



Update on Restructuring

September 22, 2010

Restructuring Update

Update on Demerger Scheme

- Approved by Shareholders of Dalmia Cement (Bharat) Limited on June 2nd 2010
- The same has been approved by the High Court of Madras on 29th July'10
- Filed with the Registrar of Companies and stock exchanges on 1st September'10
- The Demerger is effective from 1st April'10

Name Change

- The existing listed entity **Dalmia Cement (Bharat) Limited (DCBL)**, renamed to **Dalmia Bharat Sugar and Industries Limited (DBSIL)**, expected to be done by stock exchanges shortly.

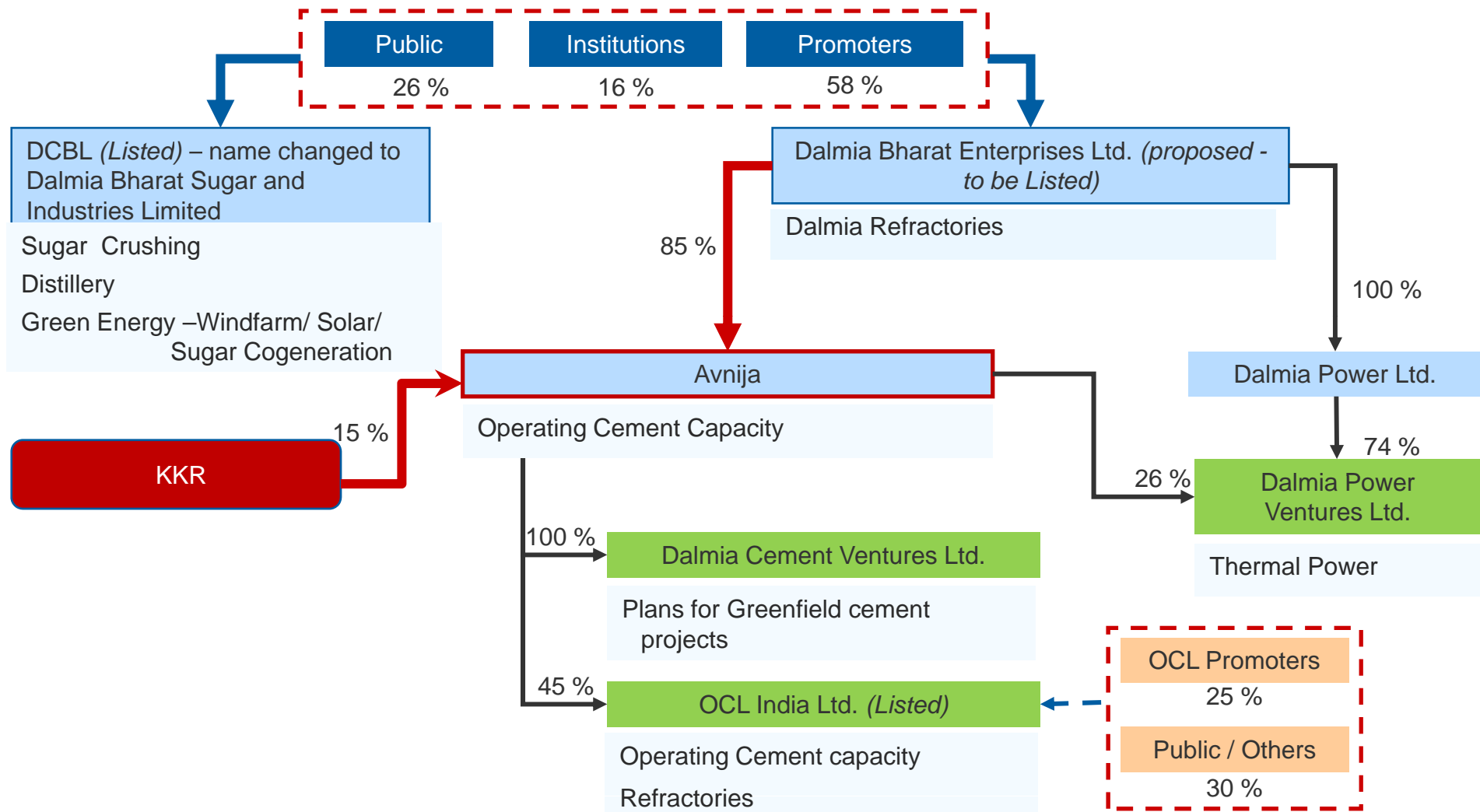
Record Date for the issue of Dalmia Bharat Enterprise Ltd. (DBEL) shares

