

CMP: INR 1,799

Rating: Buy

Target: INR 2,394

Stock Info

BSE	542216
NSE	DALBHARAT
Bloomberg	DALBHARA:IN
Sector	Cement
Face Value (INR)	2
Equity Capital (INR mn)	380
Mkt Cap (INR mn)	337,440
52w H/L (INR)	2,320/ 1651
Avg Yearly Volume (in 000')	413

Shareholding Pattern %

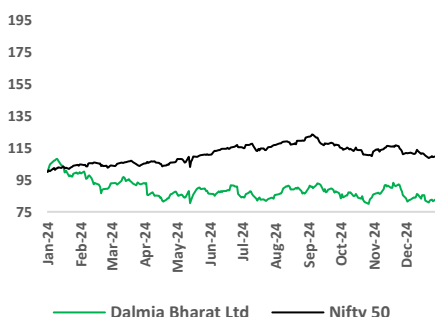
(As on September, 2024)

Promoters	55.8
DII	9.1
FII	14.7
Public & Others	20.4

Stock Performance (%) 1m 6m 12m

DALBHARAT	1.62%	0.97%	-15.2%
NIFTY	-2.99%	-5.9%	8.49%

DALBHARAT vs Nifty



Abhishek Jain

abhishek.jain@arihantcapital.com
022-422548871

Kunjal Agarwal

kunjal.agarwal@arihantcapital.com

Dalmia Bharat reported muted Q2FY25 numbers wherein topline and operating performance were below our estimates.

For Q3FY25, the company's revenue for Q3FY25 came in at INR 31,810 Mn, de-growth of 11.6% YoY/ growth of 2% QoQ as against expectation of INR 34,630 Mn due to lower than expected government spending, state elections and unseasonal rains. Its sales volume was at 6.7 MnT with de-growth of 1.5% YoY and no growth in QoQ as against expectation of 7.4MnT. Its realization stood at INR 4,748/T de-growth of 10% YoY/ de-growth of 2% QoQ as against expectation of INR 4,700/T. Its total cost/t was at INR 3,985/t which was a decline of 4.1% YoY and marginal decline of 0.6% QoQ. EBITDA/ton was at INR 763/T, decline of 33.1% YoY increase of 17.7% QoQ.

Muted YoY Performance, Sequential Recovery Evident: On the operating front, EBITDA for Q3FY25 stood at INR 5,110 Mn, reflecting a YoY de-growth of 34.1% but a sequential QoQ growth of 17.7%, primarily impacted by higher freight costs, other expenses, and muted volume growth due to softness in cement prices. The EBITDA margin declined 546 bps YoY but improved by 201 bps QoQ to 16.1%, below the margin expectation of 19.5%. PAT came in at INR 660 Mn, registering a significant YoY de-growth of 75.2% but a QoQ growth of 34.7%. The PAT margin stood at 2.1%, a YoY decline of 531 bps but a QoQ improvement of 49 bps.

Capacity Expansion Backed by Robust Capex Plans : Dalmia Bharat continues to execute its aggressive capacity expansion strategy, achieving a total capacity of 49.5 MTPA by Q3FY25. The company is well on track to achieve its ambitious target of 75 MTPA by FY28. The company maintains its target to reach capacity of 110-130mtpa by FY31E and become a PAN India player.

Focus on Sustainability and Regional Growth: It has commitment to sustainability through renewable energy investments and carbon reduction aligns with global ESG trends. Its strategic expansion in high-growth regions like the East, Northeast, and Central India positions it to capitalize on rising demand, driven by government infrastructure projects and rural housing growth.

Outlook & Valuation: Dalmia Bharat's growth prospects remain strong, supported by ongoing capacity expansion and anticipated demand recovery in H2FY25. With a focus on cost optimization, volume growth, and infrastructure-driven opportunities, the company is well-positioned for profitability and growth. Management's confidence in achieving its targets strengthens the positive outlook.

On the financial front, we expect its revenue/EBITDA to grow by 11.3%/15.6% CAGR over FY24-26E and maintain our **Buy** rating with the target price of **Rs 2,394**.

