RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 2,110 | ⮝ 10%

DALMIA BHARAT | Cement | 29 April 2026

Steady quarterly show; valuations reasonable upgrade to HOLD

- **Listless volume (2.3% YoY) and realisations gains (1.4% YoY) keep revenue gains muted at 4%; price hike in April to pass on cost inflation**
- **Cost rationalisation helps EBITDA growth of 13.7% despite a modest top line; Rs125-150/t cost pressure in Q1FY27 expected**
- **Retain EBITDA for FY27/FY28; value DALBHARA at 12x EV/EBITDA. We upgrade DALBHARA to HOLD; TP revised to Rs 2,110 (Rs2,064)**

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Volume growth subdued; realisation remain range-bound: DALBHARA reported a modest 2.3% YoY volume growth to 8.8mnt in Q4FY26, despite strong demand in the areas of operations, particularly the East. Trade share stayed stable at 67% while premium product mix held steady at 24%. Realisations were nearly flattish (1.4% YoY), resulting in muted revenue growth of 3.8% YoY as pricing was range-bound, though management has highlighted price hikes in April across markets.

Cost rationalisation rescues: Overall operating cost fell ~1% YoY to Rs 3,799/t. Inventory adjusted RM cost was flat (-0.2% YoY). Energy cost was flat at Rs902/t despite higher blended fuel cost (Rs 1.36/kcal vs Rs 1.30/kcal), helped by RE share improving to 47% (vs 39% YoY). Freight cost stayed stable (-0.6% YoY) aided by direct dispatch share of 65% (vs 61% YoY), offsetting higher lead distance (281 km vs 277 km YoY). Other expenditure rose ~7% YoY mainly due to packaging costs.

EBITDA growth on efficiency gains: Effective cost control supported EBITDA gain 13.7% YoY to ~Rs 9bn. EBITDA margin expanded by 186bps YoY, and EBITDA/t jumped by 11.5% YoY to Rs 998. However, APAT fell 8.5% YoY due to lower other income. DALBHARA target cost savings of Rs50-100/t in medium term.

Expansion pipeline: Civil work at Belgaum is complete (expected commissioning ahead of schedule). All major orders have been placed for Kadapa and Pune. The company remains focused on reaching the 75 mnt capacity milestone by FY28, with further announcements expected in the next couple of quarters.

Maintain earnings with unchanged 12x multiple; upgrade to HOLD: We retain our FY27/FY28 EBITDA estimates, factoring DALBHARA's mixed choice of realisation chase and market share. We introduce FY29E estimates and our FY26-FY29 Revenue/EBITDA/PAT CAGR is penned at 11%10%/12%. We continue to assign the stock an EV/EBITDA of 12x 1YF, given the growth trajectory and steady balance sheet; and revise TP to Rs 2,110 (from Rs2,064) on rollover. This reflects a replacement cost (implied) of Rs 8.5bn. We upgrade the stock to HOLD from SELL, considering the more reasonable valuations though stock specific concerns remain.

Key changes

Target	Rating
▲	▲

Ticker/Price	DALBHARA IN/Rs 1,919
Market cap	US$ 3.8bn
Free float	44%
3M ADV	US$ 5.1mn
52wk high/low	Rs 2,496/Rs 1,717
Promoter/FPI/DII	56%/12%/8%

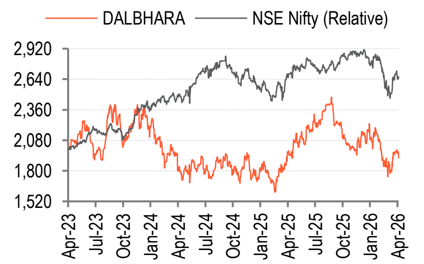
Source: NSE | Price as of 28 Apr 2026

Key financials

Y/E 31 Mar	FY25A	FY26P	FY27E
Total revenue (Rs mn)	1,39,800	1,48,040	1,72,408
EBITDA (Rs mn)	24,070	30,830	32,963
Adj. net profit (Rs mn)	8,120	11,597	12,826
Adj. EPS (Rs)	42.7	61.0	67.5
Consensus EPS (Rs)	42.7	61.0	70.5
Adj. ROAE (%)	4.6	6.5	7.1
Adj. P/E (x)	44.9	31.4	28.4
EV/EBITDA (x)	15.2	12.6	12.0
Adj. EPS growth (%)	(4.9)	42.8	10.6

