



DALMIA BHARAT ENTERPRISES LTD.

Financial Results

for quarter and half year ended Sep 30, 2010

November 15, 2010

Disclaimer

Certain statements in this presentation describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Forward looking statements are identified, by using the words 'anticipates', 'believes', 'expects', 'intends' and similar expressions in such statements.

Although our expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied. The Company takes no responsibility for any consequence of decisions made based on such statements and holds no obligation to update these in the future.

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Strategic Initiatives Update

Restructuring update

- 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
- Application with Information Memorandum filed with stock exchanges for listing and trading approval on 12th Oct'10
- **Listing approvals from BSE & MSE have been received**
- **Approvals from NSE and SEBI are awaited**
- The Demerger is effective from 1st April'10
- **Trading expected to start in DBEL stock by Nov'10 end**

KKR Investment

- **Received Rs. 500 crore in Q2 FY11.**
- **Net Debt to Equity ratio improved to 0.5x for the company**

Key Highlights for Cement Business

Enhanced Volumes for the quarter

- Sales volume – 1.2 MnT
- Up 17% on YoY basis and 14% on QoQ basis
- September month recorded highest sales in the history of the company – 438 KMT

Achieved freight efficiency, despite increase in diesel prices

- Freight cost per ton is down 10% QoQ and 1% on YOY basis for the quarter through judicious use of rail and road transport

Achieved power & fuel efficiency

- Power & fuel cost per tonne of cement is down 1% on YOY basis for half year
- Power consumption / T of cement reduced to 73.1 kwh vs 74.2 kwh on quarterly YoY basis
- Coal consumption / T of cement has improved to 100 kgs vs 103 kgs on YoY basis for half year
- Alternative cheaper fuel lignite used for generation of captive power resulting in savings

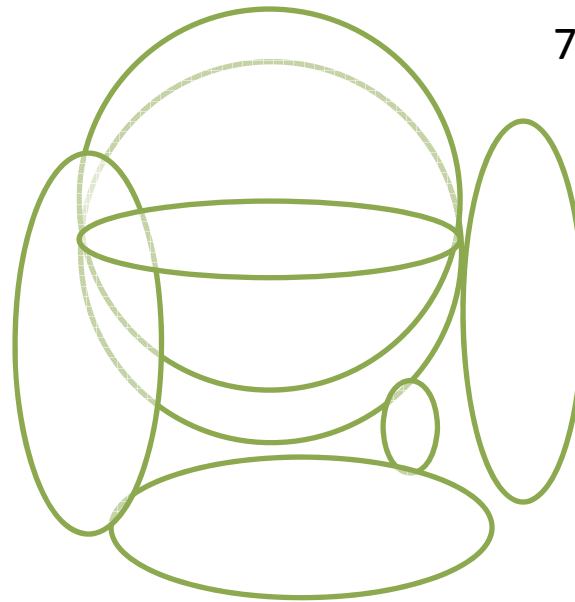
CSR Initiatives

Supporting School and Anganwadi children – 1258 children benefitted

Income generation - 109 beneficiaries earning Rs. 500- Rs. 8000 a month. 611 trained for vocation and 324 micro loans extended

Long Term Livelihood Development – Partnerships proposed with NABARD and L&T's construction skills training extended

Village level empowerment and institution building – 14 self help groups formed with 166 members



Health services

7,589 treatments, counselling and referral provided to people, 4,766 livestock animals given healthcare

Infrastructure work (enclosed drain was constructed to prevent disruptive water logging) – benefitted close to 200 people

Sanitation (69 toilet constructions) **Environment** (Over 1 lac saplings/trees planted) **Water** (facilitated a 10,000 litre water tank and work started on construction of a 90,000 litres water tank)

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Consolidated Result Highlights

Income	Q2'11	HY1'11
• Gross Sales :	Rs. 418 cr	Rs. 845 cr
• Net Sales :	Rs. 368 cr	Rs. 744 cr
• Total Income :	Rs. 374 cr	Rs. 756 cr

