

Dalmia Cement (Bharat) Limited
Conference Call – Update on Restructuring
September 22, 2010

Moderator: Good evening ladies and gentlemen. I am Sandhya, the moderator, for this conference. Welcome to Dalmia Cement's conference call to share the update on restructuring. For the duration of the presentation, all participants lines will be in the listen-only mode. I will be standing by for the question and answer session. Now, I would like to handover to Ms. Himmi Gupta. Thank you and over to you ma'am.

Ms. Himmi Gupta: Thank you. Good afternoon ladies and gentlemen. Welcome to Dalmia Cement (Bharat) Limited's update on restructuring call. I have with me on the call Mr. Deepak Sogani, Executive Director, to provide you an update on the restructuring of Dalmia Cement Bharat Limited. We will commence the call with details from Mr. Sogani. This will be followed by an interactive Q&A session. I would like to mention that this call will cover the update on the restructuring and would refrain from giving guidance or numbers and discussing on results or operations of the company for second quarter FY '11. I would now like to invite Mr. Deepak to provide you the details.

Mr. Deepak Sogani: Greetings everybody. I trust you have received and gone through the update on restructuring presentation sent earlier today. Let me begin by saying that we are well ahead of our plan on the completion of activities emanating out of the restructuring scheme. The scheme of restructuring which have been approved by the High Court of Madras on July 29, 2010, has been filed with Registrar of Companies and the stock exchanges on September 1, 2010, in order to effect the demerger. Therefore, the companies are already demerged. As you are aware, the existing Dalmia Cement (Bharat) Limited has been demerged into two entities, one Dalmia Cement (Bharat) Limited and the other Dalmia Bharat Enterprises Limited and both these entities are now effectively demerged. As per the plan that has been put in place, the demerged Dalmia Cement (Bharat) Limited has been renamed to Dalmia Bharat Sugar and Industries Limited on September 7, 2010, and we have already received the approval from the RoC for the same. The documents have been forwarded to stock exchange to effect the name change and the same is expected to be completed shortly. I think, you know, I would like to highlight this is an important information, so if you have not been able to kind of get this information in the past, you know, I would request you to take note of this, the current traded company, Dalmia Cement (Bharat) Limited, DCBL, the name of this company is changing to Dalmia Bharat Sugar and Industries Limited. Anytime whenever the stock exchange effects the same, the name of our

currently traded stock will change from DCBL to Dalmia Bharat Sugar and Industries Limited, DBSIL.

In terms of the scheme, the shareholders of the Dalmia Cement (Bharat) Limited are entitled to the shares of the new entity, Dalmia Bharat Enterprises Limited in the ratio of 1:1. The record date for the issue of Dalmia Bharat Enterprises Limited shares has been set for September 27, 2010, ex-date is September 24, 2010. This has been communicated to the stock exchanges to record the entitlement of shares in DBEL. The shares of DBEL are proposed to be allotted on October 1, 2010, post which these shares will undergo a listing approval process, the DBEL shares are likely to be listed sometime in early November. Post the record date and till the time Dalmia Bharat Enterprises Limited get listed, the shares of Dalmia Bharat Sugar and Industries Limited will only be traded representing the value of one of the demerged entity mainly comprising of sugar and the miscellaneous businesses.

Let me also, you know, take this opportunity to rerun you briefly on the assets of the demerged entities. To reiterate, post restructuring Dalmia Cement (Bharat) Limited demerged into two entities, one of them being Dalmia Cement Bharat Limited which has now been renamed to Dalmia Bharat Sugar and Industries Limited and the other being Dalmia Bharat Enterprises Limited. The renamed entity Dalmia Bharat Sugar and Industries Limited will be mainly comprising of sugarcane crushing capacity of 22,500 TCD, co-gen capacity of 79 megawatts, distillery of 85 kiloliter, a wind farm power plant of 16.5 megawatts. There is a magnesite mining business that we do in this company, which has a capacity of 79,500 metric tonnes.

You know, we are in an advanced stage to setup 10 megawatts solar energy under the Jawaharlal Nehru Vidyut Scheme, which is a central scheme. We have obtained the land and we have also entered into the MoU over there. So, this solar project is also going to be a part of the Dalmia Bharat Sugar and Industries Limited, thereby increasing the renewable energy component of this business by an additional 10 megawatts through the solar energy initiative.

