Dalmia Bharat (ODICEM)

ICICI Direct

CMP: ₹1805 | Target ₹ 2300 (+27%) | Target Period: 12 months | BUY

July 27, 2026

Volume growth to pick-up considerably…

About the stock: Dalmia Bharat (DBL) is the fourth largest cement manufacturer in India with cement capacity of 54.7 mtpa and clinker capacity of 30.4 mtpa.

- Out of total capacity of 54.7 mtpa, ~31% is located in south region followed by ~54% in east & north-east, ~5% is in west and ~10% in central region

Q1FY27 performance: Revenue increased by 7% YoY (-8.4% QoQ) to Rs 3890 crore on account of increase in sales volume by 8.6% YoY (-13.6% QoQ) and decline in realisation by 1.5% YoY (+6.1% QoQ). EBITDA/ton declined by 16% YoY (+3.3% QoQ) to Rs 1059/ton. Subsequently, EBITDA was down by 8.8% YoY (-10.8% QoQ) to Rs 805 crores. Further, PAT decreased by 52.2% YoY (-51.4% QoQ) to Rs 188 crores.

Investment Rationale:

- **Volume growth to pick-up backed by capacity additions**: Company reported healthy sales volume growth of 8.6% YoY for Q1FY27 (largely in-line with industry growth). Going ahead, we estimate ~9% volume CAGR over FY26-28E (vs ~2% CAGR seen over FY24-26), supported by ramp-up of recently acquired plants and new capacity additions. Management has also guided that FY27E organic volume growth to be in-line with industry. However, some additional volumes are expected from recent capacity additions of JPA (5.2 mtpa). The ongoing expansion at Belgaum (3 mtpa) is ahead of schedule and is expected by Q3FY27 whereas Pune (3 mtpa) is on track and is expected by FY27 end and AP (6 mtpa) is expected by Q2/Q3 FY28 which will take the total capacity to 66.7 mtpa by FY28E (from 54.7 mtpa at present). Management reiterated their target of 75 mtpa by FY29E (earlier targeted by FY28E) and eventually 110-130 mtpa may get delayed depending on market demand, project approvals and balance sheet strength (earlier targeted by FY31E)
- **EBITDA per ton to improve led by cost efficiency measures**: Company's EBITDA/ton for Q1FY27 stood at Rs 1059/ton (-16% YoY), led by increase in costs mainly power & fuel and packaging cost. Management has also guided for ~Rs 70-80/ton increase in cost in Q2FY27E on sequential basis due to fuel costs but reiterates annual costs savings of Rs 50–100/ton in the coming period. Going ahead, we expect company's EBITDA/ton to improve to ₹ 1212/ton by FY28E (vs ₹ 1028/ton in FY26), driven by continuous focus on operational efficiency & positive operating leverage. Cost saving initiatives include using cost-effective non-fossil fuels from alternate sources, changing fuel mix, increase in renewable power usage (current 48% and aims 100% by FY30E), cost optimisation in logistics, focus on further increasing share of premium products and improving blending ratio

Rating and Target Price:

- With healthy volume growth and improvement in EBITDA/ton over FY26-28E, we expect revenue to grow ~12% CAGR over FY26-28E while EBITDA & PAT are expected to grow at ~19% & ~23% CAGR respectively
- We maintain our **BUY** rating on Dalmia Bharat with a revised target price of Rs 2300 (based on 11x EV/EBITDA on FY28E basis)

Dalmia Bharat Limited

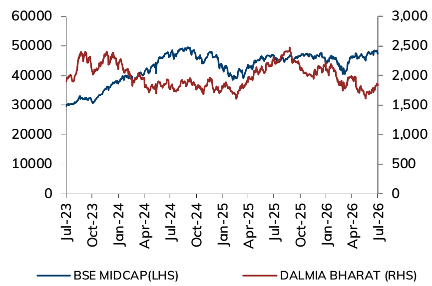
Particulars

Particular	Amount
Market Capitalisation (₹ Crore)	33,852
FY26 Gross Debt (₹ Crore)	6,940
FY26 Cash (₹ Crore)	5,329
EV (₹ Crore)	35,463
52 Week H/L (₹)	2496 / 1601
Equity Capital	38.0
Face Value	2.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	55.8	55.8	55.8	55.8
FII	8.8	7.9	7.2	6.8
DII	17.8	19.0	20.3	20.0
Others	17.6	17.3	16.8	17.4

