Dalmia Cement (Bharat) Limited

May 15, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Non-convertible debentures - proposed	950.00	CARE AA+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has assigned ratings of 'CARE AA+; Stable' to the proposed non-convertible debentures of Dalmia Cement (Bharat) Limited (DCBL).

The rating assessment reflects DCBL's strong competitive position supported by its installed cement grinding capacities of 49.5 MTPA as on March 31, 2025, making it the fourth largest cement player in Indian in terms of installed capacity. The company has strong market position in Southern, Eastern and North-Eastern India with installed cement grinding capacity of 21.6 MTPA, 17.0 MTPA and 8 MTPA respectively. The company has limited presence in western India supported by 2.9 MTPA of capacity in Chandrapur, Maharashtra and supply of its cement products from some of its Southern plants near Maharashtra. The company has established a healthy brand recall of its cement products, which is supported on ground by its distribution network leading to higher retail trade mix. The rating also factors in cost competitiveness, which is driven by the presence of captive limestone mines, and power generation with a mix of thermal and green power. High proportion of blended cement reduces its clinker requirements and thus lowers fuel requirements. The company has comfortable capital structure and debt coverage metrics, more so when factoring in cash and liquid investments available with the holding company Dalmia Bharat Limited (DBL), at consolidated level. Despite its capital expenditure plans, which will be partly supported by incremental debt leading to likely rise in debt, net debt (including security deposits from dealers [SD] and letter of credit acceptances [LC]) to profit before interest, lease rentals, depreciation and taxation (PBILDT) at DBL (Consolidated) is expected to stay comfortable below 2x in the medium term.
These strengths are partially tempered by its moderate return on capital employed considering restructuring, past acquisitions and moderate capacity utilisation. Being in cement sector, the company is exposed to its inherent cyclicality and vulnerability to demand-supply dynamics in cement industry and input price volatility.
CARE Ratings also notes that DCBL has received a Provisional Order of Attachment (POA) (received on April 15, 2025) for ₹793 Crore and attached certain land parcels of the Company amounting to ₹377 Cr (Carrying value of ₹444 Crore in the books as on March 31, 2025), issued by the Directorate of Enforcement ("ED"), Hyderabad under Prevention of Money Laundering Act, 2002 ('PMLA'). The provisional attachment by ED emanates from an earlier case registered by the Central Bureau of Investigation ("CBI") in the year 2011 wherein they had made certain allegations against DCBL vide their charge sheet filed in 2013. The matter is currently sub-judice before the CBI Court in Hyderabad. As per the management, there is no operational impact from this provisional attachment of its land. CARE Ratings will continue to assess for impact on DCBL's credit profile in case of additional developments in this case.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in return on capital employed.
- Further regional diversification leading to becoming a pan India cement manufacturer.
- Healthy debt coverage metrics with Net Debt to PBILDT (including LC and SD]) below 1.25x at DBL (Consolidated) on a sustained basis.

Negative factors

- Weakness in debt coverage metrics with Net Debt to PBILDT (including LC and SD) below 2.5x on a sustained basis at DBL (Consolidated).

Analytical approach: Consolidated, factoring significant financial linkages with the parent company DBL.

CARE Ratings has taken a consolidated view of the parent (DCBL) and its subsidiaries owing to significant business, operational and financial linkages. Details of subsidiaries and associates consolidated as on March 31, 2025, are listed under Annexure – 6.

The team has also factored in parent linkages with DBL, its holding company. At standalone level, DBL has no major operation, however, holds significant liquidity at consolidated level. DCBL has significant financial linkages with the parent company.

Outlook: Stable

The rating outlook "Stable" indicates the expected sustenance of its strong market position in the cement business and its comfortable credit metrics. The company is expected to continue growing its scale of operations supported by incremental cement

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

capacities at a healthy operating profitability margin. Despite incremental debt expected going forward to support its capacity expansion, the company's credit metrics are expected to remain comfortable.