Profits	Q2'11	HY1'11
• EBITDA :	Rs. 32 cr	Rs. 100 cr
• Net Profit :	Rs. (35) cr	Rs. (35) cr

- Profitability affected due to dip in cement sales realization in second quarter
- Brought efficiency in operating costs; at par with corresponding period of previous year
- Improved Net Debt to Equity ratio at 0.5x
- OCL contributes Rs. 8 cr to the consolidated profits of the quarter and Rs. 28 cr for half year

Q2'11 Results-Businesswise

Period ending (Rs In crores)	Q2'10					Q2'11				
	Cement	Power	Others	Inter Segment	Total	Cement	Power	Others	Inter Segment	Total
Gross Sales	433	16	40	(17)	472	384	18	32	(16)	418
Net Sales	388	16	40	(17)	426	333	18	32	(16)	368
Operating Other Income	1	1	(0)	-	1	6	1	3	(3)	7
Total Income	389	17	39	(17)	428	339	19	34	(18)	374
Operating Expenses	275	7	39	(17)	303	320	12	30	(18)	343
EBITDA	114	10	1	-	124	19	7	5	-	32
EBITDA Margins %	29%	59%	2%	-	29%	6%	39%	14%	0%	8%
Other Income					2					9
Depreciation					22					47
EBIT					105					(6)
Interest					28					44
Tax Provision					20					(6)
Net Profit/(Loss)					57					(45)
Share of Profit in Associates					7					8
Minority Interest										2
Consolidated Net Profit/(Loss)					64					(35)
PAT Margin %					15%					-9%

Increase in volumes.....

- **Realizations:** ↓
Cement 24%
- **Volume:** ↑
Cement 14%

...Profitability impacted

- Due to dip in cement sales realization
- Rising interest & depreciation charges

HY1'11 Results-Businesswise

Period ending (Rs In crores)	HY1'10					HY1'11				
	Cement	Power	Others	Inter Segment	Total	Cement	Power	Others	Inter Segment	Total
Gross Sales	853	28	80	(33)	928	773	39	64	(31)	845
Net Sales	766	28	80	(33)	841	673	39	64	(31)	744
Other Operating Income	2	1	1	-	4	10	1	5	(5)	12
Total Income	768	30	81	(33)	845	683	40	70	(36)	756
Operating Expenses	525	16	76	(33)	583	609	24	59	(36)	656
EBITDA	243	14	5	-	262	74	15	11	-	100
EBITDA Margins %	32%	47%	6%	-	31%	11%	39%	15%	-	13%
Other Income					2					16
Depreciation					42					94
EBIT					222					21
Interest					54					92
Tax Provision					55					(7)
Net Profit/(Loss)					113					(64)
Share of Profit in Associates					20					27
Minority Interest										2
Consolidated Net Profit/(Loss)					133					(35)
PAT Margin %					16%					-5%

Increase in volumes.....

