

# Axis Annual Analysis 2025



Dalmia Bharat Limited



AXIS SECURITIES

## Capacity Expansion & Higher Cement Prices to Drive Growth & Margin Expansion

### Summary

Dalmia Bharat Limited (DBL) is one of the established cement players in India. The company expanded its cement capacity from 44.6 MTPA to 49.5 MTPA in FY25. In Mar'25, it also completed the expansion of a 2.4 MTPA cement grinding unit in the State of Assam.

DBL plans to scale its capacity to 75 MTPA by FY27-28, with a long-term target of 110-130 MTPA by FY30-31 as it pursues pan-India expansion and future growth opportunities. To support this, the company recently announced a new 6 MTPA capacity addition for the western region, slated to be operational by Q4 FY27. The project involves a capital outlay of Rs 3,520 Cr. The company undertook a capex of Rs 2,626 Cr during the year. As of March 31, 2025, gross debt stood at Rs 5,279 Cr with net debt at Rs 716 Cr, resulting in a net debt-to-EBITDA ratio of 0.30. The increase in leverage was driven by strategic investments for capacity expansion.

### Key Highlights

- **Financial performance:** The company's revenue in FY25 declined by 5% YoY to Rs 13,980 Cr and its sales volume grew by 2% during the year. Its average selling price (net of discount and taxes) in FY25, however, declined by 6.7% YoY.
- **EBITDA margins contracted due to lower prices:** During FY25, the Group recorded EBITDA of Rs 2,407 Cr (vs Rs 2,639 Cr in the previous year), registering a decrease of 9% over FY24. This was primarily on account of lower cement prices, which declined by 6.7% YoY, which was partially set off by a decrease in the cost of purchase of stock-in-trade and power and fuel costs.
- **Continued focus on producing and promoting blended cement:** In line with its commitment to environmental sustainability, the company continued its focus on producing and promoting blended cement (84% of sales). Share of premium products increased from 21% in FY24 to 23% in FY25, demonstrating its emphasis on higher-margin and value-added products. The company aims to achieve 100% transition to renewable energy by 2030.

**Key Competitive Strengths:** a) 4<sup>th</sup> largest cement producer in India; b) Largest producer of slag and speciality cement in India; c) Robust sales and distribution network; d) Strong financial position; e) Experienced and competent management bandwidth; f) Diverse product portfolio for Retail and Institutional clients.

**Strategies Implemented:** a) Efficient use of capital through judicious allocation to technology-led investments and branding; b) Capacity expansion to capitalise on growing markets; c) Focus on selling blended Cement; d) Securing long-term raw material supply (including limestone)

**Growth Drivers:** a) Rural Housing; b) Affordable Housing; c) The government's keen focus on infrastructure development, including roads, railways, highways, metros, airports, irrigation, and water projects; d) Real estate growth; e) Increase in private Capex

**Key focus areas moving forward:** a) To become a pan-India cement company; b) Establish a significant presence in every market in its operating region; c) Grow capacity to 130 MTPA by 2030; d) Emerge as one of the most profitable and environment-friendly companies in India; e) Maintain a robust balance sheet; f) Build a great organizational culture and robust value system.

### Outlook & Recommendation:

The company is working to reach a cement grinding capacity of 110-130 MTPA by FY30-31 to become a pan-India player. Furthermore, various cost optimisation measures undertaken by the company are expected to result in cost savings of Rs 100-150/tonne in the next two years, thereby positively impacting its margins. The cement industry is poised for robust growth backed by ongoing capacity additions and a favourable pricing environment. Companies are ramping up production capabilities to capture rising demand from the infrastructure and housing sectors. At the same time, improved pricing discipline is expected to support EBITDA margin expansion in FY26. We believe players with timely execution of expansion projects and strong regional positioning stand to benefit the most. Given this context, we expect the company to grow its Volume/Revenue/EBITDA/APAT at a CAGR of 9%/12%/22%/39% over FY25-FY27E. The stock is currently trading at 13x and 12x FY26E/FY27E EV/EBITDA. **We value the company at 13x FY27E EV/EBITDA to arrive at a TP of Rs 2360 /share, implying an upside potential of 13% from the CMP. We maintain our BUY rating on the stock.**

### Key Financials (Consolidated)

(Rs Cr)	FY25	FY26E	FY27E
Net Sales	13,980	15,717	17,615
EBITDA	2,407	3,085	3,610
Net Profit	796	1,218	1,316
EPS (Rs)	36	65	70
PER (x)	51	32	30
EV/EBITDA (x)	15	13	12
P/BV (x)	2.0	2.1	2.0
ROE (%)	4%	7%	7%

Source: Company, Axis Securities Research

(CMP as of 16<sup>th</sup> June, 2025)

CMP (Rs)	2,096
Upside /Downside (%)	13
High/Low (Rs)	21871601
Market cap (Cr)	39322
Avg. daily vol. (6m) Shrs.	3,70,000
No. of shares (Cr)	18.7

### Shareholding (%)

	Sep-24	Dec-24	Mar-25
Promoter	55.8	55.8	55.8
FII's	8.9	9.1	8.3
MFs / UTI	7.5	8.2	10.0
Banks / FIs	0.1	0.1	0.1
Others	27.6	26.9	25.8

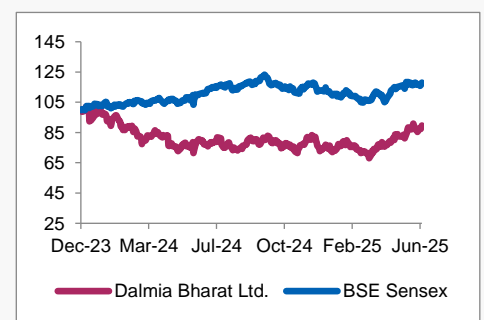
### Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	13,980	15,717	17,615
EBITDA	2,407	3,085	3,610
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EPS (Rs)	36	65	70
PER (x)	51	32	30
EV/EBITDA (x)	15	13	12
P/BV (x)	2.0	2.1	2.0
ROE (%)	4%	7%	7%

### Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	0	0
EBITDA	0	0
PAT	0	0

### Relative Performance



Source: Ace Equity, Axis Securities Research

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## Company Overview

Dalmia Bharat Limited (DBL) started its journey in 1939 and has emerged as one of the fastest-growing players in the Indian cement sector. It commands a 5% share of India's total capacity in the areas where it operates. As of March 31, 2025, DBL has a total cement production capacity of 49.5 MTPA, a clinker capacity of 23.5 MTPA, and a renewable power generation capacity of 267 MW. The company's operations span 15 locations in India through its 9 integrated plants and 6 grinding units, supported by a robust network of over 46,600 channel partners spread across the country.

DBL is a pioneer in the production of slag cement and specialty cement in India. The company has more than doubled its capacity over the last 10 years, increasing from 9 MTPA in FY14 to 49.5 MTPA in FY25 through both organic and inorganic growth. Today, it stands as the 4th largest cement-producing company in India.

## Product & Brand Portfolio

DBL's brand portfolio comprises both ordinary and premium range products, ensuring superior quality for general as well as specialized construction and environments. The company produces all three cement variants: OPC, PPC, and PSC. Additionally, it also produces PCC (Portland Composite Cement). Currently, it sells cement under two categories: Retail and Institutional, encompassing six brands: Dalmia DSP, Dalmia Cement, Konark Cement, Dalmia Infrapro, Dalmia Infragreen, and Dalmia Instapro.

## FY25 Performance Round-up

- **Revenue growth:** For FY25, the company's revenue declined by 5% YoY to reach Rs 13,980 Cr. The company's sales volume experienced modest growth of 2%. The average selling price (net of discount and taxes) declined by 6.7% in FY25 over FY24
- **Lower EBITDA margins:** During FY25, the Group recorded EBITDA of Rs 2,407 Cr (vs. Rs 2,628 Cr in the previous year), registering a decline of 9% YoY. This is primarily on account of lower cement prices during the year.
- **Capital and funding:** Total equity during the year increased by 6% while total capital employed increased by 10%. As of March 31, 2025, gross debt stood at Rs 5,279 Cr, with net debt at Rs 716 Cr, resulting in a net debt-to-EBITDA ratio of 0.30. The increase in leverage was driven by strategic investments for capacity expansion.
- **Increase in interest expense:** Finance cost increased by Rs 13 Cr to Rs 399 Cr mainly due to an increase in gross debt during the year, which was partially offset by a lower weighted average cost of total borrowings from 8.3% p.a. in FY24 to 7.9% p.a
- **New capacity announced:** DBL has announced a capacity expansion plan of 6 MTPA Grinding and 3.6 MTPA Clinker units, costing Rs 3,520 Cr, to be funded through internal accruals and debt. The company will establish a 3.6 MnTPA clinker unit and a 3 MTPA grinding unit at its existing Belgaum plant, Karnataka and a new greenfield split grinding unit with a capacity of 3 MTPA in Pune, Maharashtra. The Belgaum Grinding Unit will strengthen market presence in Southern Maharashtra by addressing underserved regions and improving penetration in existing areas. Meanwhile, the Pune Grinding Unit will focus entirely on expanding into the untapped Western Maharashtra markets, ensuring a broader regional reach. These new units are expected to be commissioned by Q4FY27. The company will incur Rs 3,520 Cr capex to complete the same. The company spent Rs 2,626 Cr towards Capex during the year under review.

