



Communique: ***Acquisition of “Adhunik Cement Ltd”***

04th October 2012



Press Note



“As part of its growth plans, Dalmia Cement Bharat Limited (DCBL) has acquired 100% stake in Meghalaya based Adhunik Cement. Adhunik Cement has a robust presence in markets of the North East with a 10% market share and a capacity of 1.5 MTPA . Ownership of this business comes at a phased investment of Rs 560 crore and follows the non-organic, acquisition based growth strategy of Dalmia Cement Bharat Ltd under which the company acquired 50% stake earlier this year in Calcom Cement.”



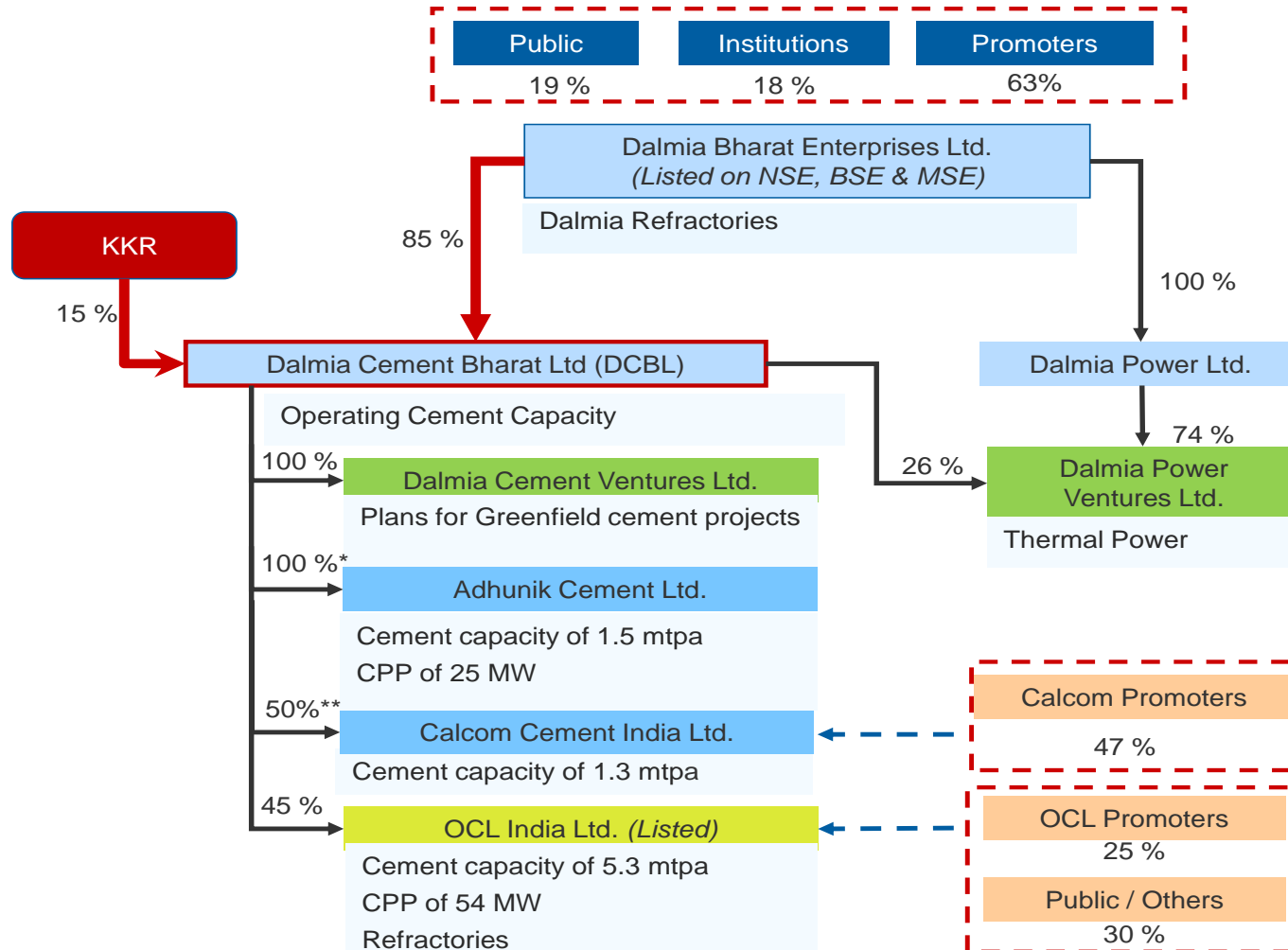
Delivering Commitments



- Demonstrated excellent project execution capabilities ✓ 2009
- Initiated Corporate restructuring to offer pure plays ✓ 2010
- PE Investment to strengthen Balance Sheet ✓ 2010
- Acquisition of stake in Calcom, step for inorganic growth ✓ 2012
- Groundbreaking, Belgaum Greenfield, Karnataka-2.5 MnT ✓ 2012
- Cementing Pan-India Footprints ✓ 2012
- 4th largest Indian cement group post Adhunik acquisition ✓ 2012



Corporate structure – Propelling Growth



*Agreed to acquire 100% stake.

