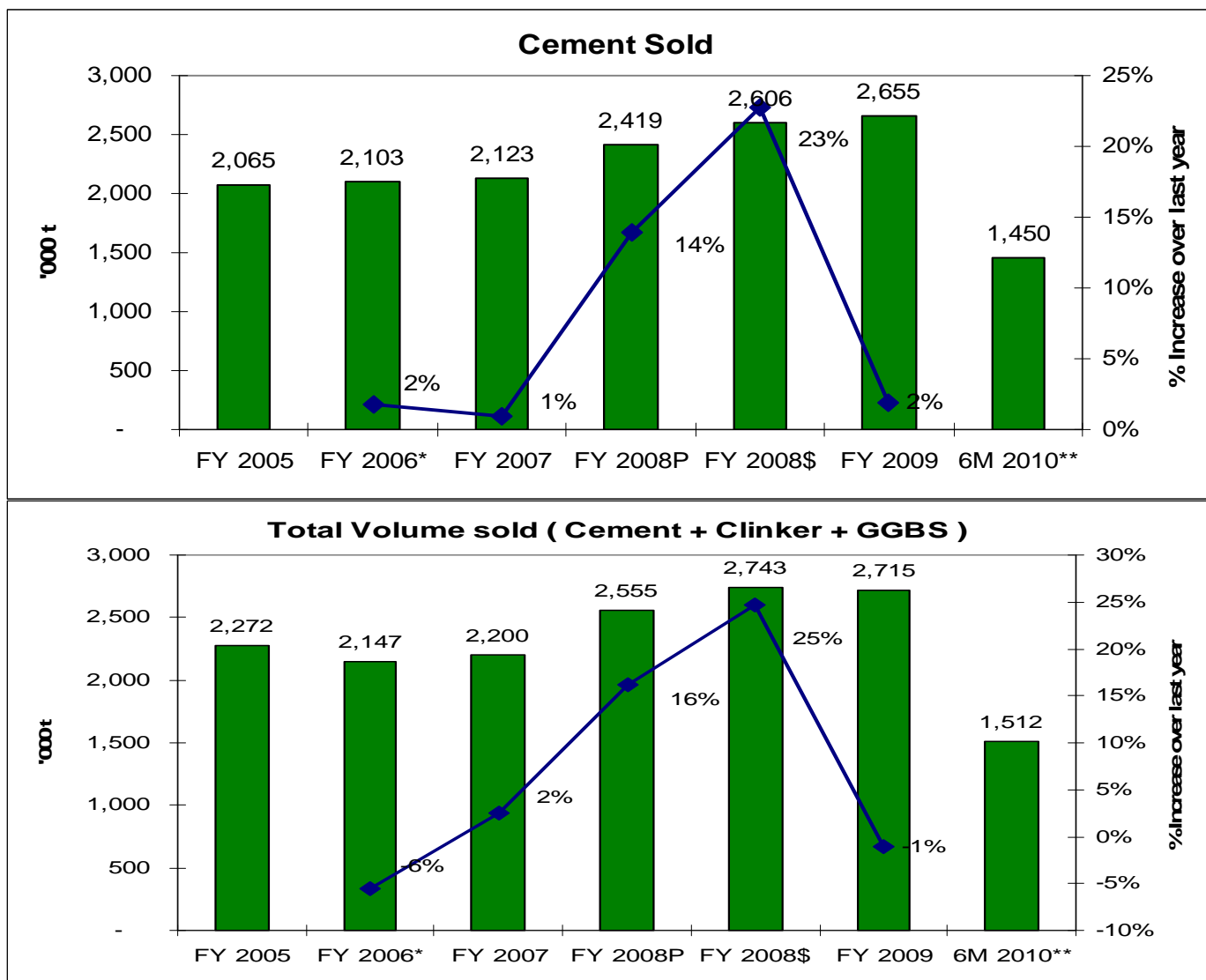


Central India contributed 71% of the total revenues for the company in the 1H 2010 .



