

Dilip Buildcon Ltd.

Sector: Infrastructure

27th February 2025

SELL

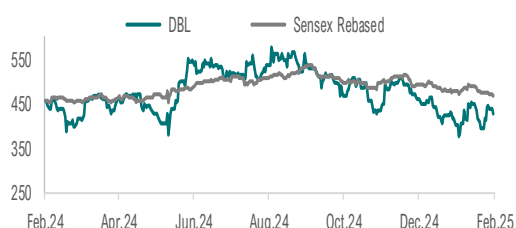
Key Changes						Target	Rating	Earnings	Target	Rs. 385
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame				CMP	Rs. 428
Small Cap	DBL:IN	74,602	DBL	540047	12 Months				Return	-10%

Data as of: 25-02-2025

Company Data	
Market Cap (Cr)	6,945
52 Week High — Low (Rs.)	588-342
Enterprise Value (cr)	8,190
Outstanding Shares (Rs cr)	16.2
Free Float (%)	29.9
Dividend Yield (%)	0.23
6m average volume (cr)	0.10
Beta	1.0
Face value (Rs)	10

Shareholding (%)	Q1FY25	Q2FY25	Q3FY25
Promoters	70.2	70.2	70.2
FII's	2.8	3.1	3.2
MFs/Insti	9.2	9.5	9.5
Public	17.9	17.3	17.1
Total	100.0	100.0	100.0
Promoter Pledge (%)	15.5	15.5	14.2
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-4.6%	-25.8%	-6.7%
Absolute Sensex	-6.9%	-8.9%	1.8%
Relative Return*	2.4%	-17.0%	-8.4%

*over- or underperformance to benchmark index



Standalone (cr)	FY25E	FY26E	FY27E
Sales	9,066	9,132	10,280
Growth (%)	-14.0	0.7	12.6
EBITDA	952	968	1,131
EBITDA Margins (%)	10.5	10.6	11.0
PAT Adj.	132	217	378
Growth (%)	-62.3	65.1	73.8
Adj.EPS	8.1	13.4	23.3
Growth (%)	-62.3	65.1	73.8
P/E	52.7	31.9	18.4
P/B	1.3	1.3	1.2
EV/EBITDA	8.6	8.0	6.8
ROE (%)	5.3	8.3	13.8
D/E	0.4	0.3	0.2

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Weak execution to impact performance...

Dilip Buildcon Ltd (DBL) is one of the largest road construction companies in India. The company is also an established player in the irrigation, urban development and mining segments.

- DBL's Q3FY25 revenue and operating performance came below estimate on account of weak execution and delay in receivables, especially from JJM projects.
- Revenue during the quarter declined by 16.2% YoY and the company has reduced its FY25 revenue guidance to Rs 9,000cr (indicating a drop of 14-15%).
- EBITDA margin declined by 266bps YoY to 9.7% in Q3FY25 owing to lower execution, and the company has reduced its FY25 margin estimates to be 10-10.5% from an earlier expectation of 11-12%.
- In 9MFY25, the company's order book declined by 24% YoY to Rs 16,626cr due to a lack of order wins for the last three quarters. The management expects some pick up in order inflow from Q4FY25 onwards and is targeting an order inflow of Rs 15,000cr to Rs 16,000cr for FY26E.
- We expect execution is likely to be subdued due to a lack of order inflows, we therefore reduce FY25/FY26 revenue and PAT estimates.

Outlook & Valuation

The challenges in execution and margin pressure are likely to impact DBL's performance in the near term. The company expects a pickup in order inflows in coming quarters; however, we expect the execution and conversion of orders into revenue will take time. **We therefore revise our rating to SELL from Accumulate and assign a TP of Rs 385, based on a P/E of 13x on FY27E EPS and the HAM business at 0.7x P/B of invested equity.**

Quarterly Financials Standalone.

Rs (cr)	Q3FY25	Q3FY24	YoY Growth (%)	Q2FY25	QoQ Growth (%)	9MFY25	9MFY24	YoY Growth (%)
Sales	2,155	2,571	-16.2	2,177	-1.0	6,690	7,607	13.7
EBITDA	210	318	-34.2	222	-5.7	694	1,595	129.8
EBITDA margins (%)	9.7	12.4	-266bps	12.3	-260bps	10.4	21.0	-1060bps
EBIT	136	233	-41.7	149	-8.6	471	1,021	117.0
PBT	108	150	-27.7	144	-24.9	333	481	44.6
Reported PAT	88	95	-8.1	129	-32.1	264	369	39.7
Adj PAT	6	75	-92.0	31	-80.9	85	235	177.8
EPS (Rs)	0.4	4.6	-92.0	1.9	-80.9	5	14	177.8

