

Dalmia Bharat

Better Pricing, Strong Volumes, Lower Costs – Upgraded to BUY

Result Synopsis

DALBHARA reported revenue of Rs40.91bn (~5% YoY, +28.6% QoQ), 16.3% above our est. The strong QoQ growth was driven by higher volume despite muted realizations. Volumes stood at 8.6mt (~2.3% YoY, +28.4% QoQ), while realizations dipped 2.8% YoY but remained flattish QoQ, aided by firmer pricing in Eastern markets. EBITDA in absolute number came in at Rs7.93bn (+21.3% YoY, +55.2% QoQ), and EBITDA/tn at Rs922 (+24.1% YoY, +21% QoQ), supported by decline in Opex/tn (7.6% YoY, 3.8% QoQ). PAT rose to Rs4.35bn (+38.1% YoY, +613% QoQ), significantly above our and street est, aided by better top-line growth coupled with higher other income.

During 4Q FY25, the company has commissioned 2.9mtpa cement capacity (2.4mtpa in Assam + 0.5mtpa in Bihar), with this the total capacity reached to 49.5mtpa. Also, the company has announced a capex of Rs35.2bn to add 3.6mtpa clinker capacity (by FY26E) in North-East and 3.5mtpa/ 3mtpa cement grinding units in Belgaum/ Pune by FY27E.

As per management commentary, the Q4 performance was strong on both operational and profitability fronts, driven by scale and cost control. While the tone on pricing was conservative, despite April price hikes in key markets. However, we believe sustainability of the recent Rs45–50/bag price increase in South India could act as a near-term margin lever. Demand outlook remains healthy, with 7–8% growth expected in FY26E. Eastern and North-Eastern regions continue to offer pricing support due to limited supply additions. DALBHARA's footprint in these regions is a structural advantage. Upcoming clinker capacity in KA by 2Q FY26 will address past supply gaps and support volume growth. Given low-capacity utilization among acquired southern players, near-term competition is likely to remain moderate. With its balance of strategic expansion, disciplined cost management, and focused regional positioning, we remain constructive on DALBHARA's medium-term growth and margin trajectory.

Outlook and Valuation: We see regional benefits in the near term, i.e., stable pricing in DALBHARA's key markets, especially in the South and East. We expect the industry to witness price discipline in the southern region, led by the entry of larger players. The recently added capacity (4.9 MTPA in FY25) is expected to contribute to volumes from FY26E onwards. A new expansion of 6 MTPA cement and 3.9 MTPA clinker is expected to be commissioned by FY27E, likely catering to domestic as well as neighboring states (i.e., Central and Western India). We project ~66%/67% capacity utilization in FY26E/FY27E, backed by pent-up demand from FY25 and an uptick in govt demand from Q2FY26E. The near-term target to achieve Rs 150–200/tn cost savings has already started reflecting in DALBHARA's numbers, and we expect the full impact within 1–2 years. We have increased our Revenue/EBITDA/PAT estimates and expect them to grow at a 13%/26%/34% CAGR over FY25–FY27E. At the CMP, the stock is trading at USD 96 EV/ton, which is ~16% discount to its five-year average EV/ton of USD 111, and below that of other regional players. We are valuing the stock at 13x FY27E EBITDA/ton to arrive at a target price of Rs 2,491 (earlier Rs 2,129) and have upgraded the rating to BUY from ADD.

Exhibit 1: Actual vs estimates

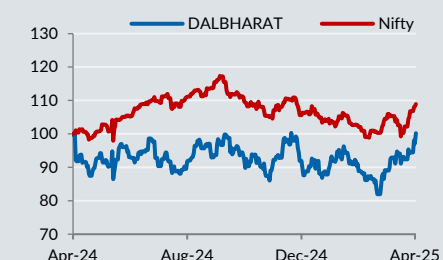
Rs Mn	Actual	Estimate		% Variation		Remarks
		YSec	Consensus	YSec	Consensus	
Sales	40,910	35,167	42,315	16.3	(3.3)	Beat our estimates on strong volumes and cost gains
EBITDA	7,930	6,597	7,874	20.2	0.7	
Margin (%)	19.4	18.8	18.6	62 bps	78 bps	
Rept. PAT	4,350	1,706	2,971	155	46.4	

Reco	: BUY
CMP	: Rs 1,974
Target Price	: Rs 2,491
Potential Return	: +26%

Stock data (as on Apr 24, 2025)

Nifty	24,247
52 Week h/l (Rs)	1988 / 1601
Market cap (Rs/USD mn)	354386 / 4156
Outstanding Shares (mn)	188
6m Avg t/o (Rs mn):	585
Div yield (%):	0.5
Bloomberg code:	DALBHARA IN
NSE code:	DALBHARAT

Stock performance



	1M	3M	1Y
Absolute return	13.1%	9.5%	0.6%

Shareholding pattern (As of Dec'24 end)

Promoter	55.8%
FII+DII	23.9%
Others	20.2%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	ADD
Target Price	2491	2129

