

Dalmia Bharat | HOLD

Takeaways from the JM Financial Promoter Conference

We hosted Mr Puneet Yadu Dalmia, promoter and MD & CEO of Dalmia Bharat, at the JM Financial Promoter Conference. The key takeaways from the interaction are: 1) The company reiterated its cement capacity expansion targets from current ~50mt to 75mt by FY28; 2) Capacity expansion of 7.2mt of clinker and 12mt of cement will take its total clinker and cement capacities to ~34mt and ~62mt, respectively, by 2QFY28; 3) Focus is on enhancing brand equity with improving quality of sales and price positioning; 4) Remains optimistic about continued firmness in cement prices; 5) Targeting sustainable cost reduction of INR 150-200/tn over the next 2 years. 6) Aims to maintain net debt to EBITDA <2x. We maintain HOLD rating with TP of INR 2,450 based on 12.5x Sep'27 EV/E.

- **Announced expansion to increase clinker and cement capacity to ~34mt and ~62mt respectively by 2QFY28:** Dalmia is undertaking a total capex of ~INR 68bn to add 7.2mt of clinker and 12mt of cement capacity (USD 75/tn assuming CC ratio at 1.4x) in South and West regions. Accordingly, its clinker and cement capacities will increase by 46% and 24% respectively by 2QFY28. This capacity addition will strengthen its presence in Andhra Pradesh, Karnataka, and Maharashtra. Besides, a 3mt bulk terminal at Chennai is expected to cater primarily to northern Tamil Nadu.
- **Reiterates cement capacity target of 75mt by FY28:** With the commissioning of a 3.6mt clinker unit at Umrangso, Assam, by 3QFY26, the company will turn clinker-surplus in the North-East (clinker/cement capacity of 6.3mt/8mt). It also plans to add a 2-2.5mt GU in the region, which is expected to be commercialised within 12–15 months. In addition, Dalmia is progressing on a proposed 6mt cement plant in Jaisalmer to strengthen its presence in North India, with land acquisition completed and environmental clearance under process. The project's timeline is expected to be reviewed later this year, contingent on the outcome of its bid for JP assets, though the management remains confident of commissioning it by Mar'28 if pursued. Capex guidance has been maintained at ~INR 40bn annually over the next 2 years.
- **Manoeuvring between volumes and profitability:** Dalmia Bharat's consolidated volume declined 6% YoY to 7mt in 1Q; however, adjusted for JP volume in the base quarter, volume was broadly flat YoY. The company continues to prioritise profitable growth by channelising its efforts on quality sales and enhancing brand equity. The management continues to be optimistic on cement prices remaining firm, supported by improving demand prospects over the coming quarters.
- **Sustainable cost savings potential of INR 150-200/tn over the next 2 years,** driven by higher renewable energy (RE) share, commencement of captive coal mining, logistics optimisation (with ~50% of savings expected from increased direct dispatches and reduced lead distance), and a greater mix of blended cement. The company aims to nearly double its RE capacity to 576MW by FY26-end, from 294MW as of Jun'25.



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Recommendation and Price Target

Current Reco.	HOLD
Previous Reco.	HOLD
Current Price Target (12M)	2,450
Upside/(Downside)	5.1%
Previous Price Target	2,450
Change	0.0%

Key Data – DALBHARA IN

Current Market Price	INR2,331
Market cap (bn)	INR437.2/US\$5.0
Free Float	40%
Shares in issue (mn)	190.0
Diluted share (mn)	190.0
3-mon avg daily val (mn)	INR774.6/US\$8.9
52-week range	2,394/1,601
Sensex/Nifty	81,274/24,877
INR/US\$	87.3

Price Performance

%	1M	6M	12M
Absolute	3.5	29.5	33.1
Relative*	4.1	21.0	31.7

* To the BSE Sensex

Financial Summary

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	143,130	136,550	149,459	164,543	181,608
Sales Growth (%)	8.4	-4.6	9.5	10.1	10.4
EBITDA	26,390	24,070	32,314	36,698	41,969
EBITDA Margin (%)	18.0	17.2	21.1	21.8	22.6
Adjusted Net Profit	8,280	7,960	13,192	14,567	17,349
Diluted EPS (INR)	43.6	41.9	69.4	76.7	91.3
Diluted EPS Growth (%)	34.2	-3.9	65.7	10.4	19.1
ROIC (%)	5.7	5.6	8.1	8.0	8.6
ROE (%)	5.2	4.7	7.4	7.6	8.5
P/E (x)	53.5	55.6	33.6	30.4	25.5
P/B (x)	2.7	2.5	2.4	2.2	2.1
EV/EBITDA (x)	17.0	18.7	14.4	12.9	11.4
Dividend Yield (%)	0.2	0.4	0.4	0.5	0.6

