Dalmia Bharat Refractories Limited

July 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	56.00	CARE A-; Stable / CARE A1	LT rating downgraded from CARE A; Stable and ST rating reaffirmed

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-7.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has downgraded long term ratings assigned to bank facilities of Dalmia Bharat Refractories Limited (DBRL) from CARE A; Stable to CARE A-; Stable, while reaffirming ratings assigned to short-term bank facilities at CARE A1. Downgrade in long-term ratings is owing to lower-than-anticipated scale up of operations in the tyre segment, and consequently higher-than-envisaged losses in the segment in FY26, and delay in achieving commercial operations date (COD) in mines business.

However, ratings continue to derive strength from DBRL being a part of the resourceful Dalmia Bharat Group, which makes significant flexibility available with it. Investments (March 31, 2026: ₹2306 crores; majorly comprising of equity shares of RHI Magnesita India Limited worth ₹913 crore, equity shares of Dalmia Bharat Limited worth ₹627 crore, optionally convertible debentures (OCDs) in Hippostores Technology Private Limited (Hippostores) worth ₹425 crore and balance other liquid investments) held by DBRL provides it sufficient buffer to meet its repayment obligations till the time company starts generating accruals, although value of investments moderated significantly from ₹2728 crore as on March 31, 2025, due to decline in value of some of its listed investments. As a result, investment plus liquidity to debt multiplier moderated to 2.41x as on March 31, 2026, from 3.53x as on March 31, 2025. However, it registered an increase to 2.57x as on May 31, 2026, as the share price of its listed investments increased. As of March 31, 2026, DBRL had subscribed to OCDs in its loss-making group company, Hippostores, amounting ₹425 crore (of which ~₹100 crore given in FY26). Now, as confirmed by the company's management there are no plans to further support the entity and thus no additional funds required. Significant contribution to its loss-making group company or write-offs from the same will remain a key monitorable.

In Q1FY26, DBRL operationalised its tyre plant (acquired under Corporate Insolvency Resolution Process, with an appointed date of May 05, 2022) and its Strategic Partner, Himadri Speciality Chemicals Limited (HSCL), which incurred significant losses in FY26, due to initial marketing expenses and lower capacity utilisation of ~7%. However, comfort is being taken from HSCL commitment to support operating losses and capex requirements in tyre business. In FY26, HSCL has supported the company to bear losses in tyres business through non-convertible debentures (NCDs), amounting ₹270 crore (thus, taking the total balance to ₹449 crore) with a bullet repayment after five years and coupon of 0.001%. These NCDs entitle HSCL a share in profits based on the performance of tyres division. CareEdge Ratings expects continued support from HSCL and the tyre plant to ramp up its scale in FY27, with expectations of break even at the operating level. Once it reaches its full capacity, it is expected to contribute significantly towards revenue and profits of the company. This shall remain a key monitorable.

CareEdge Ratings takes cognisance of DBRL's 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. The company is currently operating refractory business, with reduced capacity from its China plant. Pursuant to the order of National Company Law Tribunal (NCLT) dated September 12, 2025, the refractory plant in Salem, Tamil Nadu [Dalmia Magnesite Corporation (DMC Unit)] and Govan Travels (GT) Unit have been acquired from its group company, namely, Dalmia Bharat Sugar and Industries Limited (DBSIL) on a slump sale basis.

However, ratings are tempered by the company's absence of track record in the highly competitive tyre industry. Scale of operations remains modest in FY26, due to factors, including pending regulatory clearance in mines business, slow ramp up of its tyre business, and modest capacity utilisation in refractory business, though ramp up in operations is expected across current existing business verticals in the medium term. Considering initial losses expected from tyre business, operating profitability is expected to remain modest in FY27 and expected to enhance from FY28 onwards.

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

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 ₹100 crore.

Negative factors

- 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.
- 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 2.2x on a sustained basis.
- Slower-than-envisaged ramp-up in scale of operations leading to sustained operational losses in the medium term.

Analytical approach: Consolidated

CareEdge Ratings has considered a consolidated view of the parent (DBRL) and its subsidiaries owing to significant business, operational, and financial linkages between them. Details of subsidiaries, associates, and joint venture (JV), which have been consolidated as on March 31, 2026, are given under Annexure 6.

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.

Outlook: Stable

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 tangible net worth of ₹1,777 crore as on March 31, 2026, 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 ₹2306 crore in form of cash and liquid investments (unencumbered), largely in form of equity investments in RHI Magnesita India Limited amounting ₹913 crore and Dalmia Bharat Limited, its group company, amounting ₹627 crore, as on March 31, 2026. As on May 31, 2026, cash and liquid investments (unencumbered) balance stood at ₹2452 crores.

