

The image shows a large industrial cement plant with several tall silos and conveyor belts. The sky is clear and blue. In the foreground, there are some green plants and a paved area. The text is overlaid on the image in white boxes with red text.

Binani

BRAJ BINANI GROUP

Binani Cement Limited

Investor Presentation

January 2008

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Company Summary

History:	Founded (1996), IPO (2007)
Antecedents:	Flagship company of the Braj Binani Group (founded in 1872) with interest also in Zinc, Glass Fibre and Composites.
Ownership:	Binani Industries Limited (64.9%), JP Morgan (14.9%); Credit Suisse (9.1%), Others (11.1%)
Capacity:	4.5mtpa of cement (Rajasthan), additional 1.5mtpa grinding capacity by Mar-08; 70 MW captive power plant; 0.5 mtpa clinker and 0.3mtpa cement grinding in Shandong Province, China, which BCL has 49% ownership & management control
Dealers /Market Organisers:	68/2,360
FY07 Production:	1.24m of ton of Ordinary Portland Cement ("OPC"), 1.19mm ton of Pozzolana Portland Cement ("PPC")
Market Cap:	US\$615m as on Jan 14, 2008
FY07 net sales/H1 FY08/3 year CAGR(04-07):	\$170m/\$102.3m/19.1%
FY07 EBITDA/H1 FY08/3 year CAGR(04-07):	\$57m/\$37.8m/32.6%
FY07 PAT/H1 FY08/3 year CAGR(04-07):	\$23.9m/\$24.6m/185.7%

Note: Exchange rate: 1 USD = Rs40

Investment Highlights

Play on investment boom in emerging markets

Binani—A pan-Asia growth play

Robust operations/financial

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Strong Tailwind for Cement Industry in Emerging Markets

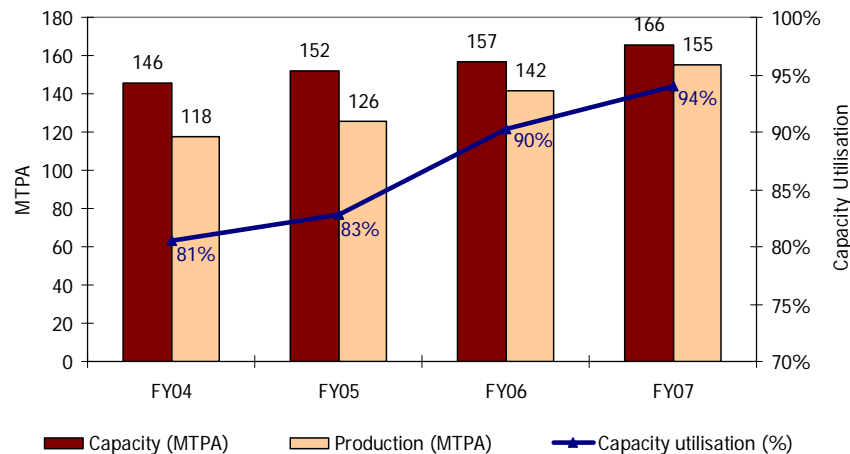
Markets	Key drivers
India	<ul style="list-style-type: none">❖ Experiencing a strong investment cycle⁽¹⁾, encompassing<ul style="list-style-type: none">➤ Infrastructure (c. \$500bn targeted by government over FY08-12)➤ Industrial capex (c. \$300-350bn over FY08-11)➤ Real estate (3.4bn sq ft of annual construction during FY08-11)
China	<ul style="list-style-type: none">❖ GDP growth at 11%+⁽²⁾, despite central government's efforts to cool down the economy❖ Building infrastructure at break-neck speed❖ Closure of small cement plants and consolidation in the industry to improve demand- supply dynamics and pricing
Middle East	<ul style="list-style-type: none">❖ Underlying a significant real estate boom as oil-rich countries look to diversity their petro-dollars into infrastructure and tourism industries❖ Unique market as no direct captive access to limestone

Source: (1) : UBS research estimates
(2) : Economist

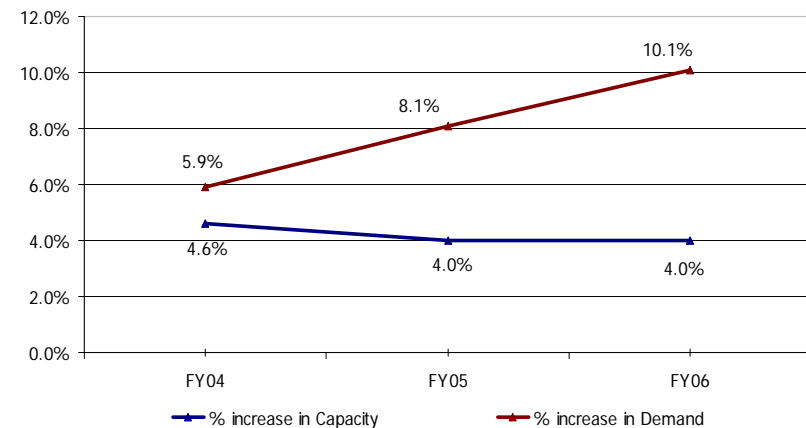
Growth Trends – India

- ❖ India's per capita cement consumption of 106 kg p.a. significantly lower than world average of 260 kg p.a.