Source: Company data, JM Financial. Note: Valuations as of 18/Aug/2025

JM Financial Research is also available on:
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Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. Annual analysis – Consolidated

Key Assumptions	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR (%)	
										FY20-25	FY25-28E
Cement Capacity (mt)	26	31	36	40	45	50	50	50	62	13.7	7.5
Volumes (mt)	19	21	22	26	29	29	30	33	36	8.8	6.6
Utilisation (%)	74	67	62	64	65	59	60	66	58		
Blended Realisation (INR/tn)	4,967	5,088	5,084	5,258	5,104	4,764	5,113	5,164	5,228	(0.8)	3.1
EBITDA (INR/tn)	1,092	1,346	1,093	899	917	820	1,080	1,125	1,180	(5.6)	12.9
P&L (INR bn)											
Revenue	96	105	113	135	147	140	153	168	186	7.8	10.0
EBITDA	21	28	24	23	26	24	32	37	42	2.7	20.4
Adj. Net Profit	2	9	8	6	8	8	13	15	17	28.9	29.7
Balance Sheet (INR bn)											
Equity	106	126	157	156	164	174	185	197	212		
Net Debt	28	9	(14)	7	5	7	20	30	36		
Net Debt/EBITDA (x)	1.3	0.3	(0.6)	0.3	0.2	0.3	0.6	0.8	0.9		
Net Debt/Equity (x)	0.3	0.1	(0.1)	0.0	0.0	0.0	0.1	0.2	0.2		
Cash Flow (INR bn)											
OCF before NWC change	16	27	24	22	26	22	26	28	32		
Change in NWC	3	8	(5)	(1)	0	(2)	(2)	(1)	(1)		
Capex	(14)	(13)	(18)	(27)	(27)	(26)	(35)	(35)	(35)		
FCF	6	21	1	(6)	(1)	(6)	(11)	(8)	(4)		
Return ratios (%)											
RoE	2.1	7.5	5.4	4.1	5.2	4.7	7.4	7.6	8.5		
RoCE	2.9	5.8	4.6	4.0	5.1	4.8	6.4	6.5	7.1		
RoIC	12.8	19.1	13.7	10.8	12.7	11.3	13.6	12.5	12.5		
Valuations (x)											
PE							32.7	29.6	24.9		
EV/EBITDA							14.0	12.6	11.1		
EV/tn (USD)							114	120	98		

Source: Company, JM Financial

Exhibit 2. Annual analysis on a per-tonne basis

INR/tn	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR (%)	
										FY20-25	FY25-28E
Blended realisation	4,967	5,088	5,084	5,258	5,104	4,764	5,113	5,164	5,228	(0.8)	3.1
% YoY	(1.6)	2.4	(0.1)	3.4	(2.9)	(6.7)	7.3	1.0	1.3		
Raw materials consumed	857	861	663	769	939	793	807	813	822		
Power & fuel costs	901	809	1,158	1,429	1,083	989	1,046	1,057	1,068		
Freight costs	982	1,009	1,061	1,088	1,113	1,120	1,127	1,135	1,142		
Staff cost	350	345	335	299	303	302	308	297	287		
Other expenses	785	719	774	773	750	740	745	737	730		
Operating cost	3,875	3,742	3,991	4,359	4,187	3,944	4,033	4,039	4,048	0.4	0.9
% YoY	(3.9)	(3.4)	6.6	9.2	(3.9)	(5.8)	2.3	0.1	0.2		
Blended EBITDA	1,092	1,346	1,093	899	917	820	1,080	1,125	1,180	(5.6)	12.9
% YoY	7.5	23.3	(18.8)	(17.7)	1.9	(10.5)	31.6	4.2	4.9		

