Dalmia

Bharat Limited

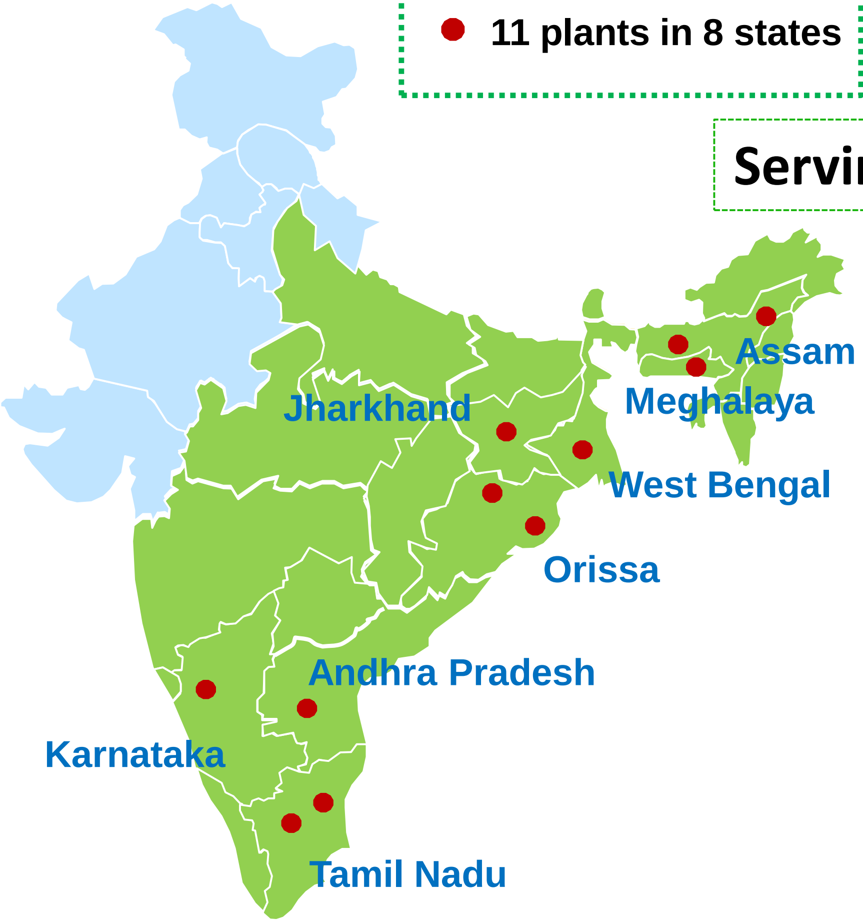
June, 2018

Overview

Overview of the Company

FY18 : 25 MnT

● 11 plants in 8 states

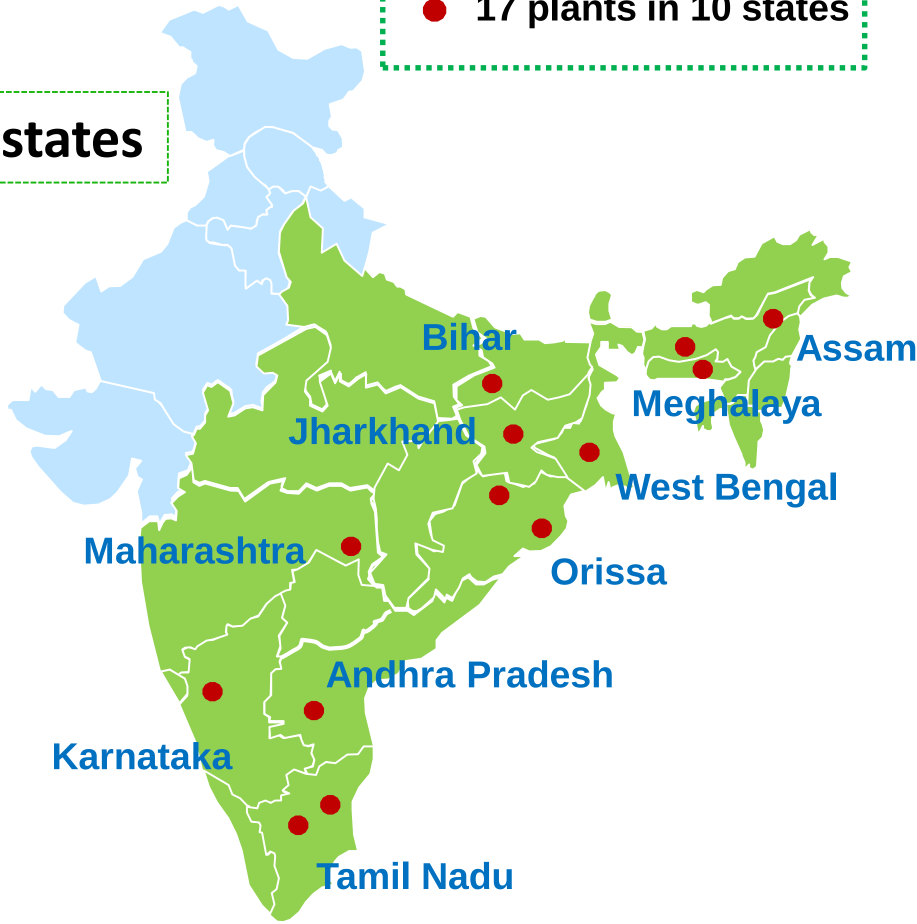


All India Capacity Share - 5%

Serving 22 states

FY21E : 37 MnT

● 17 plants in 10 states



All India Capacity Share - 7%

Last 5 years

	Capacity	Revenue	EBITDA
5 year CAGR	16%	25%	25%
	2x	3x	3x
2013	11.8 MnT	Rs. 2,791 Cr	Rs. 674 Cr
2018	25 MnT	Rs. 8,609 Cr	Rs. 2,042 Cr

Strengthened Balance Sheet

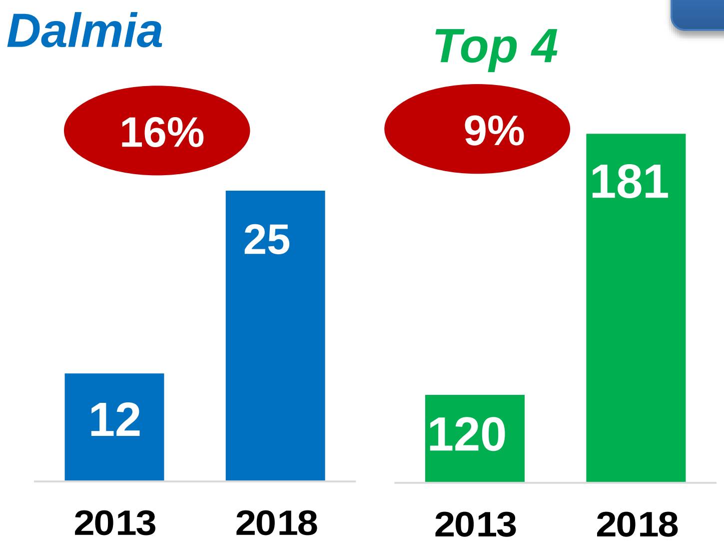
	FY15		FY18
Gross Debt (Rs. Cr.)	8,487	(1,212)	7,275
Net Debt (Rs. Cr.)	6,376	(2,863)	3,513
EBITDA (Rs. Cr.)	934	**1,108** ⬆	2,042
Net Debt / EBITDA	6.8x		**1.7x**