*The company delivered subdued performance during the year owing to lower cement prices; however, lower costs helped offset some of its impact.*

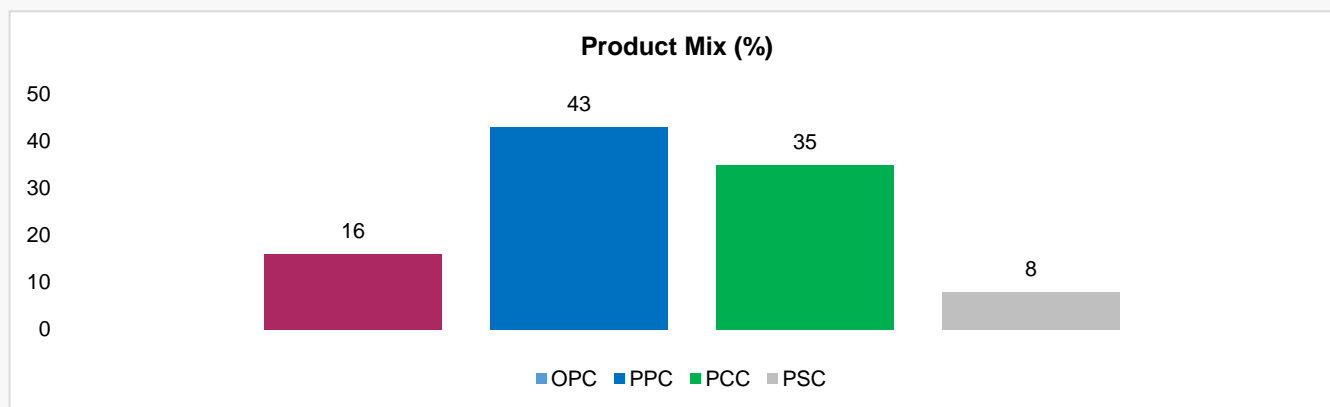
- **Dividend:** During the year, the company declared Rs 9/share as a dividend for its shareholders.
- **Other Income:** Other income decreased by Rs 62 Cr to Rs 253 Cr, mainly attributed to the decrease in (a) interest on NCDs redeemed during FY25 and FY24 by Rs 41 Cr and (b) interest on the subvention scheme, Government grant received of Rs 22 Cr in FY24.
- **Exceptional Item:** Exceptional loss for the year ended March 31, 2025, of Rs 113 Cr was recorded by DCBL on balances with JAL post their admission into the Corporate Insolvency Resolution Process ('CIRP').
- **Current Investments:** Current investments of Rs 4,444 Cr as at March 31, 2025, mainly consist of investments in equity shares of a listed entity/RE projects entities, mutual funds and corporate bonds. Increase in investments were predominantly due to (a) MTM gain on investment held in IEX of Rs 551 Cr to Rs 2,339 Cr (b) new investment in equity shares of RE projects entities Rs 44 Cr (c) this was partially offset by a decrease in investment of various debt based mutual funds, corporate bonds/commercial papers and NCDs by Rs 23 Cr to Rs 2,061 Cr.

## Key Subsidiary Performance Analysis

Particulars (Rs Cr)	FY24	FY25	Change	Comment/Analysis
<b>Revenues</b>				
Dalmia Cement (Bharat) Limited	13,308	12,170	-9%	Declined led by lower cement pricing
Dalmia Cement North East Limited	1,440	1,522	14%	Higher owing to better cement prices in north east region
Alsthom Industries Limited	324	342	5%	Higher owing to business conditions.
Vinay Cement Limited	9	5	-9%	Lower owing to business conditions.
<b>Net Worth</b>				
Dalmia Cement (Bharat) Limited	12,998	13,344	2%	NW increased owing to an increase in profits during the year
Dalmia Power Limited	1,154	1172	1.5%	Higher owing to profit during the year.
Dalmia Cement North East Limited	2,286	2,642	16%	NW increased owing to higher profits during the year
Alsthom Industries Limited	193	289	50%	NW increased owing to an increase in profit
<b>PAT</b>				
Dalmia Cement (Bharat) Limited	882	226	-74%	Lower, led by a decline in cement price and an exceptional loss
Dalmia Power Limited	43	46	7%	Higher owing to business conditions.
Dalmia Cement North East Limited	276	342	24%	Higher owing to higher profits during the year.
Alsthom Industries Limited	47	96	104%	Higher owing to higher sales during the year.
Vinay Cement Limited	10	5	-50%	Lower owing to business conditions.

Source: Company; Axis Securities Research

## Exhibit 1: Product Mix



Source: Company, Axis Securities Research

### Cost Optimisation Measures

- **Power/Fuel Cost:** In FY25, the company's Power & Fuel costs declined by 9% to Rs 989/tonne compared to Rs 1,083/tonne in FY24. It implemented several cost optimization measures, including using low-cost additives like red mud in clinker manufacturing, using green fuel to reduce fossil fuel dependency (TSR >15%), utilizing the lowest cost coal, including local coal in NE plants, maximizing the use of chemical gypsum and wet or conditioned fly ash, and securing long-term contracts for fly ash and slag.
- **Freight/Forwarding Cost:** Cost increased on account of increased sales volume by 2% as compared to the previous year. Further, freight increased on cement and clinker from Rs 1,113/T to Rs 1,120/T of cement sold in FY25 (up by 1%). Freight charges on finished goods accounted for 19.9% of revenue in FY25 as against 18.8% in FY24. The average lead distance during the year was 277 km.
- **Cost of goods sold:** Cost of goods sold accounted for 37.4% of revenue in FY25 as against 39.6% in FY24. The cost of goods sold decreased by 10% in FY25, while clinker and cement production increased by 8.5% and 6.4%, respectively. This expense decreased due to the lower cost of purchase of stock-in-trade and power & fuel.

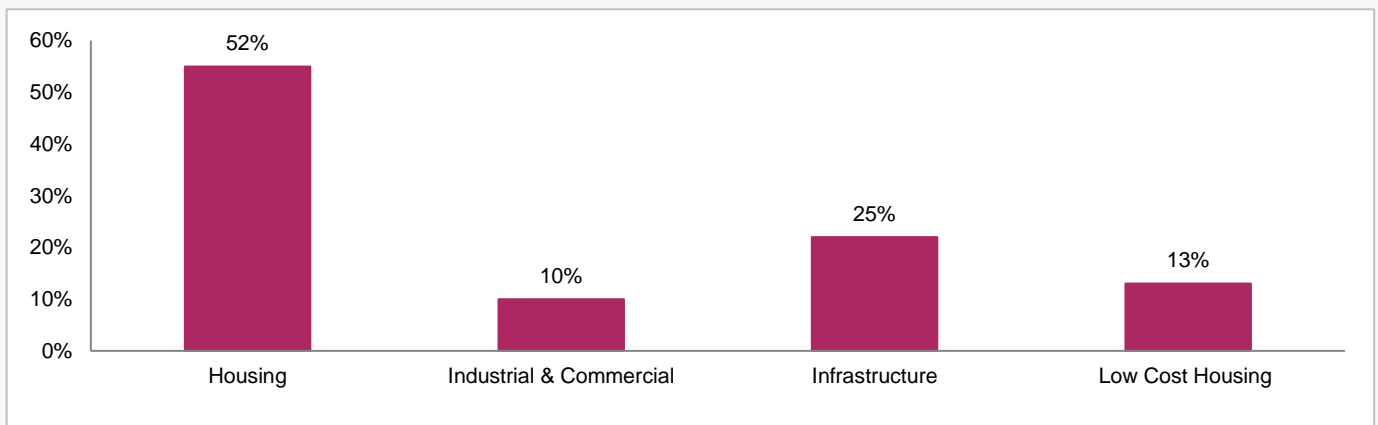
*The overall cement cost of production was lower owing to lower p/f cost and cost optimization initiatives.*

## Key Growth Drivers

- **Government infrastructure investments:** Increased spending on infrastructure projects such as roads, railways, and urban development
- **Housing demand:** Strong growth driven by initiatives like PM Awas Yojana (Grameen) and ongoing residential construction projects
- **Urbanisation:** Continuous urban growth leading to higher demand for cement in housing and infrastructure development
- **Industrial growth:** Expansion in industrial sectors, including manufacturing, leading to greater demand for cement in industrial construction.
- **Government schemes:** Initiatives like the Smart Cities Mission, AMRUT, and Swachh Bharat Mission that support infrastructure and housing projects
- **Private Capex:** The Government's efforts to kick-start an investment cycle, led by robust public Capex, coupled with strong corporate and bank balance sheets, are likely to provide impetus to private investments and consumption.
- **Sustainability focus:** Growing demand for green cement and energy-efficient construction materials due to environmental concerns.

