Dalmia

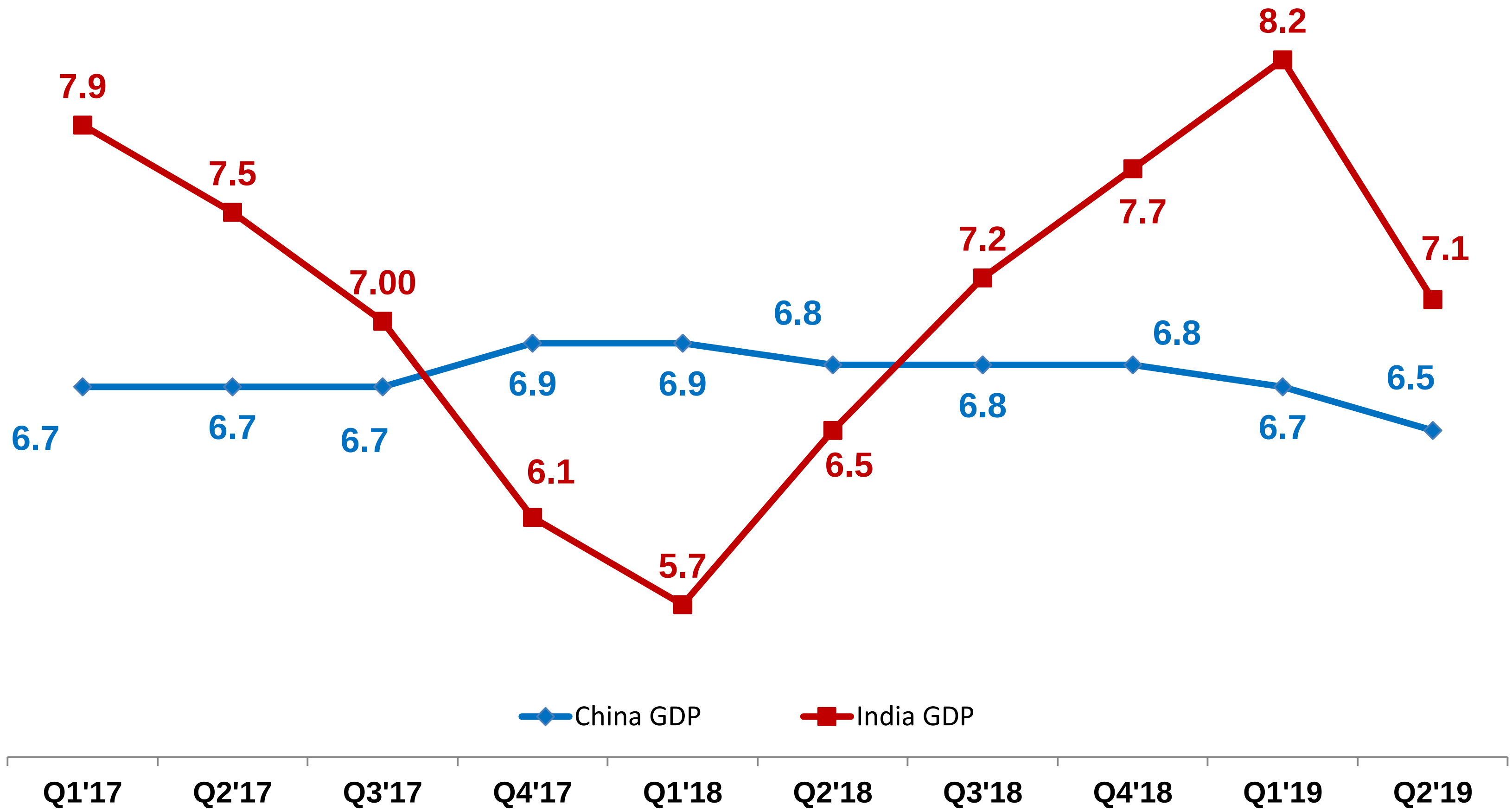
Bharat Limited

February, 2019

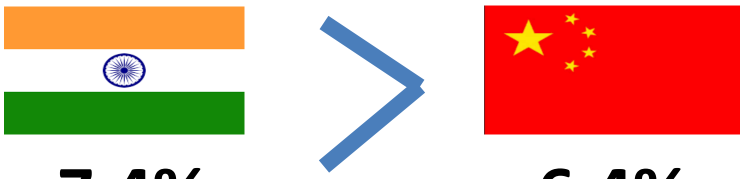
Contents

Fastest growing Economy (For the last 5 quarters)

Dalmia Bharat Limited



GDP Forecast for Next 2 Years



7.4% **6.4%**

Source: IMF, Bloomberg

Cement Industry in India

Reforms leading to structural changes

Factor	Earlier	Now	Impact	Change
Limestone access	Allotment	Auction	Consolidation	2015
Land Acq Law	Govt.	Private	Supply Squeeze	2013
Credit Availability	Easy	Selective	Consolidation	2017
Insolvency Law	Difficult	Quick	Consolidation	2017

