

Investor Presentation

March 2010



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Rajan Raheja Group

o Investments / Interests in:

n R. Raheja Properties



n Prism Cement Limited



n Exide Industries Limited



n Hathway Cable and Datacom Ltd.



n Asianet Satellite Communications Ltd.



n Outlook Publishing (India) Pvt. Ltd.



n Globus Stores Pvt. Limited



Rajan Raheja Group

o Joint Ventures

n Foodworld Supermarkets Limited



n Health and Glow retailing



n ING Vysya Life Insurance Co. Pvt. Limited



n ING Investment Management (I) Pvt. Limited



n Sonata Software Limited



n Supreme Petrochem Limited

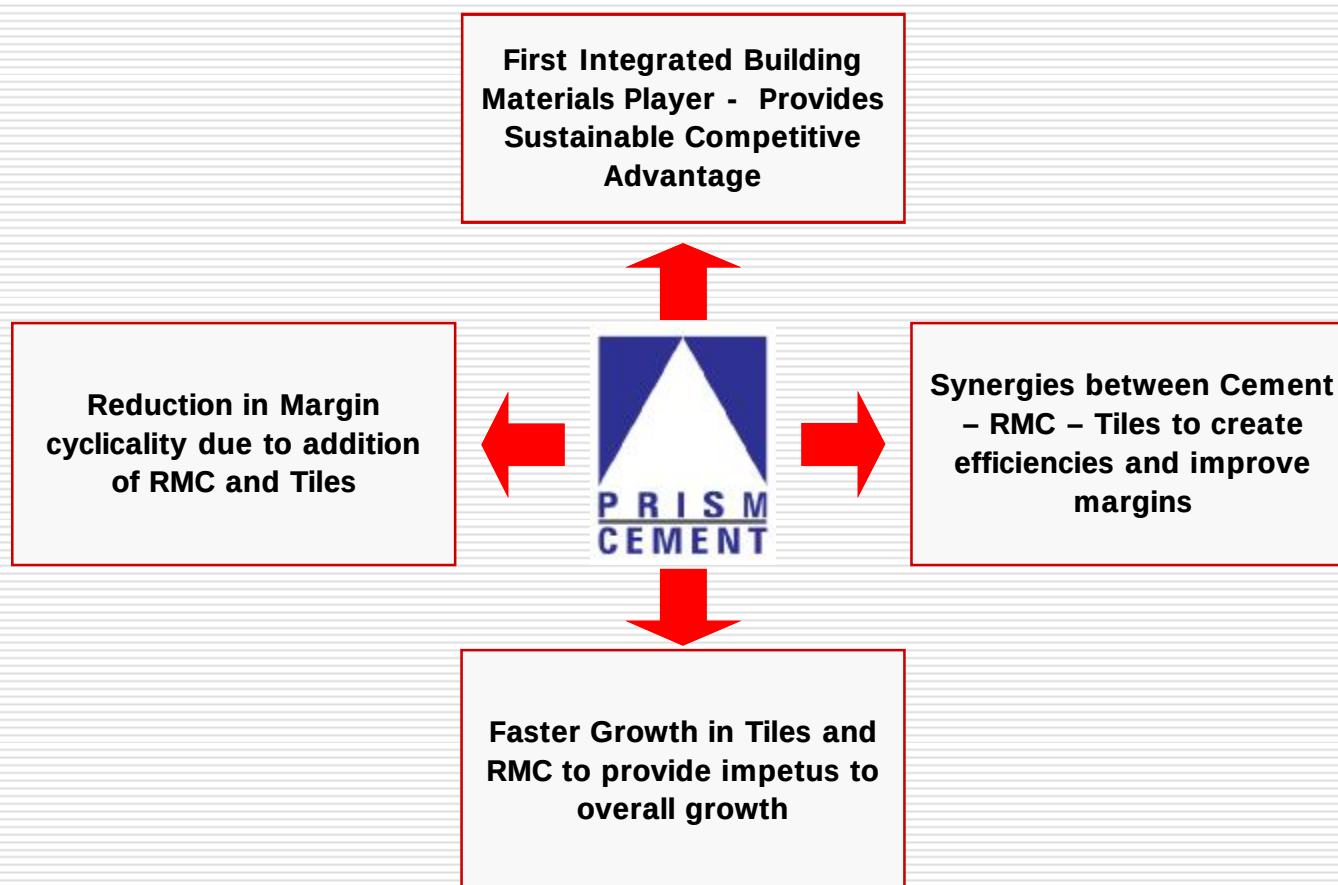


n Hotels—Rajvilas, Trident, and J. W. Marriott

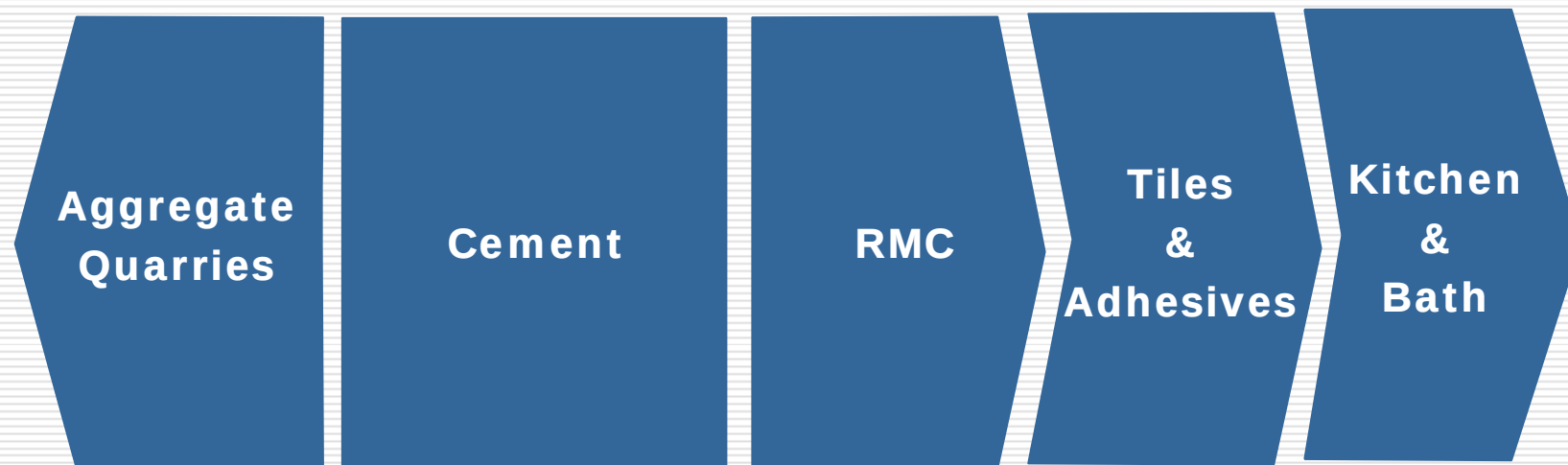


Company Overview

Prism Cement - Uniquely Placed



Integrated Product Lines



A ONE STOP SHOP



Synergies across Divisions

o Distribution Network