Focused Growth

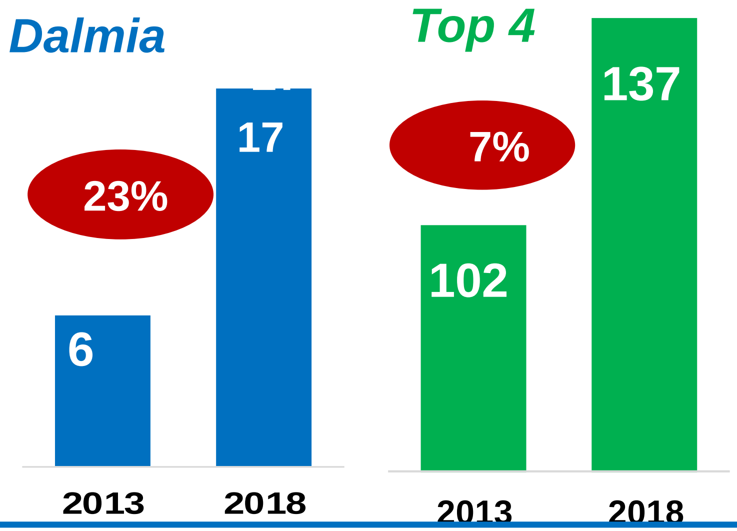
Focused & Disciplined Growth

Operations

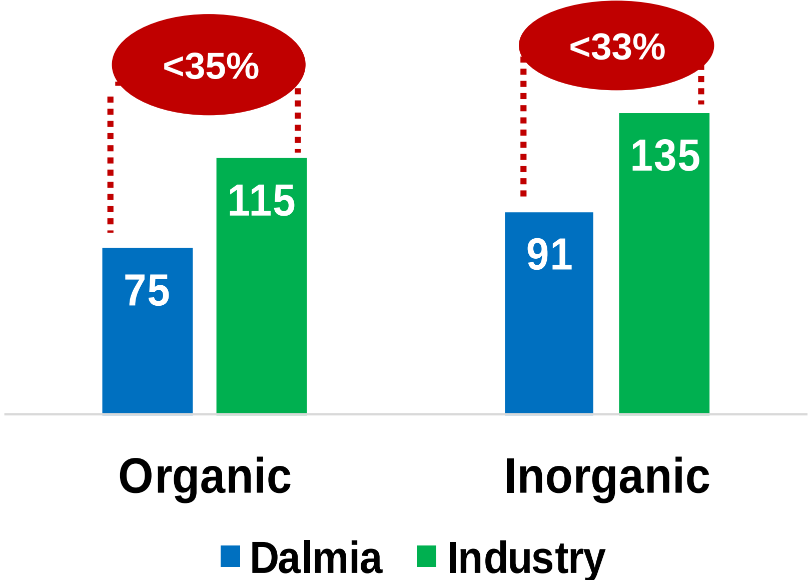
Capacity (MnT)



Sales Volume (MnT)



Capex ($/T)



Consistent performance

EBITDA (Rs./T)

EBITDA (Rs./ Ton)	2 Yr Avg.	5 Yr Avg.	10 Yr Avg.	FY18
	(FY17-FY18)	(FY14-FY18)	(FY09-FY18)	
Peer Average*	**888**	**856**	**907**	**905**
Dalmia Bharat Limited	**1,231**	**1,134**	**1,086**	**1,201**
Higher than average	**39%**	**33%**	**20%**	**33%**

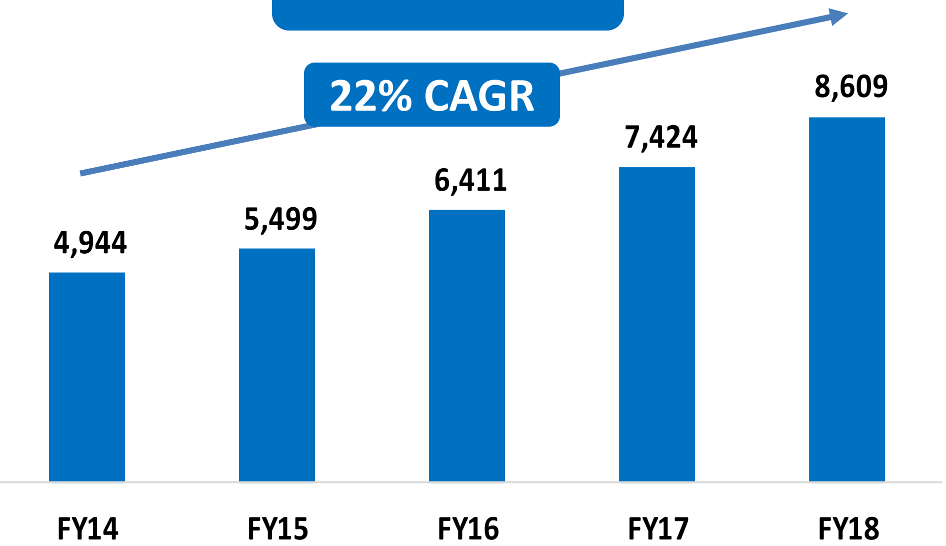
EV/T^ ($)
179
166

- Top 4 players in terms of capacity
- ^ as on 30th May,2018

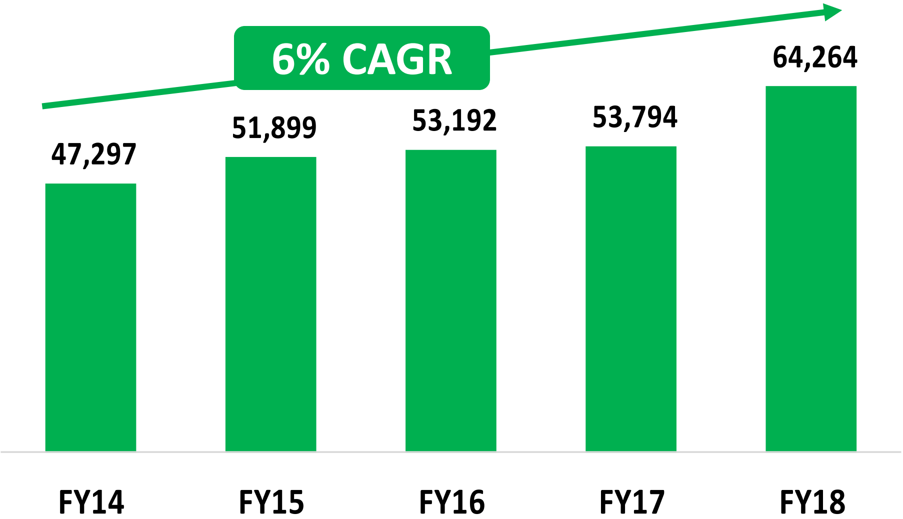
Growing faster than peers

Revenue (Rs. Cr.)

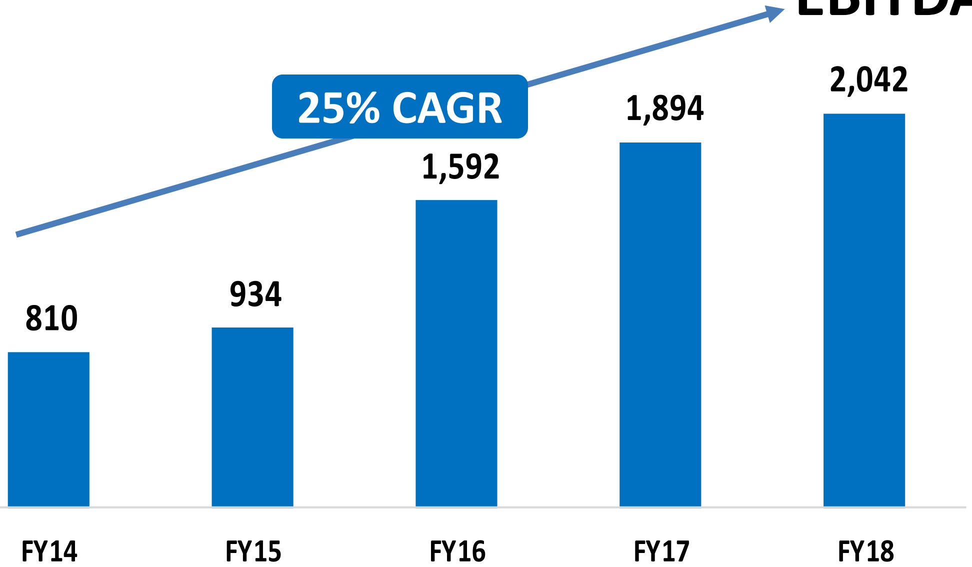
Dalmia

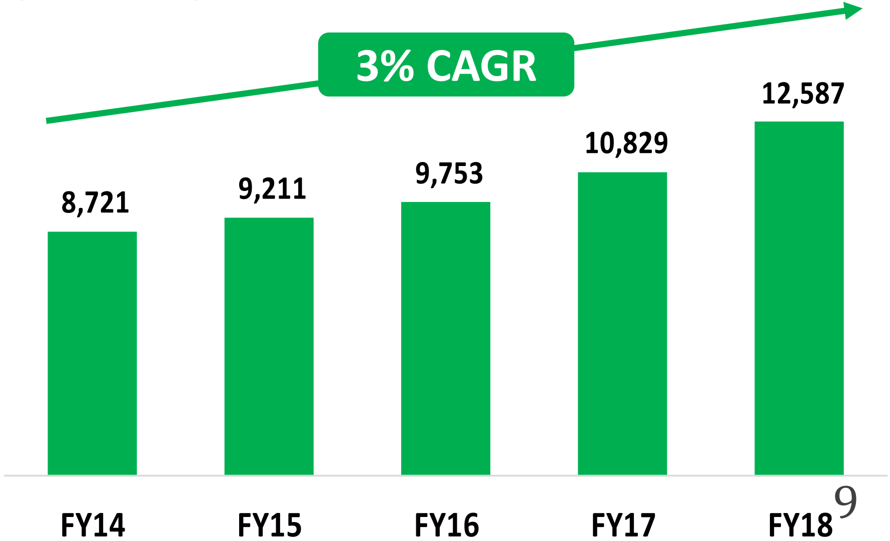


Top 4



EBITDA (Rs. Cr.)





