

January 22, 2025

RESULT REPORT Q3 FY25 | Sector: Cement

Dalmia Bharat

Except PAT, numbers are broadly in-line with our estimate.

Result Synopsis

In 3QFY25, DALBHARA's revenue down by 11.7% YoY (+3% QoQ) mainly due to lower volume and weak realization. Cement volumes for the quarter stood at 6.7mt (a fall of 1.5% YoY/ flattish QoQ) due to discontinuation of JP Assets and sluggish demand in key market region. While realization dropped by 10.4% YoY to Rs4748 due to high base impact and weakness in cement pricing. However, it has improved marginally (+3%) on QoQ supported by cement price hike in Dec'24. EBITDA in absolute number down by 34.4% YoY (+17.7% QoQ), also EBITDA margin dropped to 16.1% in 3Q FY25 vs. 21.6%/ 14.1% in 3QFY24/ 2QFY25 respectively. Despite certain drawbacks, EBITDA/tn have improved to Rs763 (+17.7% QoQ) as compared to Rs648 in 2QFY25, while down by 33.4% due to high base impact. ~Rs115/tn improvement in EBITDA/tn mainly led by 1). Marginal increase in realization coupled with better cost structure despite similar volume production in 3Q. Overall operating cost per tonne remained flattish QoQ primarily 5.8%/ 4.6% reduction in P&F/ Other expenses which is partially off-set by 15.1%/ 1.6% increase in raw-material cost/ logistic cost per tonne. Adj. PAT decline by 76.8% YoY but increased by 32.6% QoQ. The QoQ increase in Adj. PAT led by higher EBITDA and lower tax expenses which is partially offset by higher depreciation, lower other income, and increase in interest expenses.

At present, we remain cautious on any valuation re-rating especially till 2QFY26E unless the company comes up with a clear expansion road map to become 75mtpa. Few issues discourage us i.e., 1). Discontinuation of Jaypee Assets tolling arrangements and volume transportation from eastern to central region likely to lead increase in logistic cost, 2). Unclear expansion road map to become 75mtpa/ 110-130mtpa by FY28E / FY30E amid intensifying competition. and 3). Weak pricing environment. However, its ongoing expansion of 2.4mt/ 0.5mt at North-East & Bihar grinding units likely to add volume by 1QFY26E. Also, the ongoing cost saving programs to provide comfort from FY26E onwards. Our estimates, valuation multiple, recommendation remain unchanged for the DALBHARA. At CMP the stock is trading at 11x Sep'26 EV/EBITDA and we value the stock at 13x Sep'26 EV/EBITDA at TP of Rs Rs2,129 with ADD recommendation. Weak pricing, lower volume and increase in in-pu cost are the key downside risk to our assumptions.

Result Highlights

- Revenue Rs31.8bn (-11.7% YoY/ + 3% QoQ), is ~4.8% below our est. of Rs33.4bn. EBITDA Rs5.1bn (-34.4% YoY/ +17.7% QoQ), is 4.1% below our est. of Rs5.3bn. Adj. PAT Rs610mn (-76.8% YoY/ +32.6% QoQ), is ~51.6% below our est. of Rs1.3bn.
- Volumes 6.7mt (-1.5% YoY/ flattish QoQ), is ~7.5% below our est. of 7.2mt. While Realization Rs4748/tn (-10.4% YoY/ +3% QoQ), is ~2.8% above our est. Rs4617.
- EBITDA/tn Rs763 (-33.4% YoY/ +17.7% QoQ), is 3.6% above our est. of Rs736 led by better-than-expected realization and lower than expected volume. Despite having same volume number, the P&F and other expenses per tonner have come down which has partially off-set by increase in RM cost and logistic cost per tonne.

Exhibit 1: Actual vs estimates

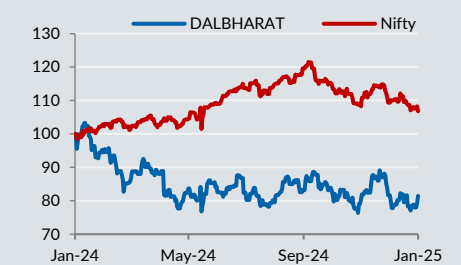
Rs Mn	Actual	Estimate		% Variation		Remarks
		YSec	Consensus	YSec	Consensus	
Sales	31,810	33,428	34556	(4.8)	(2.3)	Conservative realization approach and higher volume assumption missed est. slightly
EBITDA	5,110	5,328	5664	(4.1)	(11.2)	
Margin (%)	16.1	15.9	16.4	20 bps	(30 bps)	
Rept. PAT	610	1,262	1369	(51.6)	(46.8)	

Reco	: ADD
CMP	: Rs 1,798
Target Price	: Rs 2,129
Potential Return	: +18%

Stock data (as on Jan 22, 2025)

Nifty	23,164
52 Week h/l (Rs)	2300 / 1651
Market cap (Rs/USD mn)	332215 / 3850
Outstanding Shares (mn)	188
6m Avg t/o (Rs mn):	723
Div yield (%):	0.5
Bloomberg code:	DALBHARA IN
NSE code:	DALBHARAT

