

Dalmia Bharat Limited (DALBHARA)

Initiating Coverage

Rating: BUY (Target Price: ₹ 2,328)



Dalmia Bharat Limited (DALBHARA)

On a strong footing

We initiate coverage on Dalmia Bharat with a Buy Rating because of its reasonable valuation as compared to its peers, its leadership position in the high growth region like North-East, strong presence in South & East. Besides, its continuous expansion, improving financials and the company's focus on being carbon negative will continue to drive growth.

Market leader in the highly attractive North-Eastern region

Dalmia has had a strong presence in the North-East region for more than 10 years. With a total manufacturing capacity of ~8 MTPA and a market share of ~40%. The North-East region is becoming highly attractive for cement companies because of government support, infrastructure development, higher demand, the presence of limestone reserves and also pricing is higher compared to other states. In the coming years, the company plans to continue maintaining its leadership position, fulfil industry demand, partner with the states for the creation of landmark projects, as there are fewer players, increase capacity and improve utilization levels.

Working towards 'Grey to Green' – EBITDA Positive

Dalmia is progressing well on their journey to being carbon negative by 2040 (Dalmia is emitting 460-465Co2 kg/ton and has plans to reach -30 Co2 kg/ton by 2040) as they are focused on switching to 100% blended cement and they have also adopted energy efficiency strategies such as RE 100, EP100 and EV100. With this, they would use renewable power more and replace fossil fuels by using biomass, hazardous waste, hydrogen, etc. With the increasing usage of RE, management expects overall costs to be reduced and margins to improve.

Capacity/Volume/EBITDA expected to improve

Dalmia has an ambitious plan to expand its current capacity from 49.5MTPA to 75MTPA by FY28 and post that it would reach upto 110-130MTPA capacity by FY30-31. For volumes, we are expecting it to grow in a higher single digit of CAGR 7-8% for FY25-27E which is largely in line with anticipation of CAGR of 7-9% for the sector. Further, realization too is expected to improve by CAGR 2.5%. Also, its EBITDA/ton is expected to improve to Rs. 1,000/ton driven by Dalmia's continuous efforts towards reducing its overall cost, changing mix and focusing on carbon negative footprint by increasing share from renewables.

Valuation and Outlook

We have estimated its revenue/EBITDA/PAT CAGR of 10.2%/22.7%/46.6% over FY25-27E which would be driven by capacity expansion along with improving realization & volumes, optimization of cost & higher usage of renewables will aid margin improvement, focus on product mix with more of premium products. Dalmia is currently trading at 14.1x/12.1x FY26E/FY27E EV/EBITDA. We value the company at 14x on FY27E EBITDA and arrive at the target price of Rs 2,328, with an upside potential of 18.4% and assign a 'BUY' rating on Dalmia Bharat.

Particulars	FY23	FY24	FY25	FY26E	FY27E
Net revenue	1,35,430	1,46,910	1,39,800	1,57,352	1,69,835
EBITDA	23,210	26,390	24,070	30,690	36,248
EBITDAM (%)	17.1	18.0	17.2	19.5	21.3
APAT	10,810	8,540	6,990	11,858	15,017
APATM (%)	8.0	5.8	5.0	7.5	8.8
EPS (Rs)	36.3	44.9	42.7	62.4	79.0
EV/EBITDA	17.2	15.8	17.6	14.1	12.1
RoE (%)	6.9	5.2	4.0	6.4	7.6

Source: Company, ACMIIL Research

BUY

Target: Rs 2,328

Key Data

Bloomberg code:	DALBHARA:IN
Target price (₹)	2,328
CMP (₹) (as on 25th Apr 2025)	1,966
Upside/ (Downside) (%)	18.4%
Rating:	BUY
Shares outstanding (mn):	190
Mcap (Rs bn) :	368
52-week H/L (Rs):	2,019/1,601

Price Performance (%)

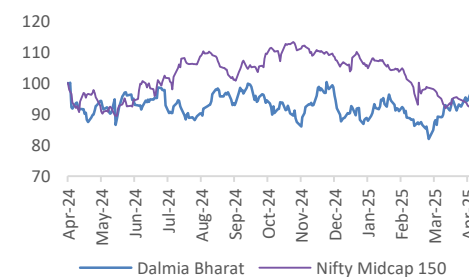
1 month	13.1
3 months	9.5
12 months	9.3

Shareholding Pattern (%)

	Sep'24	Dec'24	Mar'25
Promoter	55.8	55.8	55.8
FII's	8.9	9.1	8.3
DII's	14.7	14.8	16.6
Public/other	20.5	20.2	19.3
Pledge	-	-	-

Source: BSE

Performance vs. Nifty Midcap 150



Source: NSE

Analyst

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Dalmia Bharat Limited

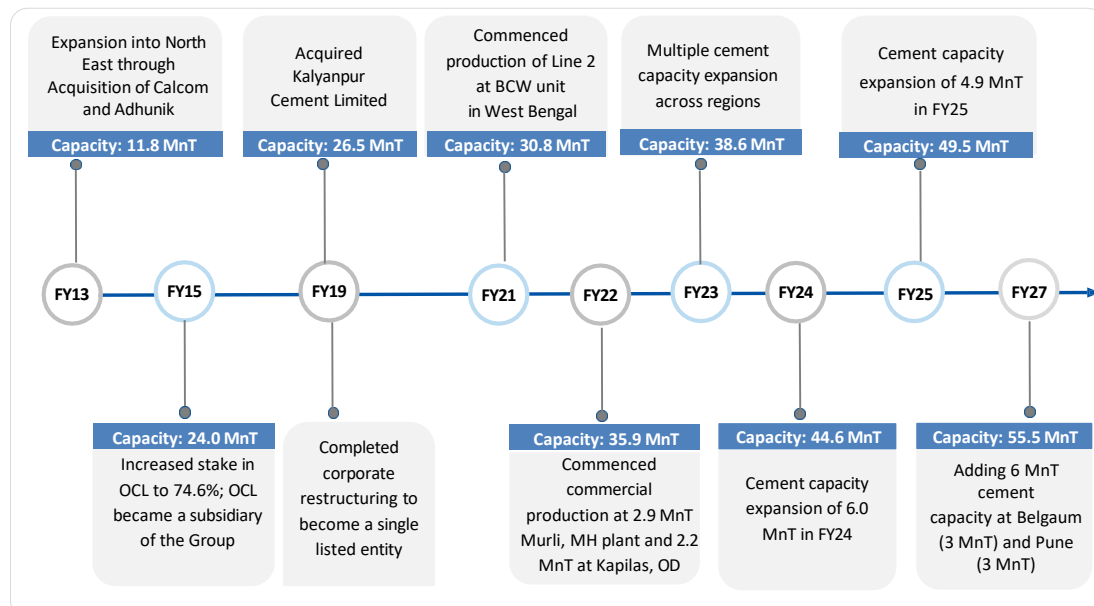
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4th largest cement company
having a market share of
~7.2% in terms of installed
capacity in India

Company Overview

- Dalmia Bharat is the 4th largest cement company in India, founded in 1939 by the Late Shri Jai Dayal Dalmia – a pioneer, philanthropist and industrialist.
- It has a market share of ~7.2% in terms of total installed capacity in India and is well-positioned in the highly lucrative markets of the East, North-East and South regions.
- Dalmia Bharat has robust manufacturing capacity across 15 plants with total cement capacity reaching 49.5MnT, clinker capacity at 23.5MnT & 464MW power capacity, which is spread across 10 states in India.
- The company presently services more than 23 states and has a robust network of ~49,300+ channel partners.
- Its existing capacities are in the states of Tamil Nadu, Andhra Pradesh and Karnataka in the Southern regions, while in the eastern region it has a presence in Odisha, West Bengal, Jharkhand & Bihar and in the North-East its capacities are in Assam and Meghalaya.
- The company manufactures a different range of cement, such as Ordinary Portland Cement (OPC), Portland Pozzolana cement (PPC), Portland slag cement (PSC) & Portland Composite Cement (PCC), Sulphate Resisting Portland Cement (SRPC) and also manufactures cement for Oil Well, Pre-Cast Work and Railway Sleeper.

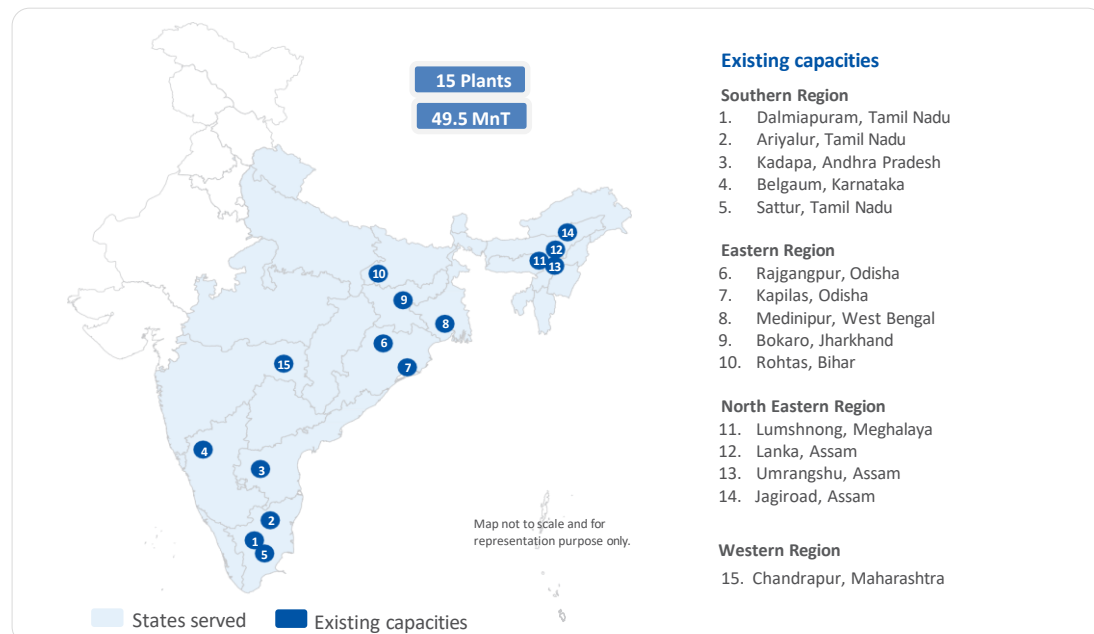
Exhibit 1: Key events of the company



Total Cement capacity is at
49.5MnT spread across South,
East and North-East

Source: Company, ACMIIL Research

Exhibit 2: Geographic Footprint



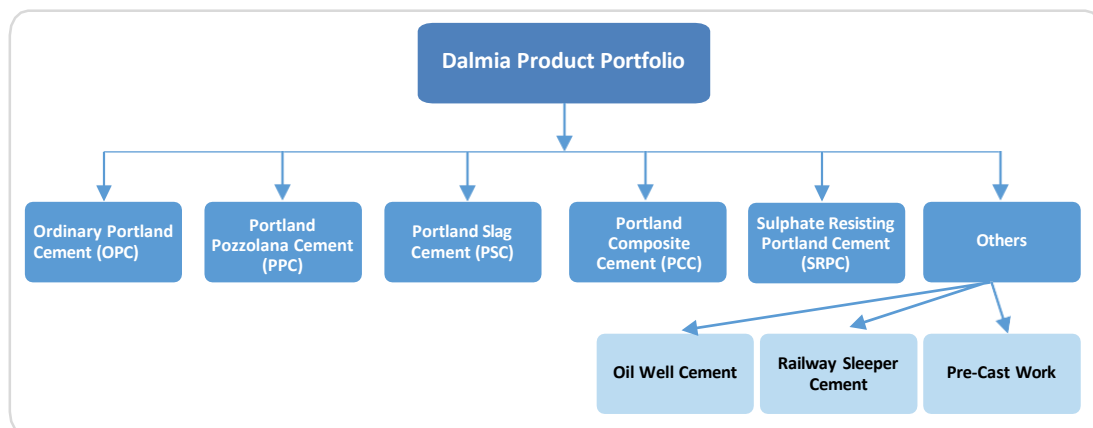
Source: Company, ACMIIL Research

Amongst the total portfolio
~55% is from PPC cement

Product portfolio

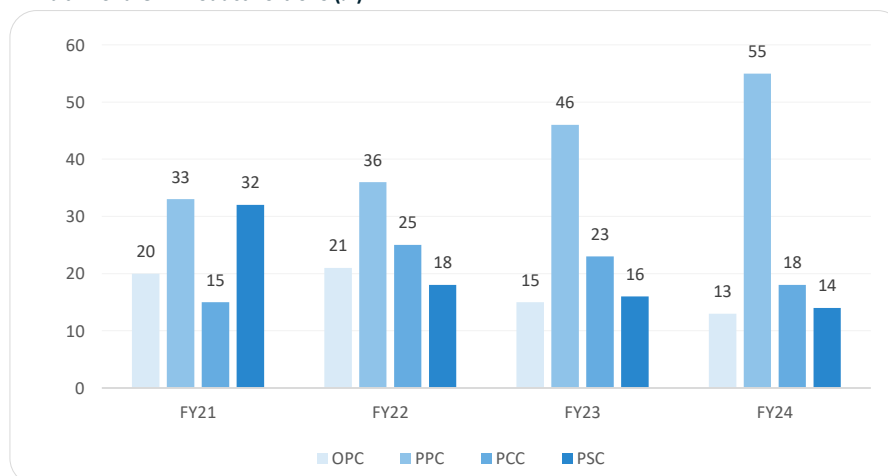
- Over the last 80 years, Dalmia aims to focus on understanding the growing consumer requirements of consumers.
- Thus, it manufactures a different range of cement, such as Ordinary Portland Cement (OPC), Portland Pozzolana Cement (PPC), Portland slag cement (PSC) & Portland Composite Cement (PCC), Sulphate Resisting Portland Cement (SRPC) and for other purpose.
- With increasing demand, the need for pakka housing was on the rise. Thus, over the period of time, Dalmia continuously optimized its cement recipe for building strong RCF products (home roof, columns and foundations). Also, they have added Nano Bonding Technology, making it a preferred choice.
- In FY24, in order to position Dalmia cement as the RCF Expert, the company boarded Superstar Ranveer Singh as their brand ambassador and also introduced new packaging along with a new campaign 'RCF Strong, Toh Ghar Strong' which would help them to better position themselves.
- In addition, the company aims at creating awareness among the home builders and contractors in choosing the right cement, using it in the right way and following the best construction practices to build their dream homes.

Exhibit 3 : Product Portfolio



Source: Company, ACMIIL Research

Exhibit 4 : Share in Product Portfolio (%)



Source: Company, ACMIIL Research

Product portfolio

Exhibit : Consumer Products

DALMIA DSP



Dalmia DSP RCF Expert++ is engineered for high-strength applications like roofs, columns, and foundations. Made with high-quality clinker, processed fly ash, gypsum, and additives, its key feature is high reactive silica. This silica reacts with liberated lime to form additional "CSH" gel, a process called secondary hydration. This fills pores in the concrete, significantly reducing permeability and protecting it from water damage and chemical penetration, resulting in exceptionally strong and durable structures.

At the forefront of innovation and technology in the cement-manufacturing business, **Dalmia Cement** has been designed to provide quality that lasts a lifetime.



DALMIA CEMENT

DALMIA SUPREME



Dalmia Supreme Cement is a new brand inclusion in the portfolio and this product is available in the Eastern markets of India namely, Odisha, West Bengal, Bihar & Jharkhand. The new brand is a Portland Pozzolana Cement (PPC) product type and would help consumers in building a Strong & Durable home.