Impact of Limestone Auction

Dalmia Bharat Limited

EARLIER

28 new entrants

59 MnT added

31% of Greenfield

NOW

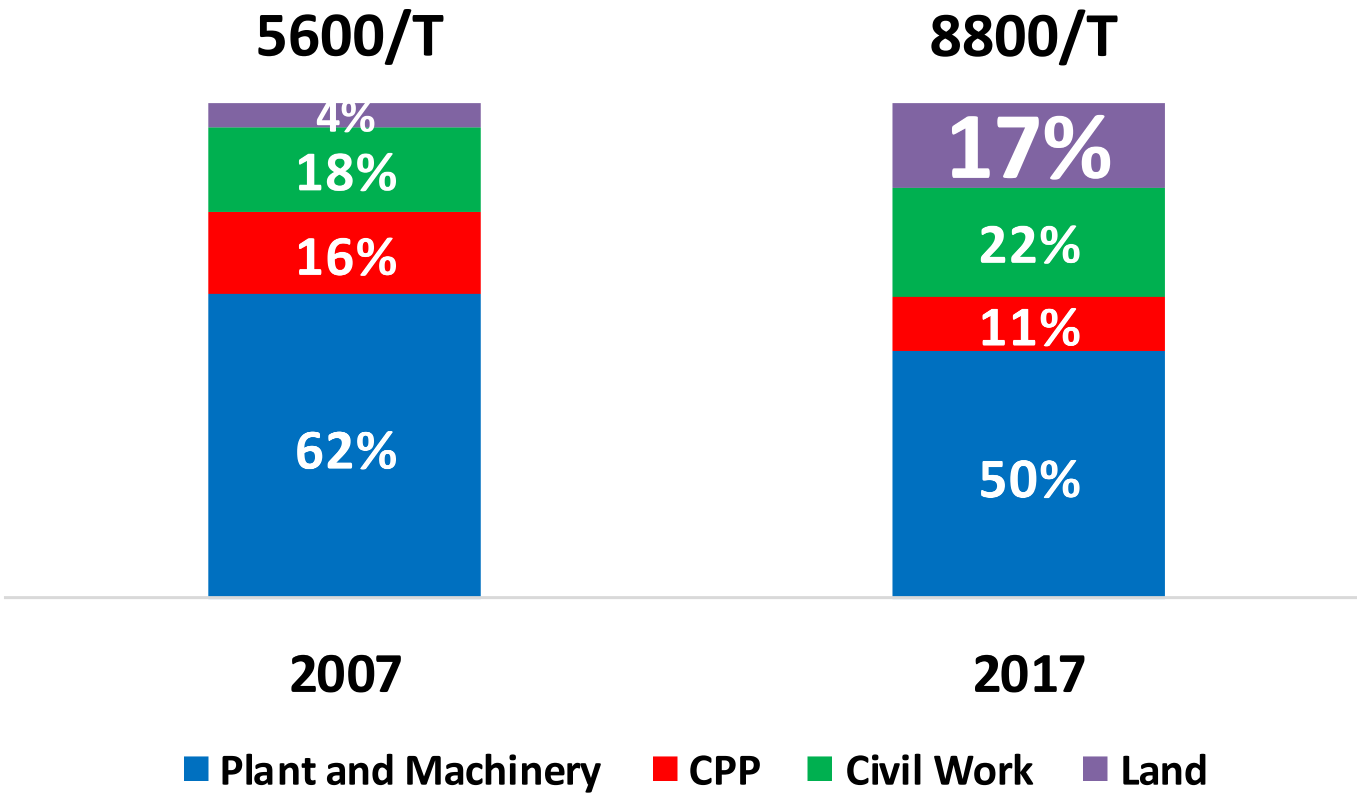
18 blocks auctioned

50% won by Top 5

1 NEW entrant

Rising Replacement cost due to Land

Minimum Size	1 MnT	3 MnT



Entry cost	560 cr	2650 cr

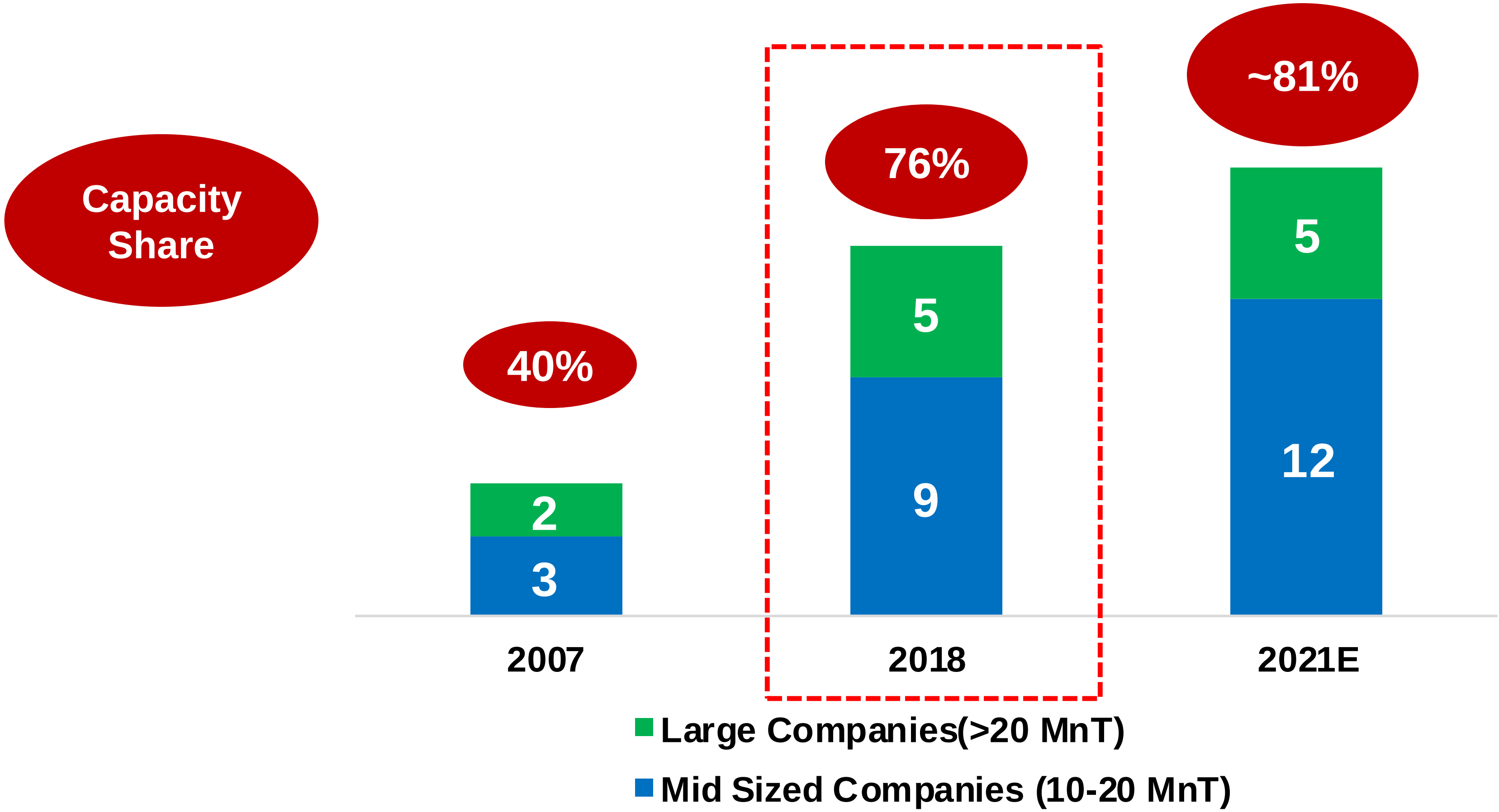
Source- Goldman Sachs India Cement Stressed Asset Analysis

Acceleration in consolidation

Exited → 10 players → 26 MnT → 5% of capacity

Stress → 5 players → 27 MnT → 6% of capacity

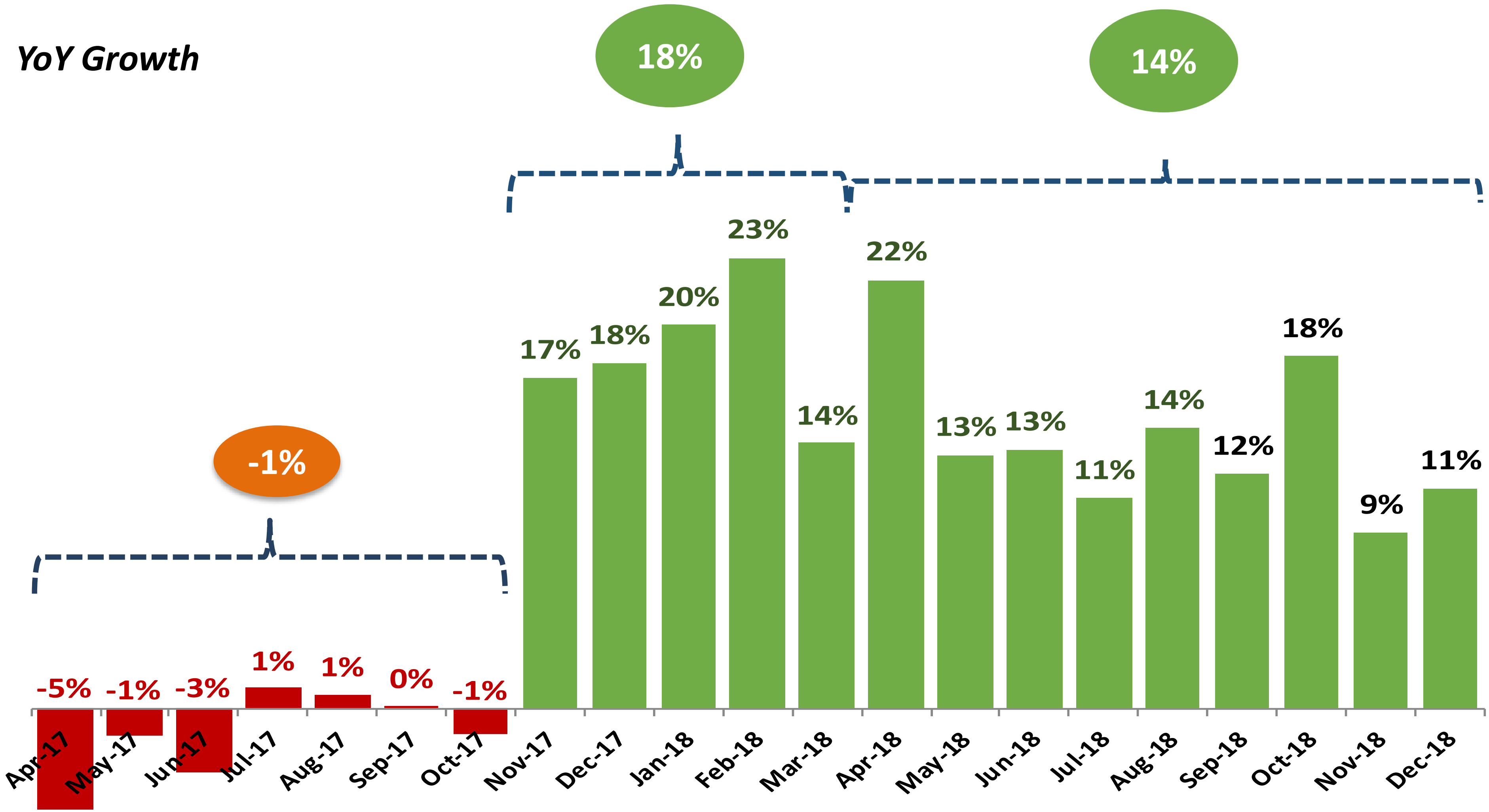
Further consolidation is expected



Capacity share of >10 MnT will be 81% by 2021.