Detailed description of key rating drivers:

Key strengths

Strong competitive position, particularly in northeast, east, and south Indian markets

DCBL is the fourth largest cement manufacturer in India in terms of its installed capacity, which was 49.5 MTPA as of March 31, 2025. The company has a strong competitive position in the northeastern, eastern, and southern India, supported by installed cement grinding capacities of 8 MTPA, 21.6 MTPA and 17.0 MTPA respectively. The company also has presence in western India through its 2.9 MTPA capacity in Chandrapur, Maharashtra and part of the demand of west being catered by neighbouring southern India states' cement grinding units. Over the years, the company has built up its cement capacities organically and inorganically, including acquisition of distressed assets. Of 49.5 MTPA of its capacities, 34% of the assets are through acquisition, which includes distressed assets as well. Some key acquired entities include OCL India Limited having 6.7 MTPA of grinding capacity, Bokaro Jaypee Cement Limited having 2.1 MTPA in Jharkhand, and Murli Industries having 2.9 MTPA of cement capacity in Chandrapur, Maharashtra, among others.

With recent capacity commissioning of 2.4 MTPA grinding unit in Lanka, Assam, the company has become the largest cement manufacturer in terms of installed cement capacity in the northeast. Considering the focus infrastructure in northeast India and limited competition intensity, the northeastern region is considered lucrative in comparison to other regions. Lower competitive intensity emanates from low presence of pan-India players in terms of manufacturing base in the region and barrier of hilly terrain and farther distance which disincentivise manufacturers from other region to transport cement to northeast. Contrastingly, the company's presence is also in Southern India wherein there is significant overcapacity, considering significant limestone reserves and installed cement capacities against demand. The company is currently serving certain locations of central India as well through its eastern cement capacities. Central India was earlier catered through tolling arrangement with Jaiprakash Associates Limited's (JAL), which ended in FY25 post JAL being admitted to National Company Law Tribunal under the Insolvency and Bankruptcy Code (IBC).

In FY25, the company witnessed subdued volume growth of ~2% year on year (y-o-y) to 29.40 million tonnes (MT) considering general and state elections, time taken for fund allocation post general elections, heatwaves and sharp downpour in H1FY25 and overall infrastructure spending push not coming from government before November 2024. The demand has been even more subdued in south India. the realisations also saw de-growth considering subdued demand and competition intensity. However, going forward, the company is expected to grow its volumes considering lower base, ramp up in capacity utilisation of incremental capacities of 4.9 MTPA, which came up in FY25, and expectation of better government push towards infrastructure spending compared to previous fiscal year. The topline is expected to be further supported by improvement in pricing after 12-15 months of pressure on realisations till March 2025. Price hikes have been observed in the company's areas of operations in April 2025, however, its sustainability needs to be observed.

DCBL also has announced plans for greenfield expansion in Pune with three MTPA of grinding unit and brownfield unit with incremental three MTPA of grinding unit in Belgaum, Karnataka. These capacities are expected to increase its presence in west India. Incremental capacities of Belgaum are also expected to cater to some demand in southern Maharashtra.

Large retail trade mix driven by healthy brand recall and established distribution network

Despite being a commoditised business, DCBL has been able to establish its brand over the years, with key consumer cement brands being Dalmia Cement RCF Expert, Dalmia DSP RCF Expert ++, Dalmia Supreme Cement and Konark Cement. Dalmia DSP RCF Expert ++ and Dalmia Supreme Cement are its premium brands. The company had reported distribution network of 49,300+ dealers and sub-dealers, which significantly supports on-ground sales of DCBL's products. The company largely sells blended cement, which is consumed by retail trade segment. Accordingly, the company's retail trade mix has been 63%-65% in the last three fiscal years through FY25. The company is focussing on increasing premium mix in the recent years, which constituted 23% (21%) in FY25 (FY24). These premium brand offers relatively faster setting time and strength and hence are priced higher, which leads to better realisation.