Our Business Model

Our Business Model

Business Model

=

1 Prudent Capital Allocation

+

2 Cost efficient

+

3 Premium brand

+

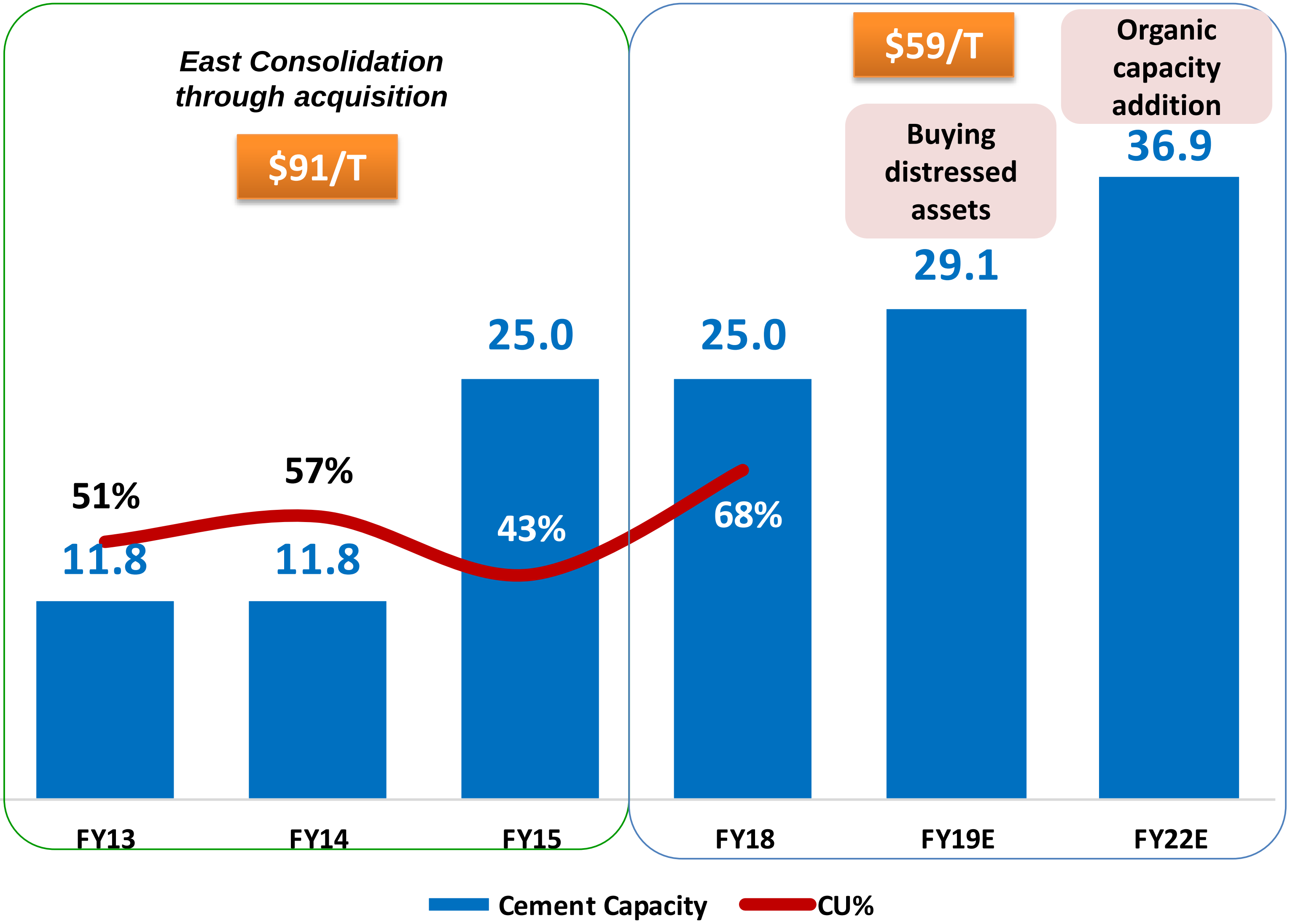
4 Turnaround capability

+

5 Professionally Run

Highest profitability on EBITDA/T

1 Prudent Capital Allocation



3x increase in capacity - $76/T

2a 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%**

2b

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

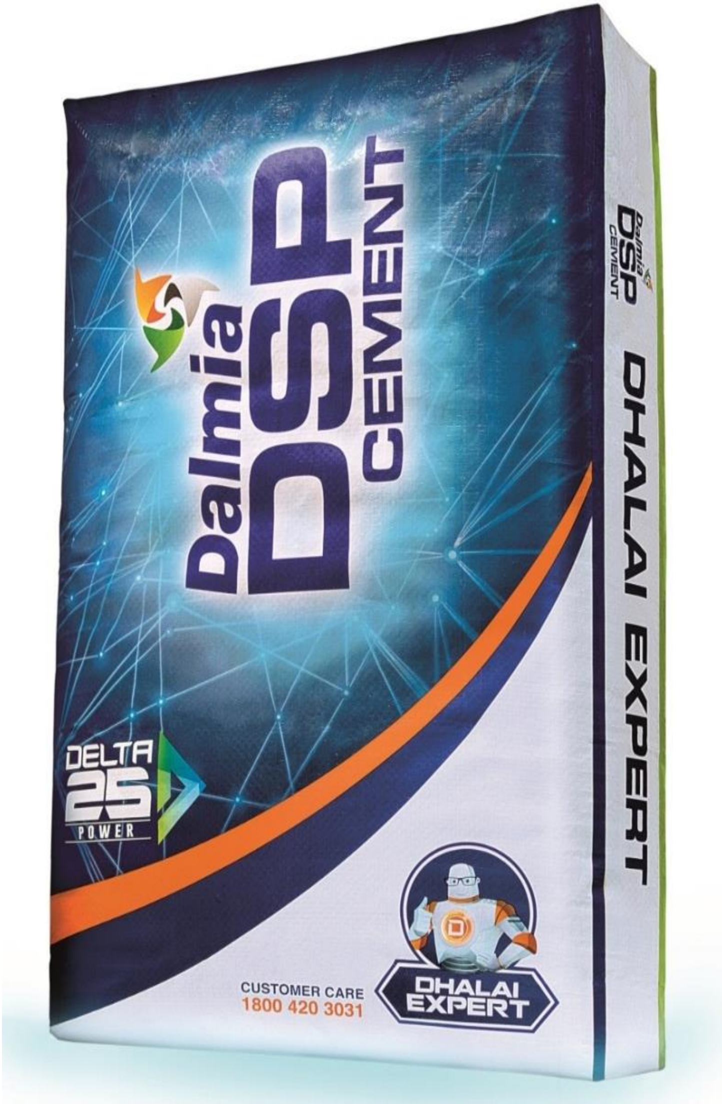
First cement company and 3rd Indian Company to join RE100.

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

3a Premium Brand

Naked Cement Realization (NCR Rs./T)

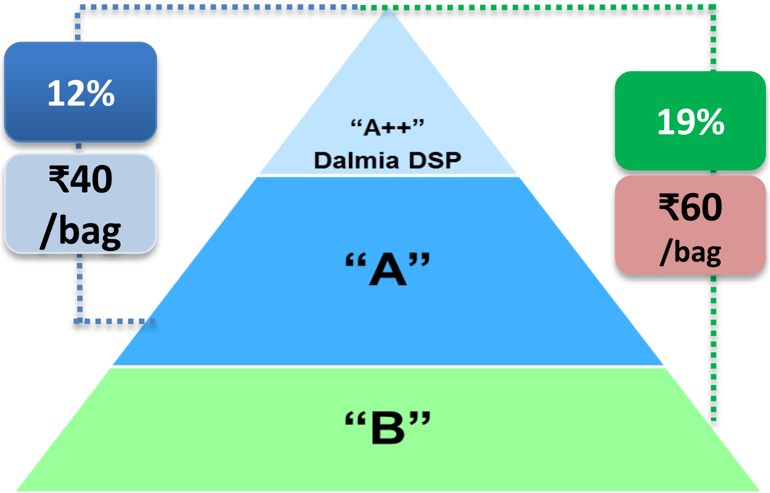
Company	FY16	FY17	FY18
Peer Average*	2,965	3,043	3,136
Dalmia	**3,453**	**3,352**	**3,572**



