

Research Report

Dalmia Bharat Limited



Prepared By-

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About

Dalmia Bharat is engaged in the business of Manufacturing and Selling of Cement. The company was started in 1939 and is the 4th largest cement manufacturer by installed capacity in India. Founded in 1939 by Late Shri Jaidayal Dalmia, Dalmia Bharat Group is one of the Fastest Growing and Most Profitable Groups in India. Dalmia Bharat Ltd. is 4th largest cement manufacturing company in India and Dalmia Bharat Sugar Ltd. is one of the fastest growing cane based multi-product companies.

Key Products

- Dalmia Cement
- Dalmia DSP
- Dalmia Supreme
- Konark Cement
- Dalmia Infra Pro
- Dalmia Insta Pro

Synopsis of Financials

- Revenues increased by 10% YoY in Q4 and 8.4% YoY for the full year.
- EBITDA declined by 7.8% YoY in Q4 but increased by 13.4% YoY for the full year.
- Trade sales were 65% in Q4, premium products at 21%, and blended sales at 87%.
- Green power usage at 28% and fuel mix with pet coke at 56%.
- Expecting further reduction in power and fuel costs in the next quarter.
- Focus on brand building activities and improving cost efficiencies.

Source: Company Annual Report

Stock data (as 16th July 2024)

Nifty Price	: 24,613.00
52 week High (in Rs.)	: 2,431
52 week Low (in Rs.)	: 1,651
Market Cap. (in Crore)	: 35,932
NSE Code	: <u>DALBHARAT</u>

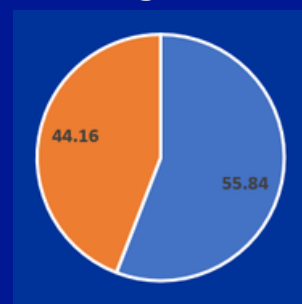
Stock data



-NIFTY50

-Dalmia Bharat Limited

Shareholding Pattern (March 2024)



-PUBLIC GROUP

-PROMOTER GROUP

Financial Summary

Particulars	March 2024	March 2023	March 2022
Sales	14,691	13,552	11,286
Sales Growth %	8.40%	20.08%	11.63%
Expenses	12,052	11,224	8,860
Operating Profit	2,639	2,328	2,426
OPM %	18%	17%	22%
Net Profit	853	1,079	845
EPS in Rs	44.04	55.21	43.55

Quarterly Results

Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	2,971	3,355	3,915	3,624	3,149	3,604	4,307
Expenses	2,592	2,711	3,205	3,014	2,560	2,825	3,653
Operating Profit	379	644	710	610	589	779	654
OPM %	13%	19%	18%	17%	19%	22%	15%
Other Income	33	42	424	57	84	60	120
Interest	54	69	64	83	101	108	94
Depreciation	332	325	336	399	401	370	328
Profit before tax	26	292	734	185	171	361	352
Tax %	-81%	25%	17%	22%	28%	26%	9%
Net Profit	47	218	609	144	123	266	320

