




Dalmia Bharat Ltd.

Sector: Cement

12th August 2025
BUY

Key Changes	Target 	Rating 	Earnings 	Target	Rs. 2,569		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 2,225
Mid Cap	DALBHARA:IN	80,604	DALBHARAT	542216	12 Months	Return	+15%

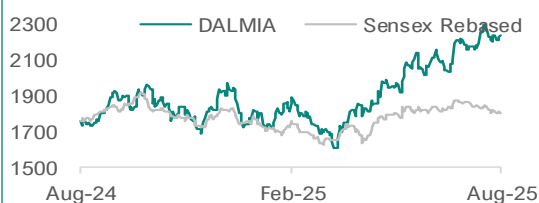
Data as of: 11-08 2025 18:00 hrs

Company Data			
Market Cap (Rs.cr)	41,729		
52 Week High — Low (Rs.)	2,342-1,602		
Enterprise Value (Rs.cr)	42,731		
Outstanding Shares (cr)	18.8		
Free Float	42%		
Dividend Yield	0.4%		
6m average volume (cr)	0.04		
Beta	1.1		
Face value Rs.	2		

Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	55.8	55.8	55.8
FII's	11.4	9.4	8.2
MFs/Insti	12.6	13.6	17.4
Public	10.4	11.8	9.7
Others	9.8	9.3	8.9
Total	100.0	100.0	100.0
Promotor pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	13.3%	19.6%	27.2%
Absolute Sensex	0.0%	3.4%	2.5%
Relative Return*	13.3%	16.2%	24.7%

*over or under performance to benchmark index



Consolidated (Rs. cr)	FY25A	FY26E	FY27E
Sales	13,980	15,928	16,922
Growth (%)	-4.8	13.9	6.2
EBITDA	2,407	3,310	3,894
EBITDA Margin (%)	17.2	20.8	23.0
Adj. PAT	690	1,245	1,427
Growth (%)	-16.6	80.4	14.6
Adj. EPS	36.8	66.4	76.1
Growth (%)	-16.6	80.4	14.6
P/E	60.5	33.5	29.2
P/B	2.4	2.2	2.1
EV/EBITDA	17.9	13.5	11.8
ROE (%)	4.1	6.9	7.4
D/E	0.4	0.4	0.5

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Focusing on capacity expansion...

Dalmia Bharat Ltd. (DBL) is one of India's largest cement companies, with a capacity of ~49.5MT; mainly focusing on South (17MT) and East & North East (32.5MT).

- In Q1FY26 revenue growth was flat as sales volume declined by 5.8% YoY due to the discontinuation of the Jaypee tolling arrangement (since July 2024), while realisation improved by 6% YoY. Excluding the temporary arrangement with Jaypee, the volume growth was flat YoY.
- Witnessed healthy price improvements across key operating regions in Q1FY26, with particularly strong recovery in the South and steady prices in the East. The company is optimistic about current price levels holding.
- EBITDA growth was robust at ~32% YoY as EBITDA margin improved by 580bps YoY to 24.3%, mainly aided by improved realisation. EBITDA/tonne improved to Rs. 1,261 from Rs. 901 YoY.
- DBL has guided for a Rs.150-200 per ton cost reduction in the next two years by increasing renewable power, using captive coal mines, increasing the blended cement ratio, and reducing logistics costs. The green power mix has improved to 41% vs. 35% YoY.
- The acquisition of JP assets (9.4 MT) has been halted due to JP's insolvency proceedings under NCLT, and the company is bidding for the same. DBL has announced new capex of Rs. 32.8bn for adding 3.6MT clinker, a 6MT grinding unit at Kadapa (AP), and a 3 MnTPA bulk terminal at Chennai (TN), while the ongoing projects (3.6MT clinker in Assam and 6MT at Belgaum-Pune) are on track.