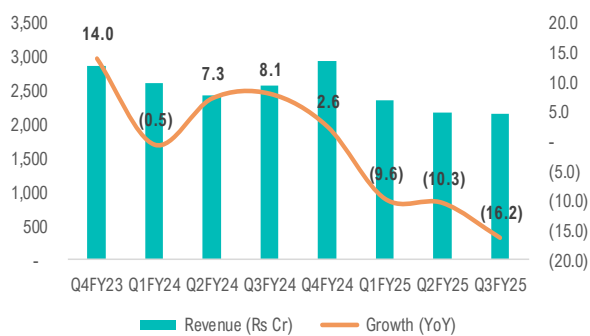
Key Highlights

- The company has already bid for about Rs 20,000cr of projects and is waiting to open the bids.
- The order pipeline remains strong at Rs 1,30,000cr and the company is guided for an order inflow target of Rs 15,000cr to Rs 16,000cr for FY26.
- The company has completed 26 HAM projects worth Rs 30,483cr, while 12 HAM projects worth Rs 15,988cr are under construction.
- The total equity requirement for 19 HAM projects, Zuari Observatory Tower Ltd, Siarmal Coal MDO project is at Rs 3,215cr of which DBL has already infused Rs 2,064cr.

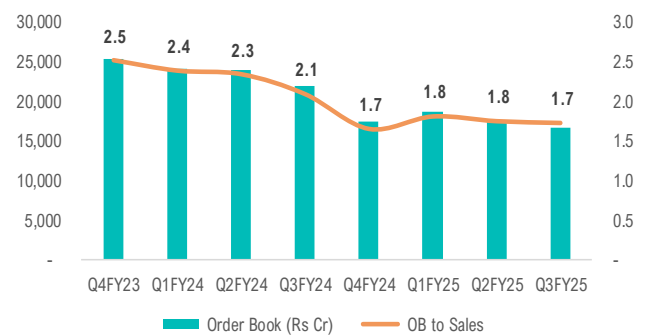
SOTP Valuation

Particulars	Invested Equity (Rs cr)	Value/Share (Rs)	Rationale
Standalone EPC		302	P/E13x FY26E EPS
HAM	2,064	83	0.65x P/BV
Total Value per share		385	

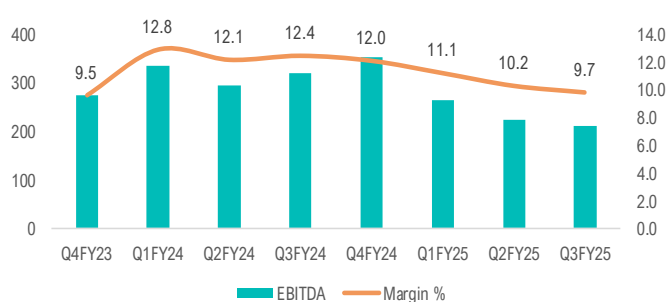
Revenue



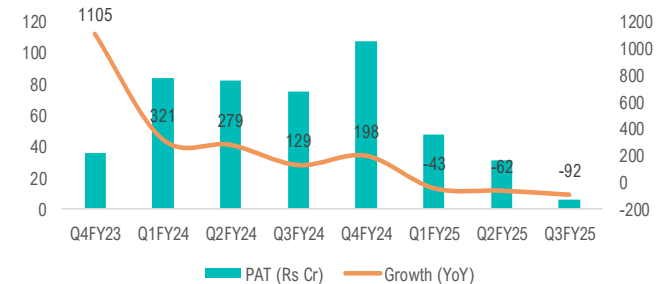
Order Book



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates			Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY27E	FY25E	FY26E
Revenue	11,230	12,474	9,066	9,132	10,280	-19.3	-26.8
EBITDA	1,370	1,497	952	968	1,131	-30.5	-35.3
Margins (%)	12.2	12.0	10.5	10.6	11.0	-170bps	-140bps
Adj. PAT	423	528	132	217	378	-68.9	-58.8
EPS	28.9	36.1	8.1	13.4	23.3	-72.0	-63.0



PROFIT & LOSS

Y.E March (Rs. cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	10,120	10,537	9,066	9,132	10,280
% change	12.4	4.1	-14.0	0.7	12.6
EBITDA	988	1,299	952	968	1,131
% change	31.2	31.4	-26.7	1.7	16.8
Depreciation	388	348	297	317	333
EBIT	600	952	655	651	798
Interest	514	502	486	434	364
Other Income	64.6	112.9	78.0	82.0	85.0
PBT	280	636	426	299	519
% change	-287.8	127.3	-33.0	-29.9	73.8
Tax	58	214	115	81	141
Tax Rate (%)	21	34	27	27	27
Reported PAT	222	422	311	217	378
Adj*	128	73	179	0	0
Adj PAT	93	349	132	217	378
% change	-163.3	274.1	-62.3	65.1	73.8
No. of shares (cr)	16	16	16	16	16
Adj EPS (Rs.)	6	21	8	13	23
% change	-163.3	274.1	-62.3	65.1	73.8
DPS (Rs.)	0.8	0.8	0.8	0.8	0.8