- n Cement Division's intensive network in UP, MP, Bihar, and Uttarakhand can be leveraged for Tiles Division
- n HRJ Division's strong network in South can be leveraged when the cement capacity is operational in Andhra Pradesh

o Institutional Customers

- n USP: A basket of products from a single reliable source

o Going up the value-chain: Selling ready-mixed concrete instead of cement







Cement Division - Introduction

- Prism was jointly promoted by RRG, F.L. Smidth and IFU, Denmark, Public issue in 1995.
- FLS and IFU exited in 2004, with their stake being taken by the RRG.
- 2 million tonnes Clinkerisation Plant at Satna commissioned in August 1997.
- Currently sells 3 million tonnes of cement and clinker from this plant.
- Current Market Capitalisation Rs. 1,520 Crores (Feb.2010).

Ranking amongst Indian Companies (Public)

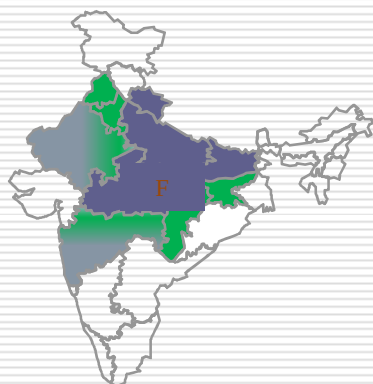
- 193 by PBT (as per Trailing 12 months)
- 353 by Net Worth (as per last audited data)
- 368 by Market Cap. (as on February 26, 2010)

