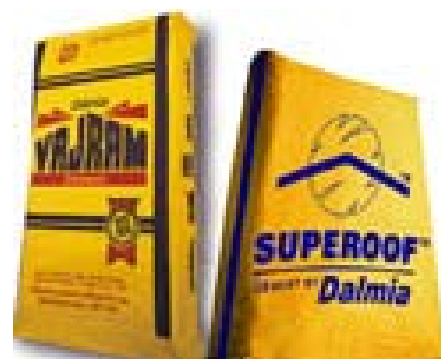


# **DALMIA BHARAT ENTERPRISES LTD.**

## **Financial Results**

**for quarter and nine months ended Dec 31, 2010**



February 11, 2011

## 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

### Successful completion of listing process

- DBEL scrip started trading on the stock exchanges

### New 'Corporate Identity' for Dalmia Group launched

- Represents - A willingness to keep seeking
- An understanding that without casting old there is newer creation
- A reminder of the constant cycle of evolution that allows to arrive at newer ways of thinking  
.....And doing them

**The fresh colours set us free to imagine a new, vibrant future  
A new vibrant 'Bharat'**

## Key Highlights

### Enhanced Volumes

- Sales volume – 1 MnT for the quarter and 3.3 MnT for 9M'11
- **Up 7% YoY for the quarter and 10% YoY for nine months**

### Improved EBITDA & margins for the quarter

- EBITDA for the quarter at ₹ 99 cr grew 62% YOY and 212% QoQ
- EBITDA margins at 22% in Q3'11 vs 19% in Q3'10
- PAT margins at 3.3% in Q3'11 vs 2.8% in Q3'10

### Achieved freight efficiency, despite increase in diesel prices

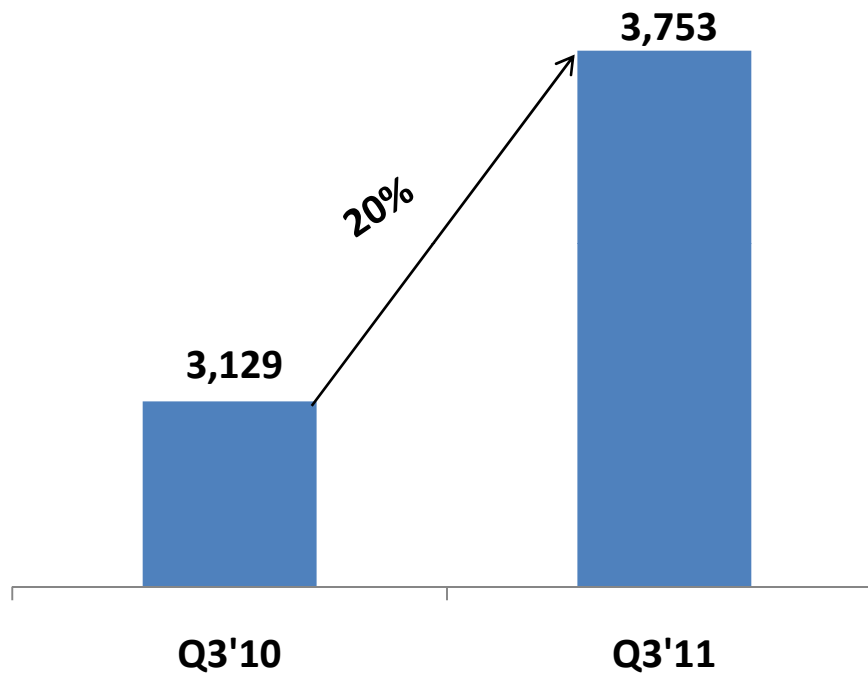
- Freight cost per ton is down 5% YOY and up 3% YoY for nine months through judicious mix of rail and road transport

### Enhanced power units sold to the grid

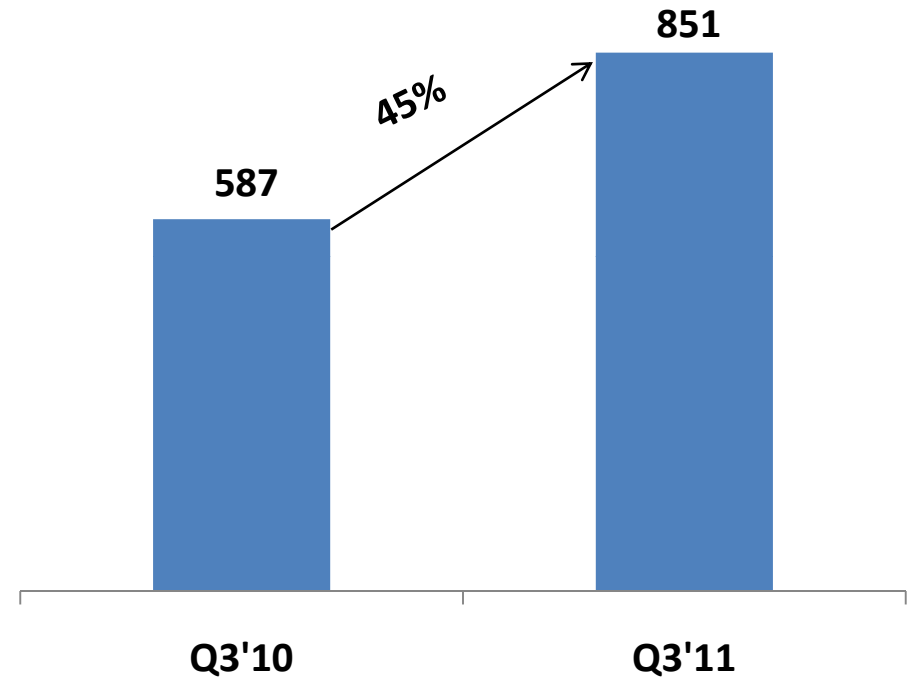
- Due to commissioning of Ariyalur TPP
- 26 MW sold on YTD basis vs 10 MW in corresponding period of last year

## Improved profitability

Net Sales Realization [ ₹/ton]- Q3'10 vs Q3'11



EBITDA [ ₹/ton]- Q3'10 vs Q3'11



Average Price per cement bag in Southern region has increased to average ₹ 213 to ₹ 266

