September 30, 2025

Alsthom Industries Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term - Fund-based – Working capital facilities	5.0	5.0	[ICRA]AA+ (Stable); reaffirmed
Total	**5.0**	**5.0**	

Instrument details are provided in Annexure I

Rationale

While assigning the rating, ICRA has taken a consolidated view of Dalmia Cement (Bharat) Limited (DCBL), Dalmia Bharat Limited (DBL), Rajputana Properties Private Limited and Alsthom Industries Limited, given their common management, strong business and financial linkages. These entities are collectively referred to as DBL/ the Group in the report.

The rating reaffirmation factors in DBL's established position as one of the top 4 players (in terms of installed capacity) in the Indian cement industry, along with its strong liquidity and comfortable financial profile with moderate leverage and healthy debt coverage metrics. The rating positively factors in DBL's strong position in eastern (including the Northeast with 19% capacity share) and southern India (8% capacity share), which insulates its performance from any downturns in any single region. Additionally, the planned capacity addition of 3.0 MTPA each in West (Pune) and South India (Belgaum) in FY2027 will further strengthen the Group's position in the South and expand the company's presence in the West.

In FY2025, the industry's operating margin came under pressure, especially during H1 FY2025, because of subdued demand and consequent impact on realisation. However, the realisation and, hence, operating margins improved subsequently in H2 FY2025 and remained strong in Q1 FY2026 as well. ICRA expects DBL's revenues to grow by 8-10% in FY2026, driven by volumetric growth and increase in cement prices, which is supported by ramp-up of new capacities and continued healthy demand from housing and infrastructure sectors. The company has been able to improve its operating efficiencies by increasing the proportion of blended cement sales and increase in share of green power, among others, which has supported profitability. The OPBIDTA/MT stood at about Rs. 820/MT in FY2025, down 11% YoY, majorly due to weak cement prices, which improved to around Rs. 1,261/MT in Q1 FY2026 owing to pick up in prices amid healthy demand.

ICRA estimates the OPBDITA/MT for FY2026 to improve to Rs. 1,100–1,150/MT, while the absolute operating profits are expected to rise by 35-37%, supported by an increase in realisations and stable cost structure. The leverage and debt coverage metrics remained comfortable in FY2025 with Net debt[1]/OPBDITA of 1.3 times (0.9 times in FY2024), interest coverage of 6.0 times (6.8 times in FY2024) and DSCR of 3.9 times (3.0 times in FY2024). ICRA notes that DBL has capex plans of around Rs. 3,500–4,000 crore in FY2026 towards its ongoing grinding capacity expansions and setting up clinker capacities in the Northeast along with addition of renewable energy and acquisition of lands for future expansions. The same is likely to be funded through a mix of debt and internal accruals. Despite the likely rise in debt levels for capex funding, ICRA expects the company's Net debt/OPBITDA to remain comfortable below 1.5 times and DSCR above 3.0 times in FY2026.

The rating strengths are partially offset by the subdued return on capital employed (RoCE), as the Group is in continuous capex mode. Ramping up its additional capacities remains critical for an improvement in DBL's RoCE levels. The credit profile also remains exposed to the cyclical nature of the cement industry and susceptibility of operating profits to fluctuations in input prices.

[1] *Net debt = Total gross debt – Unencumbered cash and liquid investments (excluding value of IEX shares)*

ICRA notes the bid submission by DCBL for the acquisition of Jaiprakash Associates Limited (JAL) and its assets through the Insolvency and Bankruptcy Code (IBC) process. ICRA continues to monitor the developments in this case, and if DCBL emerges as a successful bidder, the impact of the acquisition on the company's leverage metrics will be a key monitorable.

ICRA has taken cognizance of the provisional attachment order dated March 31, 2025 (received on April 15, 2025), issued by the Joint Director of the Enforcement Directorate (ED), Hyderabad. The order pertains to the attachment of DCBL's land assets valued at Rs. 793.3 crore. While the implications of this development are being monitored, ICRA will continue to assess its potential impact on the company's credit profile.

The Stable outlook on the rating reflects ICRA's opinion that the Group's strong market position and cost rationalisation efforts will lead to healthy growth in revenues and operating profits, while maintaining comfortable leverage and a strong liquidity position.

Key rating drivers and their description

Credit strengths

Strong market position in southern and eastern regions – The Group enjoys a strong foothold in eastern (including the Northeast with 19% capacity share) and southern India (8% capacity share), which insulates its performance from any downturns in any single region. Additionally, the planned capacity addition of 6.0 million MTPA in West and South India (3.0 MTPA each) in FY2027 will further strengthen the Group's position in the South and expand the company's presence in the West.

Healthy scale of operations, strong long-term growth prospects – DBL is among India's top 4 cement manufacturers (in terms of installed capacity). ICRA expects DBL's revenues to grow by 8-10% in FY2026, driven by volumetric growth and increase in cement prices, supported by ramp-up of new capacities and continued healthy demand from the housing and infrastructure sectors.

