

CMP: ₹ 2,230

Target: ₹ 2,650 (19%)

Target Period: 12 months

January 22, 2026

BUY

Focus remains on strategic scale-up...

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 27.1 mtpa

- 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

Q3FY26 performance: Consolidated revenue increased by 10.2% YoY (+2.6% QoQ) to Rs 3506 crore on account of increase in sales volume by 9% YoY (+5.8% QoQ) to 7.3 mtpa. However, realisation growth remained subdued at 1.2% YoY (-3% QoQ). EBITDA/ton increased by 8.1% YoY (-18.2% QoQ) to Rs 825/ton. Subsequently, EBITDA was up 17.8% YoY (-13.5% QoQ) to Rs 602 crores. Further, PAT increased by 138.6% YoY (-48% QoQ) to Rs 122 crores

Investment Rationale

- Strategic plan of achieving 75 mtpa capacity by FY28E:** Sales volume increased 9% YoY for Q3FY26 mainly due to improvement in overall demand scenario in Q3. Though volume is up only 1.9% YoY for 9MFY26 as volume growth remained subdued during H1FY26. Capacity utilisation improved to 59% vs 56% in Q2FY26. Management reiterated its commitment to profitable growth and sales quality by optimising the product mix and adopting a balanced micro-market strategy based on utilisation and demand-supply scenario. On the capacity addition front, the ongoing expansion of 12 mtpa (Belgaum - 3 mtpa, Pune - 3 mtpa both expected by FY27 end & AP - 6 mtpa expected by FY28 end) are progressing on track and expected to take the total capacity to 61.5 mtpa by FY28E (from 49.5 mtpa at present). Management reiterated their target of 75 mtpa by FY28E and is expected to announce next phase of expansion plan (13-14 mtpa) in the coming quarters. We believe that longer-term visibility on volume growth remains intact with a target of reaching 110-130 mtpa by FY31E. We estimate ~8% volume CAGR over FY25-28E
- EBITDA per ton to improve led by cost efficiency measures:** Company's EBITDA/ton stood at Rs 1029/ton in 9MFY26, up ~33% YoY led by overall improvement in cost structure. Going ahead, we expect company's EBITDA/ton to improve to ₹ 1340/ton by FY28E (vs ₹ 819/ton in FY25), driven by continuous focus on cost optimisation & positive operating leverage (led by healthy volume growth). The management reiterated on reducing Rs 150-200/ton cost over the next 2 years (~₹45-50/ton savings achieved so far). Operational efficiency initiatives include using cost-effective non-fossil fuels from alternate sources, increase in renewable power usage (aiming for 100% by FY30E), 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 ~11%, ~27% and ~44% CAGR respectively over FY25-28E
- Valuations at 10.9x/8.8x EV/EBITDA on FY27E/FY28E basis look attractive considering the strategic scale-up of capacity and increasing exposure in newer markets. We maintain **BUY** on DBL with a TP of ₹ 2,650 (based on 11.5x EV/EBITDA on FY27E & FY28E average)

Key Financial Summary

(Rs crore)	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	FY28E	3 Year CAGR (FY25-28E)
Revenues	13,540	14,691	13,980	7.4%	15,195	16,706	19,030	10.8%
EBITDA	2,316	2,639	2,407	-0.3%	3,284	3,999	4,957	27.2%
EBITDA margin (%)	17.1	18.0	17.2		21.6	23.9	26.1	
Adjusted PAT	1,035	827	683	-5.8%	1,412	1,615	2,024	43.6%
Adjusted EPS (Rs)	55.2	44.1	36.4		75.3	86.1	107.9	
P/E (x)	40.6	50.6	53.6		29.6	25.9	20.7	
EV/EBITDA (x)	18.4	16.0	17.7		13.1	10.9	8.8	
EV/ton (\$)	125	111	101		102	93	83	
RoCE (%)	5.9	6.9	5.8		8.9	9.6	10.8	
RoE (%)	6.6	5.0	4.5		7.6	8.2	9.5	

Source: Company, ICICI Direct Research



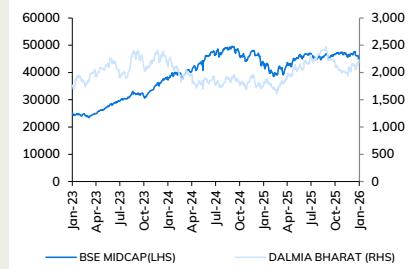
Particulars

Particular	Amount
Market Capitalisation (Rs Crore)	41,823
FY25 Gross Debt (Rs Crore)	5,412
FY25 Cash (Rs Crore)	4,602
EV (Rs Crore)	42,633
52 Week H/L (Rs)	2496 / 1601
Equity Capital	38.0
Face Value	2.0

