

June 26, 2025

Management Meet Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	2,273		2,117	
Sales (Rs. m)	1,60,556	1,82,441	1,64,358	1,84,491
% Chng.	(2.3)	(1.1)		
EBITDA (Rs. m)	34,341	40,453	32,908	38,152
% Chng.	4.4	6.0		
EPS (Rs.)	81.2	90.7	71.8	79.1
% Chng.	13.0	14.7		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	1,46,910	1,39,800	1,60,556	1,82,441
EBITDA (Rs. m)	26,390	40,930	34,341	40,453
Margin (%)	18.0	29.3	21.4	22.2
PAT (Rs. m)	7,710	7,240	15,227	17,012
EPS (Rs.)	41.1	38.6	81.2	90.7
Gr. (%)	(33.2)	(6.1)	110.3	11.7
DPS (Rs.)	9.0	9.0	9.9	11.0
Yield (%)	0.4	0.4	0.5	0.5
RoE (%)	4.8	4.3	8.4	8.7
RoCE (%)	5.6	12.5	8.7	9.7
EV/Sales (x)	2.7	2.9	2.6	2.3
EV/EBITDA (x)	15.1	9.9	11.9	10.2
PE (x)	51.1	54.4	25.9	23.1
P/BV (x)	2.4	2.3	2.1	1.9

Key Data

52-W High / Low	Rs.2,187 / Rs.1,601
Sensex / Nifty	82,756 / 25,245
Market Cap	Rs.394bn / \$ 4,575m
Shares Outstanding	188m
3M Avg. Daily Value	Rs.761.1m

Shareholding Pattern (%)

Promoter's	55.84
Foreign	8.28
Domestic Institution	16.43
Public & Others	19.45
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(2.0)	22.2	15.6
Relative	(3.2)	15.9	9.0

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Higher prices to uplift near term performance

Quick Pointers:

- As per mgmt. cement prices in East and South are higher by ~Rs12 and ~Rs35/bag respectively from Q4 average despite some fall in June due to early monsoon.
- Volume is expected to take a hit in Q1FY26 due to sluggish demand especially in East amid monsoon.

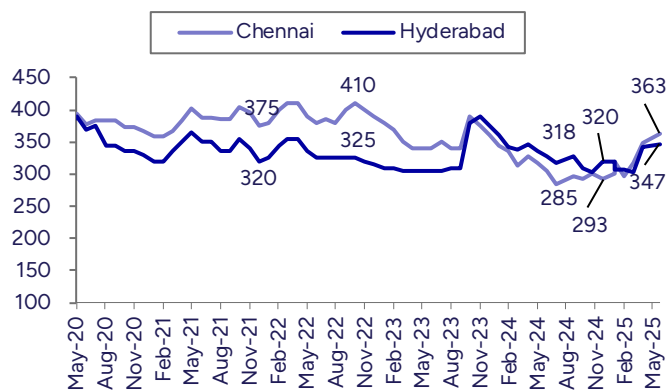
Cement demand remains muted especially in the key Eastern region where demand is struggling over last 5 quarters. Despite regime change in Odisha and upcoming elections in West Bengal, demand remained muted in last few months. East region prices improved in Apr/May along with other regions by ~Rs20/bag and got cut by Rs5 in June due to early monsoon however current prices are still Rs10-15 higher than Q4FY25 average. Southern region demand is better than East but now affected by early monsoon and flood like situation in few regions. Prices improved by Rs50/bag in Apr/May and rolled back by Rs5-10 due to monsoon led weakness in demand. We expect near-term performance to remain strong led by higher pricing and flattish cost structure which would translate into ~Rs200-250 QoQ increase in EBITDA/t from Rs926 levels of Q4FY25.