India: Cement Capacity & Production



India: Capacity & Demand Growth



Increasing capacity utilisation indicates pressure on existing cement capacities

Capacity increase failing to keep pace with demand increase

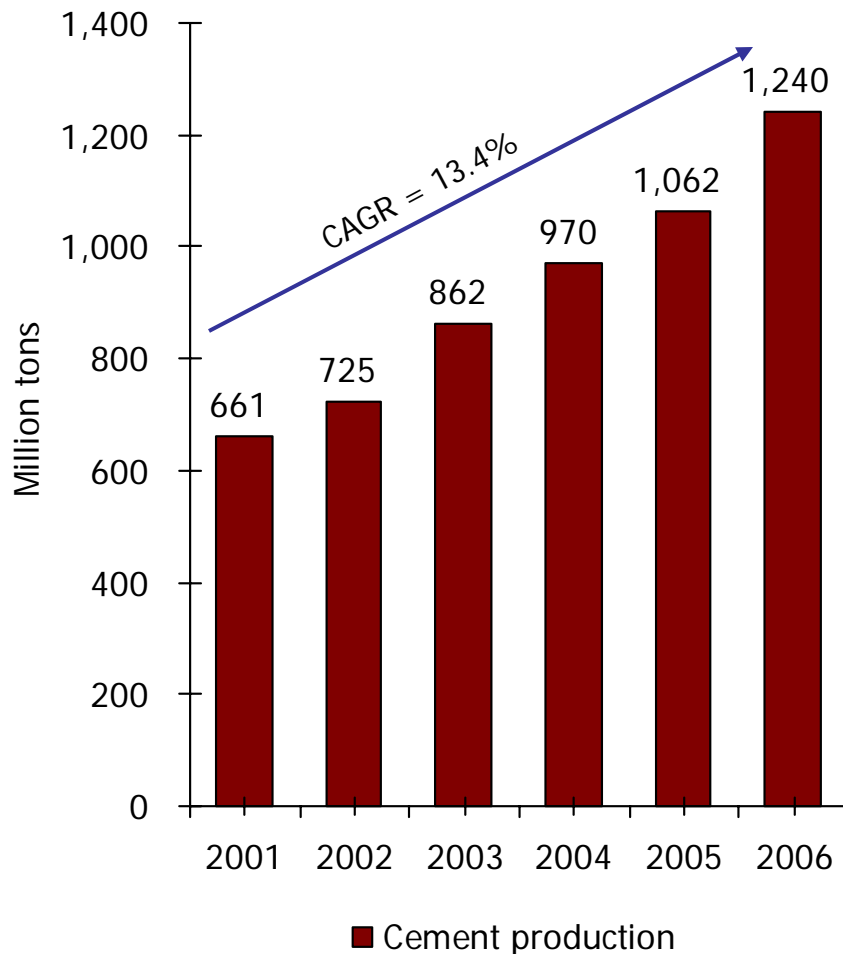
- ❖ While demand is growing at 7.0%-8.0% per annum, supply growth has been constrained
 - Limited brownfield additions in the last few years not sufficient to meet demand growth
- ❖ Growing demand-supply gap resulting in increase in prices and improved profitability
 - Industry consolidated with top 8 players accounting for around 60% of market share
 - Consolidation in industry brought greater pricing and production discipline

¹ The capacity of the industry is taken as the sum total of the installed capacity of the large players and does not include the total capacity of mini-cement players (i.e. smaller producers with individual capacity up to 300,000 tonnes), which has been estimated at 12 MnT. Of the total capacity, 7.37 MnT is not in operation.