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance



Source: NSE

Fig 1 – Earnings Call Highlights

Parameters	Q4FY26	Q3FY26	Our view
Volumes and realisations	Sales volume grew 2.3% YoY to 8.8mnt; due to unit shutdown that impacted strong demand market sales in East India during March, resulting in loss of ~0.15mt clinker and ~0.30mt cement volumes. Trade share remained stable at 67%, while premium product contribution held steady at 24%, with management reiterating stronger premiumisation focus in FY27, supported by the launch of new premium product "Weather 365." Realisations improved with pricing up ~1.7% QoQ (adjusting for one-off incentive accrual of Rs460mn in Q3). April price hikes across key markets have been able to offset rising cost pressures. Management expects volume growth to outperform the industry in FY27.	Sales volume rose 9.5% YoY to 7.3mt, aided by the last leg of demand revival and stronger dealer engagement, particularly in the eastern and southern regions. Trade contribution remained lower at 62% vs 66% YoY, while the premium portfolio share declined marginally to 23% vs 24% YoY. Cement prices softened beyond the GST rate cut in East and South regions, leading to a 4% QoQ NSR drop. However, prices improved marginally YoY, with Q4 starting on a positive note.	Untimely shutdowns reflect poor unit maintenance activity by management. The volume loss was in the most active quarter leading to market share dent for the company. Focus on margin continues for DALBHARA.
Margins	Raw material cost declined despite Tamil Nadu mineral tax levy of Rs160/ton, supported by better blending ratio of 83%. Power & fuel cost reduction was aided by fuel mix optimisation and higher RE share at 47% vs 39% YoY. Logistics cost savings were driven by increase in direct dispatch share to 65% vs 61% YoY. Other expenses were impacted mainly due to higher packaging costs. Management expects near-term cost headwind of Rs125–150/t in Q1FY27, largely led by packaging (Rs80–90/t), with the balance from logistics and power & fuel.	Raw material costs went up ~2% YoY due to mineral levies driven by Tamil Nadu mineral tax imposition. Power & fuel costs remained largely stable, aided by stable RE share (48% of power mix. 23MW RE capacity was commissioned taking the operational capacity to 410MW. Blended fuel cost stood at Rs 1.36/kcal vs Rs 1.31/kcal. Management plans to increase the usage of domestic fuel to offset the impact of pet-coke inflation. Logistics cost declined ~6% YoY, with direct dispatch at 62% vs 56% YoY however lead distance inched up to 277 km vs 269km YoY. Other expenses rose 11% YoY due to dealer conferences and sponsorships. The incremental brand building cost was in the Rs 200-230mn range. Management reiterated staying on path to achieve savings of ~Rs 150-200/t.	Reversal of pet coke prices a key cost headwind. However, focus on renewable power could provide further respite in cost savings. This, along with a presence in over supply regions, will keep pricing pressure ahead of the industry.
Capacity	Belgaum project civil work is complete and plant & machinery work has commenced, with commissioning expected slightly ahead of schedule. Kadapa ordering for all key equipment is complete, though minor delays in Q4 may push commissioning to Q2–Q3 FY28. Pune grinding unit and Chennai bulk terminal are progressing satisfactorily. Management reiterated confidence in reaching ~75mt capacity by FY28	Commenced commercial production from 3.6mt clinker line at Umrangso, Assam (fully backing 8mt cement in Northeast). Ongoing projects at Belgaum, Pune and Kadapa remain on schedule taking total capacity to 61.5mt. Work on the Jaisalmer project development is ongoing and decision is likely to be taken in the next few months.	Capacity expansion planned and current announced have gaps. Any announcement in Central India capacity expansion to replace the lost JAL opportunity, will help the company in long term. Prudent capex will only help improve further efficiencies and as also maintain the balance sheet.
Capex	Cash outflow for expansion projects over the last two years stood at ~Rs32bn. FY27 expansion-led cash outflow is expected at ~Rs22bn, while total FY27 capex guidance stands at Rs32–34bn. Management indicated	Capex spends stood at ~Rs 5.1bn, taking FY26 YTD capex to Rs 17.0bn. Full-year FY26 capex is now estimated at ~Rs 27bn.	Capex for organic and inorganic capacity addition will be watched keenly as capex addition will be with stress on the balance sheet. We will