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

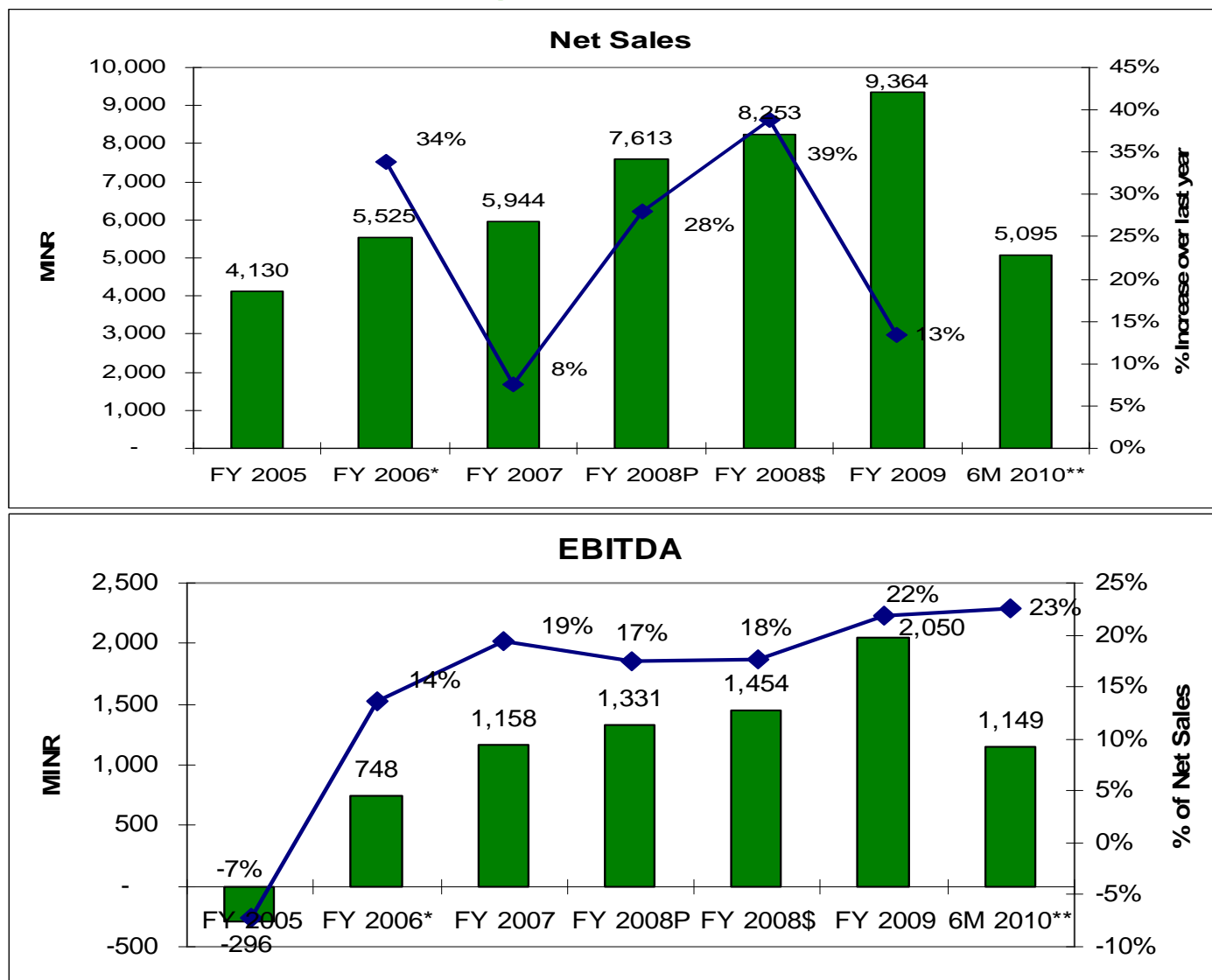
FY 2008P : As per published accounts for year 2008 : includes 9 month's results for Raigad (erstwhile Indorama Cement Ltd.).