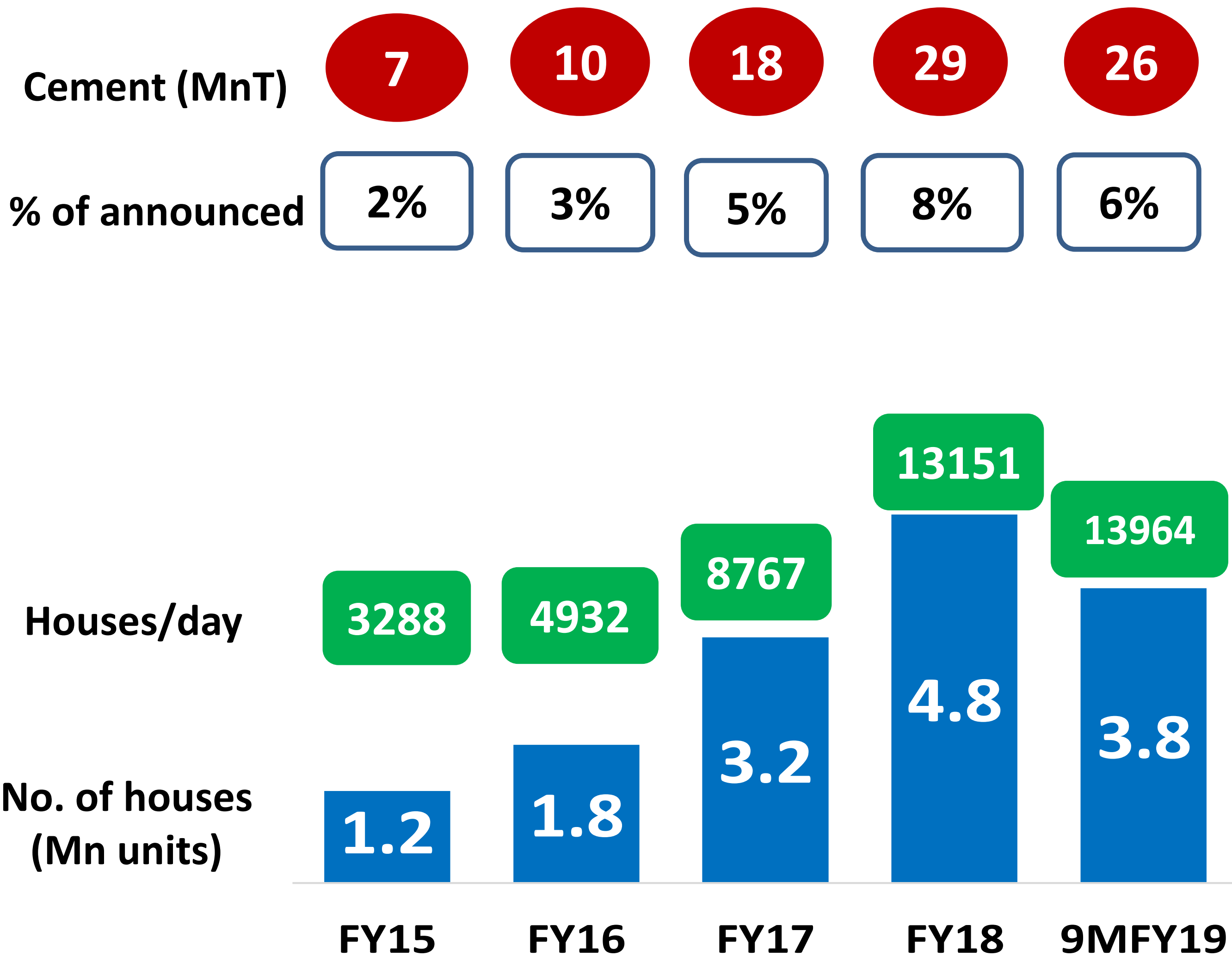
Demand

Robust cement demand continues..



Source:- IIP

Construction run rate up 3x

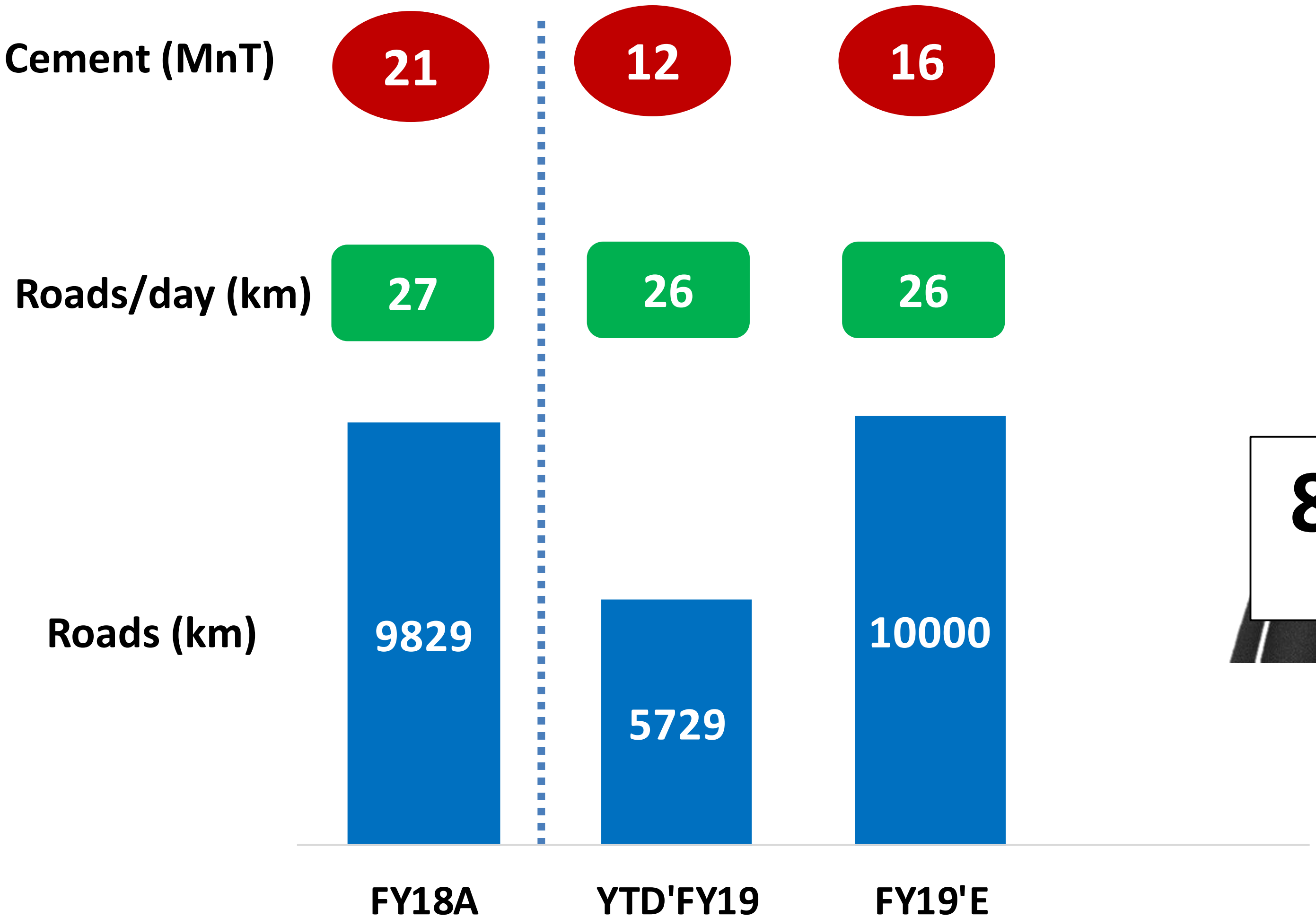


418 MnT
Expected cement demand

Source:- Ministry of Rural Development, Ministry of Housing and Urban Affairs
* annualized