Δ in earnings estimates

	FY26E	FY27E
EPS (New)	44.6	73.4
EPS (Old)	28.5	40.1
% Change	56.4	83.0

Financial Summary

(Rs mn)	FY25	FY26E	FY27E
Revenue	139,800	156,034	178,425
Growth	(5)	12	14
EBITDA	24,070	29,738	38,169
Margin	17	19	21
Adj PAT	7,678	8,359	13,763
Growth	(7)	9	65
EPS	36	45	73
ND/EBITDA	0.5	0.6	0.4
ROE	4.5	4.7	7.3
ROCE	5.1	5.0	7.0
EV/EBITDA	14.7	13.1	10.1

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Exhibit 2: Quarterly snapshot (Console)

Y/E Mar (Rs mn)	4QFY25	4QFY24	YoY %	3QFY25	QoQ%	Our Est.	Var. (%)	FY25	FY24	YoY%
Net Revenue	40,910	43,070	(5.0)	31,810	28.6	35,167	16.3	139,800	146,910	(4.8)
Total Expenses	32,980	36,530	(9.7)	26,700	23.5			115,730	120,520	(4.0)
COGS	7,660	9,780	(21.7)	5,120	49.6			23,280	27,030	(13.9)
Employee Expenses	2,150	2,020	6.4	2,230	(3.6)			8,850	8,710	1.6
Power & fuel	7,730	7,900	(2.2)	6,660	16.1			29,030	31,160	(6.8)
Freight Exp	9,720	10,200	(4.7)	7,480	29.9			32,860	32,030	2.6
Other Expenses	5,720	6,630	(13.7)	5,210	9.8			21,710	21,590	0.6
EBITDA	7,930	6,540	21.3	5,110	55.2	6,597	20.2	24,070	26,390	(8.8)
EBITDA (%)	19.4	15.2	420 bps	16.1	332 bps	18.8	62 bps	17.2	18.0	-75 bps
D&A	3,140	3,280	(4.3)	3,640	(13.7)			13,310	14,980	(11.1)
Other income	930	1,200	(22.5)	370	151.4			2,530	3,150	(19.7)
Interest Expense	1,050	940	11.7	1,010	4.0			3,990	3,860	3.4
Exceptional/EO items	-	-	NA	-	NA			(1,130)	-	NA
Share JV/Associates	-	-	NA	-	NA			-	-	NA
EBT	4,670	3,520	32.7	830	462.7			8,170	10,700	(23.6)
Tax	280	320	(12.5)	170	64.7			1,180	2,160	(45.4)
Minority Interest	40	50	(20.0)	50	(20.0)			160	270	(40.7)
Reported PAT	4,350	3,150	38.1	610	613.1			6,830	8,270	(17.4)
Adjusted PAT	4,350	3,150	38.1	610	613.1	1,706	155.0	7,678	8,270	(7.2)
Adjusted PAT (%)	10.6	7.3	332 bps	1.9	872 bps			5.5	5.6	-14 bps
Adj. EPS	23.2	16.6	39.9	3.2	622.4			40.9	44.1	(7.2)

Source: Company, YES Sec

Exhibit 3: Quarterly Operational Performance Analysis (Console)

Particulars (Rs m)	4QFY25	4QFY24	YoY %	3QFY25	QoQ%	Our Est.	Var. (%)	FY25	FY24	YoY%
Total Volumes (MMT)	8.6	8.8	(2.3)	6.7	28.4	7.2	18.8	29.4	28.8	2.1
NSR/te (Blended)	4,757	4,894	(2.8)	4,748	0.2	4,857	(2.1)	4,755	5,101	(6.8)
RM/te	891	1,111	(19.9)	764	16.6			792	939	(15.6)
Employees/te	250	230	8.9	333	(24.9)			301	302	(0.5)
Power/te	899	898	0.1	994	(9.6)			987	1,082	(8.7)
Freight/te	1,130	1,159	(2.5)	1,116	1.2			1,118	1,112	0.5
Others/te	665	753	(11.7)	778	(14.5)			738	750	(1.5)
Opex/te (Blended)	3,835	4,151	(7.6)	3,985	(3.8)	3,946	(2.8)	738	750	(1.5)
EBITDA/te (Blended)	922	743	24.1	763	20.9	911	1.2	819	916	(10.7)

