

July 23, 2025

Balancing profitability and strategic expansion...

About the stock: Dalmia Bharat (DBL) is the fourth largest cement manufacturer in India with cement capacity of 49.5 mtpa and clinker capacity of 23.5 mtpa as of FY25 end

- The company has 15 manufacturing plants which cater to 22 states across India. Out of total capacity of 49.5 mtpa, ~44% is located in south region followed by ~50% in east & north-east. Balance ~6% is in west region

Q1FY26 performance: Consolidated revenue was flattish YoY (-11.1% QoQ) to Rs 3636 crore on account of lower volume (7 mtpa, -5.4% YoY, -18.6% QoQ) negating the effect of improved realisation (+6.2% YoY, +9.2% QoQ). EBITDA/ton increased by 39.5% YoY (+36.8% QoQ) to Rs 1261/ton. Subsequently, EBITDA was up 32% YoY (+11.3% QoQ) to Rs 883 crores. Further, PAT increased by 172% YoY (-10% QoQ) to Rs 395 crores

Investment Rationale

- Focus on profitable growth with strategic capacity additions:** Though sales volume declined 5.4% YoY in Q1FY26, the adjusted volume growth was flat YoY (tolling arrangement with Jaypee discontinued from Q2FY25) as the company remained focused on profitability. Management states that the focus will remain on profitable growth going forward and quality of sales through product mix and direct distribution. On the capacity addition front, the ongoing expansion at Belgaum (3 mtpa) and Pune (3 mtpa) are on track and expected by FY27E end. Further, with a strong focus on increasing exposure in existing southern region markets, company has planned 6 mtpa expansion at Kadapa (AP), which will be commissioned in FY28E. This will take the total capacity to 61.5 mtpa by FY28E (from 49.5 mtpa at present). Though we estimate ~6% volume CAGR over FY25-27E, we believe that longer-term visibility on volume growth remains strong. With a target of reaching 75 mtpa by FY28E & 110-130 mtpa by FY31E, company has already started exploring further expansion opportunities at Rajasthan & North-East
- EBITDA per ton to improve further going forward:** We expect company's EBITDA/ton to improve considerably to ₹ 1229/ton by FY27E (vs ₹ 819/ton in FY25), driven by operational efficiency measures & positive operating leverage (led by strong volume growth). The operational efficiency measures include increasing usage of cost-efficient non-fossil fuels (from alternate sources) & increase in share of renewable power consumption (target of 100% by FY30E from ~41% as of Q1FY26), cost optimisation in raw materials & logistics, focus on further increasing share of premium products and improving blending ratio

Rating and Target Price

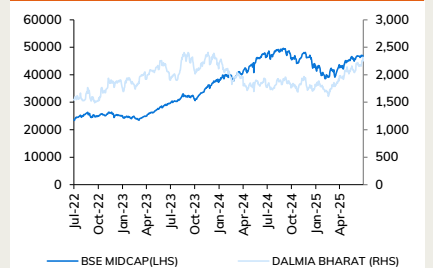
- We estimate Revenue, EBITDA and PAT to grow at ~10%, ~30% and ~50% CAGR respectively over FY25-27E
- Valuations at 11.2x EV/EBITDA on FY27E basis look attractive considering the strong growth ahead. We recommend **BUY** on DBL with a revised TP of ₹ 2,650 (based on 13x EV/EBITDA on FY27E)

**Particulars**

Particular	Amount
Market Capitalisation (Rs Crore)	42,254
FY25 Gross Debt (Rs Crore)	5,412
FY25 Cash (Rs Crore)	4,602
EV (Rs Crore)	43,064
52 Week H/L (Rs)	2350 / 1601
Equity Capital	38.0
Face Value	2.0

Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoter	55.8	55.8	55.8	55.8
FII	8.9	9.1	8.3	8.2
DII	14.6	14.7	16.4	17.4
Others	20.7	20.4	19.4	18.6