Road construction picking up pace

180 MnT
Expected cement demand



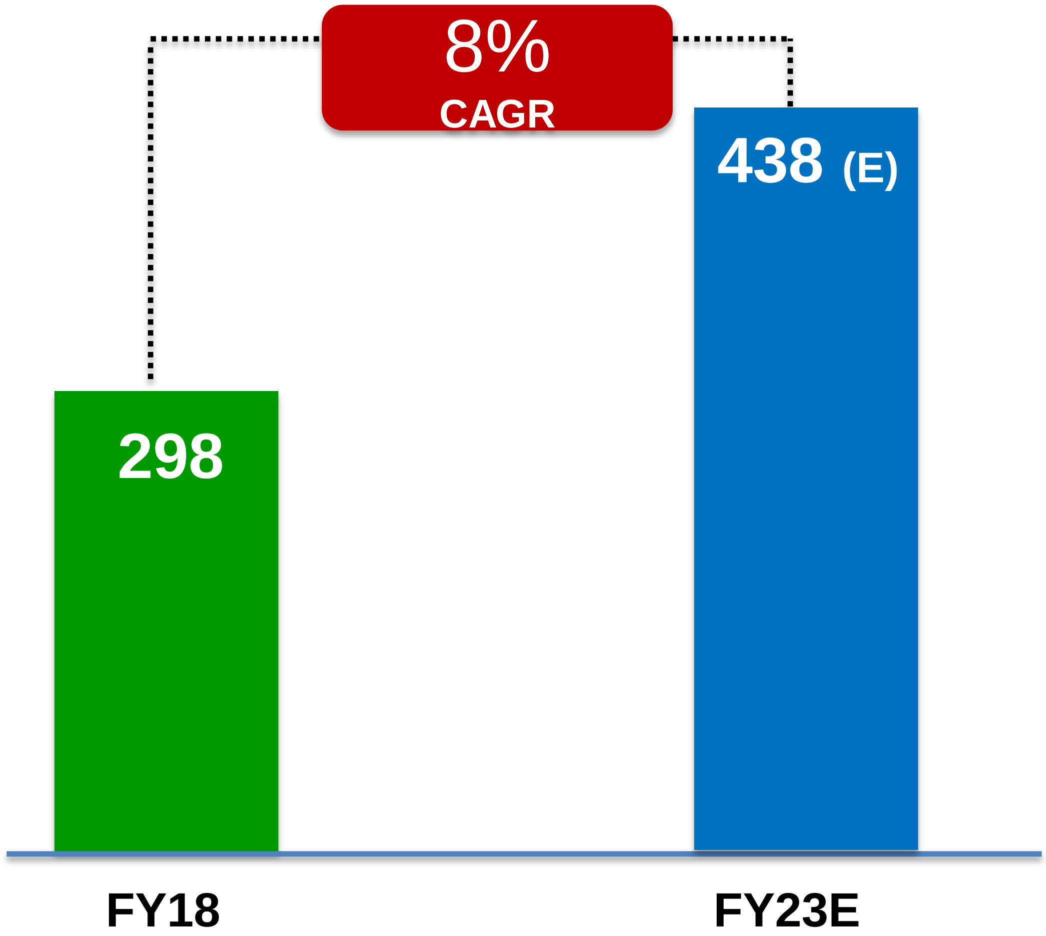
Source:-Ministry of Road Transport & Highways

600 MnT opportunity (FY18-23)

Major Projects	Potential Cement Demand (MnT)
Housing For All	418
Roads	180
Total	598

Assuming only 20% of announced is executed

(Fig in MnT)



As at 9MFY19, Cement Demand is **246 MnT (14% YoY).** (Source:- IIP)

Narrowing Demand Supply Gap

Incremental Demand likely to exceed supply

Narrowing Demand Supply Gap

Period	Demand Growth	Supply Growth
Last 15 Yrs	7%	8%
Last 10 Yrs	6%	11%
Last 5 Yrs	3%	5%
Next 5 Yrs	**8%**	**4%**

Capacity Utilization	FY18	FY19E	FY23'E
	62%	67%	79%

Future Industry Structure

Dalmia Bharat Limited

	FY18	FY21'E
Top 5	47%	55%
Top 10	62%	70%

Dalmia : Overview

Last 10 years

Dalmia
Bharat Limited

10 year CAGR	22%	21%	15%
	Capacity 7x	Revenue 7x	EBITDA 4x
2008	3.5 MnT	Rs. 1315 cr	Rs. 506 cr
2018	25 MnT	Rs. 8828 cr	Rs. 2014 cr