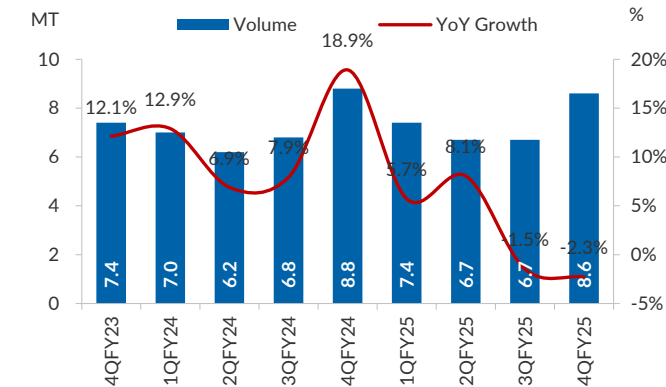
Source: Company, YES Sec

KEY CON-CALL HIGHLIGHTS

- **Market Demand Outlook:** Company is optimistic about demand prospects, expecting growth of 7-8% in FY26, supported by strong infrastructure activity, especially in the East and North-East regions. Mgmt also noted ongoing market consolidation, which they expect to continue for the next two years, primarily driven by larger players. Despite flat volume growth in FY25 due to capacity constraints, underlying demand indicators remain robust.
- **Pricing Strategy and Trends:** Pricing trends were flat overall, with price increases observed in the East and declines in the South. Apr'25 saw a price uptick of Rs. 30-50, especially in the South. The company has strategically balanced pricing to maintain profitability despite market fluctuations. Prices are expected to be stable or rise modestly in the coming quarters.
- **CapEx and Growth Plans:** Company is targeting a cement capacity expansion to 75 MTPA by FY28. The planned capex for FY26 is Rs. 35 bn, including maintenance capex. Growth will focus on brownfield and greenfield projects with disciplined capital management. Net debt/EBITDA will be kept under 2x to maintain financial prudence.
- **Cost Optimization and Efficiency Measures:** Company has reduced costs by Rs. 125/tn from Q1 to Q4 FY25, aiming for further savings. Improved fuel mix, energy efficiency, and logistics optimization are key drivers of cost reductions. Company is targeting an additional Rs. 100-200/tn savings over the next year. Operational efficiencies will continue to support margin improvement.
- **Govt Incentives and Benefits:** Govt incentives in the North-East will continue for the next 15-20 years, providing a significant cost advantage. The Bihar subsidy will end in FY26, but smaller units will benefit for five more years. These incentives help the company maintain a competitive edge in the region. They are crucial for expanding market share in the East.
- **Strategic Investments and Future Plans:** The pending ED case involving ~Rs. 8 bn is not expected to have any material financial impact on company's operations. Receivables of Rs. 7.43 bn are expected to rise slightly due to delayed collections. The company aims to increase blended cement sales to 100% by FY26. Company is also cautiously evaluating acquisitions, including JP's assets.

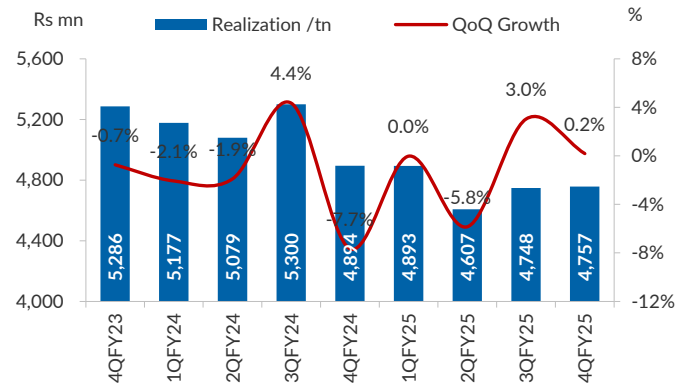
QUATERLY CHARTS & ANALYSIS

Exhibit 4: Strong volume despite discontinuation of Jaypee Assets



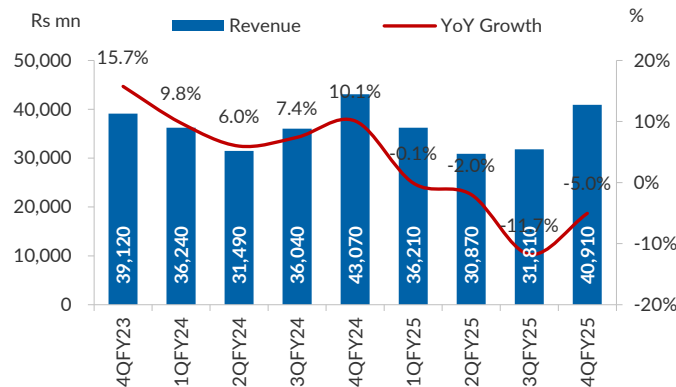
Source: Company, YES Sec

Exhibit 5: Realization flattish QoQ due to weak pricing in southern region



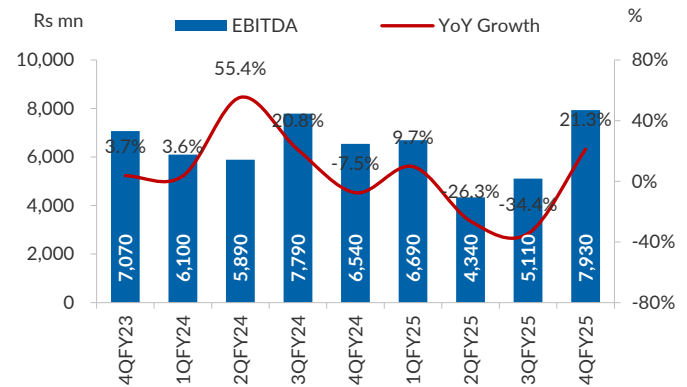
Source: Company, YES Sec

Exhibit 6: Strong revenue in 4Q led by better volume, pricing, and low base impact of 3Q.