Source : Cement Manufacturers Association, 2006

China Cement Sector

Cement production in China



Source: China Statistics Yearbook

- ❖ Since 1980s, China has been the world's largest cement producer
- ❖ The PRC cement industry is localized and very fragmented. Currently there are over 5,000 cement producing entities
- ❖ NDRC issued the Cement Industrial Development Policy on Oct 17, 2006 as part of the Eleventh Five Year Plan which was driven by environmental improvement and energy conservation
 - Closure of small cement plants
 - 1.25 billion tons of cement per year to be produced with the New Dry Process cement technology by 2010
 - Cement produced by New Dry Process cement production lines to reach 70% of the total output; and
 - Energy consumption by each cement producing entity to fall by 25%

China Cement Sector

Future growth drivers

Fundamental demand in construction

- ❖ With continuing economic development, property construction and fixed asset investment in infrastructure will continue to drive cement demand

Closure of small kilns improves market supply dynamics

- ❖ NDRC plans to shut down around 130m tonnes of small vertical kilns in 07-08 and 140m tonnes in 09-10, nearly a quarter of market supply that will improve market supply dynamics

Industry consolidation supports pricing power to suppliers

- ❖ M&A driven consolidation should support the emergence of pricing power in the next 2–3 years
 - Foreign players: active M&A activities by international players such as Lafarge, Holcim and CRH in the past years
 - Domestic players: domestic M&A picking up, China Cement Association projects the top 60 producers to emerge into 30 in the next 1–2 years

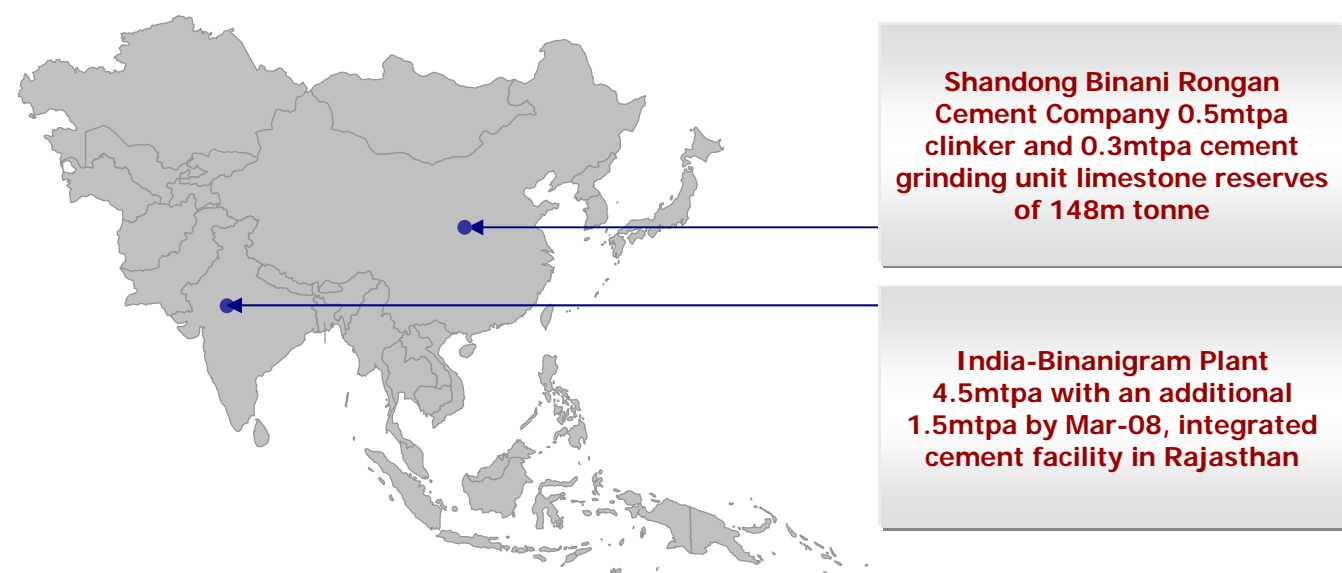
Investment Highlights

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Binani—A pan-Asia growth play