* Top 4 players in terms of capacity

3b Strong focus on pricing - Branding matters

East



12%

₹40 /bag

"A++" Dalmia DSP

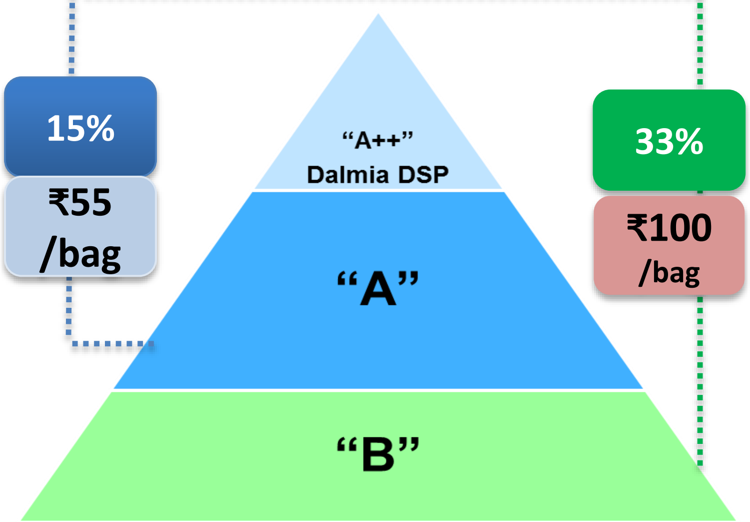
"A"

"B"

19%

₹60 /bag

South*



15%

₹55 /bag

"A++" Dalmia DSP

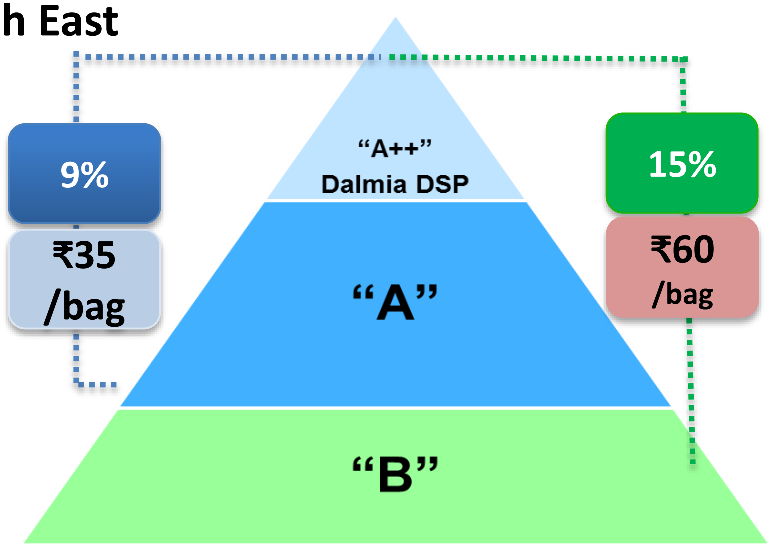
"A"

"B"

33%

₹100 /bag

North East



9%

₹35 /bag

"A++" Dalmia DSP

"A"

"B"

15%

₹60 /bag

*Tamil Nadu market

4 Turnaround Capabilities

	Pre Acquisition (FY12)	Post Acquisition (FY18)
Market Share	9%	14%

	Pre Acquisition (FY12)		Post Acquisition (FY18)
EBITDA Margin (Rs/T)	182	**38% CAGR**	1,268

5 Active Board (Independent Directors)

Dalmia
Bharat Limited

P.K. Khaitan : Chairman, DBL

Founding member, Khaitan & Co.

KHAITAN & CO
Advocates since 1911

G.N. Bajpai : Chairman, DCBL

- Former Chairman of SEBI and LIC

भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

LIC
भारतीय जीवन बीमा निगम
LIFE INSURANCE CORPORATION OF INDIA

Paul Hugentobler: Board Member, DCBL

- Ex-Member, Holcim Executive Committee

Holcim

Sudha Pillai: Board Member, DBL & DCBL

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

Govt. of India
MINISTRY OF MINES

V S Jain: Board Member, DBL

- Ex-Chairman – Steel Authority of India

सेल SAIL

D N Davar: Board Member, OCL

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

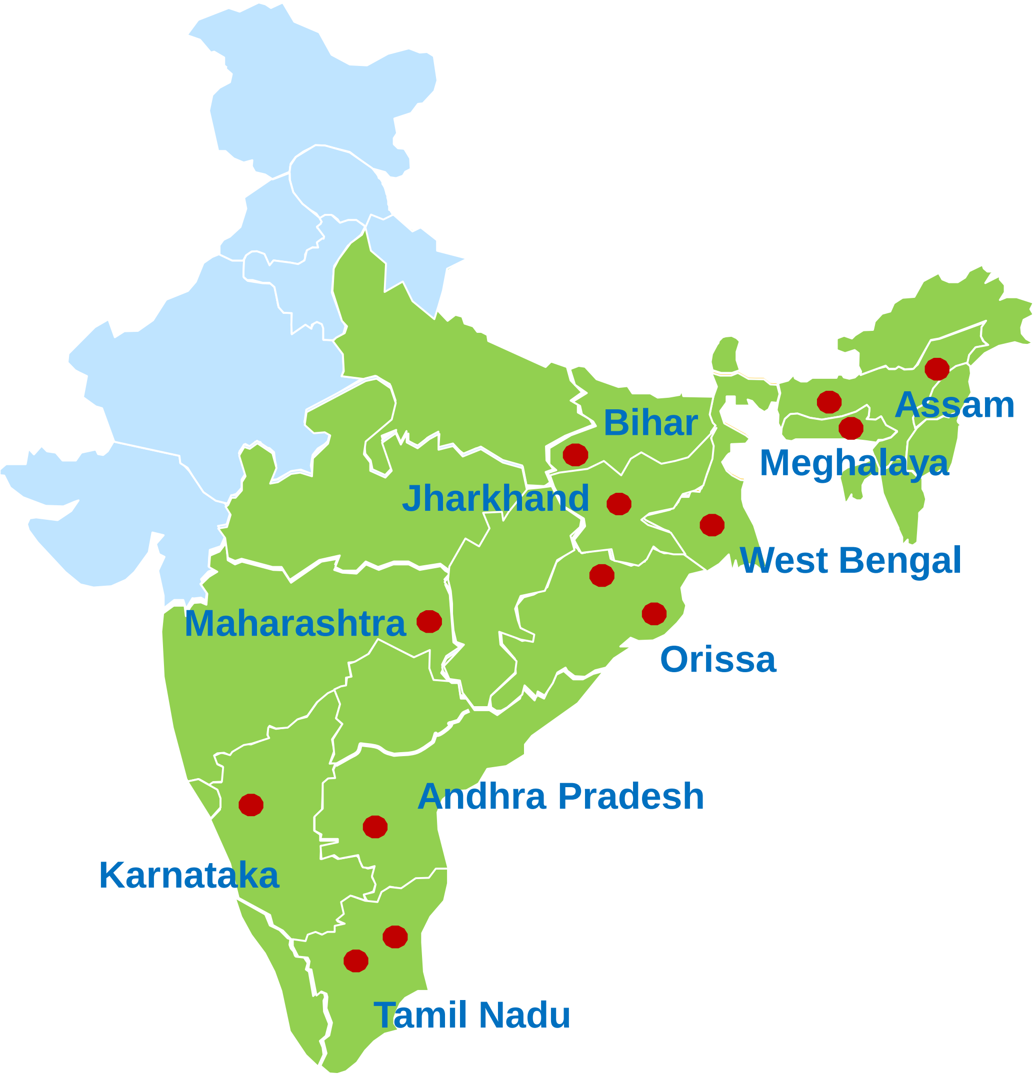
THE WORLD BANK

IFCI
LIMITED

Future Capacity addition

(FY19-FY21)

