

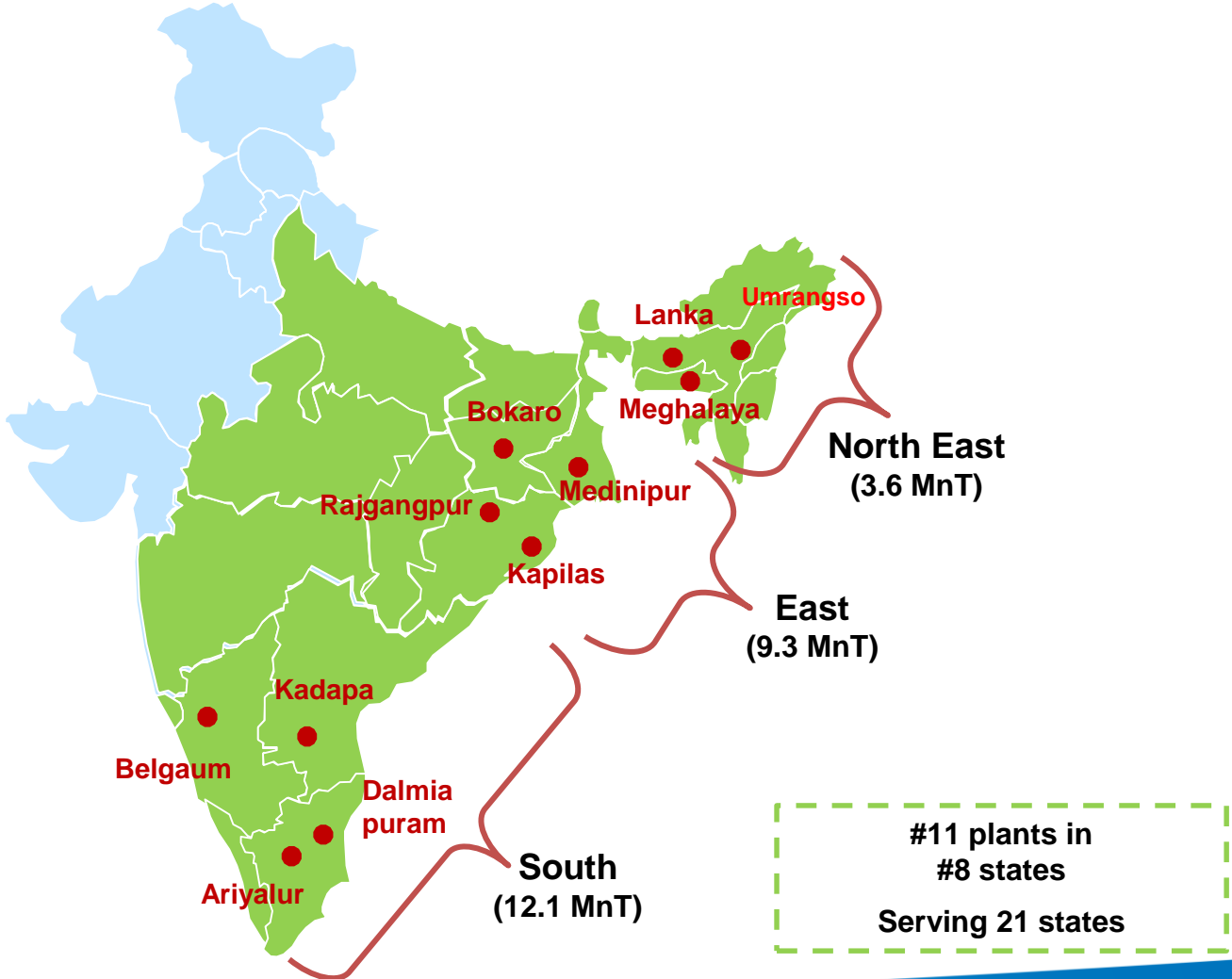


September, 2017

Fourth largest cement group in India



25 Million Tons of cement capacity
186 MW of captive power capacity



1

Fastest growing cement company

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Disciplined capital deployment

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Strong balance sheet

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Simplified corporate structure

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Future value creation using internal accruals

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Strong focus on sustainability

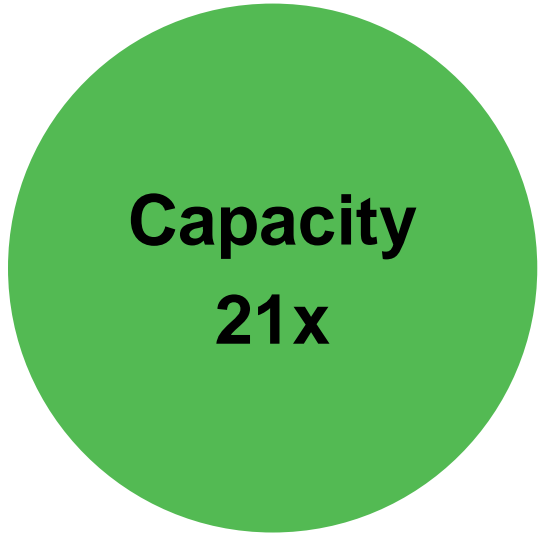
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Cement industry- Long term structural drivers intact

8

Macro overview

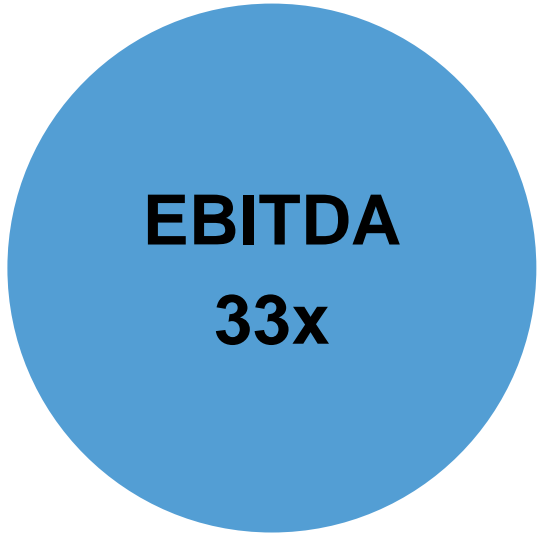
Fastest growing cement company*



1.2 MnT to 25 MnT




Rs.399 Cr. to Rs.8,348 Cr



Rs.58 Cr. to Rs.1,902 Cr

*From FY06 to FY17

Highest profitability on EBITDA/T

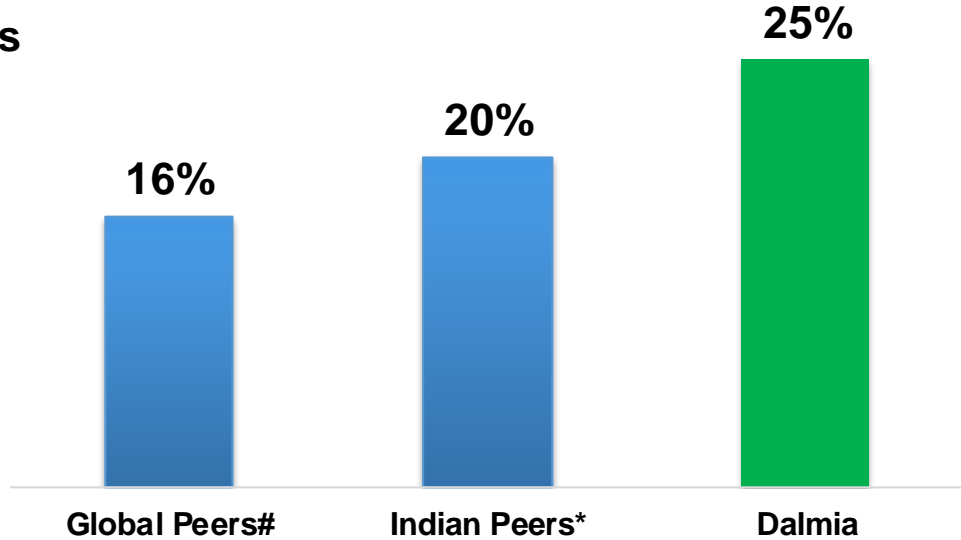
EBITDA (Rs./ Ton)	5 Yr Avg.	10 Yr Avg.	FY16	FY17	Q1 FY18
	(FY13-FY17)	(FY08-FY17)			
Peers Average*	881	958	867	942	1,142
	1,011	1,050	1,265	1,258	1,405