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

6M 2010** : Unannualized Results for first 6 months (Jan to June) 2010.

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HCIL : Net Sales and EBITDA growth



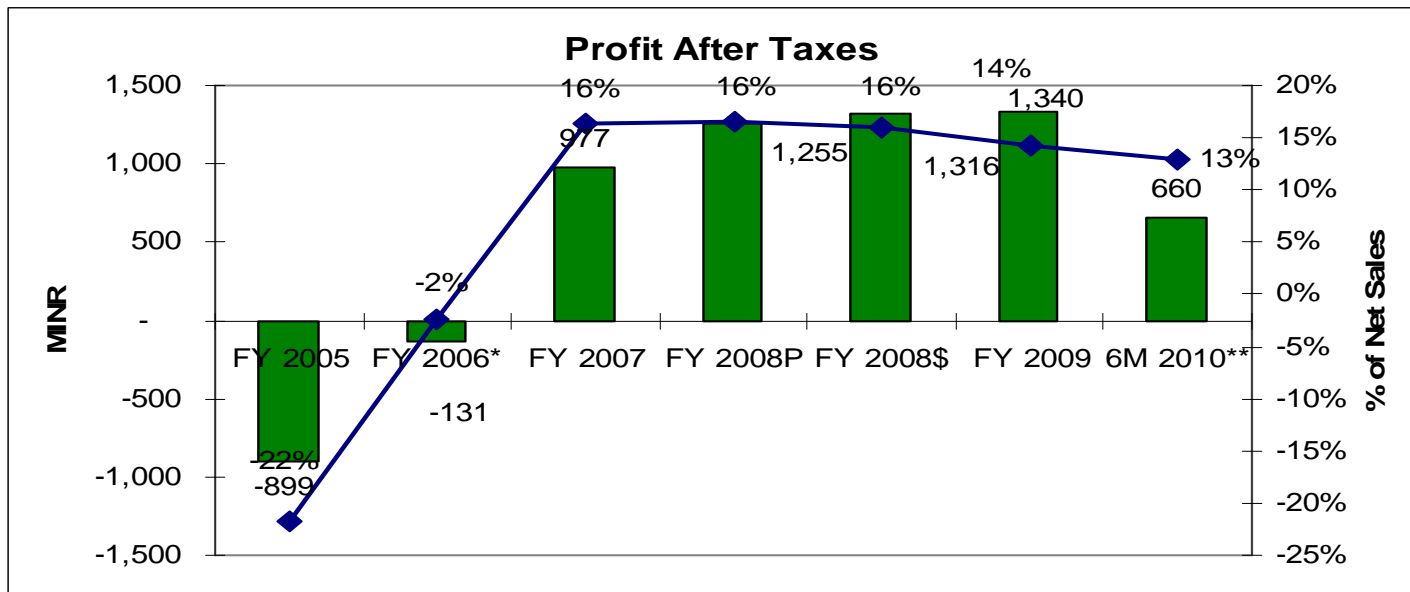
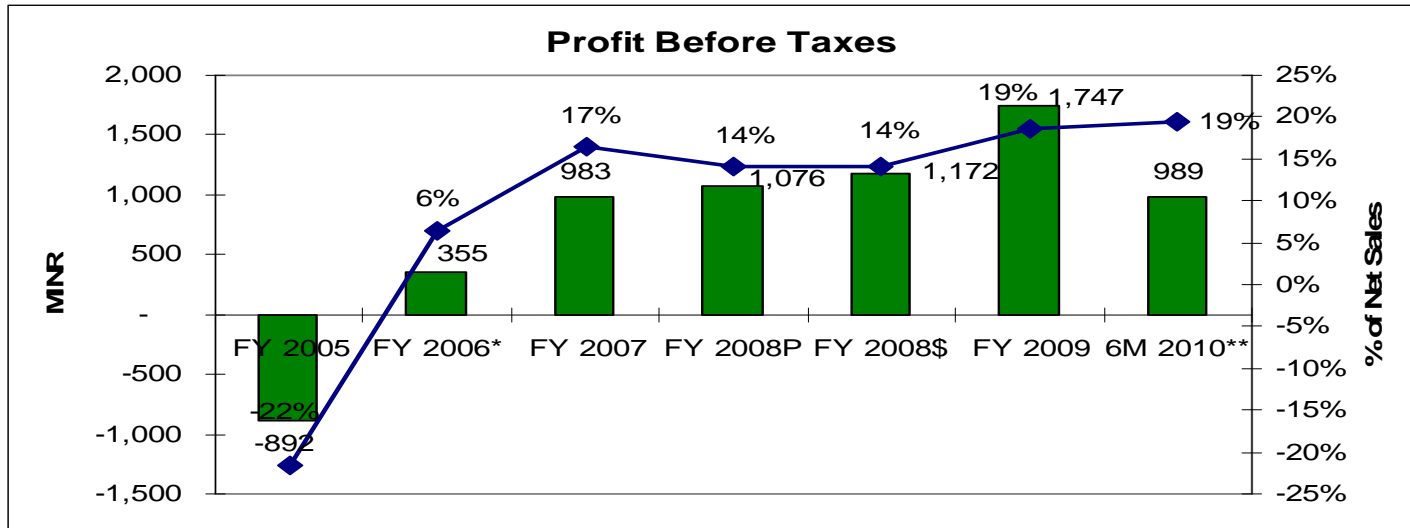
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HCIL : PBT and PAT growth