Source: C-Line Database

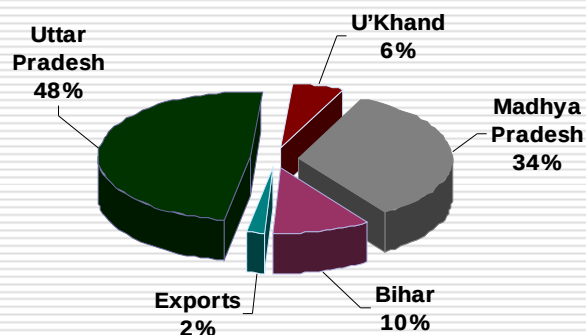


Cement Division — Brief Profile

Plant location and current and proposed markets



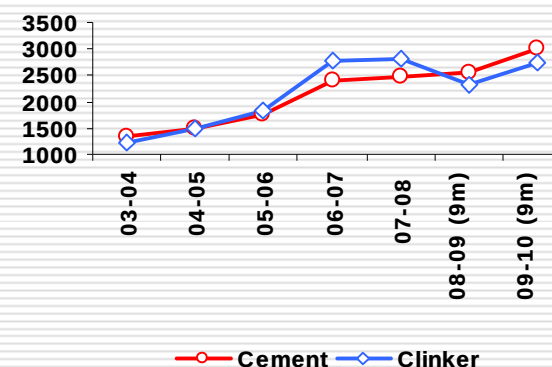
State-wise Breakup of Sales



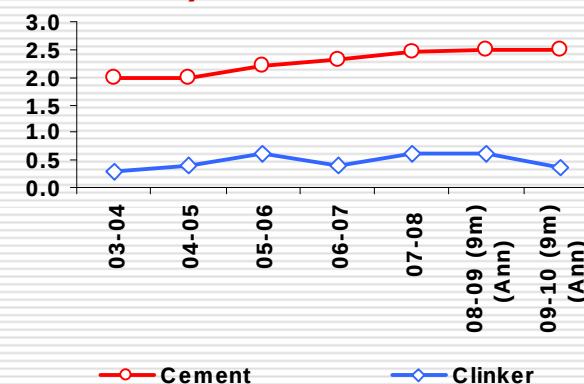
Prism's Strength

- Modern Efficient Plant
- Strong brand & optimized distribution
- Robust financials & cash flow focused operations
- Committed human capital & professional management

NCR Cement and Clinker (Rs/ Tonne)



Cement and Clinker Sales (Mn tonnes)



Cement Division - Financials

(Rs. Crores.)	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 (9m)*	2009-10 (9m)
Net Sales & Other Income	385	446	574	771	892	637	732
Cash Profit (PBDT)	40	75	124	328	349	176	253
Profit Before Tax	8	40	91	294	317	152	228
Long Term Loans	287	234	108	0	0	0	--
Share Capital	298	298	298	298	298	298	--
Reserves	(133)	(107)	(45)	113	320	363	--
EPS (Rs.)	(0.20)	0.87	2.08	6.46	8.10	3.23	--
Debt : Equity Ratio	1.73 : 1	1.22 : 1	0.42 : 1	Debt Free	Debt Free	Debt Free	--
Liquid Investments	--	--	--	142	236	41	--
Dividend	--	--	--	10%	10%	15%	--

Net Sales= Gross sales – sales tax – excise duty

* Changed Financial Accounting period to April to March cycle



Cement Division - Comparison with Pure Cement Players

Last 12 Months ending December 2009

As per Last Annual Report

	Net Sales (Rs. Crs.)	EBIDTA (Rs. Crs.)	EBIDTA Margins (%)	Power (KWH/T) of Cement
Prism Cement	984	341	35	71
ACC	8,191	2,643	32	87
Ambuja Cement	7,182	1,972	27	86
India Cement	3,730	961	26	91
Mangalam Cement	640	205	32	90
UltraTech Cement	7,071	2,169	31	85
J. K. Cement	1,737	481	28	92