*The government-led infrastructure and housing projects will drive overall cement demand by 6-7% over FY24-FY27E.*

## Exhibit 2: Cement Consumption Trend – Segment-Wise: Housing Remains the Largest Cement Consumer



Source: Company, Axis Securities Research

## Key Strategies Moving Forward

### Sustainable Growth

The focus remains on innovation and sustainability. The company is investing in cutting-edge technologies, leveraging digitisation, and fostering a culture of continuous improvement. It is also steadfast in its commitment to sustainability, reducing its environmental footprint, promoting circular economy practices and contributing to a greener future. It aims to become a pure-play cement company with the highest standards of corporate governance.

### Capacity Expansion

The company's future growth strategy encompasses both organic and inorganic opportunities, emphasising premium products, securing raw materials, and expanding renewable energy initiatives. The company's significant increase in installed cement capacity, growing from 26.5 million metric tonnes (MnT) in FY20 to 49.5 MnT currently, underscores its strategic direction. By 2031, it aims to evolve into a pure-play pan-India cement manufacturing company with a capacity ranging between 110-130 million metric tonnes per annum (MTPA).

*The company aims to be pure cement play in the long term. To achieve this goal, it has undertaken capacity expansion plans and divested the non-core business.*

### **To achieve a significant presence in every market where Dalmia operates**

- Continue to have a significant presence in the markets of South, East, and Northeast with the commissioning of 4.9 MTPA of cement capacity during FY25
- Strengthening price realisation by focusing on the sale of premium cement and deepening its market reach by expanding its distribution network and increasing retail sales.
- Continue to enhance existing brands and introduce new brands as per changing customer needs.
- Achieve volume growth higher than the industry and gain market share

### **Maintaining a Strong Balance Sheet with a High standard of corporate governance**

- Continued focus on building enhanced transparency and embracing the highest standards of governance
- Developed a formal Capital Allocation Policy and a Treasury Policy
- Released Corporate Governance Guidelines, a Code of Conduct, and Financial Ethics.

### **Pure-play Cement company**

- Allocation of capital for only the Cement expansion
- Divestment from non-core business



## Business Outlook

Cement production remained robust in FY25, registering a YoY growth of 6.3%. The industry's installed capacity is estimated to reach approximately 670 million tonnes (MT) by the end of FY25, supported by the commissioning of around 33-35 MT of new capacity during the year. The government's strong commitment to boosting economic growth. The industry has committed major capital investments to meet the growing cement demand. Leading cement manufacturers have lined up large capacity expansions, resulting in a supply CAGR of 7-8% in the next 2 years. At the same time, the pace of consolidation is also gaining momentum, with nearly 58% of the cement supply being with the top four cement manufacturers in India. Regional focus remains critical to expansion, with the eastern and central regions expected to account for over 50% of the new capacity additions, according to industry projections.

In FY26, the focus is on delivering consistent and sustainable profitable growth. We are prioritising disciplined volume expansion, cost optimisation, and operational excellence, while reinforcing a strong foundation for long-term value creation. The company will deepen its market presence through calibrated growth in key regions, supported by strategic initiatives to enhance channel engagement and customer service. On the pricing front, it remains cautiously optimistic about the stability of recent improvements and expects industry consolidation to support better realisations over time. Cost leadership will be a critical focus area. The company aims to reduce cost base by Rs150-200 per ton over the next two years through increased adoption of renewable energy, improvements in thermal and electrical efficiency, and enhanced logistics planning. We expect to realise a meaningful share of these benefits within FY26.

*The business outlook remains robust and on the back of increasing infrastructure demand, cement demand is expected to remain healthy; Cost optimization initiatives are expected to help margin expansion.*

## Risks & Mitigation

### Input Cost Risk:

- **Risk:** The company is exposed to inflationary pressures and fluctuations in the cost of key inputs such as coal, petcoke, power, and other market-driven fuels.
- **Mitigation:** Given the energy-intensive nature of cement manufacturing, the company has implemented well-structured strategies to manage input cost volatility. These include improving energy efficiency and diversifying fuel sources to reduce dependence on volatile conventional fuels.

*The company faces various risks and has undertaken measures to counter these risks*

### Shortage of Critical Natural Resources

- **Risk:** Cement production relies heavily on natural resources like limestone and coal. Ensuring consistent availability of these materials—without compromising on cost or quality—is crucial for operational continuity.
- **Mitigation:**
  - ✓ Reducing dependence on coal and petcoke by gradually adopting alternative fuels
  - ✓ Increasing production of blended cement using sustainable alternatives like fly ash and slag
  - ✓ Installing Waste Heat Recovery Systems (WHRS) and adopting solar power to cut coal use
  - ✓ Enhancing operational efficiency for better resource optimisation
  - ✓ Expanding into geographies with assured access to key raw materials

### Cyber Security Risk

- **Risk:** The threat of cyberattacks may lead to the loss of sensitive data and disrupt operations. Mitigation: A dedicated IT team maintains 24/7 cybersecurity vigilance. The company invests in modern defence mechanisms and continually updates its systems to counter evolving digital threats.

### Intense Competition

- **Risk:** The cement industry faces aggressive competition, which can lead to pricing pressure, margin compression, and delayed capital recovery, especially in oversupplied regions.
- **Mitigation:**
  - ✓ Strategically expanding capacity in high-demand locations
  - ✓ Enhancing brand equity through differentiated products and customer engagement
  - ✓ Realigning marketing strategies to sustain and grow market share
  - ✓ Achieving cost leadership through operational efficiencies and optimised resource use
  - ✓ Ensuring timely project execution to maintain competitive advantage

### Macro-Economic Risk

- **Risk:** Unfavourable macroeconomic conditions—such as inflation, supply chain disruptions, subdued demand, or high interest rates—can adversely impact performance.
- **Mitigation:**
  - ✓ Deploying an Enterprise Risk Management (ERM) framework
  - ✓ Ensuring supply chain resilience and adaptability
  - ✓ Dynamically adjusting market and product mix
  - ✓ Maintaining robust financial controls and liquidity management

***Circular Economy and Sustainability Risk***

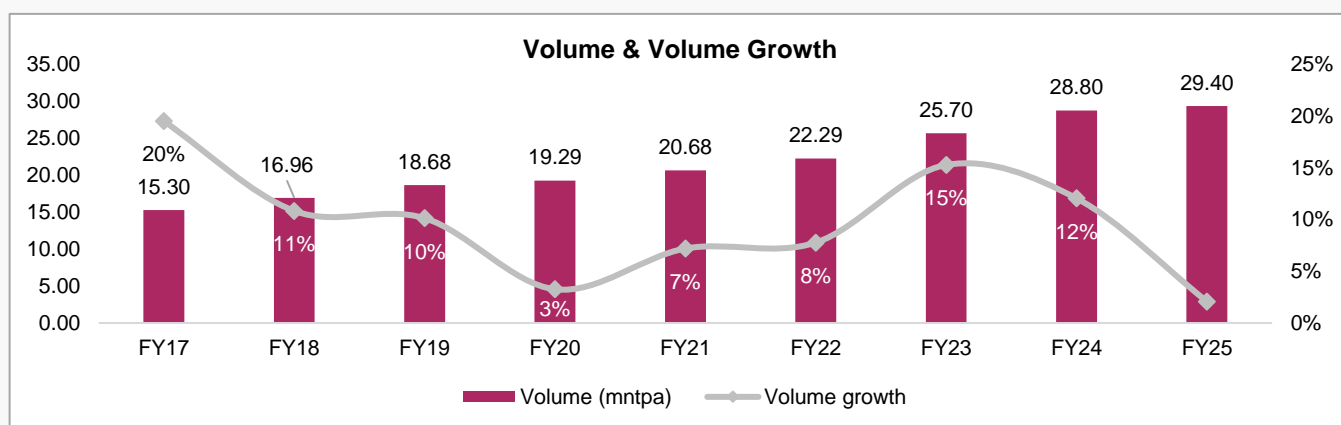
- **Risk:** The global shift towards sustainable development demands a reduced environmental footprint and resource conservation.
- **Mitigation:**
  - ✓ Utilising municipal and industrial waste as alternative fuels
  - ✓ Targeting 100% green fuel usage by 2035
  - ✓ Aiming to become a 100% blended cement producer by 2026
  - ✓ Investing in technologies such as chlorine bypass ducts to enable complete fossil fuel substitution
  - ✓ Actively reducing CO<sub>2</sub> emissions and promoting circular economy practices