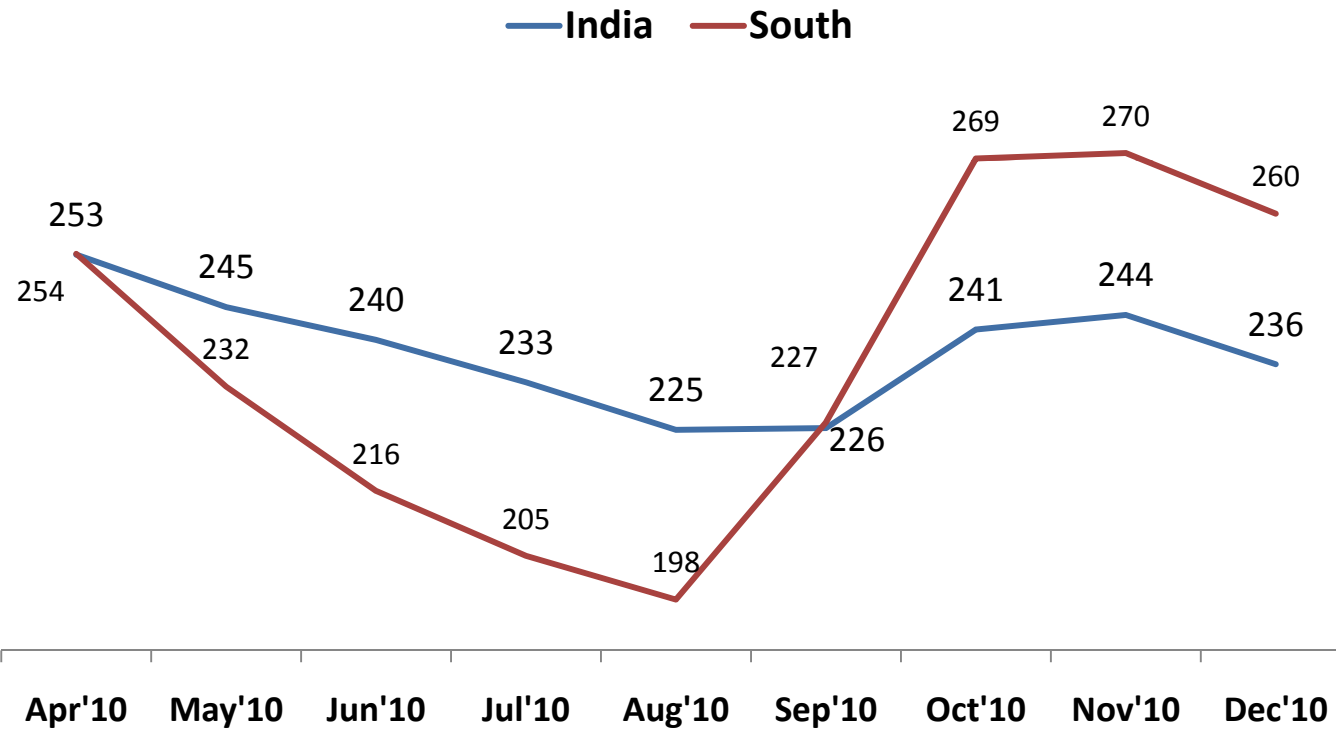
## Improved Market Share in Key Markets

	FY10	YTD FY11	FY10	YTD FY11
<b>State</b>	<b>Market Share (%)</b>	<b>Market Share (%)</b>	<b>Sales Mix (%)</b>	<b>Sales Mix (%)</b>
Tamil Nadu	10.9%	11.7%	46%	48%
Kerala	12.9%	14.0%	26%	26%
Karnataka	4.4%	4.0%	13%	11%
Andhra Pradesh	2.4%	2.8%	10%	9%
Others			5%	6%
<b>South</b>	<b>7.1%</b>	<b>7.7%</b>	<b>100%</b>	<b>100%</b>