Strengthening Leadership Position



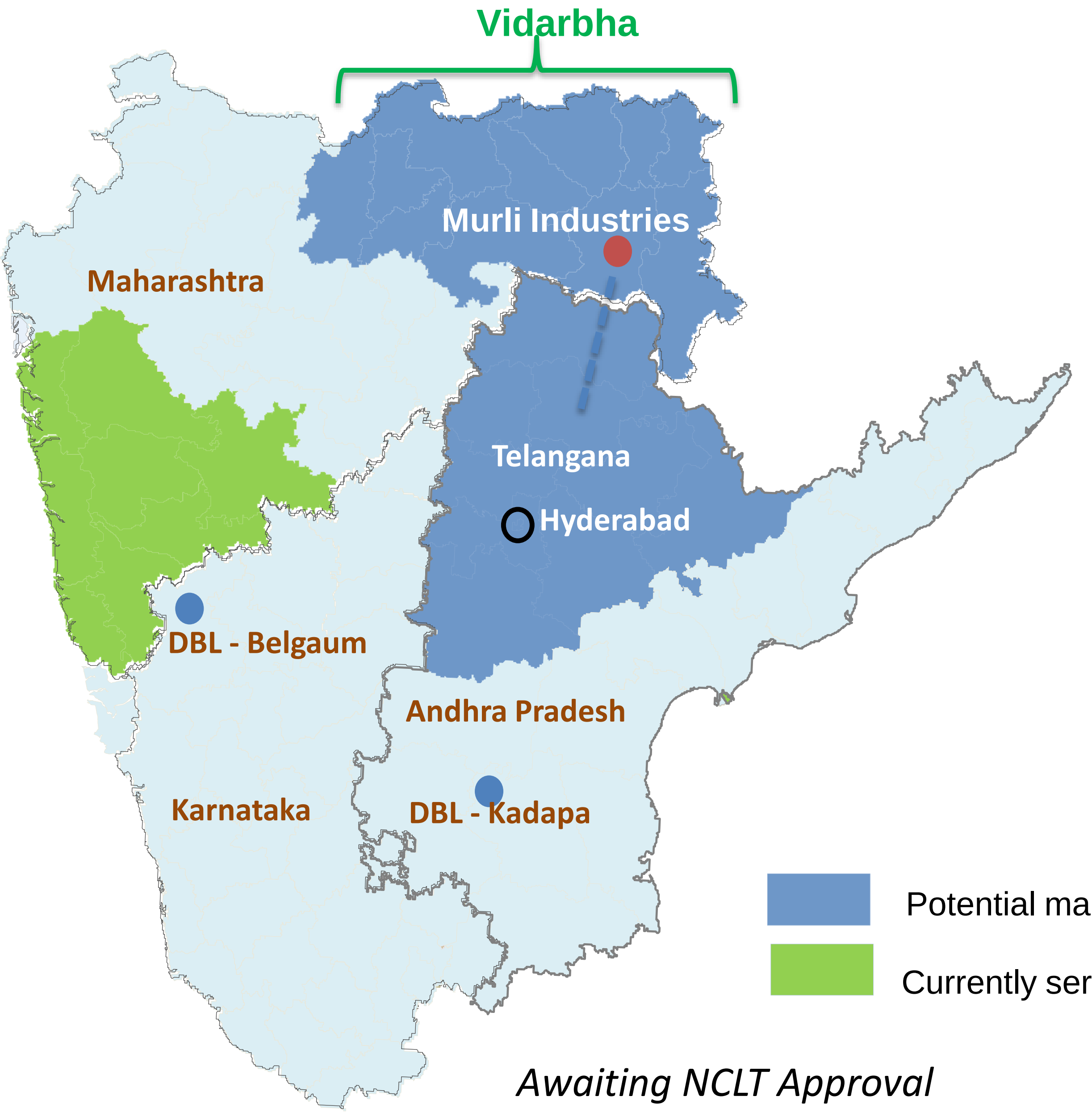
	Capacity (MnT)	Capacity Share (%)	Rank
South	12.1 15.1	7 9	5 4
East	9.3 18.2	12 20	3 1
North East	3.6 4.0	26 28	1 1

FY18 FY21

Kalyanpur Cement – Deepening East Footprint

- ⬆ **Market Share**
- ⬇ **Lead Distance**
- ⬆ **Export possibility (if domestic demand is soft)**
- ⬆ **Clinker capacity at strategic location**

Murli – Deepening Maharashtra footprint



Growth Potential in Vidarbha

Sector	Future Investment (Rs. Cr.)
Roadways	64,408
Railways	27,809
Irrigation	23,338
Airports	9,000
Real Estate	6,646
Total	**1,31,201**

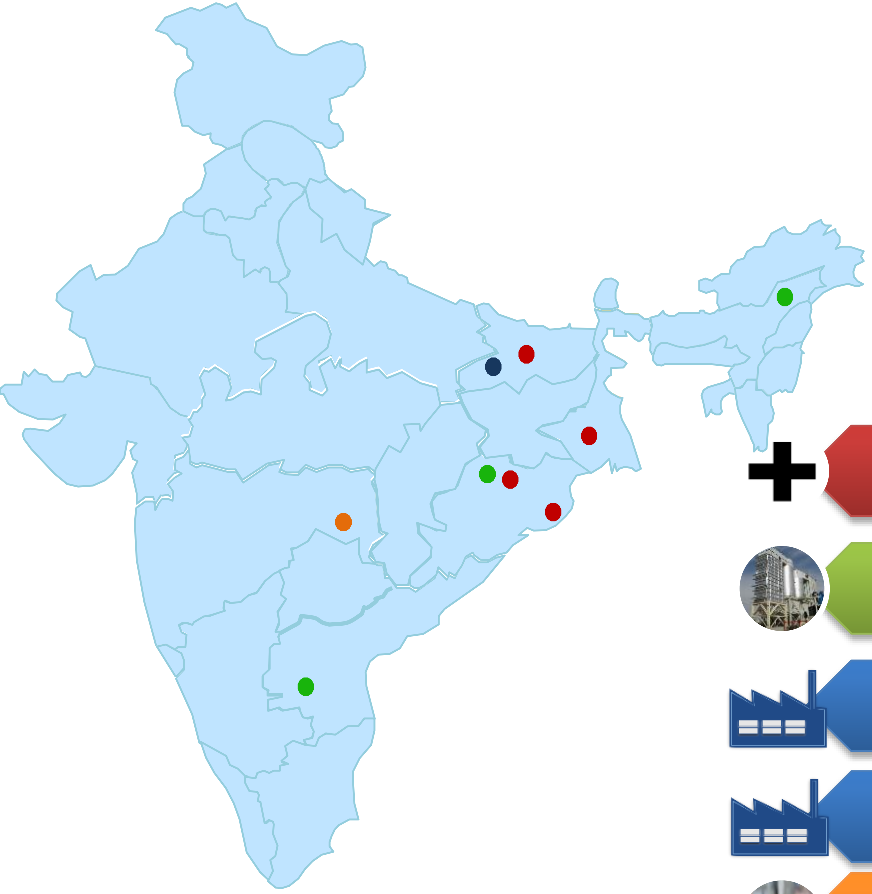
Source:- Projects Today

🟦 Potential markets for Murli

🟩 Currently served from Belgaum

Awaiting NCLT Approval

Capex of Rs. 5150 cr planned over FY19-21



● Kalyanpur Acquisition ● WHRS Addition

● Murli Acquisition ● East Addition

(Capex in Rs. Cr.)

	FY19E	FY20E	FY21E
East Addition (7.8 MnT)	550	1,500	1,488
WHRS Addition (31 MW)	172	236	0
Kalyanpur Acquisition	276	---	---
Murli Acquisition	400	300	---
Others	70	75	80
Total	1,468	2,110	1,568

New Initiatives

New Initiatives

Logistics

- Focus on digitization
- Further optimization of lead distance due to new capacity additions.
- Alternate source of raw material in proximity to plant being explored.