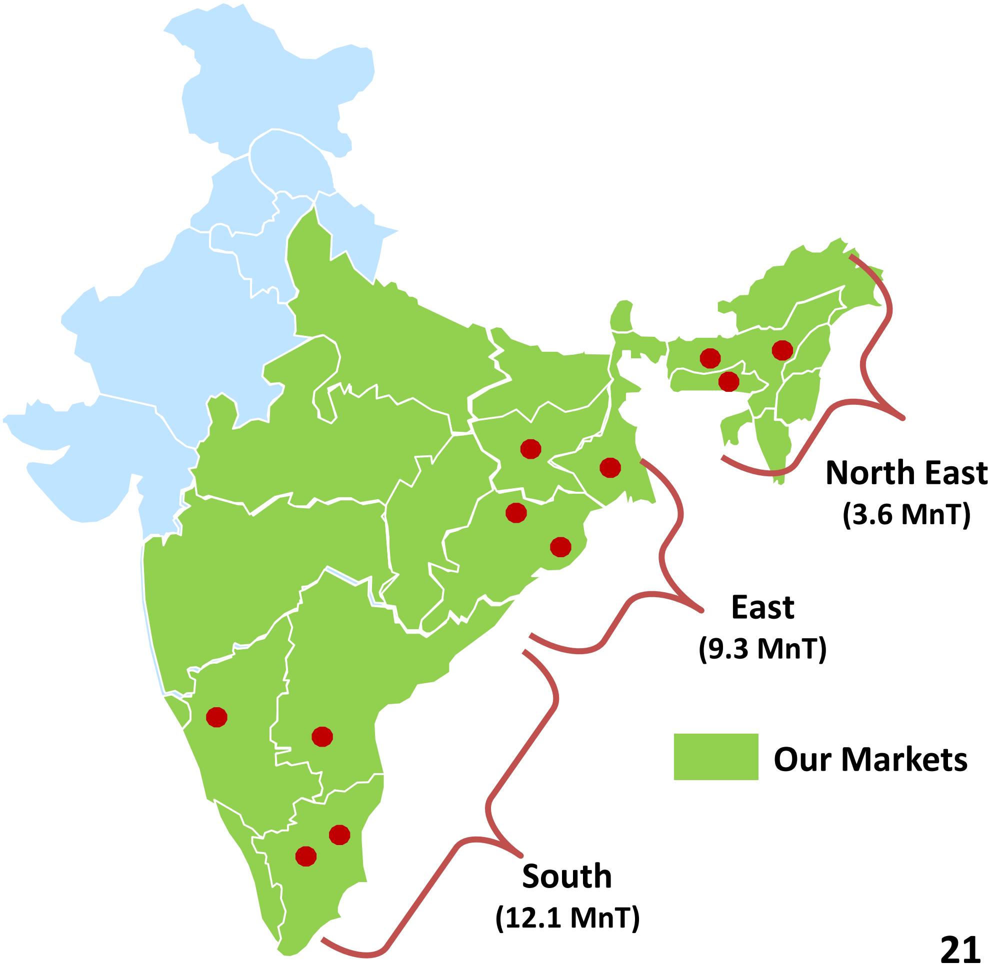
Dalmia Bharat Limited

FY'08 : 3.5 MnT

● 1 plant in 1 state

FY'18 : 25 MnT

● 11 plants in 8 states



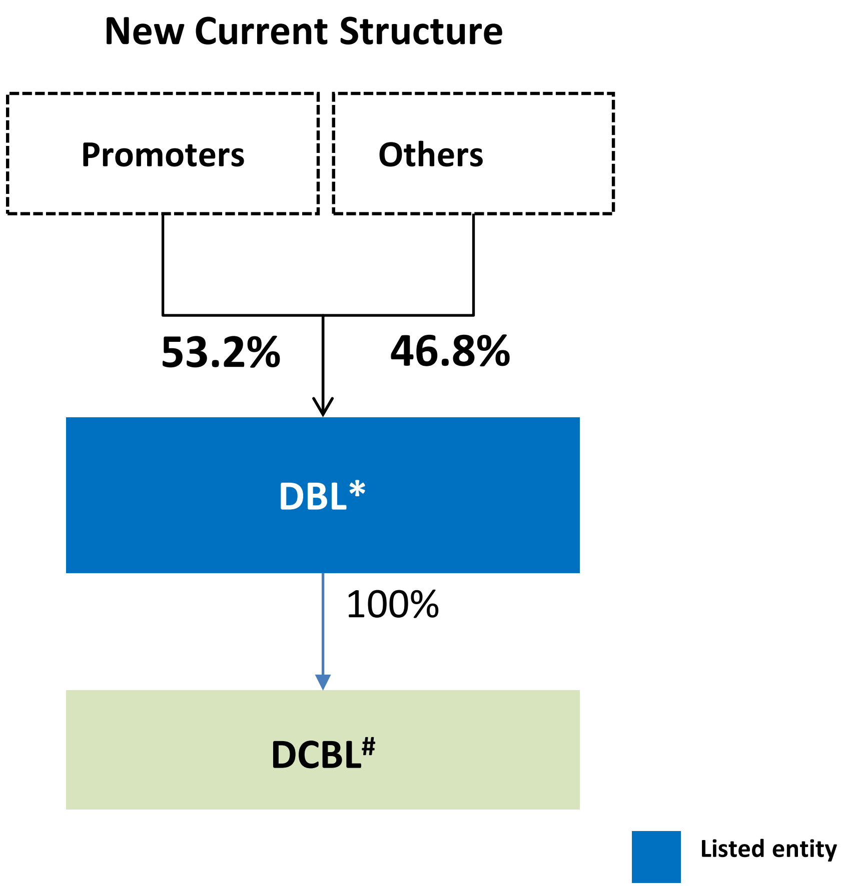
Amalgamation completed

Salient Features

	Pre Merger	Post Merger
Simplification of Corporate Structure	6 subsidiaries	2 subsidiaries
Listed Entities	2	1
Total outstanding shares (No. of shares)	8.9 cr	19.2 cr
Free Float (No. of shares)	3.8 cr (43%)	9.0 cr (47%)

Alignment of all Stakeholders' interests

Simplified corporate structure…One listed entity



** Record Date for issue of new shares of merged entity to eligible DBL shareholders shall be communicated shortly.*

 # Kalyanpur Cement & Calcom Cement are the remaining subsidiaries.

Amalgamated Balance Sheet

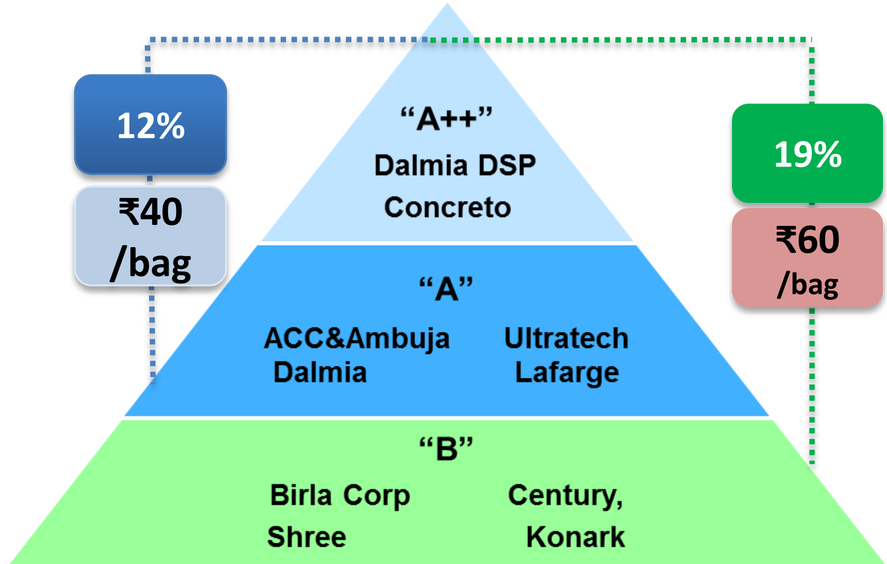
	Particulars (Rs. cr.)	Pro-Forma Pre Merger As at 30th Sep 2018	Amalgamated Post Merger As at 30th Sept 2018	Change
Liabilities	Equity Capital	18	39	21
	Reserves & surplus	6,269	10,273	4,004
	Net Worth	6,287	10,311	4,024
	Debt	7,119	7,119	-
	Other Liabilities	1,676	1,676	-
	TOTAL	**15,082**	**19,106**	**4,024**
Assets	Goodwill & Intangibles	784	4,809	4,024
	Other Non Current Assets	10,530	10,530	-
	Cash & Cash Equivalents	3,306	3,306	-
	Net Current Assets	462	462	-
	TOTAL	**15,082**	**19,106**	**4,024**

- **Resulting in ↑ free cash flow of ~Rs. 1500 cr.**
- **To be realized over a period of 6 to 8 years**

