

Price: 386

Recommendation: Buy

Industry: Sugar

Sector: Fast Moving Consumer Goods

Report Date: 03-Apr-2025

Dalmia Bharat Sugar and Industries Limited is a key player in India's sugar industry, focusing on diversification and expansion. The company is boosting its ethanol production, aligning with government programs to reduce oil imports, and investing in renewable energy by utilizing by-products like bagasse for power generation. With strong financial performance and strategic initiatives, Dalmia Sugar is poised for growth and sustainability, exploring new markets and innovative solutions.

Sales		Profit & Loss		Profitability Matrix	
Current Year	3462 Cr	Operating Profit(Year)	428 Cr	Operating Profit Margin	12.4 %
Previous Year	3252 Cr	Operating Profit(Quarter)	103 Cr	EBITDA Margin	14.36 %
Current Quarter	840 Cr	PAT (Year)	240 Cr	Net Profit Margin	8.28 %
Previous Quarter	923 Cr	PAT (Quarter)	70.3 Cr	EPS	37.0
Revenue (QYoY)	584 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	10.4	Sales Growth	4.95 %	Sales Growth	-8.99 %
PEG Ratio	1.87	PAT Growth	-2.44 %	Sales Growth QYoY	43.84 %
EV/EBITDA	6.16	EPS Growth	10.12 %	PAT Growth	-4.61 %
P/B	0.98	Dividend Yield	1.35	PAT Growth QYoY	13.2 %
Capital Allocation		Holdings		Leverage	
RoE	8.51 %	Promoter	74.9 %	Debt/Equity	0.12
RoA	5.36 %	FII	0.89 %	Debt	363 Cr
RoCE	9.84 %	DII	0.05 %	Market Cap	3121 Cr
RoIC	7.11 %	Public	24.0 %	Enterprise value	3144 Cr
		No of Shares	8.09 Cr	Cash Equivalents	340 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

Dalmia Bharat Sugar and Industries Limited, a prominent player in the Indian sugar industry, has been actively pursuing diversification and expansion strategies to enhance its business portfolio. Recently, the company has focused on increasing its ethanol production capacity, aligning with the Indian government's ethanol blending program. This initiative not only supports the national agenda of reducing oil imports but also provides a stable revenue stream for the company. Dalmia Sugar has been investing in modernizing its distilleries and expanding its capacity to produce ethanol from B-heavy molasses and sugarcane juice, which are more efficient and sustainable sources. This strategic move is expected to significantly boost the company's profitability and reduce its dependency on sugar price volatility.

In addition to ethanol production, Dalmia Sugar is exploring opportunities in the renewable energy sector. The company has been leveraging its by-products, such as bagasse, to generate power, which is then used for captive consumption and sold to the grid. This not only enhances the company's sustainability credentials but also provides an additional revenue stream. The focus on renewable energy aligns with global trends towards sustainable business practices and positions Dalmia Sugar as a forward-thinking company. The company is also exploring the potential of setting up solar power plants, which could further diversify its energy portfolio and contribute to its long-term growth.

Dalmia Sugar's recent financial performance has been robust, with significant improvements in revenue and profitability. The company's strategic focus on cost optimization and operational efficiency has yielded positive results, as evidenced by improved margins. The management has been proactive in managing the cyclical nature of the sugar industry by maintaining a balanced product mix and optimizing inventory levels. This approach has helped the company mitigate risks associated with fluctuating sugar prices and ensure steady cash flows. Furthermore, Dalmia Sugar's prudent financial management and strong balance sheet provide a solid foundation for future investments and growth initiatives.

Looking ahead, Dalmia Sugar is well-positioned to capitalize on emerging opportunities in the sugar and renewable energy sectors. The company's strategic initiatives, such as expanding ethanol production and exploring renewable energy projects, are expected to drive long-term growth and enhance shareholder value. To further strengthen its market position, Dalmia Sugar could consider strategic partnerships or acquisitions that complement its existing operations and provide access to new markets. Additionally, continued investment in research and development could lead to innovative solutions that enhance operational efficiency and sustainability. By maintaining its focus on diversification and sustainability, Dalmia Sugar is poised to achieve significant growth and remain a leader in the industry.

DALMIASUG Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Triven.Engg.Ind.	8331.26	38.63	14.21%	-14.93%	-3.27%	321.72%	-69.02%
Sh.Renuka Sugar	6202.43			1.44%	-14.79%	-813.00%	-18.58%
Bannari Amm.Sug.	4753.79	52.04	9.36%	-11.04%	-45.14%	-15.93%	-57.68%
Dalmia Bharat	3120.65	10.43	8.51%	-9.01%	43.96%	-4.59%	13.23%
Bajaj Hindusthan	2507.39		-1.90%	27.26%	-15.22%	-34.54%	-604.18%