Parameters	Q4FY26	Q3FY26	Our view
	further capex announcements are likely as part of the 75mt roadmap. Capex will continue to be funded while maintaining balance sheet discipline.	Majority capex will be incurred for Umrangsoo, Belgaum, Pune and Kadapa. FY27 and 28 capex should be ~Rs 40bn each	also watch the capital allocation.
Other key points	Net debt currently at Rs14.3bn with Net Debt/EBITDA at just 0.46x, well below the internal threshold of 2x. Incentive approvals during Q4 were Rs450mn, while collections were weak at just Rs140mn on election-related delays, increasing total outstanding incentives to Rs8.4bn. FY27 incentive accrual likely at ~Rs2bn. Renewable capacity addition remained strong with 180MW added during FY26 and another 128MW to be commissioned soon, taking total RE capacity to 576MW. In the ED land attachment case, alleged proceeds of crime reduced sharply from Rs7.9bn to Rs930mn (90% reduction), and land parcels were released against equivalent bank guarantee.	Net debt/EBITDA was at 0.60x as of Q3FY26-end while Net debt stood at Rs 17.0bn. **Incentives:** Q3FY26 accrual was Rs 910mn (incl. prior year Rs 370mn and H1 Rs 90mn), during Q3FY26 receipts were Rs 1.21bn; total outstanding has reduced to Rs 7.26bn. FY26 onwards incentive run-rate is expected ~Rs 200 Cr. Other expenses include gratuity/employee benefits provision of Rs 320mn as exceptional item due to new labor codes.	DALBHARA must maintain balance sheet health with its expansion needs, which is unlikely given the major capex. ED provisional attachment is a key negative in our view and will have a bearing on the valuations.

Source: Company, BOBCAPS Research

Fig 2 – Key metrics

	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Deviation (%)
Volumes (mn mt)	8.8	8.6	2.3	7.3	20.5	8.3	6.6
Cement realisations (Rs/t)	4,824	4,757	1.4	4,803	0.4	4,873	(1.0)
Operating costs (Rs/t)	3,799	3,835	(0.9)	3,978	(4.5)	3,969	(4.3)
EBITDA/t (Rs)	998	895	11.5	798	25.1	877	13.8

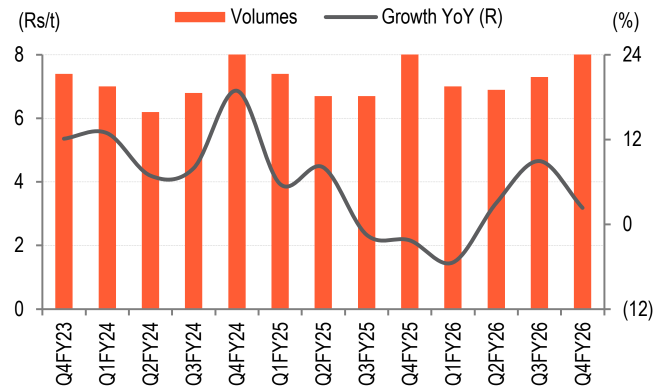
Source: Company, BOBCAPS Research

Fig 3 – Quarterly performance

(Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Deviation (%)
Net Sales	**42,450**	**40,910**	**3.8**	**35,060**	**21.1**	**40,229**	**5.5**
Expenditure							
Change in stock	1,470	1,420	3.5	100	1,370.0	471	
Raw material	6,350	6,240	1.8	5,740	10.6	6,687	(5.0)
purchased products	0	0		0		0	
Power & fuel	7,940	7,730	2.7	7,440	6.7	8,264	(3.9)
Freight	9,380	9,720	(3.5)	7,730	21.3	8,842	6.1
Employee costs	2,170	2,150	0.9	2,240	(3.1)	2,250	(3.6)
Other exp	6,120	5,720	7.0	5,790	5.7	6,253	(2.1)
Total Operating Expenses	33,430	32,980	1.4	29,040	15.1	32,768	2.0
EBITDA	**9,020**	**7,930**	**13.7**	**6,020**	**49.8**	**7,461**	**20.9**
EBITDA margin (%)	21.2	19.4	186bps	17.2	408bps	18.5	270bps
Other Income	450	930	(51.6)	620	(27.4)	590	(23.7)
Interest	1,320	1,050	25.7	1,180	11.9	1,212	8.9
Depreciation	3,650	3,140	16.2	3,400	7.4	3,430	6.4
PBT	4,500	4,670	(3.6)	2,060	118.4	3,409	32.0
Non-recurring items	100	0	0.0	320	0	0	
PBT (after non-recurring items)	4,400	4,670	(5.8)	1,740	152.9	3,409	29.1
Tax	450	280	60.7	460	(2.2)	784	(42.6)
Reported PAT	3,950	4,390	(10.0)	1,280	208.6	2,625	50.5
Adjusted PAT	**3,980**	**4,350**	**(8.5)**	**1,579**	**152.1**	**2,584**	**54.0**
NPM (%)	9.4	10.6	(126bps)	4.5	487bps	6.4	295bps
Adjusted EPS (Rs)	**21.5**	**23.5**	**(8.5)**	**8.5**	**152.1**	**14.0**	**54**