### Profitability Analysis (Rs Cr)

Particulars	FY24	FY25	Change	Comments/Analysis
Sales	14,680	13,980	-5%	Revenue declined on account of lower Cement prices during the year.
Raw Materials/Others	9,022	8,517	-6%	Declined owing to lower P/F and lower purchase of stock in trade.
Gross Profits	5,658	5,463	-3%	GP growth was lower, led by lower sales during the year.
Operating Expenses	2,628	2407	-8%	Declined in cost due to lower P/F and R/material cost
Interest	386	399	3%	Due to the increase in debt levels
EBIT	1,456	1,329	-9%	Lower EBIT due to a decline in sales during the year
APAT	827	683	-17%	APAT is lower owing to exceptional items during the year pertaining to JP assets
EPS	44.1	36.4	-17%	EPS in line with PAT

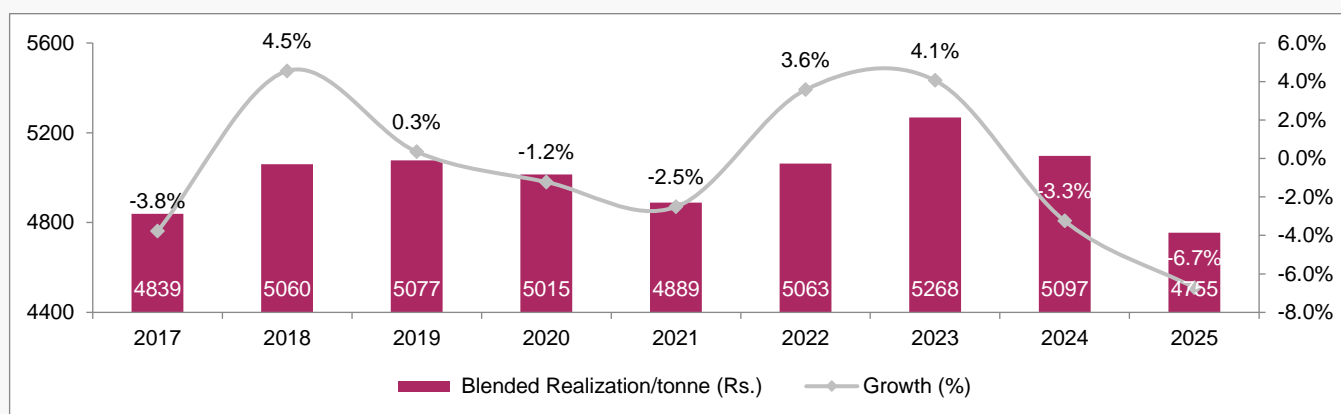
Source: Company; Axis Securities Research

### Exhibit 3: Volume and Growth Trend

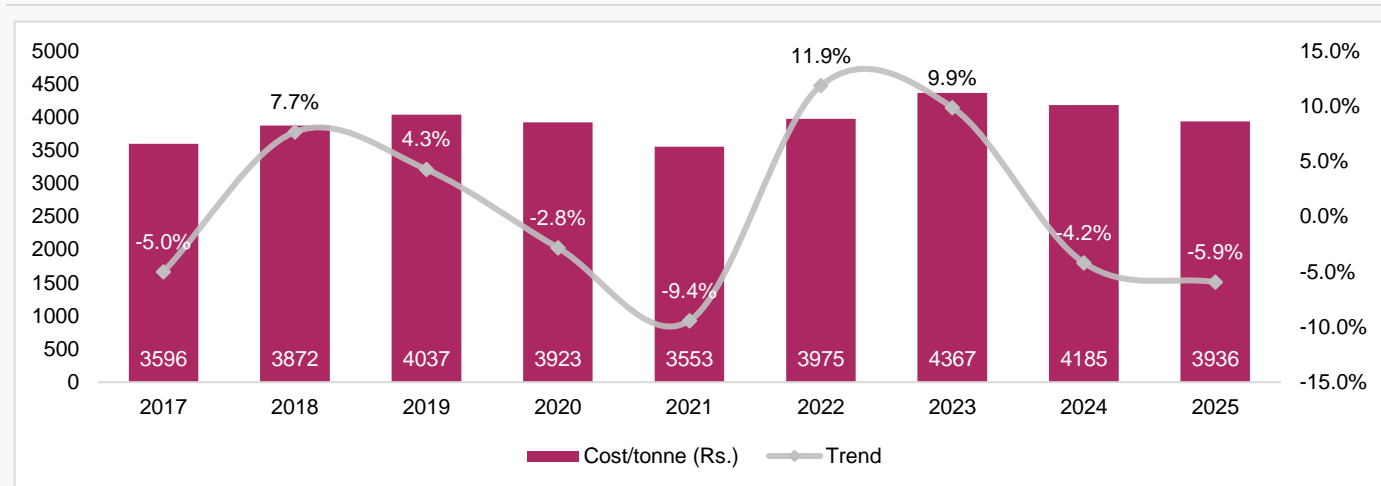


Source: Company, Axis Securities Research

### Exhibit 4: Realisation/tonne and Growth Trend



Source: Company, Axis Securities Research

**Exhibit 5: Cost/tonne Trend**


Source: Company, Axis Securities Research

### Growth Indicators (Rs Cr)

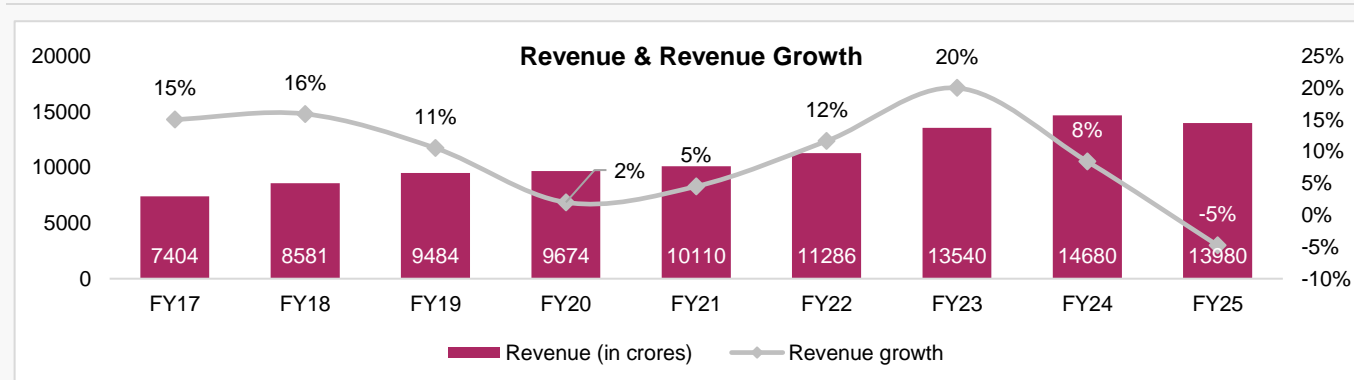
Particulars	FY24	FY25	Change	Comments/Analysis
Revenue	14,680	13,980	-5%	Revenue declined on account of lower Cement prices during the year.
EBITDA	2,628	2,407	-8%	EBITDA declined due to lower cement prices, but was positively supported by lower costs.
APAT	827	683	-17%	APAT is lower owing to exceptional items during the year
EPS	44.1	36.4	-17%	EPS in line with PAT
Volume	28.8	29.4	2%	Volume growth was modest on account of the discontinuation of the tolling arrangement with JP assets