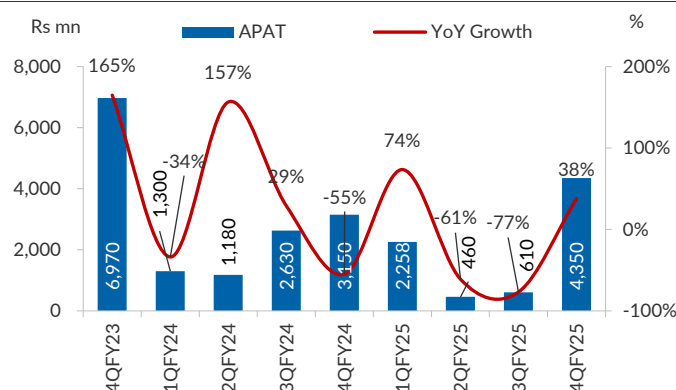
Source: Company, YES Sec

Exhibit 7: EBITDA increased by 21.3% YoY, driven by a reduction in freight costs and other expenses



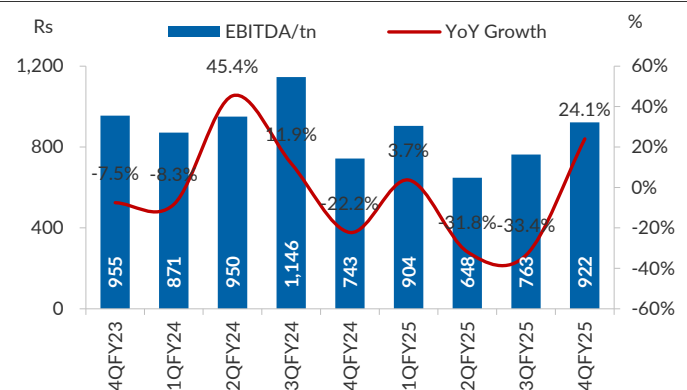
Source: Company, YES Sec

Exhibit 8: Adj. PAT increase by 38% YoY, but sharp jump on QoQ basis led by better top-line growth coupled with increase in other income



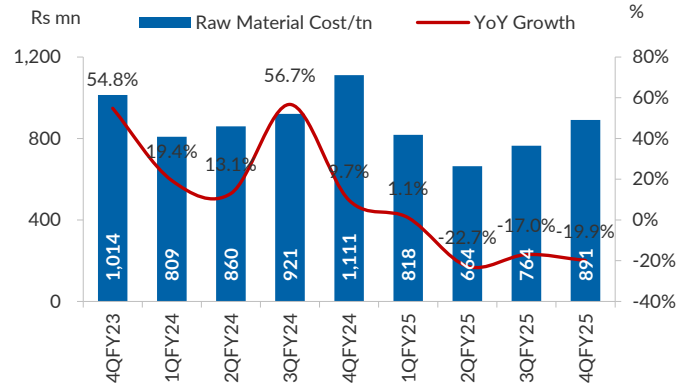
Source: Company, YES Sec

Exhibit 9: EBITDA/tn improved by Rs179/tn YoY and Rs 159/tn QoQ mainly driven by lower Opex/tn.