- **Realizations:**
Cement 20% ↓
- **Volume:**
Cement 10% ↑

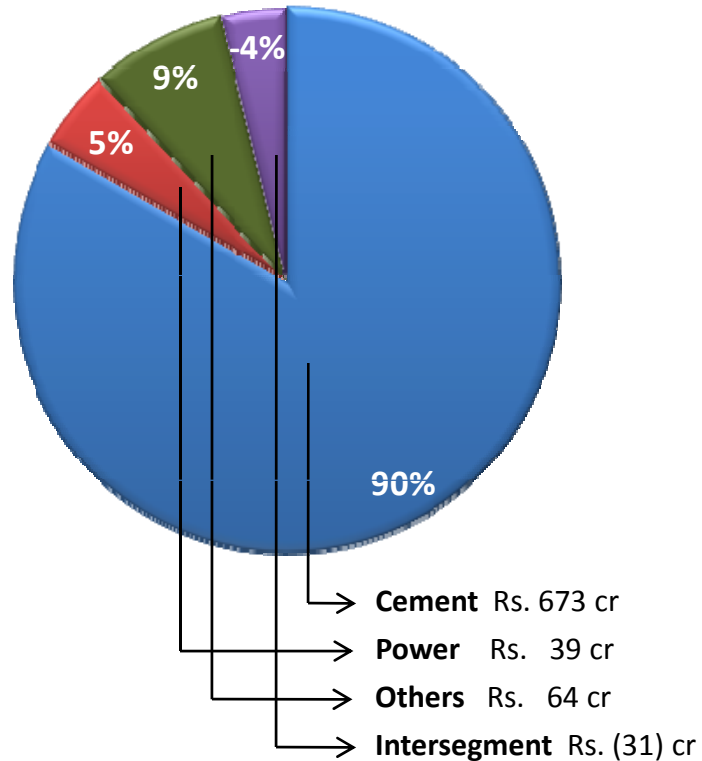
...Profitability impacted

- Due to dip in cement sales realization
- Rising interest & depreciation charges

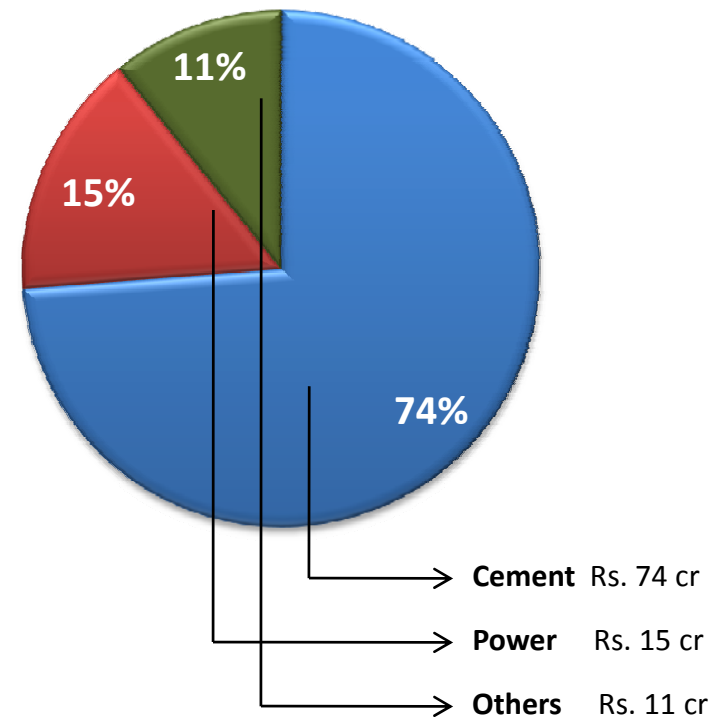
* Previous period numbers have been reclassified/regrouped as per current period groupings

HY1'11 Business Mix

Net Revenue Mix



EBITDA Mix



Cement contributes 90% to the overall revenue and 74% to EBITDA
Power contributes 5% to the overall revenue and 15% to EBITDA

**Cement includes wind farm power business; Sugar includes Cogeneration and Ethanol businesses*

Key Balance Sheet Parameters

(Rs. In Crore)		30-Sep-10
Share Capital		16
Reserves & Surplus		2,625
Minority Interest		395
Debt		2,118
Term Loans	1,823	
Soft Loans	272	
Working Capital	23	
Deferred Tax		(14)
Total		5,141
Net Fixed Assets*		3,737
Investments		437
Cash and equivalents		854
Net Current Assets		114
Total		5,141
Net Debt to Equity		0.5

- Net debt as at year end at Rs. 1,264 cr
- Net worth of the company at Rs. 2,655 cr
- Comfortable debt repayment obligations over next three years and cash position

Strategic and Other Investments

Strategic Investments* (Rs Cr)	437
– OCL India Ltd	425
– Others	12

Liquidity Summary* (Rs Cr)	854
– Marketable Equity	38
– MFs	750
– Cash & Bank	66

* As on Sep 30, 2010

- Marketable Equity & MF
 - Equity exposure market to market as at quarter end
 - Surplus funds parked in Debt MFs
- Investment in OCL considered at fair value