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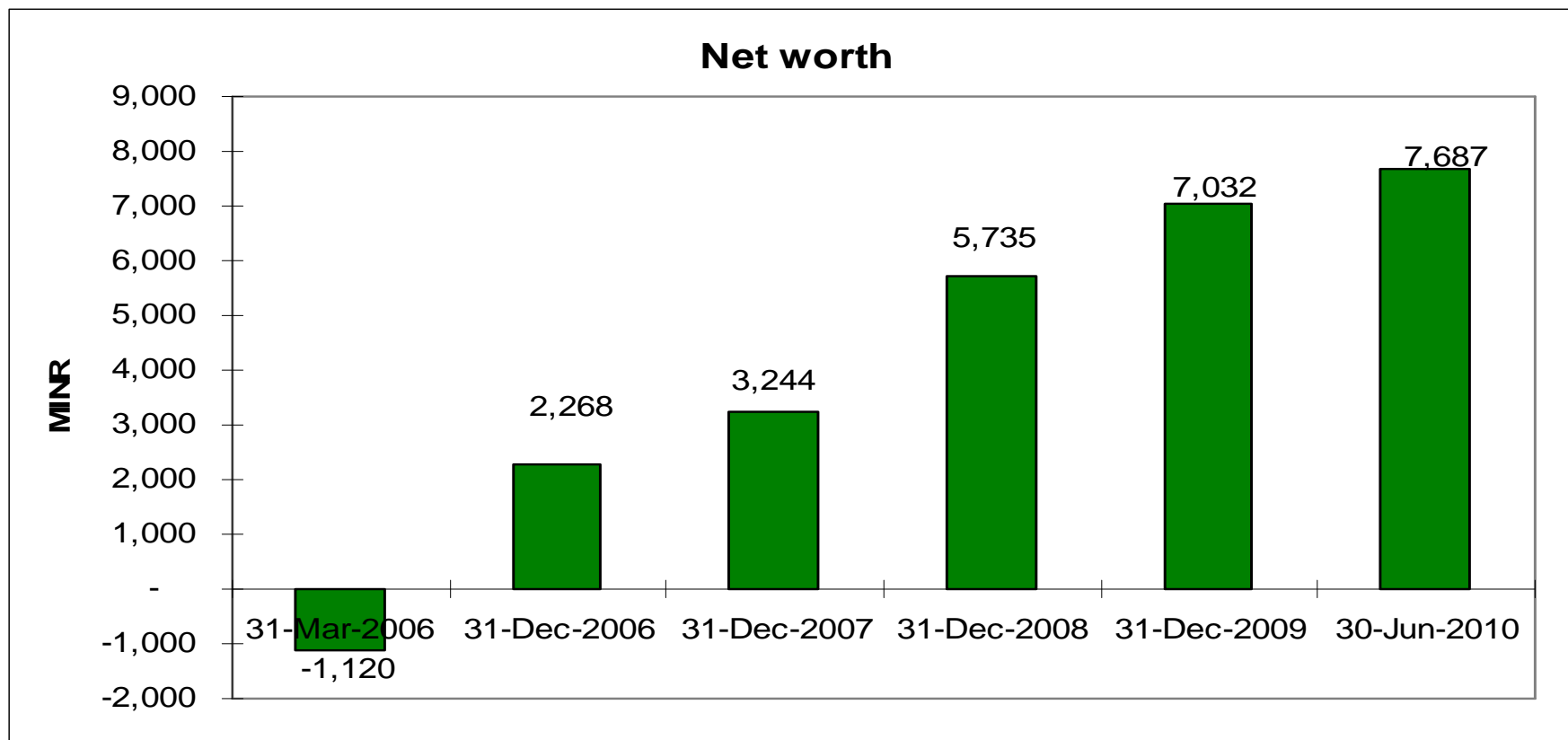
- The company had absorbed all accumulated business losses and unabsorbed depreciation during 2009 . As a result , the company has provided for a higher tax expense in the year 2009.