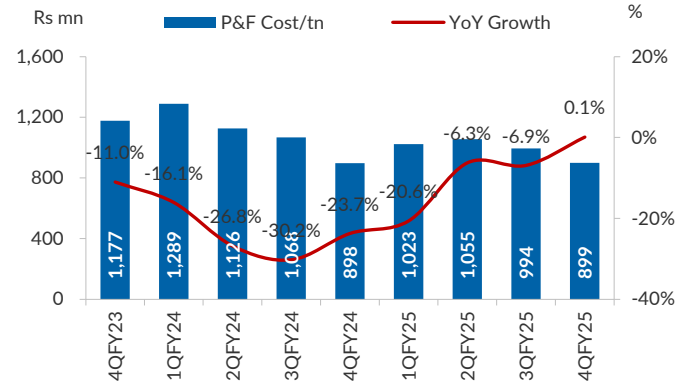
Source: Company, YES Sec

Exhibit 10: RM cost/tn declined by 20% YoY but increased by 17% QoQ



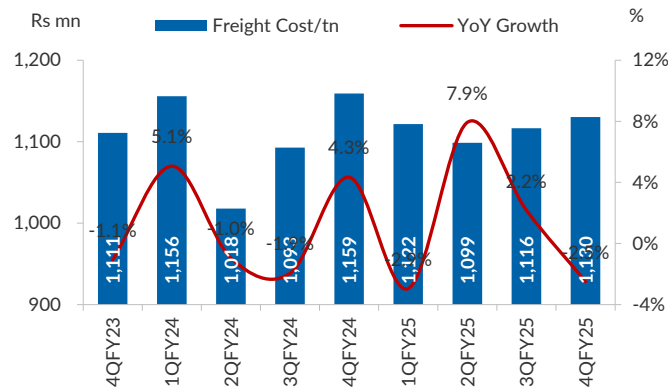
Source: Company, YES Sec

Exhibit 11: P&F Cost/tn remained flattish YoY but declined by 9.6% QoQ



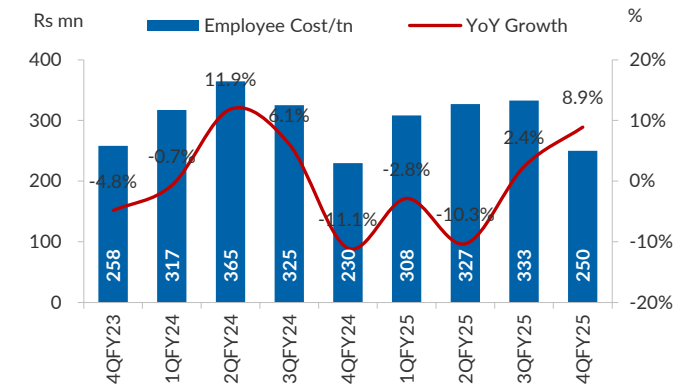
Source: Company, YES Sec

Exhibit 12: Logistic cost decreased by 2.5% YoY but rose by 1.2% QoQ



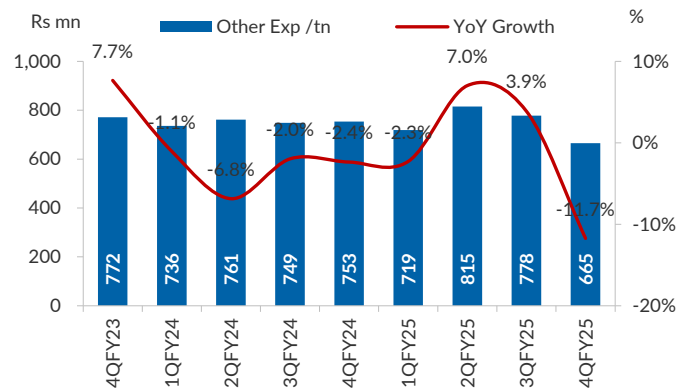
Source: Company, YES Sec

Exhibit 13: Employee cost/tn increased by 8.9% YoY but declined by 24.9% QoQ



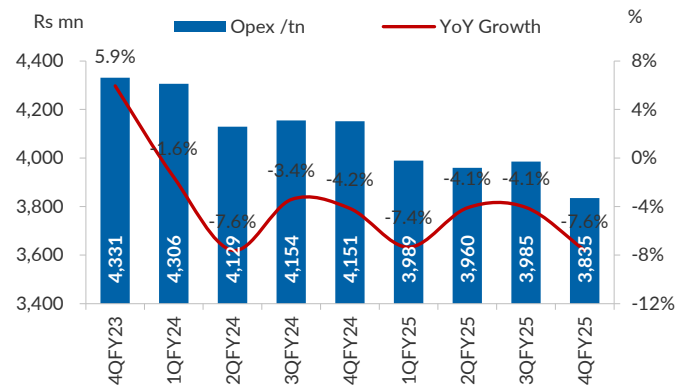
Source: Company, YES Sec

Exhibit 14: Other exp/tn declined by 11.7% YoY and 14.5% QoQ



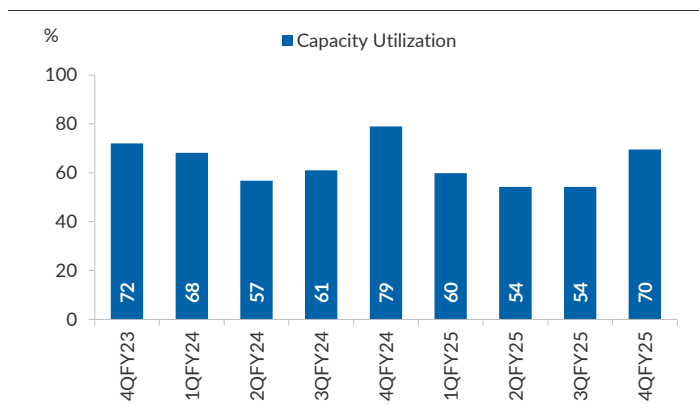
Source: Company, YES Sec

Exhibit 15: Opex/tn decreased by 7.6% YoY and 3.8% QoQ



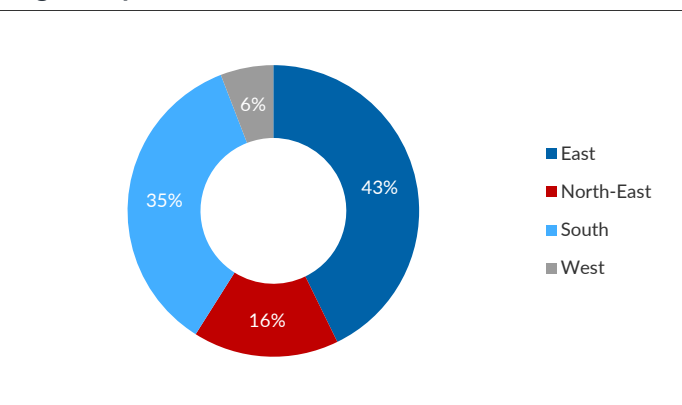
Source: Company, YES Sec

Exhibit 16: Capacity utilization stood at 70% have gradually improved



Source: Company, YES Sec

Exhibit 17: Current Regional Mix, with an expected addition of 3 MTPA each in the Western and Southern regions by the end of FY27



Source: Company, YES Sec

Exhibit 18: Annual Operational Performance Estimates (Console)

Rs mn	New Estimates		Old Estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	156,034	178,425	167,834	179,896	(7.0)	(0.8)
EBITDA	29,738	38,169	30,083	34,712	(1.1)	10.0
EBITDA Margin (%)	19.1	21.4	17.9	19.3	116bps	209bps
APAT	8,359	13,763	5,326	7,502	56.9	83.5
EPS (Rs)	44.6	73.4	28.5	40.1	56.4	83.0