The Dalmia Bharat Enterprises Limited will primarily comprise of cement manufacturing capacity of 9 million tonnes held in the company Avnija, thermal power generation of 72 megawatt and the Dalmia Refractory business with a capacity of 45,000 metric tonnes.

Further we are glad to inform that we have already received Rs. 500 crore funding in Avnija Properties Limited from KKR on September 3, 2010, and that brings me to the end of our

comments and I would now like to request the moderator to open the forum for queries. Hello?

Moderator: Sir, do you want me to start with the question and answer session?

Ms. Himmi Gupta: Yes.

Moderator: Thank you very much. We will now begin the Q&A interactive session. Participants who wish to ask questions, please press *1 on your telephone keypad. On pressing *1, participants will get a chance to present their questions on a first in-line basis. Participants are requested to use only handsets while asking a question. To ask a question, please press *1 now. Participants who wish to ask questions, may kindly press * followed by 1 on the telephone keypad. First in line, we have a question from Mr. Nirav Shah from Antique Stock Broking. Over to you sir.

Mr. Nirav Shah: Yeah, good afternoon sir. Just one question. Our existing share capital is 16.2 crores and we are issuing 1:1 in that ratio to Dalmia Cement through the cement ventures. Sir, does that cement venture have any existing equity. This will be the fully diluted equity of the cement venture also.

Mr. Deepak Sogani: See the current company....this is going to be the equity, yeah.

Mr. Nirav Shah: Okay.

Mr. Deepak Sogani: Yeah, the current company, Dalmia Cement (Bharat) Limited, you know, is the company which continues as the sugar company post-restructuring.

Mr. Nirav Shah: Okay.

Mr. Deepak Sogani: And therefore, the share capital and everything is exactly the same.

Mr. Nirav Shah: Okay.

Mr. Deepak Sogani: Yeah, and even in Dalmia Bharat Enterprises Limited, it will be the same share capital.

Mr. Nirav Shah: Sir, there will be no base equity, I mean, the only equity which will be mirroring will be that of mirroring of the Dalmia Sugar Industries, Dalmia Bharat Sugar and Industries.

Mr. Deepak Sogani: That is right.

Mr. Nirav Shah: Okay sir, thanks sir. That is all from my side.

- Moderator: Thank you very much sir. Participants who wish to ask any questions, may kindly press * followed by 1 on their telephone keypad. Participants who wish to ask any questions, may kindly press * followed by 1 on their telephone keypad. Next in line, we have a question from Ms. Anjali from Capital Market. Over to you ma'am.
- Ms. Anjali: Hi, this is just a clarification of the previous question that was asked now, that you are saying that the share capital of DBE would just be the same as the one for the sugar industries, is it?
- Mr. Deepak Sogani: That is right.
- Ms. Anjali: Okay fine, yeah, thank you.
- Moderator: Thank you very much ma'am. Next, we have a question from Mr. Salil Desai from IDFC. Over to you sir.
- Mr. Salil Desai: Yeah, sir any, you know....is it possible to throw any light on whatever Greenfield expansions that we have?
- Mr. Deepak Sogani: In?
- Mr. Salil Desai: In Avnija?
- Mr. Deepak Sogani: Yes, you know, obviously as we have mentioned that we have received the money from KKR....
- Mr. Salil Desai: Okay.
- Mr. Deepak Sogani: 500 crore rupees and we have another, you know, option to receive another 250 crores from them.
- Mr. Salil Desai: Right.
- Mr. Deepak Sogani: Therefore, to a large extent, the equity requirement for the expansion program planned in Avnija....
- Mr. Salil Desai: Right.
- Mr. Deepak Sogani:has been concluded.
- Mr. Salil Desai: Okay.
- Mr. Deepak Sogani: And I think, you know, we are in the process of, you know, thinking this through internally on the locations.
- Mr. Salil Desai: Okay.
- Mr. Deepak Sogani: And as soon as a corporate decision is taken, you know, we will be, you know, kind of happy to inform you. Obviously, the intent is

to, you know, kind of continue the growth that we have been, you know, doing for the last, you know, five to six years.

