APRIL 21, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF DALMIA BHARAT LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	15	CARE AA- [Double A Minus]	Reaffirmed
Long-term/Short-term Bank Facilities	15	CARE AA-/CARE A1+ [Double A Minus/A One Plus]	Reaffirmed
Total Facilities	**30**		

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 an established presence of its subsidiary Dalmia Cement (Bharat) Limited (DCBL, rated 'CARE AA-') in the cement business, steady revenue flow from brand and management fee and a strong financial risk profile. The ratings are, however, constrained by relatively weak consolidated financial performance in FY14 (refers to the period April 01 to March 31) and 9MFY15, project risks associated with expansions under subsidiaries and debt-funded acquisition of stakes in OCL India Ltd and Dalmia Cement East Ltd. (erstwhile Bokaro Jaypee Cement Ltd).

Though all the expansions are being managed by respective subsidiaries, their timely commissioning within envisaged cost will be crucial to maintain the healthy consolidated financial risk profile of the company and remains a key sensitivity. Also, 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, shall be the rating sensitivities.

Background

DBL, 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 85% stake in Dalmia Cement (Bharat) Limited (DCBL) having an installed capacity of 9 million metric ton per annum (MTPA) on a standalone basis and about 21 MTPA on a consolidated basis, 100% stakes in Dalmia Power Limited (DPL) and Kanika Investment Limited. During FY15, DBL, through its subsidiary DCBL acquired 100% stake in Dalmia Cement East Limited (DCEL), which has a cement grinding capacity of 2.1 MTPA and increased stake in OCL India Ltd (OCL, having cement capacity of 6.7 MTPA) from 48% to 74.66%.

During FY14, DBL reported PAT of Rs. 49.46 crore on operating income of Rs.179.10 crore on a standalone basis (from continuing operations). For 9MFY15 (U/a, standalone), DBL reported PAT of Rs.24.22 crore on total operating income of Rs. 128.74 crore.

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

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

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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