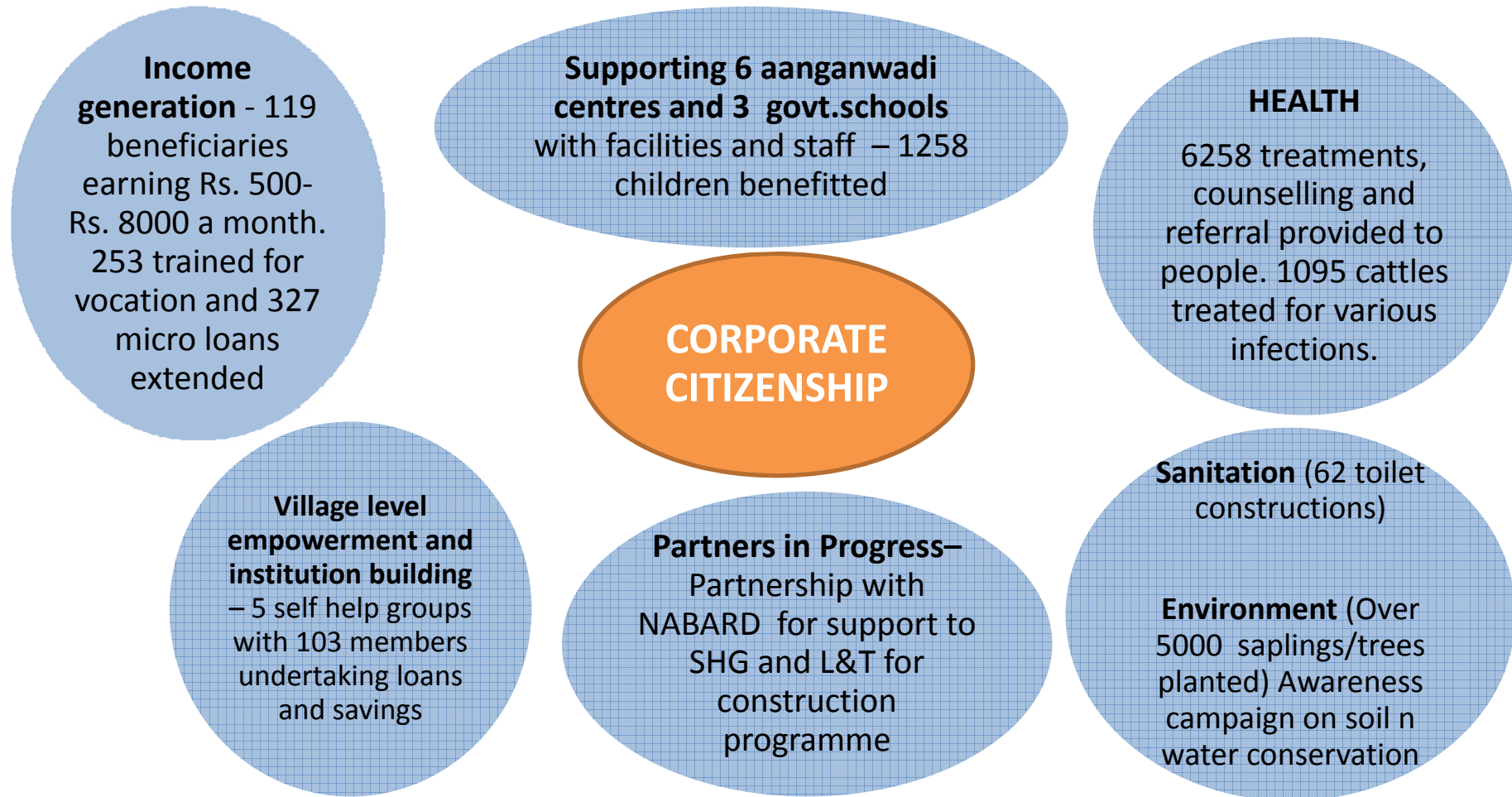
# Price Recovery in Southern Region

Cement Price per bag [ ₹ ]



Source: CMA

## Corporate Social Responsibility Initiatives



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## Consolidated Result Highlights

Income	Q3'11 (YoY%)	9M'11
• Gross Sales :	₹ 489 cr; ↑ 30%	₹ 1,335 cr
• Net Sales :	₹ 437 cr; ↑ 28%	₹ 1,183 cr
• Total Income :	₹ 442 cr; ↑ 29%	₹ 1,205 cr

Profits	Q3'11 (YoY%)	9M'11
• EBITDA :	₹ 99 cr ; ↑ 62%	₹ 204 cr
• Net Profit :	₹ 15 cr; ↑ 50%	₹ (21) cr

Margins	Q3'11	9M'11
• EBITDA :	22%	17%
• PAT :	3%	

- Improved profitability on account of higher realizations
- Cement price per bag up 27% in Q3'11 vs Q2'11
- Net Debt to Equity ratio at 0.5x
- OCL contributes ₹ 10 cr to the consolidated profits of the quarter and ₹ 37 cr for nine months

## Q3'11 Results-Businesswise

Period ending (₹ Crore)	Q3'10					Q3'11				
	Cement	Power	Others	Inter Segment	Total	Cement	Power	Others	Inter Segment	Total
Gross Sales	338	16	34	(12)	376	445	24	35	(15)	489
Net Sales	305	16	34	(12)	342	392	24	35	(15)	437
Operating Other Income	1	1	0	0	1	4	1	3	(3)	5
<b>Total Income</b>	305	16	34	(12)	<b>344</b>	397	25	38	(17)	<b>442</b>
Operating Expenses	248	12	35	(12)	283	308	19	34	(17)	343
<b>EBITDA</b>	57	5	(1)	-	<b>61</b>	89	6	4	-	<b>99</b>
<b>EBITDA Margins %</b>	19%	29%	-3%	0%	<b>18%</b>	22%	23%	11%	0%	<b>22%</b>
Other Income					3					7
Depreciation					22					38
EBIT					42					67
Interest					28					43
Tax Provision					8					17
<b>Net Profit/(Loss)</b>					<b>6</b>					<b>8</b>
Share of Profit in Associates					4					10
Minority Interest										(2)
<b>Consolidated Net Profit/(Loss)</b>					<b>10</b>					<b>15</b>
<b>PAT Margin %</b>					<b>3%</b>					<b>3%</b>