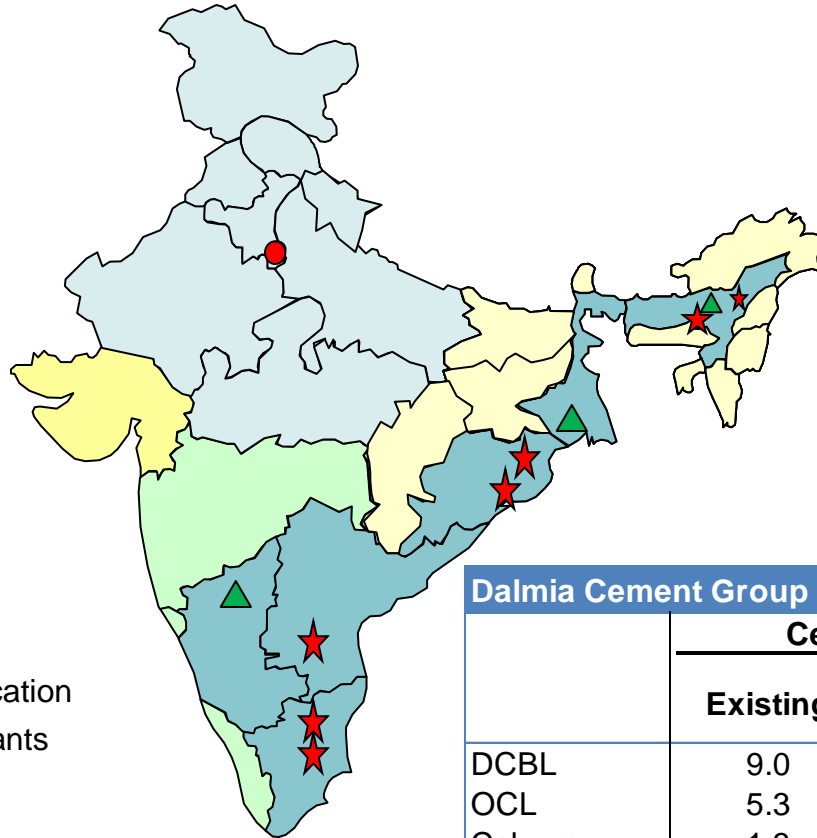
**Agreed to acquire 50% stake.



Cementing Pan-India Footprints



Chartered into “*Top Four*” position in Indian Cement market with Adhunik acquisition



- ★ Operational Plants Location
- ▲ Under construction Plants
- Head Office

Dalmia Cement Group				
	Cement capacity (MnT)			Captive power (MW)
	Existing	Ongoing Expansion	Total	
DCBL	9.0	2.5	11.5	72
OCL	5.3	1.4	6.7	54
Calcom	1.3	0.9	2.1	0
Adhunik	1.5	0.0	1.5	25
Total	17.1	4.7	21.8	151



About Adhunik



- Established as a strategic partnership between Adhunik group and MSP group of Kolkata, Adhunik Cement Limited commissioned its 1.5 mtpa integrated cement manufacturing plant in August 2010
- Plant located at Thanskai village, Jaintia Hills, Meghalaya
- One of the largest operating cement plants in North East
- Kiln capacity of 3000 TPD
- 25 MW of CPP installed, which is estimated to provide surplus power for sale after consumption for cement
- Plant located at 62 Kms from rail head at Badarpur (Meghalaya)
- Situated about 250 Kms from Guwahati, which is the biggest market in the North East
- Widespread distribution network across all North Eastern states and West Bengal



Investment Rationale (1/2)



North East India - “A Resource Rich Underinvested Region”

- North east India cement demand growing at 13.5% per year compared with national average of 9.6%.
- Per capita cement consumption in the North East at 105 Kgs, just 2/3rd of national average.
- Abundant Coal Reserves at Meghalya , ~460 MnT, highest in North East.
- Various infrastructure investments, growing economic prosperity and renewed strategic focus on the region by Central governments are expected to induce further stimulation for cement consumption in the region.
- Adhunik also enjoys all the special exemptions pertaining to VAT, Excise, CST, Income Tax, Transport & Power Subsidy etc, offered by North East Governments.
- North East cement market is highly fragmented with only 3-4 big local players (Star Cement, Topcem, Adhunik, Calcom etc).
- The total cement market size of the region is ~6 MnT, out of which ~25-30% was supplied by Mainland players and ~0.8 MnT was supplied by local mini cement players.