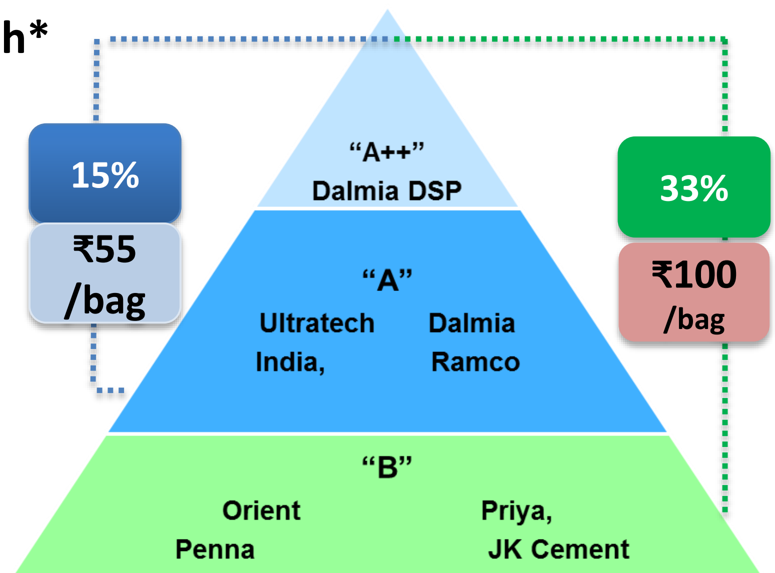
Our Business Model

Strong focus on pricing - Branding matters

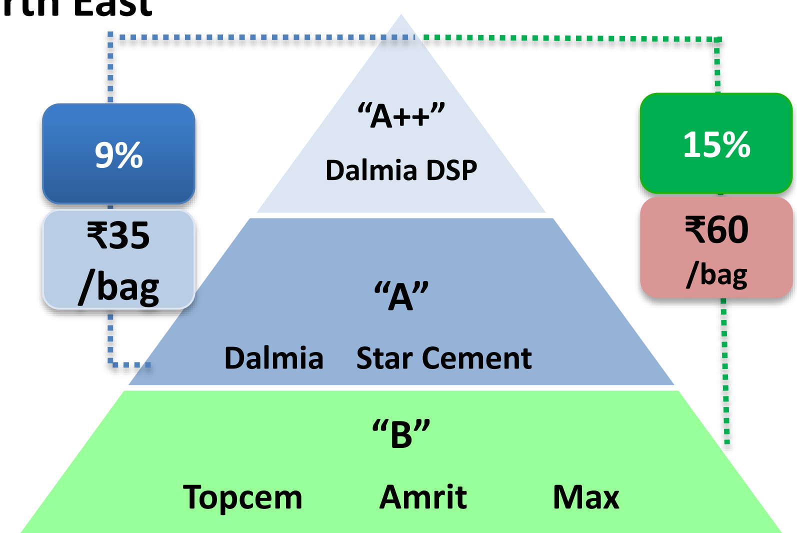
East



South*

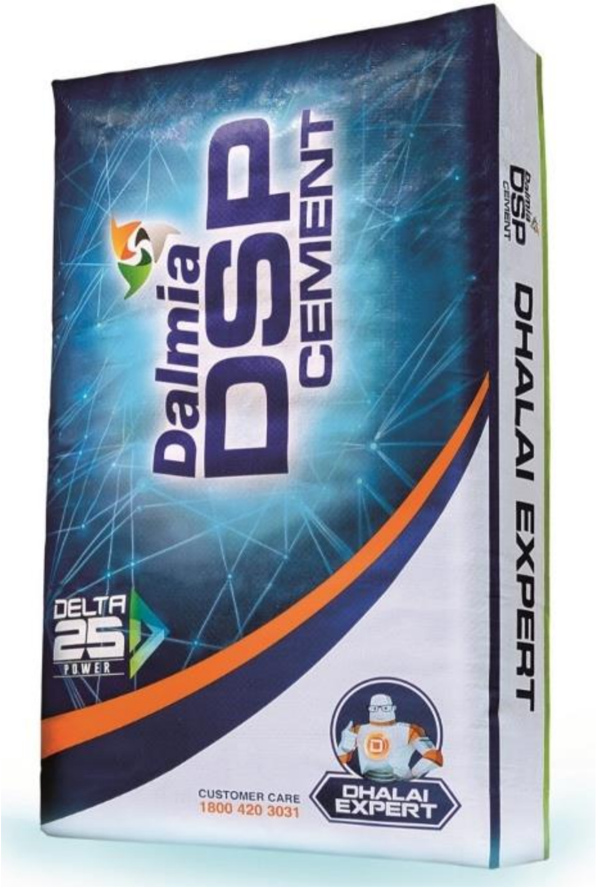


North East



*Tamil Nadu market

Focus on super premium brands



Premium over ‘A’ category - Rs. 25 – 30 per bag

Premium Brand

Naked Cement Realization (Rs./T)

Peers	5 Yr Avg. (FY14-FY18)	10 Yr Avg. (FY09-FY18)	FY18	9M'FY19
Peer Average*	2,916	2,886	2,975	3,145
Dalmia Bharat Limited	3,443	3,361	3,572	3,391
Higher than average	18%	16%	20%	8%

*Top 4 players in industry

Execution of best practices

Multi fuel kilns and boilers

Power consumption **<70 KwH/t**

Blended cement ~ **80%**

Attained **water neutrality of 2.5x**

Lead distance **<300 kms**

Competitive interest cost at **8%**

Continued focus on cost optimization

	Q3 FY18	Q2 FY19	Q3 FY19	Future
Composite Cement^ (% of total volume)	1%	13%	15%	20%
Alternate fuel (as % of fuel mix)	3%	4%	4%	10%
Green Power* (% of total captive power)	4%	9%	9%	22%

Acts as a mitigating measure to tackle rising Slag and Pet Coke prices.

^ comprises of both slag and fly-ash

**Comprises of Solar Power & Waste Heat Recovery System*

Resultant Performance

Comparison with Peers

EBITDA(Rs./ Ton)	5 Yr Avg. (FY14-FY18)	10 Yr Avg. (FY09-FY18)	FY18	9M'FY19
	EBITDA (Rs./T)			
Peer Average*	856	907	905	819
Dalmia Bharat Limited	1,134	1,076	1,201	951
Higher than average	33%	19%	33%	16%

*Top 4 players in industry

Active Board

+

Professionally Managed

Active Board (Independent Directors)

P.K. Khaitan : Chairman, DBL

Founding member, Khaitan & Co.

G.N. Bajpai : Chairman, DCBL

- Former Chairman of SEBI and LIC

Paul Hugentobler: Board Member, DCBL

- Ex-Member, Holcim Executive Committee

Sudha Pillai: Board Member, DBL & DCBL

- Ex-Assistant Secretary, Ministry of Mines, IAS – 1972

V S Jain: Board Member, DBL

- Ex-Chairman – Steel Authority of India

D N Davar: Board Member, OCL

- Ex-Chairman – IFCI & retired consultant to World Bank

Professional Management

Gautam Dalmia : Managing Director

- Over 26 years of experience in cement and sugar industries.
- Holds a B.S and an M.S. degree in Electrical & Electronic Engineering from Columbia University.

Puneet Dalmia : Managing Director

- Has 14 years of experience in cement industry.
- Gold-Medalist, M.B.A from IIM-Bangalore and B. Tech from Indian Institute of Technology- Delhi.

Mahendra Singhi (Group CEO, Cement)

- More than 40 years of experience in cement sector.
- Also serving as Vice President of Cement Manufacturer's Association (CMA).
- Chartered Accountant and a Science and Law graduate.

Jayesh Doshi (Whole Time Director and Group CFO)

- Has over 33 years of corporate experience in Capital Allocation, M&A & Treasury Management.
- Chartered Accountant and a Law graduate from Bombay University.

Ujjwal Batria (Group COO)

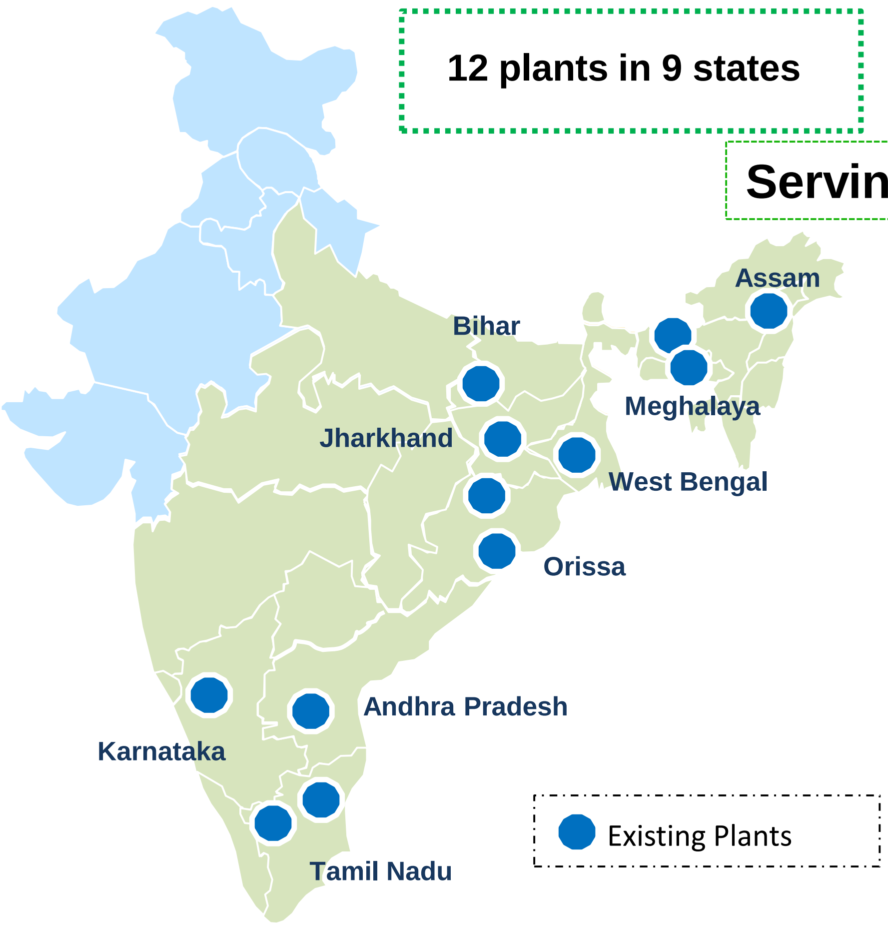
- Has overall 33 years of experience in companies like Lafarge, Nuvoco, Tata Steel etc.
- Holds a B.Tech degree from BIT Mesra.