Cost competitiveness driven by captive resources, increasing green power mix

The company has captive limestone reserves, captive power sources i.e. thermal power (212 MW), Waste Heat Recovery System (WHRS, 72 MW), solar power (136 MW) and group captive renewable power (59 MW) and; captive coal blocks (under development). Most of the limestone requirements are met through captive mines. The company's focus on green power mix and utilising alternate fuels for kiln have been helping the company not only reduce carbon emissions but also reduce power & fuel costs. In Q4FY25, the company's green power mix i.e. WHRS and solar power (including group captive) formed 39% of the overall power mix. Short term target is to enhance it to 50% in FY26. This is expected to be supported by further addition in WHRS, solar power and group captive renewable energy by 17 MW, 36 MW and 275 MW respectively by FY26 end. Of the targeted savings of ₹150-200 per tonne of PBILDT on the base of Q1FY25 is largely expected to be derived from the focus on increasing green power mix and increasing alternative fuels for generating heat in kiln. The company has also been awarded coal block mines in Brinda Sasai, Jharkhand and Mandla, Madhya Pradesh. These are expected to be functional in FY27 providing additional cost savings to the company. The company producing 84%-87% blended cement with clinker/cement factor of 58%-59% in the last three fiscal years through FY25 ensures lower clinker requirements, limiting raw material and fuel costs as well. The company is undertaking efforts to reduce lead distance and secondary freight distance to reduce freight costs.

The company's efforts have led to sustained healthy operating margins as reflected in limited moderation during turbulent period of FY23 to FY25, where the industry witnessed significant spike in fuel costs particularly in FY23 followed by pressure on realisations in FY25. Operating margins remained between 17% to 18% leading to PBILDT per tonne in the range of ₹813 to ₹910 over FY23 to FY25. Going forward, the cost saving measures are expected to keep overall cost lower subject to power and fuel cost volatility. If there is sustainable realisation improvement, it may also lead to better operating profits.

Comfortable capital structure and debt coverage metrics, despite debt-funded capex plan
The company's net worth stood at ₹12,056 crore as on March 31, 2025, against ₹11,038 crore as on March 31, 2024. Overall gearing (including LC) strengthened gradually from 0.60x as on March 31, 2025, to 0.55x as on March 31, 2024.
With comfortable debt position and healthy profitability, the company's debt coverage metrics also remained healthy. The interest coverage ratio was 5.40x (5.97x) in FY25 (FY24) and net debt (including LC & SD) to PBILDT was 1.91x (1.26x) in FY25 (FY24). However, CARE also takes comfort of the liquidity at parent level since there is strong funding fungibility and accordingly Net Debt (including LC & SD) to PBILDT at parent DBL (Consolidated) which is 0.86x (0.43x) in FY25 (FY24). Apart from increase in debt, the recent underperformance in the cement industry impacted the company's operating profitability as well which is leading to some moderation in the debt coverage metrics. Going forward, CARE Ratings expects moderation in the debt coverage metrics, particularly Net Debt (including LC & SD) to PBILDT to ~1.75x in the medium term as the company is planning to increase its capacity to 75 MTPA, which may require debt funding as well. However, there is downside risk of Net Debt (including LC & SD) to PBILDT touching to ~2x depending on the capex intensity. It is to be noted that net debt includes investment in Indian Energy Exchange (IEX), which the management has stated is a short-term investment and is expected to be monetised. Liquid investments are exposed to market related volatility.

Key weaknesses

Subdued return on capital employed (RoCE) considering restructuring, past acquisitions and moderate capacity utilisation
Due to a few restructuring exercises, the major being Odisha Cement Limited, DCBL has created goodwill and a few intangibles. The company's capital employed is relatively higher due to acquisitions. The company's capacity utilisation is also moderate. These factors keep the company's RoCE subdued. In the medium term, the company is going to undertake capital expenditure to increase its installed cement capacity to 75 MTPA, which may further increase its capital employed. The gradual ramp-up of these facilities may keep the capacity utilisation moderate. However, this is expected to be partially offset by expectations of better operating profitability as realisations normalise post the recent slide and the company's internal cost-saving measures of ₹150-200 per tonne, majorly through focus on increasing green power capacity and its consumption and reducing freight costs as well through reducing primary and secondary freight distance.

Cyclicality of the cement industry
The cement industry is highly cyclical and depends largely on the country's economic growth. There is a high degree of correlation between the GDP growth and growth in cement consumption. Being a cyclical industry, cement goes through phases of ups and downs, and accordingly impacts unit realisations.