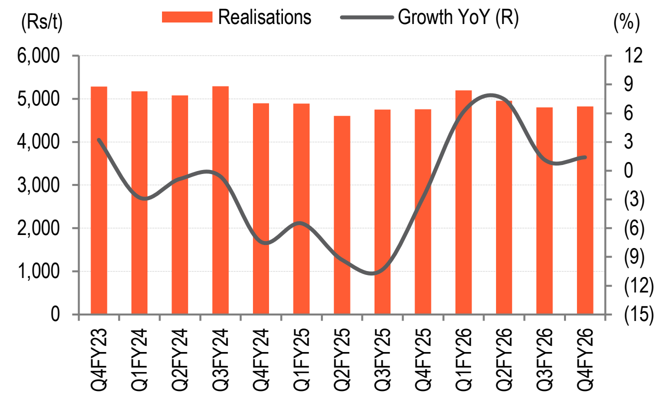
Source: Company, BOBCAPS Research

Fig 4 – Volume offtake remains muted, despite the rebranding and channel engagement



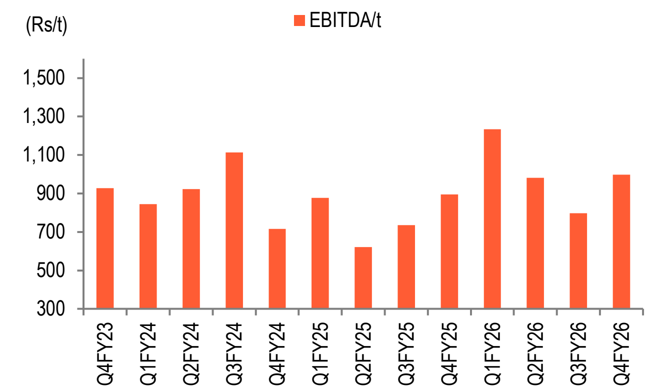
Source: Company, BOBCAPS Research

Fig 5 – Successful absorption of price hikes will aid realisations



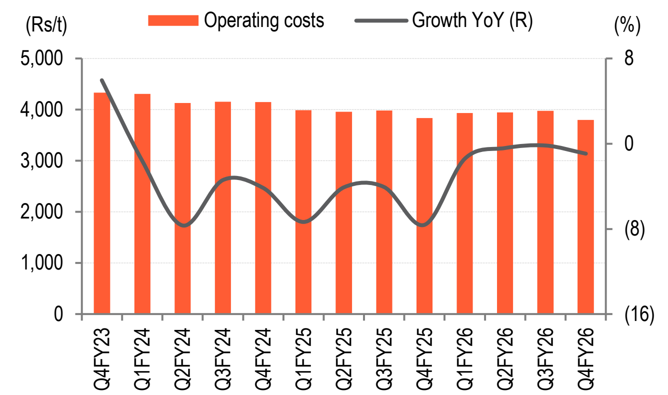
Source: Company, BOBCAPS Research

Fig 6 – EBITDA/t shows improvement as efficiency keeps the cost under control



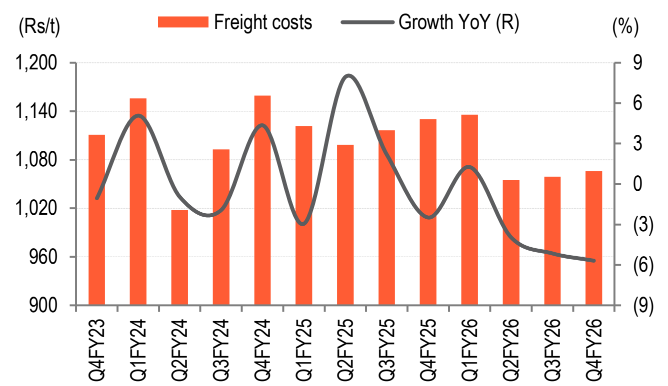
Source: Company, BOBCAPS Research

Fig 7 – Near-term volatility expected to exacerbate costs



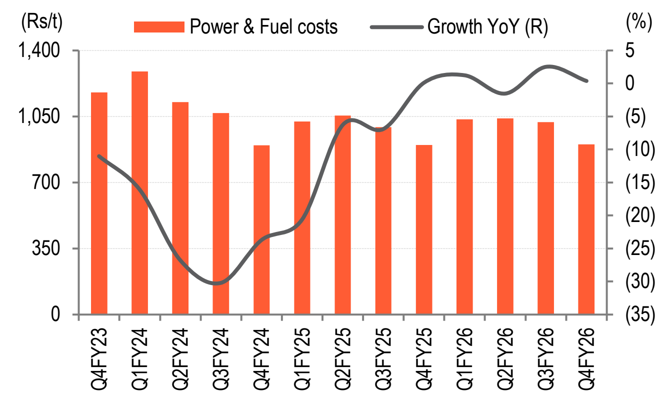
Source: Company, BOBCAPS Research

Fig 8 – Focus on logistics efficiency through direct dispatches aid offsetting the rising fuel cost



Source: Company, BOBCAPS Research

Fig 9 – RE capacity scale commendable



Source: Company, BOBCAPS Research

Valuation Methodology

DALBHARA has been altering its stance on market share and realisation chase, which may lead to a loss of markets in certain regions. We maintain our earlier stance that DALBHARA's drive to add market share through expansion will receive a setback with limited alternatives for the Jaiprakash Associates (JAL) assets in Central India.

We believe that this, coupled with a focus on capacity expansion from FY26-FY27 for the first leg of major capacity addition, may put pressure on the balance sheet in the medium term; as is reflected with the addition of net debt. Capacity addition in the Northeast India will contribute fully in FY27. DALBHARA is unlikely to disturb pricing in the region, as the capacity will match demand. While cost-saving plans are in place, we feel will help DALBHARA improve/steady earnings.