Robust operations/financial

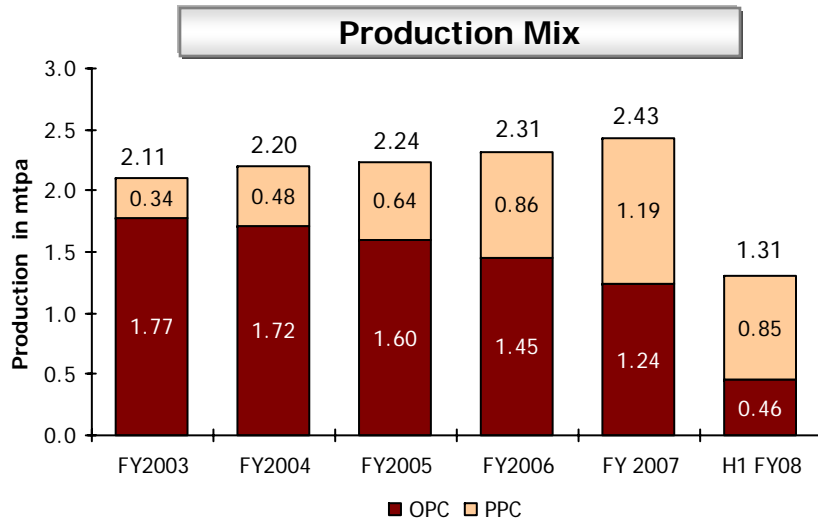
Binani – Unique Pan-Asia Growth Play



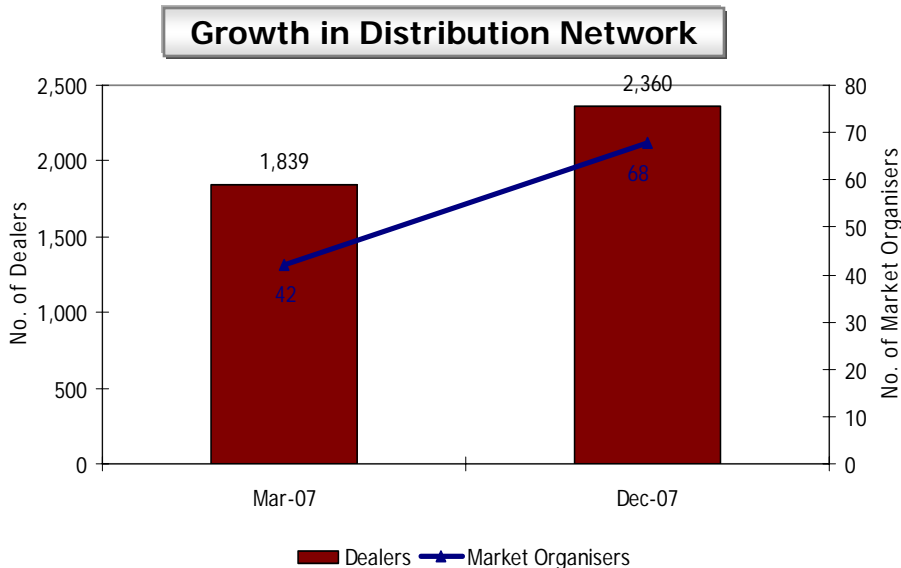
Key Milestones..

Year	1997	1998	2005	2006	2007/08		
Event	Cement Plant Operational	25MW power plant operational	Private Equity Investment by JPMorgan	Private Equity Investment by Credit Suisse	<ul style="list-style-type: none"> ❖ IPO – JP Morgan divested 10.1% at Rs75 at IPO ❖ New Kiln and 1st grinding unit has been commissioned ❖ 2nd grinding unit to be completed by Mar -08 		
Capacity	1.65MTPA	→	2.25MTPA	→	4.5 MTPA	→	6.0 MTPA

Product Profile



- ❖ OPC is used for general construction purposes such as building roads, high-rise buildings and bridges, while PPC is more durable and therefore used for mass concreting, such as in the construction of dams and barrages.
- ❖ Increased production of blended PPC cement from 49% of the total cement production in the FY 2007 to 65% in the 1st half of 2008
 - Blending of fly ash with clinker reduces the amount of clinker required
 - Increases volume of cement and overall profitability



- ❖ Market organisers and dealers are spread throughout the states of Rajasthan, Gujarat, New Delhi, Haryana, Punjab and Uttar Pradesh.
- ❖ 67 depots spread in Gujarat, Rajasthan and other parts of North India
- ❖ Marketing team, with staff strength of 114 people as at 31 December 2007, has increased by c. 37% in the nine months since March 07.
- ❖ Adopted the "cash and carry" system as against the credit policy generally followed by the industry, thereby leading to:
 - lower working capital costs
 - reduced credit risk for company