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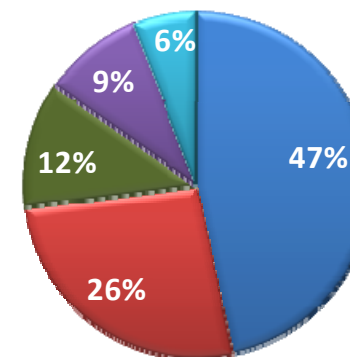
Cement Operating Metrics

Volumes ('000 T)	Q2'10	Q2'11	YoY%
Production	1,059	1,189	12%
Sales	1,053	1,198	14%

Volumes ('000 T)	HY1'10	HY1'11	YoY%
Production	2,053	2,249	10%
Sales	2,011	2,219	10%

New plants - contributors to volume growth
10% growth ahead of the flat regional industry growth

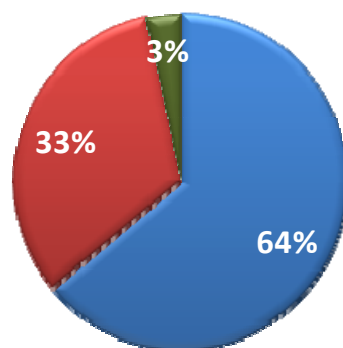
Geographic Mix HY1'11



■ Tamil Nadu ■ Kerala ■ Karnataka ■ AP ■ Others

C:C ratio at 1.29

Product Mix for HY1'11



■ PPC ■ OPC ■ Others

Product Mix changed in favour of more OPC production;
increased to 33% vs 27% corresponding period last year

Per Tonne Analysis (Rs/T)	Q2'10	Q2'11
Net Sales Realization	3,684	2,785
EBITDA	1,080	163

Per Tonne Analysis (Rs/T)	HY1'10	HY1'11
Net Sales Realization	3,808	3,030
EBITDA	1,208	331

Per Tonne Analysis

Particulars (Rs./T)	Q2'10	Q1'11	Q2'11	YoY%	QoQ%	HY1'10	HY1'11	YoY%
NSR	3,684	3,316	2,785	-24%	-16%	3,808	3,030	-20%
Raw Material Consumed	359	388	393	9%	1%	337	391	16%
(Inc)/Dec in stock	33	15	(24)	-173%	-259%	26	(6)	-123%
Power & Fuel	1,000	966	1,052	5%	9%	1,023	1,012	-1%
Freight Charges	511	569	514	1%	-10%	498	539	8%
Employee Costs	159	183	157	-2%	-14%	147	169	15%
Others	550	709	580	5%	-18%	575	639	11%
Operating Expenses	2,613	2,829	2,672	2%	-6%	2,607	2,744	5%
EBITDA	1,080	529	163			1,208	331	

Operational efficiency in Power & Fuel and Freight costs

Capacity Additions & Pricing



Installed Capacity (MnT)	Sep'10	Commissioned in H1'11	FY11
• All India	: 273	5	37
• South	: 103	3	10
• East	: 41	-	8