Source: Company; Axis Securities Research

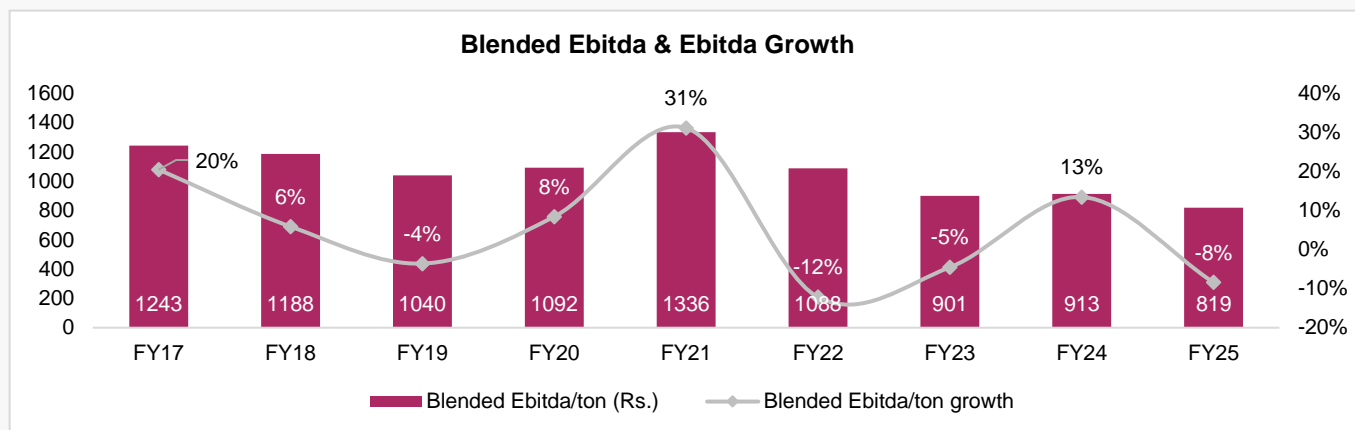
### Profitability Margins

Particulars	FY24	FY25	Change	Comments/Analysis
GPM	38.5%	39.0%	50bps	Margins are higher owing to lower operating costs.
EBITDAM	17.9%	17.2%	-70bps	Margins are lower owing to a decline in Cement prices.
APATM	5.6%	5%	-60bps	Lower owing to exceptional items during the year.

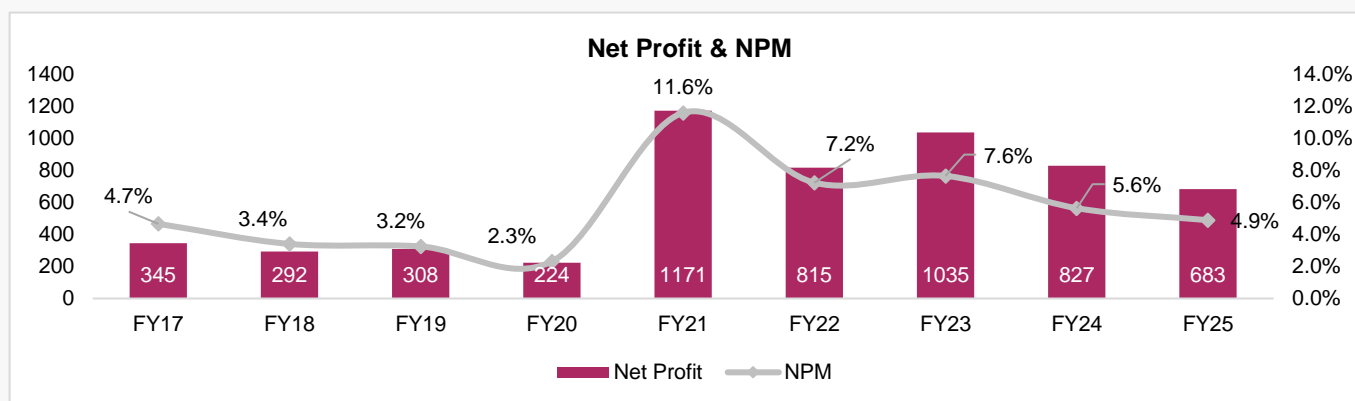
Source: Company; Axis Securities Research

**Exhibit 6: Revenue and Revenue Growth Trend**


Source: Company, Axis Securities Research

**Exhibit 7: Blended EBITDA/tonne Trend**


Source: Company, Axis Securities Research

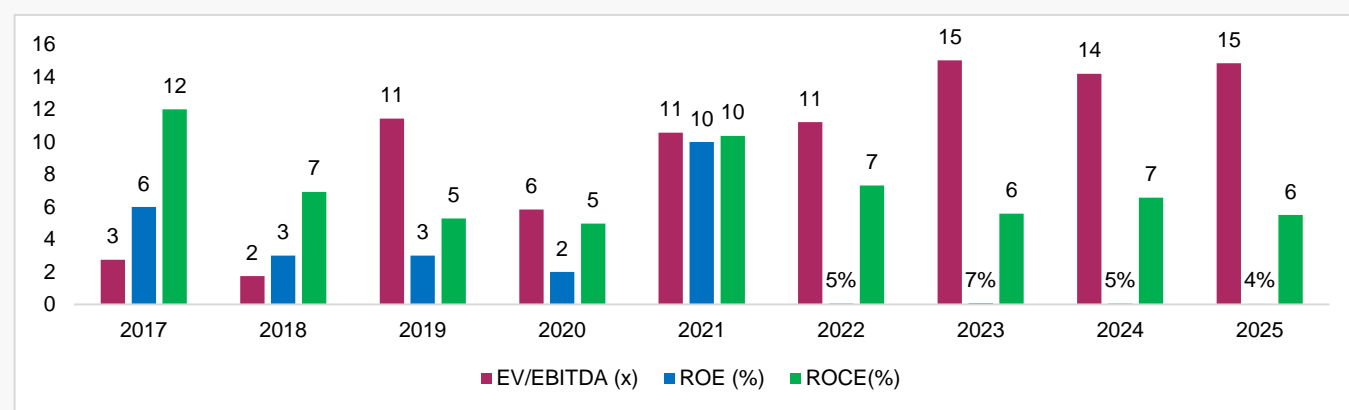
**Exhibit 8: Net Profit and NPM Trend**


Source: Company, Axis Securities Research

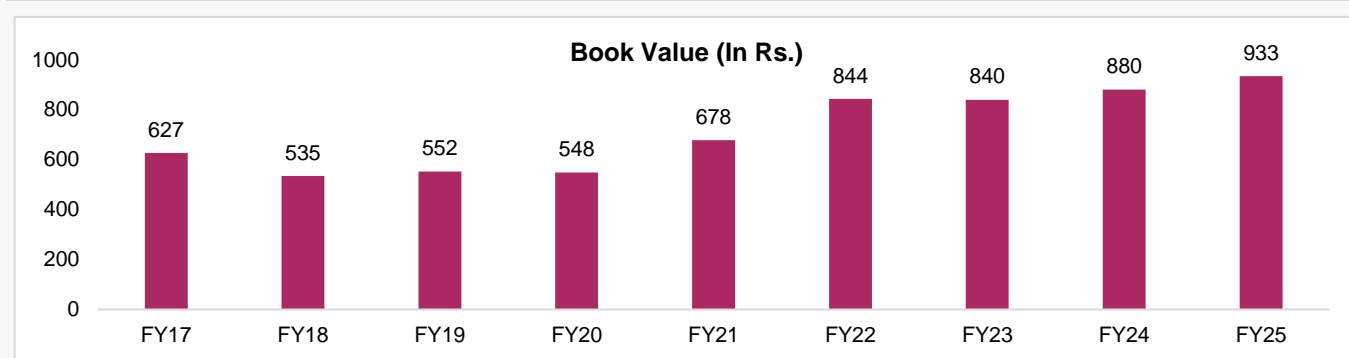
## Financial Ratios

Particulars	FY24	FY25	Change	Comments/Analysis
ROE	5%	4%	-100bps	Lower owing to reduced profit during the year.
ROCE	6.6%	5.5%	-110bps	Lower owing to lower EBIT during the year
Asset Turn	0.5	0.5	-	Remained flat owing to new fixed asset addition during the year
Net Debt/Equity	0.02	0.06		Higher due to increase in debt level
EV/EBITDA	14	15	100bps	EV/EBITDA was higher owing to higher stock price and increase in debt level