*Average of top 5 players in terms of capacity

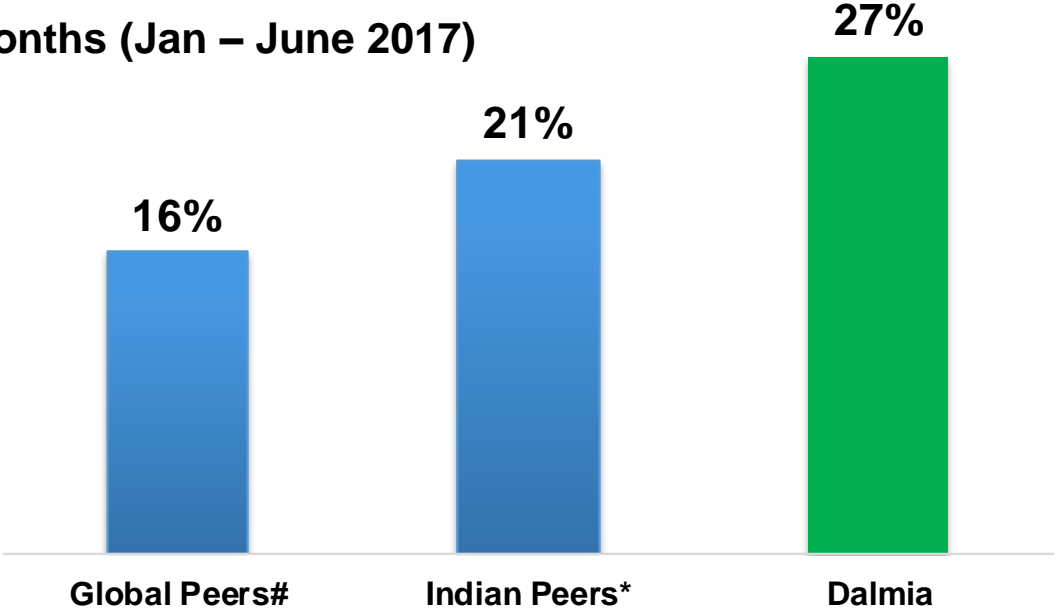
Amongst top quartile in EBITDA margins



Average of last 2 years



Average of last 6 months (Jan – June 2017)



**Average of top 5 players in terms of capacity*

#Top global companies excluding China

Strong focus on pricing - Branding matters



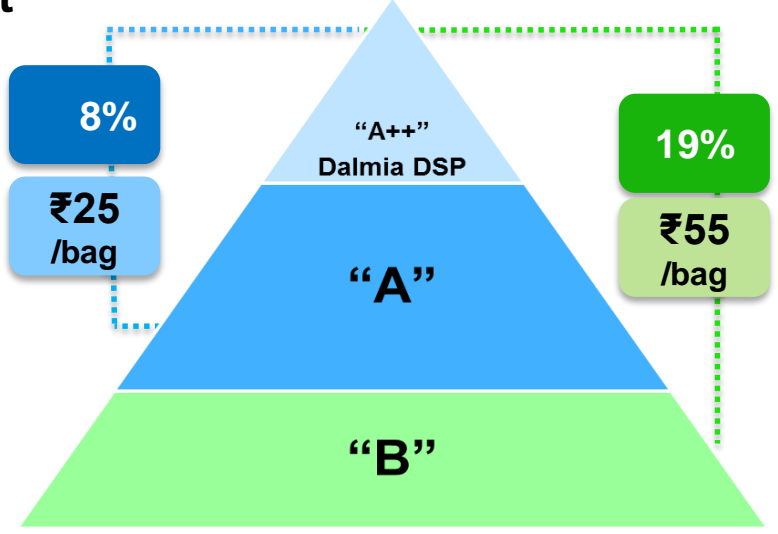
Naked Cement Realization

NCR (Rs./T)	FY16	FY17	Q1FY18
Peers Average*	3,152	3,190	3,400
Dalmia	3,453	3,353	3,656

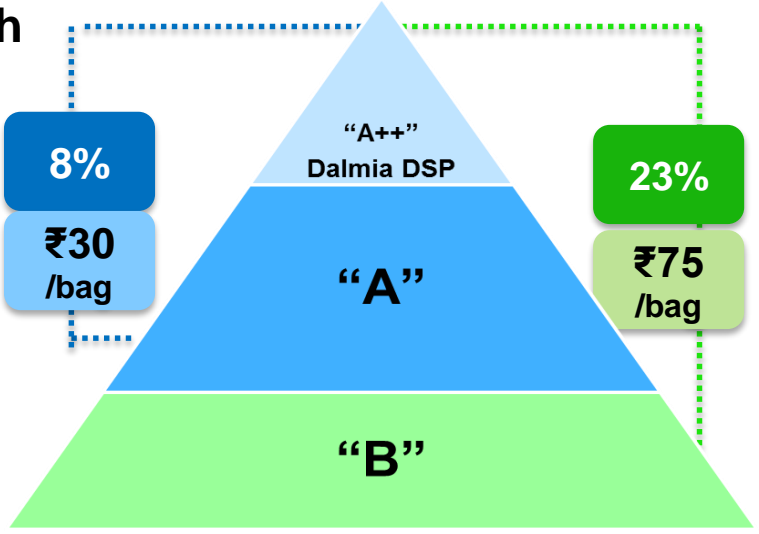
*Average of top 5 players in terms of capacity