Focus on renewable capacity

- Current renewable power capacity - **8 MW (4% of total capacity)**

Future (FY21E)- **50 MW* (21% of total capacity)**

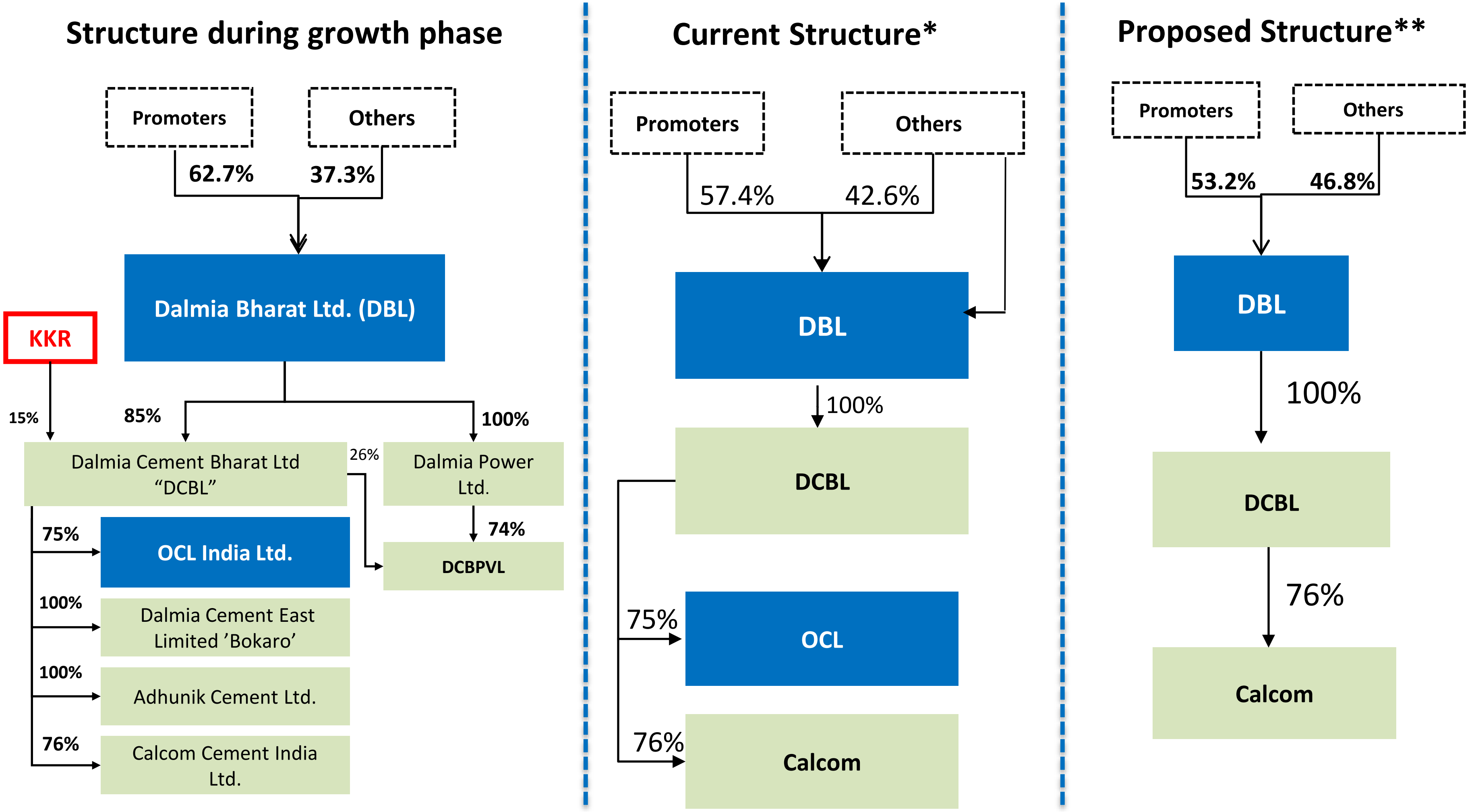
Product Mix Optimization

- Focus on Margin Enhancement products (Target ~40%)
  - Portland Composite Cement and Dalmia DSP

*9.2 MW got commissioned in Jan’18.

Milestones Treaded…

Simplified corporate structure…One listed entity



****New structure to be effective from Q2FY19…one consolidated result.**

🟦 Listed entities

Enhancing market share

FY'18 68%

Proactive Focus on Digitization

New Markets

Higher Special cement Sales

Growth in exports

Stronger Channel Partnership

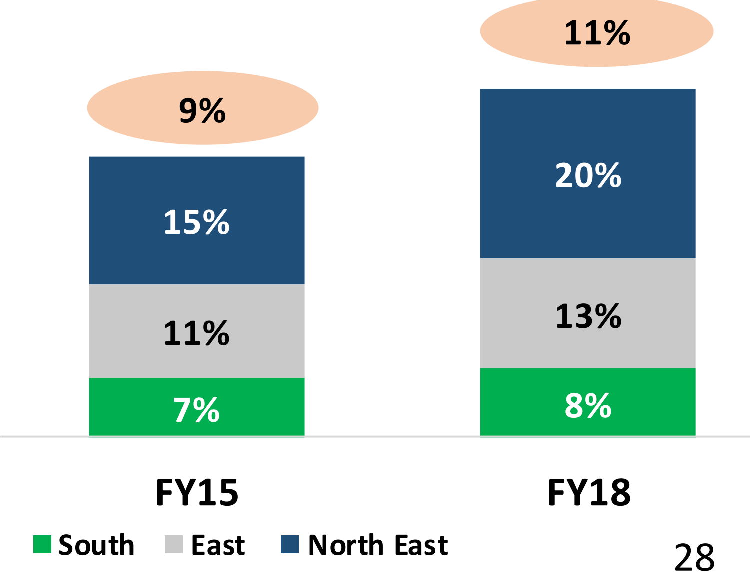
Go Direct Strategy

Strong Brand Equity

Capacity Utilisation

FY'15 45%

Market share



Increasing market liquidity

Dalmia
Bharat Limited

	OCL	DBL	Merged Entity
Trading	In-frequently traded	Average Liquidity	High Liquidity
Non-Promoter Shareholding	1.4 cr shares (25%)	3.7 cr shares (43%)	9.0 cr shares (47%)
Average Daily Turnover (Avg. 3 months)	INR 5 crs.	INR 34 crs.	↑
Institutional Holding %	5%	25%	↑