Exposure to volatile input costs and price realisations
The company is exposed to commodity price risk, arising from raw material price fluctuation (gypsum, fly ash and slag) and fuel (coal and pet coke). Coal (indigenous and international) is used for power generation to run its plants and fuel for kilns. In the recent past, the cement industry witnessed significant spike in power & fuel costs; post pent-up demand for fuel after multiple COVID-19 waves. Russia-Ukraine war exacerbated fuel cost in FY22 and FY23. Spike in fuel costs impacted profitability margins in FY22 and FY23, while subdued realisations have been constraining factor in profitability margins in FY25. The company's profitability will remain exposed to significant input cost volatility and cement price realisation, which depends on each region's demand and supply dynamics (volume growth and installed capacity) to cater to the demand in a particular region.

Liquidity: Strong

DCBL's strong liquidity is supported by healthy cash & liquid investments, significant generation of gross cash accruals (GCA) and modest bank limit utilisation. The company has generated GCA of ₹2017 crore in FY25, which CARE Ratings expects to increase to ₹2400 in FY26 and further in FY27. Against, this the company has scheduled repayment obligations (including lease liabilities) of ~₹245 crore in FY26 and ~₹290-₹300 crore in FY27. DCBL has cash of ₹152 crore and liquid investments of ₹2470 crore as on March 31, 2025, whereas when consolidated at its parent level including DCBL (Consolidated), DBL has cash and liquid investments of ₹4602 crore as on March 31, 2025, which includes investment in IEX of ₹2339 crore (quoted). It has been understood that the management plans to monetise investment in IEX in the short term. Fund based working capital utilisation was 14% for 12 months ended March 2025, which is modest usage. The company has healthy overall gearing and current ratio, which provides headroom for incremental debt, if required, considering the company's plan to increase its capacity to 75 MTPA and resultant incremental working capital requirement.

Environmental, Social and Governance Risk assessment:
The cement sector has a significant impact on the environment owing to higher emissions, waste generation and water consumption. This is because of energy intensive cement manufacturing process and its high dependence on natural resources, such as limestone, and coal, among others as key raw materials. The sector has social impact due to its nature of operations affecting local community and health hazards involved.
DCBL has been focusing on energy management, emission reduction, raw material procurement and waste management to reduce its ecological footprint.

Environment

- As a RE 100 Member company, DCBL has a target to long term transition to 100% renewable electricity and an intent to become carbon negative by 2040 in terms of emission -kg/ton. On RE transition, the company has reached 39% by Q4FY25 supported by its 136 MW of captive solar power and 59 MW of group captive renewable power. The company also has 72 MW of WHRS.
- Under the Carbon Negative intent, the company has considered replacing 100% fossil based primary energy mix in its cement plants by 2035 through recycled incinerable wastes and sustainable biomass. Accordingly, the company is increasing its Thermal Substitution Rate of non-fossil fuels in the cement kilns.
- Reduce scope 1 GHG emissions by 32% per tonne of cementitious material by FY34 from a FY19 base year and reduce scope 2 GHG emissions by 61.9% per tonne of cementitious material within the same timeframe, validated and approved below 2 degree targets by SBTi. In FY24, in Scope 1, 14% reduction was observed and in Scope 2, 44% reduction was observed against FY19 baseline.
- Under carbon negative intent, the company has also considered to switch to 100% blended cement production – Achieved blended cement mix of 85% in FY25.

Social:

The company's focus on social risks is largely regarding employee safety and support to communities around its plants.

- The company is undertaking efforts towards safer work environment through implementing safety standards, procedures, guidelines, safe operating procedures, among others. The company has conducted 67,932 safety inspection rounds and 156 model area developed. The company's lost time injury frequency rate (LTIFR) was 0.25x for directly employed and 0.032 for workmen in FY24. There were three fatalities among indirect workers.
- The company has also undertaken efforts towards education, rural infrastructure, and tree plantation, among others 2.5 lakh individuals benefitted through CSR programmes.