Source : Company
E: Company Estimates

Investment Highlights

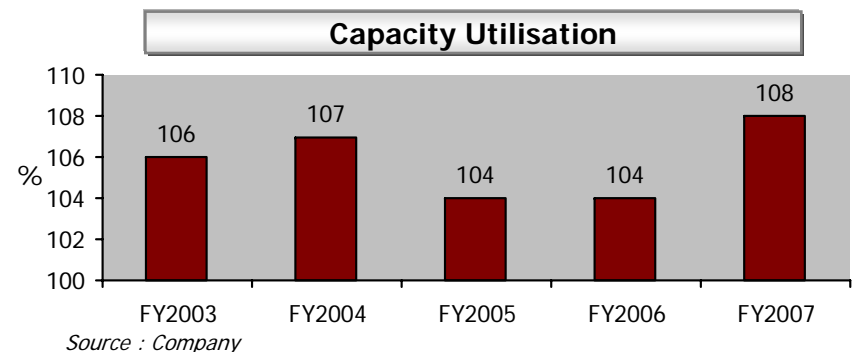
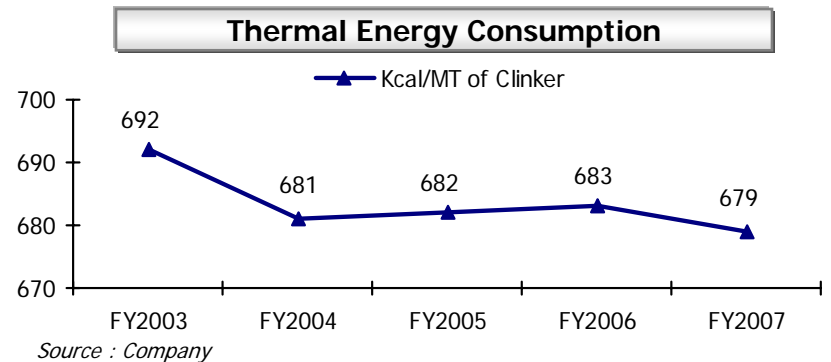
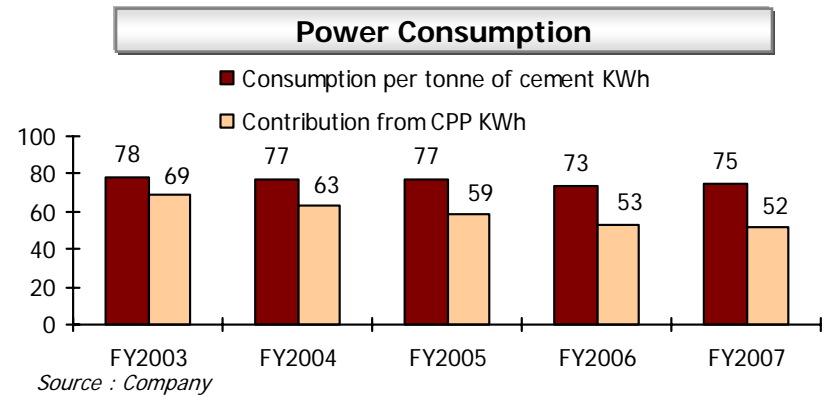
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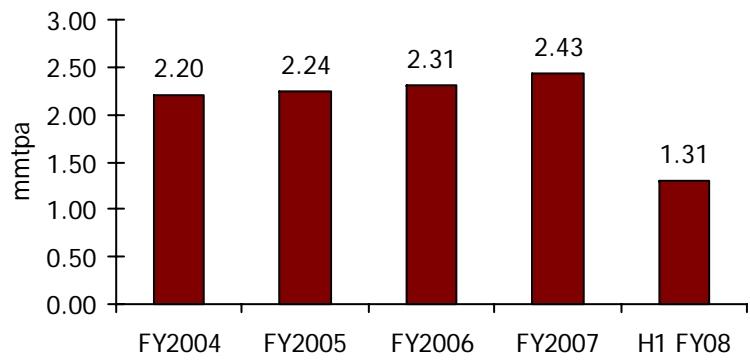
Consistently Improving Operating Efficiency

- ❖ Power consumption at about 75 KW per ton in FY2007
 - Captive plant meets 70-75% of the demand
 - Use of high quality imported coal blended with lignite have reduced fuel costs
 - New power plant with CFBC Boiler to provide fuel flexibility.
- ❖ Thermal Energy Consumption @ 679 Kcal/Tonne of Clinker
- ❖ Captive limestone mines of over 195 mn tons of proven reserves *(Source- Holtec report dated Apr 2005)*
 - Sufficient to serve expanded capacity for at least 25 years
- ❖ Captive lignite block in Nimbri Chandavan, Rajasthan for the Company's captive power plant *(allocated in Feb. 2007)*
- ❖ Efficient operational performance
 - EBITDA margin of 27% for FY 2006 is increased to 34% in FY 2007 and 37% in the first half of FY 2008
 - Operating efficiency attributable to the technical base, cost management initiatives and the quality of manufacturing facilities
- ❖ Expected savings on freight costs
 - Since Jan 07, additional transporters have been introduced (total of 28)
 - Railway siding commissioned in June 07 in Binanigram linking facility to primary markets and new markets of Punjab, Western UP and Maharashtra