Mr. Salil Desai: Right, but any timeline on when this announcement can be expected?

Mr. Deepak Sogani: No, announcement till, I think right now till the corporate decision is made, it is kind of difficult to say.

Mr. Salil Desai: Okay.

Mr. Deepak Sogani: But let me just say that once the money has come in, you know, one will have to kind of take this forward, right. At some point of time, whenever we decide, we will, you know, kind of do the official communication, right.

Mr. Salil Desai: Alright, thank you.

Moderator: Thank you very much sir. Next, we have a question from Mr. Vikram Karala. Over to you sir.

Mr. Vikram Karala: Hi sir, I was looking at the presentation that you have attached to the conference call invite, and it says post-restructuring as on September 20, 2010, in DBEL, we have total net of 2100 crores?

Mr. Deepak Sogani: Right.

Mr. Vikram Karala: And also like in all the earlier presentations you have mentioned that for the new 10 mn metric tonnes project you needed 3250 crores of debt?

Mr. Deepak Sogani: Okay.

Mr. Vikram Karala: How much of that is reflected in this already or

Mr. Deepak Sogani: No, there is no debt in this.....you know, we have not drawn any major debt for the growth furnished yet.

Mr. Vikram Karala: Okay.

Mr. Deepak Sogani: You know, those are all sanctioned debts....

Mr. Vikram Karala: Okay.

Mr. Deepak Sogani:that says you know, we have in fact not considered those debts at all. They will get drawn as and when, you know, we kind of, you know, start the projects.

Mr. Vikram Karala: Okay, but the cash and equivalents have been increased by 500 crores which is the money which has been received by KKR?

- Mr. Deepak Sogani: Yeah, that has come in, in Avnija.
- Mr. Vikram Karala: Right.
- Mr. Deepak Sogani: And therefore we have obviously no kind of increase there.
- Mr. Vikram Karala: Okay, thank you.
- Mr. Deepak Sogani: Yeah. You know, I think it will be useful for me to walk everybody through the, you know, sugar company and the cement company debt and the cash data, if that is okay or if there is any question I can take that too as well. Hello, is there a question from anybody, the moderator?
- Moderator: Sure sir. Participants who wish to ask any question, may kindly press * followed by 1 on their telephone keypad. I again repeat, participants who wish to ask any question, may kindly press * followed by 1 on their telephone keypad. Next, we have a question from Mr. Bhavin Chheda from Enam Holdings. Over to you sir,
- Mr. Bhavin Chheda: Yeah, good afternoon sir.
- Mr. Deepak Sogani: Yeah, good afternoon Bhavin.
- Mr. Bhavin Chheda: Sir, one question, this DCBL, the existing company, will be renamed and will become a sugar company, it will be delisted and relisted again or it will start trading from next day?
- Mr. Deepak Sogani: Good question, and I have covered that in my opening remarks as well, but let me just....
- Mr. Bhavin Chheda: Yeah, I missed out on that, yeah....
- Mr. Deepak Sogani: Yeah, let me just give complete clarity on that matter.
- Mr. Bhavin Chheda: Yeah.
- Mr. Deepak Sogani: The way the process works, we have already kind of announced the record date of September 27, 2010.
- Mr. Bhavin Chheda: Yeah, that is there in the presentation, yeah.
- Mr. Deepak Sogani: Right, and on September 24, 2010, the stock is becoming ex-entitlement, okay?
- Mr. Bhavin Chheda: Alright.
- Mr. Deepak Sogani: And people who or the shareholders who are there on the record day....