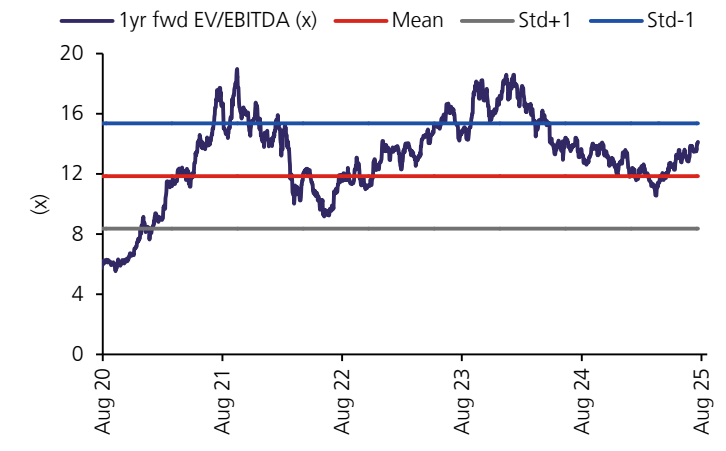
Source: Company, JM Financial

Exhibit 3. Maintain HOLD with TP of INR 2,450 based on 12.5x Sep'27 EV/E

EV/E method	
Sep'27E EBITDA (INR bn)	39
EV/E multiple (x)	12.5
EV (INR bn)	490
Sep'26E Net debt (INR bn)	25
Equity value	466
No. of shares (mn)	190
Sep'26 Target Price (INR)	2,450

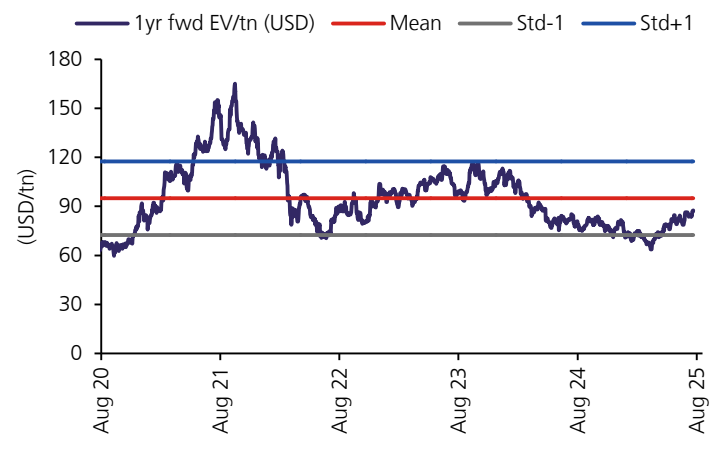
Source: JM Financial

Exhibit 4. One-year forward EV/EBITDA



Source: Bloomberg, JM Financial

Exhibit 5. One-year forward EV/tn



Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	143,130	136,550	149,459	164,543	181,608
Sales Growth	8.4%	-4.6%	9.5%	10.1%	10.4%
Other Operating Income	3,780	3,250	3,575	3,933	4,326
Total Revenue	146,910	139,800	153,034	168,475	185,933
Cost of Goods Sold/Op. Exp	27,030	23,280	24,164	26,531	29,249
Personnel Cost	8,710	8,850	9,221	9,683	10,191
Other Expenses	84,780	83,600	87,334	95,563	104,525
EBITDA	26,390	24,070	32,314	36,698	41,969
EBITDA Margin	18.0%	17.2%	21.1%	21.8%	22.6%
EBITDA Growth	13.9%	-8.8%	34.3%	13.6%	14.4%
Depn. & Amort.	14,980	13,310	13,148	14,120	15,284
EBIT	11,410	10,760	19,166	22,578	26,684
Other Income	3,150	2,530	2,419	2,298	2,344
Finance Cost	3,860	3,990	4,559	5,017	5,378
PBT before Excep. & Forex	10,700	9,300	17,025	19,858	23,650
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	10,700	9,300	17,025	19,858	23,650
Taxes	2,160	1,180	3,631	5,024	5,983
Extraordinary Inc./Loss(-)	0	-1,130	0	0	0
Assoc. Profit/Min. Int.(-)	260	160	202	267	318
Reported Net Profit	8,280	6,830	13,192	14,567	17,349
Adjusted Net Profit	8,280	7,960	13,192	14,567	17,349
Net Margin	5.6%	5.7%	8.6%	8.6%	9.3%
Diluted Share Cap. (mn)	190.0	190.0	190.0	190.0	190.0
Diluted EPS (INR)	43.6	41.9	69.4	76.7	91.3
Diluted EPS Growth	34.2%	-3.9%	65.7%	10.4%	19.1%
Total Dividend + Tax	950	1,710	1,979	2,185	2,602
Dividend Per Share (INR)	5.0	9.0	10.4	11.5	13.7