Outlook & Valuation

Driven by the government's strong emphasis on infrastructure and housing development, the demand outlook remains favourable. In pursuit of its ambition to become a pan-India player, DBL aims to reach approximately 75 MT by FY28 while maintaining financial discipline with a net debt to EBITDA cap of 2x (currently at 0.33x). DBL is also prioritizing the enhancement of its renewable energy (RE) portfolio, with operational RE capacity (including group captive) reaching 267 MW in FY25, up from 185 MW in FY24. **The stock currently trades at 1Yr Fwd EV/EBITDA of ~13x. We value DBL at 13x EV/EBITDA (2Yr avg=12x) to arrive at a target price of Rs. 2,569 and maintain our BUY rating.**

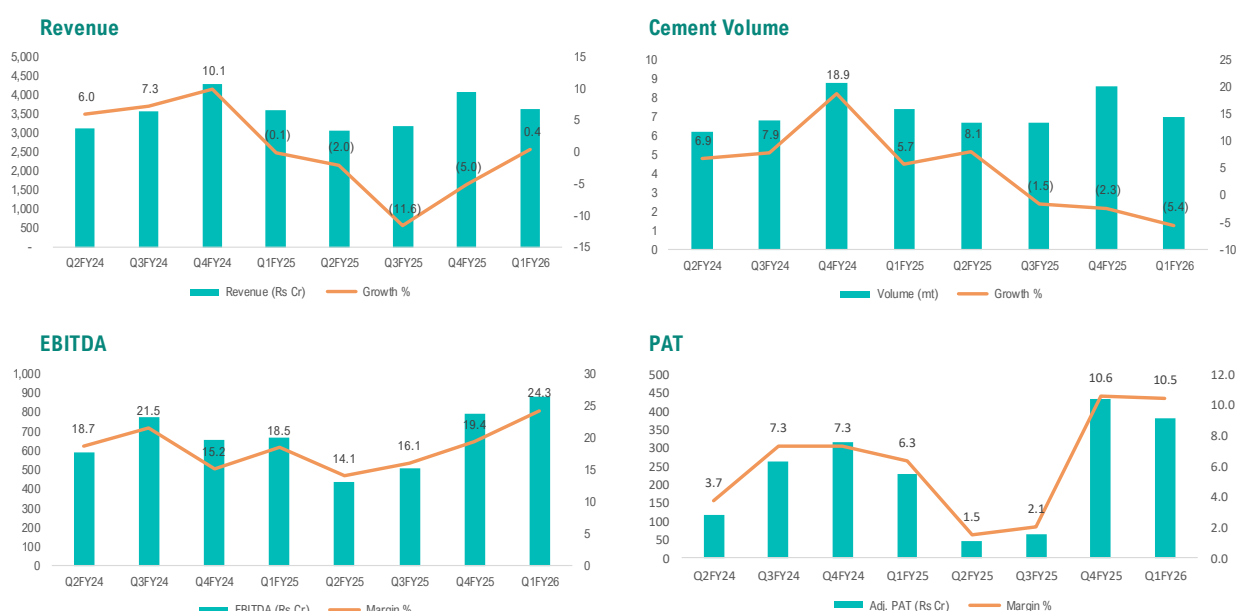
Quarterly Financials Consol.

Rs.cr	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Sales	3,636	3,621	0.4	4,091	-11.1
EBITDA	883	669	32.0	793	11.3
Margin (%)	24.3	18.5	580bps	19.4	490bps
EBIT	561	352	59.4	479	17.1
PBT	518	194	167.0	467	10.9
Rep. PAT	393	145	171.0	435	-9.7
Adj PAT	381	229	66.3	435	-12.4
EPS (Rs)	20.4	12.2	66.3	23.2	-12.4



Key Highlights...

- Cement sector demand growth is projected at 6-7%, supported by government spending and housing sector strength.
- Raw material cost per ton increased 8.5% YoY to Rs. 791, primarily due to a new mineral tax imposed by Tamil Nadu. Power & fuel cost/ton is down 2% YoY to Rs. 981 (fuel rate \$100/ton vs \$106 YoY).
- Logistics cost/ton is up 2% YoY to Rs. 1,135, and lead distance increased by 8 km to 280 km.
- The company has guided for Rs. 40 bn each in capex for FY26 and FY27 and for net debt to increase to Rs. 50 bn, but net debt to EBITDA is capped at 2x. Expansions are to be funded via a mix of internal accruals and debt. Current gross debt is at Rs. 6,456 cr, net debt at Rs. 873 cr, and net debt/EBITDA at 0.33x.
- Trade sales increased to 68% (vs 64% YoY), the premium product mix was steady at 22%, and direct dispatches increased to 62% (vs 55% historically).
- Incentives: Rs. 84 cr accrued, Rs. 42cr collected in Q1FY26, and Rs. 780cr outstanding (Rs. 250 cr from West Bengal). Management flagged risk due to West Bengal's recent revocation of incentive schemes, which is being legally challenged.