Stock performance



	1M	3M	1Y
Absolute return	-0.2%	-0.3%	-18.6%

Shareholding pattern (As of Dec'24 end)

Promoter	55.8%
FII+DII	23.7%
Others	20.5%

Δ in stance

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	2129	2129

Δ in earnings estimates

	FY25E	FY26E	FY27E
EPS (New)	13.3	28.5	40.1
EPS (Old)	13.3	28.5	40.1
% Change	0	0	0

Financial Summary

(Rs mn)	FY25E	FY26E	FY27E
Revenue	144,012	167,834	179,896
Growth	-2%	17%	7%
EBITDA	24,266	30,083	34,712
Margin	17%	18%	19%
Adj PAT	2,481	5,326	7,502
Growth	-70%	115%	41%
EPS	13.3	28.5	40.1
ND/EBITDA	0.5	0.5	0.4
ROE	1%	3%	4%
ROCE	3%	4%	5%
EV/EBITDA	14.4	11.7	10.1

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Exhibit 2: Quarterly snapshot (Console)

Y/E Mar (Rs mn)	3QFY25	3QFY24	YoY %	2QFY25	QoQ%	Our Est.	Var. (%)	9MFY25	9MFY24	YoY%
Net Revenue	31,810	36,040	(11.7)	30,870	3.0	33,428	(4.8)	98,890	103,770	(4.7)
Total Expenses	26,700	28,250	(5.5)	26,530	0.6			82,750	83,990	(1.5)
COGS	5,120	6,260	(18.2)	4,450	15.1			15,620	17,250	(9.4)
Employee Expenses	2,230	2,210	0.9	2,190	1.8			6,700	6,690	0.1
Power & fuel	6,660	7,260	(8.3)	7,070	(5.8)			21,300	23,260	(8.4)
Freight Exp	7,480	7,430	0.7	7,360	1.6			23,140	21,830	6.0
Other Expenses	5,210	5,090	2.4	5,460	(4.6)			15,990	14,960	6.9
EBITDA	5,110	7,790	(34.4)	4,340	17.7	5,328	(4.1)	16,140	19,780	(18.4)
EBITDA (%)	16.1	21.6	-555 bps	14.1	201 bps			16.3	19.1	-274 bps
D&A	3,640	3,700	(1.6)	3,360	8.3			10,170	11,700	(13.1)
Other income	370	600	(38.3)	730	(49.3)			1,600	2,020	(20.8)
Interest Expense	1,010	1,080	(6.5)	980	3.1			2,940	2,920	0.7
Exceptional/EO items	-	-	NA	-	NA			(1,130)	-	NA
Share JV/Associates	-	-	NA	-	NA			-	-	NA
EBT	830	3,610	(77.0)	730	13.7			3,500	7,180	(51.3)
Tax	170	950	(82.1)	240	(29.2)			900	1,840	(51.1)
Minority Interest	50	30	66.7	30	66.7			120	220	(45.5)
Reported PAT	610	2,630	(76.8)	460	32.6			2,480	5,120	(51.6)
Adjusted PAT	610	2,630	(76.8)	460	32.6	1,262	(51.6)	3,328	5,120	(35.0)
Adjusted PAT (%)	1.9	7.3	-538 bps	1.5	43 bps			3.4	4.9	-157 bps
Adj. EPS	3.2	13.8	(76.8)	2.4	32.6			17.7	27.2	(35.0)

Source: Company, YES Sec

Exhibit 3: Quarterly Operational Performance Analysis (Console)

Particulars (Rs m)	3QFY25	3QFY24	YoY %	2QFY25	QoQ%	Our Est.	Var. (%)	9MFY25	9MFY24	YoY%
Total Volumes (MMT)	6.7	6.8	(1.5)	6.7	-	7.2	(7.5)	20.8	20.0	4.0
NSR/te (Blended)	4,748	5,300	(10.4)	4,607	3.0	4,617	2.8	4,754	5,189	(8.4)
RM/te	764	921	(17.0)	664	15.1			751	863	(12.9)
Employees/te	333	325	2.4	327	1.8			322	335	(3.7)
Power/te	994	1,068	(6.9)	1,055	(5.8)			1,024	1,163	(11.9)
Freight/te	1,116	1,093	2.2	1,099	1.6			1,113	1,092	1.9
Others/te	778	749	3.9	815	(4.6)			769	748	2.8
Opex/te (Blended)	3,985	4,154	(4.1)	3,960	0.6			769	748	2.8
EBITDA/te (Blended)	763	1,146	(33.4)	648	17.7	736	3.6	776	989	(21.5)