NCR: NSR - packing - freight

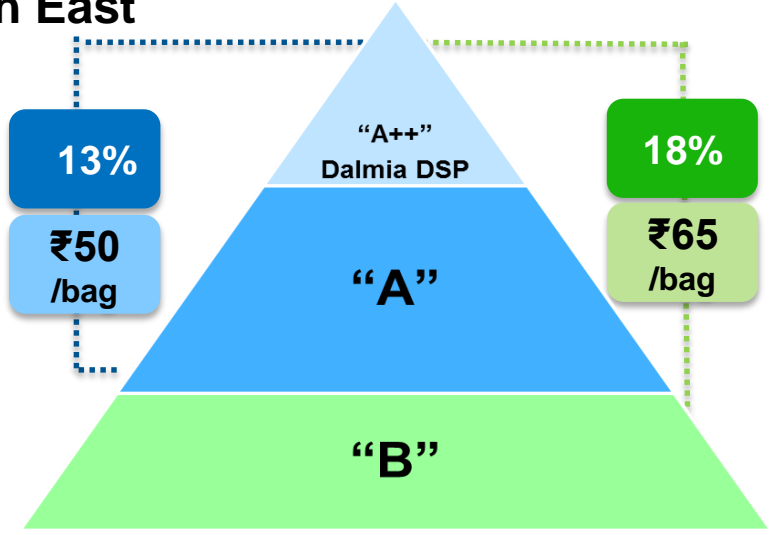
East



South



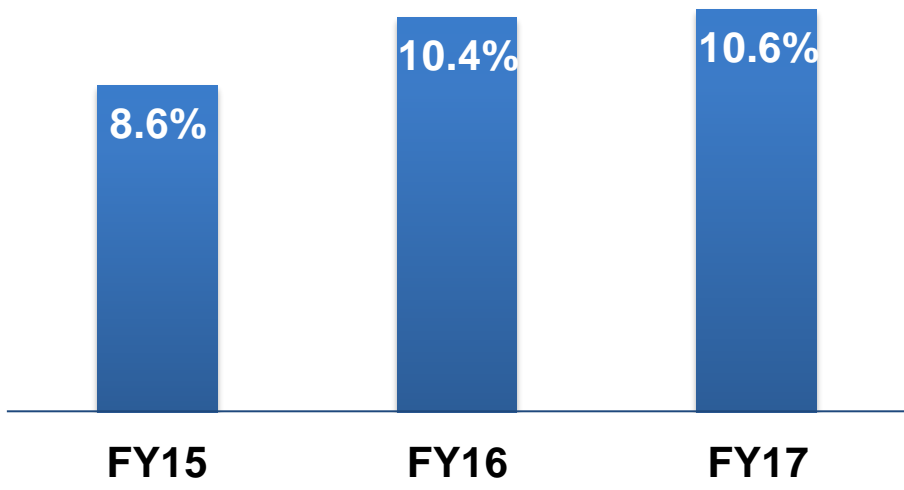
North East



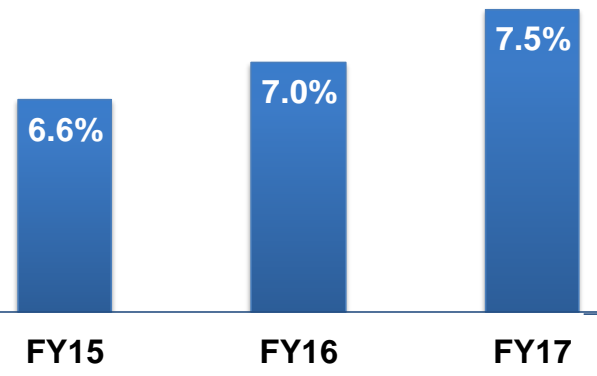
Gaining market share



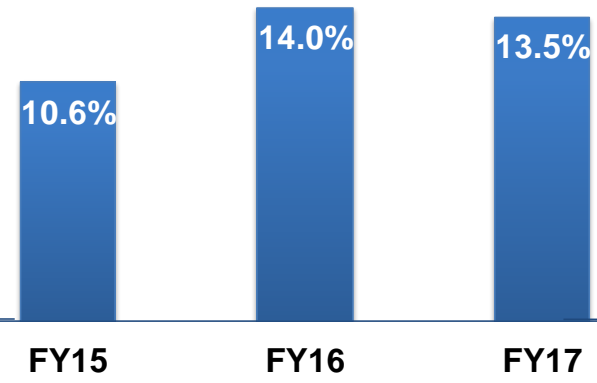
Group



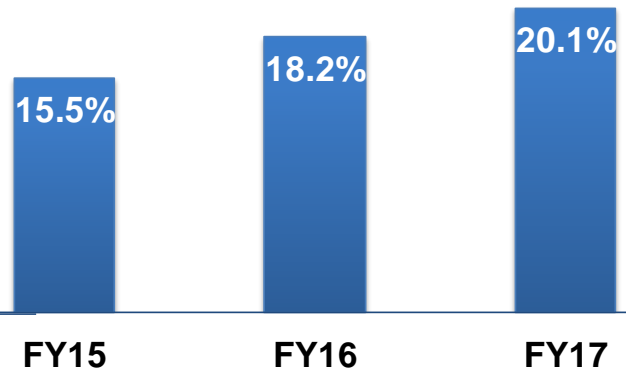
South



East



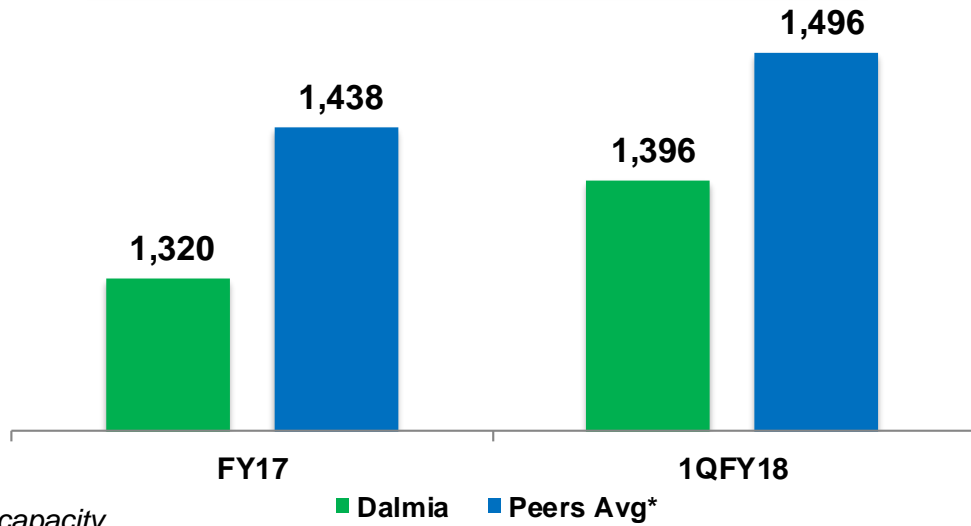
North East



One of the lowest cost producers

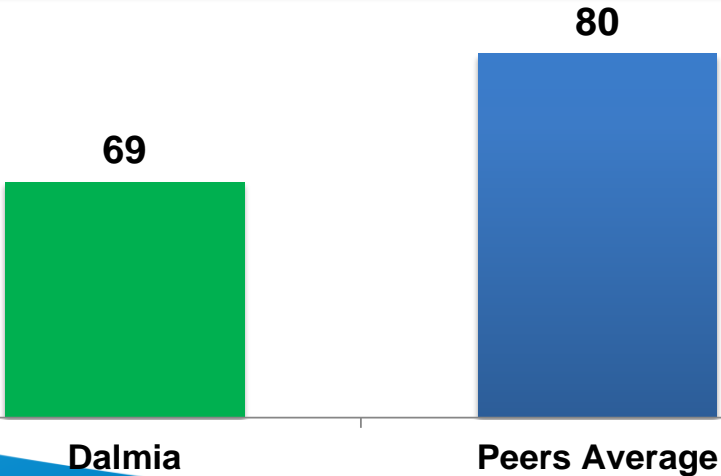


Variable Cost (Rs./ T)

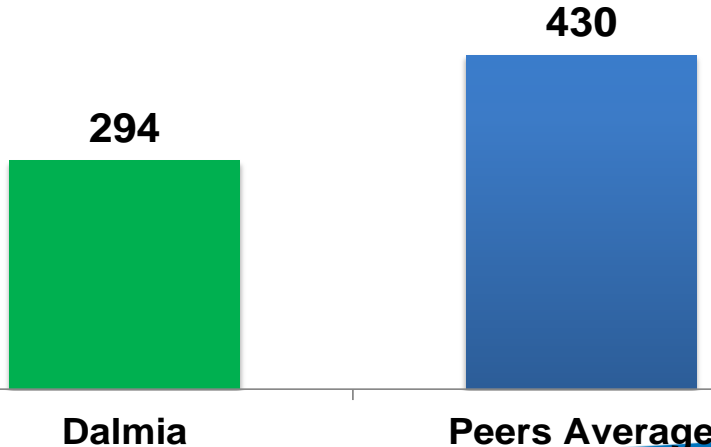


**Average of top 5 players in terms of capacity*

Power Consumption (Kwh/T of Cement)



Lead Distance (Km)



Particulars (Rs. Cr)	FY16	FY17	YoY	Q1FY18	YoY
Total income from operations	7,262	8,348	15%	2,306	14%
Operating Expenses	5,671	6,446	14%	1,749	16%
EBITDA	1,592	1,902	19%	557	9%
Other Income	229	299	30%	70	-9%
Depreciation	581	603	4%	153	15%
EBIT	1,240	1,598	29%	474	5%
Finance Cost	730	890	22%	212	-12%
Cash Profit	1,091	1,311	20%	415	21%
PBT	510	708	39%	262	25%
PAT	190	345	81%	164	74%

Sales Volume (MnT)	12.79	15.30	20%	3.99	6%
EBITDA (Rs./T)	1,265	1,258	-1%	1,405	4%
EBITDA Margin (%)	24.8%	25.7%	86 bps	27.0%	(161)bps

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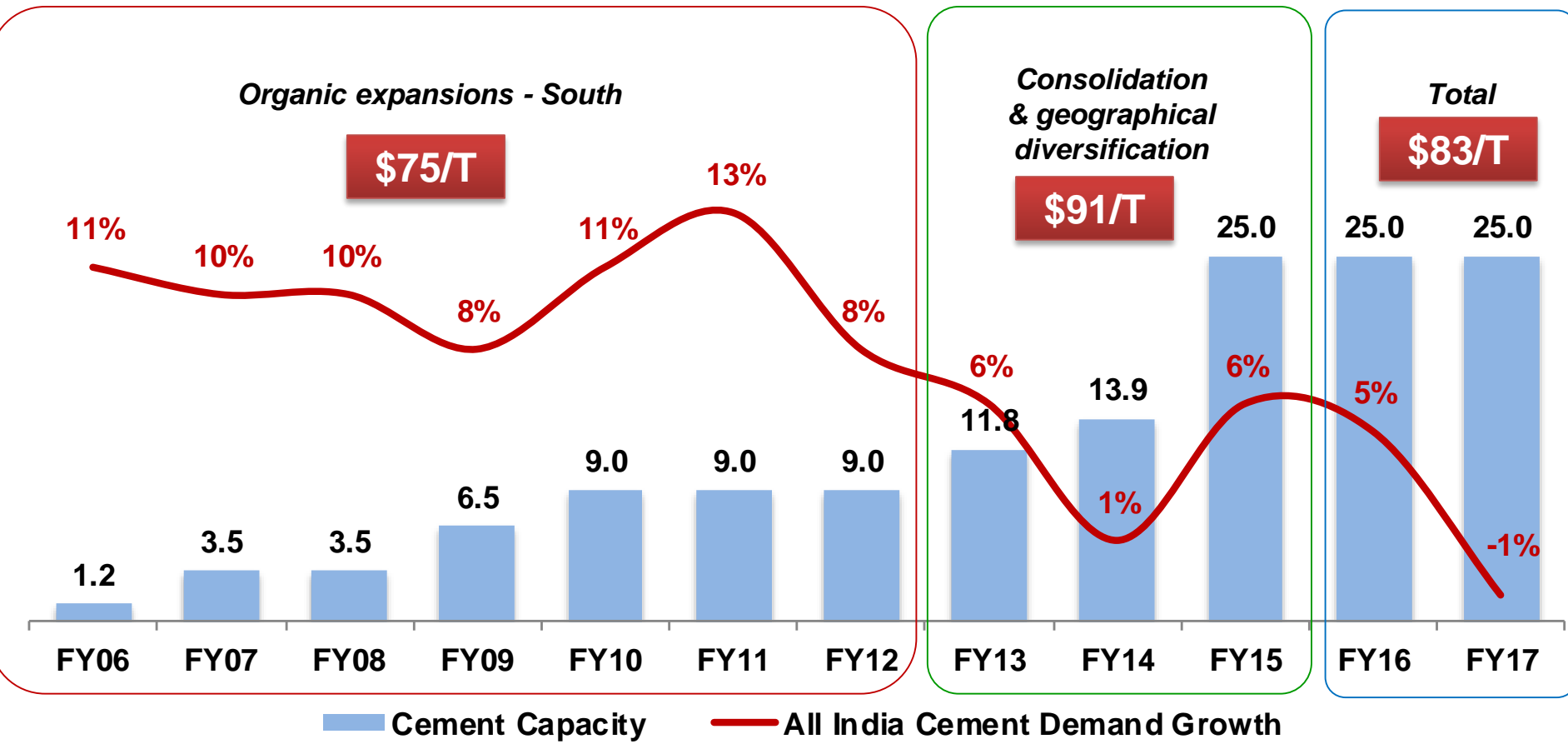
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Cement industry- Long term structural drivers intact