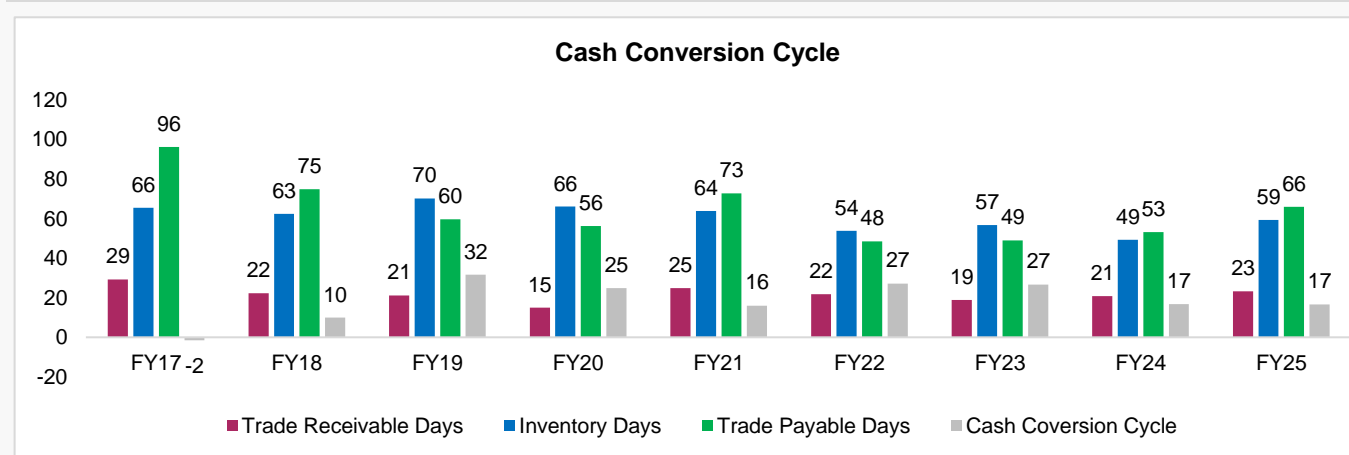
Source: Company; Axis Securities Research

**Exhibit 9: EV/EBITDA, ROE& ROCE Trend**


Source: Company, Axis Securities Research

**Exhibit 10: Book Value (Rs)**


Source: Company, Axis Securities Research

**Exhibit 11: Leverage Ratio**


Source: Company, Axis Securities Research

## Key Balance Sheet Takeaways

### Working Capital Management

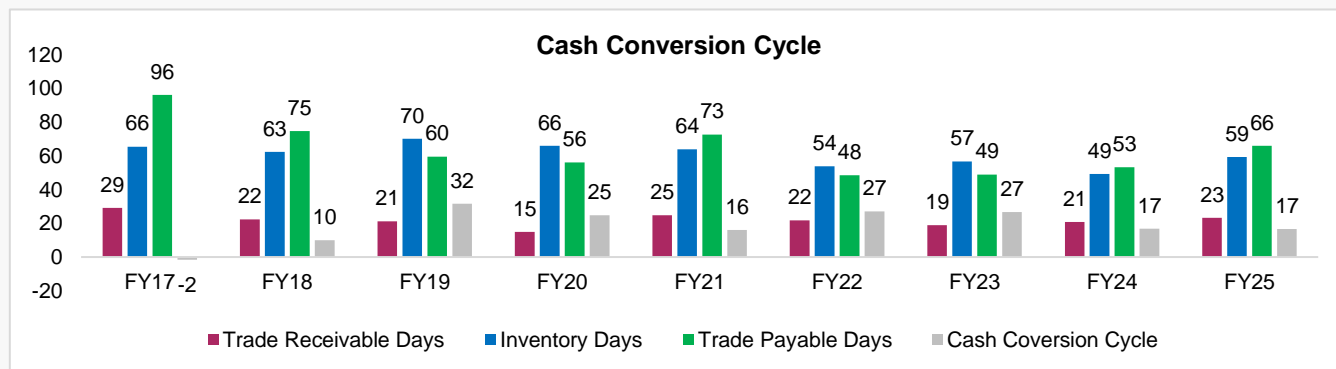
- During the year, the company's cash conversion cycle remained flattish to 17 days in FY25. OCF to EBITDA conversion declined to 88% from 100% in FY24 owing to higher working capital requirement.
- From FY19-FY25, 81% of the total OCF (Rs 13,688 Cr) was utilized towards the company's Capex program. During this period, cement production capacity increased from 18.86 MTPA to 49.5 MTPA over FY19-FY25. Overall Capex intensity during this period can be termed medium to high. While the CFO remained the major source of funding for the company, it generated an FCF of Rs 3,285 Cr during FY19-FY25

### Cash Conversion Cycle

Particulars	FY24	FY25	Change	Comments/Analysis
Inventory Days	49	59	10	Increased owing to higher stocking requirement
Trade Receivables	21	23	2	Receivable days increased due to the higher credit period allowed
Trade Payables	53	66	-13	Increased owing to better payment terms with creditors
Cash Conversion Cycle	17	17	0	Remained flattish

Source: Company; Axis Securities Research

### Exhibit 12: Cash Conversion Cycle



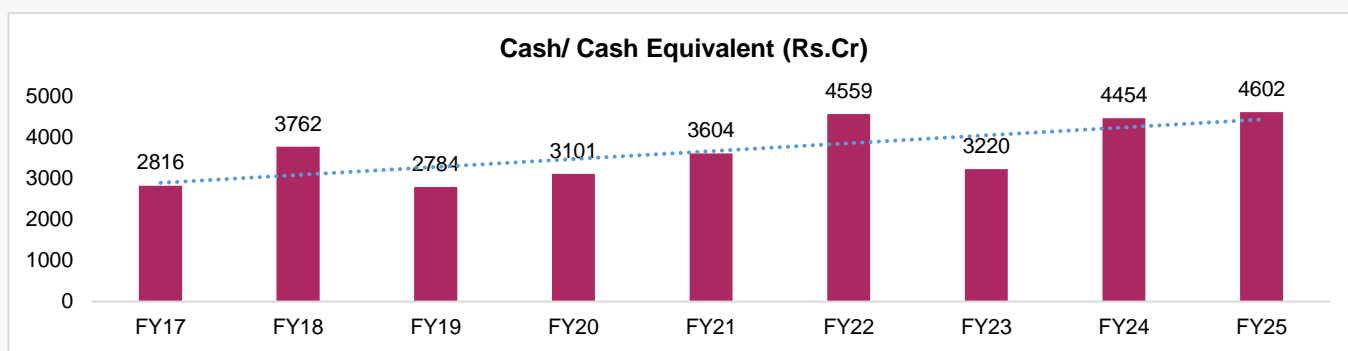
Source: Company, Axis Securities Research