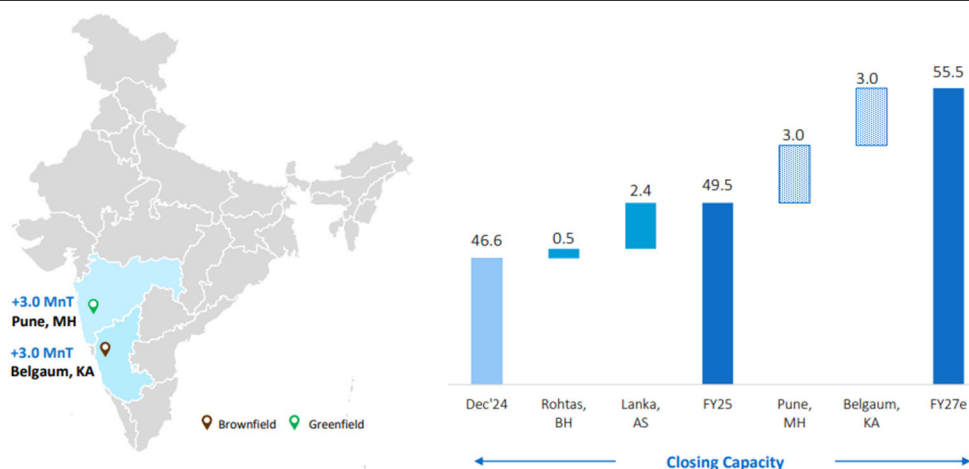
Source: Company, YES Sec

Exhibit 19: Annual Operational Performance Estimates (Console)

Operating Details	FY23	FY24	FY25	FY26E	FY27E
Volume (mn mt)	25.7	28.8	29.4	32.6	37.0
YoY (%)	15.8	12.1	2.1	10.8	13.5
Utilization (%)	67	65	59	66	67
Realization (Rs)	5,273	5,101	4,755	4,790	4,826
YoY (%)	3.7	(3.3)	(6.8)	0.7	0.8
Cost per tonne (Rs)					
Raw Material Cost (Rs/mt)	771	939	792	840	874
Employee cost (Rs/mt)	300	302	301	303	305
Power & Fuel Cost (Rs/mt)	1,432	1,082	987	887	787
Freight Cost (Rs/mt)	1,090	1,112	1,118	1,124	1,130
Other Expenses (Rs/mt)	775	750	738	723	698
Blended EBITDA(Rs/tn)	906	916	819	913	1,032

Source: Company, YES Sec

Exhibit 20: Cement Capacity Expansion Plan



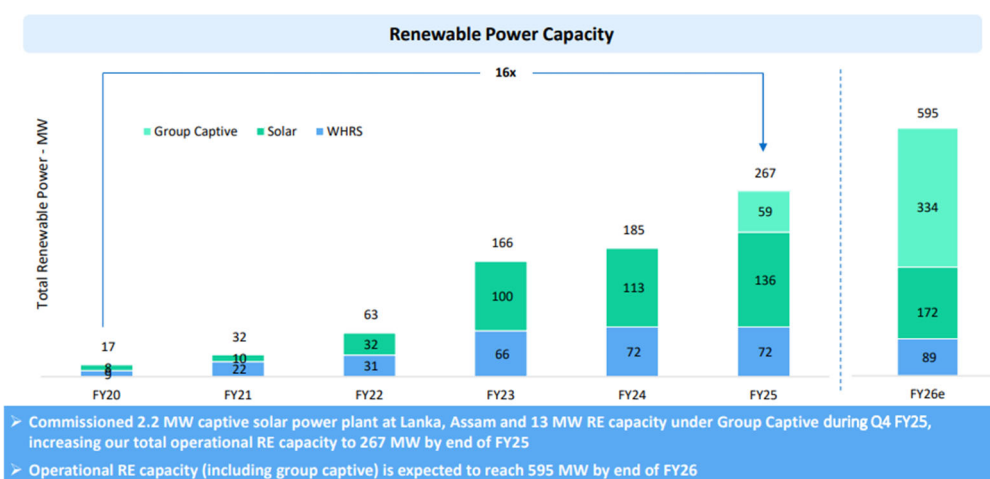
Source: Company, YES Sec

Exhibit 21: Clinker Capacity Expansion Plan

Figures in MnT	South	East	North East	West	Total
FY25	10.4	8.3	2.7	2.1	23.5
FY26	10.4	8.3	6.3	2.1	27.1
FY27	14.0	8.3	6.3	2.1	30.7

