MIRAE ASSET Sharekhan

Dalmia Bharat Ltd

Cost Discipline and Capacity Expansion Remain Intact

Reco/View: **BUY**	CMP: **Rs. 2,229**	Price Target: **Rs. 2,550**

Dalmia Bharat

STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Cement

COMPANY DETAILS	
Market cap:	Rs. 41,802 cr
52-week high/low:	Rs. 2,496/1,602
NSE volume: (No of shares)	3.5 lakh
BSE code:	542216
NSE code:	DALBHARAT
Free float: (No of shares)	8.3 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)	
Promoters	55.8
FII	7.9
DII	19.0
Others	17.3

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	10.7	4.4	-1.6	23.9
Relative to Sensex	14.9	7.5	-0.6	16.7

Source: Mirae Asset Sharekhan Research, Bloomberg

Quick Snapshot

- Consolidated revenue reached Rs. 3,506 crore (+10.2% y-o-y), with EBITDA at Rs. 602 crore (+17.8% y-o-y), led by 9% volume growth (7.3 mt).
- Company commissioned a 3.6 mtpa clinker line in Assam, enhancing regional self-sufficiency; expansion projects in Belgaum, Pune, and Kadapa remain on track.
- Management maintains a Rs. 150–200/tonne cost-reduction roadmap.
- We retain a Buy rating with a PT of Rs. 2,550, the stock trades at 14.4x/12.8x/11.6x FY26E/FY27E/FY28E EV/EBITDA, backed by high cost visibility and a strong balance sheet.

Result overview

- Realisations/tonne improved 1.2% y-o-y to Rs. 4,803, while cost/tonne stood at Rs. 3,978, largely flat y-o-y. EBITDA/tonne increased 8.1% y-o-y to Rs. 825.
- Consolidated revenue was 1.9% above our estimates, while EBITDA was 1.2% ahead of expectations. Volumes at 7.3 mt were 2.3% above our forecast.
- Management indicated that industry demand grew ~7–8% y-o-y in Q3 and expects FY26 industry growth of ~6%.
- Management highlighted that Q3 witnessed price softening beyond the GST pass-through, particularly in the East and South regions. However, early signs of improvement are visible in Q4 and the management remains constructively optimistic on pricing over the medium to long term.
- Management stated that East India remains one of the lowest per capita cement consumption regions, offering significant headroom for growth, especially with continued government-led infrastructure spending.
- Q3 capex stood at Rs. 513 crore and 9 months stand at 1,703 crore, expect to spend Rs. 27 crore by FY26. Looking ahead, FY27 capex is guided at ~Rs. 4,000 crore, with a similar run-rate expected in FY28, as the company advances towards its 75 mtpa capacity target by FY28.

Our Call

Dalmia Bharat's Rs. 150–200/tonne cost reduction roadmap over the next two years remains on track, driven by higher renewable energy usage, logistics optimisation, and operational efficiencies across plants and markets. At CMP, the stock trades at 14.4x/12.8x/11.6x FY26E/FY27E/FY28E EV/EBITDA, which we find reasonable given improving cost visibility, capacity ramp-up, and conservative leverage (net debt/EBITDA at 0.6x). We retain our Buy rating with a price target of Rs. 2,550.

Key Risks

1) Pressure on cement demand and prices in the East, Northeast, and South India can affect financial performance. 2) Macroeconomic challenges leading to lower government spending on infrastructure and housing sectors can also affect the company's performance.

Valuation Rs cr

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	14,691.0	13,980.0	14,834.4	16,540.0	17,909.2
OPM (%)	18.0	17.2	20.4	21.0	21.6
Adjusted PAT	826.0	683.0	1,105.0	1,224.7	1,294.4
y-o-y growth (%)	NA	-17.3	61.8	10.8	5.7
Adjusted EPS (Rs.)	43.5	35.9	58.2	64.5	68.1
P/E (x)	51.3	62.0	38.3	34.6	32.7
P/B (x)	2.6	2.4	2.3	2.2	2.1
EV/EBITDA (x)	15.9	17.6	14.4	12.8	11.6
RoNW (%)	5.2	4.0	6.2	6.5	6.6
RoCE (%)	6.4	5.7	6.3	6.6	6.7

Source: Company; Mirae Asset Sharekhan estimates

Note: CMP as on Jan 21, 2026

Concall highlights

Capacity additions

- Commercial production began at the 3.6 mtpa Umrangso clinker line, making Dalmia fully clinker-backed for ~8 mtpa cement capacity in the Northeast
- Belgaum, Pune, and Kadapa projects progressing well; will help company reach a 61.5 mtpa capacity.
- Company eyes a capacity of ~75 mtpa by FY28 and ~110 mtpa by FY31

Product and Channel mix

- Trade share is at 62%, that of premium products is at 23%, blended share at ~80%
- Renewable energy share is at 48%; while petcoke & coal cost is at ~$99/tonne, blended fuel cost is at Rs.1.36/kcal. Lead distance reduced to 277 km (vs. 287 km in Q2FY26).
- Renewable energy capacity increased by 23 MW in Q3, taking total to 410 MW; target 448 MW by FY26.
- An about Rs. 50/tonne cost savings achieved so far out of the Rs. 150–200/tonne target.
- Management expects industry-wide, all-India capacity utilisation to hover around ~70%, with capacity growth of 5-6% CAGR and demand growth of ~7–8% CAGR. As a result, structural overcapacity is likely to persist, leading to periodic pricing volatility, though consolidation and rising entry barriers should support pricing over the medium term.

Results Table Rs cr

Particulars	Q3FY26	Q3FY25	y-o-y	Q2FY26	QoQ
Net Sales	**3506**	**3181**	**10.2**	**3417**	**2.6**
Total Expenditure	2904	2670	8.8	2721	6.7
Operating profits	**602**	**511**	**17.8**	**696**	**-13.5**
Other Income	62	37	67.6	66	-6.1
EBIDTA	664	548	21.2	762	-12.9
Interest	118	101	16.8	122	-3.3
PBDT	**546**	**447**	**22.1**	**640**	**-14.7**
Depreciation	340	364	-6.6	322	5.6
PBT	206	83	148.2	318	-35.2
Tax	46	17	170.6	79	-41.8
Extraordinary items	32	0	NA	0	NA
Minority Interest	6	5	20.0	3	100.0
Reported Profit After Tax	122	61	100.0	236	-48.3
Adjusted PAT	**154**	**61**	**152.5**	**236**	**-34.7**
EPS	8	3	152.5	13	-34.7
OPMs	17.2	16.1	111	20.4	-320
PAT	4.4	1.9	247	6.9	-251
Tax rate	22.3	20.5	185	24.8	-251

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Keshav Power Pvt Ltd	36.42
2	Sita Investment Co Ltd	7.40
3	Kotak Mahindra AMC	6.09
4	Rama Investment CoPvt Ltd	4.83
5	Mirae Asset Financial Group	2.93
6	Life Insurance Corp Of India	2.83
7	SBI Funds Management Ltd	2.79
8	Dalmia Bharat Sugar & Inudstrie td	1.70
9	Dalmia Bharat Refractories Ltd	1.70
10	Dharti Commercial Trading Pvt Ltd	1.68

Source: Bloomberg

Key management personnel

Name	Designation
Puneet Dalmia	CEO and MD
Dharmender Tuteja	CFO
Rajiv Bansal	President

Source: Company Website

SOMIL RAMESH MEHTA

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