Governance risks

- 50% independent directors on board including on woman director.
- Four of the five committees are headed by Independent Directors.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Cement

About the company and industry
Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Construction materials	Cement & cement products	Cement & cement products

DCBL is one of the leading cement players in India. On a standalone basis, the company has a cement capacity of 49.5 million tonne per annum (MTPA) as on March 31, 2025, the company is the fourth largest cement manufacturer in India with strong market position in southern and eastern India. The company has clinker capacity of 23.5 MTPA as on March 31, 2025, to support the cement operations. The company has 15 plants spread across 23 states. The company enjoys leading position in east, northeast and south region. It is wholly owned subsidiary of DBL. Puneet Dalmia is the managing director and chief executive officer of DCBL and DBL.

Brief Financials (₹ crore) – Consolidated	March 31, 2024 (A)	March 31, 2025 (Prov)#
Total operating income	14680.00	13971.00
PBILDT	2622.00	2390.00
PAT	773.00	609.00
Overall gearing (times)	0.55	0.60
Interest coverage (times)	5.97	5.40

A: Audited Prov: Provisional; Note: these are latest available financial results
*Please note Overall gearing and Net Debt/PBILDT ratios factor in security deposits and Letter of Credit Acceptances.
Abridged provisional financials. Therefore, FY25 financials cannot be strictly compared to FY24 financials, as the notes to accounts for FY25 are not available, unlike FY24.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non Convertible Debentures*	-	-	-	-	950.00	CARE AA+; Stable

**Currently at proposed stage*

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Debentures-Non Convertible Debentures	LT	950.00	CARE AA+; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple

Annexure-5: Lender details: Not applicable

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
	Subsidiary		
1.	Bangaru Kamakshi Amman Agro Farms Private Limited	Full	Subsidiary
2.	Dalmia Cement (North East) Limited (Formerly known as Calcom Cement India Limited)	Full	Subsidiary
3.	D.I. Properties Limited	Full	Subsidiary
4.	Dalmia Minerals & Properties Limited	Full	Subsidiary
5.	Geetee Estates Limited	Full	Subsidiary
6.	Golden Hills Resorts Private Limited	Full	Subsidiary
7.	Hemshila Properties Limited	Full	Subsidiary
8.	Ishita Properties Limited	Full	Subsidiary
9.	Rajputana Properties Private Limited	Full	Subsidiary
10.	Jayevijay Agro Farms Private Limited	Full	Subsidiary
11.	Shri Rangam Properties Limited	Full	Subsidiary
12.	Sri Madhusudana Mines & Properties Limited	Full	Subsidiary
13.	Sri Shanmugha Mines & Minerals Limited	Full	Subsidiary
14.	Sri Swaminatha Mines & Minerals Limited	Full	Subsidiary
15.	Sri Subramanya Mines & Minerals Limited	Full	Subsidiary
16.	Sri Trivikrama Mines & Properties Limited	Full	Subsidiary
17.	Alsthom Industries Limited	Full	Subsidiary
18.	Chandrasekara Agro Farms Private Limited	Full	Subsidiary
19.	Hopco Industries Limited	Full	Subsidiary
20.	Ascension Mercantile Private Limited	Full	Subsidiary
21.	Ascension Multiventures Private Limited	Full	Subsidiary
22.	Dalmia Bharat Green Vision Limited	Full	Subsidiary
	Step-down subsidiaries		
1.	Cosmos Cements Limited (subsidiary of Dalmia Minerals & Properties Limited)	Full	Step Down Subsidiary
2.	Sutnga Mines Private Limited (subsidiary of Dalmia Minerals & Properties Limited)	Full	Step Down Subsidiary
3.	Vinay Cements Limited (subsidiary of Dalmia Cement (North East) Limited	Full	Step Down Subsidiary
4.	RCL Cements Limited (subsidiary of Vinay Cements Limited)	Full	Step Down Subsidiary
5.	SCL Cements Limited (subsidiary of Vinay Cements Limited)	Full	Step Down Subsidiary
	Joint Ventures		
1.	Radhikapur (West) Coal Mining Private Limited	Moderate	Joint Operations
2.	Khappa Coal Company Private Limited	Moderate	Joint Operations

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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