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	10,700	9,300	17,025	19,858	23,650
Depn. & Amort.	14,980	13,310	13,148	14,120	15,284
Net Interest Exp. / Inc. (-)	3,860	3,990	4,559	5,017	5,378
Inc (-) / Dec in WCap.	460	-2,300	-1,419	-284	-335
Others	-3,110	-2,420	-3,297	-3,498	-3,773
Taxes Paid	-540	-710	-3,631	-5,024	-5,983
Operating Cash Flow	26,350	21,170	26,385	30,190	34,221
Capex	-27,230	-26,260	-35,000	-35,000	-35,000
Free Cash Flow	-880	-5,090	-8,615	-4,810	-779
Inc (-) / Dec in Investments	-1,610	2,200	0	2,500	2,500
Others	1,340	1,360	2,419	2,298	2,344
Investing Cash Flow	-27,500	-22,700	-32,582	-30,202	-30,156
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-1,690	-1,690	-1,979	-2,185	-2,602
Inc / Dec (-) in Loans	8,270	6,480	14,000	6,000	5,000
Others	-2,460	-7,500	-4,559	-5,017	-5,378
Financing Cash Flow	4,120	-2,710	7,462	-1,202	-2,980
Inc / Dec (-) in Cash	2,970	-4,240	1,266	-1,215	1,084
Opening Cash Balance	2,850	5,820	1,580	2,846	1,631
Closing Cash Balance	5,820	1,580	2,846	1,631	2,715

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	163,970	173,740	184,953	197,335	212,081
Share Capital	380	380	380	380	380
Reserves & Surplus	163,590	173,360	184,573	196,955	211,701
Preference Share Capital	0	0	0	0	0
Minority Interest	1,100	1,260	1,260	1,260	1,260
Total Loans	46,510	52,790	66,790	72,790	77,790
Def. Tax Liab. / Assets (-)	17,950	20,360	19,684	18,750	17,639
Total - Equity & Liab.	229,530	248,150	272,687	290,135	308,770
Net Fixed Assets	181,530	199,370	221,222	242,101	261,817
Gross Fixed Assets	252,180	282,730	314,730	352,730	390,730
Intangible Assets	5,270	3,740	3,740	3,740	3,740
Less: Depn. & Amort.	98,760	112,070	125,218	139,339	154,623
Capital WIP	22,840	24,970	27,970	24,970	21,970
Investments	44,620	51,190	51,190	48,690	46,190
Current Assets	51,340	51,700	51,948	53,623	58,129
Inventories	12,180	13,860	12,578	13,847	15,282
Sundry Debtors	8,360	8,890	8,176	8,770	9,679
Cash & Bank Balances	5,820	1,580	2,846	1,631	2,715
Loans & Advances	18,530	19,560	20,538	21,565	22,643
Other Current Assets	6,450	7,810	7,810	7,810	7,810
Current Liab. & Prov.	47,960	54,110	51,673	54,279	57,366
Current Liabilities	13,160	15,390	18,852	18,774	18,932
Provisions & Others	34,800	38,720	32,821	35,505	38,434
Net Current Assets	3,380	-2,410	275	-656	763
Total - Assets	229,530	248,150	272,687	290,135	308,770

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	5.6%	5.7%	8.6%	8.6%	9.3%
Asset Turnover (x)	0.7	0.6	0.6	0.6	0.6
Leverage Factor (x)	1.4	1.4	1.5	1.5	1.5
RoE	5.2%	4.7%	7.4%	7.6%	8.5%

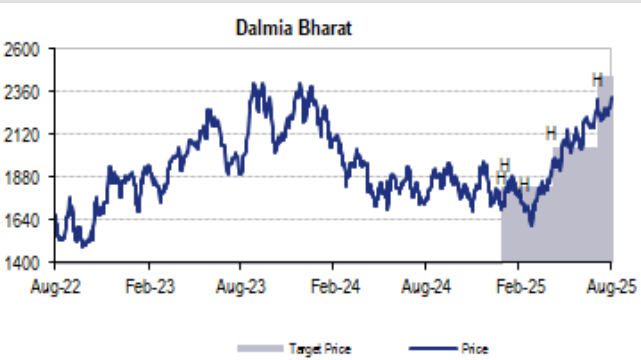
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	863.0	914.4	973.4	1,038.6	1,116.2
ROIC	5.7%	5.6%	8.1%	8.0%	8.6%
ROE	5.2%	4.7%	7.4%	7.6%	8.5%
Net Debt/Equity (x)	0.0	0.0	0.1	0.2	0.2
P/E (x)	53.5	55.6	33.6	30.4	25.5
P/B (x)	2.7	2.5	2.4	2.2	2.1
EV/EBITDA (x)	17.0	18.7	14.4	12.9	11.4
EV/Sales (x)	3.1	3.2	3.0	2.8	2.6
Debtor days	21	23	20	19	19
Inventory days	30	36	30	30	30
Creditor days	40	49	57	52	48

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
14-Jan-25	Hold	1,825	
22-Jan-25	Hold	1,825	0.0
2-Mar-25	Hold	1,825	0.0
24-Apr-25	Hold	2,050	12.3
23-Jul-25	Hold	2,450	19.5

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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