Price Chart**Recent Event & Key risks**

- (1) Slowdown in demand (2) Delays in capacity expansion (3) Increase in commodity prices (4) High competition

Research Analyst

Vijay Goel
vijay.goel@icicisecurities.com

Deep Lapsia
deep.lapsia@icicisecurities.com

Key Financial Summary

(Rs crore)	FY22	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	2 Year CAGR (FY25-27E)
Revenues	11,286	13,540	14,691	13,980	7.4%	15,339	16,897	9.9%
EBITDA	2,426	2,316	2,639	2,407	-0.3%	3,259	4,060	29.9%
EBITDA margin (%)	21.5	17.1	18.0	17.2		21.2	24.0	
Adjusted PAT	816	1,035	827	683	-5.8%	1,228	1,538	50.0%
Adjusted EPS (Rs)	43.5	55.2	44.1	36.4		65.5	82.0	
P/E (x)	51.7	41.0	51.1	54.2		34.4	27.5	
EV/EBITDA (x)	16.9	18.5	16.1	17.9		13.6	11.2	
EV/ton (\$)	137	126	112	102		106	96	
RoCE (%)	7.0	5.9	6.9	5.8		8.0	9.2	
RoE (%)	5.1	6.6	5.0	4.5		6.7	7.8	

Source: Company, ICICI Direct Research

Q1FY26 Result Highlights:

- Consolidated revenue was flattish YoY to Rs 3636 crore on account of lower volume (7 mtpa, -5.4% YoY) negating the effect of improved realisation (+6.2% YoY). Though company had 0.4 mtpa additional volume in Q1FY25 through tolling arrangement with Jaypee (discontinued from Q2FY25 onwards), volume growth remained flat YoY
- Sequentially, revenue was down by 11.1% QoQ, due to 18.6% QoQ decrease in volume and 9.2% QoQ improvement in realisation
- EBITDA/ton increased by 39.5% YoY (+36.8% QoQ) to Rs 1261/ton. Subsequently, EBITDA was up 32% YoY (+11.3% QoQ) to Rs 883 crores. Further
- PAT increased by 172% YoY (-10% QoQ) to Rs 395 crores. Company has also announced new capex plan of Rs 3287 crore to set up a 3.6 mtpa clinker unit with a 6 mtpa grinding unit at Kadapa, Andhra Pradesh

Recent earnings call highlights:

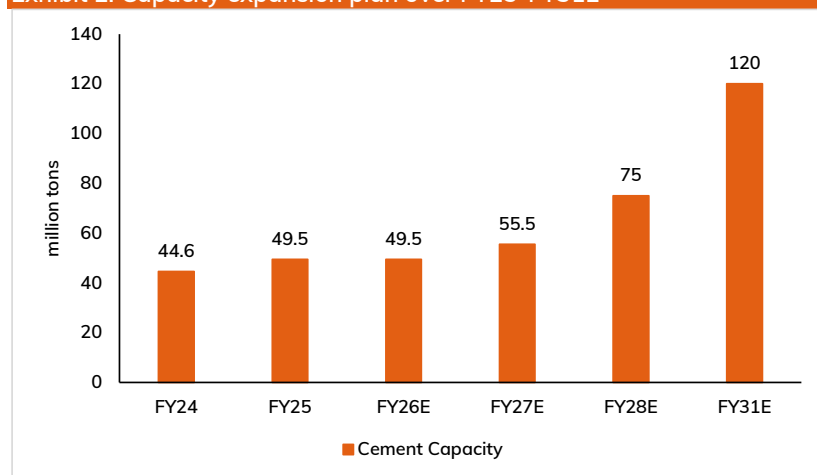
- Industry cement demand is expected to remain steady at 6–7% in FY26E, supported by strong government infrastructure push and a robust housing market
- On pricing front, regional price showed strong rebound in Southern regions compared to last year. Prices were steady in the Eastern region despite early monsoon. Pricing in July is sustained, spot prices remain similar to Q1 average, supporting margin resilience
- Power & Fuel YoY cost fell by 2% due to lower fuel prices (\$100/ton vs. \$106/ton last year). RE usage rose to 41% (vs. 35%). Raw material cost was up YoY due to new mineral tax by Tamil Nadu government. Logistics cost rose marginally by 2%. Higher lead distance (280 km vs. 272 km) was offset by improved direct dispatches (62%) in this quarter
- Capex plan - 3.6 mtpa clinker + 3 mtpa grinding at Belgaum + 3 mtpa new grinding at Pune (targeting North Karnataka, Southern & Western Maharashtra) is on track and expected by FY27E.
- New expansion project at Kadapa: 3.6 mtpa clinker + 6 mtpa grinding (with 3 mtpa bulk terminal in Chennai) expected by FY28E. This will serve Andhra Pradesh, Southern Karnataka & North Tamil Nadu markets
- Management is exploring opportunities to setup 2–2.5 mtpa grinding unit at Northeast (Assam). Currently, clinker expansion of 3.6 mtpa clinker at Umrongshu (Assam) is under process and trial runs is expected in Sept followed by commercial production in Q3FY26
- Blueprint for expansion at Jaisalmer greenfield 6 mtpa capacity is ready and land acquisition is also completed, environment clearance in process. Timeline depends on outcome of JP Associates acquisition bid. Capex will be funded via internal accruals + debt, under strict capital allocation discipline
- Capex incurred in Q1FY26 was Rs 612 crore (mainly incurred for Umrongshu and Belgaum). FY26E Capex target is around Rs 4,000 crore and similar level expected in FY27E
- The management's strategic focus continues to be on enhancing brand equity, optimizing distribution, capital allocation and profitable growth
- On cost front, management reiterated on reducing Rs 150–200/ton over the next 2 years.
- Incentives accrued were Rs 84 crore of which Rs 42 crore received in Q1FY26. Total Rs 780 crore are outstanding including Rs 250 crore from West Bengal government

- Gross debt for the company was Rs 6,456 crore whereas Net debt was around Rs 873 crore. Net debt/EBITDA was 0.33x (well below 2x threshold). NCD raised by the company of Rs 950 crore was well subscribed
- Management reiterated their long-term goal of Pan-India footprint and continuous expansion in new markets while strengthening presence in core regions also brand building by premiumization and price discipline to continue

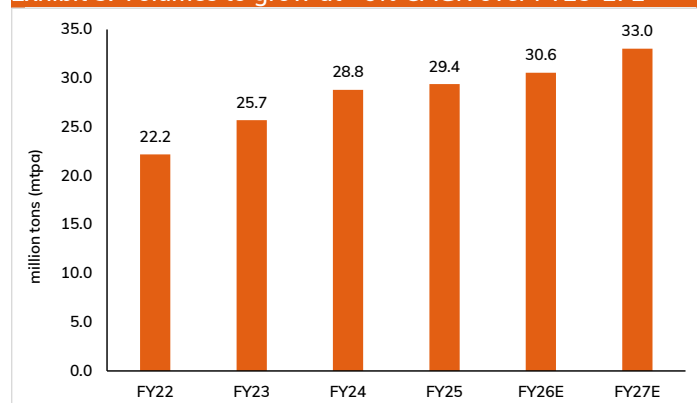
Exhibit 1: Quarterly Analysis – Q1FY26

	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Comments
Operating Income	3,636.0	3,621.0	0.4	4,091.0	-11.1	Revenue remained flat YoY due to higher realisation and lower volumes
Other income	49.0	50.0	-2.0	93.0	-47.3	
Total Revenue	3,685.0	3,671.0	0.4	4,184.0	-11.9	
Raw materials costs	467.0	605.0	-22.8	766.0	-39.0	
Employees Expenses	227.0	228.0	-0.4	215.0	5.6	
Other Expenses	539.0	532.0	1.3	572.0	-5.8	
Total Expenditure	2,753.0	2,952.0	-6.7	3,298.0	-16.5	
EBITDA	883.0	669.0	32.0	793.0	11.3	
EBITDA margins (%)	24.3	18.5	581 bps	19.4	490 bps	EBITDA margins improved due to higher realisation
Interest	108.0	95.0		105.0		
Depreciation	322.0	317.0	1.6	314.0	2.5	
Tax	123.0	49.0	151.0	28.0	339.3	
PAT	393.0	141.0	178.7	435.0	-9.7	