Key Financials

Particulars (INR Mn)	FY23	FY24	FY25E	FY26E
Net revenue	135,520	146,910	164,866	182,125
EBITDA	23,280	26,390	30,321	35,243
EBITDAM (%)	17.2	18.0	18.4	19.4
APAT	1083.0	854.0	1134.9	1534.2
APATM (%)	8.0	5.8	6.9	8.4
EPS (Rs)	58.5	44.9	59.7	80.7
EV/EBITDA	16.2	14.9	13.0	11.1
RoE (%)	7.2	5.2	6.5	8.2

Source: Arihant Research, Company Filings

Q3FY25 Concall Highlights

Guidance

Dalmia Bharat expects strong Q4FY25 performance with 6%-7% YoY demand growth, improving margins, and 8%-10% YoY volume growth for FY25. Incentives are projected at INR 325 crores, supported by higher Q4 volumes. Long-term growth will be driven by capacity expansions, government incentives in the Northeast, and robust infrastructure and real estate demand.

Financial Highlights-

-Revenue for Q3FY25 came in at INR 31,810 Mn, de-growth of 11.6% YoY/ growth of 2% QoQ as against expectation of INR 34,630 Mn

-Sales Volume was at 6.7 MnT with de-growth of 1.5% YoY and no growth in QoQ as against expectation of 7.4MnT.

-Realization stood at INR 4748/T de-growth of 10% YoY/ de-growth of 2% QoQ as against expectation of INR 4,700/T.

-Gross margin at 83.9%, improvement of 129bps YoY and decline by of 168bps QoQ as against margin expectation of 83%.

-EBITDA margin at 16.1% decline of 546bps YoY and increase of 201bps QoQ as against margin expectation of 19.5%.

-EBITDA/ton at INR 763/T decline of 33% YoY / increase of 18% QoQ.

-PAT stood at INR 660 Mn for Q3FY25, decline by 75% YoY and increase of 35% QoQ

-PAT margin at 2.1%, decline of 531bps YoY and increase of 49bps QoQ.

Other Highlights -

- The company received **state-level incentives and subsidies** during the quarter, which partially offset cost pressures.
- The company maintains **3-4 months of fuel inventory** for operations in the Northeast region.
- Sales volume growth was supported by steady demand from the housing and infrastructure sectors, with significant contributions from the Eastern and Northeastern markets.
- The quarter's muted performance was due to soft cement prices, higher freight costs, reduced WHRS utilization, and demand softness in specific markets.
- Dalmia Bharat commissioned 4 MW of captive solar power at Medinipur and added 46 MW under group captive. The total operational renewable energy capacity is now 252 MW.
- The company signed group captive power agreements for an additional 21 MW during Q3FY25.
- The company is on track to achieve 49.5 MnT capacity by FY25 and targets ~75 MnT by FY28.
- It expects next year's CapEx to be in the range of INR 25,000-30,000 Mn, including land investments of INR 5,000-6,000 Mn.
- Capacity additions are focused on East and Northeast regions, supported by greenfield and brownfield projects.
- Strong demand is driven by real estate, infrastructure, and private capex investments.

Q3FY25 - Quarterly Performance (Consolidated)

Particulars (Rs Mn)	Q3FY25	Q3FY24	Y-o-Y %	Q2FY25	Q-o-Q %
Net Sales	31,810	36,000	(11.6)	30,870	3.0
Cost of Raw Materials	5,100	5,000	2.0	5,280	(3.4)
(Increase) / Decrease In Stocks	20	(140)	(114.3)	(830)	-
Total Raw material cost	5,120	6,260	(18.2)	4,450	15.1
Gross Profit	26,690	29,740	(10.3)	26,420	1.0
Gross Margins %	83.9	82.6	129bps	85.6	-168bps
Employee Cost	2,230	2,210	0.9	2,190	1.8
Fuel Cost	6,660	7,260	(8.3)	7,070	(5.8)
Frieght & Forwarding	7,480	7,430	0.7	7,360	1.6
Other Expenses	5,210	5,090	2.4	5,460	(4.6)
Total Expenditure	26,700	28,250	(5.5)	26,530	0.6
EBITDA	5,110	7,750	(34.1)	4,340	17.7
EBITDA Margins (%)	16.1	21.5	-546bps	14.1	201bps
Depreciation	3,640	3,700	(1.6)	3,360	8.3
EBIT	1,470	4,050	(63.7)	980	50.0
Other Income	370	640	(42.2)	730	(49.3)
Interest	1,010	1,080	(6.5)	980	3.1
PBT	830	3,610	(77.0)	730	13.7
Exceptional items	-	-	-	-	-
PBT	830	3,610	(77.0)	730	13.7
Tax	170	950	(82.1)	240	(29.2)
Reported PAT	660	2,660	(75.2)	490	34.7
PAT Margin (%)	2.1	7.4	-531bps	1.6	49bps
Adj. PAT	660	2,660	(75.2)	490	34.7
Adj. PAT Margin (%)	2.1	7.4	-531bps	1.6	49bps
EPS	58.5	44.8	30.6	32.9	78.1