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

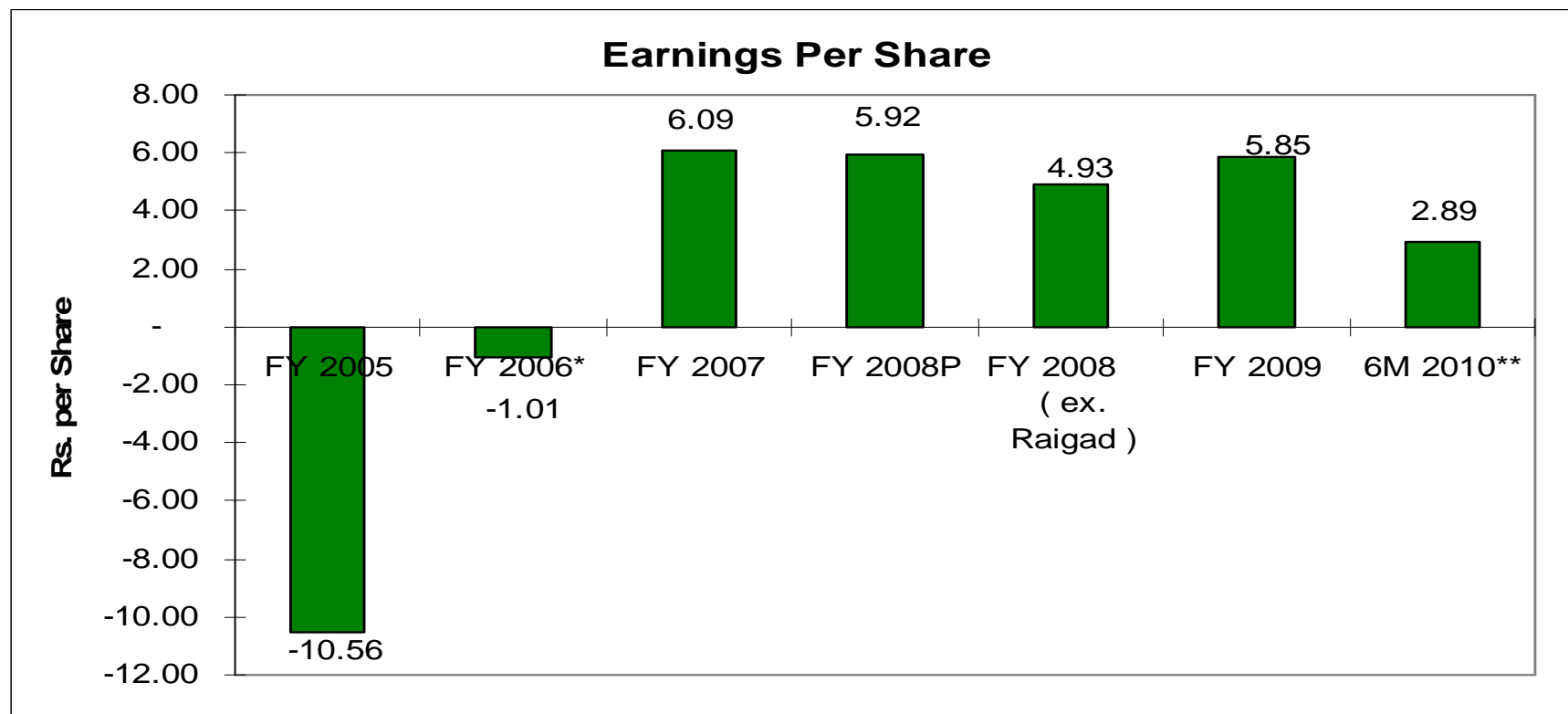
Key initiatives that helped in improving the profitability