Konark Cement is a heritage brand of India that has been delivering high-quality cement for more than 65 years, contributing to the construction of several long-lasting homes. Crafted using the state-of-art manufacturing technology along with superior strength and quality control measures, the brand has helped build some of India's iconic structures like Hirakud Dam and Vidyasagar Setu.



KONARK CEMENT

Exhibit : Institutional Products

DALMIA INFRA PRO



Dalmia Infra Pro, designed and marketed especially for use in large projects and is known for its consistency, high strength and performance. The brand is also available in several specialized cement variants, perfectly suitable for different applications.

Dalmia Insta Pro is a specially designed Portland Pozzolana Cement with a unique blend of special additives for the preparation of solid blocks, hollow blocks, paver blocks & various other pre-cast items.



DALMIA INSTA PRO

Product portfolio

Exhibit : Innovative Products

Dalmia Magic Premium Skim Coat



Dalmia Magic Premium Skim Coat, a natural colour tone alternative to Wall Putty which gives TRUETONE of your paint shade even without Primer.

Dalmia Magic FIBROTHICK is a versatile cement based micro-texture with natural fiber surface finish solution and thickness builder that is suitable for AAC block and RCC surfaces



Dalmia Magic Fibrothick

Dalmia Magic Premium Ceilingfast



Dalmia Magic Premium Skim Coat CEILINGFAST is a high-quality fiber polymer modified cement-based plaster with a distinctive natural tone, super smooth surface finish and thickness building solution which is a unique formulation for ceiling surfaces of RCC and precast concrete

Dalmia Magic INNOBOND is a versatile thin-set block jointing mortar for thin bed applications. This mortar is specially designed to provide stronger, much more durable bonding between the blocks with optimum adhesive strength.



Dalmia Magic Innobond

Dalmia Magic Innofix



Dalmia Magic INNOFIX is a versatile adhesive material for very thin bed applications. It is a polymer modified cement based on high performance, high strength, and high quality tile adhesive.

Infrastructure development is indispensable for a rapidly growing country like India. The relentless surge of the population needs to be matched with the rapid development of urban infrastructure, and Dalmia Infra Green is here to match the rapid urbanization of India.



Dalmia Infra Green

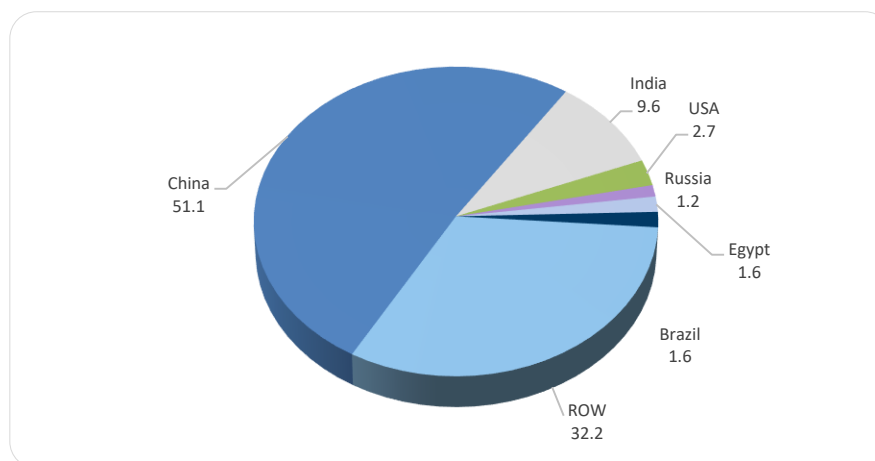
Cement Sector Overview

1) India is the second largest producer of cement after China

India holds 9.6% share in the world's cement production

- China is the leading producer of cement globally and its market share is more than half, i.e. 51.1% of the total cement production in the world. Further, a major portion of the cement produced in the country is consumed domestically.
- Additionally, India remains the second-largest consumer and producer of cement in the world after China.
- India holds a share of 9.6% of the world's cement production, whereas the consumption growth is largely driven by consistent demand from sectors such as housing and real-estate as well as government push towards infrastructure.
- Besides China and India, there are others developed as well as developing countries, such as the USA (share 2.7%), Russia (share 1.2%), Egypt (share 1.6%), Brazil (share 1.6%), etc. which contribute as the top cement manufacturers.

Exhibit 5: Global Cement Production (%)



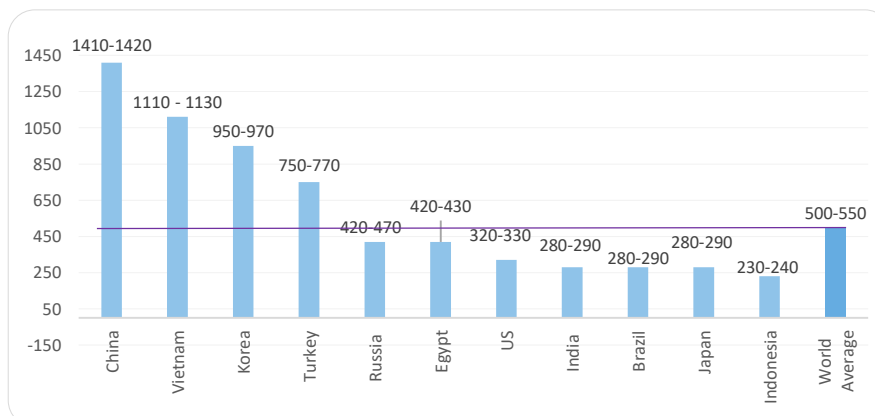
Source: Industry, ACMIIL Research

2) Per capita consumption has scope of improvement

India per capita consumption at 289-290kg as compared to world average of 500-550kg

- Comparing the per capita consumption among these top countries then China's per capita consumption is highest at 1410-1420kg, followed by Vietnam with 1110-1130kg, Korea at 950-970kg & Turkey at 750-770kg.
- India still has a lot of scope for improvement in its per capita consumption, as it has one of the lowest cement per capita consumption, standing at 280-290kg as compared to the world average of 500-550kg.

Exhibit 6: Per capita Consumption (kg)



Source: Company, ACMIIL Research

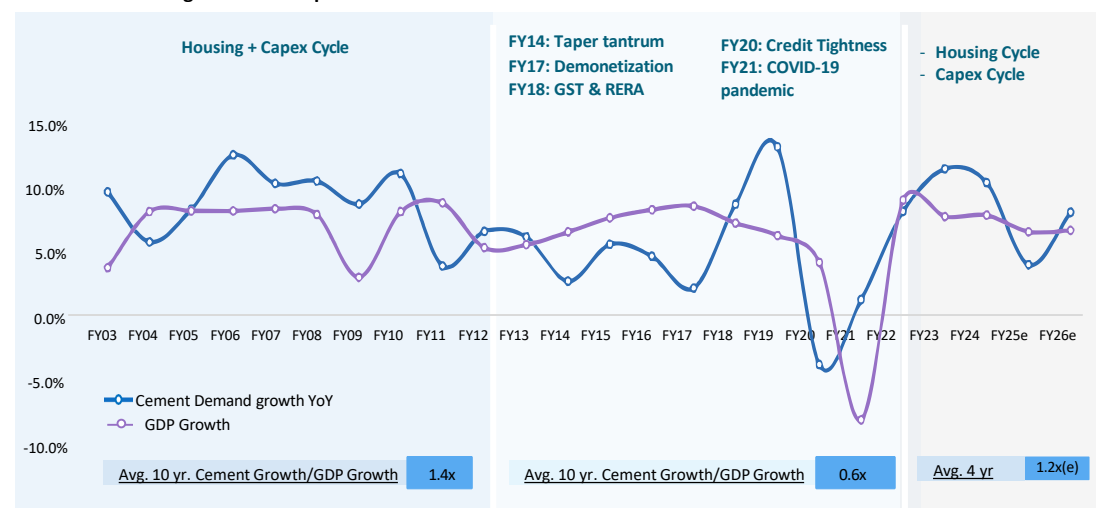
Cement Sector Overview

3) India's GDP & cement demand are highly co-related

- India's GDP and the growth in cement demand are highly co-related as they are dependent on the economic development of the country. So, for an economy to grow infrastructure development is must and in turn infra development requires cement for their construction. Thus, cement demand would multiply with the growing economy.
- Below is the co-relation chart between cement demand and GDP for the past 22 years. It suggests that between FY03-12, the multiple was 1.4x of 10 year average cement demand as compared to GDP growth which was driven by capex and housing development.
- However, during the next 10 year tenure i.e. between FY13-22, the growth multiple came in lower at 0.6x as growth was capped on the back of policy implementation/changes like demonetization, GST, RERA by the new government and then pandemic Covid-19 impacted the sentiments.
- Now, in the post pandemic era, there was recovery in housing development as well as improvement in demand for real-estate but still the government spending on capex has not picked up pace as expected.
- Going ahead, there are a lot of expectations that cement demand multiple to GDP will recover and reach to 1.2x levels, similar to earlier levels because of ongoing real-estate & housing development & demand along with infrastructure development led by infusion of capex by the government.

Cement demand to GDP
multiple expected to grow
1.2x

Exhibit 7: Demand growth a multiple of GDP:

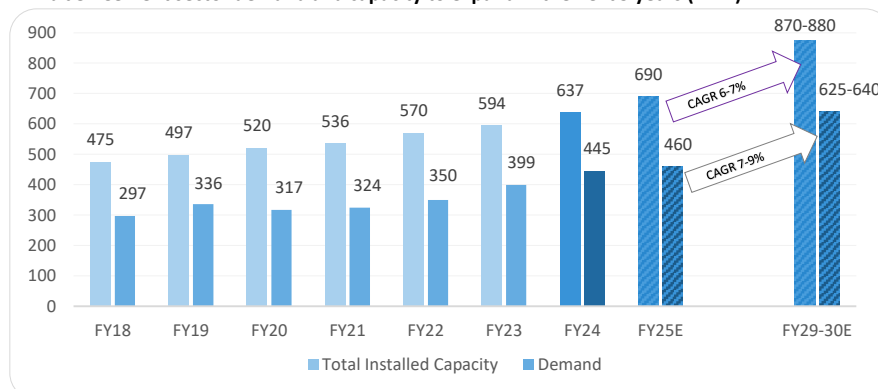


Source: Company, ACMIIL Research

Cement Sector Overview

4) India's Installed Capacity & Demand

Exhibit 8: Cement sector demand and capacity to expand in the next 5 years (MnT)

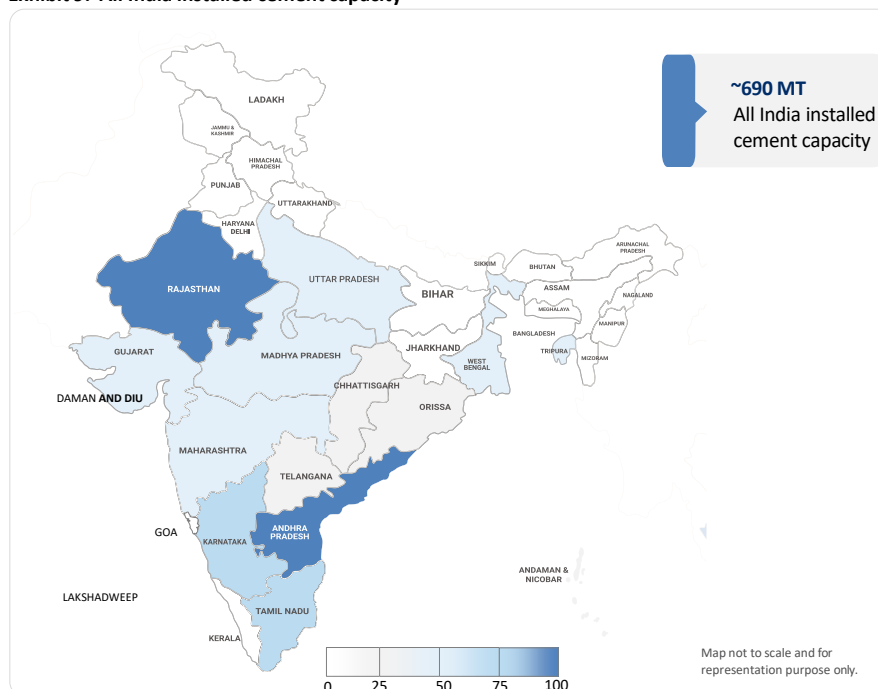


Source: Industry, ACMIIL Research

India's cement demand and capacity to grow in higher single digit

- India's current installed cement capacity is at 690MnT which is spread across regions but more skewed towards the South, East and North. The past trend suggests that installed capacity witnesses a ~CAGR of 5.5% from FY18-FY24.
- Going ahead, cement players have plans to expand their capacity given the strong upcoming demand from the housing and infrastructure sectors and also pick-up in government spending to drive growth. So, ~180-190MnT capacity is to be added in the next 4-5 years witnessing a CAGR of 6.7% from FY25-FY30E.
- In terms of demand, India's cement demand grew in higher single digit by a CAGR of 7% between FY18-FY24 despite it facing ups and downs with the introduction of a few policy changes by the government, such as demonetization, GST, RERA for real-estate, credit policies & later in 2020 the country was impacted by pandemic Covid-19 which saw a greater impact. But, post Covid-19, from FY22-24, along with other sectors, the cement sector too witnessed a strong comeback and clocked-in double-digit growth.
- However, FY24-25 the growth took the back seat as it was an election year which led to delay in government budgeted spending coupled with a slowdown in cement demand and fluctuations in raw materials as well as lower cement prices. Thus for FY25, the growth is expected to be in lower single-digit and demand expected to reach ~450-460MnT.
- Besides, in the next 4-5 years, the expectation is that the demand is set to improve to 625-640MnT, clocking a growth of CAGR of 7-9%, driven by an increase in government spending, strong demand for commercial real-estate as well as improving demand for both rural & urban housing.