Changing Industry Scenario

Current Dynamics

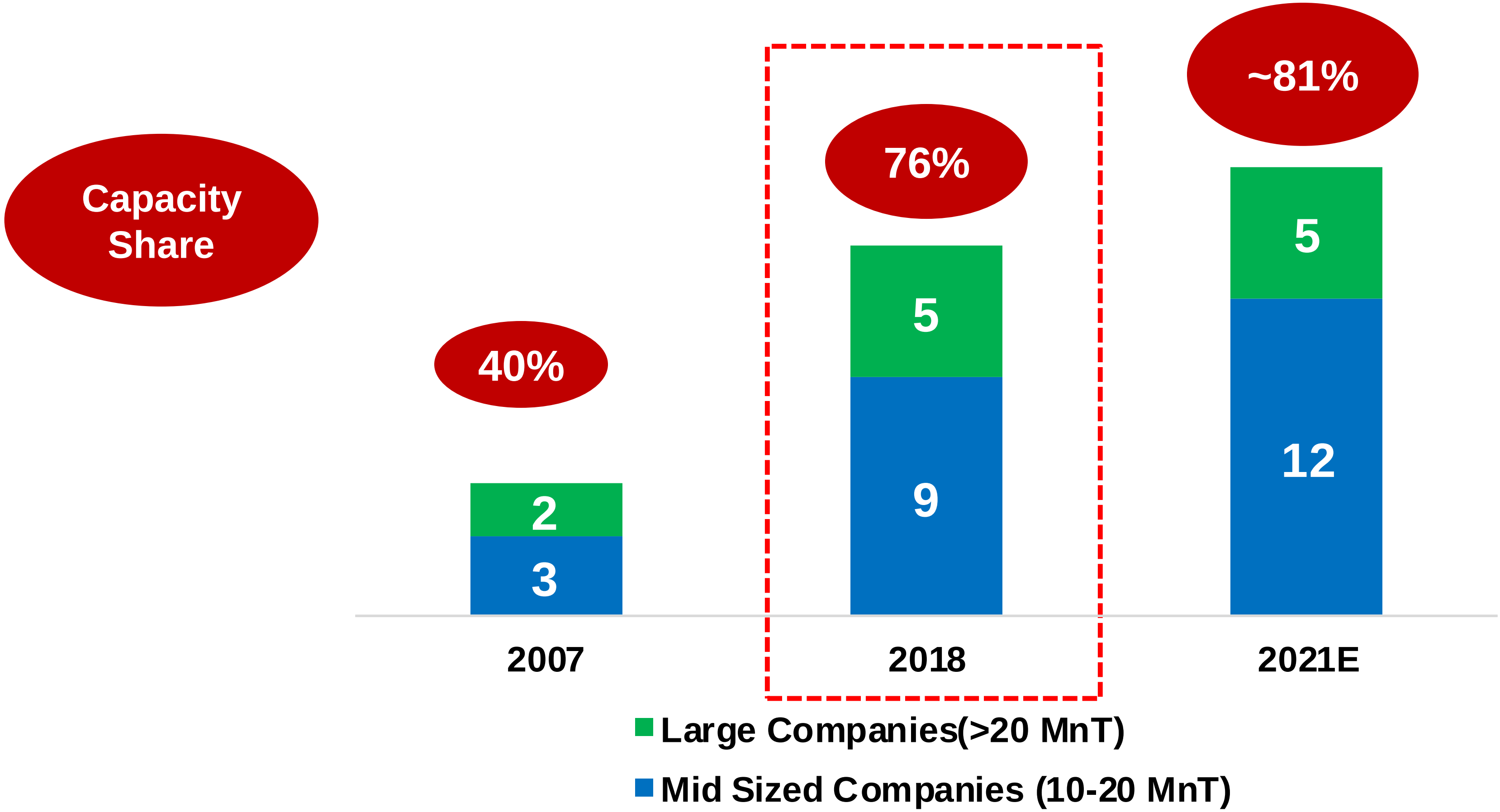
Opportunities

1. Increasing consolidation of the industry
2. Rising Entry Barriers
3. Cement demand-supply gap to narrow

Current challenges

1. Higher fuel cost
2. Rising slag cost
3. Softer cement prices

Further consolidation is expected

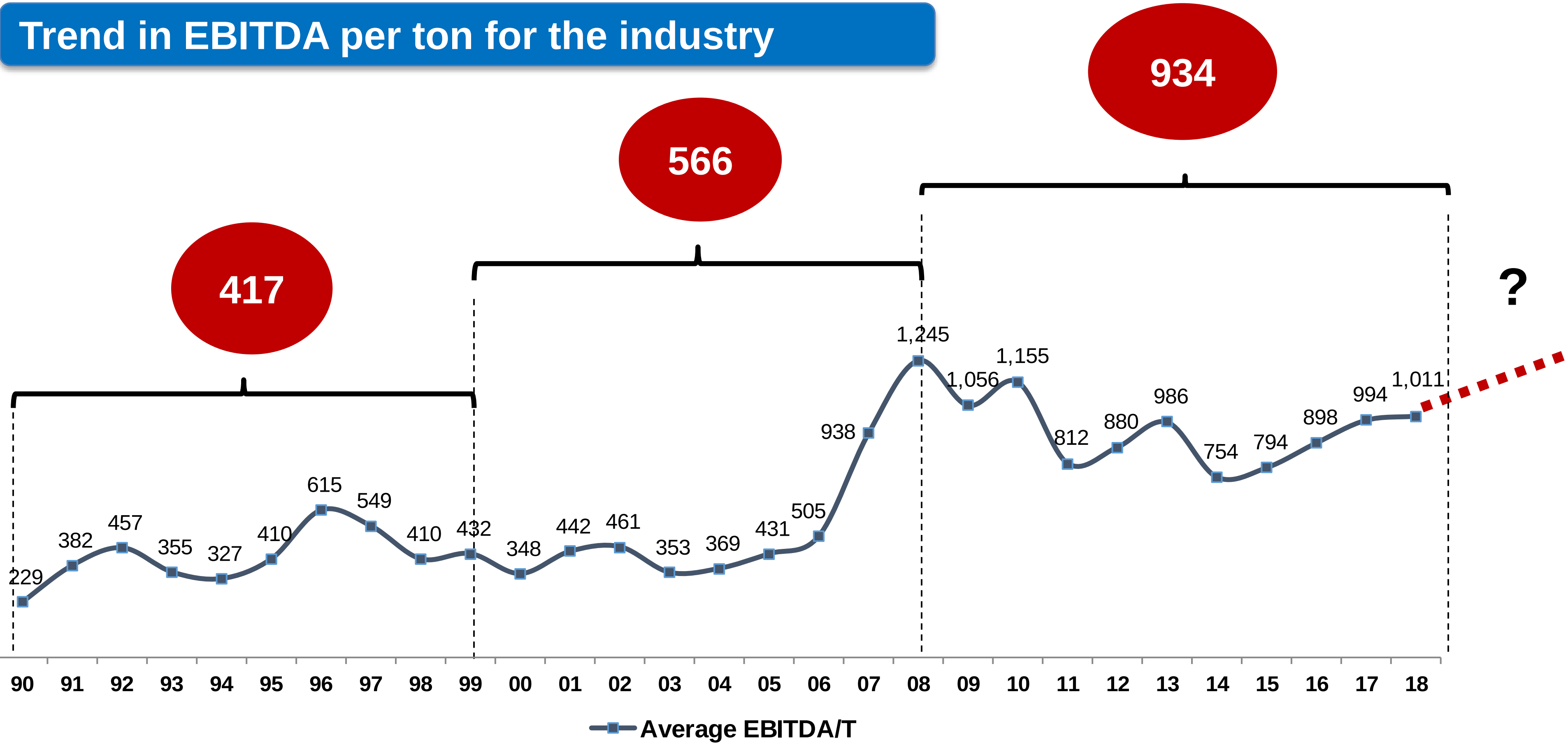


As mid sized players gain scale, rational pricing behavior is expected.

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

Industry Profitability improving with consolidation

Trend in EBITDA per ton for the industry



🔴 - Average EBITDA/T (Rs.)

Rising entry barriers..

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

..leading to delayed execution (5 to 7 years)

Supply Scenario

All India cement capacity in FY07 — **168 MnT**

Shock → FY08-10

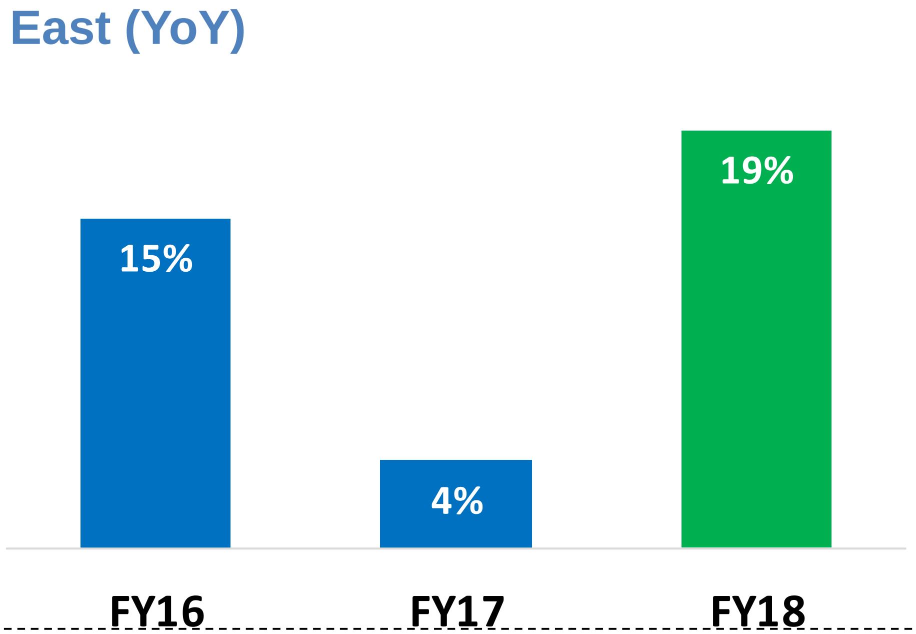
Squeeze → FY19E-21E

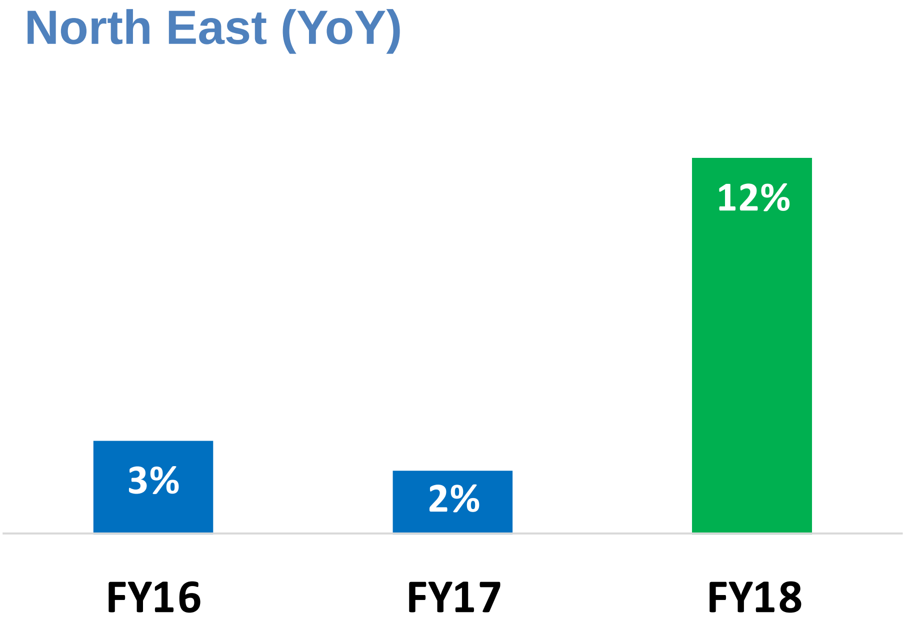
	Capacity additions	% of installed capacity
FY08-10	46 MnT p.a	82%
FY11-13	24 MnT p.a.	24%
FY14-18	20 MnT p.a.	27%
FY19E-21E	17 MnT p.a.	11%