Most active regions for DALBHARA are in the East and South; vulnerable on account of supply glut. Given the changed dynamics with two major cement groups acquiring mid-/large-size companies, supply pressure is likely to get intensified.

We maintain our FY27/FY28 EBITDA estimates, factoring in DALBHARA's mixed choice of realisation chase and market share. We introduce FY29 earnings estimates and our FY26-FY29 Revenue/EBITDA/PAT CAGR is penned at 11%10%/12%. We continue to assign the stock an EV/EBITDA of 12x 1YF, given the growth trajectory and steady balance sheet; and revise TP to Rs 2,110 (from Rs2,064) on rollover. This reflects a replacement cost (implied) of Rs 8.5bn. We upgrade the stock to HOLD from SELL, considering the more reasonable valuations, though stock-specific concerns remain.

Lack of substitute to JAL assets, debt reversal and concerns on AP land deal are key risks.

Fig 10 – Key assumptions

	FY26P	FY27E	FY28E	FY29E
Volumes (mt)	30.1	33.4	35.4	37.6
Realisations (Rs/t)	4,980	5,029	5,055	5,199
Operating costs (Rs/t)	3,892	4,171	4,144	4,257
EBITDA/t (Rs/t)	1024	986	1043	1079

Source: Company, BOBCAPS Research

Fig 11 – Valuation summary

Business (Rs mn)	March 2028 earnings
Target March 2028 EV/EBITDA (x)	12.00
EBITDA	36,973
Target EV	**4,25,564**
Total EV	**4,25,564**
Net debt (Mar 2028)	(35,259)
Target market capitalisation	3,90,305
Target price (Rs/sh)	**2,110**
Weighted average shares (mn)	185