- Mr. Bhavin Chheda: Right.
- Mr. Deepak Sogani:will be entitled to get one additional share of Dalmia Bharat Enterprises Limited, okay?
- Mr. Bhavin Chheda: Right, so, till September 23, 2010.
- Mr. Deepak Sogani: Till September 23, 2010, and till September 23, 2010, meaning they are already sitting on 22nd, right?
- Mr. Bhavin Chheda: Right.
- Mr. Deepak Sogani: Till September 23, 2010, the share.....our share will get traded as a combined sugar and cement company share, right?.
- Mr. Bhavin Chheda: Right.
- Mr. Deepak Sogani: Only post record date, will our share, you know, start reflecting the current sugar and ancillary businesses.
- Mr. Bhavin Chheda: So, September 24, 2010, it will list ex-cement?
- Mr. Deepak Sogani: **No, it will not ***. You know, the record date is September 27, 2010.
- Mr. Bhavin Chheda: Right.
- Mr. Deepak Sogani: **And only after the record date.....**
- Mr. Bhavin Chheda: Yeah.
- Mr. Deepak Sogani:you know, whenever the trading commences after the record date which is September 27, 2010, I think three days time is where the trading may not happen, you know, from September 24, 2010, to September 27, 2010.
- Mr. Bhavin Chheda: Right.
- Mr. Deepak Sogani: Perhaps the trading will not happen.
- Mr. Bhavin Chheda: Okay.
- Mr. Deepak Sogani: You know, because at that time the book closure will be there for effecting the record date.
- Mr. Bhavin Chheda: Right, right, right.
- Mr. Deepak Sogani: You know, anyways, the record date is September 27, 2010....
- Mr. Bhavin Chheda: Right.

*** Corrected later in the transcript**

Mr. Deepak Sogani:so, whatever trading happens till September 27, 2010, will obviously reflect, if they happen....if they won't happen for 3 days, that is obviously one side of the situation....

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani:but will reflect the cement and the sugar company shares.

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani: Thereafter when the trading happens, after the record date....

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani:you know, the share will....the traded share....

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani:will reflect the sugar and the miscellaneous businesses that are there in the Dalmia Bharat Sugar and Industries Limited, okay.

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani: Dalmia Bharat Enterprises Limited shares will be allotted to the shareholders who are there on the record date.....

Mr. Bhavin Chheda: Yeah.

Mr. Deepak Sogani:and a listing process will get started.....

Mr. Bhavin Chheda: Yeah.

Mr. Deepak Sogani:immediately after the allotment.

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani: The allotment date is tentatively October 1, 2010.

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani: Right and the listing process will take anywhere from five to six weeks....

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani: Sometime by mid of November or early November....

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani:we will be able to kind of get the trading of Dalmia Bharat Enterprises Limited also started, right.

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani: However, till the time the DBEL shares get listed post the record date....

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani:you know, the shares in the market that will get traded will reflect the sugar and the other miscellaneous businesses that are there in the sugar company's valuation, yes....

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani: Is that clear?

Mr. Bhavin Chheda: No sir, my question was tomorrow is the basically last day of trading of sugar businesses, but September 24, 2010, it goes ex....right, as per your presentation?

Mr. Deepak Sogani: Right.

Mr. Bhavin Chheda: So, my question was whether September 24, 2010, is a Friday and September 27, 2010, is a Monday which are both trading market days, the shares will be traded on the market or it won't be traded, that is what I am saying, whether it will get delisted itself from September 24, 2010, or September 27, 2010, from September 28, 2010, it starts trading ex-cement business?

Mr. Deepak Sogani: See, the way, I understand and let me just....one second....give me a minute here.....

Mr. Bhavin Chheda: Yeah. Hello?

Mr. Deepak Sogani: Just one second jaar....

Mr. Bhavin Chheda: Yeah, yeah, yeah, no problem, no problem.

Moderator: Hello, Mr. Sogani, are you still on the call sir?

Mr. Deepak Sogani: Yes.

Ms. Himmi Gupta: Hello? Hello?

Moderator: Yes ma'am.

Ms. Himmi Gupta: Yeah, we request you to please hold on for sometime?

Moderator: Sure ma'am.

Mr. Deepak Sogani: Hello?

Mr. Bhavin Chheda: Yeah.

Mr. Deepak Sogani: So, clearly, Bhavin sorry....

Mr. Bhavin Chheda: Yeah, no problem.

Mr. Deepak Sogani: 24th is the ex-date, right.

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani: So, the current share will continue to trade till 23rd.

Mr. Bhavin Chheda: Yeah.

Mr. Deepak Sogani: That is tomorrow.

Mr. Bhavin Chheda: Yeah.