Source: Company, YES Sec

Exhibit 22: Renewable Power Update



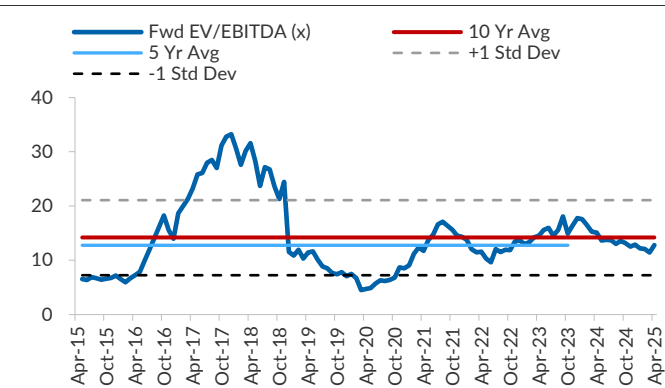
Source: Company, YES Sec

Exhibit 24: Valuation Summary

Valuation	Rs mn
Mar'27 e EBITDA (Rs mn)	38,169
Target Multiple (x)	13
EV (Rs mn)	496,195
Less: Net Debt (Rs mn)	28,898
Equity Value (Rs mn)	467,297
No of Shares (in mn)	188
Value of shares (Rs)	2,491
CMP (Rs)	1,974
Upside / (downside)	26%

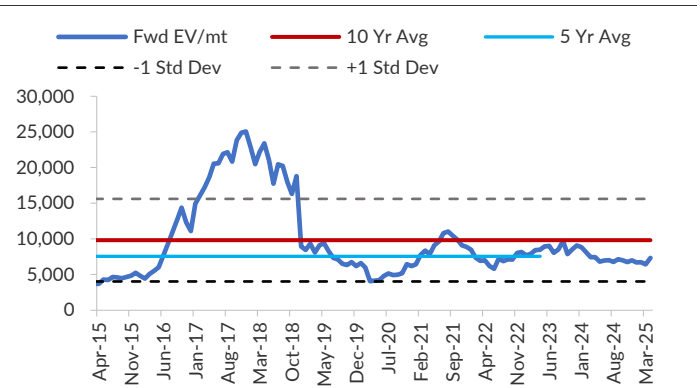
Source: Company, YES Sec

Exhibit 25: 1-yr forward EV/EBITDA band



Source: Company, YES Sec

Exhibit 26: 1-yr forward EV/te (\$) band



Source: Company, YES Sec

FINANCIALS

Exhibit 27: Balance Sheet (Console)

YE March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
<i>Sources of funds:</i>					
Eq. Share Capital	370	380	380	380	380
Reserves & Surplus	155,910	163,590	173,360	180,391	192,825
Shareholders' Funds	156,280	163,970	173,740	180,771	193,205
Non-Controlling Interest	1,160	1,100	1,260	1,420	1,580
Total Loan Funds	38,550	48,050	57,020	58,736	60,647
Other liabilities	20,400	21,980	25,030	23,345	26,695
Total Liabilities	255,430	277,490	302,260	309,156	332,732
<i>Application of funds:</i>					
Net Block	138,660	149,330	163,570	196,232	204,932
Right of Use Assets	1,870	2,710	5,340	5,340	5,340
CWIP	18,590	22,840	24,970	10,500	13,500
Investments	35,250	44,630	51,600	44,630	44,630
Other non-current assets	16,910	18,140	17,930	15,215	17,161
Inventories	13,160	12,180	13,860	13,041	14,834
Trade Receivables	7,000	8,360	8,890	8,386	9,434
Cash & Bank Balances	2,850	5,820	1,580	1,495	6,528
Other current Assets	21,140	13,480	14,520	14,317	16,372
Total Current Assets	44,150	39,840	38,850	37,239	47,169
Trade Payables	11,350	13,160	15,390	12,519	14,129
Other Current Liabilities	27,690	29,230	29,820	32,366	36,476
Total Current Liabilities	39,040	42,390	45,210	44,885	50,605
Net Current Assets	28,900	33,820	31,060	23,997	28,129
Total Assets	255,430	277,490	302,260	309,156	332,732

Source: Company, YES Sec

Exhibit 28: Income statement (Console)

YE March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	135,520	146,910	139,800	156,034	178,425
Expenses:					
Raw Material Cost	19,810	27,030	23,280	27,356	32,305
Employee Cost	7,710	8,710	8,850	9,870	11,258
P&F Cost	36,790	31,160	29,030	28,905	29,110
Freight Cost	28,020	32,030	32,860	36,601	41,763
Other Expenses	19,910	21,590	21,710	23,564	25,820
EBITDA	23,280	26,390	24,070	29,738	38,169
Depreciation & Amortization	13,050	14,980	13,310	16,808	18,301
EBIT	10,230	11,410	10,760	12,930	19,868
Other Income	1,260	3,150	2,530	2,824	3,229
Finance Cost	2,340	3,860	3,990	4,396	4,534
Exceptional Items	(1,440)	-	(1,130)	-	-
PBT	7,710	10,700	8,170	11,358	18,564
Tax Expenses	2,420	2,160	1,180	2,840	4,641
Share in Profit / (Loss) of Asso and JV	5,540	-	-	-	-
Minority Interest	440	270	160	160	160
Profit from discontinued operations	(40)	(10)	-	-	-
RPAT	10,350	8,260	6,830	8,359	13,763
APAT	11,430	8,260	7,678	8,359	13,763

Source: Company, YES Sec

Exhibit 29: Cash Flow (Console)