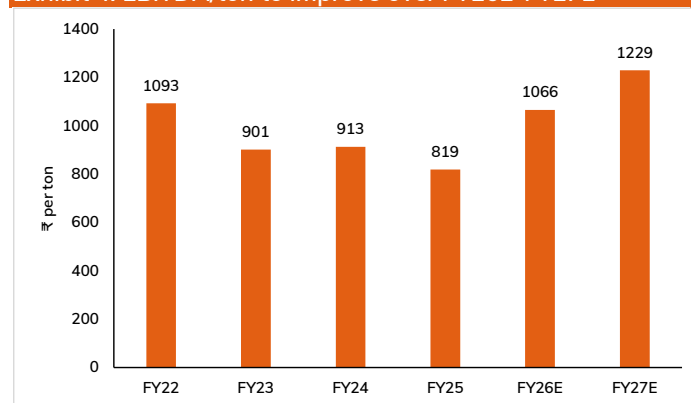
Source: Company, ICICI Direct Research

Exhibit 2: Capacity expansion plan over FY25-FY31E


Source: Company, ICICI Direct Research

Exhibit 3: Volumes to grow at ~6% CAGR over FY25-27E


Source: Company, ICICI Direct Research

Exhibit 4: EBITDA/ton to improve over FY26E-FY27E


Source: Company, ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement

₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E
Revenue from operations	14,691.0	13,980.0	15,338.9	16,897.3
% Growth	8.5	(4.8)	9.7	10.2
Raw material cost	2,703.0	2,328.0	2,446.1	2,641.8
Power & Fuel cost	3,116.0	2,903.0	2,920.0	3,071.1
Freight Cost	3,203.0	3,286.0	3,363.4	3,467.3
Employee Expenses	871.0	885.0	973.5	1,070.9
Others cost	2,159.0	2,171.0	2,377.2	2,586.4
Total Operating Expenditure	12,052.0	11,573.0	12,080.2	12,837.4
EBITDA	2,639.0	2,407.0	3,258.7	4,059.9
% Growth	13.9	(8.8)	35.4	24.6
Other income	315.0	253.0	215.0	190.0
Interest	386.0	399.0	438.6	541.2
PBDT	2,568.0	2,261.0	3,035.0	3,708.7
Depreciation	1,498.0	1,331.0	1,487.9	1,774.2
PBT before Exceptional Items	1,070.0	930.0	1,547.1	1,934.5
Total Tax	216.0	118.0	309.4	386.9
PAT before MI	854.0	699.0	1,237.7	1,547.6
Adjusted PAT	827.0	683.0	1,227.7	1,537.6
% Growth	(20.1)	(17.4)	79.8	25.2