Mr. Deepak Sogani: As a combined share, okay.

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani: And on 24th, it will become ex.

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani: And therefore, it will start trading as an ex-stock.

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani: Reflecting the sugar company share after that.

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani: Okay.

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani: And whenever the Dalmia Bharat Enterprises shares gets listed, it will get its own, you know, listing subsequently.

Mr. Bhavin Chheda: Right, and sir, can I get the net worth of the two companies?

Mr. Deepak Sogani: I think in the presentation we have given.

Mr. Bhavin Chheda: Presentation is given just I think, net fixed asset, net current investment...

Mr. Deepak Sogani: Then, I think we will have to send you the net worth....

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani: Definitely, tangible net worth, we will send you separately.

Mr. Bhavin Chheda: If you have it on the call, we can write it down?

Mr. Deepak Sogani: We can send that to you later....

Mr. Bhavin Chheda: Sorry.

Mr. Deepak Sogani: Let me just at least you walk through....

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani:you know, the debt and the cash data because that will help in understanding the underlying businesses and the replacement cost, etc., of those businesses, you know.

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani: So, let me just try and kind of walk you through the sugar company first because that is the one that is going to get listed soon enough.

Mr. Bhavin Chheda: Right.

Mr. Deepak Sogani: As we have mentioned, the sugar company has 22,500 TCD sugar crushing capacity. It has 79 megawatt of co-gen and it has 85 kiloliters of distillery. It also has a wind farm of 16.5 megawatts, and it has some magnesite mining business where 79,500 tonne capacity is also there, you know. If you look at the, you know, new replacement cost of these assets, the total figure comes to around, you know, 1110 approximately of all these assets, which includes about 80 odd crores for wind farm and for the refractory piece around 200 crores and balance as you know 829 crores or something like that approximately, it is for the sugar replacement cost. So, just wanted everybody to anchor on the new replacement cost for the assets that are housed in the Dalmia Sugar business. It is that integrated sugar piece, sugar, co-gen, distillery and in addition to that there is wind farm and there is this, you know, magnesite refractory or magnesite mining business over there, you know. If we were to, you know, provide some depreciation on these assets based on what are there in the books, the net replacement cost will be a little over 800 crores, right. So, we, I think, would like to anchor the thought that the overall replacement cost of the business, you know, when we set it up also was in excess of 700 crores and wind farm and if we put everything together, I think we spend about 1000 crores in the business. The net replacement cost today after depreciation would be somewhere between 800 and 900 crores, yeah. That is the first thought. Bhavin?

Mr. Bhavin Chheda: Yeah.

Mr. Deepak Sogani: Now, let me just walk you through the sugar debt. I think this is important, a very important data. We have very clearly mentioned to you when we did the restructuring, we planned excess cash in the sugar business and we retired 200 crores of term debt you know, subsequent to the demerger, you know. So, July 2, 2010, we repaid about 200 crores of sugar debt, and therefore, the sugar company today has a term debt of only 300 crores. It used to have a term debt of over 500 crores at that point in time, you know, right. Hello?

Mr. Bhavin Chheda: Yeah sir.

Mr. Deepak Sogani: So, it has 300 crore term debt. It has soft loans - SDF and excise loans of Rs.112 crore and it has a working capital loan of Rs.76 crore, so the total gross debt is Rs.412 crore, right.

Mr. Bhavin Chheda: Yeah.

Mr. Deepak Sogani: And then there is a bank balance of about 55 crores over there. You know, another thing that is very important to note in the sugar company balance sheet is that although the net working capital is around 230 crores and we possibly could have reached, we could have taken bank finance of 170 crores, the working capital that has been drawn is only 76 crores. So, there is about 100 crores, in fact to be precise 94 crores of undrawn working capital which also represents additional cash in the system. So, as you are well aware, you know, in the sugar company because there is stocks, you know, there are stocks lying, clearly the value of the stock, is excluded from the net debt figure and you know, in one way or the other, the working capital which reflects the finished good stock because in this business the stocks are very large at this point of time and you know, they taper down when the production starts, so broadly if you net-off the working capital loan of 76 and if you also kind of net-off the undrawn working capital of around 94 crores, the net debt in the business is actually pretty low. It is only 263 crores rupees, yeah.