8

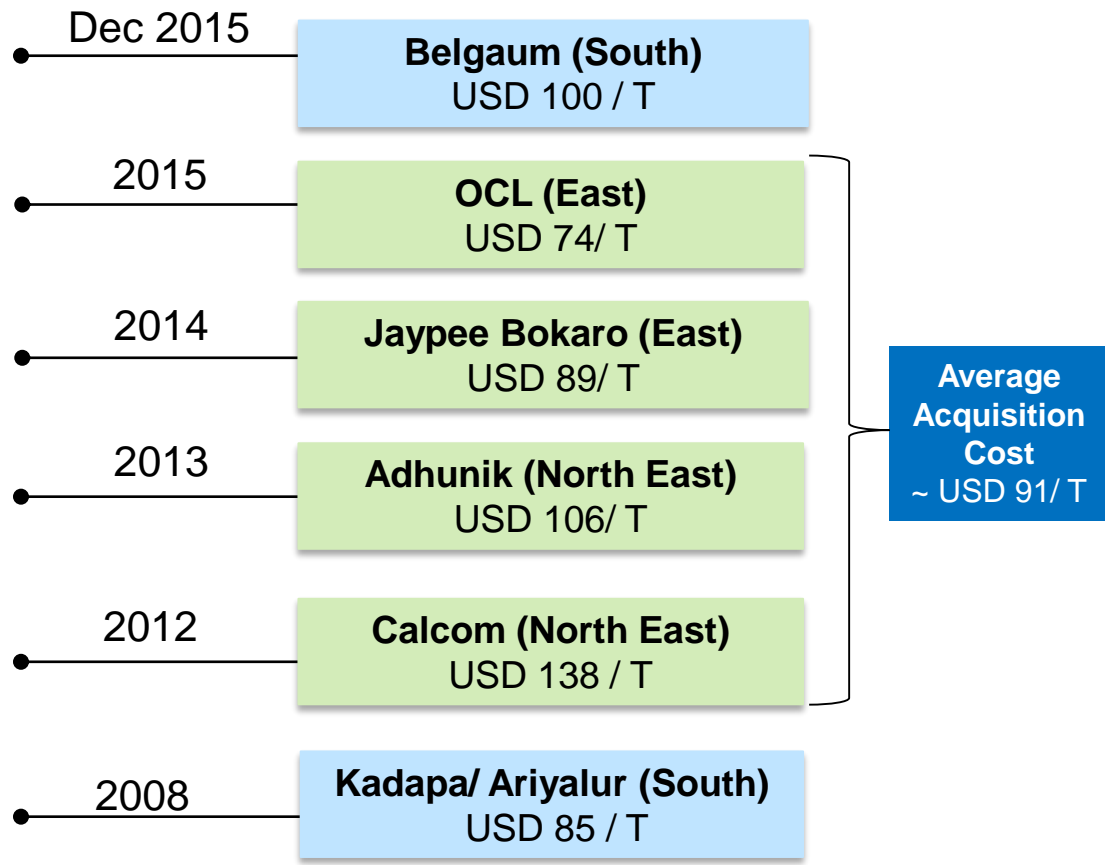
Macro overview

Timing matters...

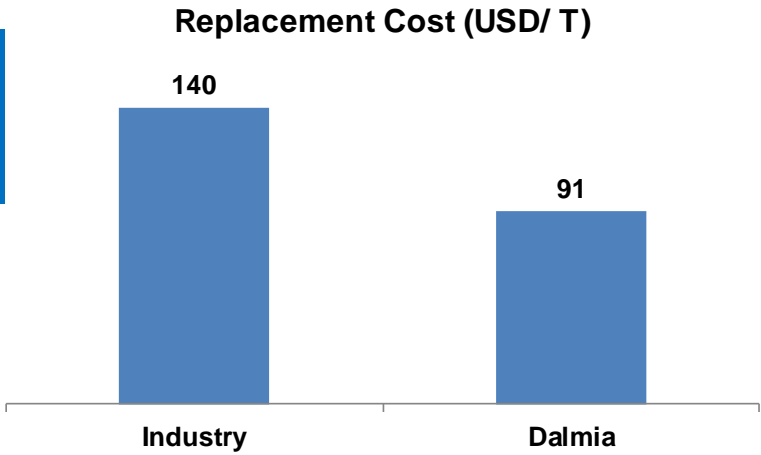


Inorganic growth during down cycle

Disciplined capital allocation



Efficient deployment of capital



Organic Inorganic

Balanced growth through organic & inorganic expansion

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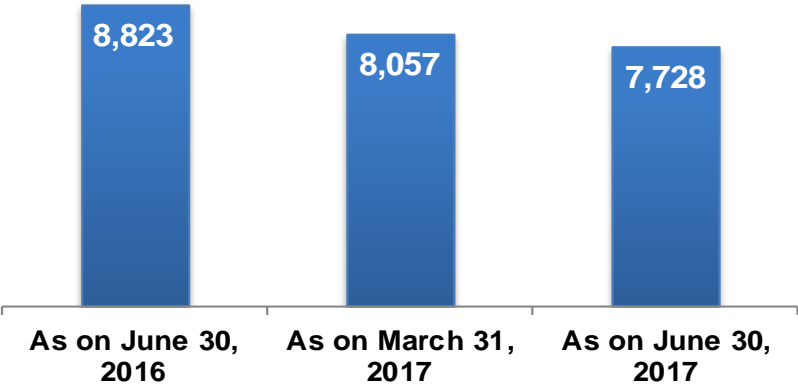
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Macro overview

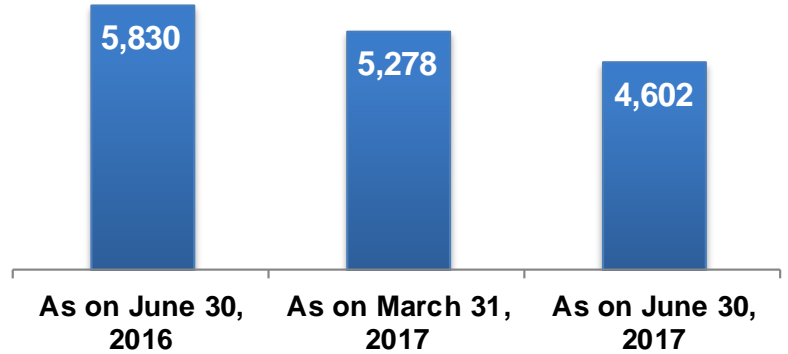
Strong balance sheet



Gross Debt (Rs. Cr.)

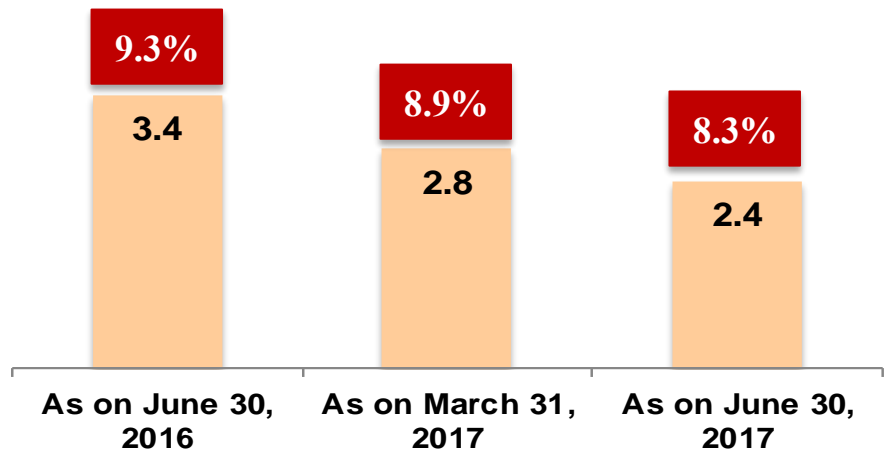


Net Debt (Rs. Cr.)