DALBHARA has already announced 6mtpa expansion projects (Rs35bn) at Belgaum and Pune which are expected to be completed by end FY27E to reach 55.5mtpa. Management is envisaging two similar size capacity addition projects via mix of Greenfield and Brownfield route which is expected to get announced in the near term. DALBHARA reiterated its confidence in achieving cost savings of Rs150-200/t by FY27E via improvement in renewable energy mix from c.36% to 45-50% by end-FY26, and reduction in logistics costs. We expect DALBHARA to be key beneficiary of higher prices in South/East regions in 1HFY26. Incorporating recent price increases and AR25, we upgrade our EBITDA estimates by 4.4%/6% for FY26/27E. We expect DALBHARA to deliver Revenue/EBITDA/PAT CAGR of 14%/30%/58% over FY25-27E on low base of FY25. At CMP, the stock is trading at 11.9x/10.2x EV on FY26/27E EBITDA. Maintain 'Accumulate' rating with revised TP of Rs2,273 (Rs2,117 earlier) valuing the company at 11x EV/Mar'27E EBITDA.

Sustenance in pricing to aid H1 performance: Cement prices across regions improved over the last few months with improving demand and uptick in pet coke cost. Although demand recovery was muted in May/June, sharp fall in pet coke prices and sustenance in cement prices is expected to aid cement companies' performance in H1FY26. With DALBHARA having significant capacities in both the South (17mtpa) and East (21.6mtpa), the company is well-positioned to benefit from these price increases. The sustenance of these hikes through the monsoon season and increasing supplies in H2FY26 will be key to observe.

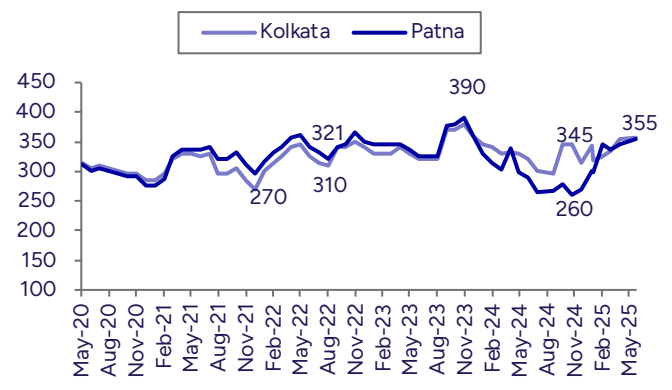
Region wise demand: The cement market in India is regionally diverse, with significant variation in installed capacities and demand. The Southern region has the highest capacity at ~210mtpa, with current demand is at around 120mtpa. The Central region has a capacity of ~80mtpa, against a demand of ~70mtpa. In the East, installed capacity stands at ~140mtpa, while demand is ~90mtpa, as per mgmt. Eastern region demand has slowed down post double-digit growth for two years since FY22. The North-East market is smaller at ~15mtpa but stable and growing, having capacity of ~20mtpa. Currently, demand remains muted in key regions for DALBHARA despite a strong uptick in government spending in the last few months. Mgmt. expects demand to improve post monsoon and expects industry to grow at 7-8% in FY26.