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

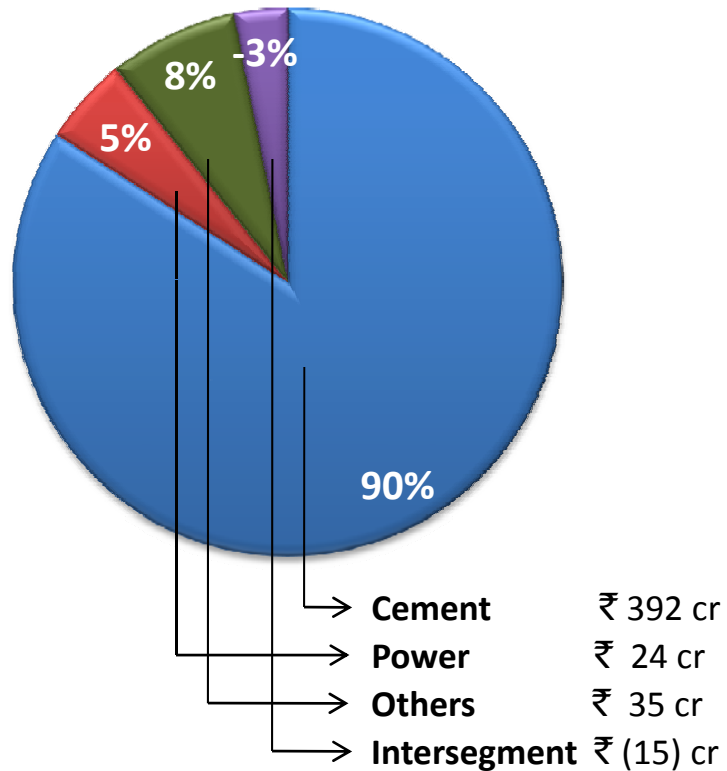
## 9M'11 Results-Businesswise

Period ending	9M'10					9M'11				
(₹ Crore)	Cement	Power	Others	Inter Segment	Total	Cement	Power	Others	Inter Segment	Total
Gross Sales	1,191	44	114	(46)	1,303	1,219	62	100	(46)	1,335
Net Sales	1,071	44	114	(46)	1,184	1,066	62	100	(46)	1,183
Other Operating Income	2	2	1	-	5	20	2	8	(8)	22
<b>Total Income</b>	<b>1,073</b>	<b>46</b>	<b>115</b>	<b>(46)</b>	<b>1,189</b>	<b>1,086</b>	<b>64</b>	<b>108</b>	<b>(54)</b>	<b>1,205</b>
Operating Expenses	773	27	111	(46)	866	918	43	93	(54)	1,001
<b>EBITDA</b>	<b>300</b>	<b>19</b>	<b>4</b>	<b>-</b>	<b>323</b>	<b>168</b>	<b>21</b>	<b>15</b>	<b>-</b>	<b>204</b>
<b>EBITDA Margins %</b>	<b>28%</b>	<b>41%</b>	<b>3%</b>	<b>-</b>	<b>27%</b>	<b>15%</b>	<b>33%</b>	<b>14%</b>	<b>-</b>	<b>17%</b>
Other Income					5					17
Depreciation					64					133
EBIT					264					89
Interest					82					135
Tax Provision					64					10
<b>Net Profit/(Loss)</b>					<b>119</b>					<b>(56)</b>
Share of Profit in Associates					24					37
Minority Interest					0					1
<b>Consolidated Net Profit/(Loss)</b>					<b>142</b>					<b>(21)</b>
<b>PAT Margin %</b>					<b>12%</b>					<b>-2%</b>

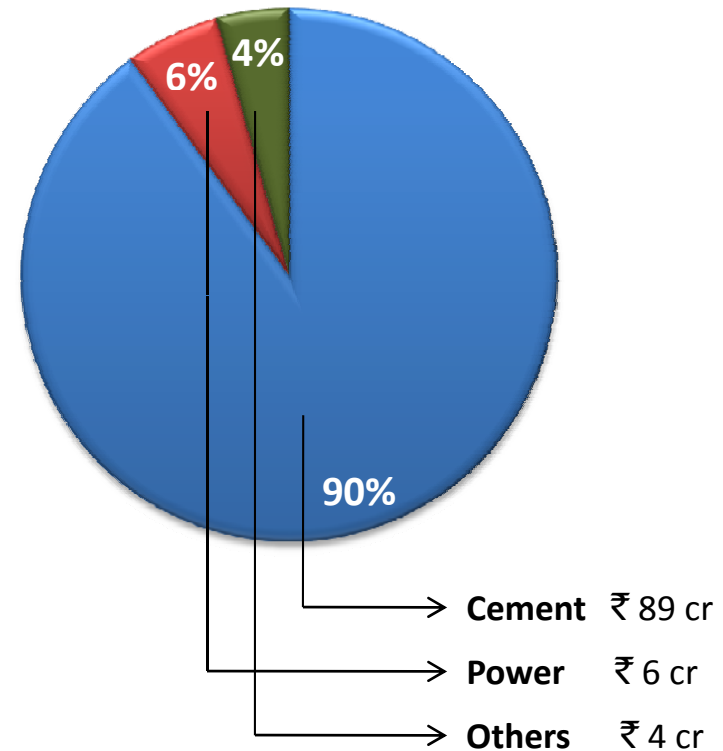
\* Previous period numbers have been reclassified/regrouped as per current period groupings