Roadmap for next 3 years

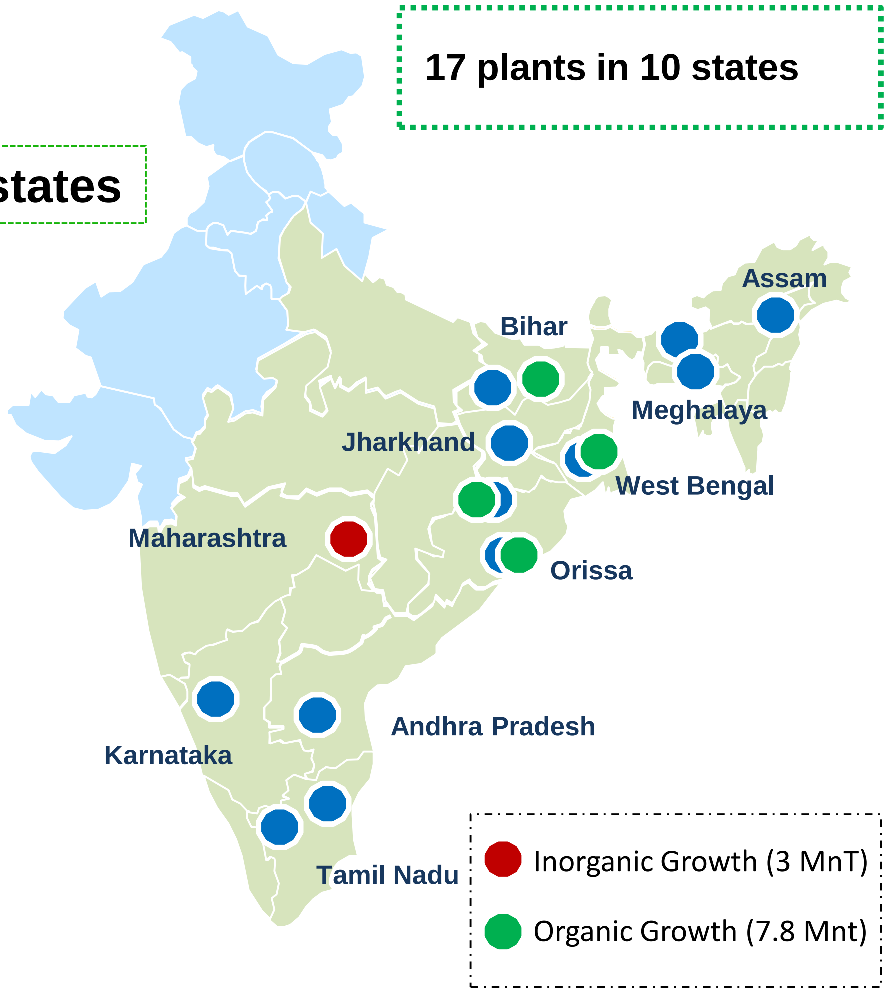
Strengthening Leadership Position in East & Maharashtra

Current : 26 MnT → ~50% → FY21E : 37 MnT

Serving 22 states



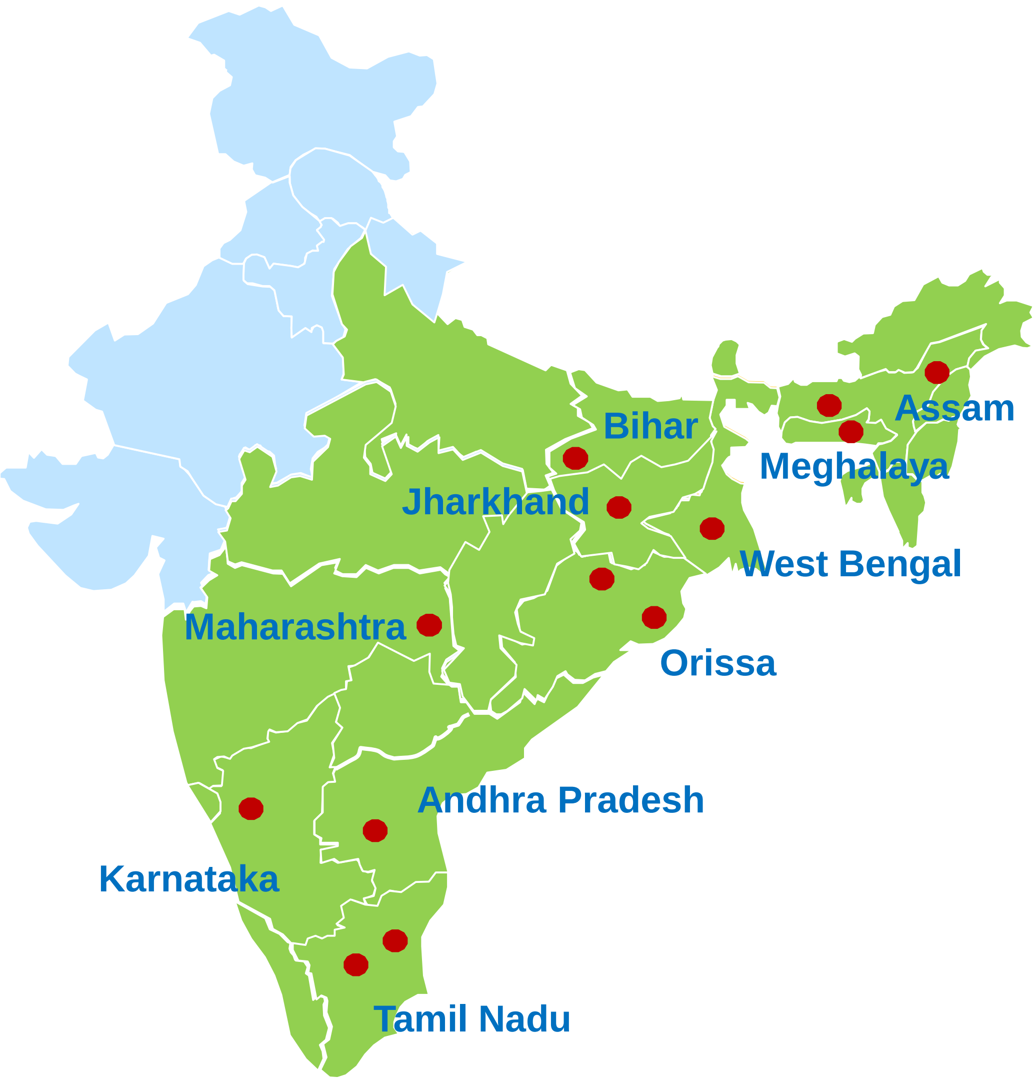
All India Capacity Share - 5%



All India Capacity Share - 7%

Estimated Market Share

Dalmia Bharat Limited

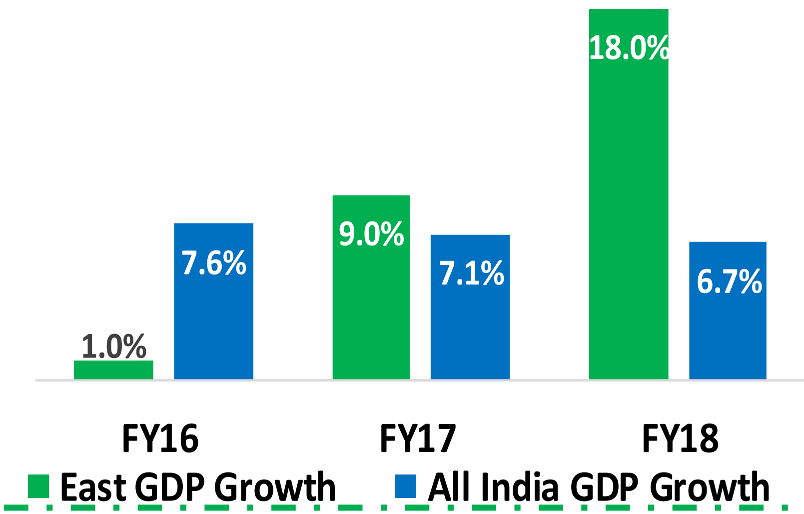


Region	Year	Capacity (MnT)	Capacity Share (%)	Rank
South*	FY18	12.1	7	5
	FY21	15.1	9	4
East	FY18	9.3	12	3
	FY21	18.2	20	1
North East	FY18	3.6	26	1
	FY21	4.0	28	1