Exhibit 9: All India installed cement capacity



Source: CMA India Org, ACMIIL Research

India's installed cement capacity will be ~690 MT in FY25E and expected to reach ~870-880 MnT in FY29-30E

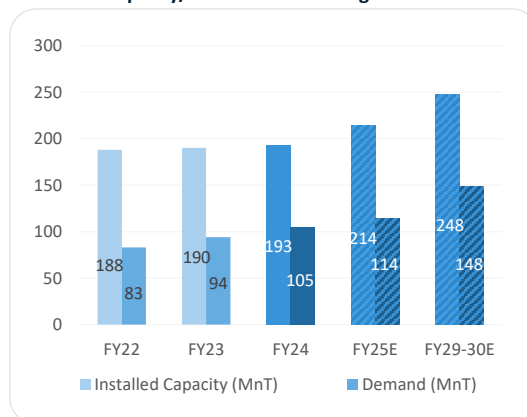
Amongst regions, majority of the capacity is based in South & East

Cement Sector Overview

5) Region-Wise – Installed Capacity/Demand (MnT) & Utilization (%)

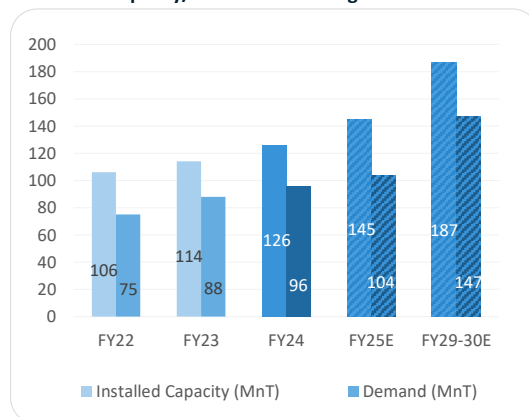
- Amongst regions, the capacity as well as demand are not distributed equally and among regions the majority of the capacity is based in the South, East and North, which is followed by the Central, West & North-east. So, out of the total installed capacity, ~30-31% is in the South, 20-21% is in East, 19-20% is in the North, while 13-14% each in West & Central and ~2-3% in North-East.
- Also, in terms of capacity addition together in FY24 & FY25E, more than 55-57% of the total capacity was added in East & South, i.e. ~55MnT while 42-45% was added amongst the other regions.
- Further, in the next 4-5 years, East and South region will be the one where highest capacity are expected to be added which would be followed by North, West and Central regions

Exhibit 10: Capacity/Demand in South region



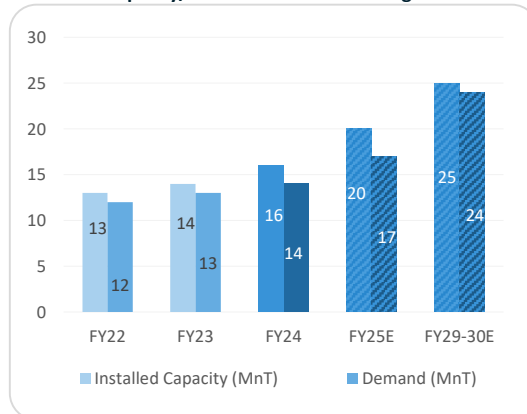
Source: JSW DRHP, ACMIIL Research

Exhibit 11: Capacity/Demand in East region



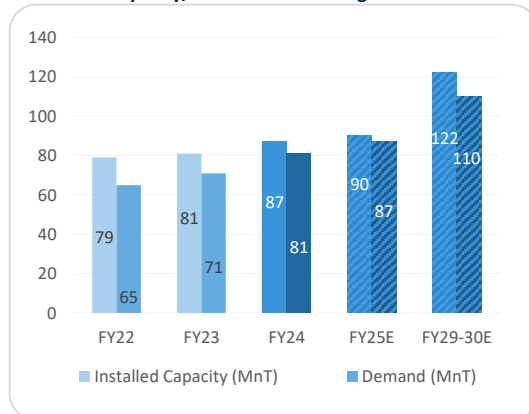
Source: JSW DRHP, ACMIIL Research

Exhibit 12: Capacity/Demand in North-East region



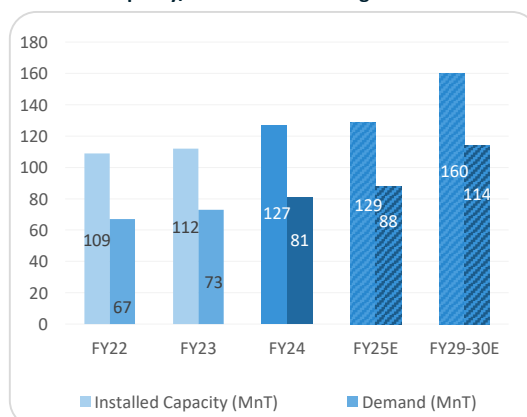
Source: JSW DRHP, ACMIIL Research

Exhibit 13: Capacity/Demand in West region



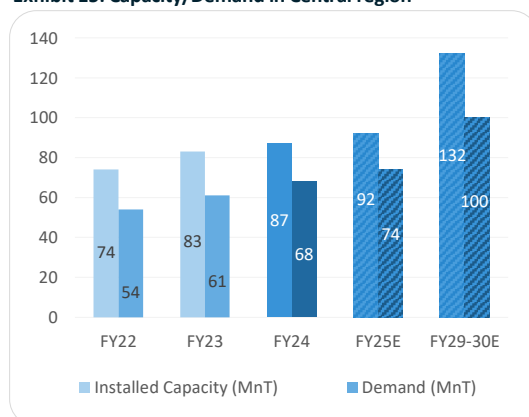
Source: JSW DRHP, ACMIIL Research

Exhibit 14: Capacity/Demand in North region



Source: JSW DRHP, ACMIIL Research

Exhibit 15: Capacity/Demand in Central region



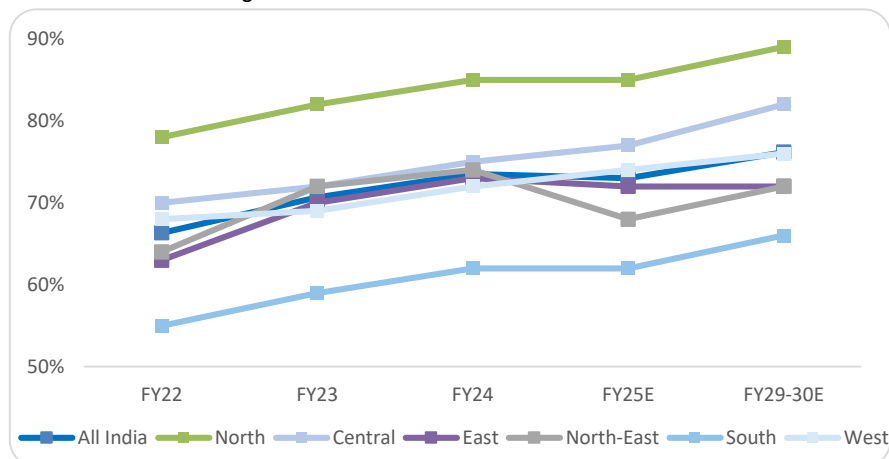
Source: JSW DRHP, ACMIIL Research

Cement Sector Overview

- In terms of demand as well, the South and East regions are leading with ~20-25% each demand coming from both these regions, while the North and West contribute ~18-19%, Central contributing 15% and North-east ~3-4%. For the upcoming years from FY25-29E, infrastructure development is the key for uptick in demand.
- Among regions, there is high expectation that East and North-East regions which are more attractive destinations for players are expected to likely post better growth in demand in the range of 7-9% driven by infrastructure development and Housing as well as commercial/Industrial led by government investment in the region via schemes. Further, for the Central region, housing demand in Tier 2 cities as well as connecting infrastructure projects will continue to boost demand and clock-in growth of 7-8%.
- Further, for West, South and North regions demand growth is expected to be ~6-7% each between FY25-29E and for South and North we would demand driven largely by pickup in infrastructure development while for West, real-estate boom and infrastructure development will be the growth driver.
- On the utilization front, pan-India's utilization has seen an improvement from 66% in FY22 to 73% in FY25E and is expected to further improve to 75-76% in the next 4-5 years on the back of strong demand conditions. Amongst regions, North and Central have seen higher utilization as compared to others i.e. ~83-85% and 75-77%, respectively, and this uptrend in utilization is expected to continue in the coming years. Besides, North-East utilization is 66-68% in FY25E and is also expected to see improvement in utilization to 72-74% in the next 4-5 years. Thus, improvements in all the three regions are because of fewer capacity additions and improving demand conditions.
- While that of the West region utilization is ~72-74% in FY25E and just expected to improve a bit to 75-76% because of low capacity addition as compared to other regions but better demand will help improvement. For East and South, utilization in FY25E is ~70-72% and ~60-62%, respectively and in the next 4-5 years it is expected to witness slight improvement impacted by higher capacity addition in the region. So, here the scenario is different because despite the South adding higher capacity their utilization is lower and that is largely due to the gap between its capacity and production as well as muted prices in that region.

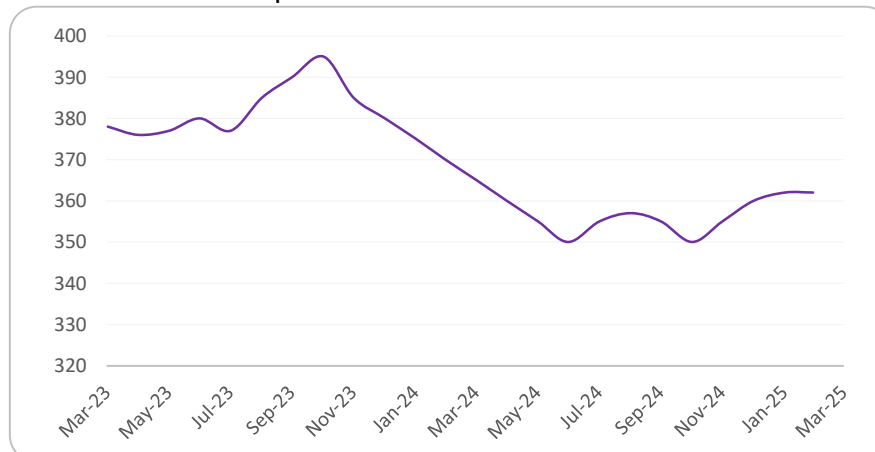
Pan India utilization
expected to reach to 75-77%
by FY29-30E

Exhibit 16: PAN India & region-wise utilization



Source: JSW DRHP, ACMIIL Research

Exhibit 17: PAN India cement prices



Source: Industry, ACMIIL Research

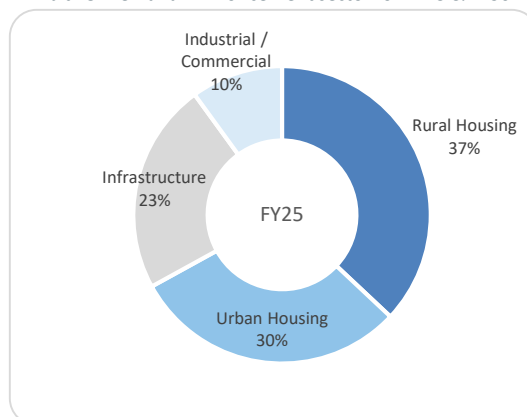
Demand expected to improve from housing, real-estate & infrastructure

Cement Sector Overview

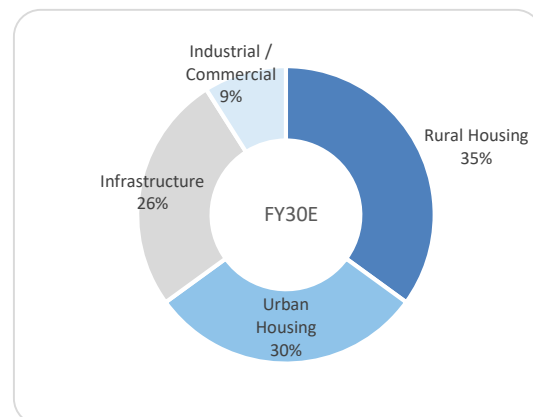
6) Demand Drivers for the Sector

- The Indian Cement sector's growth largely depends on the demand for housing, improvement of infrastructure, government push towards capex as well as overall development in the real-estate sector. Amongst the mix, rural housing contributes to ~35-37%, urban housing is ~30%, infrastructure contributes 23% and real-Estate/Commercial/ Industrial is ~9-10%.
- In terms of growth, the infrastructure segment led the growth in the last 6 years followed by the housing segment. Thus, the CAGR growth in the last 6 years has been ~6% from the infra segment followed by ~5-6% for both rural as well as urban housing and ~1% for commercial/industrial.
- In the next 4-5 years i.e. by FY29-30E, the demand share mix is expected to be on a similar line and during the same period the key trigger for growth in the cement sector is expected to be driven by the infrastructure segment followed by urban housing.
- Amongst segments, the Infrastructure sector development as well as ongoing construction activity across the country will lead the growth and the sector is expected to expand from CAGR 6% in the last 6 years to CAGR of 9% by FY30 and so the mix will too see improvement from 23% in FY25 to 26% in FY30.
- Further, urban housing is expected to clock-in a CAGR of 8% in the next 4-5 years while rural housing as well as real-Estate/Commercial/Industrial will post CAGR of 6% each.

Exhibit 18: Demand mix for cement sector for FY25 & FY30E

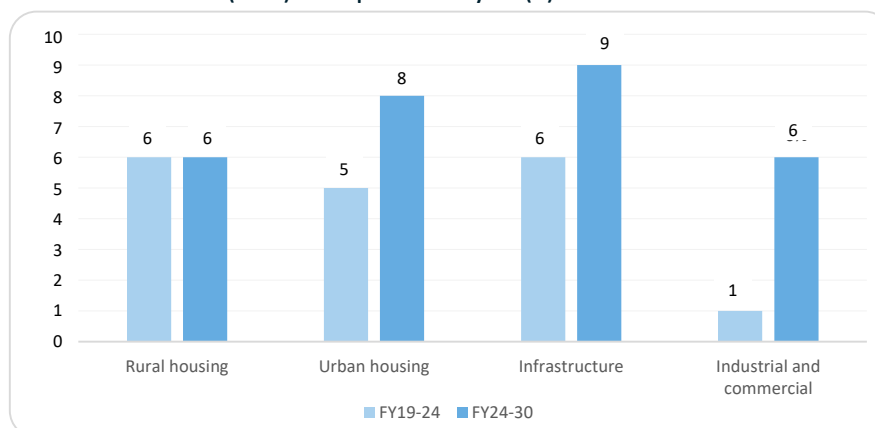


Source: Company, ACMIIL Research



Source: Company, ACMIIL Research

Exhibit 19: Growth trend (CAGR) for the past & next 6 years (%)



Source: Company, ACMIIL Research

Cement Sector Overview

Government Push towards Infrastructure

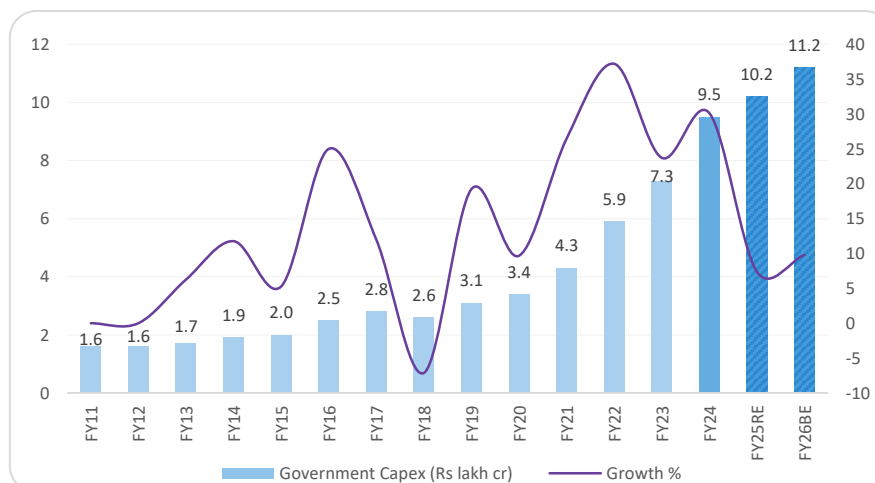
In the Budget 2025-26, the government's aim was to increase capex, boost consumption to drive economic growth. This was an infra & consumption driven budget, and the government has announced higher allocation of funds to various schemes, which is expected to boost growth.

Few of the schemes include:

- Pradhan Mantri Awas Yojna – Rural, under this scheme, they have completed 2.68 cr houses in the last 9 years and have achieved 91% of its target, reflecting strong progress in affordable rural housing. Additionally, their plan is to for more 2cr houses in the next 5 years and for FY26BE have allocated an amount of Rs 55,000cr, an increase of 69% YoY.
- Pradhan Mantri Awas Yojna – Urban they have allocated an amount of Rs 23,294cr, an increase of 54% YoY. They plan to build 1cr more houses in the next 5 years and have completed 1.19cr PMAY (U) houses in the last 9 years.
- PM Gram Sadak Yojana under this they have allocated Rs 19,000cr, up by 31% YoY and under metro projects they have allocated Rs 31,239cr, higher by 27% YoY.
- For FY26BE, the government capex spending target is of ~Rs 11.2 lakh cr, growth of 10.1% YoY.