EBIDTA excludes other income

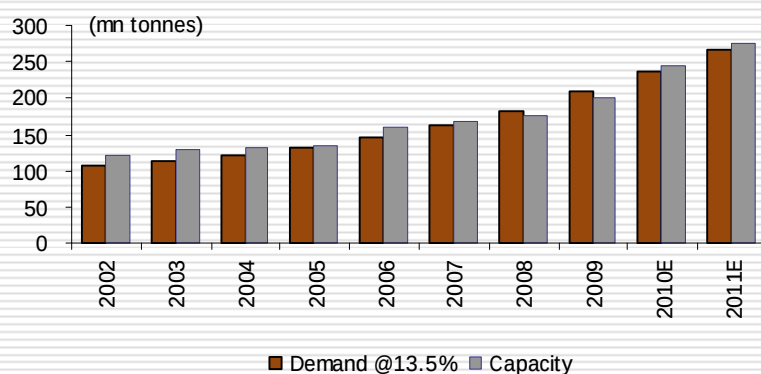
EBIDTA Margins = EBIDTA/Net Sales %

Source : Corporate Database



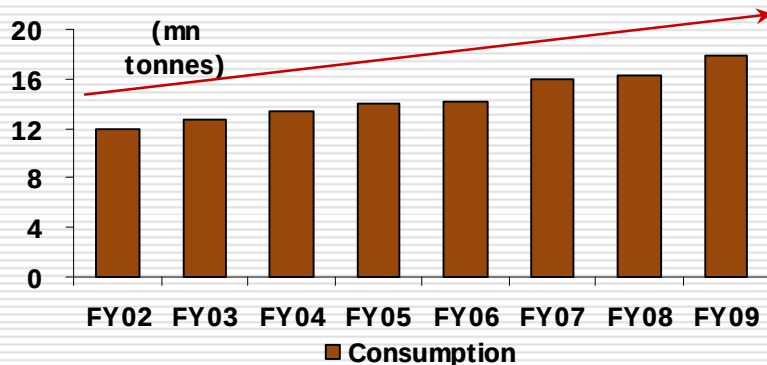
Cement Market in India

Cement: Supply and Demand

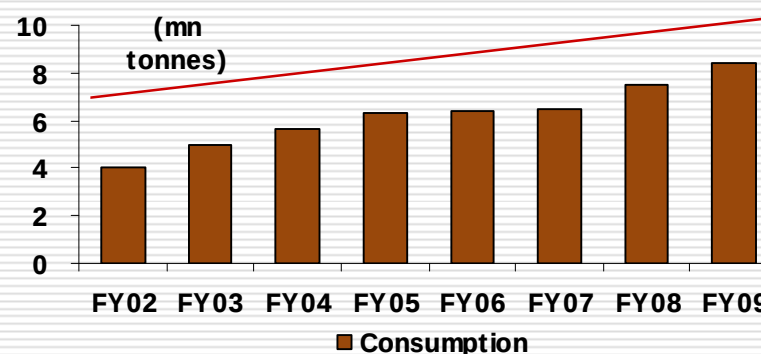


- GDP growth is expected to be around 8% to 9% p.a.
- Higher cement demand growth as GDP multiplier is expected to rise to 1.5x from earlier historical average of 1.2x.
- Cement demand growth expected to be around 12% to 13.5% from a historical 8% p.a.
- Per Capita consumption is still lower than world average but is expected to grow from 131 kg to about 200 kg in 2011.

Uttar Pradesh Cement Market



Madhya Pradesh Cement Market



The Way Ahead

Units	Project Cost (Rs. Crs.)	Clinker (Mn Tonnes)	Cement (Mn Tonnes)	Clinker Sales (Mn Tonnes)
Unit – I Satna (existing)	--	2.20	2.40	0.60
Unit – II Satna (brownfield)	875	2.64	3.60	--
TOTAL	875	4.84	6.00	0.60

- ▼ Unit II : Plant under erection and expected commissioning by last quarter of Calendar Year 2010
- ▼ Coal block : Coal Block allotted at Chindwara, Madhya Pradesh & Mining Plan approved
- ▼ Andhra : Mining Lease with adequate reserves in place. 85% of the Land purchased





Ready Mixed Concrete Division-Potential

- o Estimated Cement Production in India F.Y 2009-10 : 190 mn MT
- o Approx. 50% of this cement is used for concrete i.e 95 mn MT
- o With 95 mn MT of cement, 285 mn m3 of Concrete can be produced
- o The actual ready mixed concrete produced In India is 25mn-30mn m3 (around 8-10%)
- o International average in developed markets is 60-70%
- o High growth due to low penetration levels