Improved

Net Debt / EBITDA*



■ Cost of debt (for the quarter)
■ Net debt / EBITDA (x)

* Trailing 12 months EBITDA

Particulars (Rs. Cr)	As on March 31, 2016	As on March 31, 2017	As on June 30, 2017
Gross Debt	8,771	8,057	7,728
Cash	2,788	2,779	3,126
Net Debt	5,984	5,278	4,602
Net Debt/EBITDA (x)	3.8x	2.8x	2.4x
Avg. cost of debt	9.6%	9.1%	8.3%
Equity	5,115	5,578	5,920
Net Debt/ Equity (x)	1.2	0.9	0.8

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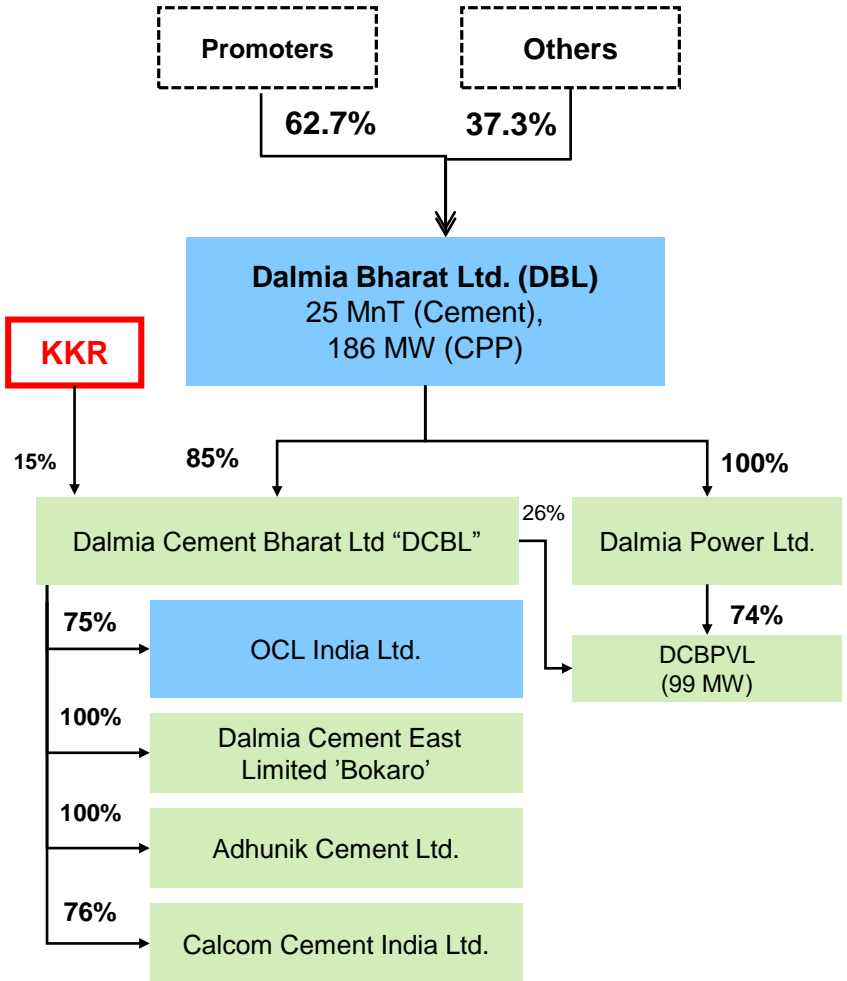
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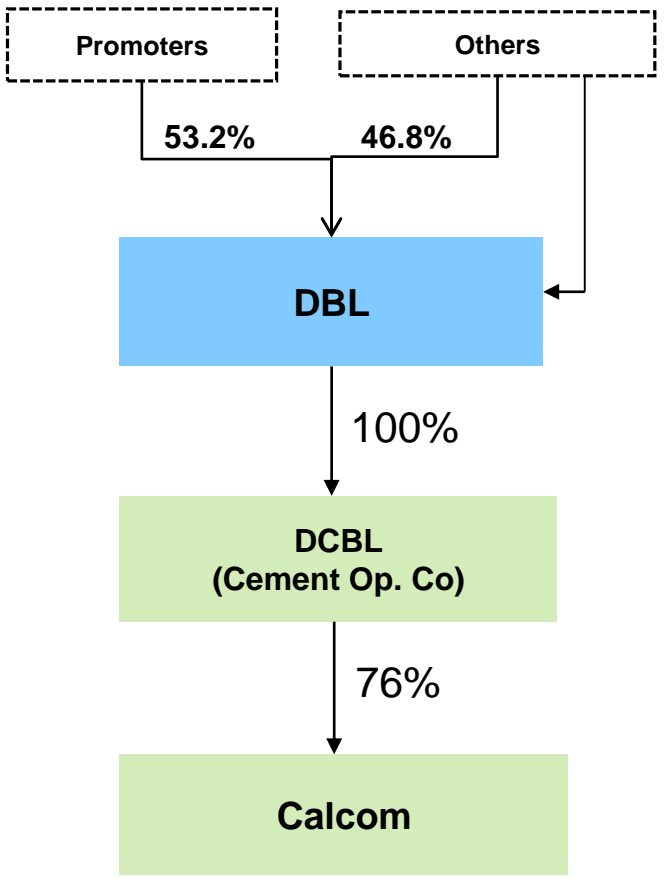
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Macro overview

Structure during growth phase



Proposed structure*



*Announced in November 2016, expected to be completed by FY18

Potential to increase market liquidity



	OCL	DBL		Merged Entity
Frequently Traded	In-frequently traded	Frequently traded	➔	Frequently traded
Non-Promoter Shareholding	25.1% (1.4 cr shares)	42.6% (3.7 cr shares)	➔	46.8% (9.0 cr shares)
Average Daily Turnover (Avg. of last 3 months)	INR 2 crs (\$ 0.3 Mn)	INR 32 crs (\$ 4.9 Mn)	➔	↑
Institutional Holding %	3.5%	24.1%	➔	↑

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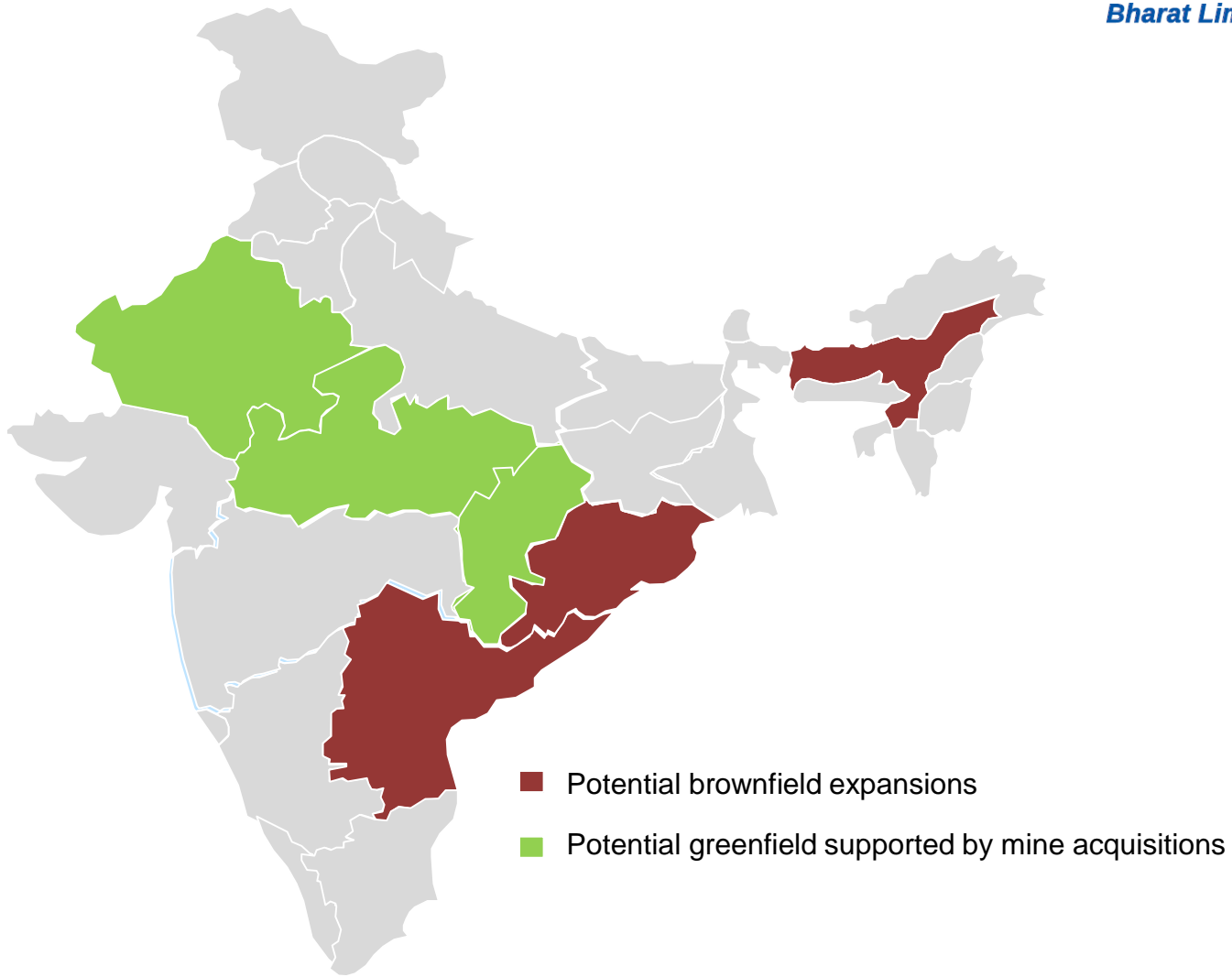
Strong focus on sustainability