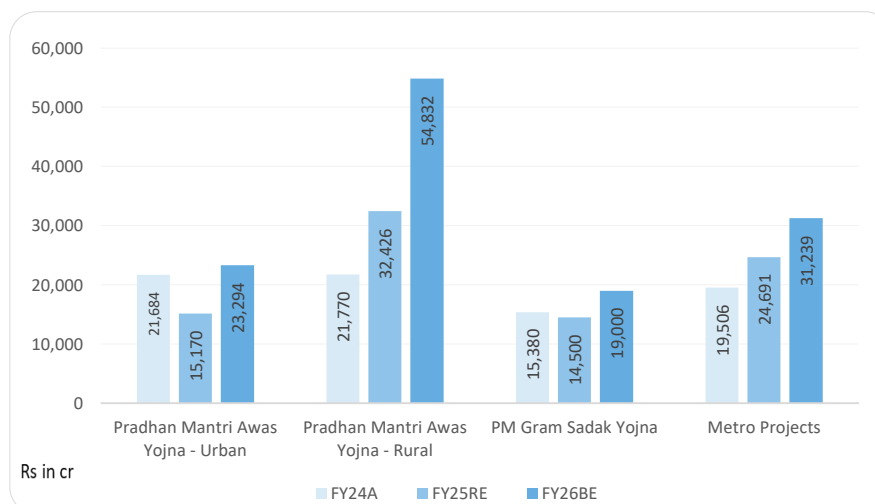
Government push towards infrastructure to benefit cement sector

Exhibit 20: Government Push towards Infrastructure



Source: Company, ACMIIL Research

Exhibit 21: Budget allocation towards various schemes



Source: Company, ACMIIL Research

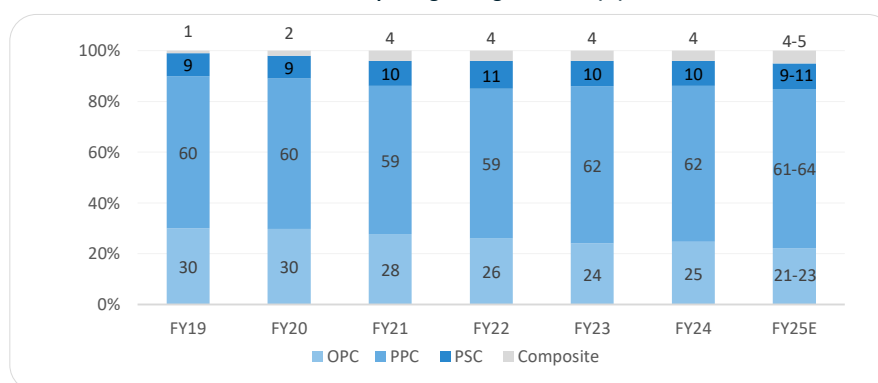
Cement Sector Overview

7) Product Portfolio – Blended share on rise

Blended cement share on rise and reaches ~78-80% in FY25E

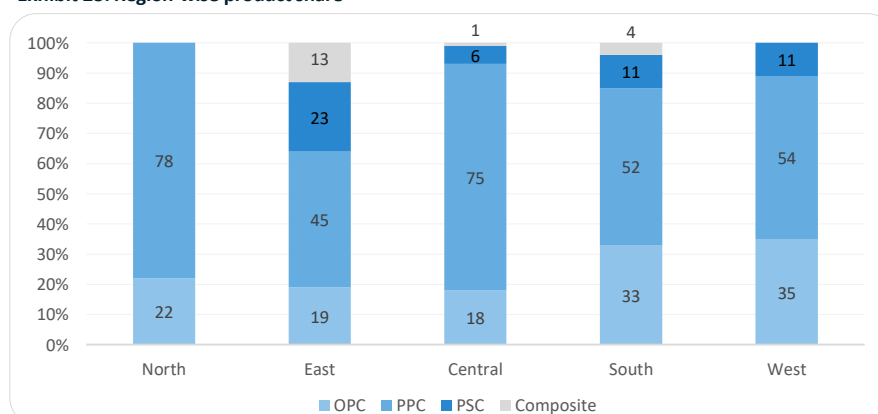
- In the cement sector, there are mainly 4 types, such as Ordinary Portland cement (OPC), Portland Pozzolana cement (PPC), Portland slag cement (PSC) & Portland Composite Cement (PCC). Amongst all, OPC is the most common cement used for construction activity & housing and it is the most preferred one in the West, South & North. It contains a large part of clinker ~95% and the remaining is gypsum. From FY19 to FY25, the share of OPC declined from 30% to 21-23% and players started to shift towards more blended cement. Amongst regions, West & South are the ones which use ~32-36% of OPC cement, followed by North with 21-23% share and East & Central at 17-20% share.
- Besides, all others are blended cement, wherein PPC is also used in construction projects and also for marine & hydraulic structures, sewage pipes, dams, mortars, etc. It mainly contains fly ash and volcanic ash in the ratio of 15-35% and is added to the OPC mixture. PPC is most popular in the areas of the North & Central region and has a ~74-79% share of it while the West, South & East have ~44-54% share of PPC.
- PSC is the cement used for mass construction of all types of residential/commercial/industrial projects, including dams, flyovers, etc. Making of this cement involves usage of blast furnace slag in ~35-70% and the remaining is a portion of cement in the ratio of 25-65% and 3-5% gypsum. Lastly, composite cement is a high-quality clinker which involves materials such as clinker (35-65%) and remaining fly ash & slag (15-35% each) and gypsum (3-5%).
- As industrial raw materials, including fly ash & slag, etc. are available in abundance in eastern India, the share of PSC and composite is highest at 23% & 13% as compared to other regions. PSC is used in the West & South to the tune of 10-11% and ~5-7% in Central region. Besides, composite is used in a small portion in the South, i.e. ~3-5% and minimal in Central ~1% while it is not used in North and West.
- The focus shifted to blended cement because of the high cost of its key raw material, i.e. clinker, as compared to other raw materials which are available at lower cost. So, raw materials like fly ash, slag and industrial waste, etc. were used, which can help in cost optimization of raw materials, reduce power cost and also aid in margin improvement. Apart from this, players focused on carbon-negative footprint and environmentally friendly products. Thus, the share of these blended cement PPC, PSC and Composite has seen an increase from 70% to 80% from FY19 to FY25E.

Exhibit 22: Product-wise share with PPC capturing the highest share (%)



Source: JSW DRHP, ACMIIL Research

Exhibit 23: Region-wise product share



Source: JSW DRHP, ACMIIL Research

Plans to expand its capacity to 110-130MnT by FY30-31.

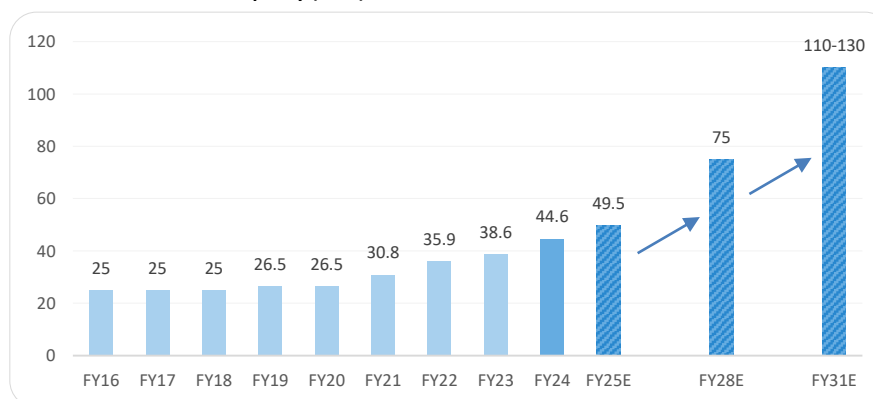
Investment Rational

1. Aims to be a Pan-India player by adding capacity at CAGR of 14-15% by FY31

Dalmia Bharat is the 4th largest cement manufacturing company with 49.5MnT installed cement (overall market share of ~7.2%) and 23.5MnT clinker capacity.

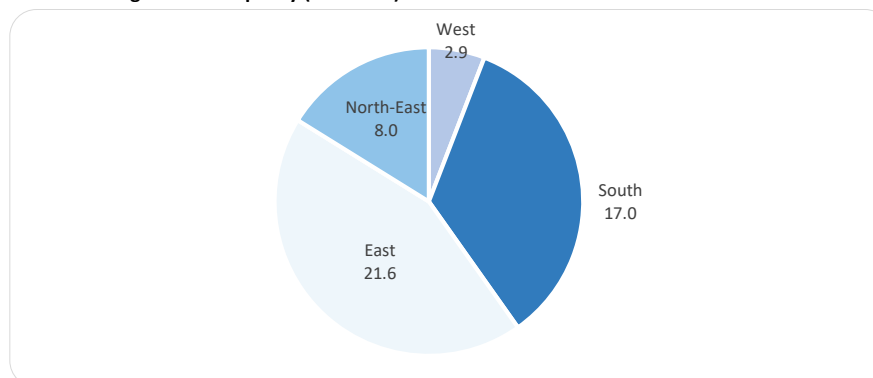
- It is one of the leaders in the Southern & Eastern regions and has been continuously increasing its capacity as well as its market share.
- Presently, its capacity distribution is such that in East it has ~44% capacity, followed by South with 35%, North-East with ~15% and West with 6% capacity.
- Likewise, it enjoys a steady market share amongst the region in terms of capacity and thus it has ~40% share in North-East, ~15% share in East, ~8% in South and ~3% share in West as compared to all India cement capacity.
- The company aims to be a pan-Indian player and expand in regions where it has minimal/no presence and that can be via an organic/inorganic route, but at the same time maintain its market share in the regions where it has a strong presence.
- Meanwhile, in FY25, the company had to end the agreement with Jaypee group (Jaiprakash Associates (JAL)) (large presence in Central India market and assets of ~9-10MnT capacity) as they faced hindrances because there were pending approvals from group's lenders and also they filed insolvency. This led to delay in the company's expansion plan which was to reach 75MnT by FY27 was delayed to FY28.
- Further, the JAL is now under the corporate insolvency resolution process, thus the National Company Law Tribunal (NCLT) has recently directed that the buyer should bid for the entire company as a going concern and not by dividing its different business verticals. So, this attracted several business groups to participate in the bidding process and buy its assets along with debt and the process is still underway. Further, Dalmia is still hopeful of the deal ahead and is keen to acquire cement assets.
- Besides, they aim to expand capacity to ~75MnT by FY28, so ~25-26MnT capacity is to be added in the next 3 years and the plan for it is expected to be announced in the next 1-2 quarters. Moreover, the long-term growth strategy of the company is to expand its installed capacity to 110-130MnT by FY30-31.
- As of date, it has announced an expansion of 6MnT capacity in its Pune plant, Maharashtra & in its Belgaum plant, Karnataka (adding 3MnT each) by investing ~Rs 3,520cr. The Pune Grinding Unit will entirely cater to the untapped Western Maharashtra markets and the Belgaum unit will cater to the underserved Southern markets and also aid in enhancing market share and penetration.

Exhibit 24: Total Cement Capacity (MnT)



Source: Company, ACMIIL Research

Exhibit 25: Region-Wise Capacity (49.5 MnT)



Source: Company, ACMIIL Research

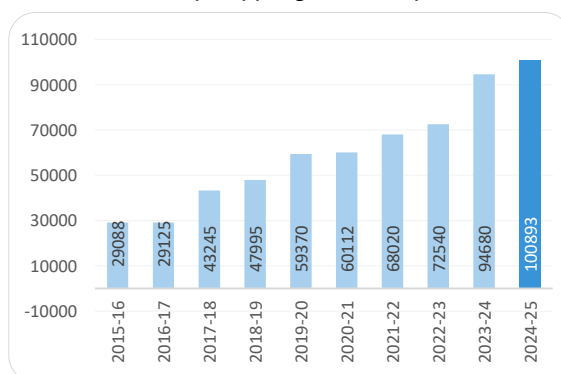
Investment Rational

2) Market leader in highly attractive North-Eastern region

- North-East India is one of the destinations wherein the government is prioritizing developing the North Eastern Region (NER) of India because of its strategic location and potential to drive economic growth.
- In the last 10 years, the Indian government has supported developing NER and has allocated an amount of ~Rs 6 lakh cr and in the 2025-2026 budget they allocated a similar budget of Rs 1 lakh cr as compared to last year for the overall development of NER states. So, under this policy, the Government has guided that all non-exempted Central Ministries/Departments (currently 55) are mandated to spend at least 10% of their Gross Budgetary Support (GBS) to Central Sector and Centrally Sponsored Schemes for NER.
- Moreover, 100% funding by the Central Govt. is provided to NER State government for building physical & social infrastructure, including roads, railways, waterways, airports as well as for education & health.
- The North-East region is becoming highly attractive for cement companies because of government support, infrastructure development, higher demand, the presence of limestone reserves and also pricing is higher compared to other states.
- Amongst the players, there are only two listed players who has steady presence and also a leadership position in the North-East market. Besides them, all others are unorganized players.
- Dalmia has had a strong presence in the Northeast for more than 10 years. With a total manufacturing capacity of 8 MTPA and a market share of 40%. The company operates four cement plants within this region wherein there are three in Assam and one in Meghalaya.
- Recently, it commenced commercial production of its 2.4 MTPA Cement Grinding Capacity at Lanka, Assam (included in total capacity of 8MnT) and has also been a key contributor to landmark projects in the region such as the Dhola-Sadiya Bridge, Sela Tunnel, and Dhuburi-Phulbari Bridge.
- In terms of competition, Star Cement is the second player in the North-East with 5.7MnT capacity and a market share of ~29% while the remaining stake is from unorganized players. Besides, UltraTech Cement, a Pan-India leader in the overall cement sector, planned to enter but has no manufacturing plant, instead it acquired stake of 8.69% in Star Cement from the promoter group, thus giving access to this region.
- Moreover, Dalmia's plan is to continue maintaining its market position as a leader in the North-east region, fulfill industry demand, continue to partner with the states for the creation of landmark projects in the region, increase capacity and improve utilization levels.