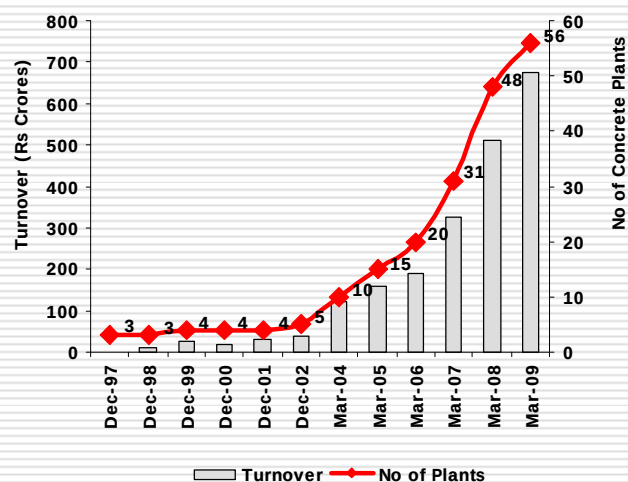
RMC Div. - Margin Scenario across Cement Cycles

Cement Required (Tons)	Top of Cycle (Rs. / Bag)	Bottom of Cycle (Rs. / Bag)
1,000	250	125
10,000	250	115
100,000	Not available	100
Additional delta available to RMC players depending on the requirement	0	15-25



RMC Ready Mix (India) - Introduction

- o Third-largest player in India with national footprint
- o High Growth:
 - n Last 10 years Sales growth: 44% CAGR



Rs. in Cr.	FY 2006-07	FY 2007-08	FY 2008-09	9m (2009-10)
Particulars	(Audited)	(Audited)	(Audited)	(Unaudited)
Income	327.30	509.99	674.54	487.75
EBITDA	24.80	30.69	35.07	27.78





Cement & RMC – Vital Linkage

- o Provides strategic route to market for the cement business
- o Margin cycle is inversely proportional to cement cycle
- o Provides hedging for cement business
 - n Estimated Consumption by 2014-15: approx. 3 million tons
- o Asset turnover ratio of 3
- o Much higher growth rate





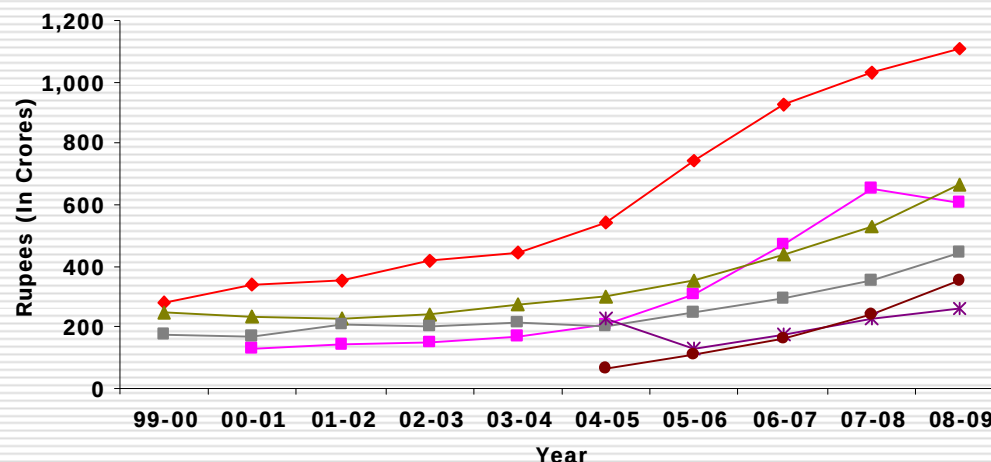
RMC Ready Mix - Strategy

- o **Plants in cities for commercial sales**
- o **Infrastructure Vertical—Ports, Highways, Power Plants etc.**
- o **Backward integration—Quarries for aggregates**



HRJ – Introduction

- India's Number 1 Tile Company since 1958
- Ranked 20th in the study of "World's top ceramic tile manufacturers" by Ceramic World Review
- Completed 50 years of leadership in India



CAGR: 10-year: 17 % / 6-year: 20 %

Key Figures - Tiles Division-Standalone

(Rs in Cr)	FY 2008-09	9-m (2009-10)
Particulars	(Audited)	(Unaudited)
Gross Sales	1,106.12	820.61
EBITDA	105.05	92.50 #

For 9m FY10 - Attributable Share in EBITDA of JVs
 – Rs. 36.46 Cr.