Source: Screener

Key Ratios

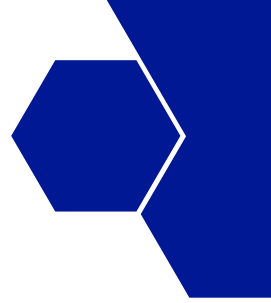
Sl. No.	Ratios	Numerator	Denominator	As at / For the year ended March 31, 2024	As at / For the year ended March 31, 2023	% change
1	Current ratio ¹	Current assets	Current liabilities	3.71	5.40	(31%)
2	Debt equity ratio	Total debt = Current borrowings	Total equity = Issued share capital + Other equity	-	-	-
3	Debt service coverage ratio ²	Earnings available for debt service = Profit before exceptional item and tax + finance costs + depreciation and amortisation	Debt service = Finance costs for the year	30.37	72.71	(58%)
4	Return on equity ³	Net profits after taxes	Average total equity	1.43%	2.46%	(42%)
5	Inventory Turnover ratio	Revenue from sale of products	Average inventory	N.A.	N.A.	N.A
6	Trade receivables turnover ratio	Revenue from sale of products and services	Average accounts receivable	10.84	11.89	(9%)
7	Trade payables turnover ratio	Net purchases of goods = Purchase of materials	Average trade payables	N.A.	N.A.	N.A
8	Net capital turnover ratio ⁴	Revenue from sale of services	Working capital = Current assets - Current liabilities	1.75	0.97	79%
9	Net profit ratio ⁵	Net profits after taxes	Revenue from operations	86.37%	148.22%	(42%)
10	Return on capital employed ⁶	Earnings before interest, exceptional item and taxes (including other income)	Capital employed = Average total equity + Average total debt	1.63%	2.63%	(38%)
11	Return on investment ⁷	Interest income on fixed deposits and bonds + profit on sale of investments + fair valuation gain/ (loss) of investments carried at FVTPL	Average treasury investment	2.85%	4.12%	(31%)

Source: Annual Report

Yearly Results

Particulars	March 2024	March 2023	March 2022
Equity Capital	38	37	37
Reserves	16,359	15,591	16,024
Borrowings	4,805	3,855	3,176
Other Liabilities	6,510	6,036	5,431
Total Liabilities	27,712	25,519	24,668
Fixed Assets	15,732	14,784	14,147
CWIP	2,395	1,871	1,034
Investments	4,462	3,524	5,704
Other Assets	5,123	5,340	3,783
Total Assets	27,712	25,519	24,668

Synopsis Quater Results



Con-Call Q1 FY'24: Key Highlights

Management Overview:

- Punet Dalmia, MD and CEO, provided an overview of the company's performance.
- Mentioned healthy volume growth and regained market share in the last 2 quarters.
- Acknowledged higher costs incurred to regain market share.
- Shared concerns about declining prices in key markets affecting EBITDA per ton.
- Expressed belief in India's GDP growth and cement demand growth.

Outlook & Capacity Expansion:

- Expects GDP growth upward of 7% and cement demand growth between 8.5% to 9%.
- Aiming for 1.5x volume growth compared to the sector, excluding sales from Jaypee assets.
- Added 6 million tons of cement capacity during FY '24.
- Jaypee transaction progressing, with expected closure in Q2 of the year.
- Plans for further capacity expansion in Kadapa, Ariyalur, Rohtas, and Lanka.

Operational Details:

- Trade sales were 65% in Q4, premium products at 21%, and blended sales at 87%.
- Green power usage at 28% and fuel mix with pet coke at 56%.
- Expecting further reduction in power and fuel costs in the next quarter.
- Focus on brand building activities and improving cost efficiencies.

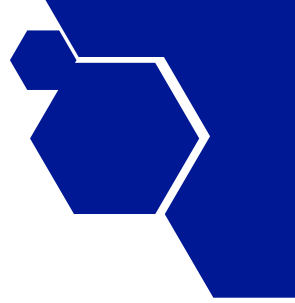
Jaypee Acquisition and Expansion:

- Jaypee assets contributing to volume growth, with plans to integrate them into normal cost structures.
- No specific profitability details shared for Jaypee operations.
- Expecting similar profitability as the rest of the group in about 2 years.
- No price increase seen in East and South markets, with prices close to exit levels of March.

Challenges and Strategies:

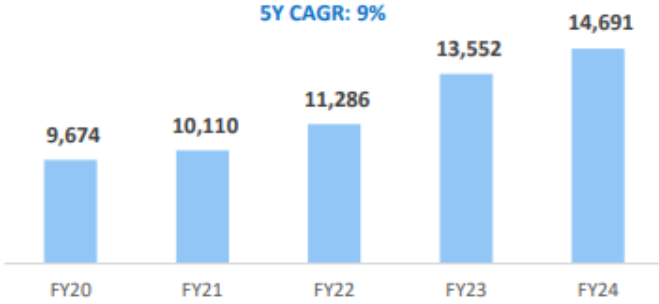
- Focused on regaining market share and improving profitability over the next few quarters.
- Operating leverage expected to play a role as capacity utilization improves.
- Reinvesting in brand building activities to drive long-term growth.
- Cement prices remained soft with no significant improvement expected in the short term.