Source: Arianth Research, Company Filings

Particulars	Q3FY25	Q3FY24	Y-o-Y %	Q2FY25	Q-o-Q %
Sales Volume (MT)	6.7	6.8	(1.5)	6.7	-
Realization/Ton (Rs)	4,748	5,294	(10.3)	4,607	3.0
EBITDA/Ton (Rs)	763	1,140	(33.1)	648	17.7
Total Cost/Ton (Rs)	3,985	4,154	(4.1)	3,960	0.6
Fuel Cost/Ton (Rs)	994	1,068	(6.9)	1,055	(5.8)
Frieght & Forwarding/Ton (Rs)	1,116	1,093	2.2	1,099	1.6

Source: Arianth Research, Company Filings

Profit & Loss Statement (Consolidated)

Particulars (INR Mn)	FY23	FY24	FY25E	FY26E
Net sales	1,35,520	1,46,910	1,64,866	1,82,125
Growth%	20%	8%	12%	10%
Expenditure				
Cost of materials	19,060	21,200	23,411	25,498
Purchase of stock in trade	520	5,670	5,441	5,354
(Increase) / Decrease In Stocks	230	160	180	198
Total raw materials	19,810	27,030	29,031	31,050
Employee cost	7,710	8,710	11,211	12,385
Fuel cost	36,790	31,160	34,622	37,882
Frieght & Forwarding	28,020	32,030	35,611	39,157
Other expenses	19,910	21,590	24,070	26,408
Total expenditure	1,12,240	1,20,520	1,34,545	1,46,882
EBITDA	23280	26390	30321	35243
EBITDAM (%)	17	18	18	19
Depreciation	13,050	14,980	15,333	15,481
PBIT	10,230	11,410	14,988	19,763
Other income	1,260	3,150	3,297	3,460
Interest expenses	2,340	3,860	3,919	3,803
PBT	9,150	10,700	14,366	19,420
Tax	2,420	2,160	3,017	4,078
Reported PAT	6,730	8,540	11,349	15,342
Exceptional Income / Expenses	4,100	-	-	-
PAT (after Exceptional)	10,830	8,540	11,349	15,342
PAT Margin %	8	6	7	8
Growth %	-7%	-21%	33%	35%
EPS	59	45	60	81

Source: Arianth Research, Company Filings

Balance Sheet (Consolidated)

Particulars (INR Mn)	FY23	FY24	FY25E	FY26E
Source funds				
Share Capital	370	380	380	380
Reserves & Surplus	1,55,910	1,63,590	1,73,020	1,86,443
Net worth	1,56,280	1,63,970	1,73,400	1,86,823
Minority Interest	1,160	1,100	1,100	1,100
Long term borrowings	32,100	44,310	44,514	40,068
Short term borrowing	5,320	1,990	2,143	2,186
Total Debt	37,420	46,300	46,657	42,253
Loans & advances				
Long term provision	2,360	2,640	2,963	2,914
Other long term liabilities	2,590	2,780	3,120	3,278
Total	24,000	25,800	27,845	29,869
Current Liabilities				
Trade payables	11,350	13,160	14,768	16,315
Short term provisions	840	810	909	1,004
Other current liabilities	24,380	26,350	28,027	29,140
Total	36,570	40,320	43,705	46,459
Total liabilities	2,55,430	2,77,490	2,92,707	3,06,503
Application of Funds				
Net Block	1,40,650	1,53,160	1,62,831	1,73,919
Current work in process	18,590	22,840	22,840	22,840
Goodwill	7,300	5,270	5,270	5,270
Non current investment	5,900	5,900	7,419	8,196
Tax assets	1,640	1,400	1,571	1,736
Long term loans and advances	110	130	146	161
Other non-current assets	7,740	10,240	11,492	12,695
Total	1,81,930	1,98,940	2,11,568	2,24,816
Current Assets				
Current investments	29,350	38,720	38,743	38,246
Inventories	13,160	12,180	13,669	15,100
Trade receivables	7,000	8,360	9,034	9,979
Cash balance	2,340	3,410	2,908	1,010
Bank balance	510	2,410	2,670	2,670
Short term loans and advances	80	90	101	112
Other current assets	12,160	13,120	14,014	14,570
Assets or disposal group	8,900	260	-	-
Total	73,500	78,550	81,139	81,687
Total assets	2,55,430	2,77,490	2,92,707	3,06,503