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement

₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E
Profit after Tax	827.0	683.0	1,227.7	1,537.6
Depreciation	1,498.0	1,331.0	1,487.9	1,774.2
Interest	386.0	399.0	438.6	541.2
Cash Flow before WC changes	2,711.0	2,413.0	3,154.2	3,853.0
Changes in inventory	98.0	(168.0)	(84.8)	(103.1)
Changes in debtors	(136.0)	(53.0)	(35.5)	(93.9)
Changes in loans & Advances	(1.0)	(3.0)	1.5	(1.6)
Changes in other current assets	802.0	(121.0)	91.1	(68.6)
Net Increase in Current Assets	728.0	(325.0)	(27.8)	(267.3)
Changes in creditors	181.0	223.0	149.6	171.6
Changes in provisions	(3.0)	34.0	3.4	9.6
Net Inc in Current Liabilities	373.0	295.0	183.6	299.3
Net CF from Operating activities	3,812.0	2,383.0	3,310.0	3,885.0
Changes in deferred tax assets	(13.0)	(18.0)	-	-
(Purchase)/Sale of Fixed Assets	(2,972.0)	(3,126.0)	(4,000.0)	(4,000.0)
Net CF from Investing activities	(3,932.0)	(3,345.0)	(3,290.2)	(4,046.2)
Dividend and Dividend Tax	(169.0)	(168.8)	(187.5)	(234.4)
Net CF from Financing Activities	418.0	537.2	461.8	(75.6)
Net Cash flow	298.0	(424.8)	481.5	(236.7)
Opening Cash/Cash Equivalent	285.0	583.0	158.2	639.7
Closing Cash/ Cash Equivalent	583.0	158.2	639.7	403.0

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet

₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E
Equity Capital	38.0	38.0	38.0	38.0
Reserve and Surplus	16,360.0	17,336.2	18,376.4	19,679.5
Total Shareholders funds	16,398.0	17,374.2	18,414.4	19,717.5
Total Debt	4,769.0	5,412.0	6,500.0	7,200.0
Total Liabilities	23,475.0	25,656.2	27,784.4	29,787.5
Gross Block	17,066.0	22,004.0	25,501.0	30,001.0
Acc: Depreciation	6,493.0	7,824.0	9,311.9	11,086.1
Net Block	12,622.0	14,180.0	16,189.1	18,914.9
Capital WIP	2,284.0	2,497.0	3,000.0	2,500.0
Total Fixed Assets	18,129.0	19,924.0	22,436.1	24,661.9
Non Current Assets	1,764.0	1,973.0	2,013.2	2,059.4
Inventory	1,218.0	1,386.0	1,470.8	1,574.0
Debtors	836.0	889.0	924.5	1,018.5
Other Current Assets	645.0	766.0	674.9	743.5
Cash	583.0	158.2	639.7	403.0
Total Current Assets	3,985.0	3,885.2	4,394.5	4,425.1
Current Liabilities	1,316.0	1,539.0	1,688.6	1,860.2
Provisions	264.0	90.0	91.0	91.0
Total Current Liabilities	4,275.0	4,570.0	4,753.6	5,052.9
Net Current Assets	(290.0)	(684.8)	(359.0)	(627.8)
Total Assets	23,475.0	25,656.2	27,784.4	29,787.5

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(₹ Crore)	FY24	FY25	FY26E	FY27E
Adjusted EPS	44.1	36.4	65.5	82.0
Cash per Share	237.5	245.4	231.1	218.5
BV	874.3	926.4	981.8	1,051.3
EBITDA Margin	18.0	17.2	21.2	24.0
PAT Margin	5.6	4.9	8.0	9.1
RoE	5.0	4.5	6.7	7.8
RoCE	6.9	5.8	8.0	9.2
RoIC	5.5	4.8	7.3	8.6
EV / EBITDA	16.1	17.9	13.6	11.2
P/E	51.1	54.2	34.4	27.5
EV/ton (\$)	112	102	106	96
EV / Net Sales	2.9	3.1	2.9	2.7
Sales / Equity	0.9	0.8	0.8	0.9
Market Cap / Sales	2.9	3.0	2.8	2.5
Price to Book Value	2.6	2.4	2.3	2.1
Asset turnover	0.7	0.6	0.6	0.6
Debtors Turnover Ratio	19.1	16.2	16.9	17.4
Creditors Turnover Ratio	12.0	9.8	9.5	9.5
Debt / Equity	0.3	0.3	0.4	0.4
Current Ratio	0.8	0.9	0.8	0.9
Quick Ratio	0.4	0.5	0.4	0.5

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according -to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Vijay Goel, MBA (Finance), Deep Lapsia, MBA (Finance), Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agarwal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Bhavesh Soni Email address: headsservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report