Exhibit 1: ~12% increase in Southern prices in Apr-May'25



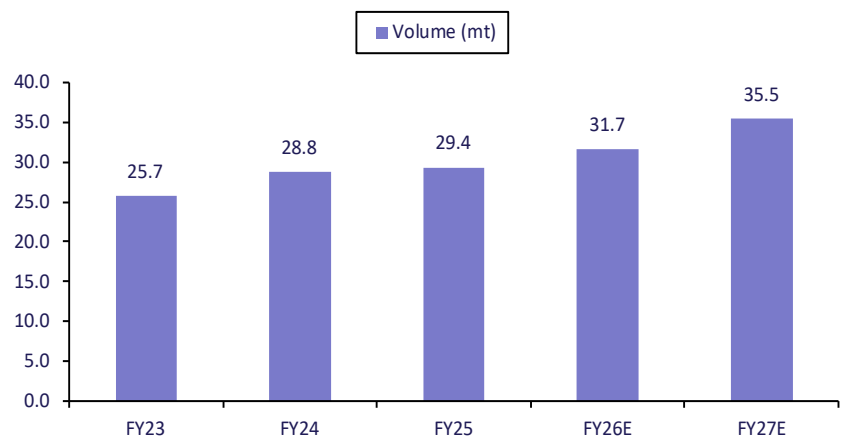
Source: Industry, PL

Exhibit 2: 8% uptick in Eastern prices seen in Apr-May'25



Source: Industry, PL

Exhibit 3: Mgmt. targeting to grow faster than industry in FY26/FY27E



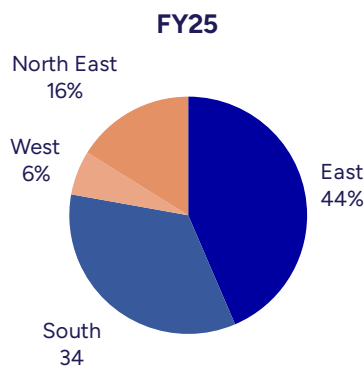
Source: Company, PL

Expect uptick in Capex over FY25-27E: DALBHARA's ongoing capex plan of Rs35bn for capacity additions through greenfield and brownfield expansions at Pune and Belgaum, Karnataka remains well on track. We have factored in a Rs35bn capex for FY26/FY27E each, (incl. Rs2.5bn maintenance capex). This excludes the probable acquisition of Jaypee assets, which, if materialized, would significantly increase the overall capex outlay for FY26. The National Asset Reconstruction Co Ltd. (NARCL) acquired Rs120bn of JPA debt in Mar'25 from 90% creditor base. JP

deal can fast-track its target of achieving 75mtpa by 2028. However, few other non-core assets will have to be divested in the future course, if successful.

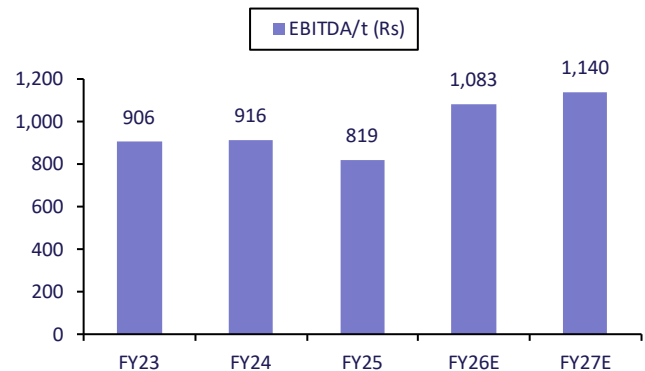
The 3mtpa clinker unit at Umrangso, scheduled for commissioning in Q2FY26, is progressing as planned. DALBHARA has already announced 6mtpa expansion projects at Belgaum and Pune which are expected to be completed by end FY27E to reach 55.5mtpa. Another two projects of 6mtpa each are being envisaged via Greenfield and Brownfield route. Few other brownfield expansions at North-East (1mt excess clinker) and western regions can be undertaken if needed.

Exhibit 4: Region wise Cement capacities share (49.5mtpa)



Source: Company, PL

Exhibit 5: EBITDA/t to improve on better price & cost savings

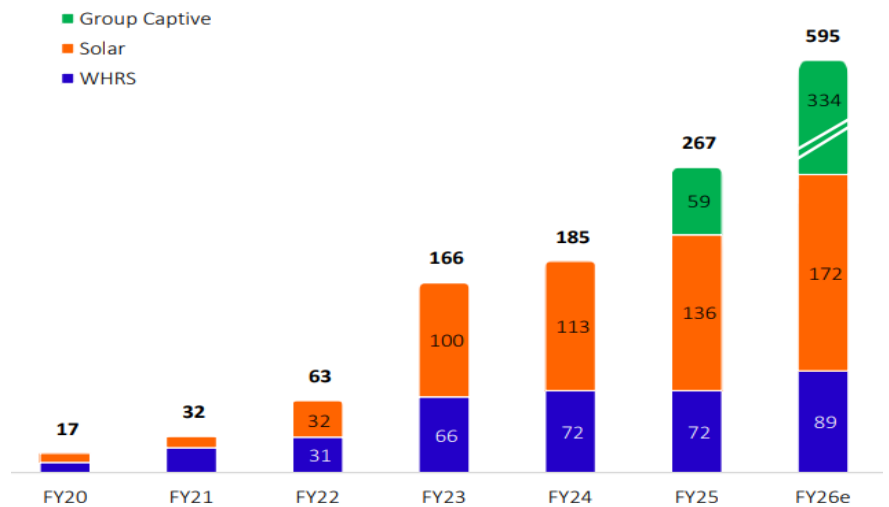


Source: Company, PL

Cost efficiency projects to result in savings of Rs150-200/t by FY27E:

DALBHARA remains one of the lowest-cost cement producers, driven by its optimal mix. DALBHARA reiterated its confidence in achieving cost savings of Rs150–200/t by FY27E, with half of the targeted savings expected to materialize in FY26E itself. Key cost levers include an increase in renewable energy (RE) proportion from the current 36% to 45–50% by end-FY26, and a reduction in logistics costs through higher truck utilization and a more dedicated fleet for loading and unloading operations.

Exhibit 6: RE power (MW) to reach ~50% by FY26E with Group captive



Source: Company, PL

Jaypee hangover to continue: DALBHARA has again submitted its bid to acquire Jaiprakash Associates assets which include cement (6.7mtpa clinker and 9.4mtpa GU) and many other non-core assets (realty, hospitality, power, sport facilities, chemical JVs etc.). While these other businesses are not of strategic interest to DALBHARA, the company is expected to divest them and retain only the cement assets, if successful. In its previous attempt, the offer stood at Rs55bn for cement assets, but this time the amount is likely to be significantly higher. The outcome, expected in the next few weeks, remains uncertain, as several aggressive bidders are in the fray. Meanwhile, DALBHARA continues to sell ~1–1.5 lakh tonnes per quarter to the Uttar Pradesh and Madhya Pradesh markets, to keep brand alive (at higher costs) in the Central region. We believe the early resolution of this deal will aid DALBHARA to focus its bandwidth on improving capacity utilization of existing assets.

Other key points:

- The cement industry is expected to grow by 7–8% in FY26 despite weak H1.
- West Bengal incentive revocation exposure stands at Rs2.5bn outstanding for 2017-19 period; the company is currently pursuing legal recourse.
- If DALBHARA secures the Jaypee cement assets, its market share in the Central region can increase to 9–10% and ramping up of capacities in Central region will be relatively easier as company has limestone reserves nearby.
- A decision on the Jaypee asset transaction is expected within the next 1–2 weeks.

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	1,46,910	1,39,800	1,60,556	1,82,441
YoY gr. (%)	8.4	(4.8)	14.8	13.6
Cost of Goods Sold	27,030	23,280	25,552	29,104
Gross Profit	1,19,880	1,16,520	1,35,003	1,53,337
Margin (%)	81.6	83.3	84.1	84.0
Employee Cost	8,710	8,850	9,425	10,038
Other Expenses	6,350	(10,150)	6,784	8,002
EBITDA	26,390	40,930	34,341	40,453
YoY gr. (%)	13.4	55.1	(16.1)	17.8
Margin (%)	18.0	29.3	21.4	22.2
Depreciation and Amortization	14,980	13,310	13,347	14,565
EBIT	11,410	27,620	20,994	25,888
Margin (%)	7.8	19.8	13.1	14.2
Net Interest	3,860	3,990	5,062	5,504
Other Income	3,150	2,530	2,455	1,803
Profit Before Tax	10,690	25,030	18,387	22,187
Margin (%)	7.3	17.9	11.5	12.2
Total Tax	2,160	1,180	3,310	5,325
Effective tax rate (%)	20.2	4.7	18.0	24.0
Profit after tax	8,530	23,850	15,077	16,862
Minority interest	270	160	150	150
Share Profit from Associate	-	-	300	300
Adjusted PAT	7,710	7,240	15,227	17,012
YoY gr. (%)	(33.2)	(6.1)	110.3	11.7
Margin (%)	5.2	5.2	9.5	9.3
Extra Ord. Income / (Exp)	(10)	(1,130)	-	-
Reported PAT	8,260	23,690	15,227	17,012
YoY gr. (%)	(20.2)	186.8	(35.7)	11.7
Margin (%)	5.6	16.9	9.5	9.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	8,530	23,850	15,377	17,162
Equity Shares O/s (m)	188	188	188	188
EPS (Rs)	41.1	38.6	81.2	90.7