## Q3'11 Business Mix

**Net Revenue Mix**



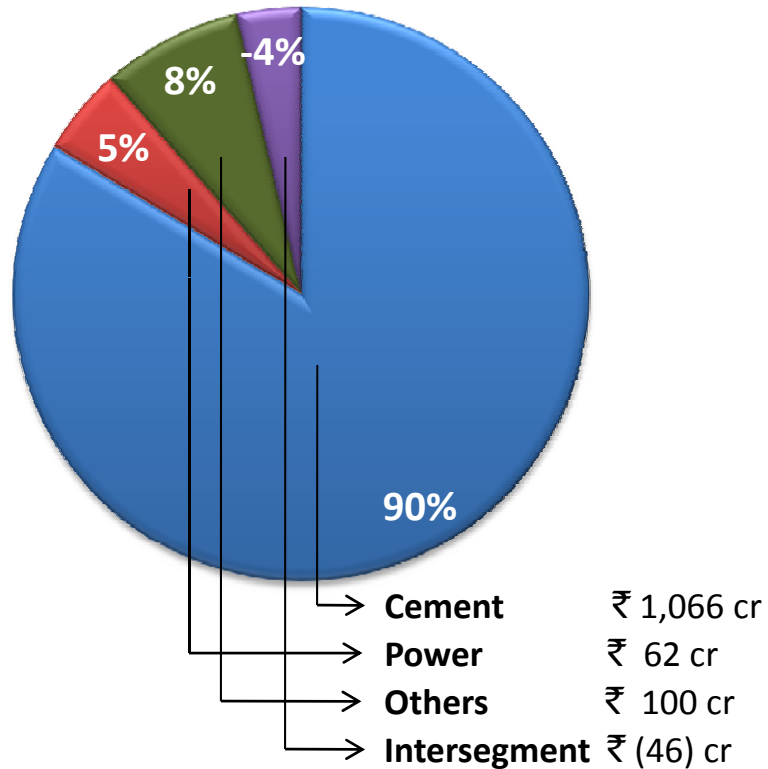
**EBITDA Mix**



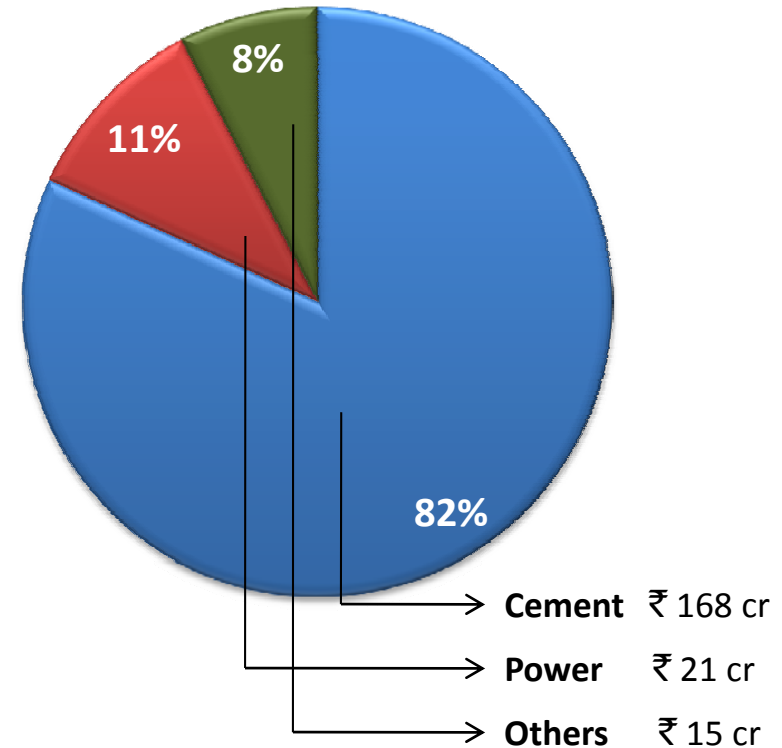
Cement contributes 90% to the overall revenue and 90% to EBITDA  
 Power contributes 5% to the overall revenue and 6% to EBITDA

## 9M'11 Business Mix

**Net Revenue Mix**



**EBITDA Mix**



Cement contributes 90% to the overall revenue and 82% to EBITDA  
Power contributes 8% to the overall revenue and 11% to EBITDA



## Key Balance Sheet Parameters

(₹ Crore)	30-Sep-10	31-Dec-10
Share Capital	16	16
Reserves & Surplus	2,625	2,639
Minority Interest	396	398
Debt	2,118	1,899
Term Loans	1,823	1,566
Soft Loans	272	272
Working Capital	23	61
Deferred Tax	(14)	(2)
<b>Total</b>	<b>5,141</b>	<b>4,950</b>
Net Fixed Assets*	3,737	3,728
Investments	437	447
Cash and equivalents	854	550
Net Current Assets	113	226
<b>Total</b>	<b>5,141</b>	<b>4,950</b>
Net Debt to Equity	0.4	0.4

\* including CWIP

- Net debt as at year end Rs. 1,346 cr; repaid Rs. 200 cr of term loan
- Net worth of the company at Rs. 3,053 cr
- Comfortable debt repayment obligations over next three years and cash position

## Strategic and Other Investments

<b>Strategic Investments* (₹ crore)</b>	<b>447</b>
– OCL India Ltd	435
– Others	12

<b>Liquidity Summary* (₹ crore)</b>	<b>550</b>
– Marketable Equity	32
– MFs	446
– Cash & Bank	72

\* As on Dec 31, 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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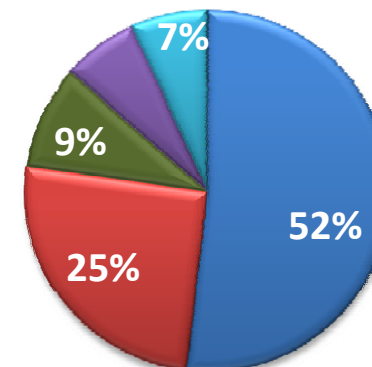
## Cement Operating Metrics

Volumes ('000 T)	Q3'10	Q3'11	YoY%
Production	943	1,039	10%
Sales	973	1,046	7%

Volumes ('000 T)	9M'10	9M'11	YoY%
Production	2,997	3,287	10%
Sales	2,985	3,268	10%

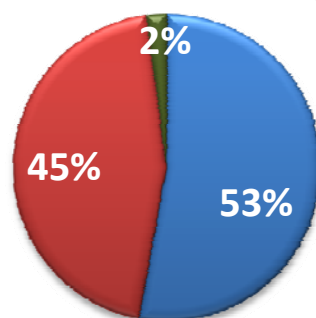
New plants - contributors to volume growth  
7% growth ahead of the flat regional industry growth

### Geographic Mix Q3'11



■ Tamil Nadu ■ Kerala ■ Karnataka ■ AP ■ Others

### C:C ratio at 1.25 Product Mix for Q3'11



■ PPC ■ OPC ■ Others

Product Mix changed in favour of more OPC production; increased to 45% vs 34% corresponding period last year

Per Tonne Analysis (Rs/T)	Q3'10	Q3'11	YoY%
Net Sales Realization	3,129	3,753	20%
EBITDA	587	851	45%

Per Tonne Analysis (Rs/T)	9M'10	9M'11
Net Sales Realization	3,587	3,257
EBITDA	1,006	497