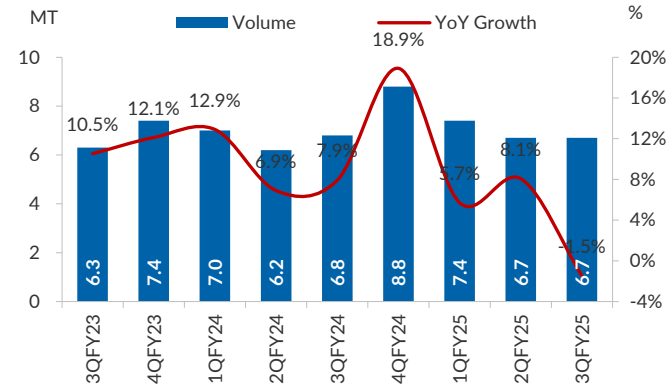
Source: Company, YES Sec

KEY CON-CALL HIGHLIGHTS

- **Demand:** The cement industry has seen low single-digit growth for 9MFY25, with Q4 growth expected at 6-7%. While the eastern region showed some growth, South India has faced weak demand, which is contributing to pricing pressure. However, structural demand in India remains strong, driven by infrastructure, housing, and manufacturing, with expected capacity utilization improving over the next 5-7 years. Volume & Demand: In 3Q, volume de-growth of ~2% YoY mainly due to absence of JP Assets tolling arrangements (0.37mt in 3QFY24). However, sales from Dalmia Plants have grown by 3.7% YoY.
- **Price:** QoQ, net sales realizations improved by ~3%, primarily due to price hikes in Dec'24. The price increase is expected to sustain in the current quarter. However, pricing pressure is more evident in South India due to heightened competition and low demand growth, with companies prioritizing market share over margins.
- **Capex and Expansion:** The company plans to expand its capacity to 75mtpa by FY28E, requiring Rs.16,000-18,000 cr in capex. Expansion efforts are focused on both new and existing regions to strengthen its pan-India footprint. Capital discipline remains key, with net debt-to-EBITDA expected to stay below 2x. The full roadmap will be detailed by Jul'25. Clinker capacity has increased to 23.5mt though de-bottlenecking at Kadapa and Rajgangpur in 3QFY25 and in the near commissioning of 2.4mt/ 0.5mt of grinding unit at North-East/Bihar. Clinker unit at North-East also in advance stage and expected to commission by 2QFY26E.
- **Cost Saving is the key focus area to save margin:** The company aims to achieve cost savings of Rs.150-200/tn by FY27E through internal initiatives such as power consumption optimization, heat reduction, logistics efficiencies, and product mix adjustments. Fixed costs are being controlled by reducing spending on marketing, hiring, and plant maintenance, which is helping to maintain competitiveness.
- **Incentive:** Total incentive during the quarter stood at Rs122Cr (incl. Rs88Cr Current Quarter + Rs14Cr previous Quarter of accrued incentive). And company has received two-year incentive extension time period for one of its plant w.e.f Sep'24. Therefore, ~Rs325Cr of incentive accrual and collection is expected for FY25E. As on 31st Dec'24, the total incentive outstanding stood at Rs760Cr.
- **Other Details:** Consolidation in the industry is expected to benefit larger players with strong balance sheets, especially in regions like South India, where competition is intensifying. The company remains focused on long-term investments and maintaining a solid balance sheet to support future growth and expansion.

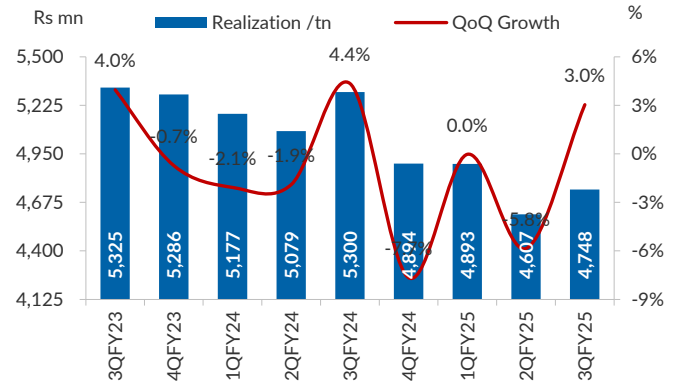
QUARTERLY CHARTS & ANALYSIS

Exhibit 4: Discontinuation of JP Asset's (in central region) tolling arrangement have impacted volumes