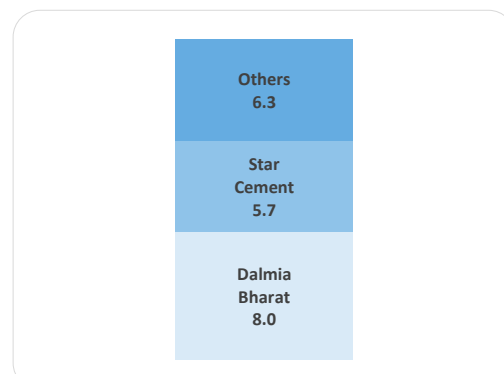
Dalmia is a market leader in North-East region

Exhibit 26: Central Ministry spending 10% of BDS to NER states (Rs cr) (Budget allocation)



Source: pib.gov, ACMIIL Research

Exhibit 27: Installed Capacity in the North-East



Source: Company, ACMIIL Research

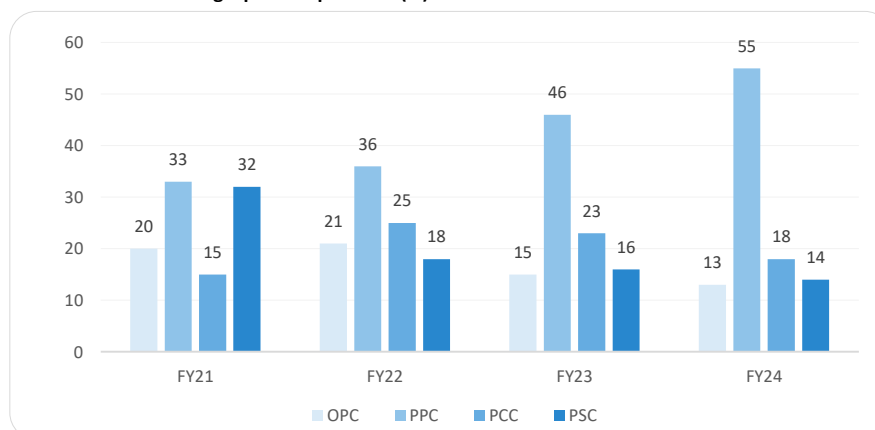
Investment Rational

3) Changing product mix by improving blending ratio along with premium product share will drive growth

- Dalmia has a strong presence in the regions of South, East and North-East markets and it will continue to expand more capacity along with its product portfolio to improve its market share.
- It has a diversified product portfolio of cement which focuses on catering to different customer needs. Amongst the products, larger portion is blended cement and at the same time plan is to focus on premium products.
- In FY21, the company's product portfolio share was distributed such that PSC & PPC contributed the highest at 33% & 32%, followed by OPC with 20% and PCC with 15%. But with the passage of time, increase in demand in the country, they continue to grow their blended form of cement. Thus, at present, the share of PPC has reached 55%, followed by PCC, PSC, and OPC with 18%, 14% and 13%, respectively.
- Thus, their blended cement is in the range of 85-88% as compared to earlier which was at ~79-80% in FY20-21. Going ahead, their approach is to increase their share of blended cement and achieve 100% blended cement by 2026. Thus, this would aid the company's savings, improve margins and at the same time safeguard the environment.
- Besides, the cement players are continuously focusing on increasing their share of premium products which are in high demand as well as they would help in better realization along with margin improvement. Dalmia too concentrated on increasing its share of premium products. Thus, the share improved from 11% in FY19 to 24% in Q3FY25. Further, their plan is to increase premium products in each of the markets where they are present and, in turn, this would help in better pricing and realization.

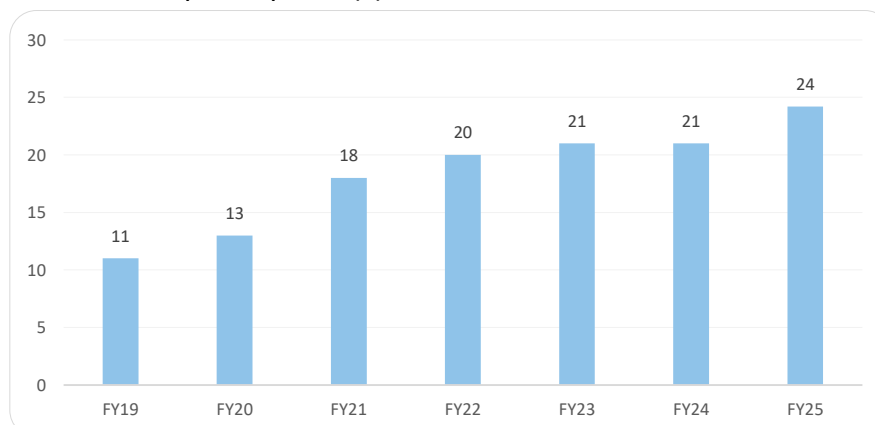
Core focus is on mix, to increase share of premium product and improve blending ratio

Exhibit 28: Share amongst product portfolio (%)



Source: Company, ACMIIL Research

Exhibit 29: Share of premium products (%)



Source: Company, ACMIIL Research

Share of premium products reached to 24% in FY25

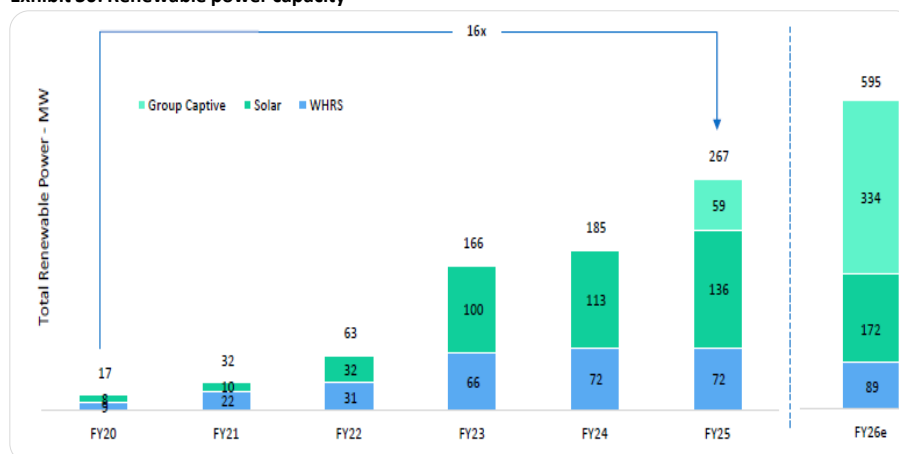
Investment Rational

4) Working towards 'Grey to Green' - EBITDA Positive

*Committed of becoming a
carbon-negative company by
2040*

- In 2018, at the Global Climate action Summit (GCAS), Dalmia's management committed to becoming a carbon-negative company by 2040. Further, they were the first cement company to join the triplet of RE 100, EP100 and EV100.
- This means that by 2030 they are committed to achieving the target of using 100% renewable power, also to double the energy productivity and to use electric vehicles for significant EV transition.
- In 2019, the global average Co2 emissions were an average of 900kg/ton for 1 ton of cement production, while that of Indian companies emitted an average of 575kg/ton of cement and Dalmia's emissions were further lower at 546Co2 kg/ton.
- Dalmia is progressing well on their journey to being carbon negative as compared to others as they are focused on switching to 100% blended cement and they have also adopted energy efficiency strategies in which they would make higher use of renewable power and also replace fossil fuels by using biomass, hazardous waste, hydrogen, etc. Besides, they would enhance supply chain techniques, focus on smart technology and also towards decarbonization.
- Its total captive power capacity stands at 464 MW, out of which thermal is 212MW and renewable power (RE power) is 252 MW for Q3FY25. Amongst RE power ~72 MW is from WHRS, 134 MW is from solar, and they have commercialized ~46MW of total group captive (299 MW which they have signed in 9MFY25). For Dalmia, RE's share of overall power is about 39% in FY25 and ahead they expect the exit share from RE to improve to 40-45%.
- Dalmia is currently emitting 460-465 Co2 kg/ton and with the implementation of the above strategy it plans to reach -30 Co2 kg/ton by 2040 while the global and Indian companies' average is still higher at 580 Co2 Kg/ton and 560 Co2 kg/ton, respectively which is a way above the company's level.
- With increasing usage of RE, the management expects overall costs to reduce and margins to improve in the coming years. Amongst the cost, power & fuel cost and freight cost contribute 40-45% of sales, and a decline in these costs will help margin improvement. In the last 2 years, power & fuel cost/ton declined from Rs 1,429/ton in FY22 to Rs 987/ton in FY25, which is a decline of CAGR 16.4%. Ahead in the next 2 years, it is further expected to reduce to Rs 943/ton.

Exhibit 30: Renewable power capacity



Source: Company, ACMIIL Research

Investment Rational

Exhibit 31: Dalmia Roadmap to negative carbon footprint

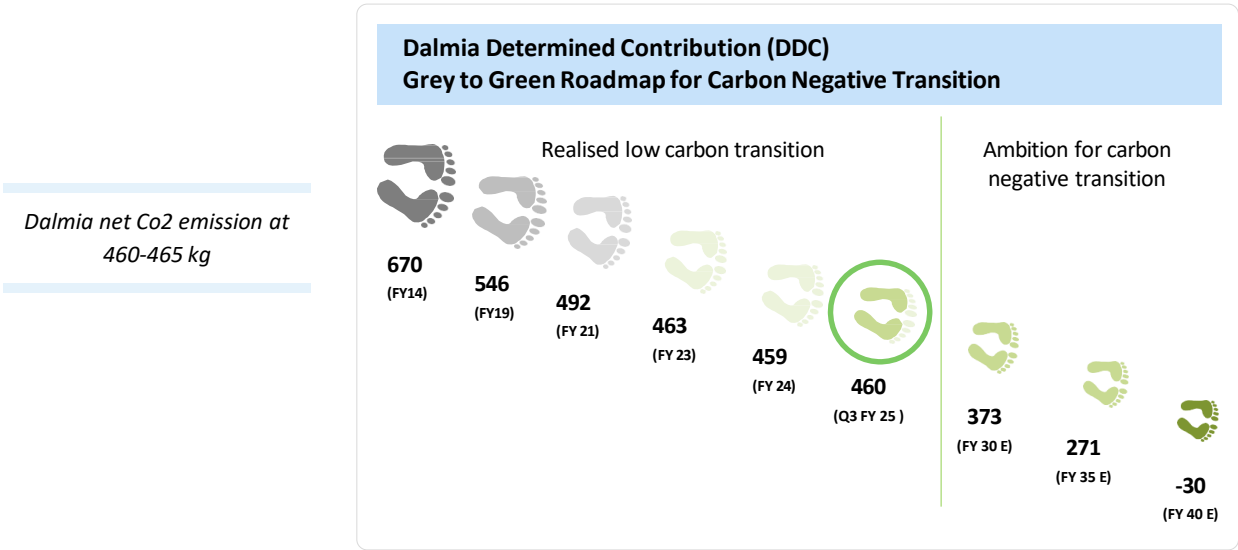


Exhibit 32: Current Carbon Emission



* Source: GNR data published in 2024 for 2022 by GCCA
** Source: GNR data published in 2021 representative of 55% cement production in India
^Data for Q3FY25

Source: Company, ACMIIL Research

Investment Rational

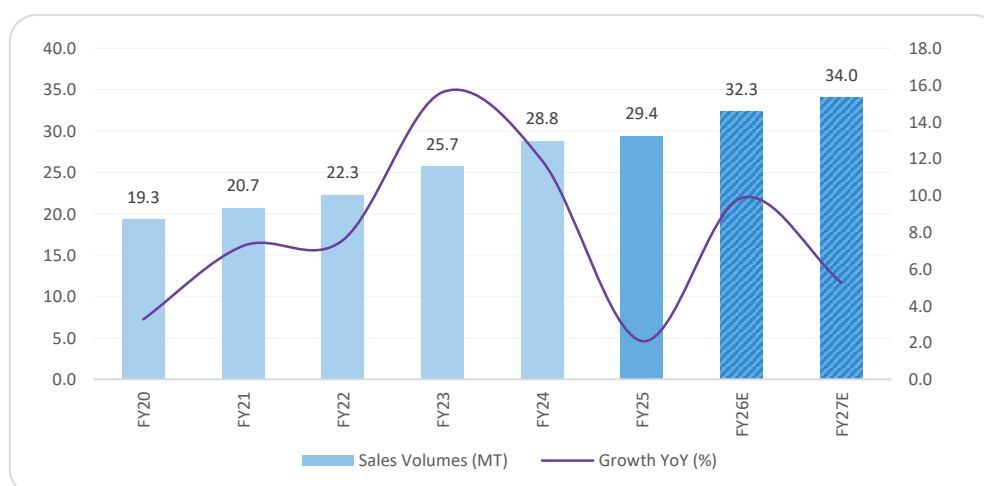
5) Improvement in overall financials will aid growth:

- a) **Volumes to improve in medium to long term:** For FY25, Dalmia's volume grew in single digit by 2% YoY to 29.4MnT, which was largely inline with the management expectation. Also, they are expecting overall cement industry volume to grow by single digit of 3-4% in FY25. Overall growth remains impacted due to softness in demand, deferred spending by the government, state elections as well as muted cement prices. Further, we are now seeing pickup in infrastructure activity, demand from the real-estate sector as well as spending from the government which is expected to drive growth. Thus, for FY25-27E sector's volume growth is expected to be in the higher single digit of 7-9% while that of Dalmia we are anticipating sales & volume CAGR of 10.2% & 7.5%, respectively.
- b) **Realization to expand gradually:** Dalmia's realization declined in the last 7 years by 1% CAGR and has been in an average range of INR 5,000/ton. In the post Covid period, in FY23, realization has reached its peak at INR 5,300/ton levels due to pent up demand and price hikes. However, since then, the price trend changed and started moving south due to normalization of demand, slowdown in capex. However, now with a lot of demand coming up from infrastructure, real-estate and also there is pick-up in government and private spending, demand is set to improve and so do the cement prices due to price hikes across regions. This will overall aid improvement for realization and thus, we are anticipating CAGR of 2.5% in the next 2 years.
- c) **EBITDA/ton to reach to ~1,000+/ton levels:** Dalmia is strongly working towards reducing its overall cost, changing mix with more premium products and focusing on carbon negative footprint by increasing share from renewables. This would earn more operating profits and their target is to save ~150-180/ton on cost in the next two years, thus, EBITDA/ton expected to reach 1,000/ton levels by FY27E. Amongst the costs, power & fuel and freight & forwarding accounts for ~40-45% of the total cost, while raw materials & other expenses are ~13-18% each while employee accounts for 5-7% of the total cost. On a per ton basis, FY18-FY23 witnessed a healthy increase of power & fuel cost/ton as well as freight cost/ton with a CAGR of 11.5% and 2.7%, respectively because of increase in input cost such as pet coke, coal and fuel prices. Further during the same period, other costs like raw material, employee and other expenses witnessed a CAGR de-growth in the range of 3-5%. In the last 2 years, power & fuel cost/ton witnessed steep decline by CAGR 16.4%, raw material declined by CAGR 1.2% but still their freight cost/ton was marginally higher by CAGR 0.4%. Decline in power & fuel and RM cost is because the company's focus shifted to changing mix, increasing usage of renewable energy as well as decreasing raw material prices aided support. Going ahead, management plans to continue with the same strategy and so for FY25-27E we expect EBITDA/ton to reach to Rs 1,000+/ton levels.
- d) **Synchronizing its capex and debt levels:** Dalmia has an ambitious plan to expand its current capacity from 49.5MTPA to 75MTPA by FY28 and post that it would reach upto 110-130MTPA capacity by FY30-31. The details of the expansion would be announced in the next 1-2 quarters which is likely to increase its debt levels. However, the management expects its net debt to EBITDA levels to be at comfortable levels i.e. much below 2x levels.

For the next 2 years, volume is expected to grow in higher single digit

Debt/EBITDA expected to maintain below 2x level, despite capex expansion

Exhibit 33: Sales volume to improve



Source: Company, ACMIIL Research

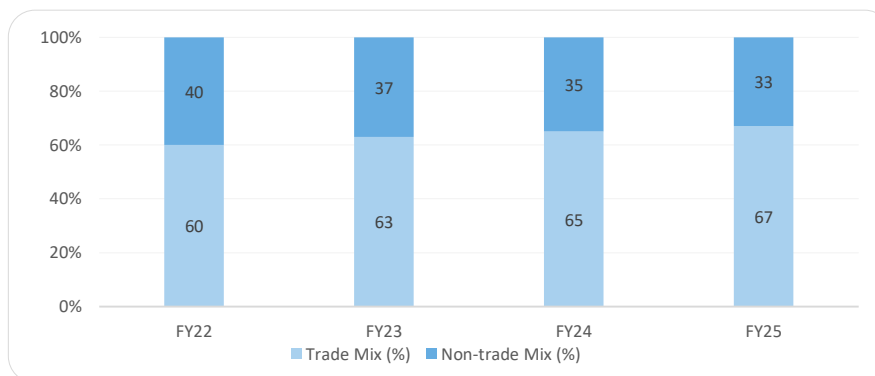
Investment Rational

6) Increasing share of Trade mix

Over the years, the share of trade to non-trade has always been higher and in FY22, the trade mix share stood at 60% which improved to 67% in FY25 while the non-trade mix is 33%. Thus, Dalmia's trade to non-trade share ratio stands at ~67:33. Going ahead, the company has plans to increase its trade share by growing distribution reach as well as strengthening relationships with dealers.

