

Dalmia Bharat Refractories Limited

July 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	56.00 (Reduced from 76.00)	CARE A; Stable / CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Dalmia Bharat Refractories Limited (DBRL) continues to derive strength from the company being part of the financially strong Dalmia Bharat group and strong financial flexibility it derives from a robust net worth base and underlying significant marketable investments amounting ₹2,646.76 crore as on March 31, 2025.

CARE Ratings Limited (CareEdge Ratings) also takes cognisance of its past experience in refractory business, having sold its manufacturing units in India to RHI Magnesita India Limited in a share swap deal in FY23 and manufacturing units in Germany to RHI Magnesita Deutschland AG in FY24.

Now, the company is currently operating refractory business, with reduced capacity from its China plant, and is in the process of acquiring the refractory plant in Salem, Tamil Nadu [Dalmia Magnesite Corporation (DMC Unit)] from its group Company, namely, Dalmia Bharat Sugar and Industries Limited (DBSIL). The same is under process and the application is pending with the National Company Law Tribunal (NCLT), with appointed date of July 1, 2023, and the company expects the scheme to get effective by December 2025. While the order of NCLT is awaited, in the interim, the company has taken the DMC Unit on lease with effect from October 1, 2023. CareEdge Ratings would continue to monitor the developments in this regard and DBRL's ability to successfully ramp up of its operations in refractory business, which is currently at moderate capacity utilisation due to time taken in operationalisation of the plant, customer revalidation, among others, in both the units, which would be critical for its credit profile.

In Q1FY26, DBRL has operationalised its tyre plant (acquired under Corporate Insolvency Resolution Process, with an appointed date of May 05, 2022) along with its Strategic Partner, Himadri Speciality Chemicals Limited (HSCL). CareEdge Ratings expects the plant to run at modest capacity in FY26 with ramp-up expected in FY27 onwards. Once it reaches its full capacity, it is expected to contribute significantly towards the revenue and profits of the company. The same shall remain a key monitorable.

However, ratings are tempered by the company's absence of track record in the highly competitive tyre industry. The scale of operations remains modest in FY25 due to factors, including pending environmental clearance in mines business, delayed commencement of its tyre business due to labour unrest and modest capacity utilisation in refractory business, though ramp up in operations is expected across current existing business verticals over the medium term. Considering the initial losses expected from tyre business, operating profitability is expected to remain modest in FY26, though supported from profitability in refractory and mines vertical, and expected to enhance from FY27 onwards.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significantly ramping up scale of operations and profitability leading to gross cash accruals (GCA) over ₹150 crore.

Negative factors

- Any significant change in terms of stance by the Dalmia Bharat group towards DBRL like transfer /sale of listed investments and/or withdrawal of liquidity from DBRL or removal of "Dalmia Bharat" from the name.
- Increase in debt levels of the company or significant deterioration in market value of investments leading to deterioration in the ratio of 'market value of investments'/total debt (including debentures) falling below 2.5x on a sustained basis.
- Inability to ramp up operations as envisaged leading to sustained operational losses over the medium term.

Analytical approach: Consolidated

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

CareEdge Ratings has considered a consolidated view of the parent (DBRL) and its subsidiaries owing to significant business, operational and financial linkages between them. CareEdge Ratings also takes cognisance of the financial flexibility it derives from its equity investments in share of RHI Magnesita India Limited & Dalmia Bharat Limited; and it being part of the Dalmia Bharat Group. Details of the subsidiaries, associates, and JV, which have been consolidated as on March 31, 2025, are given in Annexure-6.

Outlook: Stable

The 'stable' outlook reflects CareEdge Ratings' expectation that DBRL will continue to derive benefit from its strong promoter group and financial flexibility in the medium-to-long term as the company ramps up operations across all verticals. No significant operational losses are expected in the medium term.