Source: Arianth Research, Company Filings

Cash Flow Statement (consolidated)

Particulars (INR CMn)	FY23	FY24	FY25E	FY26E
Profit before tax	13210	10690	14366	19420
Add: Depreciation	13050	14980	15333	15481
Add: Interest cost	2310	3860	3919	3803
Less: Other Income	-660	-1750	-824	-865
Less: Dividend Income	-190	-340	-264	-277
Others	-4290	-1010	0	0
Operating profit before working capital changes	23430	26430	32530	37562
Changes in working capital	-770	460	924	451
Cash from Operations	22660	26890	33454	38013
Less: Taxes	-140	-540	-3017	-4078
Cash flow from Operations	22520	26350	30437	33935
Net cash used in Investing	0	0	0	0
Fixed assets	-27010	-28270	-25003	-26569
Sales of investments	0	0	0	0
Other & Dividend Income	770	1340	1088	1142
Others	-330	-1910	0	0
Cash flow from investing	-23260	-27500	-25457	-25707
Cash flow from Financing				
Proceeds from Equity shares	0	30	0	0
Sales of Borrowings	0	0	0	0
Dividend (Incl dividend tax)	-1690	-1690	-1919	-1919
Interest cost	-2970	-4520	-3919	-3803
Others	-330	-490	0	0
Cash flow from Financing	1680	2220	-5481	-10126
Net cash Inflow/Outflow	940	1070	-502	-1898
Opening cash	1400	2340	3410	2908
Closing cash	234	341	291	101

Source: Arihant Research, Company Filings

Ratio Analysis

Particulars	FY23	FY24	FY25E	FY26E
Per share Data				
EPS (Rs)	58.5	44.9	59.7	80.7
Book value per share (Rs)	844.8	863.0	912.6	983.3
Dividend per share (Rs)	9.1	8.9	10.1	10.1
Dividend Yield (%)	0.5	0.5	0.6	0.6
Dividend Payout (%)	15.0	19.8	16.9	12.5
Profitability Ratios				
EBITDAM(%)	17.2	18.0	18.4	19.4
PBTM (%)	6.8	7.3	8.7	10.7
NPM (%)	8.0	5.8	6.9	8.4
RoE (%)	7.2	5.2	6.5	8.2
RoCE (%)	5.3	5.4	6.8	8.6
Efficiency Data				
Debt-Equity (x)	0.2	0.3	0.3	0.2
Debt/EBITDA (x)	1.6	1.8	1.5	1.2
Interest Cover (x)	4.4	3.0	3.8	5.2
Fixed Asset (x)	1.0	1.0	1.0	1.0
Debtors (Days)	18.9	20.8	20.0	20.0
Inventory (Days)	35.4	30.3	30.3	30.3
Payable (Days)	30.6	32.7	32.7	32.7
WC (Days)	23.7	18.3	17.6	17.6
Valuation				
P/E (x)	30.2	39.4	29.6	21.9
P/BV	2.1	2.1	1.9	1.8
EV/EBITDA	15.6	14.3	12.4	10.6
EV/Sales	2.7	2.6	2.3	2.1

Source: Arihant Research, Company Filings

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park Building No. 10, 1 st Floor Andheri Ghatkopar Link Road Chakala, Andheri (E) Mumbai – 400093 Tel: (91-22) 42254800 Fax: (91-22) 42254880	6 Lad Colony, Y.N. Road, Indore - 452003, (M.P.) Tel: (91-731) 4217100 Fax: (91-731) 4217101

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	www.arihantcapital.com	instresearch@arihantcapital.com

Disclaimer: This document has been prepared by Arihant Capital Markets Ltd. This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way responsible for its contents and nor is its accuracy or completeness guaranteed. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Arihant may trade in investments, which are the subject of this document or in related investments and may have acted upon or used the information contained in this document or the research or the analysis on which it is based, before its publication. This is just a suggestion and Arihant will not be responsible for any profit or loss arising out of the decision taken by the reader of this document. Affiliates of Arihant may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. No matter contained in this document may be reproduced or copied without the consent of the firm.

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800 Fax. 022-42254880