Cost reduction initiatives likely to support medium-term profitability – The company has been able to improve its operating efficiencies by increasing the proportion of blended cement sales and increasing its share of green power, among others, which has supported profitability. The OPBIDTA/MT stood at about Rs. 820/MT in FY2025, down 11% YoY, majorly due to weak cement prices, which improved to around Rs. 1,261/MT in Q1 FY2026 owing to pick up in prices amid healthy demand. ICRA estimates the OPBDITA/MT for FY2026 to improve to Rs. 1,100–1,150/MT, while the absolute operating profits are expected to rise by 35-37%, supported by an increase in realisations and stable cost structure.

Leverage and coverage indicators expected to remain comfortable despite capex plans – The leverage and debt coverage metrics remained comfortable in FY2025 with Net debt/OPBDITA of 1.5 times (1.0 times in FY2024), interest coverage of 6.0 times (6.8 times in FY2024) and DSCR of 3.9 times (3.0 times in FY2024). ICRA notes that DBL has capex plans of around Rs. 3,500–4,000 crore in FY2026 towards its ongoing grinding capacity expansions and setting up clinker capacities in the Northeast along with addition of renewable energy and acquisition of lands for future expansions. The same is likely to be funded through a mix of debt and internal accruals. Despite the likely rise in debt for capex funding, ICRA expects the company's Net debt/OPBITDA ratio to remain comfortable below 1.5 times and DSCR above 3.0 times in FY2026.

Credit challenges

Subdued RoCE owing to continuous capex; ramping up new capacities to improve return metrics in the mid-to-long term – Increase in capital employed on account of multiple restructuring led to recognition of intangibles over the years and the resultant amortisation expense led to subdued return on capital employed. The RoCE is expected to remain modest over the near-to-medium term as the Group is in continuous capex mode. Ramping up the additional capacities remains critical for an improvement in the RoCE.

Vulnerability of revenues to cyclicality in economy; susceptibility of profitability to fluctuations in input prices – DBL remains exposed to the demand and pricing dynamics in the cement industry, which are influenced by cyclical economic trends and capacity additions by industry players. When capacity addition exceeds incremental demand, prices and, consequently, the profitability of players are adversely affected. Further, DBL's operating profitability remains susceptible to fluctuations in input prices.

Environmental and social risks

Environmental considerations – As a cement producer, DBL has high fuel consumption, which results in greenhouse gas (GHG) emissions and pollution. Hence, the increasing regulatory requirements to reduce GHG emissions and stricter air pollution standards may lead to higher costs for cement producers. DBL has taken several initiatives, such as increasing the usage of renewable energy (solar power and waste heat recovery system accounted for 36% of the total power consumption in FY2025 against 33% in FY2024), increasing the use of fly ash, slag (by-products of the power and steel industries), and alternative fuel at its clinker manufacturing units, which help in reducing the company's carbon footprint and save power costs.

Social considerations – The social risks associated with the company are primarily the health and safety of its employees involved in mining limestone and producing clinker and cement.

Liquidity position: Strong

DBL's liquidity is strong, backed by free cash and bank balances of Rs. 150 crore and other investments of Rs. 4,400 crore (of which investments in IEX Limited stand at Rs. 2,339 crore) as on March 31, 2025. Additionally, the moderate utilisation of working capital lines, with an average cushion of Rs. 450 crore at the consolidated level during April 2024-March 2025, further strengthens its liquidity profile. The long-term debt principal repayment obligations worth Rs. 199 crore in FY2026 can be comfortably met from its cash flow from operations. DBL has capex plans of around Rs. 3,500–4,000 crore in FY2026, proposed to be funded through a mix of debt and internal accruals.

Rating sensitivities

Positive factors – Healthy ramp-up and integration of its additional capacities, along with increase in operating profitability leading to a significant improvement in RoCE levels, on a sustained basis, may trigger a rating upgrade.

Negative factors – Inability to ramp-up the scale of operations and/or generate commensurate returns from the additional capacities to be commissioned leading to weakening of debt protection metrics, on a sustained basis, may trigger a downward rating revision. Any significant increase in indebtedness to fund the future capex or acquisition leading to net debt to EBITDA ratio (excluding value of IEX shares) of more than 2.0 times, on a consistent basis, may exert pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology - Cement
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of the various Group entities (as mentioned in Annexure-II), given the close business, financial and managerial linkages among them; the ratings are therefore based on the consolidated financials of the parent company, Dalmia Bharat Limited.

About the company

Alsthom Industries Limited (AIL) operates a grinding unit with a capacity of 0.5 million MTPA in Assam. The Dalmia Bharat Group owns 100% stake in AIL. The company, in essence, operates as an extension of DBL in the north-eastern region with complete integration of operations with the parent entity.

