AUGUST 09, 2016

CARE ASSIGNS 'CARE AA-' RATING TO THE LONG-TERM BANK FACILITIES AND REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF DALMIA BHARAT LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	75	**CARE AA- (Double A Minus)**	**Assigned**
Long-term/Short-term Bank Facilities	30	**CARE AA-/CARE A1+ (Double A Minus/A One Plus)**	**Reaffirmed**
Total	**105 (Rupees One Hundred Five crore only)**		

Rating Rationale

The ratings assigned to the bank facilities of Dalmia Bharat Limited (DBL) continue to derive comfort from the resourceful and experienced promoters, strong brand image and established presence of the group in the cement business, steady revenue flow from brand and management fee, healthy market capitalization and a comfortable financial risk profile. The ratings also factors in improvement in consolidated financial performance in FY16 (refers to the period April 1 to March 31).

The ratings are, however, constrained by relatively high debt level at the consolidated level, weak financial performance of few of the step-down subsidiaries and cyclical nature of cement industry.

Performance of the group companies, from which the company derives majority of its revenue and any further debt-funded capex or investments by the company and its subsidiaries impacting the financial risk profile, shall be the rating sensitivities.

Background

DBL (CIN No L40109TN2006PLC058818), incorporated as Sri Kesava Mines & Minerals Limited (SKMML) on February 10, 2006, is the flagship company of the Dalmia group and is publicly listed. DBL, on standalone basis, derives operating income through management services to group companies, brand fee, interest and dividend. The company was also engaged in the business of alumina-based refractory but has discontinued the operations from April 01, 2014.

DBL is the holding company of the cement assets of the Dalmia group and holds 100% stake in Dalmia Cement (Bharat) Limited (92.6% directly and remaining through Adwetha Cement Holding Ltd) having an installed capacity about 25 MTPA on a consolidated basis.

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

DBL has planned two schemes of arrangement and amalgamation involving some of its subsidiaries and step down subsidiaries and the restructuring process is expected to be completed by FY17.

During FY16, DBL reported a total operating income of Rs.240.49 crore and PAT of Rs.65.55 crore on standalone basis as against Rs.188.91 crore of total operating income and PAT of Rs.25.10 crore in FY15. On a consolidated basis, DBL reported a total operating income of Rs.6471.81 crore and PAT of Rs.265.34 crore in FY16, as against Rs.3,591.07 crore of operating income and net loss of Rs.14.56 crore in FY15.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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