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	2,65,500	2,92,830	3,20,830	3,48,830
Tangibles	2,65,500	2,92,830	3,20,830	3,48,830
Intangibles	-	-	-	-
Acc: Dep / Amortization	1,08,190	1,19,770	1,33,117	1,47,682
Tangibles	1,08,190	1,19,770	1,33,117	1,47,682
Intangibles	-	-	-	-
Net fixed assets	1,57,310	1,73,060	1,87,713	2,01,148
Tangibles	1,57,310	1,73,060	1,87,713	2,01,148
Intangibles	-	-	-	-
Capital Work In Progress	29,360	30,900	37,900	44,900
Goodwill	-	-	-	-
Non-Current Investments	7,970	9,520	9,520	9,520
Net Deferred tax assets	(17,950)	(20,360)	(21,104)	(23,333)
Other Non-Current Assets	4,290	5,490	5,490	5,490
Current Assets				
Investments	38,720	44,440	44,440	44,440
Inventories	12,180	13,860	13,196	14,995
Trade receivables	8,360	8,890	9,677	12,496
Cash & Bank Balance	5,820	1,580	6,748	13,821
Other Current Assets	6,460	7,810	7,810	7,810
Total Assets	2,77,490	3,02,260	3,29,205	3,61,330
Equity				
Equity Share Capital	380	380	380	380
Other Equity	1,63,590	1,73,360	1,86,730	2,01,680
Total Network	1,63,970	1,73,740	1,87,110	2,02,060
Non-Current Liabilities				
Long Term borrowings	48,050	57,020	67,020	77,020
Provisions	2,640	3,130	3,130	3,130
Other non current liabilities	1,390	1,540	1,540	1,540
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	13,160	15,390	15,396	17,494
Other current liabilities	29,230	29,820	32,495	35,193
Total Equity & Liabilities	2,77,490	3,02,260	3,29,205	3,61,330

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	10,690	8,170	18,387	22,187
Add. Depreciation	14,980	13,310	13,347	14,565
Add. Interest	3,860	3,990	5,062	5,504
Less Financial Other Income	3,150	2,530	2,455	1,803
Add. Other	(3,100)	(1,290)	(1,183)	(833)
Op. profit before WC changes	26,430	24,180	35,613	41,423
Net Changes-WC	460	(2,300)	2,557	179
Direct tax	(540)	(710)	(2,566)	(3,096)
Net cash from Op. activities	26,350	21,170	35,604	38,507
Capital expenditures	(21,230)	(26,260)	(35,000)	(35,000)
Interest / Dividend Income	1,340	1,360	1,483	1,133
Others	(7,610)	2,200	-	-
Net Cash from Inv. activities	(27,500)	(22,700)	(33,518)	(33,867)
Issue of share cap. / premium	30	-	-	-
Debt changes	8,400	5,940	10,000	10,000
Dividend paid	(1,690)	(1,690)	(1,856)	(2,063)
Interest paid	(4,520)	(4,640)	(5,062)	(5,504)
Others	-	-	-	-
Net cash from Fin. activities	2,220	(390)	3,082	2,433
Net change in cash	1,070	(1,920)	5,168	7,072
Free Cash Flow	(1,920)	(5,470)	604	3,507