Trade mix improved to 67%
in FY25

Exhibit 34: Trade & Non-trade mix (%)



Source: Company, ACMIIL Research

7) Progress on Marketing Strategy

- Over the years, Dalmia has built a strong product brand and also focused on marketing its products and engaging consumers. Post covid-19, they targeted marketing channels, launched DSP brand in several markets of South India, and rolled out new ads for its cement brands.
- Further, in FY22, they introduced 'Dalmia Build Advisor', which was a unique offering wherein their team of experts assure customers of on-site expert supervision at every stage of the construction process.
- In FY23, their main focus remained on Dalmia Cement & DSP, wherein they launched a Har Ghar Happy offer campaign and also launched a new TV commercial campaign, 'Ghar Bhar Ke Khushiyan'. Besides, they created awareness amongst consumers about DSP as a premium product and also offered festive promotion.
- In FY24, they appointed Ranveer Singh as new Brand Ambassador and also launched a new brand campaign 'RCF Strong, Toh Ghar Strong', which aimed at creating awareness among home builders and contractors in choosing the right cement, using it in the right way and following the best construction practices to build customers dream homes.
- In FY25, they focused on a strong RCF foundation, thus launching new packs of RCF Branded DSP and Dalmia Cement products. They further distributed new packs across retailers, activated more retail outlets and strengthened dealer relationships.

Focus on building the
company as RCF brand
expert

8) Capital allocation policy

Dalmia has incorporated a disciplined and focused capital allocation policy framework wherein,

- It would allocate upto 10% of the operating cash flow towards shareholders' return via a mix of both dividend & share buy-backs.
- It would allocate upto 10% of operating cash flow towards R&D including innovation, green energy, climate changes and technology advancements.
- Remaining capital to be utilized for growth and maintenance capex.

Leadership Team



Puneet Dalmia
Managing Director & CEO

- Spearheading Dalmia's transformation journey through his vision of nation-building since 2006
- Co-founded JobsAhead.com in 1999, one of the most successful dotcom businesses
- B.Tech from IIT Delhi and Gold Medalist, MBA from IIM Bangalore



Dharmender Tuteja
Chief Financial Officer

- 36+ years of experience in various facets of Finance & Accounts function and Business Management in diverse industries
- Cost Accountant, Company Secretary and B.Com (Hons) graduate



Navin Tewari
Chief Marketing Officer (Head –Sales, Marketing, Logistics)

- 25+ years of experience in financial services, cement, food and FMCG Industry
- Former MD & CEO for Capital Foods Pvt Ltd
- Chartered Accountant



Ganesh Wamanrao Jirkuntwar
Head -Manufacturing

- 30+ years of experience in manufacturing and plant operations across geographies including North America and Europe
- MBA from Warwick Business School



KC Birla
Head –Growth & Expansion

- 38+ years of experience in the cement industry
- Erstwhile CFO of Ultratech Cement
- Chartered Accountant



Rajiv Choubey
Group General Counsel

- 25+ years of experience in Manufacturing & IT industries
- Erstwhile associated with companies like Ambuja, ACC & HCL Infosystems
- Alumnus of the Faculty of Law, Indian Law Institute and ICSI



Uday Khanna
Head -Human Resources

- 30+ years of experience in HR across industries including IT, BFSI, Retail and Consumer Electronics
- MBA from XLRI Jamshedpur

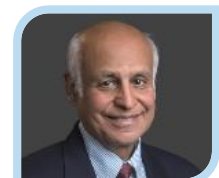
Board of Directors


Puneet Dalmia
Managing Director & CEO

- Spearheading Dalmia's transformation journey through his vision of nation- building since 2006
- Co-founded JobsAhead.com in 1999, one of the most successful dotcom businesses
- B.Tech from IIT Delhi and Gold Medalist, MBA from IIM Bangalore


Gautam Dalmia
Managing Director

- 30+ years of experience in Cement and Sugar industries
- Holds a B.S and an M.S. degree in Electrical Engineering from Columbia University


Yadu Hari Dalmia
Chairman, Non-Executive Director

- 46+ years of experience in the cement industry and has earlier served as President of the Cement Manufacturers Association
- B.Com (Hons) & Chartered Accountant


Paul Heinz Hugentobler
Independent Director

- Served as CEO of Siam City Cement public Company in Bangkok From Jan'02 till retirement in Feb'14
- Civil Engineer from ETH and degree in economic science from the University of St. Gallen


Niddodi Subrao Rajan
Non-Executive Director

- Serves as Co-Chief Executive Officer at IDFC Foundation; previously held leadership positions with IDFC First Bank and Tata Sons
- Doctorate from IIT Delhi and a graduate degree from Xavier School of Management


Haigreve Khaitan
Independent Director

- Managing Partner of Khaitan & Co
- Also acts as an advisor to companies across sectors on corporate matters including M&A, private equity investments corporate restructuring and governance

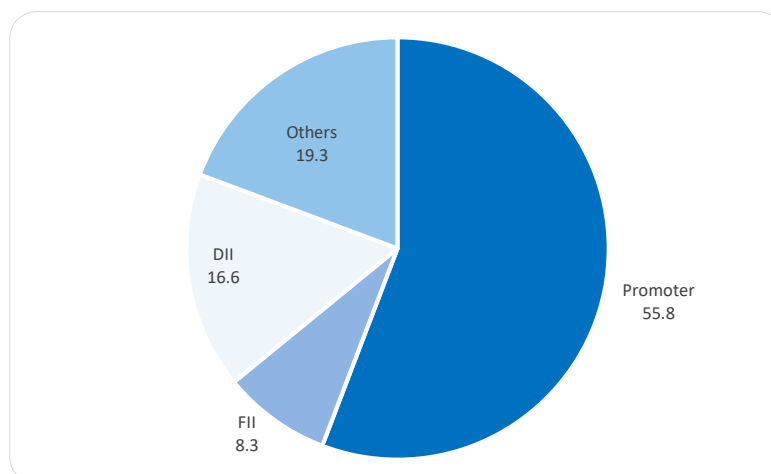

Anuradha Mookerjee
Independent Director

- A bureaucrat for over three decades in revenue services
- Topper of the 1986 batch of the Indian Revenue Service
- She has B.Sc (Botany), M.Sc. & M. Phil Social Anthropology


Anuj Gulati
Independent Director

- CEO of Care Health Insurance
- Member of General Insurance Council (GIC) with 25 years of industry experience
- Chemical Engineer from IIT Delhi and MBA from IIM Bangalore

Share Holding Pattern (%)



*Shareholding as on March, 2025

Source: Company, ACMIIL Research

Key Risk

- **Capex:** Cement companies require high capex for their working and capacity expansion. Thus, Dalmia too has plans to expand its current capacity from 49.5MTPA to 75MTPA by FY28 and post that to reach upto 110-130MTPA capacity. So, it would require high capex for expansion but any non-payment/default in carrying out capex plans can impact overall financials.
- **Unavailability/Shortage of raw material:** Cement companies like Dalmia depend on raw materials such as limestone, gypsum, stone, bricks, sand, etc. and unavailability/shortage of such materials can impact production.
- **Risk of increasing input cost:** The Company is exposed to the risk of fluctuations in prices of raw materials such as coal, pet coke, power and other fuels. Fluctuation in input cost is likely to increase the cost of production and impact profitability & margins.
- **Increase in Freight/logistics Cost:** Cement companies face the risk of higher freight/transportation cost due to variability of demand conditions, inadequate infrastructure, long-distance transportation by road, shortage of trucks, etc. and in turn, impacts profitability.
- **Climate/ Environmental regulation:** The cement industry emits carbon dioxide in abundance, but now most companies, including Dalmia, are moving towards a negative carbon footprint and more usage of green energy that helps in protecting the environment. So, any non-compliance with environmental regulations can lead to penalties.
- **Stiff competition:** The Cement sector faces stiff competition from large players like UltraTech, Adani Cement, Shree Cement, etc. and this can impact its market position, share, ongoing capex plans and product pricing. However, Dalmia is the 4th largest player and has adopted a few strategies which would help in mitigating the risk.

Peers Comparison

Revenue

YE March (Rs mn)	FY23	FY24	FY25E*	FY26E	FY27E
Dalmia Bharat	135,430	146,910	139,800	157,352	169,835
Growth %	-	8.5	(4.8)	12.6	7.9
J K Cement	95,037	112,026	115,595	130,728	147,190
Growth %	-	17.9	3.2	13.1	12.6
Ramco Cement	80,523	93,764	87,837	97,632	108,600
Growth %	-	16.4	(6.3)	11.2	11.2
Nuvoco Vistas	105,862	107,329	104,386	113,618	122,728
Growth %	-	1.4	(2.7)	8.8	8.0

EBITDA

YE March (Rs mn)	FY23	FY24	FY25E*	FY26E	FY27E
Dalmia Bharat	23210	26390	24070	30690	36248
Growth %	-	13.7	(8.8)	27.5	18.1
J K Cement	13143	20579	19478	24984	29568
Growth %	-	56.6	(5.3)	28.3	18.3
Ramco Cement	11856	15646	14282	17664	21109
Growth %	-	32.0	(8.7)	23.7	19.5
Nuvoco Vistas	12104	16237	13458	17233	19445
Growth %	-	34.1	(17.1)	28.1	12.8

PAT

YE March (Rs mn)	FY23	FY24	FY25E*	FY26E	FY27E
Dalmia Bharat	10810	8540	6990	11858	15017
Growth %	-	(21.0)	(18.1)	69.6	26.6
J K Cement	5716	10022	7337	10245	13799
Growth %	-	75.3	(26.8)	39.6	34.7
Ramco Cement	4709	6375	2563	4773	7411
Growth %	-	35.4	(59.8)	86.2	55.3
Nuvoco Vistas	6239	5193	57	2642	3816
Growth %	-	(16.8)	(98.9)	4509.7	44.5

EBITDA Margin (%)

YE March (%)	FY23	FY24	FY25E*	FY26E	FY27E
Dalmia Bharat	17.1	18.0	17.2	19.5	21.3
J K Cement	13.8	18.4	16.4	18.8	19.8
Ramco Cement	14.7	16.7	15.7	18.1	19.7
Nuvoco Vistas	11.4	15.1	13.2	15.5	16.0

PAT Margin (%)

YE March (%)	FY23	FY24	FY25E*	FY26E	FY27E
Dalmia Bharat	8.0	5.8	5.0	7.5	8.8
J K Cement	4.5	7.1	6.3	7.8	8.9
Ramco Cement	3.9	3.8	3.8	5.6	6.7
Nuvoco Vistas	0.1	1.4	0.3	2.9	3.4

EPS

YE March (Rs)	FY23	FY24	FY25E*	FY26E	FY27E
Dalmia Bharat	36.3	44.9	42.7	62.4	79.0
J K Cement	55.6	102.7	92.1	133.5	170.5
Ramco Cement	13.7	15.7	11.5	21.0	30.9
Nuvoco Vistas	0.4	4.0	(0.5)	7.4	10.9

EV/EBITDA (x)

YE March	FY23	FY24	FY25E*	FY26E	FY27E
Dalmia Bharat	17.2	15.8	17.6	14.1	12.1
J K Cement	20.5	17.5	22.7	17.7	14.2
Ramco Cement	18.7	15.3	19.7	15.9	12.9
Nuvoco Vistas	13.8	10.1	10.9	8.7	7.6

* Dalmia Bharat has reported its FY25 numbers, others are estimates

Source: Bloomberg, ACMIIL Research

Valuation and view

We initiate coverage on Dalmia Bharat with a **BUY** Rating because of its reasonable valuation as compared to its peers, its leadership position in the high growth region like North-East, strong presence in South & East. Besides, its continuous expansion, improving financials and the company's focus on being carbon negative will continue to drive growth.

Dalmia Bharat is the 4th largest cement company in India with a total cement capacity of 49.5MnT and market share of ~7.2% in terms of total installed capacity in India. It is well-positioned in the highly lucrative markets of the East, North-East and South regions and has been continuously increasing its capacity as well as its market share in the Southern & Eastern regions. Besides, it is a market leader in a highly attractive region of North-East with a total manufacturing capacity of 8 MTPA and a market share of 40%.

The company aims to be a pan-Indian player and plans to expand in regions where it has minimal/no presence in states such as North, Central & West and that can be via an organic/inorganic route, but at the same time maintain its market share in the regions where it has a strong presence. Thus, its goal is to reach 75MnT capacity by FY28 and a long term strategy to reach 110-130MnT by FY30-31.

Dalmia is progressing well on their journey to being carbon negative as compared to others as they are now emitting 460Co2 kg/ton and has plans to reach -30 Co2 kg/ton by 2040 while the global and Indian companies' average is still higher at 580 Co2 Kg/ton and 560 Co2 kg/ton, respectively. Going ahead, they are focused on switching to 100% blended cement, also, they have also adopted energy efficiency strategies, improved supply chain techniques and focus on smart technology.

Dalmia is strongly working towards reducing its overall cost, changing mix and focusing on carbon negative footprint by increasing share from renewables which will help in earning higher operating profits and their target is to save ~150-180/ton on cost in the next 2 years.

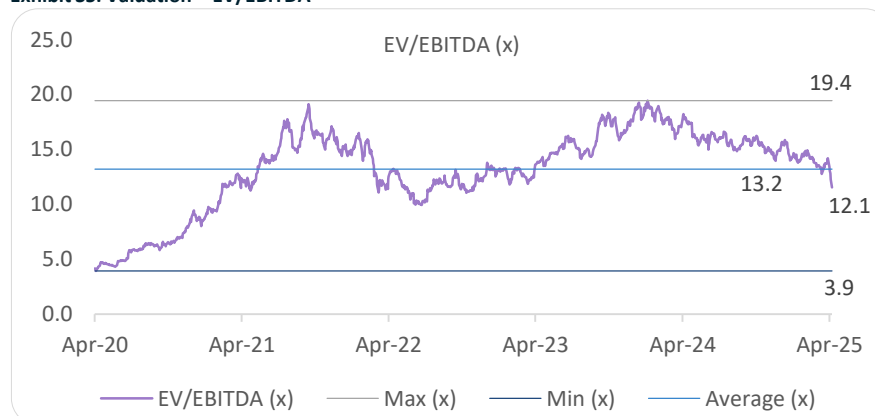
We have estimated its revenue/EBITDA/PAT CAGR of 10.2%/22.7%/46.6% over FY25-27E which would be driven by capacity expansion along with improving realization & volumes, optimization of cost & higher usage of renewables will aid margin improvement, focus on product mix with more of premium products. Dalmia is currently trading at 14.1x/12.1x FY26E/FY27E EV/EBITDA. We value the company at 14x on FY27E EBITDA and arrive at the target price of Rs 2,328, with an upside potential of 18.4% and assign a 'BUY' rating on Dalmia Bharat.