### Key Balance Sheet Takeaways (Cont...)

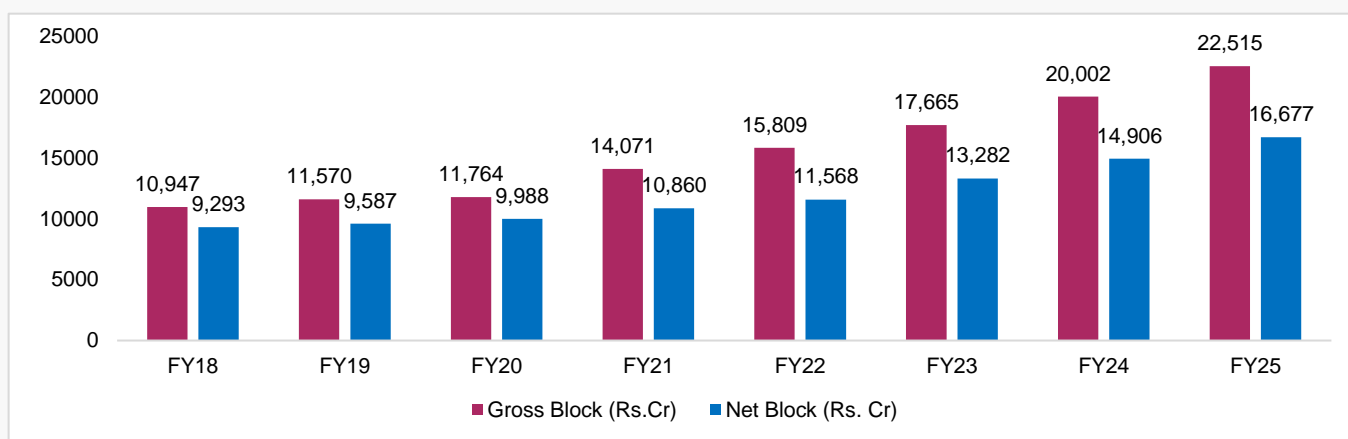
- Debt Levels:** The company increased its long-term debt by 4% from Rs 4,431 Cr to Rs 4,605 Cr as it availed term loans to fund the capital expenditure for ongoing capacity expansion projects. The Net Debt/EBITDA stood at 0.46x during the year owing to increased debt levels.
- Fixed Capital Formation:** Gross fixed capital formation improved from Rs 19,115 Cr in FY24 to Rs 21,541 Cr in FY25, an increase of 13% as the company expanded its cement production capacity..
- Capex plans:** The company spent Rs 2,725 Cr towards Capex during FY25, inclusive of WIP. From an installed manufacturing capacity of 49.5 MTPA at the end of FY25, it targets to achieve 75 MTPA by FY28 and 110-130 MTPA by FY31 through a mix of greenfield, brownfield, and inorganic growth initiatives.
- Cash and liquidity position:** The company's liquidity position has improved compared to the last year with total cash/cash equivalent standing at Rs 4,604 Cr against Rs 4,602 an increase of 3% owing to an increase in value of investment .

**Exhibit 13: Cash & Cash Equivalent (Rs Cr)**



Source: Company, Axis Securities Research

**Exhibit 14: Gross & Net Block**



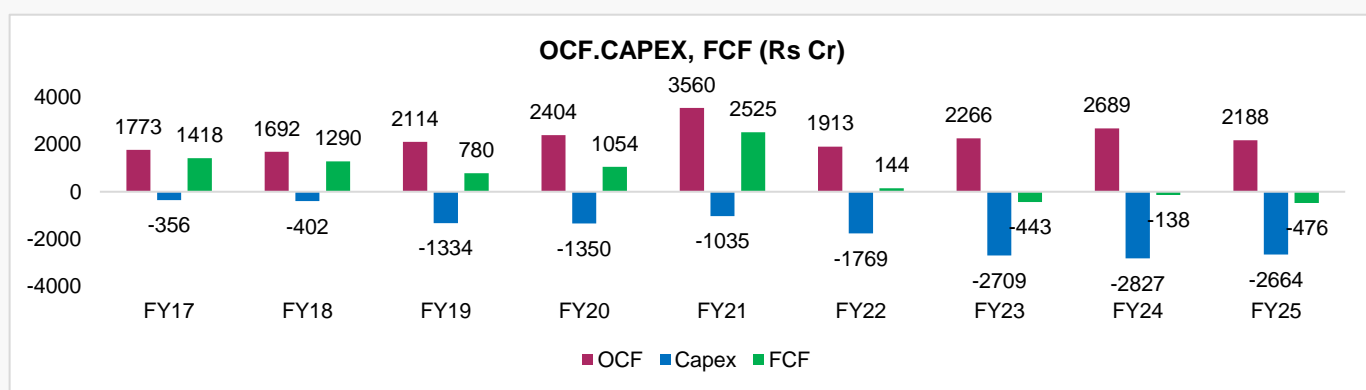
Source: Company, Axis Securities Research

## Key Cash Flow Takeaways

Particulars (Rs Cr)	FY24	FY25	Change	Comments/Analysis
PBT	1069	817	-24%	Lower owing to lower sales and exceptional loss during the year
Depreciation	1,498	1331	-11%	Decreased owing to change in depreciation policy
Finance Cost	386	399	3%	Due to an increase in debt levels
Working Capital Adjustments	46	-230	NA	Increased owing to increase in inventory level
CFO	2,635	2117	-20%	Lower owing to decline in sales and increase in working capital requirement
CFI	-2750	-2270	-17%	Lower owing to decline in investment in securities
CFF	222	-39	NA	Lower owing to repayment of short-term loan
Capex	-2827	-2664	-6%	Majority of the capex program completed for the announced capex
Free Cash Flow Generation	-192	-547	-185%	Reduced owing to higher working capital requirement

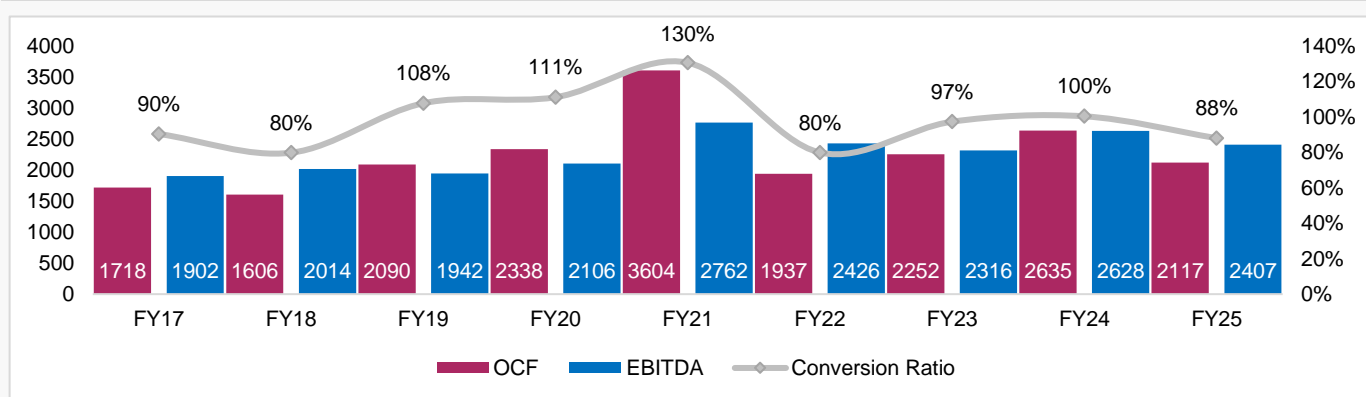
Source: Company; Axis Securities Research

### Exhibit 15: OCF, Capex, FCF Trend (in Cr)



Source: Company; Axis Securities Research

### Exhibit 16: OCF, EBITDA, and Conversion ratio trend (Cr)



Source: Company; Axis Securities Research

## Contingent Liability Analysis

Particulars (Rs Cr)	FY24	FY25	Change	Comments/Analysis
<i>Demands raised/ show cause notices issued by following authorities in dispute (including cases which have been remanded back for re-assessment):</i>				
Market fee	155	176	18	Levy of market fee on the sale of cement within the market notified by the Mineral Area Development Authority
Rat hole mining matter	145	145	-	For alleged illegal coal procurement as per NGT order .
Stamp duty	83	83	-	Stamp duty on royalty payable on the extraction of limestone and dolomite
Excise and Service tax	56	45	-11	The demand for excise duty disputing the valuation of goods, denial of cenvat credit on input and input services
Mines and Minerals	124	137	13	Demand with respect to limestone
Income tax matters	45	51	6	Disallowance of expenses relating to exempt income, non-consideration of subsidy as capital receipt
Sales tax/ VAT/ Entry tax/ GST matters	232	212	20	The demand for entry tax on entry of goods, CST by treating stock transfers as inter-state sales, Denial of GST input tax credit
Lease rent	23	-	-	The demand for excess annual lease rent on mining lease in addition to surface rent
Customs	18	25	7	Relating to the coal classification dispute
Mineral Cess liability	-	154	154	Pertaining to tax on limestone mining in the state of TN
Other matters	95	132	132	Other claims related to royalty on coal, electricity duty, vendor claims etc.
<b>Total</b>	<b>976</b>	<b>1160</b>	<b>184</b>	

Source: Company; Axis Securities Research

## Financials (Consolidated)

### Profit & Loss

(Rs Cr)