Shareholding pattern

	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	55.8	55.8	55.8	55.8
FII	8.3	8.2	8.8	7.9
DII	16.4	17.4	17.8	19.0
Others	19.4	18.6	17.6	17.3

Price Chart



Recent Event & Key risks

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

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Q3FY26 Result Highlights:

- Consolidated revenue increased by 10.2% YoY (+2.6% QoQ) to Rs 3506 crore on account of increase in sales volume by 9% YoY (+5.8% QoQ) to 7.3 mtpa. However, realisation growth remained subdued at 1.2% YoY (-3% QoQ)
- EBITDA/ton increased by 8.1% YoY (-18.2% QoQ) to Rs 825/ton. Subsequently, EBITDA was up 17.8% YoY (-13.5% QoQ) to Rs 602 crores
- Further, PAT increased by 138.6% YoY (-48% QoQ) to Rs 122 crores vs net profit of Rs 61 crores in Q3FY25 and Rs 236 crores in Q2FY26
- For 9MFY26, revenue was up by 6.8% YoY due to increase in sales volume by 1.9% YoY and improvement in realisation by 4.8% YoY. EBITDA/ton stands at Rs 1029/ton (vs Rs 776/ton in 9MFY25)

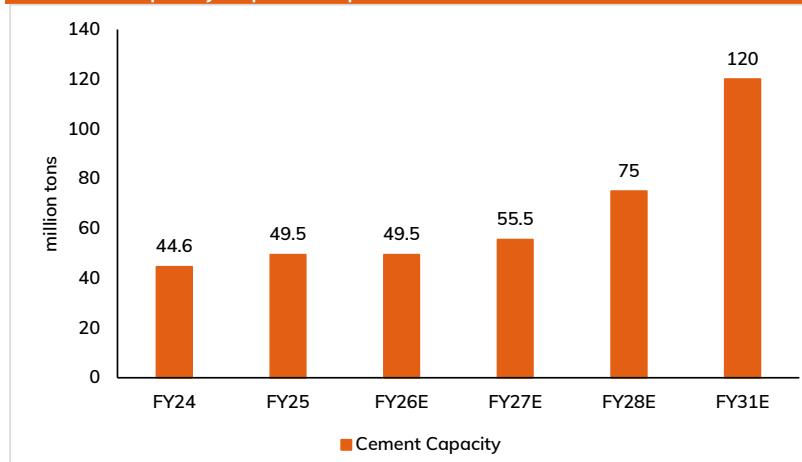
Recent earnings call highlights:

- Cement demand grew ~7–8% YoY in Q3FY26, aided by post-monsoon recovery and festive season demand. Full-year FY26E demand growth is expected at ~6%. Momentum seen in December is expected to continue into Q4FY26
- Post GST reduction in September, prices softened beyond the GST pass-through, particularly in East and South India, leading to pricing pressure in Q3FY26. Early Q4FY26 pricing signals that January has seen initial price corrections in several markets, though management cautioned that it is too early to quantify sustainability
- Management reiterated its ₹150–200/ton cost reduction target, with ~₹45–50/ton structural savings achieved so far, excluding major external headwinds
- Despite higher fuel prices and mineral tax in Tamil Nadu, structural costs have declined due to operational efficiencies across the value chain. Additional savings expected from logistics optimization, renewable energy ramp-up, fuel mix improvement, and scale benefits from new capacities
- Blended fuel costs remained stable QoQ despite petcoke price increases, supported by increased use of domestic coal and operational efficiency.
- 23 MW of renewable capacity commissioned in Q3FY26, taking total renewable capacity to 410 MW
- Northeast Expansion (Assam): Commercial production commenced at the 3.6 mtpa clinker line at Umrangso, making the company fully clinker-sufficient for ~8 mtpa cement capacity in the Northeast.
- Belgaum & Kadapa Expansions: Both projects are progressing as per schedule, with major equipment orders placed and civil work in full swing
- Management reaffirmed its target to reach ~75 mtpa by FY28E, with project announcements expected in the coming months
- FY26 capex expected at ~₹2,700 crore, mainly toward Umrango, Belgaum, Kadapa, land acquisition, and ongoing projects. FY27E–FY28E capex is likely to average ₹3,000–4,000 crore per annum, with cumulative spending of ₹8,000–9,000 crore over the next 2–3 years.
- Management reiterated its intent to keep net debt / EBITDA below 2x, ensuring financial flexibility during the expansion phase
- Incentive income moderated in Q3FY26 due to GST changes but is expected to normalize to ~₹200 crore annually from FY27E onwards