Ceramic Tile Industry – An Overview

Industry Characteristics:

- o Capital Intensive
 - n Profits need to be ploughed back to maintain market share
- o Working Capital Intensive
- o Fuel and Power Intensive
- o Freight Intensive
- o Technology Intensive
 - n To upgrade designs / effects from time to time without increasing capacity

Unattractive investment:

- o Poor Return on Capital
- o No Free Cash Flows

HRJ's business model addresses these issues in a positive way

Indian Business Environment in the Last Decade

- o Source of machinery**
 - n Shift from Italy to China**
 - n Capital Cost lower by 60%**
 - n Handicap for the older plants**
- o Imports from China**
 - n Significant competition in the past**
- o Gujarat region**
 - n Hub for the industry with most new plants**
 - n Almost 60% of the Industry's capacity**
 - n Unorganized Sector with poor tax compliance**

HRJ - Manufacturing Strategy

- o Manufacturing Strategy:**
 - n Own Manufacturing: 35% of sales**
 - n Joint Ventures: 55% of sales**
 - n Outsourcing: 10% of sales**
- o Benefits of Joint Ventures:**
 - n Efficient operations run by Local Promoters**
 - n Most profitable plants in the Industry within respective categories**
 - n Leverage efficient manufacturing with brand equity and distribution of HRJ**
 - n Takes care of capital intensity**
 - n Enables faster scale-up**

Focus on Capital efficiency

o Capital Cost

- n Move towards lower capital cost
- n New capacities using Chinese machinery
- n Mix of Machinery:

	Indian	Italian	Chinese
Own Plants	25%	70%	5%
Joint Ventures	30%	30%	40%

o Working Capital—Substantially better than competitors

- n Working Capital Turnover: 12 times
- n Debtors: 27 days

Focus on Low Costs - Freight, Fuel and Power

- o Regionalized manufacturing to address freight intensity. Average Selling radius of 1,000 KMs
- o Using judicious mix of fuel for efficient manufacturing
- o Generating own power to address Power intensity:
 - n Cogeneration Plant at Pen: Present capacity of 4.1 MW; being increased to 4.6 MW
 - n Cogeneration Plant being set-up at Morbi JV for Vitrified tiles: Capacity of 5.6 MW



HRJ – Key Strategies

- o Fundamentally, modified the Business model in the last 10 years, thereby generating Free Cash Flows
- o Taken a hit by proactively shutting some of own manufacturing capacities, thereby addressing capital and fuel intensity:
 - n Thane, Dewas Wall Tile
- o Build Complementary businesses:
 - n Ardex Endura—Adhesives, Grouts, Industrial Flooring, Waterproofing
 - o Pioneer and Leader in the Industry
 - n Johnson Bath Division—Sanitaryware, Taps & faucets, Bath accessories
 - o Gone through initial learning curve; Aggressive scale-up phase for increasing market share
 - n Johnson Kitchen and Wooden Flooring Division
 - o Modular Kitchen Industry at nascent stage
 - o Sunrise industry



HRJ – Key Strategies

- o Why complimentary businesses:**
 - n Operating Leverage**
 - n Marginal investment needed when compared to tiles**
 - n Healthy ROCE**
 - n Generate high Free Cash Flows**
 - n Scalable**

Business Environment in Future

- o Goods & Services Tax (GST) to be implemented
 - n Would improve tax compliance
 - n Would spur consumption
- o Importing from China becoming unattractive

	2007		2013	
	India	China	India	China
Raw Material	+	-	+	-
Fuel	-	+	+	-
Power	-	+	Neutral	Neutral
Packaging	Neutral	Neutral	Neutral	Neutral
Transportation	+	-	+	-
Currency	-	+	+	-
Capital Cost	-	+	Neutral	Neutral

Potential in India

- o In absolute terms, India has become third largest consumer of ceramic tiles in the world—after China and Brazil
- o However, still huge Potential for growth in India. Per Capita consumption of ceramic tiles per annum:

Iran	- 4.64 m ²	Vietnam	- 3.50 m ²
China	- 2.22 m ²	Brazil	- 2.96 m ²
Spain	- 7.55 m ²	India	- 0.34 m²

- o Industry Growth Rate: 15% per annum (Source: www.icctas.com)
- o By 2015, India expected to become the second-largest consumer of ceramic tiles in the world
- o Exponential growth due to high growth in construction due to growth of businesses / urbanization / Retail boom

Financials

- o **Standalone 9-months of Merged entity for the period ending 31.12.2009:**
 - n **Sales and other Income: Rs. 2,040 Crs.**
 - n **EBITDA: Rs. 373 Crs.**
- (Note: HRJ and RMC Division financials are unaudited)
- o **1st Interim Dividend of 10% declared in July, 2009 and 2nd Interim Dividend of 15% declared in March, 2010 on enhanced Share Capital**



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Disclaimer :

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