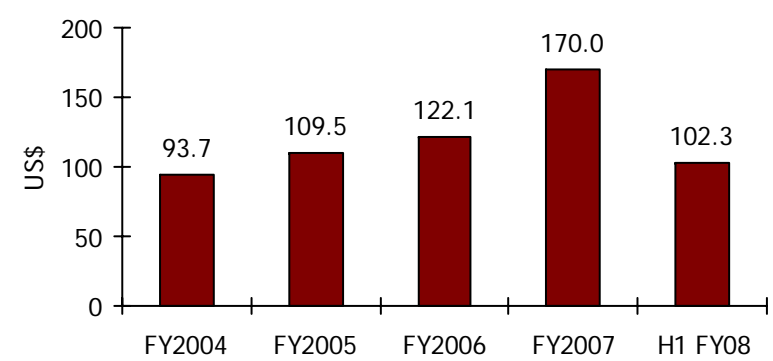


Financial Parameters

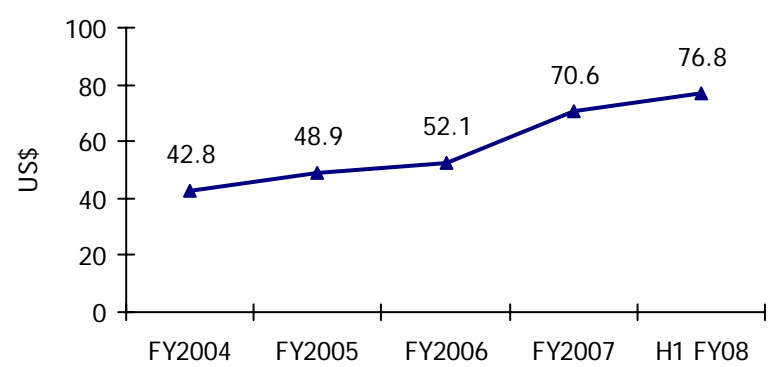
Production



Sales



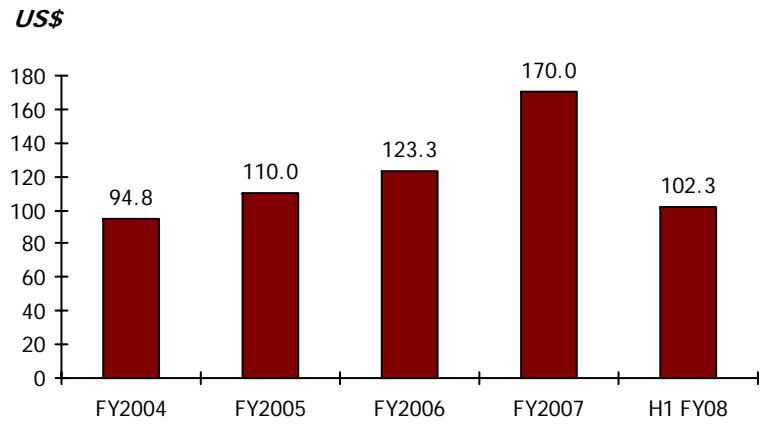
Realisation/ton



Note: Exchange rate: 1 USD = Rs40

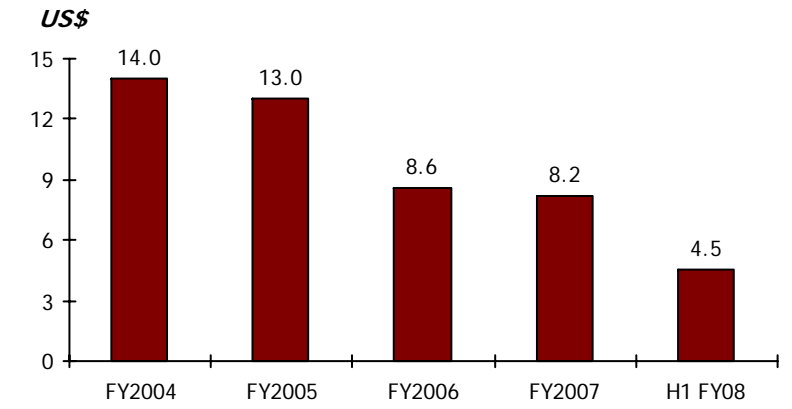
Financial Parameters

Total Income



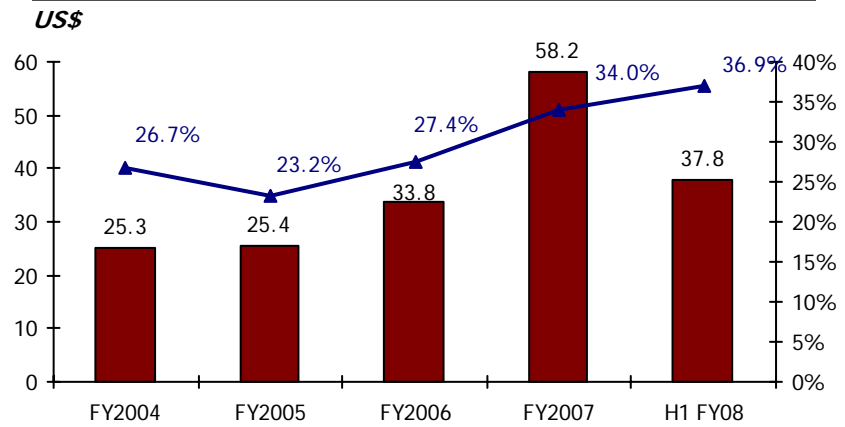
Source: Company

Interest



Source: Company

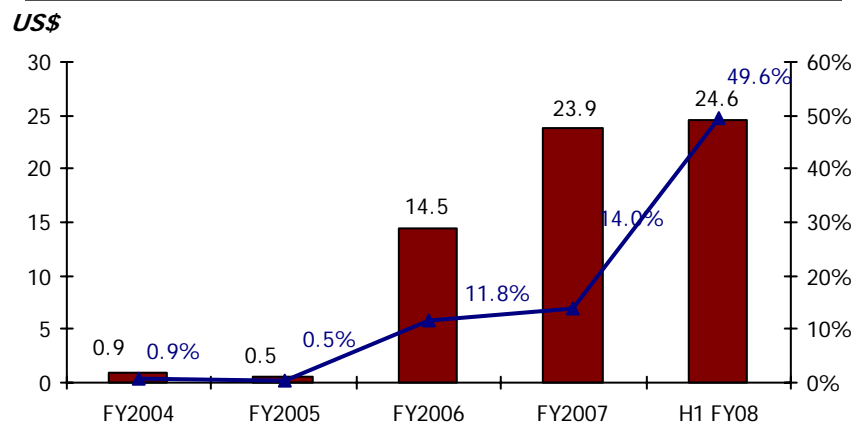
EBITDA & EBITDA % to Total Income



Source: Company

Note: Exchange rate: 1 USD = Rs40

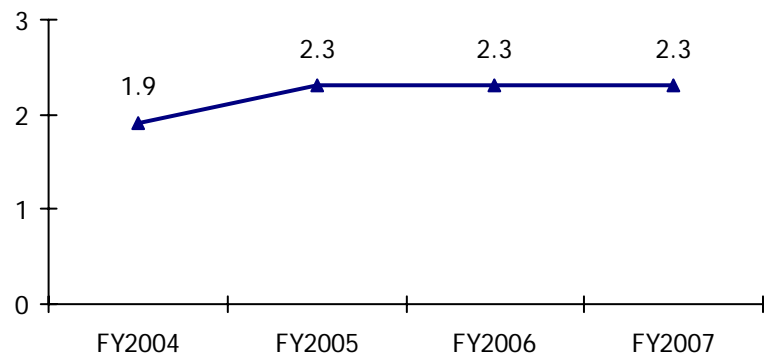
PAT & PAT% to Total Income



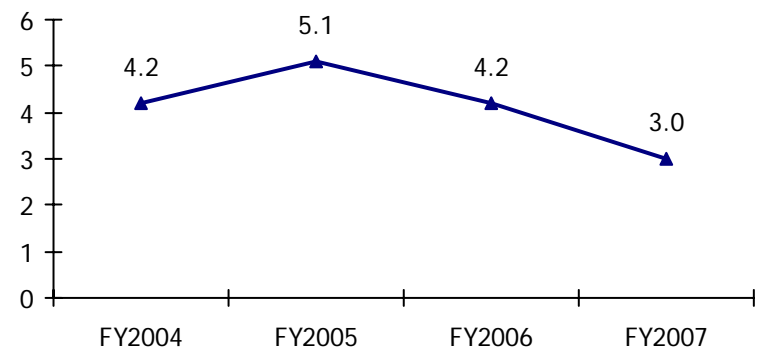
Source: Company

Financial Parameters

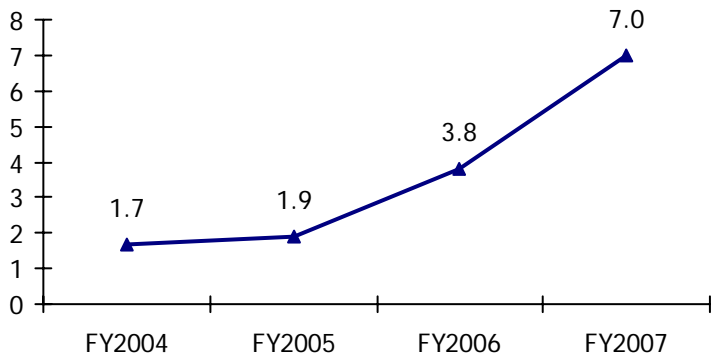
Debt/Equity



Debt/EBITDA



EBITDA/Interest



Recent Developments

BCL enters into the Chinese and Global Markets

- ❖ In August 2007, BCL acquired 70% stake with management control in M/s.Krishna Holdings Pte, Singapore which holds 70% in Shandong Binani Rongan Cement Company Limited. 30% is held by M/s.Shandong Rongan Group Company Limited.

Shandong Binani Rongan Cement Company Limited

- ❖ One year old, debt free company
 - ❖ 0.5mtpa clinker, 0.3mtpa cement manufacturing facility to commence production in Mar-08
 - ❖ 3 surface mines with limestone reserves of 148m tonne
 - ❖ Approvals in place to scale up the capacity to 2.2mtpa cement manufacturing facility.
 - ❖ Total investment – USD 100m to be shared in the ratio of 70:30. 70% being Binani Group's share.
- ### Investment Drivers