Per Ton Analysis

	Q1FY26	Q1FY25	YoY Growth	Q4FY25	QoQ Growth
Cement Volume (MT)	7.0	7.4	-5.4	8.6	-18.6
Cost of materials consumed	667	818	-18.4	891	-25.1
Employee Expenses	324	308.1	5.3	250	29.7
Power & Fuel	1036	1,023	1.2	899	15.2
Freight & forwarding	1136	1,122	1.3	1130	0.5
Other expenses	770	719	7.1	665	15.8
Total expenses	3933	3,989	-1.4	3835	2.6
Realisation (inc. RMC)	5194	4893.2	6.2	4757	9.2
EBITDA	1,261	904	39.5	922	36.8

Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	15,700	17,094	15,928	16,922	1.5	-1.0
EBITDA	2,991	3,529	3,310	3,894	10.7	10.3
Margins (%)	19.1	20.6	20.8	23.0	280bps	310bps
Adj. PAT	1,125	1,299	1,245	1,427	10.7	9.9
EPS	60.0	69.2	66.4	76.1	10.6	10.0



Consolidated Financials

PROFIT & LOSS

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	11,277	13,540	14,680	13,980	15,928	16,922
% change	7.2	20.1	8.4	-4.8	13.9	6.2
EBITDA	2,413	2,316	2,628	2,407	3,310	3,894
% change	-13.3	-4.0	13.5	-8.4	37.5	17.6
Depreciation	1,237	1,305	1,498	1,331	1,404	1,682
EBIT	1,176	1,011	1,130	1,076	1,906	2,211
Interest	194	232	386	399	449	513
Other Income	154	136	326	253	204	205
PBT	1,136	771	1,070	817	1,661	1,903
% change	-19.3	-32.1	38.8	-23.6	103.3	14.6
Tax	-31	242	216	204	415	476
Tax Rate	-2.7%	31.4%	20.2%	25.0%	25.0%	25.0%
Reported PAT	1,138	1,039	827	606	1,233	1,427
Adj*	0	385	0	-84	-12	0
Adj PAT	1,138	654	827	690	1,245	1,427
% change	-7.6	-42.5	26.5	-16.6	80.4	14.6
No. of shares (cr)	18.7	18.7	18.8	18.8	18.8	18.8
Adj EPS (Rs.)	60.8	34.9	44.1	36.8	66.4	76.1
% change	-7.6	-42.6	26.4	-16.6	80.4	14.6
DPS (Rs.)	2	2	2	2	2	2
CEPS (Rs.)	126.9	104.5	124.0	107.8	141.2	165.8

BALANCE SHEET

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	140	234	341	150	111	109
Accounts Receivable	673	700	836	889	960	974
Inventories	945	1,316	1,218	1,386	1,437	1,361
Other Cur. Assets	1,200	2,165	1,589	1,461	1,637	1,738
Investments	5,704	3,524	4,462	5,119	5,119	5,119
Gross Fixed Assets	16,678	18,717	21,295	24,243	29,740	33,740
Net Fixed Assets	10,799	11,610	12,893	14,713	18,806	21,124
CWIP	1,036	1,859	2,284	2,497	1,000	1,000
Intangible Assets	3,375	3,186	2,950	2,711	2,711	2,711
Def. Tax (Net)	-1,635	-1,610	-1,758	-1,981	-1,981	-1,981
Other Assets	600	925	1,139	1,245	1,265	1,275
Total Assets	22,837	23,909	25,954	28,190	31,065	33,429
Current Liabilities	3,111	3,523	3,898	4,232	4,242	4,042
Provisions	606	591	588	582	633	649
Debt Funds	3,176	3,855	4,805	5,702	7,272	8,422
Other Liabilities	257	312	266	300	344	358
Equity Capital	37	37	38	38	38	38
Reserves & Surplus	15,650	15,591	16,359	17,336	18,537	19,921
Shareholder's Fund	15,687	15,628	16,397	17,374	18,575	19,958
Total Liabilities	22,837	23,909	25,954	28,190	31,065	33,429
BVPS (Rs.)	701	703	745	802	866	940