Exhibit 35: Valuation Summary

Valuation	
EV/EBITDA (FY27E)	12.2
Estimate multiple	14.0
EBITDA FY27E (mn)	36,248
EV Est. (mn)	507,469
Net Debt (mn)	65,172
Market Cap (mn)	442,296
Target price (Rs)	2,328
CMP (Rs)	
Upside potential (%)	18.4%
Rating	BUY

Source: Company, ACMIIL Research

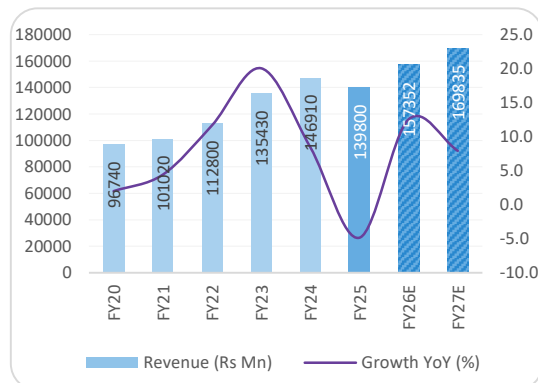
Exhibit 35: Valuation – EV/EBITDA



Source: Company, ACMIIL Research

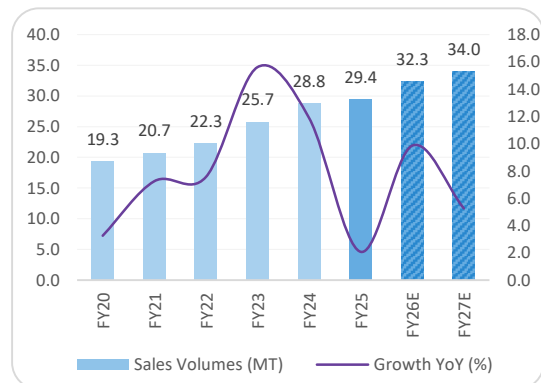
Story in charts

Exhibit 36: Revenue to expand by CAGR of 10.2% in FY25-27E



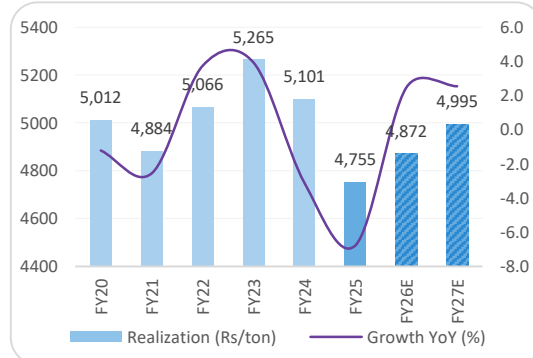
Source: Company, ACMIIL Research

Exhibit 37: Sales Volume to increase by CAGR 7.5% in FY25-27E



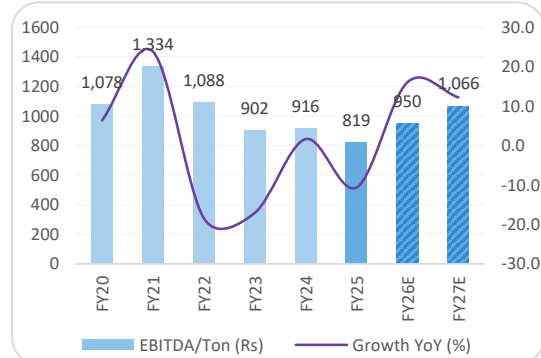
Source: Company, ACMIIL Research

Exhibit 38: Realization to improve by CAGR 2.5% in FY25-27E



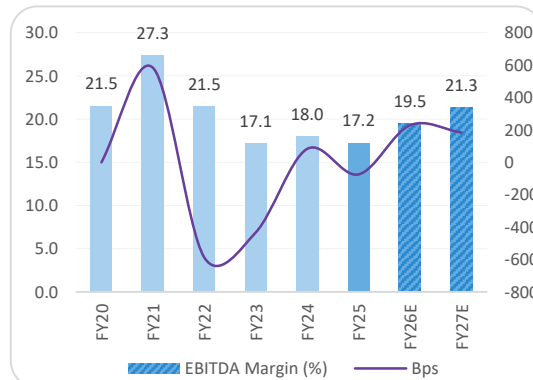
Source: Company, ACMIIL Research

Exhibit 39: EBITDA/ton expected to reach Rs 1000/ton by FY27E



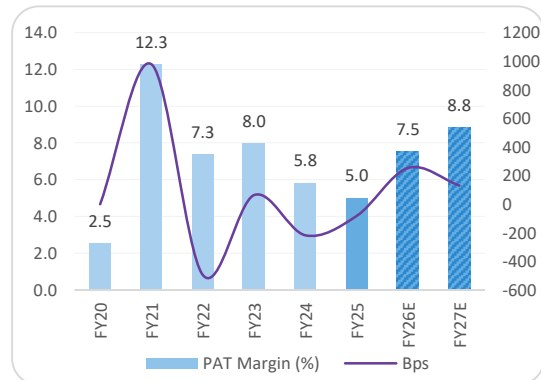
Source: Company, ACMIIL Research

Exhibit 40: EBITDA margins expected to reach ~21% by FY27E



Source: Company, ACMIIL Research

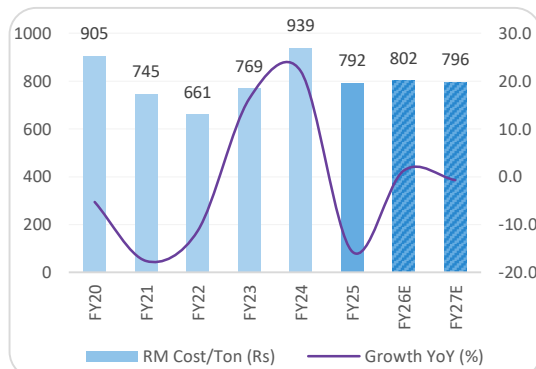
Exhibit 41: PAT margins expected to reach ~8.8% by FY27E



Source: Company, ACMIIL Research

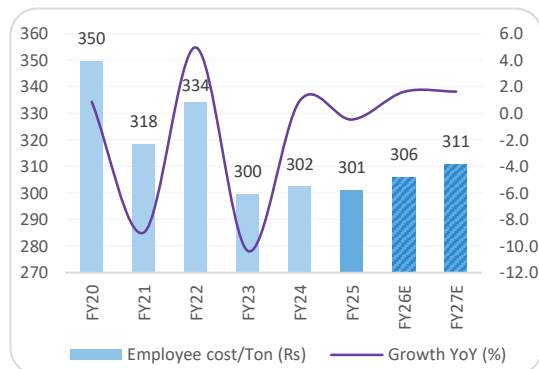
Story in charts

Exhibit 42: Raw material cost to decline



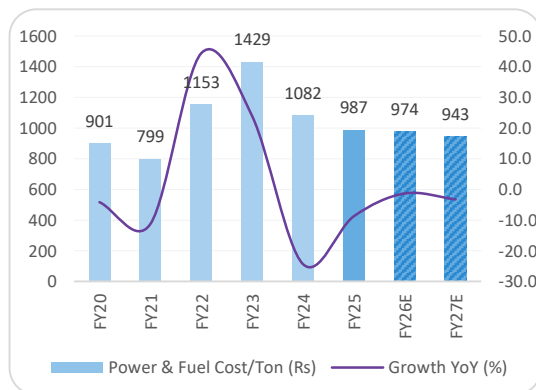
Source: Company, ACMIIL Research

Exhibit 43: Employee cost/ton to be on similar lines



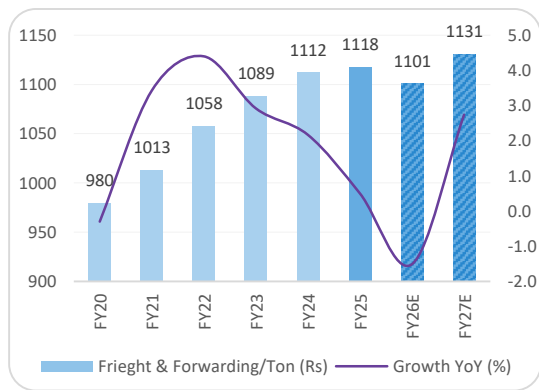
Source: Company, ACMIIL Research

Exhibit 44: Power & fuel/ton expected to decline



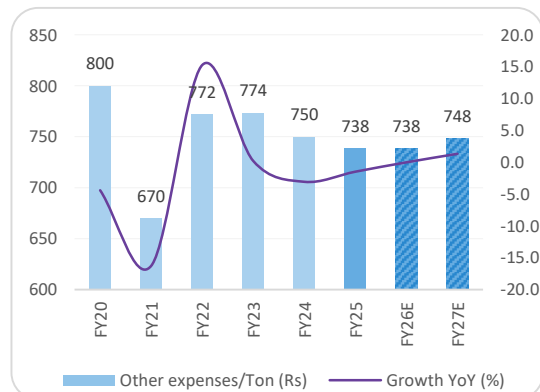
Source: Company, ACMIIL Research

Exhibit 45: Freight cost/ton expected to be volatile



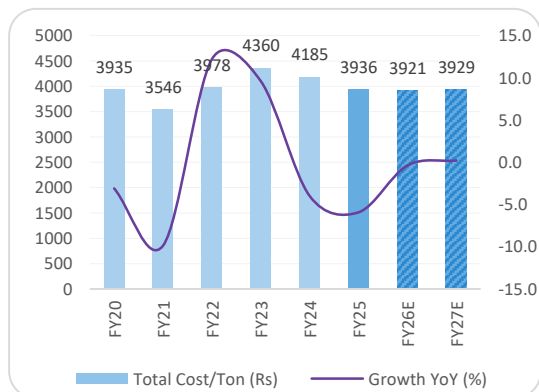
Source: Company, ACMIIL Research

Exhibit 46: Other expense/ton expected to be on similar line



Source: Company, ACMIIL Research

Exhibit 47: Total cost/ton expected to decline in FY26E



Source: Company, ACMIIL Research

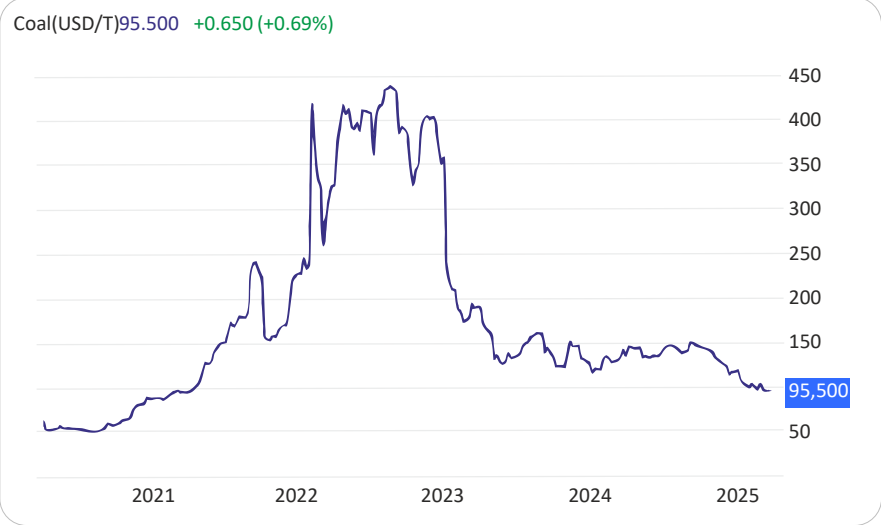
Story in charts

Exhibit 48: Coal Prices in the last 1 year



Source: Tradingeconomics, ACMIIL Research

Exhibit 49: Coal Prices in the last 5 years



Source: Tradingeconomics, ACMIIL Research

Q4FY25 Performance

YE March (Rs mn)	Q4FY25	Q4FY24	Y-o-Y (%)	Q3FY25	Q-o-Q (%)	FY25	FY24	Y-o-Y (%)
Net Sales	40,910	43,070	(5.0)	31,810	28.6	139,800	146,910	(4.8)
Cost of Raw Materials	6,240	6,270	(0.5)	5,100	22.4	22,410	21,200	5.7
Purchase of Finished Goods	-	2,140	-	-	-	1,060	5,670	-
(Increase) / Decrease In Stocks	1,420	1,370	3.6	20	7,000.0	(190)	160	(218.8)
Total Raw material cost	7,660	9,780	(21.7)	5,120	49.6	23,280	27,030	(13.9)
Gross Profit	33,250	33,290	(0.1)	26,690	24.6	116,520	119,880	(2.8)
Gross Margins %	81.3	77.3	398bps	83.9	-263bps	83.3	81.6	175bps
Employee Cost	2,150	2,020	6.4	2,230	(3.6)	8,850	8,710	1.6
Power & Fuel Cost	7,730	7,900	(2.2)	6,660	16.1	29,030	31,160	(6.8)
Frieght & Forwarding	9,720	10,200	(4.7)	7,480	29.9	32,860	32,030	2.6
Other Expense	5,720	6,630	(13.7)	5,210	9.8	21,710	21,590	0.6
Total Expenditure	32,980	36,530	(9.7)	26,700	23.5	115,730	120,520	(4.0)
EBITDA	7,930	6,540	21.3	5,110	55.2	24,070	26,390	(8.8)
EBITDA Margins (%)	19.4	15.2	420bps	16.1	332bps	17.2	18.0	-75bps
Depreciation	3,140	3,280	(4.3)	3,640	(13.7)	13,310	14,980	(11.1)
EBIT	4,790	3,260	46.9	1,470	225.9	10,760	11,410	(5.7)
Other Income	930	1,200	(22.5)	370	151.4	2,530	3,150	(19.7)
Interest	1,050	940	11.7	1,010	4.0	3,990	3,860	3.4
PBT	4,670	3,520	32.7	830	462.7	9,300	10,700	(13.1)
Exceptional	-	-	-	-	-	(1,130)	-	-
PBT	4,670	3,520	32.7	830	462.7	8,170	10,700	(23.6)
Tax	280	9	-	20	-	1,180	2,160	-
PAT	4,390	3,511	25.0	810	442.3	6,990	8,540	(18.1)
PAT Margin (%)	10.7	8.2	258bps	2.5	819bps	5.0	5.8	-81bps
EPS	23.7	19.0	25.0	4.4	442.3	37.8	46.2	(18.1)

Source: Company, ACMIIL Research

YE March (Rs mn)	Q4FY25	Q4FY24	Y-o-Y (%)	Q3FY25	Q-o-Q (%)	FY25	FY24	Y-o-Y (%)
Sales Volumes (MT)	8.6	8.8	(2.3)	6.7	28.4	29.4	28.8	2.1
Realization (Rs/ton)	4,757	4,894	(2.8)	4,748	0.2	4,755	5,101	(6.8)
EBITDA/Ton (Rs)	922	743	24.1	763	20.9	819	916	(10.7)
Total Cost/Ton (Rs)	3,835	4,151	(7.6)	3,985	(3.8)	3,936	4,185	(5.9)
Fuel Cost/Ton (Rs)	899	898	0.1	994	(9.6)	987	1,082	(8.7)
Frieght & Forward/Ton (Rs)	1,130	1,159	(2.5)	1,116	1.2	1,118	1,112	0.5

Source: Company, ACMIIL Research

Dalmia topline remain muted while strong performance on bottom-line

Q4FY25 Concall Highlights

Management view:

- Management remains cautiously optimistic given the future outlook of the company as well as the sector. They believe economic activity has picked up pace towards the last of FY25 and that would help growth in the upcoming years.

Industry scenario:

- **Demand:** Overall sector demand was expected to be ~4-5% in Q4FY25 and ~7-8% for FY26, which would be driven by a rise in investment by the government and private and improved consumption cycle.
- **Capacity:** In FY25, ~50-52MnT capacity changed hands and going ahead consolidation & expansion will continue in the industry. Capacity share for the top 4 players has risen from 47% in FY22 to 57% in FY25 and further this share is expected to rise to 60% in the next 2 years, on the back of acquisitions as well as organic expansion.

Company's Strategy:

- Dalmia's strategy would be to balance between profitability and volume.
- Focus on cost saving measures like increasing share of renewables, optimizing logistic cost and improving heat & power consumption rates.
- Increase share from trade mix and premium products.
- Foray into untapped markets.