Aspect	Commentary
Revenue	The company shows a moderate increase in annual revenue, indicating stable growth. However, quarterly revenue has declined, suggesting potential seasonal or market challenges. The year-over-year quarterly growth is strong, reflecting effective strategies in capturing market opportunities.
Profit & Loss	Annual operating profit and PAT indicate solid performance, though quarterly figures show a slight decline. This suggests potential short-term challenges or investments impacting quarterly results. Overall, the company maintains a healthy profit margin, supporting its financial stability.
Profitability Matrix	The company exhibits strong profitability with healthy operating and net profit margins. The EPS indicates good earnings performance, suggesting effective cost management and revenue generation. These metrics reflect the company's ability to sustain profitability in a competitive market.
Valuation Matrix	The valuation metrics suggest the company is reasonably valued with a moderate P/E ratio. The PEG ratio indicates growth potential, while the EV/EBITDA and P/B ratios reflect a balanced valuation. These factors suggest the company is well-positioned for future growth.
Growth (YoY)	Year-over-year growth metrics show a positive trend in sales and EPS, indicating effective strategic initiatives. However, a slight decline in PAT growth suggests potential cost pressures or market challenges. Overall, the company demonstrates resilience and growth potential.
Growth (QoQ)	Quarter-over-quarter growth metrics reveal a decline in sales and PAT, indicating short-term challenges. However, the strong QYoY growth suggests effective long-term strategies. The company needs to address quarterly fluctuations to ensure consistent growth.
Capital Allocation	The company demonstrates efficient capital allocation with healthy RoE, RoA, and RoCE metrics. These indicate effective use of resources to generate returns. The RoIC suggests the company is making prudent investment decisions, supporting long-term growth.
Holdings	The company's ownership structure shows strong promoter holding, indicating confidence in the business. Low institutional holdings suggest potential for increased investor interest. The public holding provides liquidity, supporting market stability and investor confidence.
Leverage	The company maintains a low debt-to-equity ratio, indicating prudent financial management. The manageable debt level supports financial flexibility, while the market cap and enterprise value reflect the company's strong market position. Cash reserves provide a buffer for future investments.

Analyst viewpoint: Dalmia Bharat Sugar and Industries Limited continues to show promising potential in the short to mid-term with a robust strategy focused on diversification and growth. The company's recent initiatives in expanding ethanol production align well with national objectives, providing a steady revenue stream and reducing dependency on volatile sugar prices. With quarterly sales growth at 43.84% year-over-year and a decline of 8.99% quarter-over-quarter, the company showcases strong market capture despite short-term seasonal fluctuations. Their valuation, supported by a trailing P/E of 10.4 and a solid EBITDA margin of 14.36%, reflects a balanced position for future growth. The strategic use of capital is evidenced by healthy returns on equity and assets, indicating efficient financial management that amplifies investor confidence with a low debt-to-equity ratio of just 0.12.

Moreover, Dalmia's commitment to renewable energy via leveraging by-products and exploring solar energy diversifies its revenue streams and aligns with global sustainability trends, fortifying its business resilience. While the stock's attractive P/B ratio of 0.98 underscores a solid opportunity for investment, we highlight a minor decline in quarterly profits at 4.61% signaling potential for improved cost efficiencies. Compared to peers like Triveni Engineering and Bajaj Hindusthan, Dalmia remains competitively positioned with its strategic initiatives potentially propelling it ahead. Despite the transient quarterly challenges, the company's innovative strategies position it well for capturing emerging market opportunities, maintaining its bullish outlook.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

1. GOALZEN CAPITAL SERVICES PRIVATE LIMITED is a SEBI-Registered Research Analyst having SEBI registration number INH000013448. GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"), the research entity, is engaged in providing research services on securities and information on personal financial products. This Research Report (called Report) is prepared and distributed by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with brand name 'GoalFi' (brand name trademarked to research analyst and company director 'Robin Arya') and used by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with mutual consent.

2. GOALZEN CAPITAL SERVICES PRIVATE LIMITED, its partners, employees, directors or agents, do not have any material adverse disciplinary history as on the date of publication of this report.

3. I, Robin Arya, author/s and the name/s in this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any financial interest in the subject company.

4. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any material conflict of interest. I/we have not served as director / officer, etc. in the subject company in the last 12-month period.

5. I, Robin Arya, do not hold this stock as part of my investment portfolio at the date of recommendation. I/analysts in the Company have not traded in the subject stock thirty days preceding this research report and will not trade within five days of publication of the research report as required by regulations.

6. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received any compensation from the subject company in the past twelve months. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not been engaged in market making activity for the subject company.

7. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

Analyst Certification:

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclaimers:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.

The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of GOALZEN CAPITAL SERVICES PRIVATE LIMITED. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject GOALZEN CAPITAL SERVICES PRIVATE LIMITED to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees responsible for any such misuse and further agrees to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of GOALZEN CAPITAL SERVICES PRIVATE LIMITED only.

GOALZEN CAPITAL SERVICES PRIVATE LIMITED has a contractual arrangement with a vendor - Smallcase Technologies Private Limited (STPL) whereby STPL provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes. STPL does not provide any investment advice or recommendation nor does it make any claim of returns or performance with respect to any advice or recommendation.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Terms & Conditions:

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

Payment and Renewal:

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

Limitation of Liability:

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

No Investment Advice:

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

Termination:

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

No Guarantee: While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

Review and Update: Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

Research Analyst Details:

Name: Robin Arya

Email: smallcase@goalfi.in

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – support@goalfi.in

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to hello@goalfi.app

Website: goalfiresearch.smallcase.com