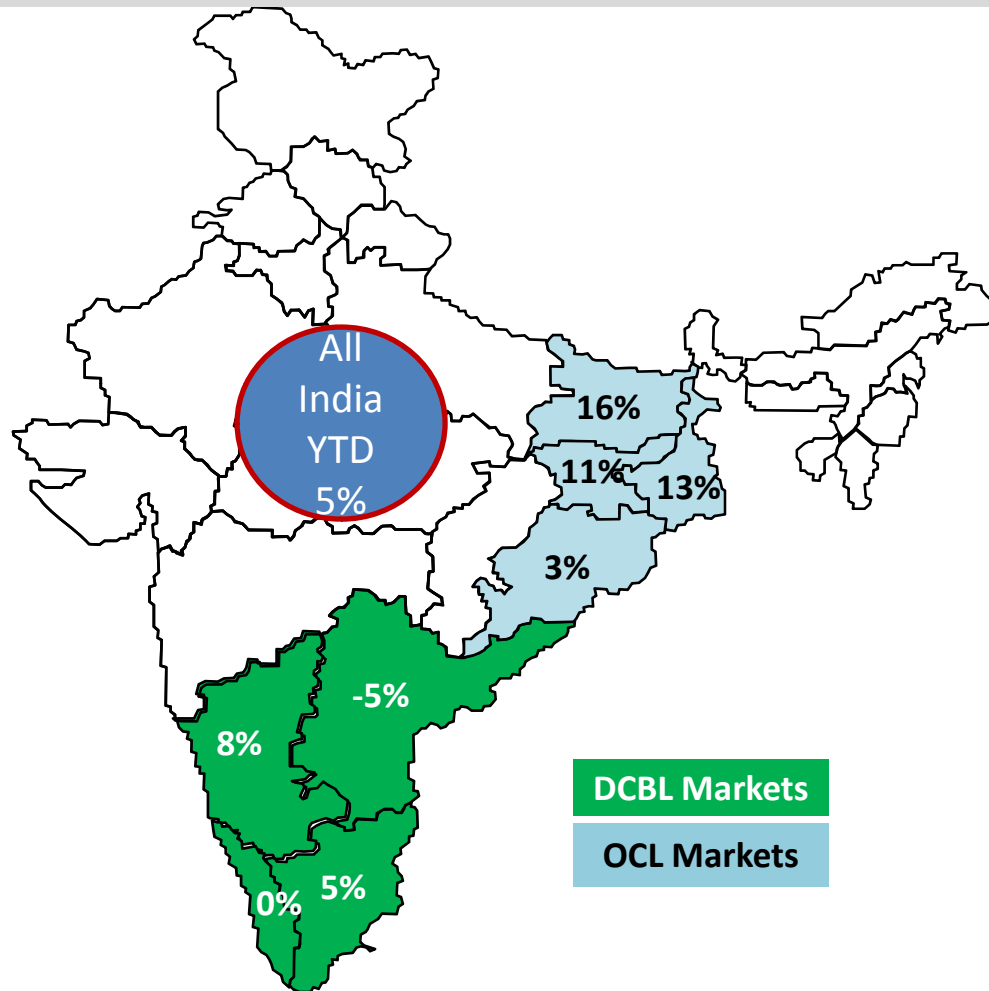
- Minimal capacity additions during the first half of current year
- Capacity additions estimates reduced to 37 MnT



Pricing (Y-o-Y)	Q2'11(Q-O-Q)	YTD FY11(Y-O-Y)	Q2'11 (Y-O-Y)
• All India	7% ↓	6% ↓	10% ↓
• South	10% ↓	14% ↓	17% ↓
• East	5% ↓	0.3% ↓	3% ↓

- Prices recovered about 50% post August'10 in Southern region

Demand Scenario in Key Markets



Source: CMA / Company estimates

- All India: 3.48% Y-o-Y demand at 47.3 MnT in Q2'11
- South: 2.9% Y-o-Y demand at 14.4 MnT
- East: 10.8% Y-o-Y demand at 8.1 MnT

- Demand growth in key markets in Q2'11:
 - AP declines by 2.9% Y-o-Y
 - Kerala grew 3% Y-o-Y
 - TN up 6% YoY
 - Karnataka up 4% YoY

Demand growth in Southern region in Q2'11 is better than preceding quarter

Cement Outlook

Unique Investment opportunity to play the Indian Building Material Growth

- The Indian cement consumption per capita is ca. 160 Kg, which presents a tremendous upside going forward compared to the World's, Europe's and China's averages of 400 Kg, 467 Kg and 1,050 Kg respectively

Robust domestic Strongholds

- By 2017, Government plans to invest up to US\$1.5 Tn in infrastructure
- Demand to grow from an estimate of 7.5% to 12.3% ('10E-'20E CAGR)