- Announcement of **Record Date as Sep 27, 2010** for the issue of DBEL shares; **EX Date is Sep 24, 2010**.
- Post record date the market price of equity shares of DCBL (renamed to DBSIL) will trade at the price pertaining to valuations of Sugar Business which remains housed in it.

Listing of DBEL

- DBEL would apply for listing of its shares pursuant to allotment of shares in DBEL.
- Listing of DBEL expected by first week of November, 2010.

Resultant Structure – Unlocking Value



Key Financials – Each Pie to house significant size businesses

	Post Restructuring (Consol) FY10	
In Rs Cr	DBSIL	DBEL
Gross Revenue	652	1,692
Net Revenue	628	1,526
EBITDA	115*	385**
Depreciation	41	91
EBIT	89	291

* Other than integrated sugar EBITDA, it includes Rs. 11 cr from Salem Magnesite and Rs. 8 cr from windfarm power

** Other than cement EBITDA, includes Rs. 8 cr from refractory business and Rs.30 cr from thermal power business

EBITDA shown above excludes income from treasury operations

Key Financials – Each Pie to house significant size businesses

(In Rs. Cr.)	Post Restructuring (Consol.) (As on Apr 1'10)	
Particulars	DBSIL	DBEL
Net Fixed Assets	642	3,622
Net Current Assets	493	182
Investments	11	707
Total Debt	749	2,102
Term Debt	500	1,785
Soft Loans	118	232
Working Capital	131	85
Cash & Equivalents	124	175

(In Rs. Cr.)	Post Restructuring (Consol.) (As on Sep 20'10)	
Particulars	DBSIL	DBEL
Total Debt	487	2,100
Term Debt	300	1,777
Soft Loans	112	272
Working Capital	75	51
Cash & Equivalents	55	679

Working Capital not drawn as on 20th Sep'10 is Rs. 95 cr for DBSIL and Rs. 88 cr for DBEL based on 75% of the Net Current Assets less actual Working Capital drawn

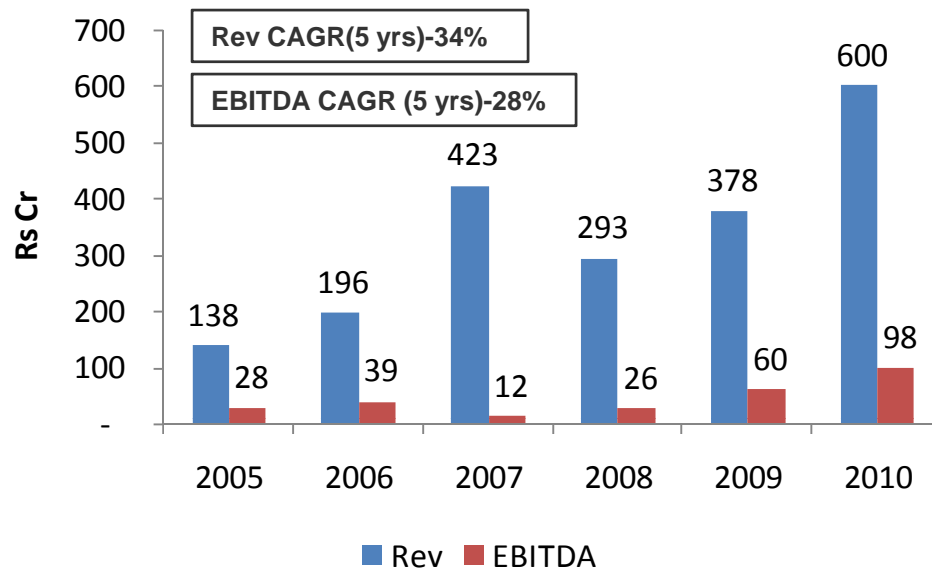
Dalmia Bharat Sugar and Industries Limited (DBSIL)