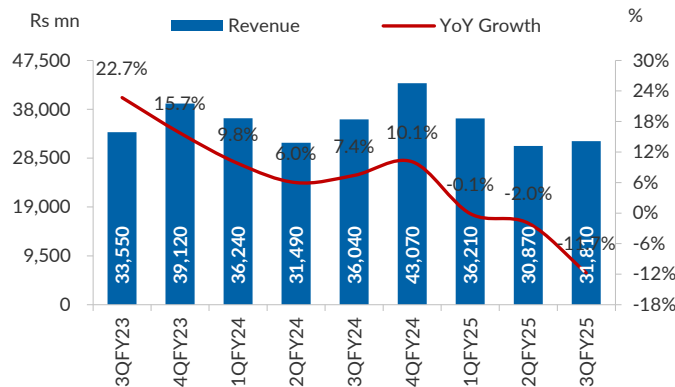
Source: Company, YES Sec

Exhibit 5: Dec'24 price hike have resulted 3% QoQ realization increase in 3QFY25



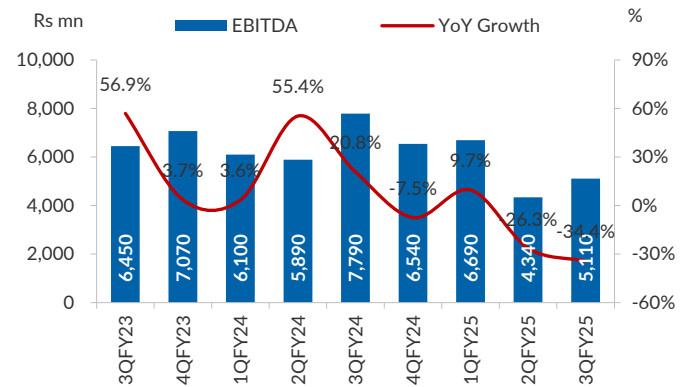
Source: Company, YES Sec

Exhibit 6: High base impact and weak volume resulted lower YoY revenue de-growth



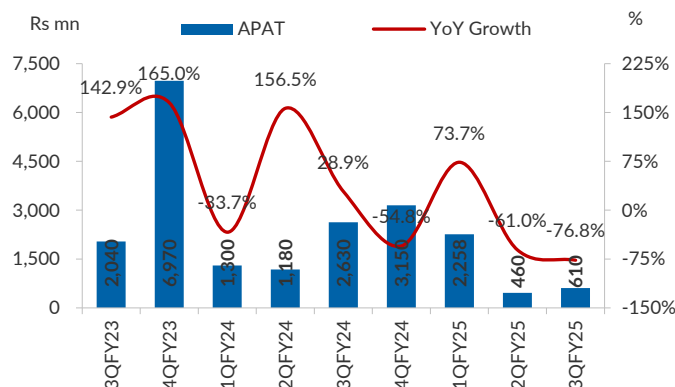
Source: Company, YES Sec

Exhibit 7: EBITDA down by 34.4% YoY due high base, increase in RM cost and increase in logistic cost



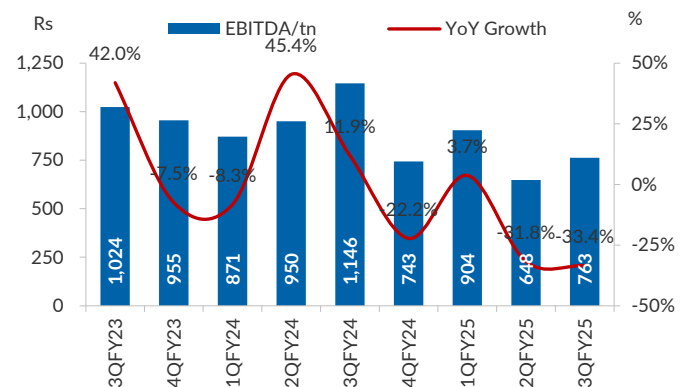
Source: Company, YES Sec

Exhibit 8: Adj. PAT down by 76.8% YoY due to higher depreciation charges, high interest expenses and lower other income



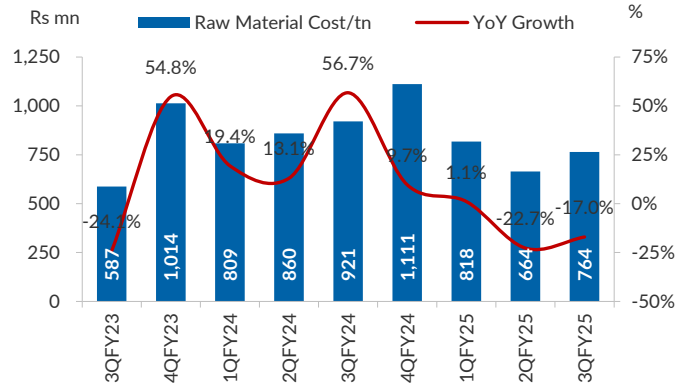
Source: Company, YES Sec

Exhibit 9: EBITDA/tn improved by Rs115/tn on QoQ basis mainly marginal increase in realization and muted cost structure, but decline by Rs383 YoY



