

Dalmia Bharat

Volume firms up but weak pricing drags margin

We maintain BUY on Dalmia Bharat with an unchanged TP of INR 2,470/sh (12x its Mar-28E consolidated EBITDA). In Q3FY26, Dalmia's volume firmed up 10% YoY, ahead of industry growth. However, adjusted margin fell to INR 790/MT (down INR 222/MT QoQ) on weak pricing. Slight moderation in fuel cost, high 48% green power share and lower lead distance cushioned the impact. Dalmia commissioned the 3.6mnMT clinker unit in Assam in Jan-26 and guided that its other 12mn MT expansions in the south and Maharashtra (by H1Y28E) are on track. It also reiterated that it will add another ~12~13mn MT by FY28E-end. We expect these additional capacities to be pushed beyond FY28E.

- Q3FY26 performance:** Dalmia's sales volume rose 10% YoY, ahead of the industry. The share of trade sales stood at 62% vs 62/66% QoQ/YoY. While reported NSR fell 3.6% QoQ, adjusted for prior period incentives (INR 61/MT), it fell 5% QoQ, on weak pricing and volume push. Unit opex stood flattish. Fuel cost declined to 1.36/mnCal vs 1.38/1.31 QoQ/YoY. Green power share stood at 48% vs 48/33% QoQ/YoY. Lead distance stood at 277km vs 287/267km QoQ/YoY. Subsequently, it reported unit EBITDA fell INR 191/MT QoQ to INR 822/MT. Adjusted for prior period incentives of INR 61/MT and one-off higher marketing expenses of INR 30/MT, unit EBITDA stood at INR 790/MT.
- Con call KTAs and outlook:** Dalmia mentioned cement prices have improved slightly in Jan. Incentive accrual run rate has come off to ~INR 60/MT Q3FY26 onwards and it will continue in FY27E. Dalmia lowered its FY26E capex guidance to INR 27-30bn vs earlier guidance of INR 40bn (mainly due to extended credit from equipment suppliers). The 3.6mn MT clinker expansion in Assam got operational in Jan-26. Dalmia reiterated its 12mn MT expansions across south and Maharashtra by H1FY28 is on track. It also plans to fast track its greenfield Jaisalmer project and would also look to add cement capacities in Bihar and north-east to achieve 75mn MT target by FY28E. However, we build in execution of these expansions beyond FY28E. We maintain our earnings estimates, whereby we have built in consolidated volume CAGR of 7/20% for FY25-28E. We have also factored in capex run-rate to increase to INR 43bn during FY27-28E vs ~INR 28bn in the preceding four years.

Quarterly/annual financial summary (consolidated)

YE Mar (INR bn)	Q3 FY26	Q3 FY25	YoY (%)	Q2 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Sales (mn MT)	7.3	6.7	9.5	6.9	6.4	28.8	29.4	29.6	32.0	35.9
NSR (INR/MT)	4,794	4,763	0.7	4,973	(3.6)	5,103	4,763	4,954	5,053	5,154
EBITDA(INR/MT)	822	765	7.4	1,013	(18.9)	917	820	1,031	1,086	1,171
Net Sales	35.06	31.81	10.2	34.17	2.6	146.91	139.80	146.85	161.77	184.80
EBITDA	6.01	5.11	17.6	6.96	(13.6)	26.39	24.07	30.56	34.77	41.99
APAT	1.45	0.59	105.3	2.36	(48.7)	7.71	6.96	11.54	13.57	16.18
AEPS (INR)	7.7	3.1	145.9	12.6	(38.5)	40.6	36.6	60.7	71.4	85.1
EV/EBITDA (x)						13.4	15.1	14.3	12.6	11.1
EV/MT (INR bn)						7.91	7.36	8.87	8.83	7.58
P/E (x)						44.4	49.2	36.7	31.2	26.2
RoE (%)						4.8	4.1	6.4	7.1	8.0

Source: Company, HSIE Research

BUY

CMP (as on 21 Jan 2026) INR 2,232

Target Price INR 2,470

NIFTY 25,158

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,470	INR 2,470
EBITDA revision %	FY26E	FY27E
	-	-

KEY STOCK DATA

Bloomberg code	DALBHARA IN
No. of Shares (mn)	188
MCap (INR bn) / (\$ mn)	419/4,566
6m avg traded value (INR mn)	813
52 Week high / low	INR 2,496/1,601

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	2.2	(1.3)	26.0
Relative (%)	5.1	(1.0)	18.0

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	55.84	55.84
FIs & Local MFs	17.81	18.99
FPIs	8.76	7.92
Public & Others	17.59	17.25

Pledged Shares - -

Source : BSE

Pledged shares as % of total shares

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