CASH FLOW

Y.E March (Rs. cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Net inc. + Depn.	668	983	723	616	852
Non-cash adj.	391	175	293	271	138
Changes in W.C	-232	428	8	88	-393
C.F. Operation	863	1564	1,011	963	582
Capital exp.	-38	-110	-112	-114	-117
Change in inv.	0	0	0	0	0
Other invest.CF	65	113	78	82	85
C.F – Investment	-42	-72	-116	-123	-132
Issue of equity	0	133	0	399	0
Issue/repay debt	-394	-842	-128	-310	-110
Dividends paid	-16	-16	-16	-16	-16
Other finance.CF	-508	-502	-486	-434	-364
C.F – Finance	-943	-1351	-620	-748	-475
Chg. in cash	-122	140	275	92	-24
Closing cash	211	352	626	718	694

BALANCE SHEET

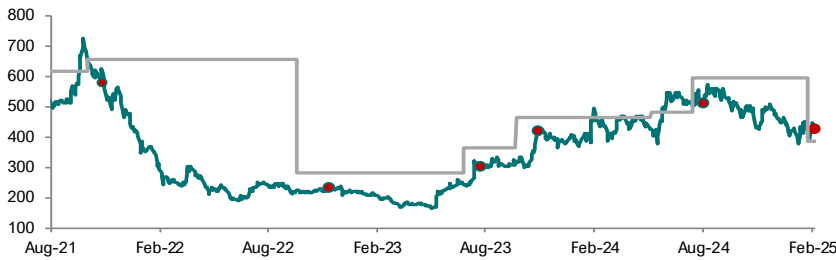
Y.E March (Rs. cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	211	352	626	718	694
Accounts Receivable	1,109	1,097	1,118	1,251	1,352
Inventories	3,824	3,368	3,547	3,774	4,115
Other Cur. Assets	4,076	4,099	4,123	3,903	4,112
Investments	751	826	908	999	1,099
Gross Fixed Assets	4,092	4,192	4,292	4,392	4,492
Net Fixed Assets	1,318	1,071	874	657	424
CWIP	-	-	-	-	-
Intangible Assets	14	15	16	17	19
Def. Tax (Net)	62	84	98	110	125
Other Assets	250	192	250	250	250
Total Assets	11,614	11,104	11,559	11,679	12,189
Current Liabilities	3,537	3,513	3,755	3,983	4,233
Provisions	78	87	75	75	84
Debt Funds	2,842	1,942	1,872	1,562	1,452
Other Liabilities	600	600	600	600	600
Equity Capital	162	162	162	162	162
Reserves & Surplus	4,395	4,801	5,095	5,296	5,658
Shareholder's Fund	4,558	4,963	5,258	5,459	5,820
Total Liabilities	11,614	11,104	11,559	11,679	12,189
BVPS (Rs.)	281	306	324	336	358

RATIOS

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	9.8	12.3	10.5	10.6	11.0
EBIT margin (%)	5.9	9.0	7.2	7.1	7.8
Net profit mgn.(%)	0.9	3.3	1.5	2.4	3.7
ROE (%)	4.3	13.7	5.3	8.3	13.8
ROCE (%)	15.2	13.8	12.1	14.1	11.6
W.C & Liquidity					
Receivables (days)	41.9	37.6	35.0	26.3	20.1
Inventory (days)	153.7	131.6	125.0	98.6	75.3
Payables (days)	85.2	83.1	95.9	95.4	85.0
Current ratio (x)	2.6	2.5	2.5	2.4	2.4
Quick ratio (x)	0.3	0.3	0.3	0.3	0.3
Turnover & Leverage					
Gross asset T.O (x)	2.4	2.5	2.1	2.1	2.3
Total asset T.O (x)	0.9	0.9	0.8	0.8	0.9
Int. coverage ratio (x)	1.2	1.9	1.3	1.5	2.2
Adj. debt/equity (x)	0.6	0.4	0.4	0.3	0.2
Valuation					
EV/Sales (x)	0.9	0.8	0.9	0.9	0.7
EV/EBITDA (x)	9.7	6.6	8.6	8.0	6.8
P/E (x)	74.4	19.9	52.7	31.9	18.4
P/BV (x)	1.5	1.4	1.3	1.3	1.2



Recommendation Summary (last 3 years)



Dates	Rating	Target
31-May-2021	Accumulate	620
17-Nov-2021	Accumulate	656
06-Jan-2022	Neutral	-
09-Dec-2022	Buy	284
17-Aug-2023	Buy	367
21-Nov-2023	Accumulate	461
24-May-2024	Accumulate	489
21-Aug-2024	Accumulate	605
27-Feb-2025	SELL	385

Source: Bloomberg, Geojit Research.

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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