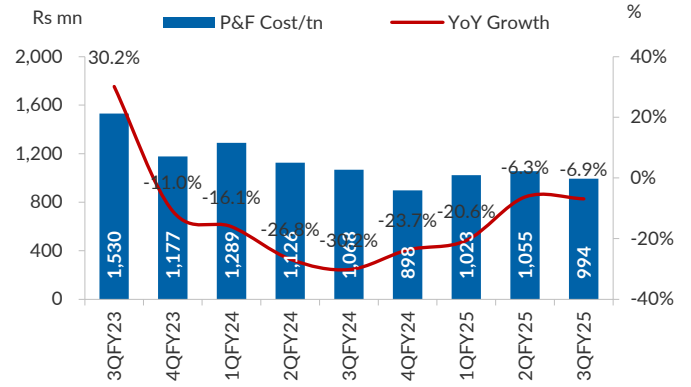
Source: Company, YES Sec

Exhibit 10: RM cost/tn down by 17% YoY but up by 15.1% QoQ



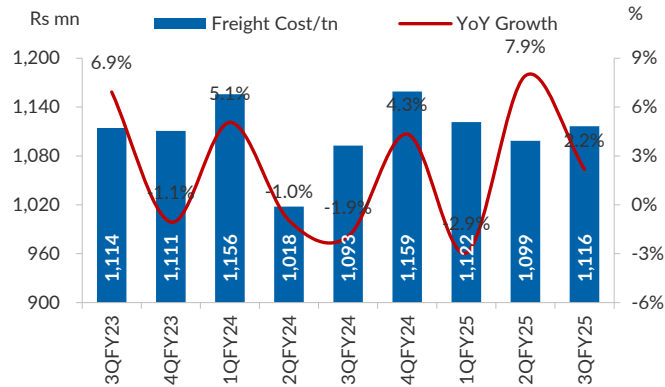
Source: Company, YES Sec

Exhibit 11: P&F Cost/tn down by 6.9% YoY (-5.8% QoQ)



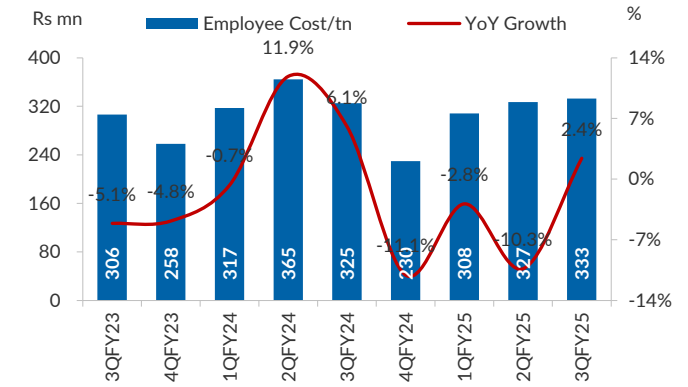
Source: Company, YES Sec

Exhibit 12: Logistic cost up by 2.2% YoY (+1.6% QoQ) due volume transportation from eastern to central region



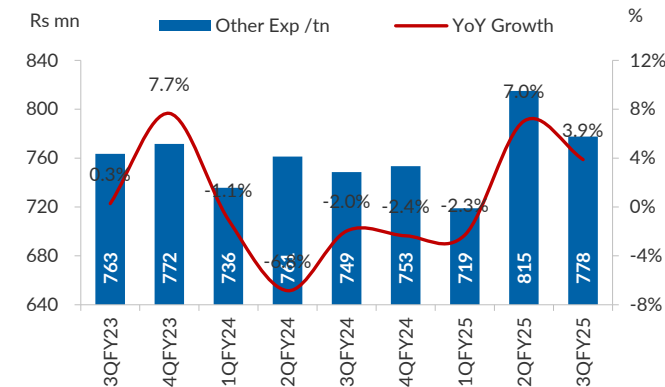
Source: Company, YES Sec

Exhibit 13: Employee cost/tn up by 2.4% YoY (+1.8% QoQ)



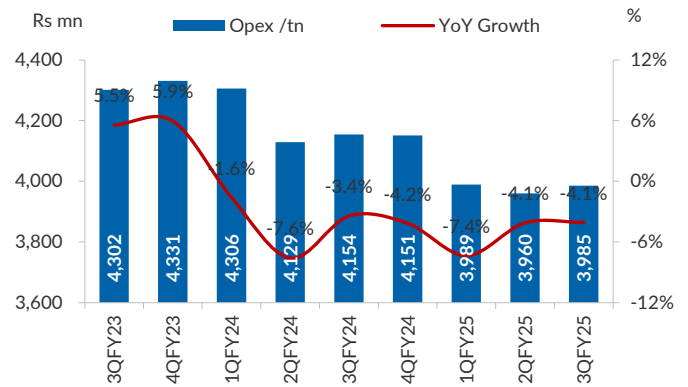
Source: Company, YES Sec

Exhibit 14: Other exp/tn up by 3.9% YoY (-4.6% QoQ)



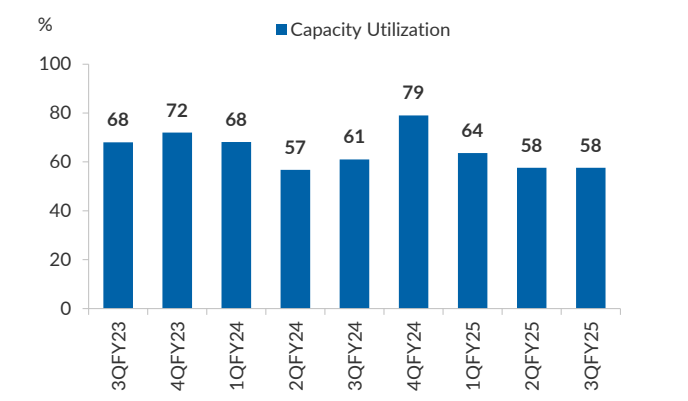
Source: Company, YES Sec

Exhibit 15: Opex/tn down by 4.1% YoY (+0.6% QoQ)