Investment Rationale (2/2)



Adhunik Cement – Achieved 10% market share in North East in FY12

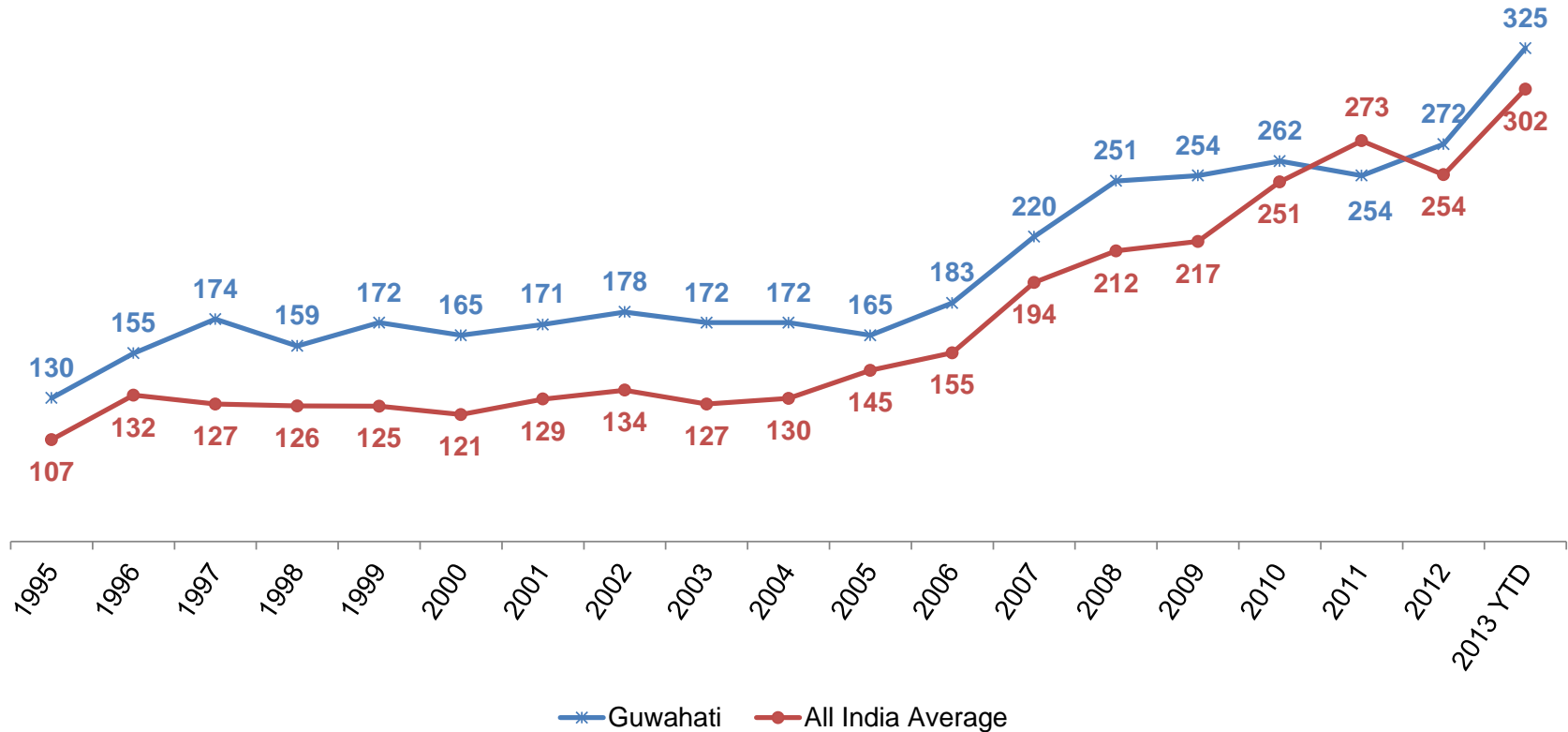
- Second brownfield acquisition by **Dalmia** under its growth strategy of organic and inorganic expansion.
 - **Dalmia** first major national player to have physical presence in North East
- Position in North-east region will be consolidated with the acquisition of Adhunik and Calcom.
 - **Dalmia** biggest cement manufacturer in North East
- With distributed plant operations, we believe significant potential savings in overall logistics costs for both Calcom and Adhunik can be achieved



Consistently Higher Cement Prices in North-East India



Cement Prices (Rs/Bag)



The background of the slide is an abstract composition of various shades of blue, ranging from light sky blue to deep navy blue. The shapes are geometric and organic, with some areas appearing as sharp triangles and others as soft, flowing curves. The overall effect is a modern, layered look.

thankyou

Disclaimer

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