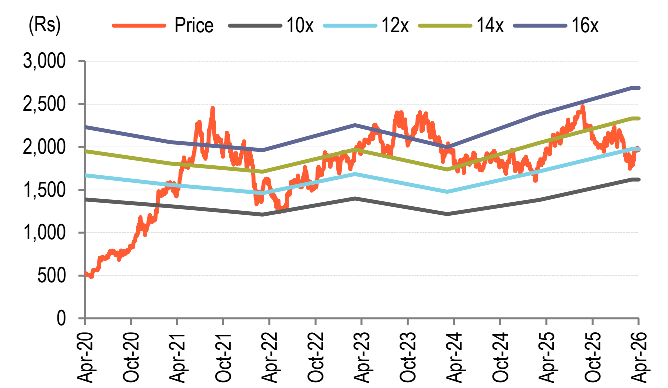
Source: BOBCAPS Research | Valuation and TP based on Dec 2027 earnings

Fig 12 – Peer comparison

Ticker	Rating	TP (Rs)	EV/EBITDA (x) FY26E	EV/EBITDA (x) FY27E	EV/EBITDA (x) FY28E	EV/tonne (US$) FY26E	EV/tonne (US$) FY27E	EV/tonne (US$) FY28E	ROE (%) FY26E	ROE (%) FY27E	ROE (%) FY28E	ROCE (%) FY26E	ROCE (%) FY27E	ROCE (%) FY28E
DALBHARA IN	HOLD	2,110	12.6	12.0	10.5	112.0	107.0	91.0	6.5	7.1	7.6	7.3	7.7	8.1
SRCM IN	HOLD	28,719	19.7	16.2	14	140.0	122.0	120.0	8.9	9.9	10.1	11.8	13.9	14.6
ACC IN	BUY	2,136	12.9	11.5	10.8	87	92	86	10.4	11.2	11.5	12.2	13.6	13.9

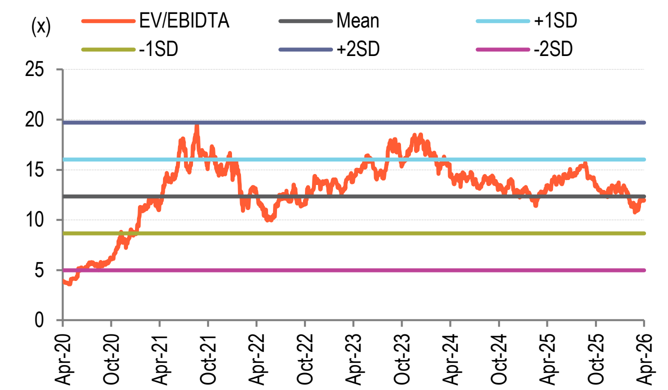
Source: Company, BOBCAPS Research

Fig 13 – EV/EBITDA band: Valuations reasonable prompts rating upgrade



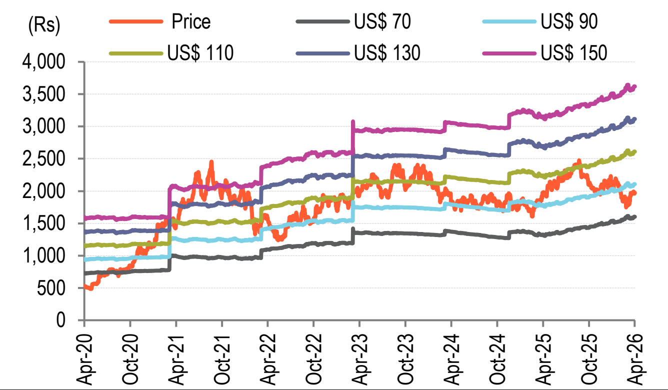
Source: Company, Bloomberg, BOBCAPS Research

Fig 14 – EV/EBITDA 1YF: Valuations has converged to medium-term mean



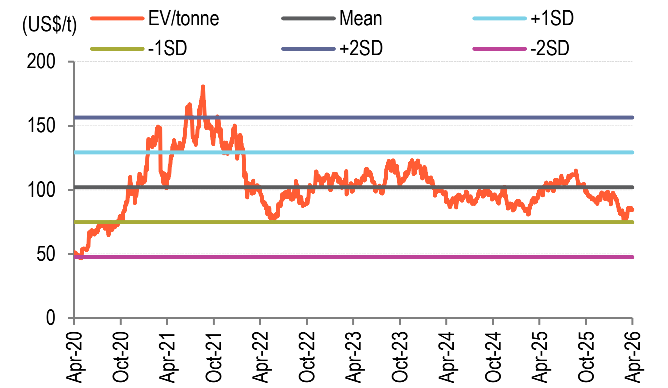
Source: Company, Bloomberg, BOBCAPS Research