DBSIL – Robust Integrated Business Model

- One of the largest sugar players with **22,500 TCD cane crushing capacity**
 - Plants located at Ramgarh, Jawaharpur and Nigohi in U.P. (7,500 TCD each)
- Integrated operations providing consistency in performance
 - **79 MW cogen capacity of which 2/3rd is exportable**
 - 80 klpd distillery at Jawaharpur
- Other than sugar cogen, other renewable sources of energy in DBSIL are
 - **Windfarm of 16.5 MW**
 - **Incubating solar power project of 10 MW in Rajasthan** (land possession and all other statutory approvals have been received)
- Installed **multi-fuel boilers** at Jawaharpur in Q1'11 to enable seamless power generation during offseason
 - Cogen generation up 31% YoY in Q1'11
 - Installation at another unit is also in active consideration
- Cogen project at **Ramgarh** registered with United Nations Framework Convention on Climate Change (**UNFCCC**) and revenue realized through sale of CERs
 - Two additional projects under CDM taken up in sugar co-generation units

A Distinct Business line with a Distinct Cycle and Different Investor Appetite

Sustainable growth in Sugar despite cyclicalty



27% additional cane crushed

Improved recoveries @9.2%

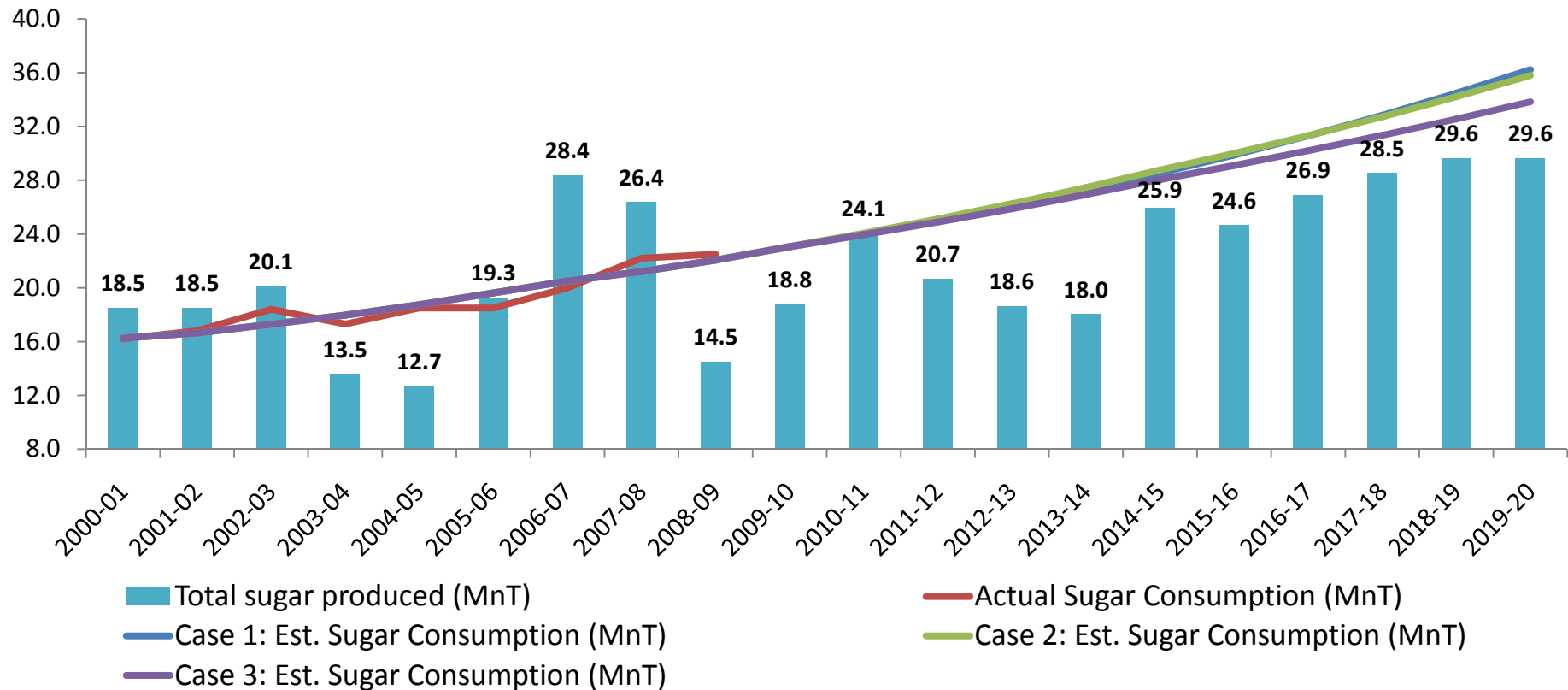
Imported over 75,000 T of raw sugar

Raw sugar imports supplement volumes

Particulars	UOM	FY08	FY09	FY10
