

UNLEASHING POTENTIAL

Dalmia Bharat Limited | Annual Report 2016-17

Disclaimer and cautionary statement

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion on future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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www.dalmiabharat.com





Living values. Unleashing potential.

At Dalmia Bharat Limited, we believe that the values enhance value.

Values help outperform.
Values strengthen margins.
Values reinforce sustainability.

Over the decades, the principal value that we have professed has often gone contrary to the prevailing scenario: in a world largely focused on enhancing value for itself, we have focused on helping unleash the value of everyone we touch.

We have not merely enunciated this value; we have consistently lived it.

And that has made all the difference.





Ananda Hazarika

drives through the Dhola Sadiya Bridge across the Brahmaputra River in Assam, saving five hours in commuting time.
A bridge made with Dalmia Bharat's cement (among other brands).

Raj Kishore

in Bokaro selects to buy Dalmia DSP confidently recommended by the dealer as being the 'next generation cement', a super premium brand made and marketed by Dalmia Bharat.

Sulabha

in Belgaum receives an appointment letter through courier appointing her as an engineer on the shopfloor of a cement manufacturing facility. She embarks a journey with Dalmia Bharat.



Siddhartha

in Bengal is one of the fastest growing cement dealers, the trade's envy. He enjoys a comfortable lifestyle. He is a Dalmia Bharat dealer.

Dhanalakshmiben

in Rajkot is happy that her retirement plan is falling into place. Much of her direct investments are performing well; one company is the pride of her portfolio. Her holding in Dalmia Bharat.

Murugan

in Dalmiapuram lives in the shadow of a cement manufacturing facility. He is happy to see executives of the Company periodically seek his feedback on the quality of air that he breathes. The executives come from Dalmia Bharat.

Lakhsmi S.

in Ariyalur is sending her daughter to school. The school built toilets, strengthening her confidence to keep her daughter enrolled. The school is managed by Dalmia Bharat.

The secret of sustainable success comes down to just one word. *Connect*.





Nation We produced cement of the right quality to catalyse nation-building; we contributed attractively to the

national exchequer.

Customer

We inspired customer confidence in the use of our brands; we responded to the evolving construction needs of our customers by producing a superior cement grade, helping enhance structural quality and delivered nearest to their point of consumption





Environment

We strengthened our environmental commitment, reducing our carbon footprint to a level that is among the lowest in the global cement industry

The Dalmia Bharat Way

Consider the stakeholder as the principal business driver Generate surplus for stakeholders; you

will automatically

benefit

Business sustainability is derived from relationships

Profit

is derived from the value we generate for the stakeholders Growth
is derived
from collective
interest

Connect is a philosophy through which we engage with all our stakeholders, generating enhanced value of life.

Trade partner

We created a consumer pull that enhanced throughput and revenues for our trade partners; we serviced them with a speed that enhanced their working capital efficiency





Shareholder We outperformed the growth of our overall sector, generating margins and profits higher than the sectoral average, leaving enhanced value in the hands of our shareholders

Employee

We provided our employees with an empowered workplace that inspired emotional ownership and outperformance





Community

We extended our prosperity to our surroundings, enhancing their life quality



We produced cement of the right quality to catalyse nation-building.

Dalmia Bharat brings to the sectoral reality a dynamic complement

Low manufacturing cost

Improving capacity utilisation

- > Prudent fuel substitution
- > Low operating costs

Superior realisations

Stronger brand

- > Market leadership
- > Superior terms of trade

Robust Balance Sheet

Lower debt cost > Declining Net Debt: **EBITDA**

> Superior cash flows

Timely acquisitions

Eastern India acquisitions

- > Efficiently
- managing plants > Improved viability

Environment compliance

Move to greener inputs

- > Lower costs
- > Industry statesmanship

Dalmia Bharat is the fourth largest cement major in India

>

Increased capacity from 1.2 MnT to 25 MnT in a decade

Highest EBITDA per tonne among sectoral majors

Among the lowest costs of debt in India's cement industry

Profitable growth

Nation

- Proactive capacity creation
- Capacity creation in under-provided regions
- Addressing core infrastructure projects

Shareholders

Operational transparency

>

- Attractive market capitalisation growth
- Focus on profitable growth

Customers

• Brand-driven product offtake

>

- Quality products
- Timely service

Employees

>

- Extensive delegation and empowerment
- Personal and professional development
- Fair and equitable wages / contracts

Communities

- Commitment to enhance community welfare
- Environmentally safe operations
- Generating sustainable livelihoods

Society

- Contribution to exchequer
- Driving employment
- Skilling people in complementary areas

Environment

- Extra-statutory approach
- Attaining water neutrality
- One of global cement industry's lowest carbon footprints

Dalmia Bharat. Unleashing the potential of everyone we touch

Unleashing everyone's potential made unbelievable things happen at Dalmia Bharat



At a time when the broad Indian cement industry declined by 1%, Dalmia Bharat grew volumes 20% in FY17 At a time when incremental sales became imperative, Dalmia Bharat reported the highest volume growth in FY17 At a time when margins were under pressure in a challenging business such as cement, Dalmia Bharat reported the highest EBITDA per ton (among the five largest cement companies)

At a time when realisations were subdued, Dalmia Bharat reduced its net debt-to-EBITDA from 3.8x to 2.8x

At a time when a cost-push threatened margins, Dalmia Bharat reported one of the lowest costs of production in the industry among peers At a time when brand clutter increased, Dalmia Bharat launched an even more value-added superpremium Dalmia DSP brand **At a time** when diesel costs increased, Dalmia Bharat reduced logistics cost due to benefits accruing through digitisation

At a time when pet coke prices increased, Dalmia Bharat switched to different pet coke varieties 15-20% cheaper than the prevailing market price

At a time when it would have been reasonable to believe that cost moderation would not sustain, Dalmia Bharat reduced power consumption per tonne of cement produced to among the lowest levels in the industry At a time when it became imperative to enhance perception, Dalmia Bharat simplified its corporate structure At a time when the country's economic growth slowed and marketing cement became increasingly difficult, Dalmia Bharat enhanced its market share in all markets; it entered new markets like UP, MP and Maharashtra

increased water-stress affected the country, three Dalmia Bharat plants turned waterneutral with a target to turn completely water-

neutral in the future

At a time when

At a time when consumer sentiment was affected for an entire quarter, Dalmia Bharat generated an EBITDA per tonne of ₹1258 and strengthened PAT by 81% to ₹345 cr

At a time when it was imperative to enhance investment productivity, Dalmia Bharat generated more than 60% of revenues from plants acquired in the last five years

At a time when debt cost management became imperative, Dalmia Bharat moderated its average debt cost by 50 bps in FY17 as compared to the previous year