Fig 15 – EV/tonne: Replacement cost reflects performance



Source: Company, Bloomberg, BOBCAPS Research

Fig 16 – EV/tonne 1YF: Valuations unlikely to rebound hastily



Source: Company, Bloomberg, BOBCAPS Research

Key Risks

Key upside risks to our estimates:

- Faster-than-expected fuel cost inflation
- Lower addition of capacity in remunerative regions like Central India
- Faster-than-expected market recovery and strong demand pickup could reverse prices higher, leading to better earnings

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26P	FY27E	FY28E	FY29E
Total revenue	**1,39,800**	**1,48,040**	**1,72,408**	**1,83,814**	**2,00,437**
EBITDA	24,070	30,830	32,963	36,973	40,519
Depreciation	(13,310)	(13,490)	(14,603)	(16,063)	(17,670)
EBIT	13,290	19,560	21,703	24,353	26,534
Net interest inc./(exp.)	(3,990)	(4,800)	(4,979)	(5,328)	(6,127)
Other inc./(exp.)	2,530	2,220	3,343	3,443	3,684
Exceptional items	(1,130)	(260)	0	0	0
EBT	8,170	14,500	16,724	19,026	20,407
Income taxes	(1,180)	(2,920)	(3,455)	(3,915)	(4,191)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	(243)	(443)	(456)	(456)
Reported net profit	**6,990**	**11,337**	**12,826**	**14,654**	**15,759**
Adjustments	(1,130)	(260)	0	0	0
Adjusted net profit	**8,120**	**11,597**	**12,826**	**14,654**	**15,759**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26P	FY27E	FY28E	FY29E
Accounts payables	23,220	23,816	26,551	27,231	28,722
Other current liabilities	16,770	27,064	20,048	19,078	18,155
Provisions	4,280	4,570	5,179	5,697	6,266
Debt funds	61,571	74,070	74,667	84,960	92,498
Other liabilities	18,550	20,930	22,420	23,350	24,318
Equity capital	380	380	380	380	380
Reserves & surplus	1,75,880	1,80,850	1,91,541	2,03,876	2,17,315
Shareholders' fund	1,77,520	1,82,432	1,92,766	2,05,101	2,18,540
Total liab. and equities	**3,01,911**	**3,32,882**	**3,41,630**	**3,65,417**	**3,88,501**
Cash and cash eq.	46,020	21,572	44,693	49,701	62,405
Accounts receivables	8,890	8,640	10,274	11,166	12,398
Inventories	13,860	11,920	13,689	14,381	15,447
Other current assets	27,170	30,440	32,187	34,633	37,284
Investments	6,730	39,320	8,903	10,403	10,553
Net fixed assets	1,20,680	1,19,827	1,18,974	1,18,121	1,16,268
CWIP	24,970	45,348	54,417	65,301	68,566
Intangible assets	53,590	55,815	58,492	61,711	65,580
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	**3,01,910**	**3,32,882**	**3,41,630**	**3,65,417**	**3,88,501**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26P	FY27E	FY28E	FY29E
Cash flow from operations	**18,646**	**34,793**	**16,668**	**22,974**	**24,105**
Capital expenditures	(32,721)	(32,483)	(21,627)	(23,982)	(16,014)
Change in investments	(6,550)	(7,590)	19,917	(11,000)	(650)
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(39,271)**	**(40,073)**	**(1,710)**	**(34,982)**	**(16,664)**
Equities issued/Others	245	(301)	(800)	(456)	(456)
Debt raised/repaid	11,961	12,500	597	10,294	7,538
Interest expenses	0	0	0	0	0
Dividends paid	(1,665)	(1,850)	(2,035)	(2,220)	(2,220)
Other financing cash flows	5,845	(4,516)	(100)	(100)	(100)
Cash flow from financing	**16,386**	**5,833**	**(2,338)**	**7,518**	**4,762**
Chg in cash & cash eq.	**(4,240)**	**552**	**12,621**	**(4,491)**	**12,203**
Closing cash & cash eq.	**46,021**	**21,572**	**44,693**	**49,701**	**62,405**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26P	FY27E	FY28E	FY29E
Reported EPS	36.8	59.7	67.5	77.1	82.9
Adjusted EPS	42.7	61.0	67.5	77.1	82.9
Dividend per share	8.8	9.7	10.7	11.7	11.7
Book value per share	934.3	960.2	1,014.6	1,079.5	1,150.2