- ❖ Port based plant to facilitate export to Gulf countries including Binani Cement Factory LLC, Dubai, Africa and other international markets.
 - ❖ China plant will provide the seed marketing and establish Binani brand to enable sale of large quantity of cement from BCL's Gujarat Plant
 - In line with BCL's plan to increase capacity to 12m tonnes cement production over 3 to 4 years
 - Plants to be constructed in Gujarat and Eastern India as well

Expansion Plan

- ❖ Expansion project includes increasing production capacity from 2.25mtpa to 6mtpa to be completed by Mar 2008
- ❖ Commercial production of clinker commenced in Oct 2007
- ❖ First grinding unit of expansion project started commercial production from Dec 2007
- ❖ The second split grinding mill is now being installed at Neem Ka Thana (N. Rajasthan) to be completed by Mar 2008
- ❖ Expansion project also includes setting up of two units of 22.3 MW each of captive power plant to meet the power requirements of the expanded capacity. To commence operation by Jan 2008/ Mar 2008
- ❖ Consequent to the expansion project, the overall cement production capacity of the Company will increase to 6.0mtpa with captive power plants of 69.6 MW
- ❖ BCL proposes to increase capacity from the present 6.0mtpa to 12.7mtpa as follows:

	Capacity (mtpa)
Existing capacity (Mar-08)	6.0
Expansion of China cement facility	2.2
Green field expansion in Gujarat	2.5
Proposed Overseas acquisition (targeted)	2.0
Total	12.7

Expanded capacity will enable BCL to increase its presence in North Indian markets and enter new markets including Mumbai