Detailed description of key rating drivers:**Key strengths****Strong financial flexibility emanating from investments it is holding**

On a consolidated basis, the company has net worth of ₹2,426.93 crore as on March 31, 2025, substantially increased from ₹673 crore as on March 31, 2022, owing to the gain from sale of its refractory units in India in FY23 and Germany in FY24. The company has ₹91.62 crore in cash and bank balances, with further ₹8.92 crore in other deposits and ₹2,646.76 crore in investments, largely in the form of equity investments in RHI Magnesita India Limited amounting ₹1,371 crore and Dalmia Bharat Limited, its group company, amounting ₹581 crore, as on March 31, 2025. The company's investments to debt multiplier is 3.42x, signifying strong financial flexibility to execute its plan regarding tyre business and scaling up of refractory business and provides cushion to absorb unseen headwinds, in the coming year. CareEdge Ratings notes that DBRL has board's resolution to invest amount not exceeding ₹500 crore in more than one tranche, in Hippostores Technology Private Limited (Hippostores), a group company, in the form of investment in equity share capital/compulsorily convertible/optionally convertible debentures or other security instruments. As on March 31, 2025, the company has invested ₹325 crore in Hippostores, with additional ₹50 crore invested in Q1FY26. Ratings factor in the strong financial flexibility it has owing to the investments it holds in the listed entities. The management has indicated that the company does not plan to undertake significant debt in the medium term, nor extend material financial support to group entities or new businesses except for the already stated investment in Hippostores. This stance remains a key rating monitorable.

Financially strong promoter group

DBRL belongs to the Dalmia Bharat Group. The group's key companies are established players in cement and sugar manufacturing in India. Since the company has significant investments and cash & cash equivalents housed in DBRL itself, no short-term promoter funding support is required. However, the company will benefit being part of the Dalmia Bharat group because of the strong brand equity derived for funding requirements or dealing with stakeholders for operational purposes.

Established track record in refractory business

With its long track record of operations through different entities and owing to its association with Dalmia Bharat Group, DBRL was positioned as one of the established players in the refractory business and has received repeat orders in past from large and reputed players in the cement and steel industry. While the company has sold its Indian and German refractory businesses, it retains the Chinese business and has taken on lease DMC refractory unit from DBSIL, which is expected to acquire by the company in FY26. Though the company reduced its market presence in refractory business, its long track record allows it to connect with the previous clients and ramp up its business in the medium term, which is further confirmed by the orders received in Q1FY26.

Key weaknesses**New entrant in a highly competitive tyre industry**

DBRL acquired Birla Tyres Limited (BTL) along with HSCL having an appointed date of May 5, 2022, for a consideration of ₹306 crore. The acquisition was funded by internal accruals amounting to ₹108.6 crore and ₹197.4 crore through NCDs issued to HSCL, which carry a rate of interest of 0.001%. Currently, the company is operating the BIAS tyre division and aims to establish its position in the tyre market. Going forward, further support from HSCL is expected as the strategic partner in the transaction. The Indian tyre industry has witnessed intense competition between domestic players and Chinese tyre manufacturers. In the past years, due to imposition of antidumping duty till December 2022 and further imposition of anti-subsidy duty in June 2019, competition from Chinese players was mitigated to an extent. In June 2020, the government-imposed curbs on imports of certain new pneumatic tyres used in motor cars, buses, lorries, and motorcycles, in a move to promote domestic manufacturing. Putting goods under restricted category means an importer would require a licence or permission from the directorate general of foreign

trade (DGFT) for imports. With the removal of anti-dumping duty on Chinese tyres and restrictions on imports, domestic players are expected to face increasing competition.

The group will face competition from other Indian players once it starts operations and its ability to profitably scale up in this segment remains a key monitorable. However, comfort is derived from the presence of HSCL, owing to its expertise in basic raw materials for tyres and its presence in Orissa, where the plant of BTL is located.

Modest scale of operations

With modest capacity utilisation in FY26, the company recorded revenue of ₹106 crore in FY25. In the medium term, the company is banking on increasing revenue from tyre business significantly, while rest of the incremental revenue is expected from ramp up of its refractories business and sale of minerals such as magnesite and dunitite from its owned mines. These mines are yet to be operational as the permit from State Government is pending, which is expected to be received by H2FY26.

Modest operating profitability

In FY25, the company booked operational loss of -₹20.02 crores, considering limited operations amidst sale of refractory business, modest capacity utilisation in the DMC unit, pending permit from State Government for mines unit and acquisition of BTL. FY26 will mark the first year of operation of tyre business under DBRL, and hence, the company is expected to incur initial losses in tyre business with lower utilisation, though supported by expected ramp up of its business in refractory and mines. Going forward, DBRL's ability to profitably scale up operations in all segments without significant change in its capital structure remains a key monitorable.