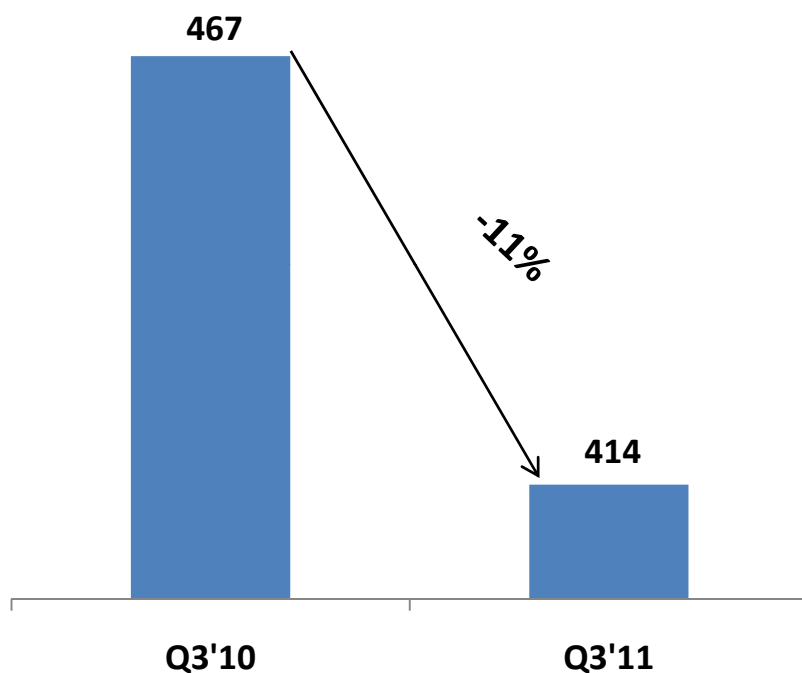
Significant recovery in realizations

## Per Tonne Analysis

Particulars (₹/T)	Q3'10	Q2'11	Q3'11	YoY%	QoQ%	9M'10	9M'11	YoY%
<b>NSR</b>	<b>3,129</b>	<b>2,775</b>	<b>3,753</b>	20%	35%	<b>3,587</b>	<b>3,257</b>	<b>-9%</b>
Raw Material Consumed	467	392	414	-11%	6%	380	398	5%
(Inc)/Dec in stock	(140)	(24)	106	-175%	-544%	(28)	30	-205%
Power & Fuel	<b>951</b>	<b>1,049</b>	<b>1,037</b>	<b>9%</b>	<b>-1%</b>	<b>999</b>	<b>1,019</b>	<b>2%</b>
Freight Charges	<b>573</b>	<b>512</b>	<b>544</b>	<b>-5%</b>	<b>6%</b>	523	540	3%
Employee Costs	136	156	201	48%	29%	144	179	25%
Others	562	578	641	14%	11%	571	639	12%
<b>Operating Expenses</b>	<b>2,547</b>	<b>2,663</b>	<b>2,944</b>	<b>16%</b>	<b>11%</b>	<b>2,588</b>	<b>2,805</b>	<b>8%</b>
<b>EBITDA</b>	<b>587</b>	<b>162</b>	<b>851</b>			<b>1,006</b>	<b>497</b>	

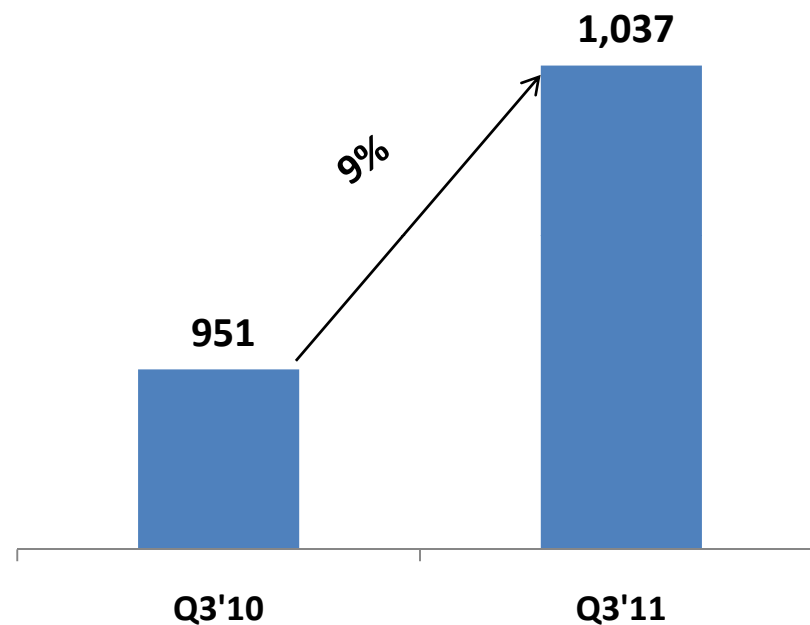
## Expense Analysis

Raw Material costs [ ₹/ton]- Q3'10 vs Q3'11



Clinker transfer from DPM and Kadapa plants to Ariyalur in Q3'10, led to higher raw material costs in the quarter; kiln commissioned for Ariyalur in Dec'09

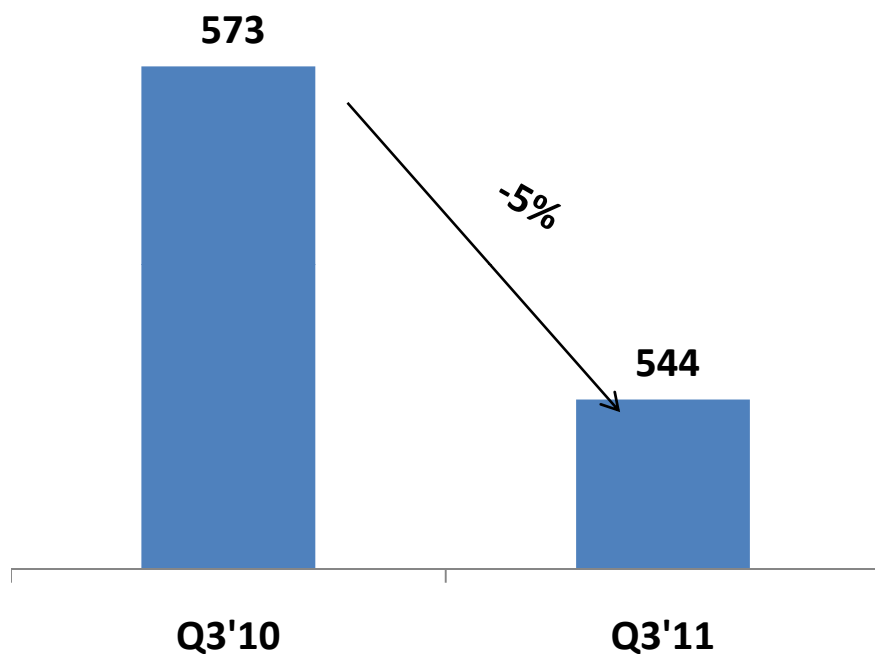
Power & fuel costs [ ₹/ton]- Q3'10 vs Q3'11



Increased coal costs and production volumes in FY11 led to higher power & fuel costs