Volume/Capacity expansion/capex plan:

- Management expects the company to post volume growth similar to the industry.
- In FY25, they reached the capacity of 49.5MnT and added capacity of 2.9MnT in Q4FY25 by commissioning ~2.4 MnT cement capacity in Lanka, Assam and ~0.5 MnT of cement capacity in Rohtas, Bihar.
- The company plans an investment of ~Rs 35,200 Mn for Karnataka, Belgaum plant with ~3.6 MnT clinker unit and 3 MnT grinding unit along with a new grinding unit in Pune, Maharashtra with capacity of 3 MnT.
- Karnataka plant will help in catering to underserved Southern Maharashtra markets and existing regions while Pune plant will cater to the untapped western Maharashtra markets.
- They have commissioned 2.2 MW captive solar power plant at Lanka, Assam, while 13 MW is commissioned under the Group Captive agreements, and thus increasing total operational RE capacity to 267 MW. Further, the total operational renewable capacity, including the group captive, is expected to reach 595 MW by end of FY26.
- Capacity expansion plan to reach 75MnT will be rolled out in the next quarter.

Brand building initiatives:

- The company is building a strong brand as RCF experts. They have added new cement packs and are increasing their distribution channel. Besides, they are focusing on dealer discounts & incentives which will help them strengthen and increase relationships with the dealer network.

ED Case:

- The legal case was originally registered by the CBI in 2011. Currently the case involves certain allegations and an amount of Rs 793cr related to the company's investment in Bharti Cement. The management does not expect any adverse outcome and this order would not impact the ongoing business while the company will take appropriate legal action to defend them.

Others:

- There was a price increase of ~Rs 10-15/bag on an average but prices differ month on month. Going ahead better pricing is expected.
- Overall flattish prices as East witnessed an increase however prices in South did not increase much due to the competitive environment.
- West market is a high growth market area and the company has sufficient limestone reserves.
- Tax rate expected to be in the higher single digit.

Q4FY25 Concall Highlights

Financials:

- Dalmia's consolidated volume growth came at 2% YoY in FY25, while its standalone volume growth was 6% YoY. For Q4FY25, its consolidated volume de-grew by 2.3% YoY however its standalone volume growth was 4% YoY.
- Revenue for Q4FY25 grew by 28.6% QoQ/decline by 5% YoY due to softness in demand and prices. However, EBITDA grew by 55.2% QoQ/21.3% YoY with expansion in margin by 332bps QoQ/420bps YoY while EBITDA/ton reached Rs 922/ton for the quarter.
- For FY25, revenue declined by 4.8% YoY which was a mix of volume and realization. Volume grew by 2.1% YoY while realization declined by 6.8% YoY. EBITDA declined by 8.8% YoY while margin stood at 17.2% and EBITDA/ton came in at Rs 819/ton.
- Additional cost of Rs 130cr/pa (Rs 160/ton) on RM cost is expected due to implementation tax on minerals by Tamil Nadu government.
- Premium mix stood at 24% in Q4FY25 from 21% in Q4FY24.
- Renewable share improved to 39% from 34%
- Trade mix improved to 67% from 65% in Q4FY24
- Road to Rail mix is at 84%
- Blended fuel cost declined to Rs 1.3 Kcal and blended mix came in at 84.3%
- Fuel prices consumption rate in Q4 at \$95/ton
- Clinker to Cement ratio improved to 1.69x in Q4FY25 from 1.67x in Q4FY24.
- Direct dispatch increased to 61% in Q4FY25 from 56% in Q4FY24.
- Lead distance declined to 277kms from 289kms in Q4FY24.

Quarterly Performance

YE March (Rs mn)	FY23		FY24				FY25			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net Sales	33,550	39,150	36,270	31,530	36,040	43,070	36,210	30,870	31,810	40,910
Cost of Raw Materials	4,910	5,320	5,380	4,550	5,000	6,270	5,790	5,280	5,100	6,240
Purchase of Finished Goods	10	460	960	1170	1400	2140	1060	0	0	0
(Increase) / Decrease In Stocks	(1240)	1720	(680)	(390)	(140)	1370	(800)	(830)	20	1,420
Total Raw material cost	3,680	7,500	5,660	5,330	6,260	9,780	6,050	4,450	5,120	7,660
Gross Profit	29,870	31,650	30,610	26,200	29,780	33,290	30,160	26,420	26,690	33,250
Gross Margins %	89.0	80.8	84.4	83.1	82.6	77.3	83.3	85.6	83.9	81.3
Employee Cost	1,930	1,910	2,220	2,260	2,210	2,020	2,280	2,190	2,230	2,150
Power & Fuel Cost	9,640	8,710	9,020	6,980	7,260	7,900	7,570	7,070	6,660	7,730
Frieght & Forwarding	7,020	8,220	8,090	6,310	7,430	10,200	8,300	7,360	7,480	9,720
Other Expense	4,820	5,710	5,150	4,720	5,090	6,630	5,320	5,460	5,210	5,720
Total Expenditure	27,090	32,050	30,140	25,600	28,250	36,530	29,520	26,530	26,700	32,980
EBITDA	6,460	7,100	6,130	5,930	7,790	6,540	6,690	4,340	5,110	7,930
EBITDA Margins (%)	19.3	18.1	16.9	18.8	21.6	15.2	18.5	14.1	16.1	19.4
Depreciation	3,250	3,360	3,990	4,010	3,700	3,280	3,170	3,360	3,640	3,140
EBIT	3,210	3,740	2,140	1,920	4,090	3,260	3,520	980	1,470	4,790
Other Income	350	380	540	810	600	1,200	500	730	370	930
Interest	690	640	830	1,010	1,080	940	950	980	1,010	1,050
PBT	2,870	3,480	1,850	1,720	3,610	3,520	3,070	730	830	4,670
Exceptional	20	3,850	0	0	0	0	(1,130)	0	0	0
PBT	2,890	7,330	1,850	1,720	3,610	3,520	1,940	730	830	4,670
Tax	740	1,250	410	480	950	320	490	240	170	280
PAT	2,150	6,080	1,440	1,240	2,660	3,200	1450	490	660	4,390
PAT Margin (%)	6.4	15.5	4.0	3.9	7.4	7.4	4.0	1.6	2.1	10.7
EPS	11.6	32.9	7.8	6.5	14.0	16.8	7.6	2.6	3.5	23.1

Source: Company, ACMIIL Research

Per ton Analysis

YE March (Rs mn)	FY23		FY24				FY25			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total Capacity (Mn/ton)	38.0	38.6	41.7	43.4	44.6	44.6	45.6	46.6	46.6	49.5
Sales Volumes (MTPA)	6.3	7.4	7.0	6.2	6.8	8.8	7.4	6.7	6.7	8.6
Realization (INR/MT)	5325	5262	5181	5085	5300	4894	4893	4607	4748	4757
EBITDA/Ton (Rs)	1025	954	876	956	1146	743	904	648	763	922
Cost/Ton Analysis										
RM Cost/Ton (Rs)	584	1008	809	860	921	1111	818	664	764	891
Employee cost/Ton (Rs)	306	257	317	365	325	230	308	327	333	250
Power & Fuel Cost/Ton (Rs)	1530	1171	1289	1126	1068	898	1023	1055	994	899
Frieght & Forward/Ton (Rs)	1114	1105	1156	1018	1093	1159	1122	1099	1116	1130
Other expenses/Ton (Rs)	765	767	736	761	749	753	719	815	778	665
Total Cost/Ton (Rs)	4300	4308	4306	4129	4154	4151	3989	3960	3985	3835

Source: Company, ACMIIL Research

Dalmia Bharat Limited

Financial

Income Statement

YE March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Net sales	135,430	146,910	139,800	157,352	169,835
Growth %	20.1	8.5	(4.8)	12.6	7.9
Total raw materials	19,790	27,030	23,280	25,904	27,072
Gross Profit	115,640	119,880	116,520	131,448	142,763
Gross Margins %	85.4	81.6	83.3	83.5	84.1
Employee cost	7,710	8,710	8,850	9,881	10,572
Power & Fuel Cost	36,790	31,160	29,030	31,476	32,062
Frieght & Forwarding	28,020	32,030	32,860	35,556	38,452
Other expenses	19,910	21,590	21,710	23,845	25,429
Total expenses	112,220	120,520	115,730	126,662	133,587
EBITDA	23,210	26,390	24,070	30,690	36,248
EBITDA margin (%)	17.1	18.0	17.2	19.5	21.3
Depreciation	13,050	14,980	13,310	15,255	16,900
EBIT	10,160	11,410	10,760	15,435	19,348
Other income	1,310	3,150	2,530	2,816	3,008
Interest expenses	2,340	3,860	3,990	4,034	4,260
PBT	9,130	10,700	9,300	14,217	18,095
Tax	2,420	2,160	1,180	2,358	3,078
Reported PAT	6,710	8,540	8,120	11,858	15,017
Exceptional Income / Expenses	4,100	0	(1,130)	0	0
PAT (after Exceptional)	10,810	8,540	6,990	11,858	15,017
PAT Margin %	8.0	5.8	5.0	7.5	8.8
EPS	36.3	44.9	42.7	62.4	79.0

Source: Company, ACMIIL Research

Cash Flow

YE March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Profit before tax	13,230	10,700	8,170	14,217	18,095
Add: Depreciation	13,050	14,980	13,310	15,255	16,900
Add: Interest cost	2,340	3,860	3,990	4,034	4,260
Less: Other Income	(66)	(175)	(1,090)	(2,816)	(3,008)
Others	(5,124)	(2,935)	(200)	0	0
Operating profit before working capital changes	23,430	26,430	24,180	30,690	36,248
Changes in working capital	(770)	460	(2,300)	(771)	1,887
Less: Taxes	(140)	(540)	(710)	(2,358)	(3,078)
Cash flow from Operations	22,520	26,350	21,170	27,560	35,057
Net cash used in Investing					
Fixed Assets	(27,010)	(27,230)	(26,260)	(35,000)	(35,000)
Investments	3,310	300	230	2,664	(3,712)
Dividend Income/Others	770	1,340	1,360	2,816	3,008
Others	(330)	(1,910)	1,970	0	,0
Cash flow from investing	(23,260)	(27,500)	(22,700)	(29,521)	(35,705)
Cash flow from Financing					
Proceeds from Equity shares	0	30	0	0	0
Borrowings	6,670	8,890	6,480	8,787	4,868
Dividend (Incl dividend tax)	(1,690)	(1,690)	(1,690)	(1,710)	(1,710)
Interest cost	(2,880)	(4,390)	(4,440)	(4,034)	(4,260)
Others	(420)	(620)	(740)	0	0
Cash flow from Financing	1,680	2,220	(390)	3,043	(1,102)
Net cash Inflow/Outflow	940	1,070	(1,920)	1,083	(1,750)
Opening cash	1,400	2,340	3,410	1,490	2,573
Closing cash	2,340	3,410	1,490	2,573	823

Source: Company, ACMIIL Research

Balance Sheet

YE March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Share Capital	370	380	380	380	380
Reserves & Surplus	155,910	163,590	173,360	183,508	196,816
Total Shareholder's Fund	156,280	163,970	173,740	183,888	197,196
Minority Interest	1,160	1,100	1,260	1,260	1,260
Long term borrowings	32,100	44,310	46,050	51,926	56,046
Short term borrowing	5,320	1,990	6,530	9,441	10,190
Total Debt	37,420	46,300	52,580	61,367	66,236
Deferred tax liabilities	19,050	20,380	21,900	23,603	25,475
Long term provision	2,360	2,640	3,130	3,462	3,736
Other long term liabilities	2,590	2,780	5,490	6,137	6,624
Total	24,000	25,800	30,520	33,201	35,835
Total liabilities	218,860	237,170	258,100	279,717	300,526
Application of Assets					
Net Block	140,650	153,150	170,100	189,845	207,945
Current work in process	18,590	22,840	24,970	24,970	24,970
Goodwill on consolidation	7,300	5,270	3,740	3,740	3,740
Non current investment	5,900	5,910	7,160	8,025	8,492
Tax assets	1,640	1,400	1,500	1,574	1,698
Long term loans and advances	110	130	140	157	170
Other non-current assets	7,740	10,240	11,510	12,588	13,587
Total	181,930	198,940	219,120	240,899	260,602
Current Assets					
Current investments	29,350	38,720	44,440	40,911	44,157
Inventories	13,160	12,180	13,860	15,520	16,751
Trade receivables	7,000	8,360	8,890	9,484	10,237
Cash balance	2,340	3,410	1,490	2,573	823
Bank balance	510	2,410	90	240	240
Short term loans and advances	80	90	120	157	170
Other current assets	12,160	13,120	14,100	15,735	16,983
Total	64,600	78,290	82,990	84,621	89,361
Current Liabilities					
Trade payables	11,350	13,160	15,390	17,322	18,696
Short term provisions	840	810	1,150	944	1,019
Other current liabilities	24,380	26,350	27,620	27,537	29,721
Total	36,570	40,320	44,160	45,803	49,437
CA-CL	28,030	37,970	38,830	38,818	39,925
Assets held for sale	8,900	260	150	0	0
Total assets	218,860	237,170	258,100	279,717	300,526

Source: Company, ACMIIL Research

Dalmia Bharat Limited

Financial

Key Ratios

YE March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Per share (Rs)					
EPS (reported)	58.4	44.9	36.8	62.4	79.0
CEPS	129.0	123.8	106.8	142.7	168.0
BV	844.8	863.0	914.4	967.8	1037.9
DPS	9.1	8.9	8.9	9.0	9.0
Dividend Payout %	0.2	0.2	0.2	0.1	0.1
Dividend Yield %	0.0	0.0	0.0	0.0	0.0
Growth Ratio (%)					
Net Sales Growth %	20.1	8.5	-4.8	12.6	7.9
EBITDA Growth %	-4.2	13.7	-8.8	27.5	18.1
PAT Growth %	30.6	-21.0	-18.1	69.6	26.6
Reported PAT Growth %	30.6	-21.0	-18.1	69.6	26.6
Return Ratios (%)					
Gross margins (%)	85.4	81.6	83.3	83.5	84.1
EBITDA Margin (%)	17.1	18.0	17.2	19.5	21.3
PBTM (%)	6.7	7.3	6.7	9.0	10.7
PAT Margin (%)	8.0	5.8	5.0	7.5	8.8
ROE (%)	6.9	5.2	4.0	6.4	7.6
ROCE (%)	5.2	5.4	4.8	6.3	7.3
Valuation (x)					
P/E (x)	33.6	43.7	53.4	31.5	24.9
P/CEPS (x)	15.2	15.9	18.4	13.8	11.7
Price/BV (x)	2.3	2.3	2.1	2.0	1.9
EV/Sales (x)	2.9	2.8	3.0	2.7	2.6
EV/EBITDA (x)	17.2	15.8	17.6	14.1	12.1
EV/Ton (USD)	120.1	108.6	99.7	92.2	77.9
Leverage Ratio (%)					
Net Debt/Equity	0.2	0.2	0.3	0.3	0.3
Interest Cover Ratio	4.3	3.0	2.7	3.8	4.5
Turnover Ratios					
Fixed Asset Ratio	1.0	1.0	1.2	1.2	1.2
Debtors Days	18.9	20.8	23.2	22.0	22.0
Inventory Days	35.5	30.3	36.2	36.0	36.0
Payable Days	30.6	32.7	40.2	40.2	40.2
WC Days	23.7	18.3	19.2	17.8	17.8

Source: Company, ACMIIL Research

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	$\geq 15\%$
SELL	$< -10\%$
HOLD	$> -10\%$ to 15%

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