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Macro overview

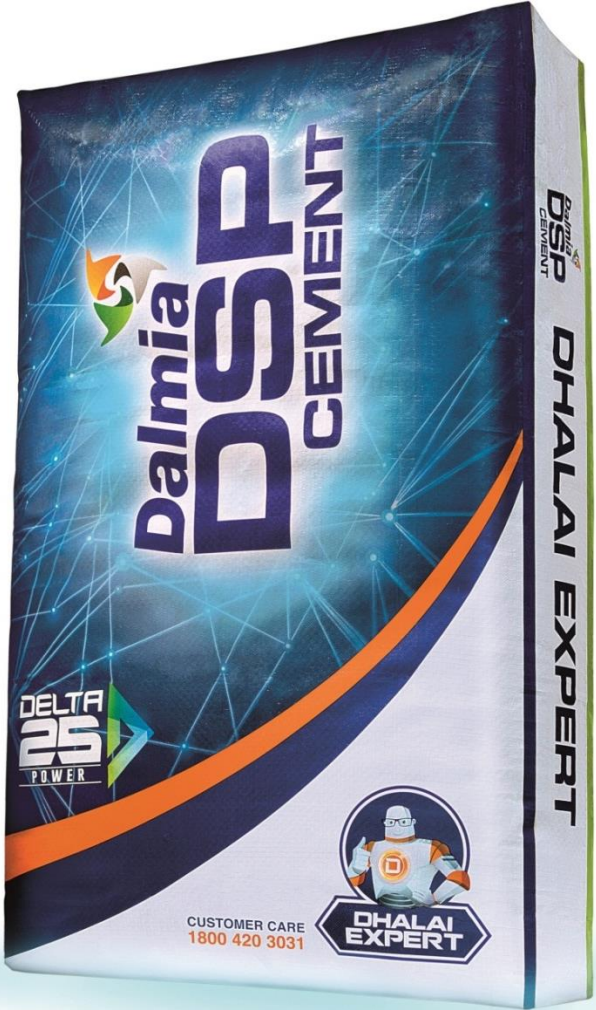


Future value creation using internal accruals

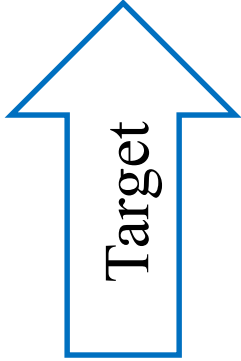
Strengthening the premium segment



New A++ price category created by Dalmia



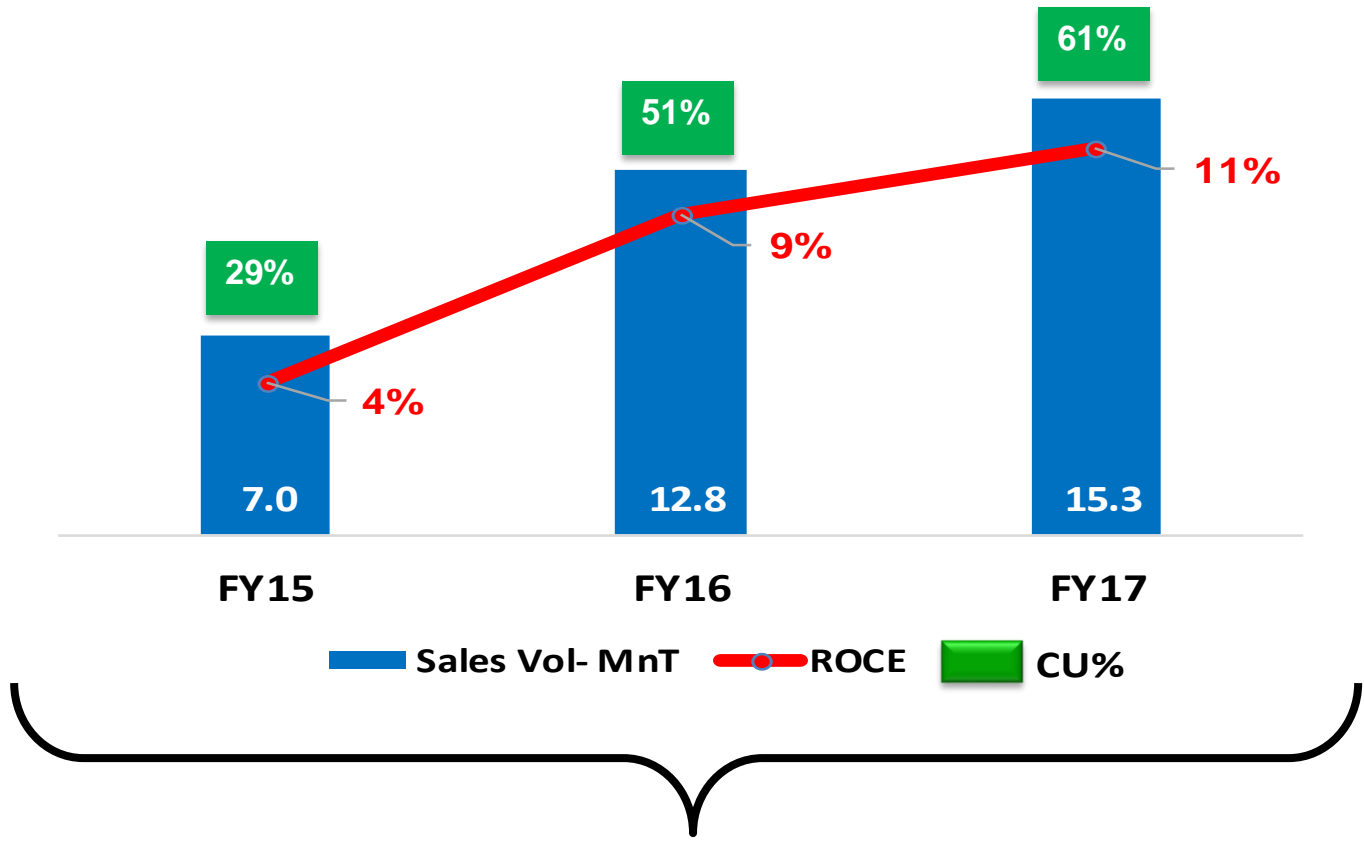
20%-25%
of trade sales



10%
of trade sales year 1

Price premium ~ 10% vs "A" category brands ; ₹30-35/bag higher

Return on capital employed



ROCE to further improve with higher utilization.

ROCE: EBIT/ Average capital employed

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Member of global CSI initiative

Membership of RE100



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



Dalmia Bharat is the first cement company and third Indian company to join RE100

CO₂ emissions - net (kg/ton of cementitious material)

342
*Dalmia
Eastern
operations
average*

526
*Dalmia
Bharat
average*

579
*Indian
cement
industry
average**

612
*Global
cement
industry
average**

*Note: * As per the GNR data published by CSI in 2017*

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Macro Indicators

Long term structural drivers intact...

	FY15	FY16	FY17
Cement capacity (MnT)	420	441	459
Capacity addition (MnT)	24	21	18
Cement demand (MnT)	271	283	280
Demand growth	6%	5%	-1%
Capacity utilization	66%	66%	64%

...despite short term challenges.