About the parent company - DBL

DBL produces various grades of cement. The cement division generated 97% of the total revenues in FY2025 (97% in FY2023), with the remaining revenues mainly generated by its management services. With a total installed production capacity of 49.5 million MTPA, the Dalmia Bharat Group enjoys a strong market presence in East and South India. DBL is listed on the Indian stock exchange (BSE as well as NSE) with promoters holding 56% shareholding in the company.

Key financial indicators (audited)

DBL Consolidated	FY2024	FY2025	Q1 FY2026*
Operating income	14,691	13,980	3,636
PAT	853	699	395
OPBDIT/OI	17.9%	17.2%	24.3%
PAT/OI	5.8%	5.0%	10.9%
Total outside liabilities/Tangible net worth (times)	0.7	0.7	-
Total debt/OPBDIT (times)	1.8	2.4	-
Interest coverage (times)	6.8	6.0	8.2

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore*
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

<table>
<tr><th rowspan="3">Instrument</th><th colspan="3">Current rating (FY2026)</th><th colspan="6">Chronology of rating history for the past 3 years</th></tr>
<tr><th rowspan="2">Type</th><th rowspan="2">Amount rated (Rs. crore)</th><th rowspan="2">Sep 30, 2025</th><th colspan="2">FY2025</th><th colspan="2">FY2024</th><th colspan="2">FY2023</th></tr>
<tr><th>Date</th><th>Rating</th><th>Date</th><th>Rating</th><th>Date</th><th>Rating</th></tr>
<tr><td rowspan="2">Fund-based - Working capital facilities</td><td rowspan="2">Long term</td><td rowspan="2">5.0</td><td rowspan="2">[ICRA]AA+ (Stable)</td><td>Jun 28, 2024</td><td>[ICRA]AA+ (Stable)</td><td>-</td><td>-</td><td>Sep 13, 2022</td><td>[ICRA]AA+ (Stable)</td></tr>
<tr><td>-</td><td>-</td><td>-</td><td>-</td><td>Mar 15, 2023</td><td>[ICRA]AA+ (Stable)</td></tr>
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Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based - Working capital facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA’s website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Fund-based – Working capital facilities**	NA	NA	NA	5.0	[ICRA]AA+(Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company Name	DBL Ownership	Consolidation Approach
Dalmia Cement (Bharat) Limited (subsidiary of DBL)	100.00%	Full Consolidation
Dalmia Power Limited (subsidiary of DBL)	100.00%	Full Consolidation
DPVL Ventures LLP (subsidiary of Dalmia Power Limited)	100.00%	Full Consolidation
Bangaru Kamakshi Amman Agro Farms Private Limited	100.00%	Full Consolidation
Dalmia Cement (North East) Limited	95.28%	Full Consolidation
D.I. Properties Limited	100.00%	Full Consolidation
Dalmia Minerals & Properties Limited	100.00%	Full Consolidation
Geetee Estates Limited	100.00%	Full Consolidation
Golden Hills Resort Private Limited	100.00%	Full Consolidation
Hemshila Properties Limited	100.00%	Full Consolidation
Ishita Properties Limited	100.00%	Full Consolidation
Rajputana Properties Private Limited	100.00%	Full Consolidation
Jayevijay Agro Farms Private Limited	100.00%	Full Consolidation
Shri Rangam Properties Limited	100.00%	Full Consolidation
Sri Madhusudana Mines & Properties Limited	100.00%	Full Consolidation
Sri Shanamugha Mines & Minerals Limited	100.00%	Full Consolidation
Sri Swaminatha Mines & Minerals Limited	100.00%	Full Consolidation
Sri Subramanya Mines & Minerals Limited	100.00%	Full Consolidation
Sri Trivikrama Mines & Properties Limited	100.00%	Full Consolidation
Alsthom Industries Limited	100.00%	Full Consolidation
Chandrasekara Agro Farms Private Limited	100.00%	Full Consolidation
Hopco Industries Limited	100.00%	Full Consolidation
Ascension Mercantile Private Limited	100.00%	Full Consolidation
Ascension Multiventures Private Limited	100.00%	Full Consolidation
Dalmia Bharat Green Vision Limited	100.00%	Full Consolidation
Cosmos Cements Limited	100.00%	Full Consolidation
Sutnga Mines Private Limited	100.00%	Full Consolidation
Vinay Cements Limited	97.21%	Full Consolidation
RCL Cements Limited	100.00%	Full Consolidation
SCL Cements Limited	100.00%	Full Consolidation
Radhikapur (West) Coal Mining Private Limited (JV of Dalmia Cement (Bharat) Limited)	14.70%	Equity Method
Khappa Coal Company Private Limited (JV of Dalmia Cement (Bharat) Limited)	36.73%	Equity Method

Source: Company data, ICRA Research

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ABOUT ICRA LIMITED

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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