Revenue Highlights



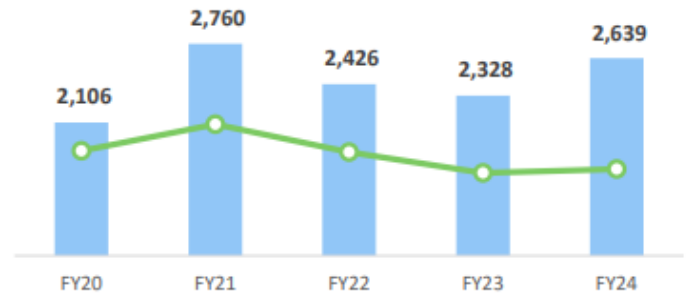
Sales Revenue

5Y CAGR: 9%



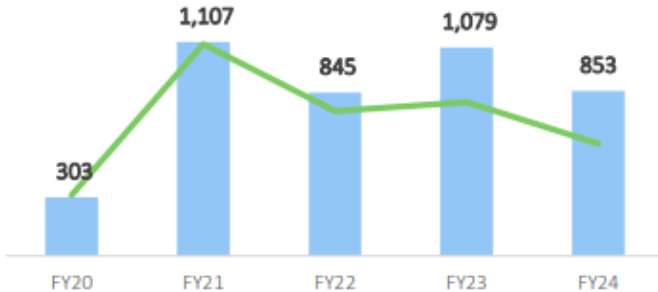
EBITDA and EBITDA%

■ EBITDA ● EBITDA %

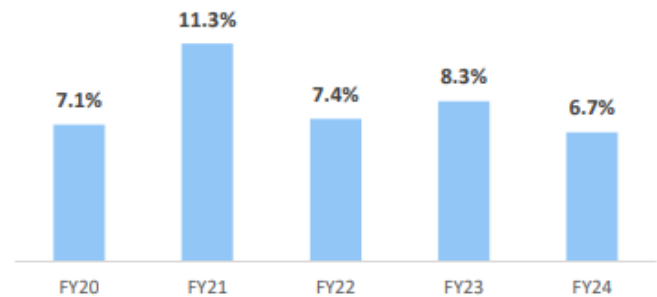


Net Profit and Net Profit%

■ Net Profit ● Net Profit %



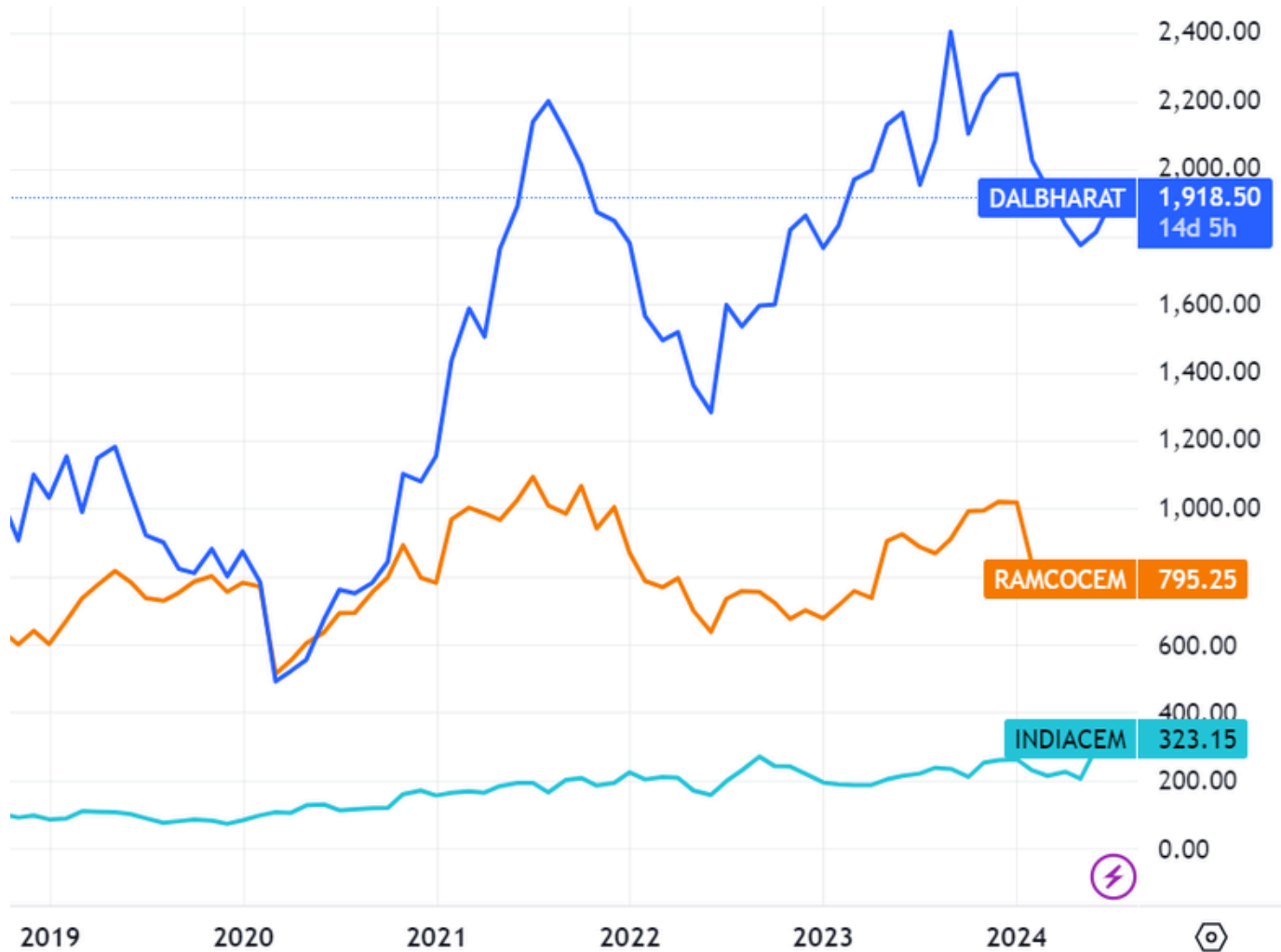
Adjusted RoE*



Peer Comparison



Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	Dalmia BharatLtd	1915.90	46.90	35932.25	0.47	320.00	-55.02	4307.00	10.01	6.71
2.	The Ramco Cement	794.45	52.66	18772.25	0.31	128.56	-14.63	2678.24	4.11	8.13
3.	India Cements	323.15		10014.33	0.00	-60.73	37.54	1266.65	-14.75	-0.73
4.	Orient Cement	303.10	35.48	6209.57	0.74	68.20	1.22	888.03	1.37	16.13
5.	K C P	258.14	17.61	3327.97	0.04	84.51	73.66	625.03	4.54	15.42

Source: Screener

Final Outlook

DALBHARAT: SELL | LTP: 1919.75

DBL reported revenue growth of 10%YoY, mainly aided by robust growth in volumes (+19%YoY). However, realisation declined by ~7%YoY and expect improvement in cement prices only in H2FY25 due to ongoing election and monsoon quarter. DBL's strong capacity expansion plans to become a pan-India player (~59MT by FY25E, including JP acquisition, and a long-term target of ~70-75MT by FY27) while maintaining a healthy balance sheet should support a re-rating in valuation.

Margins declined mainly due to drop in realisation - EBITDA declined by 7.5% YoY as EBITDA margin dropped by 290bps YoY to ~15.2% largely due to sharp decline in cement prices (7%YoY).