Source:
Index of Industrial Production

Demand scenario

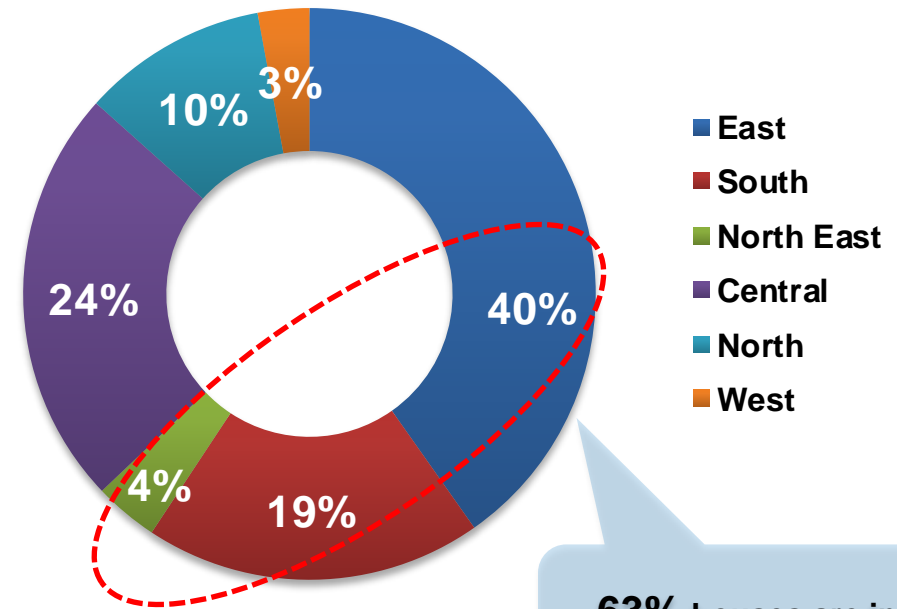
Expected no. of houses by 2023

Total 50 Mn



No. of Houses in million

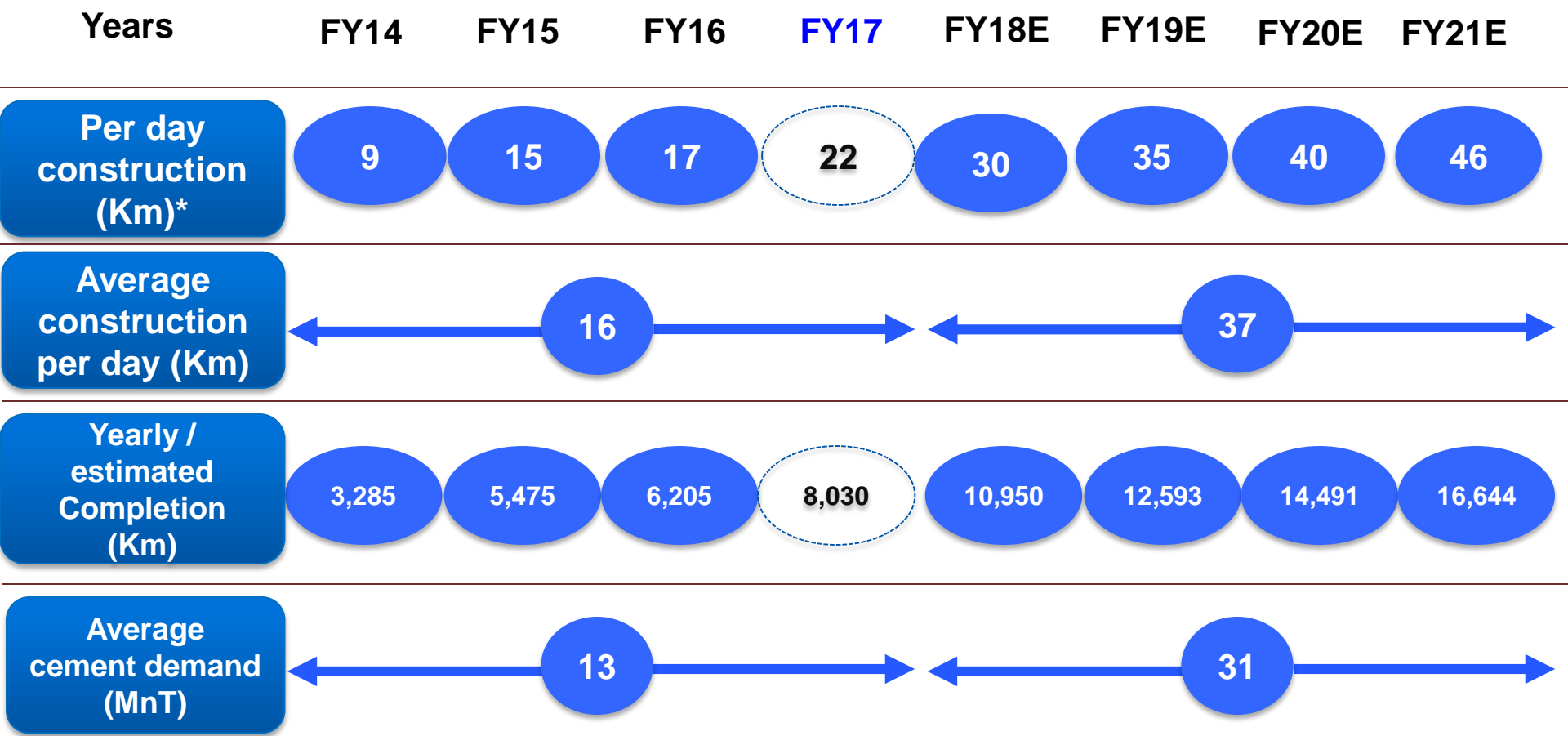
Region wise no. of houses (target)



~63% houses are in our serving regions

**Total expected incremental cement demand of ~50 MnT.
Expected incremental demand CAGR of 3%.**

Pick up in road construction



Expected incremental cement demand : 18 MnT, ~2% CAGR

*NHA

Major infrastructure projects



South

Koodankulam Nuclear Power Plant:

Capacity 2000 MW
Cost ₹39,747 Cr.

Chennai Metro Phase II:

Distance 104.5 Km
Cost ₹44,000 Cr.

Kalpakkam Fast Reactor Fuel Cycle Facility:

Cost ₹9,600 Cr.

Kochi Airport Development

Adani Deep Sea Port:

Cost ₹6,000 Cr.

East

Upgradation / Maintenance of Roads:

Distance ~2200 Kms

Adani Power to set up thermal power plant in Odisha & Jharkhand:

Cost ₹22,500 Cr.

Development of Turga Pumped Storage Hydel Project in West Bengal:

Capacity 1000 MW
Cost ₹4500 Cr.

North East

Trans Asian Highway connecting India to Myanmar

Distance 428 Km

Conversion of all narrow gauge to broad gauge:

Cost ₹10,000 Cr.

Kameng Hydro Electric Power

Capacity 600 Mw

Setting up of downstream industries & ancillaries of NRL*

Rail & Infra Development (SARDP)

Distance ~5,000 Km
Cost ~₹9.4 lakh Cr.