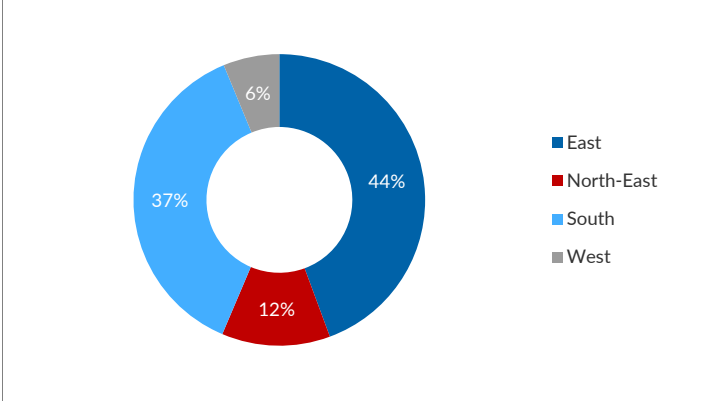
Source: Company, YES Sec

Exhibit 16: Capacity utilization remained lower at 58% in 3QFY25 due to seasonal impact coupled with volume pressure from larger players.



Source: Company, YES Sec

Exhibit 17: Regional Mix as on date and expected to add 2.4mtpa/ 0.5mtpa in Northeast/ Eastern region by end of FY25E



Source: Company, YES Sec

Exhibit 18: Capacity expansion update as on date. Next phase of expansion is expected to be announced by Jul'25 to reach 75mtpa by FY28E (earlier guidance of FY27E).

Region	Plant	Capacity
Closing Capacity FY23		38.6
East	Bokaro Line 2, JH	2.5
East	Medinipur, WB	0.6
South	Sattur, TN	2.0
South	Belgaum, KA	0.9
South	Ariyalur, TN	1.0
South	Kadapa, AP	1.0
Closing Capacity as on date		46.6
East	Kalyanpur, BH	0.5
North East	Lanka, AS	2.4
Closing Capacity FY25		49.5

📍 Debottlenecking 📍 Brownfield 📍 Greenfield

Source: Company, YES Sec

Rs mn	New Estimates			Old Estimates			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	144,012	167,834	179,896	144,012	167,834	179,896	0	0	0
EBITDA	24,266	30,083	34,712	24,266	30,083	34,712	0	0	0
EBITDA Margin (%)	16.9	17.9	19.3	16.9	17.9	19.3	0	0	0
APAT	2,481	5,326	7,502	2,481	5,326	7,502	0	0	0
EPS (Rs)	13.3	28.5	40.1	13.3	28.5	40.1	0	0	0

Source: Company, YES Sec

Exhibit 19: Annual Operational Performance Estimates (Console)

Operating Details	FY23	FY24	FY25E	FY26E	FY27E
Volume (mn mt)	25.7	28.8	28.9	33.5	35.6
YoY (%)	15.8	12.1	0.5	15.8	6.2
Utilization (%)	67	65	62	68	72
Realization (Rs)	5,273	5,101	4,976	5,008	5,053
YoY (%)	3.7	(3.3)	(2.4)	0.6	0.9
Cost per tonne (Rs)					
Raw Material Cost (Rs/mt)	771	939	1,000	1,068	1,118
Employee cost (Rs/mt)	300	302	304	306	308
Power & Fuel Cost (Rs/mt)	1,432	1,082	982	902	842
Freight Cost (Rs/mt)	1,090	1,112	1,132	1,147	1,157
Other Expenses (Rs/mt)	775	750	720	688	653
Blended EBITDA(Rs/tn)	906	916	839	898	975

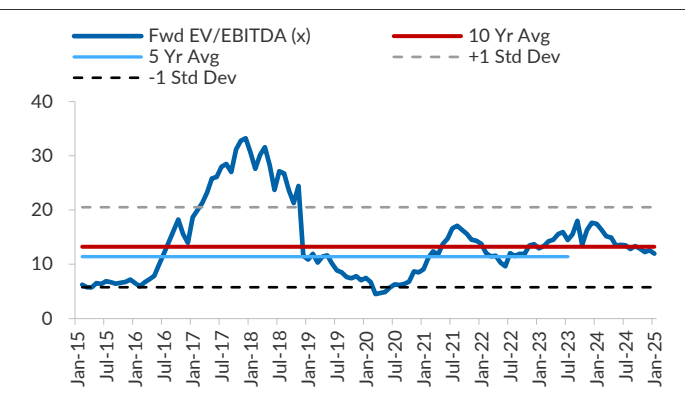
Source: Company, YES Sec

Exhibit 20: Valuation Summary

Valuation	Rs mn
Sep'26 e EBITDA (Rs mn)	32,398
Target Multiple (x)	13
EV (Rs mn)	421,173
Less: Net Debt (Rs mn)	21,992
Equity Value (Rs mn)	399,182
No of Shares (in mn)	187
Value of shares (Rs)	2,129
CMP (Rs)	1,798
Upside / (downside)	18%