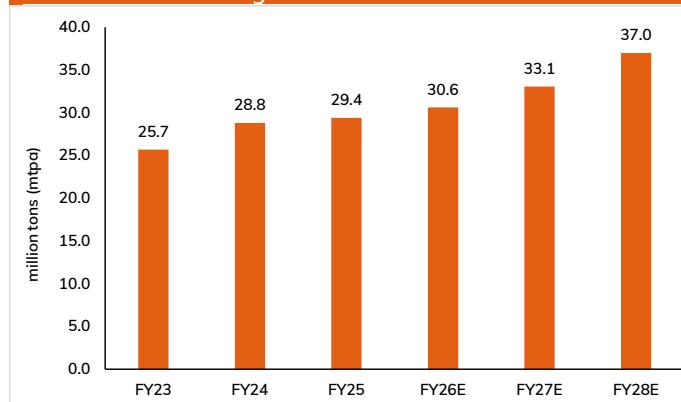
Exhibit 1: Quarterly Analysis – Q3FY26

	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comments
Operating Income	3,506.0	3,181.0	10.2	3,417.0	2.6	Revenue increased due to increase in realisation & sales volume on YoY basis
Other income	62.0	37.0	67.6	66.0	-6.1	
Total Revenue	3,568.0	3,218.0	10.9	3,483.0	2.4	
Raw materials costs	584.0	512.0	14.1	505.0	15.6	
Employees Expenses	224.0	223.0	0.4	226.0	-0.9	
Other Expenses	539.0	532.0	1.3	572.0	-5.8	
Total Expenditure	2,904.0	2,670.0	8.8	2,721.0	6.7	
EBITDA	602.0	511.0	17.8	696.0	-13.5	
EBITDA margins (%)	17.2	16.1	111 bps	20.4	-320 bps	EBITDA margins improved YoY due to some improvement in realisation
Interest	118.0	101.0		122.0		
Depreciation	340.0	364.0	-6.6	322.0	5.6	
Tax	46.0	17.0	170.6	79.0	-41.8	
PAT	122.0	61.0	100.0	236.0	-48.3	

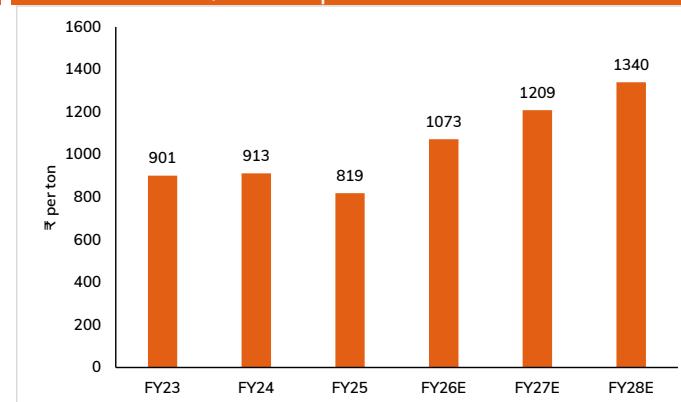
Source: Company, ICICI Direct Research

Exhibit 2: Capacity expansion plan over FY25-FY31E


Source: Company, ICICI Direct Research

Exhibit 3: Volumes to grow at ~8% CAGR over FY25-28E


Source: Company, ICICI Direct Research

Exhibit 4: EBITDA/ton to improve over FY26E-FY28E


Source: Company, ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement

(₹ Crore)	FY25	FY26E	FY27E	FY28E
Revenue from operations	13,980.0	15,194.7	16,705.7	19,030.2
% Growth	(4.8)	8.7	9.9	13.9
Raw material cost	2,328.0	2,309.4	2,364.2	2,645.6
Power & Fuel cost	2,903.0	3,141.8	3,339.7	3,700.1
Freight Cost	3,286.0	3,289.5	3,538.1	3,940.6
Employee Expenses	885.0	917.0	1,008.7	1,109.6
Others cost	2,171.0	2,253.0	2,455.8	2,676.8
Total Operating Expenditure	11,573.0	11,910.7	12,706.5	14,072.7
EBITDA	2,407.0	3,284.1	3,999.2	4,957.5
% Growth	(8.8)	36.4	21.8	24.0
Other income	253.0	250.0	280.0	313.6
Interest	399.0	465.0	576.9	635.0
PBTD	2,261.0	3,069.1	3,702.3	4,636.1
Depreciation	1,331.0	1,291.6	1,670.6	2,093.3
PBT before Exceptional Items	930.0	1,777.5	2,031.8	2,542.8
Total Tax	118.0	355.5	406.4	508.6
PAT before MI	699.0	1,422.0	1,625.4	2,034.2
Adjusted PAT	683.0	1,412.0	1,615.4	2,024.2
% Growth	(17.4)	106.7	14.4	25.3