YE March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Operating profit before WC changes	23,430	26,430	24,180	32,562	41,398
Net chg in working capital	(770)	460	(2,300)	1,257	902
Income tax Paid	(140)	(540)	(710)	(2,840)	(4,641)
CFO	22,520	26,350	21,170	30,980	37,659
Adj. CFO	19,550	26,220	20,970	26,584	33,126
Capital expenditure	(27,090)	(28,270)	(26,640)	(35,000)	(30,000)
Other Investments	3,830	770	3,940	9,697	(1,935)
CFI	(23,260)	(27,500)	(22,700)	(25,303)	(31,935)
Adj FCF	(7,540)	(2,050)	(5,670)	(8,416)	3,126
Change in Equity	-	30	-	-	-
Debt (Incl. Interest)	6,670	4,500	2,040	(26)	5,183
Dividend	(1,690)	(1,690)	(1,690)	(1,688)	(1,688)
Others	(3,300)	(620)	(740)	(4,396)	(4,534)
CFF	1,680	2,220	(390)	(6,110)	(1,039)
Net chg in cash	940	1,070	(1,920)	(433)	4,686
Opening Cash & Eq	1,600	2,850	5,820	1,580	1,495
Othe Adj:	310	1,900	(2,320)	348	348
Closing Cash & Eq	2,850	5,820	1,580	1,495	6,528

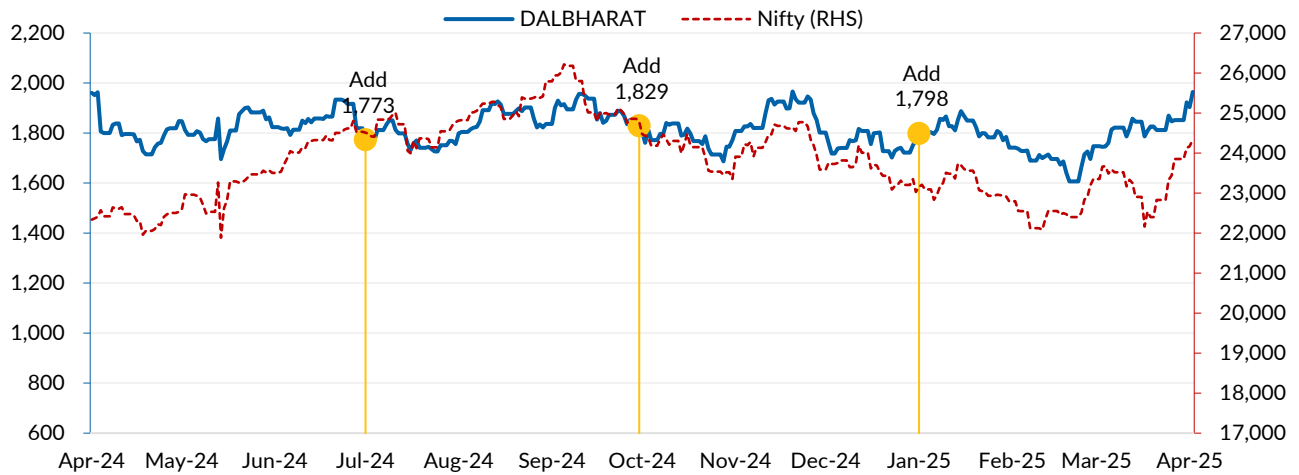
Source: Company, YES Sec

Exhibit 30: Ratio Analysis (Console)

YE March	FY23	FY24	FY25	FY26E	FY27E
Growth Ratio (%)					
Revenue	20	8	(5)	12	14
EBITDA	(4)	13	(9)	24	28
Adjusted PAT	40	(28)	(7)	9	65
Margin Ratios (%)					
Gross Profit	85	82	83	82	82
EBITDA	17	18	17	19	21
EBIT	8	10	10	10	13
Core PBT	6	5	5	5	9
Adjusted PAT	8	6	5	5	8
Return Ratios (%)					
ROE	7	5	5	5	7
ROCE	4	6	5	5	7
Turnover Ratios (days)					
Gross Block Turnover (x)	1	1	1	1	1
Adj OCF/Adj PAT (%)	171	317	273	318	241
Inventory	12	12	11	12	13
Debtors	20	19	16	18	20
Creditors	14	12	10	11	13
Cash conversion cycle	22	20	19	19	19
Solvency Ratio (x)					
Debt-equity	0	0	0	0	0
Net debt-equity	0	0	0	0	0
Gross Debt/EBITDA	2	2	2	2	2
Current Ratio	2	2	2	1	1
Interest coverage ratio	5	4	3	4	5
Dividend					
DPS	9	9	9	9	9
Dividend Yield (%)	1	0	0	0	0
Dividend Payout (%)	15	20	22	20	12
Per share Ratios (Rs)					
Basic EPS (reported)	55	44	36	45	73
Adjusted EPS	61	44	41	45	73
CEPS	131	124	112	134	171
BVPS	840	880	933	971	1,038
Valuation (x)*					
Adj P/E	27	48	45	44	27
P/BV	2	2	2	2	2
EV/EBITDA	13	15	14.7	13.1	10.1
EV/Sales	2	3	3	2	2
Adj Mcap / Core PBT	34	46	43	38	21
Adj Mcap / Adj OCF	14	13	14	12	10

Source: Company, YES Sec

Recommendation Tracker



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