Mr. Bhavin Chheda: Yeah.

Mr. Deepak Sogani: And if you look at the stock value, right now in the system is around 200 odd crores, you know, right. So, broadly, I think what we are trying to say is that in the current sugar company which will get listed, which will start getting traded on the September 24, 2010, you know, we have a net debt of around 260 odd crores. Okay, is that number anchored? This is after working capital has been taken out because we have more than 200 crores of finished good stocks which are you know, which need to get also accounted for in the valuation, right.

Mr. Bhavin Chheda: Yeah.

Mr. Deepak Sogani: So, that is the basic thesis over there. Any questions on that?

Mr. Bhavin Chheda: No sir.

Mr. Deepak Sogani: Okay, thanks then.

Moderator: Thank you very much sir. Next, we have a question from Mr. Nikhil from Kim Eng Securities. Over to you sir.

Mr. Nikhil Agarwal: Good evening everyone.

Mr. Deepak Sogani: Good evening.

Mr. Nikhil Agarwal: I just want to confirm this is KKR is paying 750 crores for this 15%. Is it right?

Mr. Deepak Sogani: 500 crore for 15%.

Mr. Nikhil Agarwal: Okay, 500 crores for 15%. So, total 50 crores, it has an option to raise further 250 crores?

Mr. Deepak Sogani: We have an option to take it.

Mr. Nikhil Agarwal: Okay and secondly can you please send across the book value of both the businesses?

Mr. Deepak Sogani: Yeah, I think, just one second....yeah.

Mr. Nikhil Agarwal: Hello?

Mr. Deepak Sogani: Just one second, just one second.

Mr. Nikhil Agarwal: Okay, okay.

Mr. Deepak Sogani: Hello?

Mr. Nikhil Agarwal: Yes.

Mr. Deepak Sogani: The sugar company's book value or net worth rather, you know, is around 423 crores as at the end of, you know, as on April 1, 2010, the opening balance sheet.

Mr. Nikhil Agarwal: Okay.

Mr. Deepak Sogani: 423 crores opening balance sheet for sugar, right.

Mr. Nikhil Agarwal: Okay.

Mr. Deepak Sogani: And if you take 8 crore share base, so the book value will be around 55 to 60 rupees, you know....just one second, I will tell you. So, the book value of the.... opening book value is 53 rupees and then, you know, this year's profitability that has to be added to it.

Mr. Nikhil Agarwal: Right.

Mr. Deepak Sogani: Okay.

Mr. Nikhil Agarwal: Yeah, right. Okay, okay, thank you Mr. Sogani.

Mr. Deepak Sogani: Thanks.

Moderator: Thank you very much sir. Participants who wish to ask any question, may kindly press * followed by 1 on their telephone keypad. I again repeat, participants who wish to ask questions, may kindly press * followed by 1 on their telephone keypad. Next in line, we have Mr. Jay Asher from JM Financial. Over to you sir.

Mr. Jay Asher: Hi Deepak.

Mr. Deepak Sogani: Yeah, hi Jay.

Mr. Jay Asher: Just wanted to know after the equity infusion into Avnija, what is your consolidated net worth of the Dalmia Bharat Enterprises Limited?

Mr. Deepak Sogani: The net worth of sugar, after demerger right?

Mr. Jay Asher: Yeah.

Mr. Deepak Sogani: You are talking about Dalmia Bharat or you are talking about sugar?

Mr. Jay Asher: Dalmia Bharat Enterprises?

Mr. Deepak Sogani: Dalmia Bharat, right?

Mr. Jay Asher: Yeah.

Mr. Deepak Sogani: Hello? Jay?

Mr. Jay Asher: Dalmia Bharat Enterprises Limited.

Mr. Deepak Sogani: Dalmia Bharat opening net worth is 2391 crores rupees.

Mr. Jay Asher: Okay, okay, and after the infusion of 500 crores into Avnija....

Mr. Deepak Sogani: Another 500 crores will get added to the net worth of DBEL.

Mr. Jay Asher: Okay.