Source: Company, ICICI Direct Research

₹ crore

Exhibit 6: Cash flow statement

(₹ Crore)	FY25	FY26E	FY27E	FY28E
Profit after Tax	683.0	1,412.0	1,615.4	2,024.2
Depreciation	1,331.0	1,291.6	1,670.6	2,093.3
Interest	399.0	465.0	576.9	635.0
Cash Flow before WC changes	2,413.0	3,168.6	3,862.8	4,752.5
Changes in inventory	(168.0)	(91.8)	(124.1)	(222.9)
Changes in debtors	(53.0)	(26.8)	(91.1)	(140.1)
Changes in loans & Advances	(3.0)	1.6	(1.6)	(2.3)
Changes in other current assets	(121.0)	97.4	(66.5)	(102.3)
Net Increase in Current Assets	(325.0)	(19.7)	(283.2)	(467.6)
Changes in creditors	223.0	(82.0)	144.9	222.9
Changes in provisions	34.0	(12.9)	8.1	19.7
Net Inc in Current Liabilities	295.0	(73.7)	267.8	413.3
Net CF from Operating activities	2,383.0	3,075.1	3,847.4	4,698.2
Changes in deferred tax assets	(18.0)	-	-	-
(Purchase)/Sale of Fixed Assets	(3,126.0)	(2,700.0)	(3,500.0)	(3,500.0)
Net CF from Investing activities	(3,345.0)	(3,226.0)	(3,544.7)	(3,568.8)
Dividend and Dividend Tax	(169.0)	(281.3)	(328.2)	(412.6)
Net CF from Financing Activities	538.0	438.7	(205.1)	(347.6)
Net Cash flow	(424.0)	287.8	97.6	781.8
Opening Cash/Cash Equivalent	582.0	158.0	445.8	543.4
Closing Cash/ Cash Equivalent	158.0	445.8	543.4	1,325.2

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet

₹ crore

(₹ Crore)	FY25	FY26E	FY27E	FY28E
Equity Capital	38.0	38.0	38.0	38.0
Reserve and Surplus	17,336.0	18,463.7	19,750.9	21,362.5
Total Shareholders funds	17,374.0	18,501.7	19,788.9	21,400.5
Total Debt	5,412.0	6,600.0	7,300.0	8,000.0
Total Liabilities	25,656.0	27,971.7	29,958.9	32,270.5
Gross Block	19,115.0	24,738.0	27,738.0	31,238.0
Acc: Depreciation	7,361.0	8,652.6	10,323.1	12,416.4
Net Block	14,180.0	16,085.4	17,414.9	18,821.6
Capital WIP	2,497.0	2,000.0	2,500.0	2,500.0
Total Fixed Assets	19,924.0	21,332.4	23,161.9	24,568.6
Non Current Assets	1,973.0	2,009.0	2,053.7	2,122.6
Inventory	1,386.0	1,477.8	1,601.9	1,824.8
Debtors	889.0	915.8	1,006.9	1,147.0
Other Current Assets	766.0	668.6	735.1	837.3
Cash	158.0	445.8	543.4	1,325.2
Total Current Assets	3,885.0	4,192.5	4,573.4	5,822.7
Current Liabilities	1,539.0	1,457.0	1,601.9	1,824.8
Provisions	90.0	91.0	91.0	92.0
Total Current Liabilities	4,570.0	4,496.3	4,764.1	5,177.3
Net Current Assets	(685.0)	(303.8)	(190.7)	645.4
Total Assets	25,656.0	27,971.7	29,958.9	32,270.5

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(₹ Crore)	FY25	FY26E	FY27E	FY28E
Adjusted EPS	36.4	75.3	86.1	107.9
Cash per Share	245.4	286.9	292.1	333.7
BV	926.4	986.5	1,055.1	1,141.1
EBITDA Margin	17.2	21.6	23.9	26.1
PAT Margin	4.9	9.3	9.7	10.6
RoE	4.5	7.6	8.2	9.5
RoCE	5.8	8.9	9.6	10.8
RoIC	4.8	8.1	8.8	10.2
EV / EBITDA	17.7	13.1	10.9	8.8
P/E	53.6	29.6	25.9	20.7
EV/ton (\$)	101	102	93	83
EV / Net Sales	3.0	2.8	2.6	2.3
Sales / Equity	0.8	0.8	0.8	0.9
Market Cap / Sales	3.0	2.8	2.5	2.2
Price to Book Value	2.4	2.3	2.1	2.0
Asset turnover	0.6	0.6	0.6	0.6
Debtors Turnover Ratio	16.2	16.8	17.4	17.7
Creditors Turnover Ratio	9.8	10.1	10.9	11.1
Debt / Equity	0.3	0.4	0.4	0.4
Current Ratio	0.9	0.9	0.9	1.0
Quick Ratio	0.5	0.5	0.5	0.5

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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