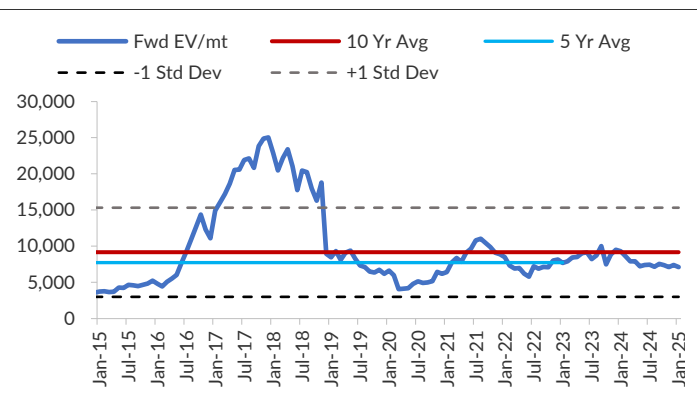
Source: Company, YES Sec

Exhibit 21: 1-yr forward EV/EBITDA band



Source: Company, YES Sec

Exhibit 22: 1-yr forward EV/te (\$) band



Source: Company, YES Sec

FINANCIALS

Exhibit 23: Balance Sheet (Console)

YE March (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
<i>Sources of funds:</i>					
Eq. Share Capital	370	380	380	380	380
Reserves & Surplus	155,910	163,590	164,384	168,023	173,838
Shareholders' Funds	156,280	163,970	164,764	168,403	174,218
Non-Controlling Interest	1,160	1,100	1,370	1,640	1,910
Total Loan Funds	38,550	48,050	53,165	54,649	55,993
Other liabilities	20,400	21,980	21,546	25,111	26,915
Total Liabilities	255,430	277,490	281,721	298,082	310,057
<i>Application of funds:</i>					
Net Block	138,660	149,330	174,672	185,013	190,631
Right of Use Assets	1,870	2,710	2,710	2,710	2,710
CWIP	18,590	22,840	8,750	7,500	9,000
Investments	35,250	44,630	44,630	44,630	44,630
Other non-current assets	16,910	18,140	15,645	17,452	18,722
Inventories	13,160	12,180	12,519	14,027	14,957
Trade Receivables	7,000	8,360	7,955	9,021	9,512
Cash & Bank Balances	2,850	5,820	1,626	2,330	3,389
Other current Assets	21,140	13,480	13,214	15,400	16,507
Total Current Assets	44,150	39,840	35,314	40,777	44,364
Trade Payables	11,350	13,160	11,745	13,465	14,245
Other Current Liabilities	27,690	29,230	29,130	34,814	36,776
Total Current Liabilities	39,040	42,390	40,875	48,279	51,022
Net Current Assets	28,900	33,820	30,866	28,867	29,682
Total Assets	255,430	277,490	281,721	298,082	310,057

Source: Company, YES Sec

Exhibit 24: Income statement (Console)

YE March (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	135,520	146,910	144,012	167,834	179,896
<i>Expenses:</i>					
Raw Material Cost	19,810	27,030	28,927	35,773	39,789
Employee Cost	7,710	8,710	8,810	10,268	10,981
P&F Cost	36,790	31,160	28,417	30,224	29,977
Freight Cost	28,020	32,030	32,765	38,441	41,199
Other Expenses	19,910	21,590	20,827	23,043	23,237
EBITDA	23,280	26,390	24,266	30,083	34,712
Depreciation & Amortization	13,050	14,980	18,748	20,910	22,881
EBIT	10,230	11,410	5,519	9,174	11,831
Other Income	1,260	3,150	2,160	2,518	2,698
Finance Cost	2,340	3,860	3,997	4,216	4,153
Exceptional Items	(1,440)	-	-	-	-
PBT	7,710	10,700	3,682	7,475	10,376
Tax Expenses	2,420	2,160	920	1,869	2,594
Share in Profit / (Loss) of Asso and JV	5,540	-	-	-	-
Minority Interest	440	270	270	270	270
Profit from discontinued operations	(40)	(10)	(10)	(10)	(10)
RPAT	10,350	8,260	2,481	5,326	7,502
APAT	11,430	8,260	2,481	5,326	7,502

Source: Company, YES Sec

Exhibit 25: Cash Flow (Console)

YE March (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Operating profit before WC changes	23,430	26,430	26,416	32,591	37,401
Net chg in working capital	(770)	460	(1,190)	2,703	244
Income tax Paid	(140)	(540)	(920)	(1,869)	(2,594)
CFO	22,520	26,350	24,306	33,425	35,051
<i>Adj. CFO</i>	<i>19,550</i>	<i>26,220</i>	<i>20,309</i>	<i>29,208</i>	<i>30,898</i>
Capital expenditure	(27,090)	(28,270)	(30,000)	(30,000)	(30,000)
Other Investments	3,830	770	2,507	(1,796)	(1,258)
CFI	(23,260)	(27,500)	(27,493)	(31,796)	(31,258)
<i>Adj FCF</i>	<i>(7,540)</i>	<i>(2,050)</i>	<i>(9,691)</i>	<i>(792)</i>	<i>898</i>
Change in Equity	-	30	-	-	-
Debt (Incl. Interest)	6,670	4,500	4,689	4,989	3,119
Dividend	(1,690)	(1,690)	(1,687)	(1,687)	(1,687)
Others	(3,300)	(620)	(4,008)	(4,228)	(4,165)
CFF	1,680	2,220	(1,007)	(925)	(2,733)
Net chg in cash	940	1,070	(4,194)	703	1,059
Opening Cash & Eq	1,600	2,850	5,820	1,626	2,330
Othe Adj:	310	1,900	-	-	-
Closing Cash & Eq	2,850	5,820	1,626	2,330	3,389