Y/E Mar	FY24	FY25	FY26E	FY27E
<b>Net sales</b>	14,680	13,980	15,717	17,615
Other operating income	0	0	0	0
<b>Total income</b>	14,680	13,980	15,717	17,615
Raw Material	2,703	2,328	2,666	2,986
Power & Fuel	3,116	2,903	2,938	3,231
Freight & Forwarding	3,203	3,286	3,702	4,110
Employee benefit expenses	871	885	938	1,004
Other Expenses	2,159	2,171	2,388	2,674
<b>EBITDA</b>	<b>2,628</b>	<b>2,407</b>	<b>3,085</b>	<b>3,610</b>
Other income	326	253	245	264
<b>PBIDT</b>	2,954	2,660	3,330	3,875
Depreciation	1,498	1,331	1,300	1,676
Interest & Fin Chg.	386	399	384	421
E/o income / (Expense)	-	-	-	-
<b>Pre-tax profit</b>	1,070	930	1,646	1,777
Tax provision	216	118	412	444
RPAT	854	812	1,235	1,333
Minority Interests	27	16	17	17
Associates	-	-	-	-
<b>APAT</b>	<b>827</b>	<b>796</b>	<b>1,218</b>	<b>1,316</b>

Source: Company, Axis Securities Research

### Balance Sheet

(Rs Cr)

Y/E Mar, Rs Cr	FY24	FY25	FY26E	FY27E
<b>Total assets</b>	27,749	30,226	31,360	32,784
Net Block	17,855	19,228	21,355	23,202
CWIP	2,284	2,497	2,497	2,497
Investments	588	675	675	675
Wkg. cap. (excl cash)	738	736	832	935
Cash / Bank balance	582	158	145	135
Misc. Assets	5,702	6,932	5,856	5,340
<b>Capital employed</b>	27,749	30,226	31,360	32,784
Equity capital	38	38	38	38
Reserves	16,359	17,336	18,460	19,682
Minority Interests	110	126	143	160
Borrowings	4,630	5,258	5,258	5,258
Def Tax Liabilities	1,795	2,036	2,036	2,036
Other Liabilities and Provision	4,817	5,432	5,425	5,610

Source: Company, Axis Securities Research

**Cash Flow**

(Rs Cr)

Y/E Mar	FY24	FY25	FY26E	FY27E
<b>Profit before tax</b>	1,069	817	1,646	1,777
Depreciation	1,498	1,331	1,300	1,676
Interest Expenses	386	399	384	421
Non-operating/ EO item	-304	-258	-245	-264
Change in W/C	46	-230	-96	-102
Income Tax	-54	-71	-412	-444
<b>Operating Cash Flow</b>	2,635	2,117	2,577	3,064
Capital Expenditure	-2,827	-2,664	-3,458	-3,523
Investments	-570	-54	1,100	700
Others	47	371	245	264
<b>Investing Cash Flow</b>	-2,750	-2,270	-2,113	-2,559
Borrowings	1,099	183	-	-
Interest Expenses	-439	-444	-384	-421
Dividend paid	-169	-169	-94	-94
Others	-13	-20	-	-
<b>Financing Cash Flow</b>	48	-45	-48	-51
Change in Cash	107	-192	-13	-10
Opening Cash	234	341	149	136
Closing Cash	341	149	136	126

Source: Company, Axis Securities Research

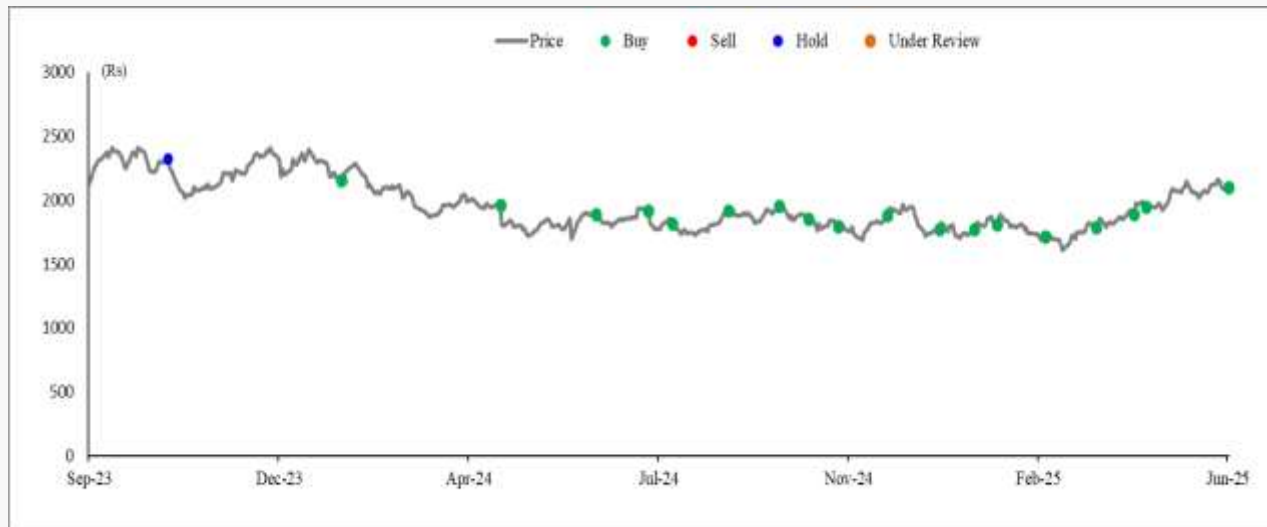
**Ratio Analysis**

(%)

Y/E Mar	FY24	FY25	FY26E	FY27E
<b>Operational Ratios</b>				
Sales growth	8%	-5%	12%	12%
OPM	18%	17%	20%	20%
Op. profit growth	13%	-8%	28%	17%
COGS / Net sales	61%	61%	59%	59%
Overheads/Net sales	21%	22%	21%	21%
Depreciation / G. block	5.5%	4.5%	3.9%	4.6%
Effective interest rate	8.3%	7.6%	7.3%	8.0%
<b>Efficiency Ratios</b>				
Total Asset Turnover (x)	0.53	0.46	0.50	0.54
Sales/Gross block (x)	0.54	0.47	0.48	0.48
Sales/Net block(x)	0.82	0.73	0.74	0.76
Working capital/Sales (x)	0.21	0.21	0.12	0.08
<b>Valuation Ratios</b>				
P/BV (x)	2.24	1.98	2.12	1.98
PER (x)	45	51	32	30
EV/Ebitda (x)	14.2	14.8	13.4	11.7
EV/Sales (x)	2.5	2.6	2.6	2.4
EV/Tonne \$ (x)	96	83	96	98
<b>Return Ratios (%)</b>				
ROE	5%	4%	7%	7%
ROCE	7	6	8	8
ROIC	8	7	9	9
<b>Leverage Ratios</b>				
Debt/equity (x)	0.29	0.33	0.31	0.29
Net debt/ Equity (x)	0.02	0.06	0.12	0.15
Debt service coverage ratio (x)	0.31	0.25	0.39	0.42
Interest Coverage ratio (x)	3.77	3.33	5.29	5.23
<b>Cash Flow Ratios (%)</b>				
OCF/Sales	0.18	0.15	0.16	0.17
OCF/Ebitda	1.00	0.88	0.84	0.85
OCF/Capital Employed	0.12	0.09	0.10	0.12
FCF/Sales	-0.01	-0.04	-0.06	-0.03
Payout ratio (Div/NP)	20.4	24.7	7.7	7.1
AEPS (Rs.)	44.1	36.4	64.9	70.2
AEPS Growth	-20	-17	78	8
CEPS (Rs.)	124	107	134	160
DPS (Rs.)	9	9	5	5

Source: Company, Axis Securities Research

## Dalmia Bharat Price Chart and Recommendation History



Date	Reco	TP	Research
17-Oct-23	HOLD	2,250	Result Update
25-Jan-24	BUY	2,470	Result Update
25-Apr-24	BUY	2,050	Result Update
19-Jun-24	BUY	2,140	Result Update
19-Jul-24	BUY	2,035	Result Update
01-Aug-24	BUY	2,120	Result Update
02-Sep-24	BUY	2,120	Top Picks
01-Oct-24	BUY	2,150	Top Picks
19-Oct-24	BUY	2,040	Result Update
04-Nov-24	BUY	2,040	Top Picks
02-Dec-24	BUY	2,040	Top Picks
01-Jan-25	BUY	2,040	Top Picks
22-Jan-25	BUY	2,000	Result Update
03-Feb-25	BUY	2,040	Top Picks
01-Mar-25	BUY	2,040	Top Picks
04-Mar-25	BUY	2,180	Company Update
01-Apr-25	BUY	2,180	Top Picks
24-Apr-25	BUY	2,260	Result Update
02-May-25	BUY	2,180	Top Picks
17-Jun-25	BUY	2,360	AAA

Source: Axis Securities Research

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HOLD	Between 10% and -10%
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