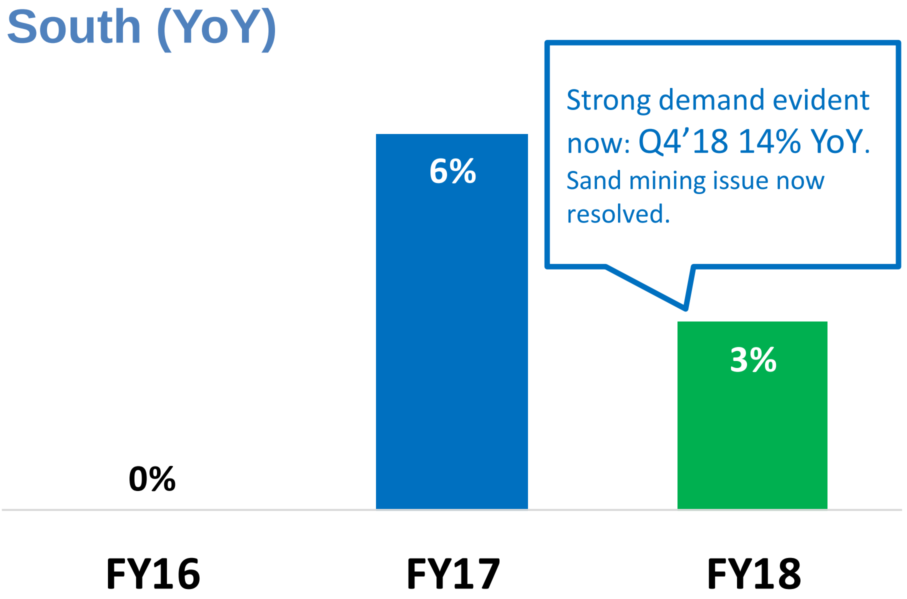
Supply squeeze visible in future

Demand

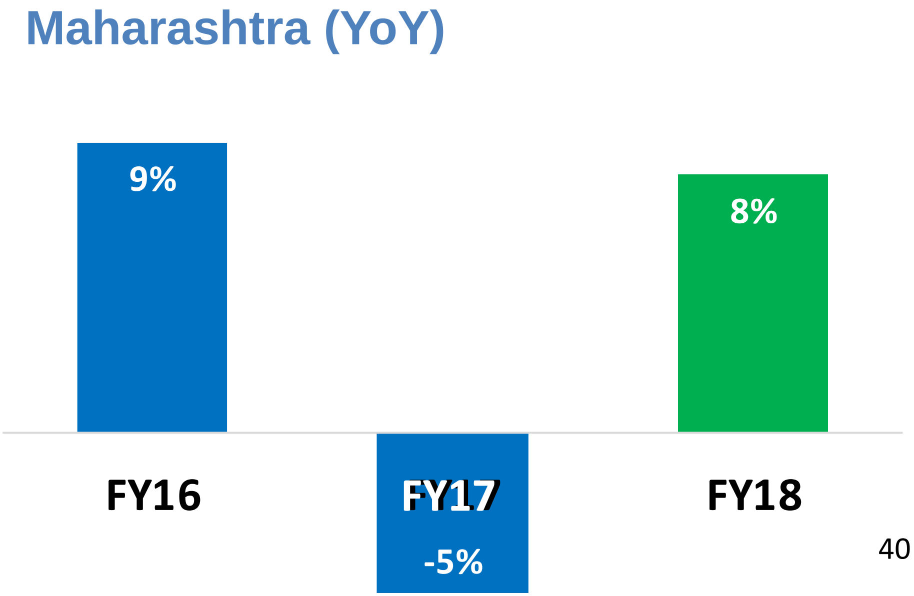
Growing Cement Demand







Strong demand evident now: Q4’18 14% YoY. Sand mining issue now resolved.

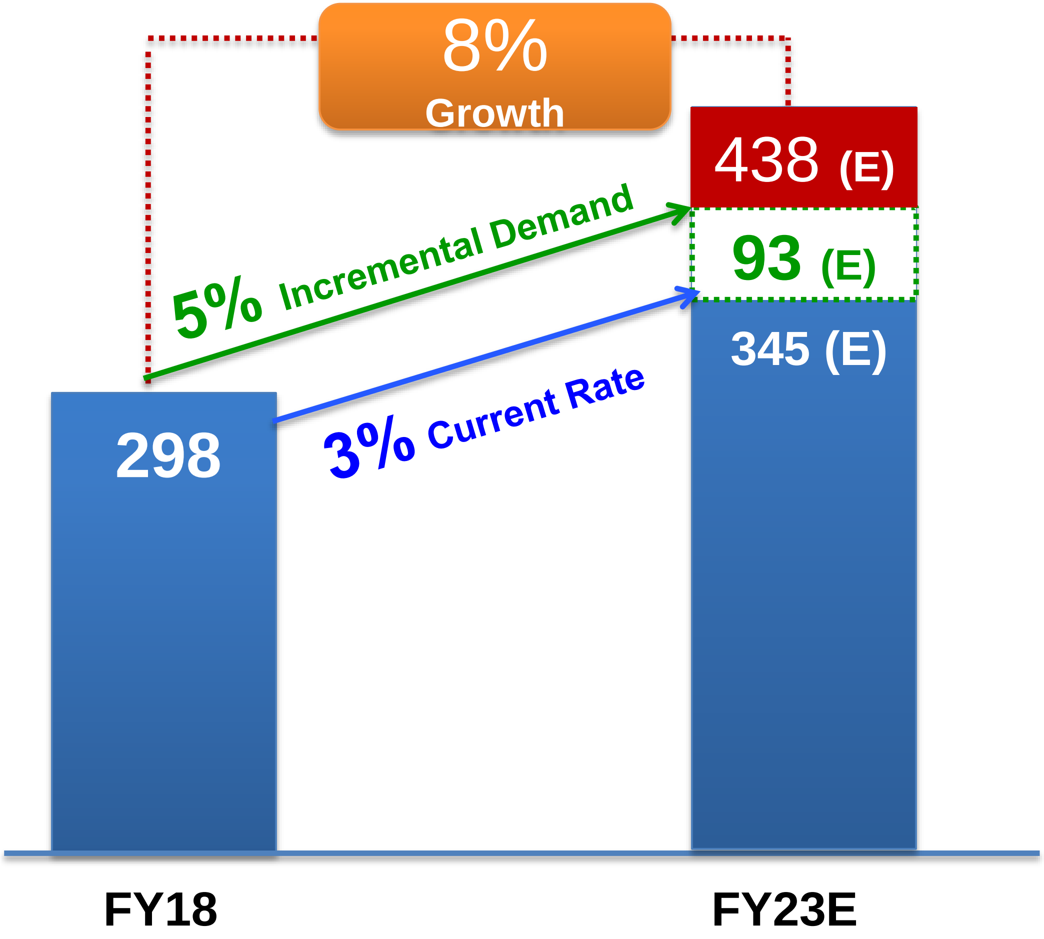


Impetus on Housing & Infrastructure (FY18-23)

Major Infrastructure Projects	Capex ($ bn)	Estimated Demand (MnT)	Estimated Our Regions (MnT)
 **Housing For All** *(60 Mn houses)*	1,300	409	254
 **Roads and Rail**	101	62	31
- Bharatmala *(34,500 km)*	84	44	22
- High speed rail	17	18	9
 **Irrigation and River linking**	111	185	96
- Irrigation	48	155	70
- Sagarmala	63	30	26
Total	1,512	656	381

60% Estimated share of total demand in our serving markets

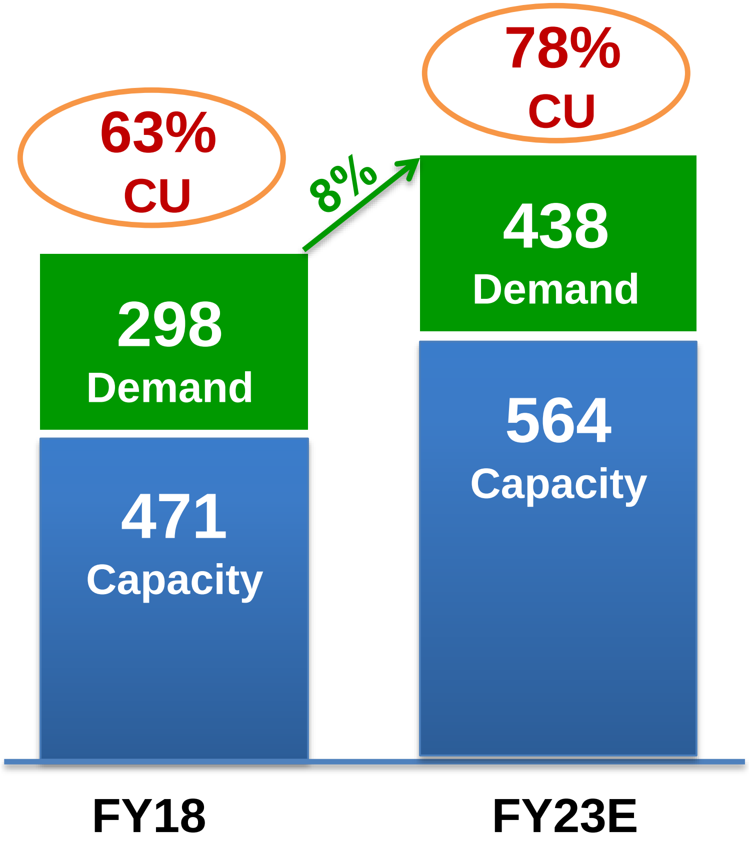
Changing Demand Scenario



(Fig in MnT)

Last 15 year CAGR 7% (10 year CAGR 6%)

Demand expected to outpace Supply first time in last 15 years



(Fig in MnT)

Narrowing Demand Supply Gap

Period	Demand Growth	Supply Growth
Last 15 Yrs	7%	8%
Last 10 Yrs	6%	9%
Last 5 Yrs	3%	4%
Next 5 Yrs	8%	4%

Thank You