Key Management

Mr. Vinod Juneja
Dy MD, Binani Group of Industries

- ❖ M.Com, LLB, Phd, with 33 years of experience in commercial, development & private sector banking

Mr M K Chattopadhyaya
Chief Financial Officer

- ❖ Bachelor of Commerce (Honours), LLB, FCA, FCS. Has over 25 years of experience in Accounts, Finance, Taxation & Corporate Affairs.

Visalakshi Sridhar
AVP, Finance

- ❖ B.Com, ACWA, ACS, 20 years of experience

Mr Ibrahim Ali
Advisor (Current Projects)

- ❖ Bachelor of Engineering and Bachelor of Law. 50 years experience in formulating, planning and implementation of large scale cement projects.

Mr P Sheoran
Wholetime Director (President, Works)

- ❖ Electrical Engineer, IIT Kanpur. Over 34 years of experience in successfully running cement plants.

Mr S.S.Khandekar
Whole Time Director (Technical)

- ❖ Electrical Eng., IIT Mumbai. Over 38 years of experience in successfully running and managing cement plants.

Mr I. C. Ahuja
Whole Time Director (Projects)

- ❖ B.E. Mechanical (Honours). Having more than 40 years experience in design, engineering and implementation of large scale cement projects.

Mr Krishan Goenka
Exec.Vice President (Logistics)

- ❖ B Com, 27 years experience in transport business.

Mr R.S.Joshi
Exec.Vice President

- ❖ M.A (Economics). 29 years experience in industry.

Mr Darshan Lal
Exec. Vice President (Operations)

- ❖ B.E. (Chemical). 25 years in handling operation of cement plants.

Mr B.M.Khara
Vice President (Marketing)

- ❖ B.E (Civil). 21 years experience in cement marketing.



Thank You