- 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.

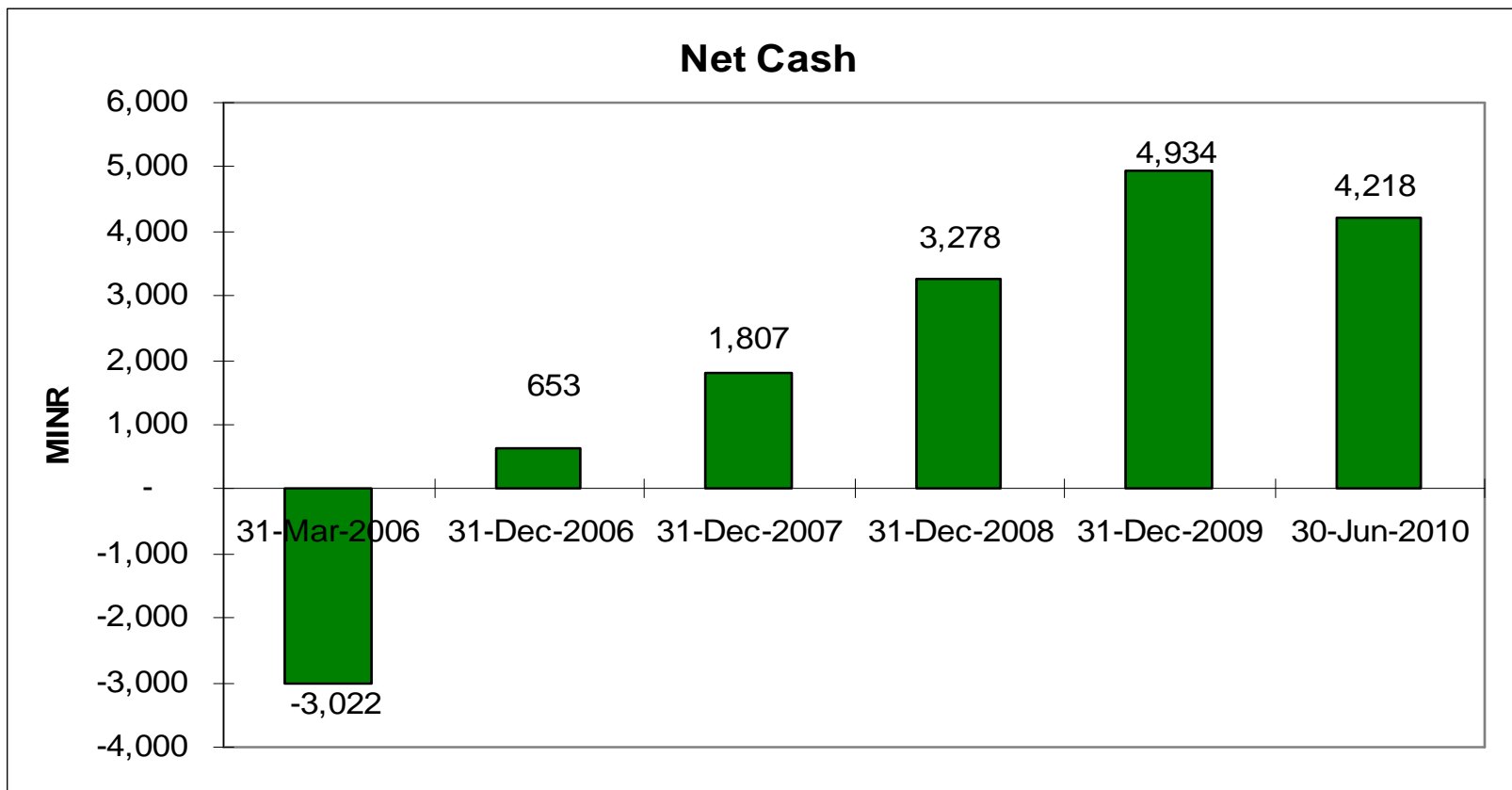
FY 2006* : Figures for FY 2006 have been annualized for proper comparison