Average Sales Prices have started to recover

- Despite a disappointing H1'2010 ASP have started to recover
- '10A-'11A YTD peaks have reached comparable levels to those experienced over '09A-'10A

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OCL Q2'11 Results – Business wise

Period ending (Rs In crores)	Q2'10			Q2'11			YoY%		
	Cement	Refractory	Total	Cement	Refractory	Total	Cement	Power	Total
Gross Sales	262	63	325	310	77	387	18%	22%	19%
Net Sales	236	58	294	269	71	340	14%	21%	16%
Other Operating Income	1	1	2	3	2	5	200%	40%	109%
Total Income	237	60	296	272	73	345	15%	22%	16%
Operating Expenses	154	53	207	208	69	278	35%	31%	34%
EBITDA	82	7	89	64	3	67	-22%	-53%	-25%
EBITDA Margins %	35%	12%	30%	23%	5%	19%			
Other Income			2			4			112%
Depreciation			28			30			7%
EBIT			63			41			-35%
Interest			11			16			42%
Tax Provision			19			9			-54%
Net Profit/(Loss)			33			17			-49%
PAT Margin %			11%			5%			

OCL HY1'11 Results – Business wise

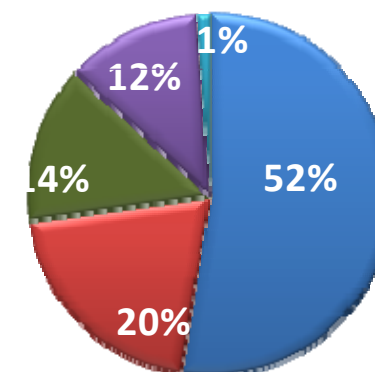
Period ending (Rs In crores)	HY1'10			HY1'11			YoY%		
	Cement	Refractory	Total	Cement	Refractory	Total	Cement	Power	Total
Gross Sales	590	122	713	651	145	796	10%	19%	12%
Net Sales	531	114	645	567	134	701	7%	18%	9%
Other Operating Income	2	2	4	5	3	7			
Total Income	533	116	649	571	137	708	7%	18%	9%
Operating Expenses	344	100	444	408	129	537	19%	29%	21%
EBITDA	188	16	204	163	8	171	-13%	-52%	-16%
EBITDA Margins %	35%	14%	32%	29%	6%	24%			
Other Income			8			7			-6%
Depreciation			53			59			10%
EBIT			159			120			-25%
Interest			23			31			35%
Tax Provision			45			30			-35%
Net Profit/(Loss)			91			59			-35%
PAT Margin %			14%			8%			

OCL – Operating Metrics

Volumes ('000 T)	Q2'10	Q2'11	YoY%
Cement			
Production	644	735	14%
Sales	629	779	24%
Refractory			
Production	19	21	15%
Sales	16	20	25%

Per Tonne Analysis (Rs./T)	Q2'10	Q2'11	YoY%
Cement			
Sales Realizations	3,748	3,451	-8%
EBITDA	1,306	817	-37%
Refractory			
Sales Realizations	36,132	34,971	-3%
EBITDA	4,292	1,620	-62%

Geographic Mix HY1'11



■ Orissa ■ W.Bengal ■ Bihar ■ Jharkhand ■ Others

- Product Mix for HY1'11: 96% PBFS
- C:C ratio at 1.9

Increased sales & distribution expenses due to more penetration in distant markets and higher power & fuel costs led to reduced EBITDA/ton

OCL-Key Balance Sheet Parameters

(Rs. Crs)	30-Jun-10	30-Sep-10
Equity Capital	11	11
Reserves & Surplus	827	844
Debt	761	794
Long Term	711	697
Working Capital Loan	50	97
Deferred Tax	129	133
Total	1,728	1,783
Net Fixed Assets	1,304	1,313
Investments	6	6
Cash & Equivalents	296	299
Net Current Assets	122	164
Total	1,728	1,783
Net Debt to Equity	0.6	0.6

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For Queries and Comments

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