NRL* - Numaligarh Refinery Limited

Supply scenario

Land acquisition

E-auction of mines

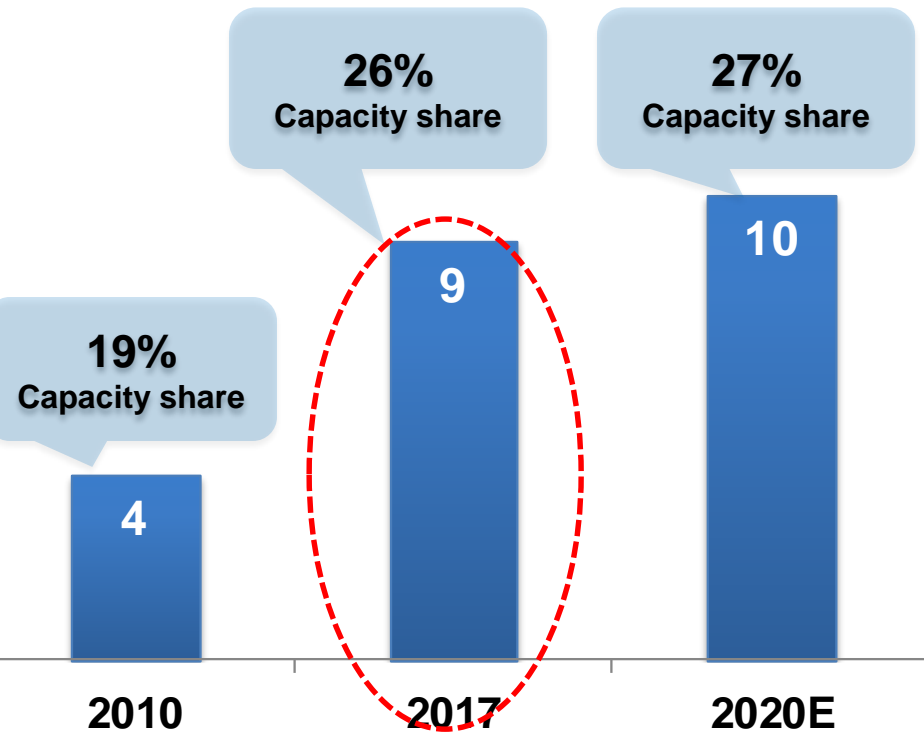
Debt availability for new players

Higher replacement cost

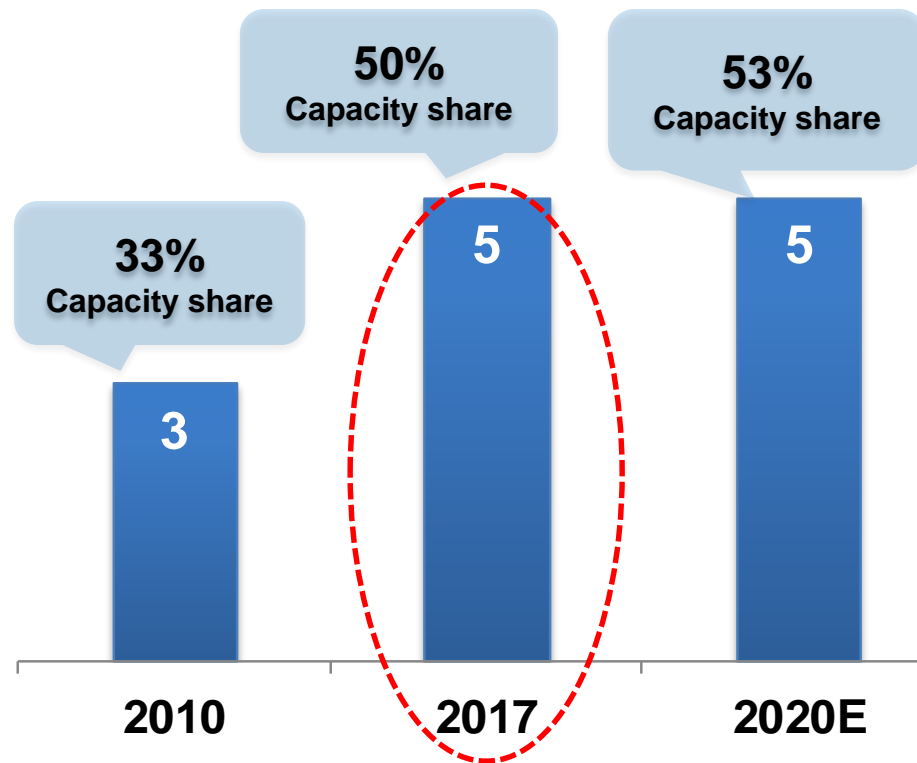
Particulars	2013* (\$ Mn)	2017* (\$ Mn)
Land	23	70
Plant & Machinery	134	175
Civil	61	78
Infrastructure, Pre ops (IDC) & others	27	34
Total	245	358
Estimated Cost (\$/T)	91	133

*Cost is for setting up capacity of 2.7 MnT

No. of cement companies >10 & < 20 MnT



No. of cement companies >20 MnT



Currently 14 companies hold 76% of capacity share

By FY20, 15 companies will hold ~80% of the all India cement capacity

Visible impact of scale on profitability



FY17	EBITDA Margin	PAT Margin
Industry	17.8%	6.7%
Companies > 20 MnT	20.4%	9.3%
Companies < 20 MnT	14.6%	3.4%

Players having scale and efficiency have higher margin

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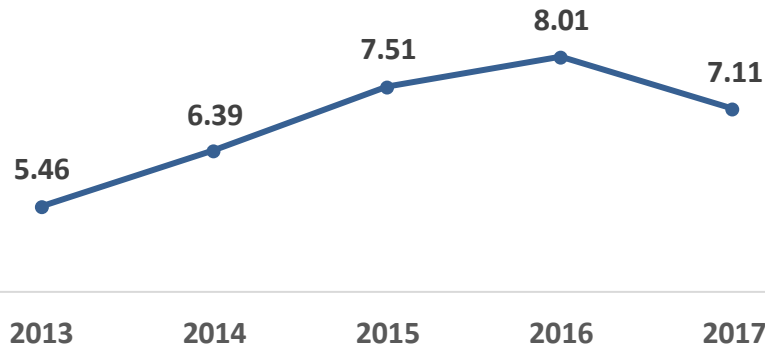
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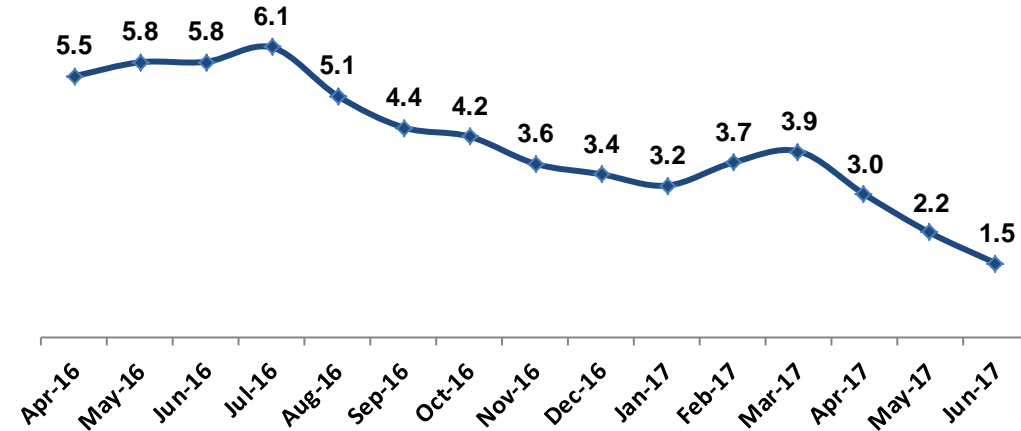
Macro overview

Macro indicators

GDP growth (%)



Inflation under control



Source : CMIE

Source : CMIE

Transparent auction mechanism

Disinvestment push



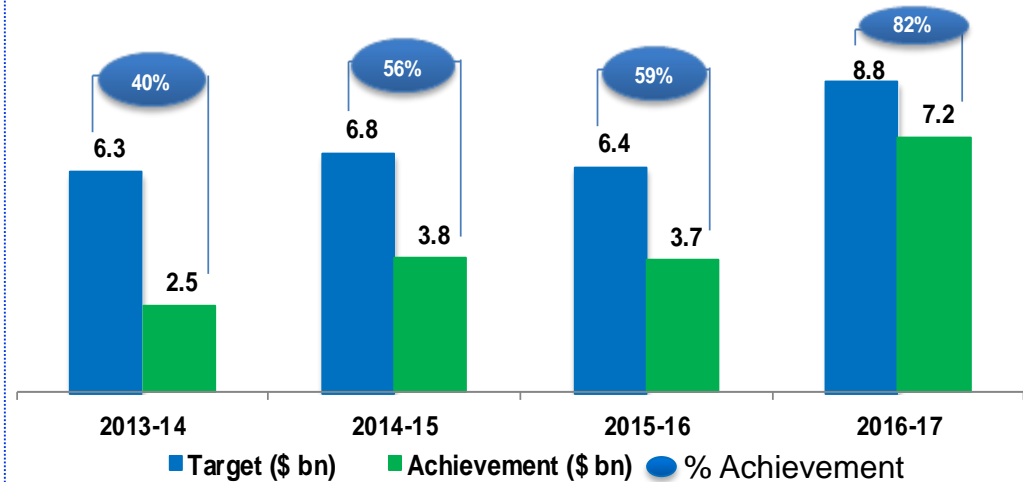
Limestone E-auction



Coal E-auction



Spectrum



Source : DIPAM.GOV.IN

Liberalization in FDI norms



Construction & Development sector
Now: 100% Automatic Route
Earlier: Limited to Space/Area Approval Route



Insurance Sector
Now: 26 % under automatic route and beyond 26 percent and up to 49 % Gov. approval
Earlier: 29%



Telecom
Now: 100%; Up to 49% Automatic Route beyond 49% Approval Route
Earlier: 74% Approval Route



Medical Services
100%
 FDI



Assets Reconstruction Company
Now: 100% Automatic Route
Earlier: 74% Approval Route



Defense
Now: up to 49% subject to approval of Cabinet Committee on Security (CCS)
Earlier: 26% Approval Route

FDI caps increased for *establishment & operation of satellites, credit information companies, non-scheduled air transport & ground handling services* from 74% to 100%.

FDI up to 49% permitted in the *Pension Sector*.

Construction, operation and maintenance of specified activities of *Railway sector* opened to 100% FDI under automatic route.

100% FDI allowed in *Retail* with further ease in sourcing norms.

Insolvency and Bankruptcy Code

Implemented in **August 2016.**

Process will complete in **180+90** days

Process will be managed by licensed professionals / consultants.

12 accounts declared insolvent with a default of **2.5** lakh crore.

Bank Consolidation

Government planning to consolidate public sector banks.

Done to have **three-tier** structure that will have **three** to **four** global-sized banks

Will reduce the number of state-owned lenders to about **12** from **21**

Large Banks like Canara, Punjab Sind, Bank of India will merge other players.

Goods and Service Tax

Brought into operation on July 2017

A move to replace all indirect taxes levied across India into one head.

Slabs under GST are 0%, 5%, 12% ,18% and 28%

Believed to lower fiscal deficit and lead to optimistic tax revenues.

RERA

Implemented on July 2017. 23 states and UTs signed up for it. 29 in total expected to join.

Registration for all commercial/ residential estates mandatory

Money to be deposited only through cheques.

Builders will have to quote prices based on carpet area not super built-up area

Thank You

Stock Code: NSE: DALMIABHA BSE:533309 Bloomberg: DBEL IN Equity Reuters: DALA.NS