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

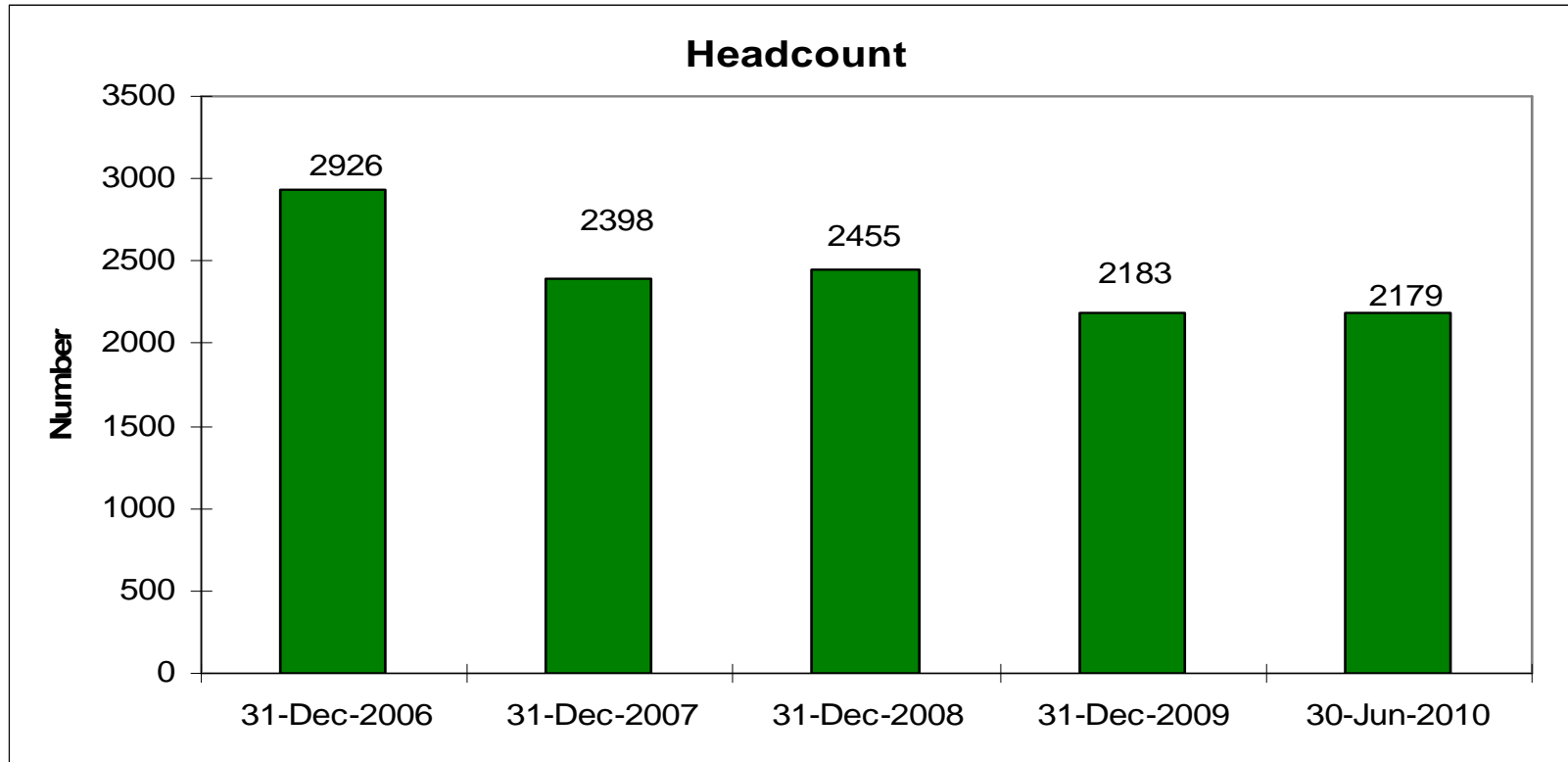
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HCIL : Cash position (Net of borrowings)



Cash Balance reduced from 31st December 2009 due to payments made towards the expansion project .

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.
- Headcount as on 30 June 2010 includes 178 employees of erstwhile Indorama Cements Ltd.



Expansion Plans to Drive Growth

Damoh Jhansi 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

Damoh Jhansi Expansion : Status update

- Environmental clearance and Consent to Establish have been issued for both Damoh and Jhansi (plants + mines)
- Main cement machinery ordered to M/s. FL Smidth for Clinker and Cement Plant.
- Vertical Roller Mill for Jhansi : ordered on Loesche .
- Cement Packing & dispatch equipment ordered to EEL Pvt. Ltd.
- Overland Belt Conveyor (21 km long) between Patharia Quarry and Narsingarh Clinker Plant ordered to Macmet Pvt. Ltd.
- Civil construction contract placed on L & T and construction activities initiated .
- Electrical and Instrumentation Package awarded to ABB .
- Limestone crushing and Storage : order placed on L&T .
- Mechanical Equipment erection package placed on Ayoki Fabricon .

Key reasons for increase in profitability post Damoh Jhansi 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 .
- The MP govt. has extended certain tax and other benefits to us for the new line which will further enhance return on the project .

Raigad Expansion

- Board of Directors have approved in-principle to increase the cement production at Raigad Unit of the Company in Maharashtra by 0.625 Million TPA .
- Efforts have been initiated to secure necessary approvals.

Disclaimer

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This presentation may contain certain forward-looking statements relating to the Company's future business, developments and economic performance.

Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressures; (2) legislative and regulatory developments; (3) global, macroeconomic and political trends; (4) fluctuations in currency exchange rates and general Financial market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigation; (8) adverse publicity and new coverage, which could cause actual developments and results to differ materially from the statements made in this presentation. HCIL assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise