

BSE SENSEX 83,675 S&P CNX 25,807



#### Stock Info

Bloomberg	DALBHARA IN
Equity Shares (m)	188
M.Cap.(INRb)/(USDb)	407.4 / 4.5
52-Week Range (INR)	2496 / 1601
1, 6, 12 Rel. Per (%)	5/-9/9
12M Avg Val (INR M)	747
Free float (%)	44.2

#### Financials Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	150.2	162.2	176.9
EBITDA	31.0	34.9	39.9
Adj. PAT	11.5	12.2	13.7
EBITDA Margin (%)	20.6	21.5	22.6
Adj. EPS (INR)	61.3	64.9	73.3
EPS Gr. (%)	65.3	6.0	12.8
BV/Sh. (INR)	976	1,026	1,084

#### Ratios

Net D:E	0.1	0.1	0.2
RoE (%)	6.4	6.5	6.9
RoCE (%)	6.5	6.6	6.9
Payout (%)	19.6	23.1	20.5

#### Valuations

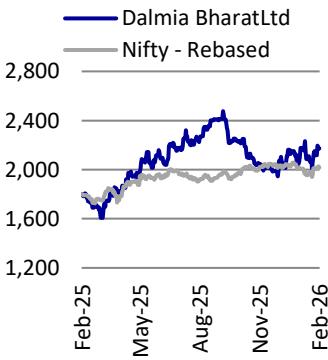
P/E (x)	35.5	33.5	29.7
P/BV (x)	2.2	2.1	2.0
EV/EBITDA(x)	13.2	12.0	10.9
EV/ton (USD)	91	83	79
Div. Yield (%)	0.6	0.7	0.7
FCF Yield (%)	-1.2	-1.8	-0.7

#### Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	55.8	55.8	55.8
DII	19.1	18.0	14.9
FII	7.9	8.8	9.1
Others	17.1	17.5	20.2

FII Includes depository receipts

#### Stock performance (one-year)



**CMP: INR2,172 TP: INR2,570 (+18%)**

**Buy**

#### Growth visibility improves; volume ramp-up to unlock value

We recently met with Dalmia Bharat's (DALBHARA) management to understand current industry demand, pricing environment and the company's growth plans. Management noted that overall cement demand momentum is strong. Regionally, the east is subdued amid weak demand in West Bengal and Jharkhand and slow project execution in Odisha. South and northeast are performing better. On pricing, after a sharp correction in 3Q, recent hikes of INR5-15/bag (trade) and INR10-15/bag (non-trade) have been observed. The company is targeting cost savings of INR150-200/t, with INR45-50/t having already been achieved and a further INR50-100/t expected over the next 12-18 months. The company's expansion remains firmly on track, with new clinker capacity commissioned in the northeast, and the large-scale expansion in the south region is expected to increase clinker/grinding capacity to 34.3mtpa/61.5mtpa by 1HFY28. Over the past two years, muted volumes, weak profitability, and uncertainty around the JPA acquisition weighed on stock performance. With clarity on expansions, capacity utilization and profitability improvement, there is potential for further re-rating. The stock currently trades at 12x/11x FY27/FY28E EV/EBITDA. We value the stock at 13x FY28E EV/EBITDA to arrive at our TP of INR2,570. Reiterate BUY.

#### Divergent regional trends – East lags, south and northeast drive growth

- Regionally, the east continues to face challenges in cement demand. West Bengal remains weak due to election-related disruptions, while Jharkhand demand has also been soft. Odisha witnessed a weak 1HFY26, largely due to delays in project execution, although the infrastructure pipeline remains large, and execution has yet to meaningfully pick up. Over the last two to three years, cement demand growth in the east has been limited to ~4-5%.
- In contrast, the south is performing materially better, with stronger demand traction and improving market conditions. The northeast has also emerged as a relatively bright spot, with demand trends improving over the last 3-4 years. In northeast, DALBHARA and Star Cement together command over 50% market share in the region. Moreover, budgetary allocation toward infrastructure is higher in the northeast, alongside the emergence of new industries, making it a structurally promising market over the medium term.
- Over FY24-26E, DALBHARA's estimated volume CAGR is ~3% vs. the industry CAGR of ~5-6%. Consequently, the company's capacity utilization dropped to ~61-62% vs. ~70% over FY19-24. In the past two years, the company has undergone leadership restructuring and appointed Mr. Navin Tewari as Chief Marketing Officer. In the east region, it has lost market share due to changes in its marketing strategy.
- The company is now focusing on ramping up volume growth in its key markets, actively strengthening its dealer and distribution network by increasing dealer engagements and investing in brand-building. We believe the company's volume should improve and we estimate a volume CAGR of ~7% over FY26-28. Average capacity utilization remains range-bound at ~60-62% mainly due to the addition of new capacity during that period.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on [www.motilaloswal.com](http://www.motilaloswal.com)/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

### Expansions on track; remains among the top-four cement players in India

- Earlier in 4QFY25, DALBHARA commissioned 2.4mtpa grinding capacity at Larka, Assam. It has recently commissioned 3.6mtpa clinker capacity at Umrangso, Assam. Now the company has excess clinker capacity, which can be converted into 1.0-1.5mtpa cement in the northeast. It is evaluating options to add additional grinding capacity in the northeast to utilize excess clinker.
- Apart from that, the company announced a strategic expansion in the south region – 1) clinker/grinding capacity of 3.6mtpa/3.0mtpa at its Belgaum, Karnataka plant, along with a 3.0mtpa greenfield grinding unit in Pune, likely to be completed in FY27; and 2) clinker/grinding capacity of 3.6mtpa/6.0mtpa at its Kadapa plant in Andhra Pradesh (alongside a 3mtpa bulk terminal in Chennai to deepen its access to the North Tamil Nadu market), to be completed in 1HFY28. Total estimated capex for these expansions in the south region is ~INR68.1b (capex cost of USD63/t).
- Following these expansions, the company's clinker/grinding capacity will surge to 34.3mtpa/61.5mtpa by 1HFY28 vs. 27.1mtpa/49.5mtpa currently (registering grinding capacity CAGR of ~12%). Moreover, to diversify its geographic footprint and become a pan-India player, the company is planning to set up facilities in the north and central regions. Within that, it has prioritized a greenfield expansion in Jaisalmer, Rajasthan. While other project-related work is going as per the plans (land acquisitions, EC application, etc.), it is likely to announce expansion in the coming months, after board approvals. Given the company's expansion plans, we believe it will continue to be among the top-four cement companies in India (in terms of cement capacity).

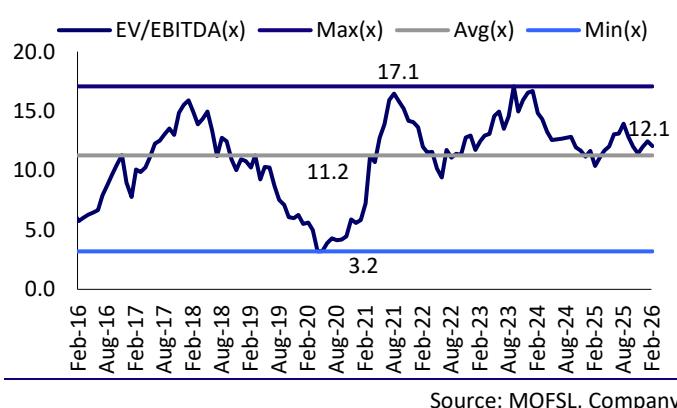
### Cost efforts continuing; price hike sustainability remains vital

- The company is targeting a cost reduction of INR150–200/t, with INR45-50/t having been achieved in the past six quarters, supported by higher RE share, logistics cost optimization and higher clinker conversion ratio. A part of the benefit was offset by the levy of additional mineral tax by Tamil Nadu. Fuel cost is also trending favorably so far, as the company is sourcing domestic petcoke (in its fuel mix), which is cheaper than imported petcoke. It does not expect the recent rise in fuel prices to impact near-term performance, given low-cost inventory.
- It expects further cost savings of INR50-100/t in the next one-and-a-half years by ramping up green power share to 60% by FY27 from 48% currently, improving clinker conversion ratio by producing more blended cement (~80% currently), and increasing alternative fuel share. On logistics side, it has a lower lead distance of 270-280km vs. industry average of ~350km, and it is scaling up direct dispatches, reducing handling costs, improving fleet utilization and streamlining warehousing to reduce overall freight cost/t.
- While cement prices fell in 3QFY26 beyond the GST rate cut, our recent channel checks suggest a price hike of INR5-15/bag in trade segment and INR10-15/bag in non-trade segment across regions. Cement prices remained highly volatile in the company's core markets (east and south) due to high competitive intensity. The near-term pricing outlook remains difficult to predict; however, the medium term outlook for pricing remains positive, supported by increased consolidation, rising entry barriers, and steady capacity utilization of ~70% at the all-India level.

### Valuation and view

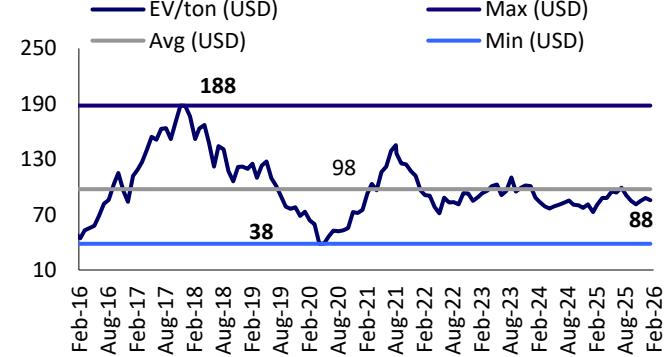
- Over the past two years, muted volume growth and weak profitability, coupled with limited visibility on the expansion roadmap amid the pending JPA cement acquisition, acted as key overhangs on the stock's performance. While the stock witnessed an initial re-rating following the announced south expansion and exit from the JPA acquisition race, we believe there is a potential for further re-rating, driven by improving capacity utilization and a recovery in profitability.
- We estimate a CAGR of 9%/14%/9% in revenue/EBITDA/PAT over FY26-28. We estimate a volume CAGR of ~7% over FY26-28E and EBITDA/t of INR1,079/INR1,142 in FY27E/FY28E vs. INR1,019 in FY26E (avg. EBITDA/t of INR1,013 over FY21-25). The company's net debt is estimated to rise to INR37.3b by FY28 from INR15.6b in FY26E. Its net debt-to-EBITDA ratio is estimated at 0.9x vs. 0.5x in FY26E.
- The stock currently trades at 12x/11x FY27/FY28E EV/EBITDA. We value the stock at 13x FY28E EV/EBITDA to arrive at our TP of INR2,570. **Reiterate BUY.**

**Exhibit 1: One-year forward EV/EBITDA**



Source: MOFSL, Company

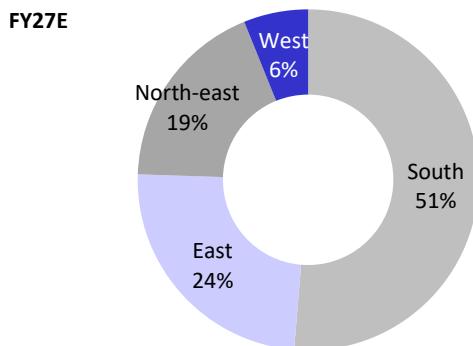
**Exhibit 2: One-year forward EV/t**



Source: MOFSL, Company

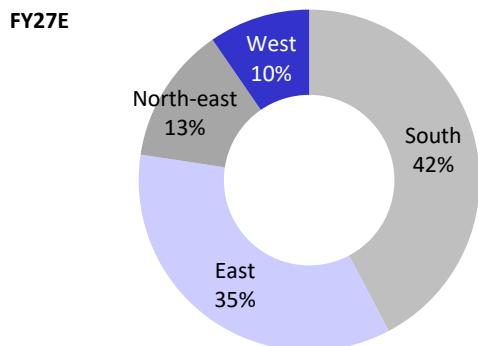
## Story in charts

Exhibit 3: DALBHARA's clinker capacity regional break-up



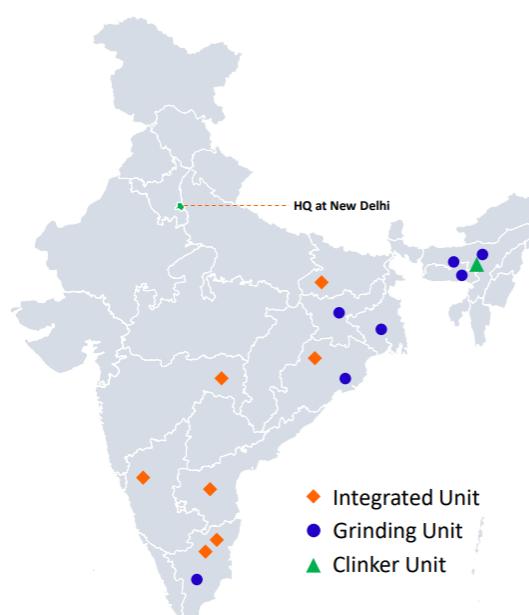
Source: MOFSL, Company

Exhibit 4: DALBHARA's grinding capacity regional break-up



Source: MOFSL, Company

Exhibit 5: Snapshot of DALBHARA's Geographical footprint

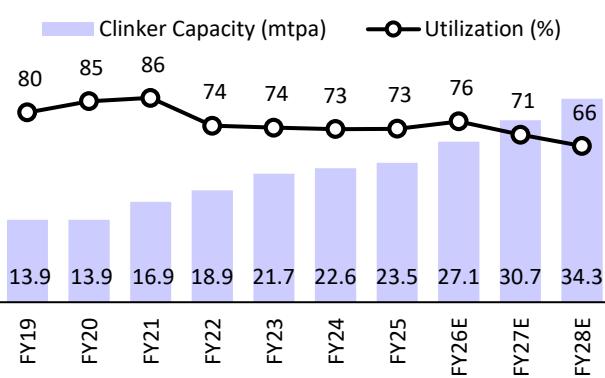


Region	Cement	Clinker
South	17.0	10.4
East	21.6	8.3
North East	8.0	6.3
West	2.9	2.1
<b>Total</b>	<b>49.5</b>	<b>27.1</b>

- 15 Plants
- 23 States Served
- 29 Sales Offices
- 46,600+ Channel Partners\*

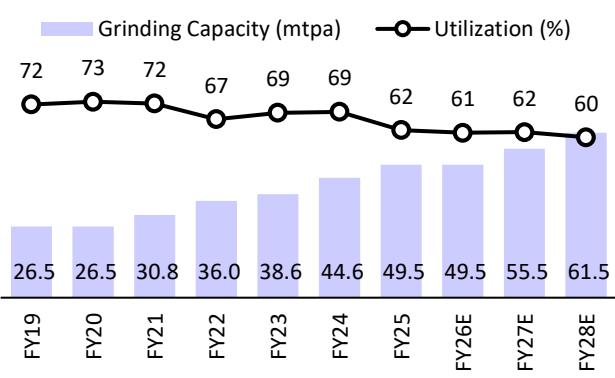
Source: Company

Exhibit 6: Clinker capacity and utilization trend



Source: MOFSL, Company; E: MOFSL estimates

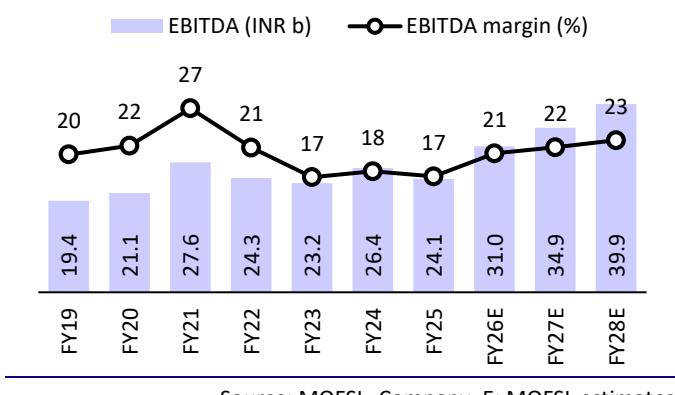
Exhibit 7: Grinding capacity and utilization trend



Source: MOFSL, Company; E: MOFSL estimates

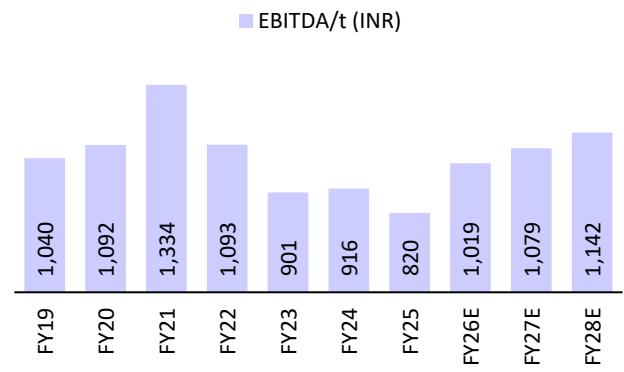
## Story in charts

**Exhibit 8: Estimate EBITDA CAGR of ~14% over FY26-28**



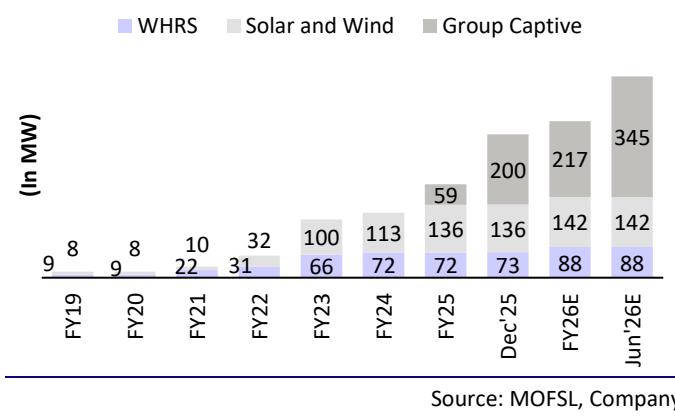
Source: MOFSL, Company; E: MOFSL estimates,

**Exhibit 9: Estimate EBITDA/t to improve over FY27-28**



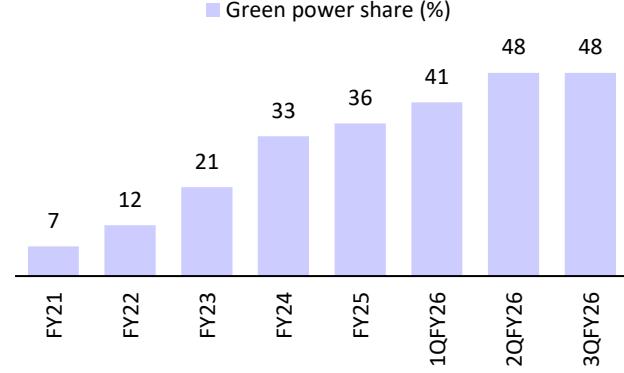
Source: MOFSL, Company; E: MOFSL estimates,

**Exhibit 10: Increasing green power portfolio**



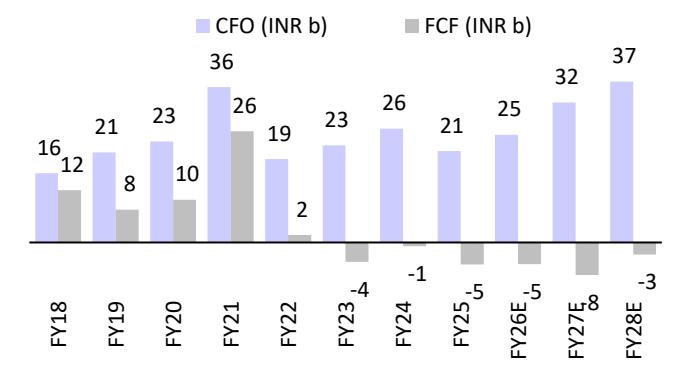
Source: MOFSL, Company

**Exhibit 11: Green power share continues to increase**



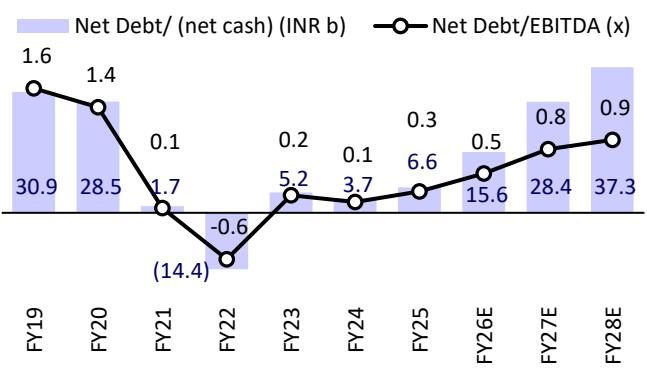
Source: MOFSL, Company

**Exhibit 12: Estimate net free cash outflow due to capacity expansions**



Source: MOFSL, Company; E: MOFSL estimates

**Exhibit 13: Net debt is likely to increase, while leverage (net debt to EBITDA ratio) remains comfortable at <1.0x**



Source: MOFSL, Company; E: MOFSL estimates

## Financials and Valuations (Consolidated)

Income Statement									(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	
<b>Net Sales</b>	<b>1,01,100</b>	<b>1,12,860</b>	<b>1,35,400</b>	<b>1,46,910</b>	<b>1,39,800</b>	<b>1,50,165</b>	<b>1,62,191</b>	<b>1,76,915</b>	
Change (%)	4.5	11.6	20.0	8.5	-4.8	7.4	8.0	9.1	
<b>EBITDA</b>	<b>27,620</b>	<b>24,260</b>	<b>23,160</b>	<b>26,390</b>	<b>24,070</b>	<b>30,977</b>	<b>34,938</b>	<b>39,945</b>	
Margin (%)	27.3	21.5	17.1	18.0	17.2	20.6	21.5	22.6	
Depreciation	12,500	12,350	13,050	14,980	13,310	13,313	15,487	17,549	
<b>EBIT</b>	<b>15,120</b>	<b>11,910</b>	<b>10,110</b>	<b>11,410</b>	<b>10,760</b>	<b>17,664</b>	<b>19,451</b>	<b>22,396</b>	
Int. and Finance Charges	2,950	2,020	2,340	3,860	3,990	4,708	5,521	6,496	
Other Income - Rec.	1,810	1,600	1,380	3,150	2,530	2,657	2,607	2,760	
<b>PBT bef. EO Exp.</b>	<b>13,980</b>	<b>11,490</b>	<b>9,150</b>	<b>10,700</b>	<b>9,300</b>	<b>15,612</b>	<b>16,538</b>	<b>18,660</b>	
EO Expense/(Income)	-3,330	20	-3,850	0	1,130	-210	0	0	0
<b>PBT after EO Exp.</b>	<b>17,310</b>	<b>11,470</b>	<b>13,000</b>	<b>10,700</b>	<b>8,170</b>	<b>15,822</b>	<b>16,538</b>	<b>18,660</b>	
Current Tax	2,120	250	320	2,160	1,180	3,969	4,204	4,744	
Deferred Tax	3,330	2,900	2,100	1,310	40	0	0	0	0
Tax Rate (%)	40.4	26.5	29.6	25.4	20.4	25.4	25.4	25.4	
<b>Reported PAT</b>	<b>11,860</b>	<b>8,320</b>	<b>10,580</b>	<b>7,230</b>	<b>6,950</b>	<b>11,853</b>	<b>12,334</b>	<b>13,917</b>	
Minority and Associates	-130	-240	-190	-270	-160	-130	-160	-180	
<b>PAT Adj. for EO items</b>	<b>8,400</b>	<b>8,203</b>	<b>6,850</b>	<b>7,640</b>	<b>6,950</b>	<b>11,487</b>	<b>12,174</b>	<b>13,737</b>	
Change (%)	275.0	-2.3	-16.5	11.5	-9.0	65.3	6.0	12.8	
Margin (%)	8.3	7.3	5.1	5.2	5.0	7.6	7.5	7.8	
Balance Sheet									(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	
Equity Share Capital	374	375	375	375	375	375	375	375	
Total Reserves	1,27,726	1,60,235	1,55,905	1,63,590	1,73,360	1,82,624	1,91,985	2,02,910	
<b>Net Worth</b>	<b>1,28,100</b>	<b>1,60,610</b>	<b>1,56,280</b>	<b>1,63,965</b>	<b>1,73,735</b>	<b>1,82,999</b>	<b>1,92,360</b>	<b>2,03,285</b>	
Deferred capital investment subsidy	1,240	1,250	1,660	1,560	1,740	1,740	1,740	1,740	
Deferred Liabilities	16,590	15,640	16,100	17,580	19,810	19,810	19,810	19,810	
Minority Interest	340	720	1,160	1,100	1,260	1,390	1,550	1,730	
Total Loans	37,080	31,190	37,420	46,300	52,580	56,580	70,080	79,080	
<b>Capital Employed</b>	<b>1,83,350</b>	<b>2,09,410</b>	<b>2,12,620</b>	<b>2,30,505</b>	<b>2,49,125</b>	<b>2,62,519</b>	<b>2,85,540</b>	<b>3,05,645</b>	
Gross Block	1,86,160	2,00,360	2,16,590	2,39,020	2,66,140	3,07,300	3,44,300	3,94,300	
Less: Accum. Deprn.	49,910	59,020	68,760	81,710	93,490	1,06,803	1,22,290	1,39,839	
<b>Net Fixed Assets</b>	<b>1,36,250</b>	<b>1,41,340</b>	<b>1,47,830</b>	<b>1,57,310</b>	<b>1,72,650</b>	<b>2,00,497</b>	<b>2,22,010</b>	<b>2,54,461</b>	
Capital WIP	10,060	10,450	18,710	23,950	26,160	15,000	18,000	8,000	
<b>Current Investment</b>	<b>32,930</b>	<b>43,990</b>	<b>29,350</b>	<b>38,720</b>	<b>44,440</b>	<b>39,660</b>	<b>39,660</b>	<b>39,660</b>	
Non-current Investment	7,410	13,060	5,900	5,910	7,160	7,160	7,160	7,160	
<b>Curr. Assets, Loans and Adv.</b>	<b>32,210</b>	<b>37,840</b>	<b>53,400</b>	<b>51,225</b>	<b>51,295</b>	<b>52,315</b>	<b>54,997</b>	<b>57,760</b>	
Inventory	7,600	9,460	13,160	12,180	13,860	14,888	16,080	17,540	
Account Receivables	5,110	6,730	7,000	8,360	8,890	9,549	10,314	11,250	
Cash and Bank Balance	2,470	1,600	2,850	3,920	1,580	1,369	1,990	2,119	
Loans and Advances	17,030	20,050	30,390	26,765	26,965	26,509	26,613	26,851	
<b>Curr. Liability and Prov.</b>	<b>35,510</b>	<b>37,270</b>	<b>42,570</b>	<b>46,610</b>	<b>52,580</b>	<b>52,113</b>	<b>56,287</b>	<b>61,396</b>	
Account Payables	32,820	34,600	39,370	43,160	48,300	47,515	51,321	55,980	
Provisions	2,690	2,670	3,200	3,450	4,280	4,597	4,966	5,416	
<b>Net Current Assets</b>	<b>-3,300</b>	<b>570</b>	<b>10,830</b>	<b>4,615</b>	<b>-1,285</b>	<b>202</b>	<b>-1,290</b>	<b>-3,636</b>	
<b>Appl. of Funds</b>	<b>1,83,350</b>	<b>2,09,410</b>	<b>2,12,620</b>	<b>2,30,505</b>	<b>2,49,125</b>	<b>2,62,519</b>	<b>2,85,540</b>	<b>3,05,645</b>	

E: MOFSL estimates

## Financials and Valuations (Consolidated)

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)*</b>								
EPS	<b>44.9</b>	<b>43.8</b>	<b>36.5</b>	<b>40.8</b>	<b>37.1</b>	<b>61.3</b>	<b>64.9</b>	<b>73.3</b>
Cash EPS	111.7	109.7	106.1	120.6	108.0	132.3	147.5	166.8
BV/Share	684.6	857.2	833.6	874.6	926.7	976.1	1,026.0	1,084.3
DPS	1.3	9.0	9.0	9.0	9.0	12.0	15.0	15.0
Payout (%)	3.0	20.6	24.6	22.1	24.3	19.6	23.1	20.5
<b>Valuation (x)*</b>								
P/E	48.4	49.6	59.5	53.3	58.6	35.5	33.5	29.7
Cash P/E	19.5	19.8	20.5	18.0	20.1	16.4	14.7	13.0
P/BV	3.2	2.5	2.6	2.5	2.3	2.2	2.1	2.0
EV/Sales	3.9	3.4	2.9	2.6	2.8	2.7	2.6	2.5
EV/EBITDA	14.5	15.8	17.0	14.7	16.1	13.2	12.0	10.9
EV/t (USD)	143	117	113	96	87	91	83	79
Dividend Yield (%)	0.1	0.4	0.4	0.4	0.4	0.6	0.7	0.7
<b>Return Ratios (%)</b>								
RoIC	6.7	6.0	4.5	5.2	5.0	6.9	6.7	6.9
RoE	7.2	5.7	4.3	4.8	4.1	6.4	6.5	6.9
RoCE	6.1	5.6	4.2	5.4	4.8	6.5	6.6	6.9
<b>Working Capital Ratios</b>								
Asset Turnover (x)	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Inventory (Days)	27	31	35	30	36	36	36	36
Debtor (Days)	18	22	19	21	23	23	23	23
<b>Leverage Ratio (x)</b>								
Current Ratio	0.9	1.0	1.3	1.1	1.0	1.0	1.0	0.9
Debt/Equity ratio	0.3	0.2	0.2	0.3	0.3	0.3	0.4	0.4