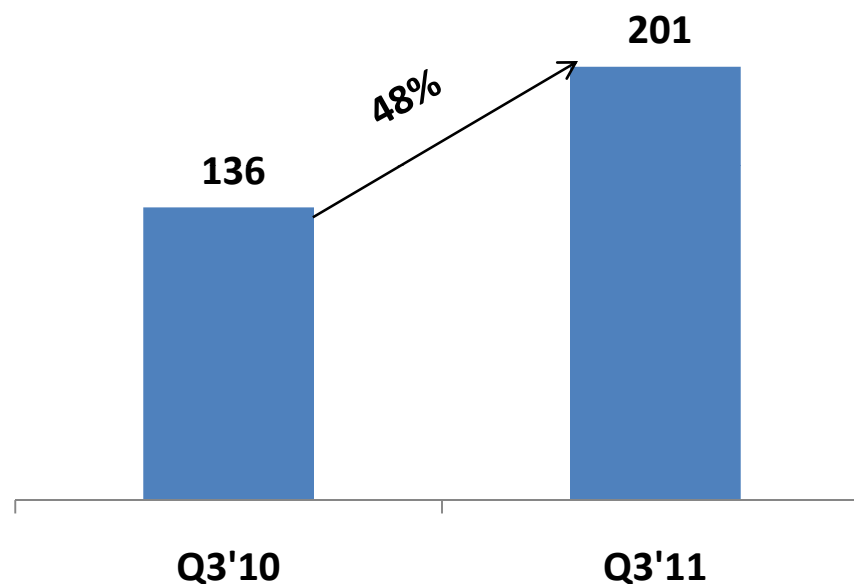
## Expense Analysis

Freight charges [ ₹/ton]- Q3'10 vs Q3'11



Reduction in freight cost per ton from ₹ 568 to ₹ 535 on account of judicious rail road mix

Employee Costs[ ₹/ton]- Q3'10 vs Q3'11



Increase is due to capitalization of employee costs of Ariyalur plant in Q3'10

## Capacity Additions & Pricing



Installed Capacity (MnT)	Dec'10	Commissioned in 9M'11	FY11
• All India	: 290	22	33
• South	: 112	12	16
• East	: 44	3	5

- Capacity additions estimates reduced to 33 MnT from 45 MnT in beginning of the year

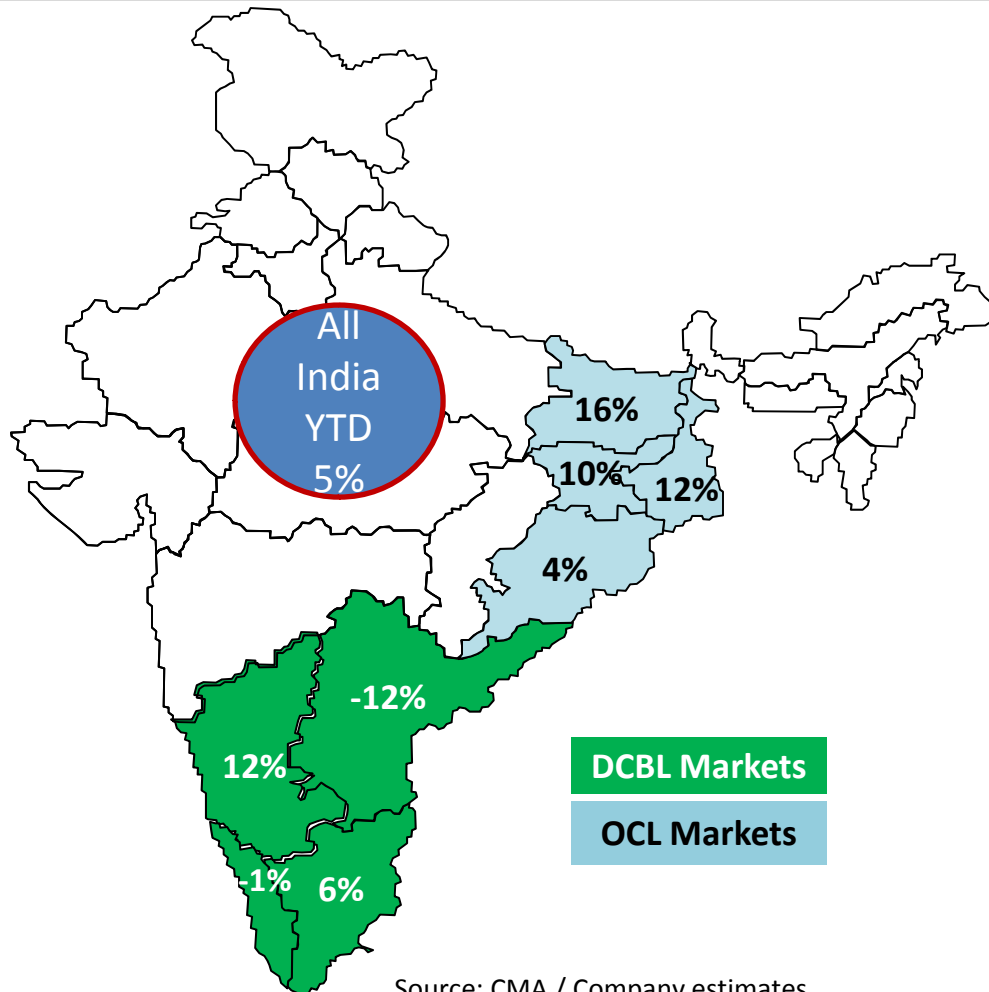


Pricing (Y-o-Y)	Q3'11(Q-O-Q)	YTD FY11(Y-O-Y)	Q3'11 (Y-O-Y)
• All India	6% ↑	3% ↓	4% ↑
• South	27% ↑	3% ↓	25% ↑
• East	2% ↓	5% ↓	5% ↓

- Price recovered in South in Q3 FY11 and stabilized



## Demand Scenario in Key Markets



- All India: 3.48% Y-o-Y demand at 49.6 MnT in Q2'11
- South: Demand at 14.4 MnT
- East: 10.9% Y-o-Y demand at 9.1 MnT