Operating Days-Sugar	Nos.	167	98	107
Total Cane Crushed	000 MT	2,445	1,197	1,515
Sugar Recovery	%	10.13%	8.86%	9.20%
Sugar Production	000 MT	246	108	203
Sugar Sales	000 MT	141	162	184
Sugar NSR	Rs./MT	13,460	17,139	27,076
Gross Power Generation	Mn KWH	299	195	201
Net Power Export-Grid	Mn KWH	194	132	136

Sugar Industry

Expected Sugar Consumption in India to be 34-36 MnT by 2020



Scenario 1: GDP growth assumptions; 2010 at 9%; 2011-2020 at 8% p.a.

Scenario 2: GDP growth assumptions; 2010 at 9%; 2011-2015 at 8% p.a.; 2016-2020 at 7%

Scenario 3: GDP growth assumptions; 2010 at 9%; 2011-2015 at 7% p.a.; 2016-2020 at 6%

Likely Domestic Industry Developments

- To increase sugar production levels, the industry is likely to see a bout of consolidation - inefficient/sick mills will be acquired by efficient mills/companies
- Farmers may start producing more cane post 2015 (higher than historical levels) given the fundamental upward shift in domestic consumption levels
- However, given the growing demand for other agricultural commodities as well, domestic cane production may not be able to increase above a certain level
- Full decontrol of the sector is likely in such a scenario. Market dynamics in the long run will ensure protection of farmer's interest
- More refineries will be added at ports/in-land to cater to the growing domestic demand post 2015