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26P	FY27E	FY28E	FY29E
EV/Sales	2.6	2.6	2.3	2.1	1.9
EV/EBITDA	15.2	12.6	12.0	10.5	9.6
Adjusted P/E	44.9	31.4	28.4	24.9	23.1
P/BV	2.1	2.0	1.9	1.8	1.7

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26P	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	85.6	79.9	79.3	79.4	79.5
Interest burden (PBT/EBIT)	70.0	75.5	77.1	78.1	76.9
EBIT margin (EBIT/Revenue)	9.5	13.2	12.6	13.2	13.2
Asset turnover (Rev./Avg TA)	48.3	46.6	51.1	52.0	53.2
Leverage (Avg TA/Avg Equity)	1.7	1.8	1.8	1.8	1.8
Adjusted ROAE	4.6	6.5	7.1	7.6	7.7

Ratio Analysis

Y/E 31 Mar	FY25A	FY26P	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(4.8)	5.9	16.5	6.6	9.0
EBITDA	(8.8)	28.1	6.9	12.2	9.6
Adjusted EPS	(4.9)	42.8	10.6	14.3	7.5
Profitability & Return ratios (%)					
EBITDA margin	17.2	20.8	19.1	20.1	20.2
EBIT margin	9.5	13.2	12.6	13.2	13.2
Adjusted profit margin	5.8	7.8	7.4	8.0	7.9
Adjusted ROAE	4.6	6.5	7.1	7.6	7.7
ROCE	5.4	7.3	7.7	8.1	8.2
Working capital days (days)					
Receivables	23	21	22	22	23
Inventory	36	29	29	29	28
Payables	73	74	69	68	66
Ratios (x)					
Gross asset turnover	0.5	0.5	0.6	0.6	0.6
Current ratio	2.2	1.3	1.9	2.1	2.4
Net interest coverage ratio	3.3	4.1	4.4	4.6	4.3
Adjusted debt/equity	0.3	0.4	0.4	0.4	0.4

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%

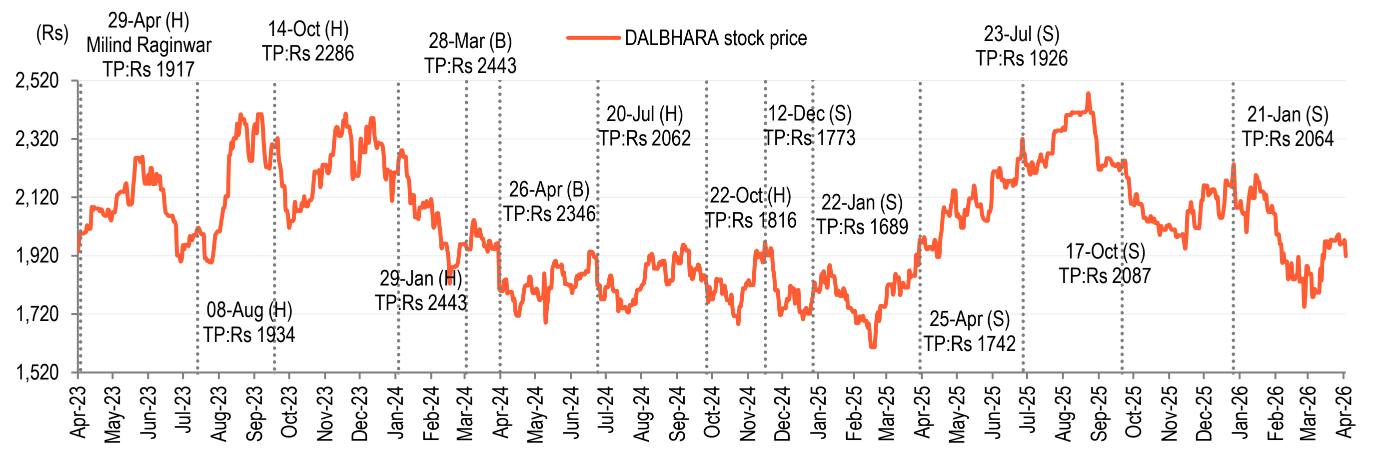
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): DALMIA BHARAT (DALBHARA IN)



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