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	36,210	30,870	31,810	40,910
YoY gr. (%)	(0.1)	(2.0)	(11.7)	(5.0)
Raw Material Expenses	6,050	4,450	5,120	7,660
Gross Profit	30,160	26,420	26,690	33,250
Margin (%)	83.3	85.6	83.9	81.3
EBITDA	6,690	4,340	5,110	7,930
YoY gr. (%)	9.7	(26.3)	(34.4)	21.3
Margin (%)	18.5	14.1	16.1	19.4
Depreciation / Depletion	3,170	3,360	3,640	3,140
EBIT	3,520	980	1,470	4,790
Margin (%)	9.7	3.2	4.6	11.7
Net Interest	950	980	1,010	1,050
Other Income	500	730	370	930
Profit before Tax	1,940	730	830	4,670
Margin (%)	5.4	2.4	2.6	11.4
Total Tax	490	240	170	280
Effective tax rate (%)	25.3	32.9	20.5	6.0
Profit after Tax	1,450	490	660	4,390
Minority interest	40	30	50	40
Share Profit from Associates	-	-	-	-
Adjusted PAT	2,255	460	610	4,350
YoY gr. (%)	73.4	(61.3)	(76.8)	38.1
Margin (%)	6.2	1.5	1.9	10.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,410	460	610	4,350
YoY gr. (%)	8.5	(61.3)	(76.8)	38.1
Margin (%)	3.9	1.5	1.9	10.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,410	460	610	4,350
Avg. Shares O/s (m)	188	188	188	188
EPS (Rs)	12.0	2.5	3.3	23.2

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	41.1	38.6	81.2	90.7
CEPS	121.0	109.6	152.4	168.4
BVPS	874.4	926.5	997.8	1,077.5
FCF	(10.2)	(29.2)	3.2	18.7
DPS	9.0	9.0	9.9	11.0
Return Ratio(%)				
RoCE	5.6	12.5	8.7	9.7
ROIC	5.7	15.0	9.0	9.4
RoE	4.8	4.3	8.4	8.7
Balance Sheet				
Net Debt : Equity (x)	0.0	0.1	0.1	0.1
Net Working Capital (Days)	18	19	17	20
Valuation(x)				
PER	51.1	54.4	25.9	23.1
P/B	2.4	2.3	2.1	1.9
P/CEPS	17.4	19.2	13.8	12.5
EV/EBITDA	15.1	9.9	11.9	10.2
EV/Sales	2.7	2.9	2.6	2.3
Dividend Yield (%)	0.4	0.4	0.5	0.5

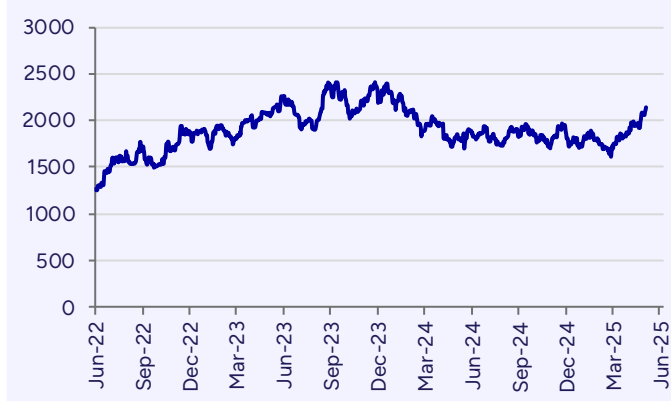
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Cement Volumes (mt)	29	29	32	35
Cement Realisations (Rs/t)	4,970	4,612	4,842	4,963
Cement EBITDA (Rs/t)	916	819	1,083	1,140

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	25-Apr-25	Accumulate	2,117	1,974
2	07-Apr-25	Accumulate	2,003	1,845
3	22-Jan-25	Accumulate	1,988	1,799
4	08-Jan-25	Accumulate	2,017	1,800
5	21-Oct-24	Accumulate	2,073	1,831
6	07-Oct-24	Accumulate	2,076	1,929
7	20-Jul-24	Accumulate	2,067	1,817
8	07-Jul-24	Accumulate	2,045	1,860

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,383	1,938
2	Ambuja Cement	BUY	658	545
3	Dalmia Bharat	Accumulate	2,117	1,974
4	Hindalco Industries	Accumulate	724	663
5	Jindal Stainless	BUY	678	580
6	Jindal Steel & Power	Accumulate	978	893
7	JSW Steel	Accumulate	1,068	1,009
8	National Aluminium Co.	BUY	212	185
9	NMDC	Accumulate	75	71
10	Nuvoco Vistas Corporation	Accumulate	374	343
11	Shree Cement	Reduce	28,336	30,788
12	Steel Authority of India	Hold	133	130
13	Tata Steel	BUY	176	149
14	Ultratech Cement	BUY	13,668	12,114

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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