CASH FLOW

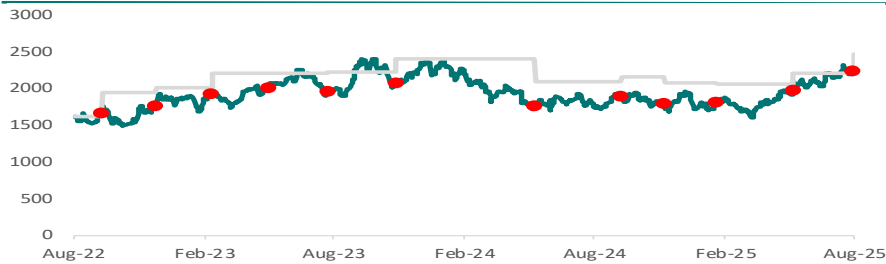
Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	2,375	2,344	2,325	1,937	2,637	3,109
Non-cash adj.	-103	-321	132	198	415	476
Other adjustments	181	296	157	219	34	37
Changes in W.C	-515	-77	46	-230	-214	-218
C.F. Operation	1,935	2,252	2,635	2,118	2,884	3,405
Capital exp.	-1756	-2701	-2723	-2626	-4000	-4000
Change in inv.	539	0	0	220	0	0
Other invest.CF	75	77	134	136	0	0
C.F - Investment	-1,142	-2,624	-2,589	-2,270	-4,000	-4,000
Issue of equity	5	0	0	0	0	0
Issue/repay debt	-847	370	437	130	1,121	637
Dividends paid	-100	-169	-169	-169	-44	-44
Other finance.CF	0	-33	-46	0	0	0
C.F - Finance	-942	168	222	-39	1077	593
Chg. in cash	-55	94	107	-191	-39	-2
Closing cash	140	234	341	150	111	109

RATIOS

Y.E March	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return						
EBITDA margin (%)	21.4	17.1	17.9	17.2	20.8	23.0
EBIT margin (%)	10.4	7.5	7.7	7.7	12.0	13.1
Net profit mgn.(%)	10.1	4.8	5.6	4.9	7.8	8.4
ROE (%)	8.0	4.2	5.2	4.1	6.9	7.4
ROCE (%)	7.5	3.0	4.5	3.5	5.0	5.2
W.C & Liquidity						
Receivables (days)	22.0	18.5	19.1	22.5	21.2	20.9
Inventory (days)	30.2	30.5	31.5	34.0	32.3	30.2
Payables (days)	85.9	64.0	76.9	99.6	97.2	93.9
Current ratio (x)	1.5	1.7	1.8	1.6	1.6	1.7
Quick ratio (x)	0.2	0.2	0.3	0.2	0.2	0.2
Turnover & Leverage						
Gross asset T.O (x)	0.7	0.8	0.7	0.6	0.6	0.5
Total asset T.O (x)	0.5	0.6	0.6	0.5	0.5	0.5
Int. coverage ratio (x)	6.1	4.4	2.9	2.7	4.2	4.3
Adj. debt/equity (x)	0.3	0.3	0.4	0.4	0.4	0.5
Valuation						
EV/Sales (x)	3.5	3.2	2.9	3.1	2.8	2.7
EV/EBITDA (x)	16.6	18.4	16.3	17.9	13.5	11.8
P/E (x)	36.6	63.8	50.5	60.5	33.5	29.2
P/BV (x)	2.7	2.7	2.5	2.4	2.2	2.1



Recommendation Summary (last 3 years)



Source: Bloomberg, Geojit Research

Dates	Rating	Target
5-May-23	HOLD	2,220
28-Jul-23	Buy	2,234
1-Nov-23	Buy	2,416
14-May-24	Buy	2,094
12-Sep-24	Buy	2,165
25-Nov-24	Buy	2,080
28-Jan-25	Buy	2,060
12-May-25	Buy	2,212
12-Aug-25	Buy	2,569

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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