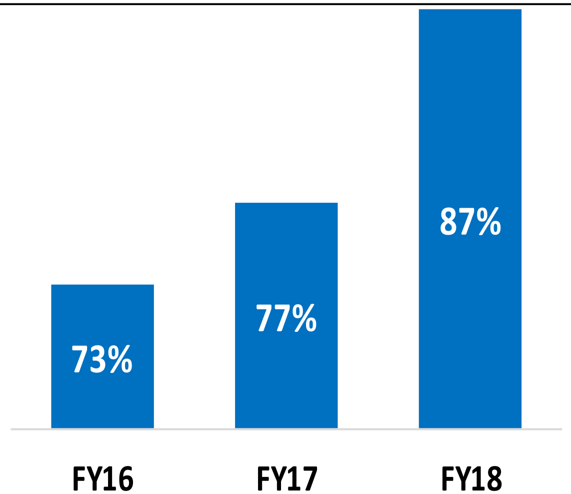
*Including Maharashta

Rationale for new capacity addition in East

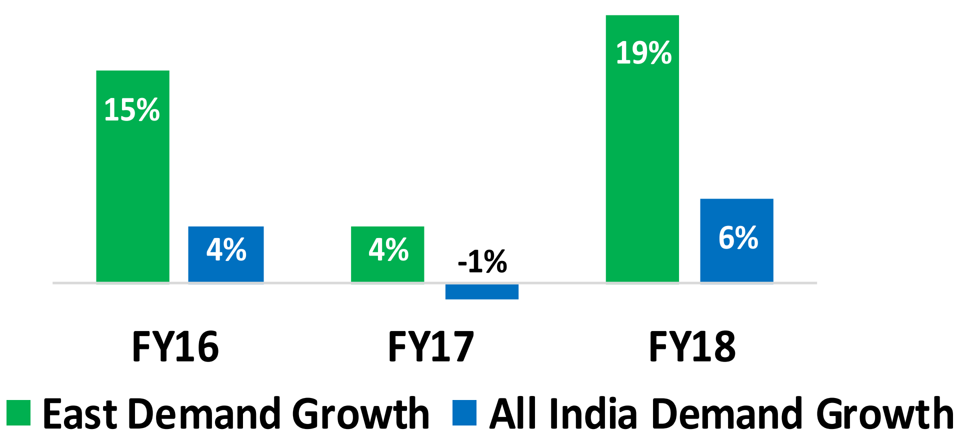
East GDP Growth rate surpasses the All India GDP Growth rate



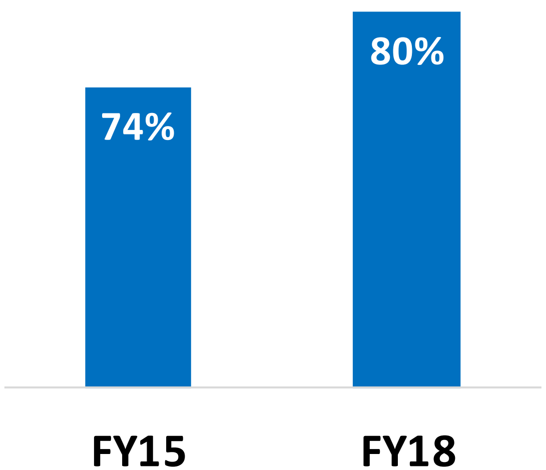
Dalmia's Capacity Utilization peaking in East



East Cement demand growth surpasses All India Demand growth.



Consolidation leading to increased Market Share of Top 5 players in East



Per capita Cement Consumption in East **209 kg** vs All India average **239 kg**.

New capacity of 4 MnT under Insolvency and Bankruptcy Code

Partnering in Key Macro Economic Reforms → **Leading to** → Industry Consolidation

Kalyanpur Cement, Bihar

Capacity: 1.1 MnT Integrated Unit

- Production commenced for Kalyanpur.
- Achieved in record time frame of 5 months.
- Reinstated all essential requisites
- Achieved guaranteed clinker production.

↑ **Additional Clinker capacity**

↓ **Lead Distance**

↑ **Market Share**

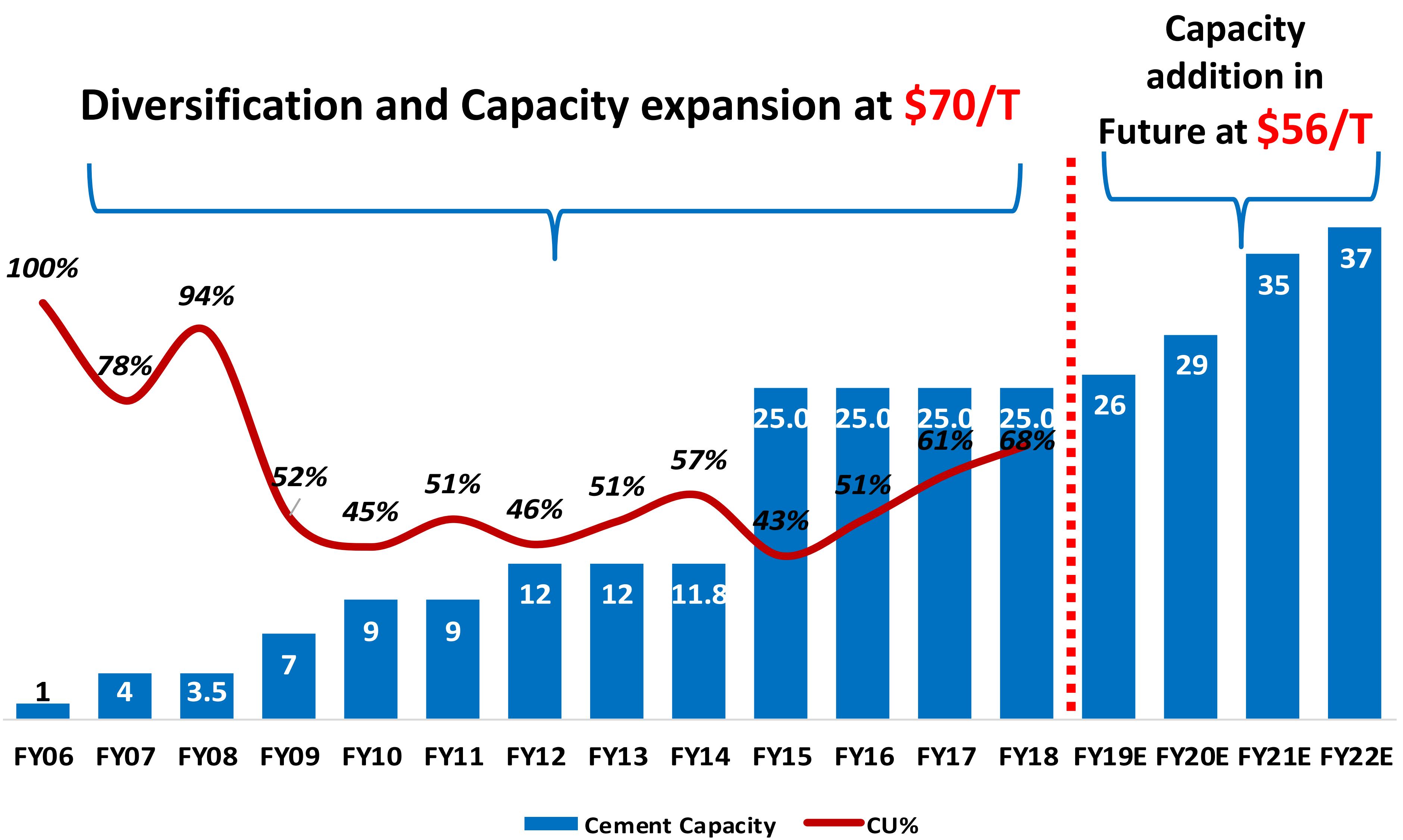
Murli Industries Limited, Maharashtra

Capacity: 3 MnT Integrated Unit, 50 MW CPP

Provides us deeper footprint in Maharashtra market.

The High Court has passed a favourable order and the matter needs to be heard & cleared at the NCLT.

Prudent Capital deployment at $65/T



Forex rate :- Rs.70/$

Our Balance Sheet

	FY15	FY18	Q3FY19
Gross Debt (Rs. Cr.)	8,487	7,276	6,732
Net Debt (Rs. Cr.)	6,376	3,762	3,496
EBITDA (Rs. Cr.)	934	2,014	1,883*
Net Debt / EBITDA	6.8x	1.7x	1.9x
Cost of Debt	10%	8.1%	8.2%

*Trailing 4 quarters

Inclusive Growth

(Focus on sustainable business practices)

1st Rank in CDP League Table for Low Carbon Economy Transition

League Rank Table	Company	League Table weighted rank
1	**Dalmia Bharat**	**4.64**
2	Ambuja Cement	5.62
3	Cementos Argos	5.90
4	Shree Cement	5.91
5	Lafarge Holcim	6.03

This serves as a proxy for business readiness for implementation of Paris Agreement

Source: CDP Cement Report 2018

First cement company and 3rd Indian Company to join RE100.

RE 100 is a global association of those progressive companies who pledge to consume 100% renewable electricity for their operations by 2030.

Thrust on Sustainability

Dalmia Bharat aims big on climate action

Carbon Negative by 2040

*data as on FY18
^CO_2 emission- Kg/ton of cement

Partnering in India's Growth Model

Chennai Metro, Tamil Nadu

Tata Kalinganagar, Odisha

Advanced Landing Ground, Pasighat, Arunanchal Pradesh

Thank You