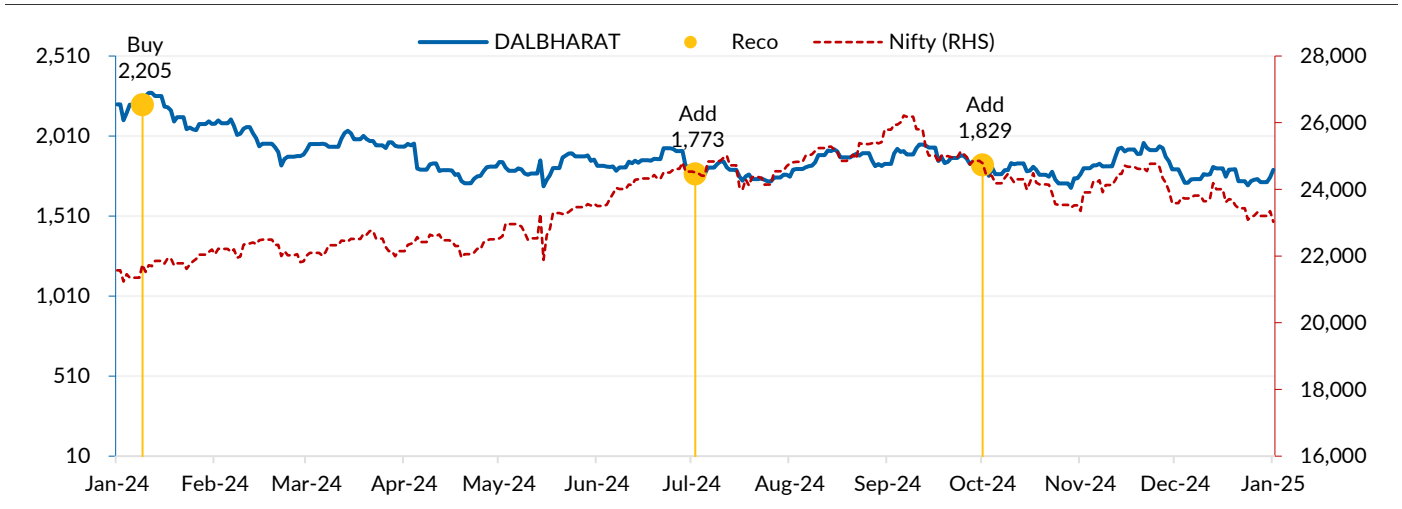
Source: Company, YES Sec

Exhibit 26: Ratio Analysis (Console)

YE March	FY23	FY24	FY25E	FY26E	FY27E
Growth Ratio (%)					
Revenue	20	8	(2)	17	7
EBITDA	(4)	13	(8)	24	15
Adjusted PAT	40	(28)	(70)	115	41
Margin Ratios (%)					
Gross Profit	85	82	80	79	78
EBITDA	17	18	17	18	19
EBIT	8	10	5	7	8
Core PBT	6	5	1	3	4
Adjusted PAT	8	6	2	3	4
Return Ratios (%)					
ROE	7	5	1	3	4
ROCE	4	6	3	4	5
Turnover Ratios (days)					
Gross Block Turnover (x)	1	1	1	1	1
Adj OCF/Adj PAT (%)	171	317	819	548	412
Inventory	12	12	12	13	12
Debtors	20	19	18	20	19
Creditors	14	12	12	13	13
Cash conversion cycle	22	20	20	20	20
Solvency Ratio (x)					
Debt-equity	0	0	0	0	0
Net debt-equity	0	0	0	0	0
Gross Debt/EBITDA	2	2	2	2	2
Current Ratio	2	2	2	2	2
Interest coverage ratio	5	4	2	3	3
Dividend					
DPS	9	9	9	9	9
Dividend Yield (%)	1	0	1	1	1
Dividend Payout (%)	15	20	68	32	22
Per share Ratios (Rs)					
Basic EPS (reported)	55	44	13	28	40
Adjusted EPS	61	44	13	28	40
CEPS	131	124	113	140	162
BVPS	840	880	886	907	939
Valuation (x)*					
Adj P/E	27	48	135	63	45
P/BV	2	2	2	2	2
EV/EBITDA	13	15	14	12	10
EV/Sales	2	3	2	2	2
Adj Mcap / Core PBT	34	46	190	58	37
Adj Mcap / Adj OCF	14	13	14	10	9

Source: Company, YES Sec

Recommendation Tracker



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