The company's investments to debt multiplier as on March 31, 2026, stood at 2.42x (March 31, 2025: 3.53x), and as on May 31, 2026, stood at 2.61x signifying significant financial flexibility to meet its repayment obligations. Previously DBRL had board's resolution to invest amount not exceeding ₹500 crore in Hippostores, a group company. As on March 31, 2026, the company has invested ₹425 crore in Hippostores. The resolution expired in June 2026. DBRL's management confirms that 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. Material supports from DBRL to loss making entities 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 and cash equivalents housed in DBRL, 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 acquired the DMC refractory unit from DBSIL in FY24, which DBRL initially took on lease pending execution of the transfer, which was completed in October 2025. Though the company reduced its market presence in refractory business, its long track record allows it to connect with previous clients and ramp up its business in the medium term.

Initially the company's major customers constituted steel companies, however, the company has also started focusing on cement customers. It has already started receiving orders from one major cement players and has received trial orders from other big players in the cement industry.

Key weaknesses

New entrant in a highly competitive tyre industry

DBRL acquired Birla Tyres Limited (BTL) and 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. Per agreed terms, HSCL will infuse funds in DBRL by way of NCDs for capex to be done in tyre business and funding initial operational losses, for which, HSCL shall be entitled to profits of tyre segment, when the business starts generating profits. As of March 31, 2026, HSCL has infused ₹449 crore in DBRL. Going forward, further support from HSCL is expected as the strategic partner in the transaction. CareEdge Rating expects the tyre business to ramp up its scale of operations with expectations of break even in FY27.

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, 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 is Orissa, where BTL plant is located.

Modest scale of operations

With modest capacity utilisation in FY26, the company recorded revenue of ₹267 crore in FY26. 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 dunite 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 H2FY27.

Losses at operating level

In FY26, the company booked operational loss of ₹125 crore (FY25: ₹20 crore), 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. Tyres segment is still in the process of ramping up scale of operations and with initial expenses incurred on marketing, it incurred considerable losses in FY26, although it is expected to break even in FY27. 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: Adequate

Liquidity is adequate, marked by significant cash and investment held by DBRL. The company has ₹2306 crore in cash and bank balances and unencumbered investments (such as equity shares, mutual funds, and debt instruments) as on March 31, 2026. As on May 31, 2026, this balance stood at ₹2452 crores. Comfort is being derived from the fact that the company has ₹99 crore of repayments in FY27, and ₹166-167 crore each from FY28-FY29.

The company has significant financial flexibility to execute its plan regarding tyre business and scaling up of refractory business, providing additional comfort. Entire capex of tyres business and operating losses is to be met by issuing NCDs to HSCL, whereas other segments do not have major capex requirements. The company currently has a cash credit (CC) limit of ₹15 crore and overdraft facility of ₹5 crore, which are not being utilised.

Assumptions/Covenants: Not applicable

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

Applicable criteria

[Consolidation & Combined Approach]
[Policy on Default Recognition]
[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 tyre division operations 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 in H2FY27.

Consolidated Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	106	267
PBILDT*	-20	-125
Profit after tax (PAT)	-37	-223
Overall gearing (x)	0.32	0.54
Interest coverage (x)	-0.24	-1.28

A: Audited; UA: Unaudited; Note: These are latest available financial results.
*PBILDT: Profit before interest, lease rentals, depreciation, and tax

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 2026-2027	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
1	Fund-based - LT/ ST-CC/PC/Bill Discounting	LT/ST	-	-	-	-	-	1)Withdrawn (31-Oct-23)
2	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (31-Oct-23)
3	Non-fund-based - LT-Standby Letter of Credit	LT	-	-	-	-	-	1)Withdrawn (31-Oct-23)
4	Non-fund-based - LT/ ST-BG/LC	LT/ST	-	-	-	-	-	1)Withdrawn (31-Oct-23)
5	Non-fund-based - ST-Loan Equivalent Risk	ST	-	-	-	-	-	1)Withdrawn (31-Oct-23)
6	Fund-based/Non-fund-based-LT/ST	LT/ST	56.00	CARE A-; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (08-Jul-25)	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	Full	Subsidiary
3	HPPL Industries Private Limited	Full	Subsidiary

Note: Both Birla Tyres Limited (BTL) and Himadri Birla Tyre Manufacturer Private Limited cease to be the subsidiary of DBRL in FY26, because of change in shareholding.

Annexure-7: List of facilities/instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, Fis	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, Fis	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the rating notes subsequent to issuance(s), CareEdge Ratings Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

[2] SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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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