- Demand growth in key markets in Q3'11:
  - TN up 4% YoY
  - Karnataka up 3% YoY
  - Kerala declines 7% Y-o-Y

Flat growth in South on YTD basis

## Upcoming projects in Southern Region

### Demand is expected to improve in Southern Region

- **Tamil Nadu** -
  - Tuticorin port / Another Airport in Chennai / more flyovers and subways
- **AP** -
  - low cost housing, restart of irrigation projects, consuming ~3 Lacs Tonnes of cement per month.
- **Kerala** -
  - new port at Azhikkal and Ponnani & metro at Kochhi
- **Karnataka** -
  - Upper bhadra lift irrigation project- Under execution
  - Airport at Hassan- Under execution
  - Kabini Irrigation project – Stage II (Under execution)
  - Mono rail- Rs 7,700 Crore
  - State Govt – SEZ for IT hardware

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## OCL Q3'11 Results – Business wise

Period ending	Q3'10			Q3'11			YoY%		
(₹ Crore)	Cement	Refractory	Total	Cement	Refractory	Total	Cement	Refractory	Total
Gross Sales	266	78	344	318	71	389	19%	-9%	13%
Net Sales	238	73	312	275	66	341	15%	-10%	9%
Other Operating Income	2	2	4	2	1	3	-26%	-51%	-37%
<b>Total Income</b>	241	75	<b>316</b>	277	67	<b>343</b>	15%	-11%	<b>9%</b>
Operating Expenses	178	68	246	215	62	277	21%	-9%	13%
<b>EBITDA</b>	63	7	<b>69</b>	62	4	<b>66</b>	-1%	-37%	<b>-5%</b>
<b>EBITDA Margins %</b>	26%	9%	<b>22%</b>	22%	6%	<b>19%</b>			
Other Income			3			4			20%
Depreciation			32			31			-4%
EBIT			41			39			-4%
Interest			14			17			17%
Tax Provision			9			1			-87%
<b>Net Profit/(Loss)</b>			<b>17</b>			<b>21</b>			<b>27%</b>
<b>PAT Margin %</b>			<b>5%</b>			<b>6%</b>			

## OCL 9M'11 Results – Business wise

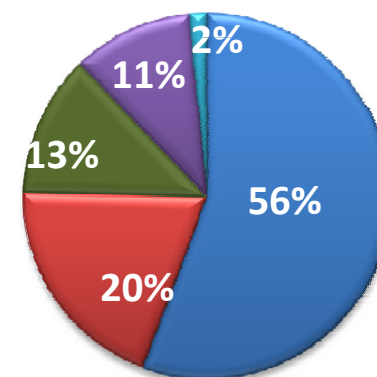
Period ending	9M'10			9M'11			YoY%		
(₹ Crore)	Cement	Refractory	Total	Cement	Refractory	Total	Cement	Refractory	Total
Gross Sales	857	200	1,057	968	216	1,185	13%	8%	12%
Net Sales	769	187	957	842	200	1,042	9%	7%	9%
Other Operating Income	4	4	8	6	4	10			
<b>Total Income</b>	<b>773</b>	<b>191</b>	<b>964</b>	<b>848</b>	<b>204</b>	<b>1,052</b>	<b>10%</b>	<b>7%</b>	<b>9%</b>
Operating Expenses	521	168	689	623	192	815	20%	14%	18%
<b>EBITDA</b>	<b>252</b>	<b>23</b>	<b>275</b>	<b>225</b>	<b>12</b>	<b>237</b>	<b>-11%</b>	<b>-48%</b>	<b>-14%</b>
<b>EBITDA Margins %</b>	<b>33%</b>	<b>12%</b>	<b>29%</b>	<b>27%</b>	<b>6%</b>	<b>23%</b>			
Other Income			10			11			16%
Depreciation			85			90			5%
EBIT			199			159			-20%
Interest			37			48			28%
Tax Provision			54			31			-43%
<b>Net Profit/(Loss)</b>			<b>108</b>			<b>81</b>			<b>-26%</b>
<b>PAT Margin %</b>			<b>11%</b>			<b>8%</b>			

## OCL – Operating Metrics – Q3'11

Volumes ('000 T)	Q3'10	Q3'11	YoY%
<b>Cement</b>			
Production	700	867	24%
Sales	671	853	27%
<b>Refractory</b>			
Production	20	19	-4%
Sales	21	18	-15%

Per Tonne Analysis (₹/T)	Q3'10	Q3'11	YoY%
<b>Cement</b>			
Sales Realizations	3,552	3,226	-9%
EBITDA	952	725	-24%
<b>Refractory</b>			
Sales Realizations	34,146	35,889	5%
EBITDA	3,111	2,283	-27%

Geographic Mix Q3'11



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

C:C ratio at 1.9

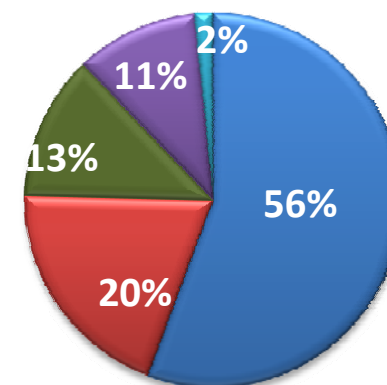
Drop in realizations has led to lower EBITDA/ton

## OCL – Operating Metrics – 9M'11

Volumes ('000 T)	9M'10	9M'11	YoY%
<b>Cement</b>			
Production	2,179	2,432	12%
Sales	2,105	2,390	14%
<b>Refractory</b>			
Production	55	58	6%
Sales	54	58	7%

Per Tonne Analysis (₹/T)	9M'10	9M'11	YoY%
<b>Cement</b>			
Sales Realizations	3,654	3,524	-4%
EBITDA	1,198	942	-21%
<b>Refractory</b>			
Sales Realizations	34,723	34,726	0%
EBITDA	4,206	2,066	-51%

**Geographic Mix 9M'11**



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

- Product Mix : 96% PBFS
- C:C ratio at 1.9

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### For Queries and Comments

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