Mr. Deepak Sogani: So, the net worth as on date of September 2, 2010, meaning about if you take right now, September 22, 2010, another 500 crores has to be added in the net worth and the cash we have already kind of shown the cash over there, and this year's profitability is also have to be added. So, I am giving you the opening book values. So, opening book value is for example, 2391 plus let us say 500 crores of KKR money divided by 8.09 shares. So, the opening book value of, you know....the current book value is 357 rupees of DBEL and you know the current year profits also needs to get added to it, you know. So, if you were to take current year's profit at whatever level, you know, another some amount will have to get added. So, it is more than 350 rupees book value for the cement company as on today.

Mr. Jay Asher: Okay.

Mr. Deepak Sogani: And the sugar company was as I said 52 rupees book value, but on a replacement cost basis, if you were to take a figure of around 850 and you have to subtract 260.....you know, 263 which is the net debt figure after working capital and if you kind of do a computation on this. So, you know, the replacement cost will be around 70...somewhere between 70 to 75 rupees per share for sugar, right. Got that?

Mr. Jay Asher: Okay, yeah got it.

Mr. Deepak Sogani: Alright then.

Mr. Jay Asher: Thanks a lot, bye.

Mr. Deepak Sogani: Thanks.

Moderator: Thank you very much sir. Next, you have a question from Ms. Shraddha from Marwadi Shares. Over to you ma'am.

Ms. Shraddha: Hello, good afternoon sir.

Mr. Deepak Sogani: Good afternoon.

Ms. Shraddha: Actually, I just wanted to clarify that from 27th the sugar business will be traded or from 24th?

Mr. Deepak Sogani: 24th is what we understand because that is the date on which it will become ex.

Ms. Shraddha: Fine, yeah. Thank you.

Mr. Deepak Sogani: But I think this needs to be 100% checked with, I guess your firm, right, your trading desk.

Ms. Shraddha: Okay. Thanks. Thank you.

Moderator: Thank you very much ma'am. At this moment, there are no further questions from the participants. I would like to handover the floor back to Ms. Himmi Gupta for final remarks.

Ms. Himmi Gupta: Thanks to all. I would request Mr. Deepak Sogani to give the final remarks.

Mr. Deepak Sogani: Thanks everybody for joining this call. I think it is a very important call because this, you know, sets the journey for the restructured businesses to start operating on their independent businesses. Very clearly the first one that gets listed is the sugar and the other miscellaneous business. So, the first point that I think we have covered on the call, I just like to repeat some of the points, so that everybody has complete, you know, information relating to what is happening. The first thing that is very important to note is that in the Dalmia Bharat Sugar and Industries Limited, other than sugar, co-gen, and distillery there is a piece called wind farm which generates somewhere between 8 to 10 crores EBITDA everywhere, it is a 16.5 megawatt wind farm, there is a, you know, magnesium mining business also here which perhaps has a replacement value of around 200 crores and generates, you know, somewhere between 10 to 15 crores EBITDA each year. These two businesses are obviously large pieces which get added to the sugar. We have been historically looking at the segmental reporting for the sugar business, but I think now that Dalmia Bharat Sugar and Industries Limited is getting listed independently, it is important to realize that the company that can controls the sugar business has some other pieces of assets and other pieces of, you know, revenue and profitability as well, number one.

The number two point that I covered was that in our opinion, you know, the replacements, net of depreciation value for the assets is somewhere around 850 crores. In our opinion, the net debt computation that we are giving as of recent date for the sugar company is around 263 rupees. You know, we have very clearly highlighted the fact that the book value of the sugar company is around Rs.52/share excluding current year's profitability, this current year profitability is somewhere around Rs.60 crore odd, so could be the book value of the sugar company, right, and we have also said that, you know, from September 24, 2010, onwards, the shares are becoming ex and the sugar company will start getting traded, sugar and the miscellaneous business company rather, will start getting traded, you know, based on the underlying businesses that this company reflects. Lastly, Dalmia Bharat Enterprise Limited shares will get listed somewhere in November.

Thanks everybody for joining the call and bye.

Moderator: Thank you very much sir. Ladies and gentlemen, thank you for choosing WebEx's conferencing service. That concludes this conference call. Thank you for your participation. You may now disconnect your lines. Thank you and have a good day.