Regulatory Updates

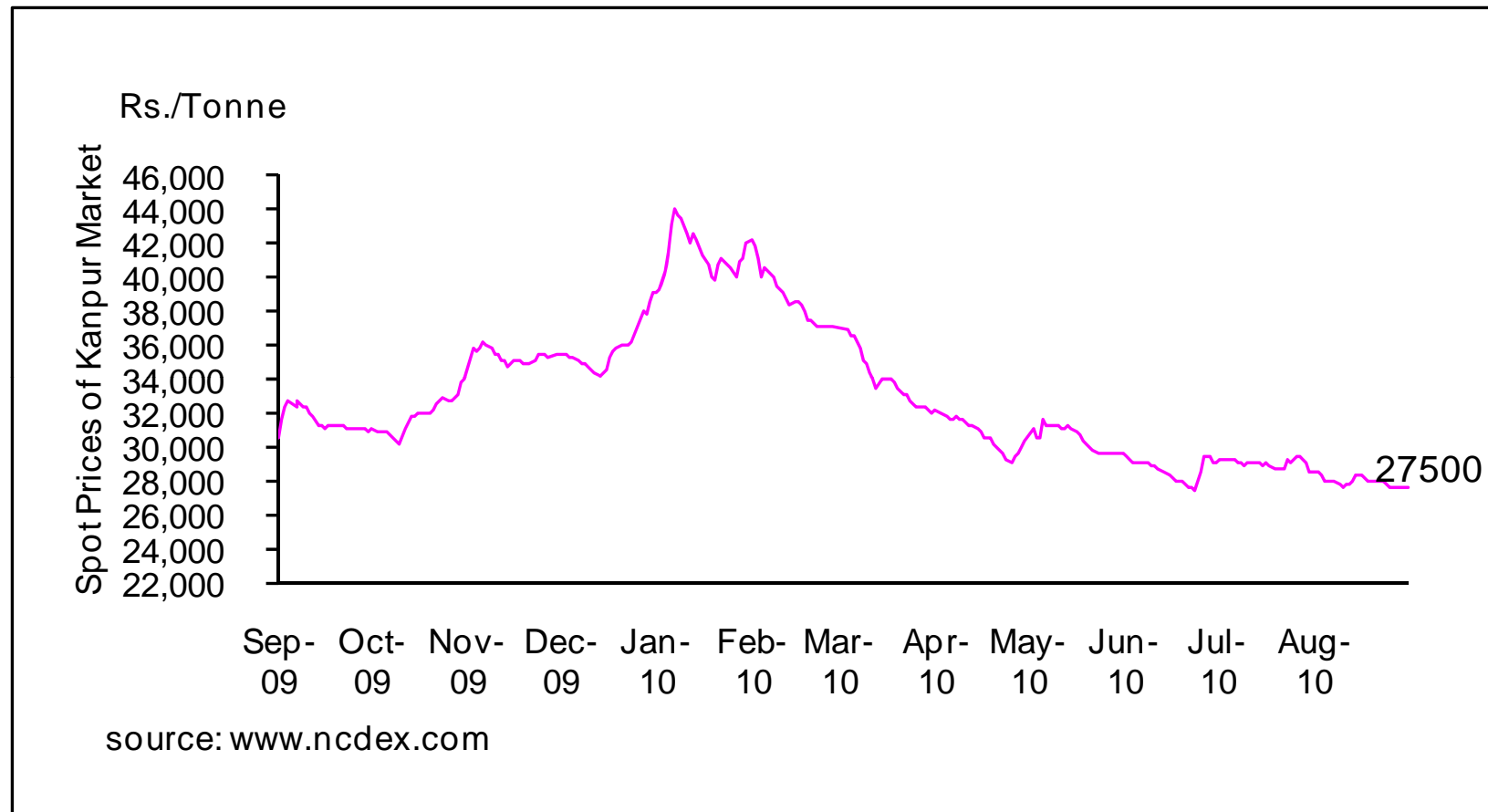
Decontrol of Sugar

- ➔ The Government considering various measures on following Key Points:-
 - (i) To abolish levy obligation w.e.f. 01.04.2011.
 - (ii) To dispense with regulatory non levy quota mechanism by 1st Dec' 10/ 1st Jan' 11.
 - (iii) Scrap the system of cane area reservation and abolish the power of State Government in this regard w.e.f. 01.10.2010.
 - (iv) The Government is also considering linking of cane price with Sugar prices in line with globally accepted Benchmarking formula over and above the FRP.
- ➔ Detailed presentation made by the ministry to the Prime minister. PM has directed that State Government's advice may also be taken in this matter.

Other Matters

- ➔ ISMA has filed transfer of writ petition cases of amendment in Essential Commodities Act and also withdrawal of clause 3(b) in the sugar cane control order from High Court to Supreme court in line with Bajaj Hindustan case in Supreme Court. This is to amend the statutory minimum price for levy sugar to actual cane prices.
- ➔ Group of Ministers has approved an interim Ethanol price of Rs 27/litre
- ➔ The Stockholding Limit of Bulk consumers increased from 15 days to 90 days

Free Sugar Spot Pricing



- Sugar prices seem to be forming a good base at current levels
- Prices likely to remain a bit volatile in SY11

THANK YOU

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