Liquidity: Strong

Liquidity is strong, marked by significant cash and investment held by DBRL. The company has ₹91.62 crore in cash and bank balances, with further ₹8.92 crore in other deposits and ₹2,646.76 crore in investments (such as equity shares, mutual funds and debt instruments) as on March 31, 2025. Comfort is being derived as the company does not have scheduled repayments in FY26, and its principal repayments will start from December 2026 onwards. Repayments for FY27 and FY28 are ₹100 crore and ₹166 crore, respectively. CareEdge Ratings expects its GCA to be sufficient to cater its debt repayment amounting to ~₹100 crore in FY27. The company has significant financial flexibility to execute its plan regarding tyre business and scaling up of refractory business, providing additional comfort. The company currently has a CC limit of ₹15 crore and overdraft facility of ₹1 crore which are not being utilised. The company also has NPG Stock which it plans to sell for ~₹30 crore in next 3-4 years, which will further aid the liquidity.

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Notching by Factoring Linkages in Ratings](#)

[Auto Components & Equipments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Diversified	Diversified	Diversified	Diversified

DBRL was originally formed in 2006, and became the main entity of Dalmia Bharat Group as a result of amalgamation of the refractories business under different entities, effective from March 01, 2022. Later in FY23, its refractory business was sold to RHI Magnesita India Limited. The company also sold its entire shareholding in its subsidiary Dalmia GSB to RHI Magnesita

Deutschland AG in 2024. The stake of Dalmia Cement (Bharat) Limited in the company has been transferred to Sarvapriya Healthcare Solutions Private Limited, which is part of the same promoter group.

DBRL and HSCL as strategic partners, acquired BTL under Corporate Insolvency Resolution Process. The operations of the tyre division commenced in Q1FY26. The company manufactures refractory from the DMC unit and China plant. It also has a mines unit, which is yet to commence operations due to pending environmental clearance, which is expected to commence its operations by December 2025.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)*
Total operating income	344	115.96	106.29
PBILDT	23	-27.26	-20.02
PAT	1307	0.80	-36.71
Overall gearing (times)	0.04	0.22	0.32
Interest coverage (times)	5.76	-1.97	-0.24

A: Audited UA: Unaudited; *Abridged; Note: these are latest available financial results

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
Fund-based/Non-fund-based-LT/ST		-	-	-	56.00	CARE A; Stable / CARE A1

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	Fund-based - LT/ST-CC/PC/Bill Discounting	LT/ST	-	-	-	-	1)Withdrawn (31-Oct-23)	1)CARE AA- / CARE A1+ (RWD) (27-Dec-22)

								2)CARE AA- / CARE A1+ (CW with Developing Implications) (07-Dec-22) 3)CARE AA-; Stable / CARE A1+ (13-Jun-22)
2	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (31-Oct-23)	1)CARE AA-(RWD) (27-Dec-22) 2)CARE AA-(CW with Developing Implications) (07-Dec-22) 3)CARE AA-; Stable (13-Jun-22)
3	Non-fund-based - LT-Standby Letter of Credit	LT	-	-	-	-	1)Withdrawn (31-Oct-23)	1)CARE AA-(RWD) (27-Dec-22) 2)CARE AA-(CW with Developing Implications) (07-Dec-22) 3)CARE AA-; Stable (13-Jun-22)
4	Non-fund-based - LT/ ST-BG/LC	LT/ST	-	-	-	-	1)Withdrawn (31-Oct-23)	1)CARE AA- / CARE A1+ (RWD) (27-Dec-22) 2)CARE AA- / CARE A1+ (CW with Developing Implications) (07-Dec-22) 3)CARE AA-; Stable / CARE A1+ (13-Jun-22)

5	Non-fund-based - ST-Loan Equivalent Risk	ST	-	-	-	-	1)Withdrawn (31-Oct-23)	1)CARE A1+ (RWD) (27-Dec-22) 2)CARE A1+ (CW with Developing Implications) (07-Dec-22) 3)CARE A1+ (13-Jun-22)
6	Fund-based/Non-fund-based-LT/ST	LT/ST	56.00	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (24-Jun-24)	-	-

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

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based/Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	OCL Global Limited	Full	Subsidiary
2	OCL China Ltd - 90% held by OCL Global Limited (Step Down Subsidiary)	Full	Subsidiary
3	Himadari Birla Tyre Manufacturer Private Limited (Earlier known as Dalmia Mining and Services Private Limited)	Full	Subsidiary
4	Birla Tyres Limited	Full	Subsidiary

Note: In April 2025, Himadari Birla Tyre Manufacturer Private Limited and Birla Tyres Limited ceased to be the subsidiaries of DBRL.

Note on complexity levels of rated instruments: CareEdge 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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