### Cash Flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>(INR m)</b>								
OP/(Loss) before Tax	13,640	11,620	13,210	10,690	8,170	15,612	16,538	18,660
Depreciation	12,500	12,360	13,050	14,980	13,310	13,313	15,487	17,549
Interest and Finance Charges	3,190	1,930	2,310	3,860	3,990	4,658	5,491	6,466
Direct Taxes Paid	440	240	-140	-540	-710	-3,969	-4,204	-4,744
(Inc.)/Dec. in WC	7,810	-5,150	-770	460	-2,300	-1,982	1,784	2,072
<b>CF from Operations</b>	<b>37,580</b>	<b>21,000</b>	<b>27,660</b>	<b>29,450</b>	<b>22,460</b>	<b>27,633</b>	<b>35,096</b>	<b>40,003</b>
Others	-1,540	-1,680	-5,140	-3,100	-1,290	-2,657	-2,607	-2,760
<b>CF from Operations incl. EO</b>	<b>36,040</b>	<b>19,320</b>	<b>22,520</b>	<b>26,350</b>	<b>21,170</b>	<b>24,976</b>	<b>32,488</b>	<b>37,243</b>
(Inc.)/Dec. in FA	-10,270	-17,560	-27,010	-27,230	-26,260	-30,000	-40,000	-40,000
<b>Free Cash Flow</b>	<b>25,770</b>	<b>1,760</b>	<b>-4,490</b>	<b>-880</b>	<b>-5,090</b>	<b>-5,024</b>	<b>-7,512</b>	<b>-2,757</b>
(Pur.)/Sale of Investments	6,050	6,380	2,980	-1,610	2,200	4,771	-10	-13
Others	370	410	1,080	1,340	1,360	2,657	2,607	2,760
<b>CF from Investments</b>	<b>-3,850</b>	<b>-10,770</b>	<b>-22,950</b>	<b>-27,500</b>	<b>-22,700</b>	<b>-22,572</b>	<b>-37,403</b>	<b>-37,252</b>
Issue of Shares	-4,000	50	0	0	0	0	0	0
Inc.-(Dec.) in Debt	-25,340	-5,800	6,670	8,890	6,480	4,293	13,840	9,416
Interest Paid	-3,960	-2,320	-2,970	-4,390	-4,440	-4,658	-5,491	-6,466
Dividend Paid	0	-1,000	-1,690	-1,690	-1,690	-2,250	-2,812	-2,812
Others	-450	-350	-330	-590	-740	0	0	0
<b>CF from Fin. Activity</b>	<b>-33,750</b>	<b>-9,420</b>	<b>1,680</b>	<b>2,220</b>	<b>-390</b>	<b>-2,615</b>	<b>5,536</b>	<b>138</b>
<b>Inc./Dec. in Cash</b>	<b>-1,560</b>	<b>-870</b>	<b>1,250</b>	<b>1,070</b>	<b>-1,920</b>	<b>-211</b>	<b>621</b>	<b>129</b>
Opening Balance	4,030	2,470	1,600	2,850	3,500	1,580	1,369	1,990
<b>Closing Balance</b>	<b>2,470</b>	<b>1,600</b>	<b>2,850</b>	<b>3,920</b>	<b>1,580</b>	<b>1,369</b>	<b>1,990</b>	<b>2,119</b>

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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

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