Price Chart



Key risks

(i) Slowdown in Demand

(ii) Delays in capacity expansion

(iii) Increase in commodity prices

(iv) High competition

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	FY26	3-year CAGR (FY23-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	13,540	14,691	13,980	14,804	3.0%	16,426	18,437	11.6%
EBITDA	2,316	2,639	2,407	3,083	10.0%	3,489	4,340	18.6%
EBITDA Margins (%)	17.1	18.0	17.2	20.8		21.2	23.5	
Net Profit	1,035	827	683	1,138	3.2%	1,083	1,723	23.0%
EPS (Rs)	55.2	44.1	36.4	60.7		57.7	91.9	
PE (x)	32.8	40.9	43.4	29.2		27.6	19.6	
EV/EBITDA (x)	14.9	12.9	14.4	11.5		11.1	8.9	
EV/ton ($)	101	90	78	80		71	64	
RoCE (%)	5.9	6.9	5.8	7.8		7.4	9.3	
RoE (%)	6.6	5.0	4.5	6.4		6.4	8.3	

Source: Company, ICICI Direct Research

Q1FY27 – Result highlights

- Consolidated revenue increased by 7% YoY (-8.4% QoQ) to Rs 3890 crore on account of increase in sales volume by 8.6% YoY (-13.6% QoQ) to 7.6 mtpa and decline in realisation by 1.5% YoY (+6.1% QoQ)
- Total costs/ton increased by 3.2% YoY (+6.9% QoQ) mainly led by power and fuel cost and other costs which includes packaging cost
- EBITDA/ton declined by 16% YoY (+3.3% QoQ) to Rs 1059/ton. Subsequently, EBITDA was down by 8.8% YoY (-10.8% QoQ) to Rs 805 crores
- Further, PAT decreased by 52.2% YoY (-51.4 % QoQ) to Rs 188 crores, as the company reported a one-time cost of Rs 182 crore during the quarter (pertaining to the recent transaction for acquiring Jaiprakash associates' 5.2 mtpa cement capacity in central India)

Recent earnings call highlights

- Management expects the Indian cement industry to grow ~7% in FY27E, supported by infrastructure spending and healthy housing demand. Volume growth guidance is expected to remain broadly in line with industry growth, while the acquired Jaiprakash associates (JAL) assets and upcoming capacity additions will provide some incremental growth
- Premium products contributed 25% of sales during the quarter. The recently launched Weather 365 premium cement is expected to further improve product mix and realisations
- Cement prices improved by ₹10-15/bag in South and ₹15-20/bag in East during Q1FY27. June exit prices have largely sustained across most markets. Management expects pricing to remain broadly stable during Q2FY27
- Input costs remained elevated due to the West Asia conflict, which increased petcoke, diesel, freight and packing bag prices. Petcoke prices rose to nearly US$160/ton before moderating to US$130-135/ton from pre-war levels of US$110-115/ton
- Fuel mix optimisation, inventory planning and sourcing initiatives generated structural savings of over ₹150/ton during Q1, which management expects to sustain going forward. Raw material cost increased mainly due to higher limestone mining costs
- Blended fuel cost rose to ₹1.47/kcal in Q1FY27 from ₹1.36/kcal in Q4FY26 due to higher petcoke prices. Other expenses rose due to packaging costs
- Packing bag prices increased from around ₹9.5/bag before the conflict to nearly ₹14/bag during Q1FY27. Although prices have softened, they remain above historical levels
- Management expects ₹70-80/ton cost inflation in Q2FY27, mainly due to the lagged impact of higher fuel and diesel costs
- Renewable energy contributed 48% of total power consumption during Q1 and is expected to increase further with upcoming renewable projects
- The company continues to focus on operational efficiencies and targets sustainable cost reductions of around ₹50-100/ton annually
- The recently acquired assets of JAL are expected to contribute meaningfully from Q3FY27E and achieve EBITDA breakeven within a couple of quarters, with profitability reaching group levels over 7-8 quarters
- The company plans to invest around ₹550 crore towards refurbishment and efficiency improvements, including an 18 MW WHRS, to enhance profitability
- Management also sees potential to add capacity through de-bottlenecking and brownfield expansion at the acquired assets of JAL
- Including the JAL and ongoing projects at Belgaum, Kadapa and Pune, cement capacity is expected to increase to around 67 mtpa by Q3FY28
- The Belgaum project is progressing ahead of schedule and is expected to

be commissioned within the next six months, while construction at Kadapa and Pune is progressing as planned

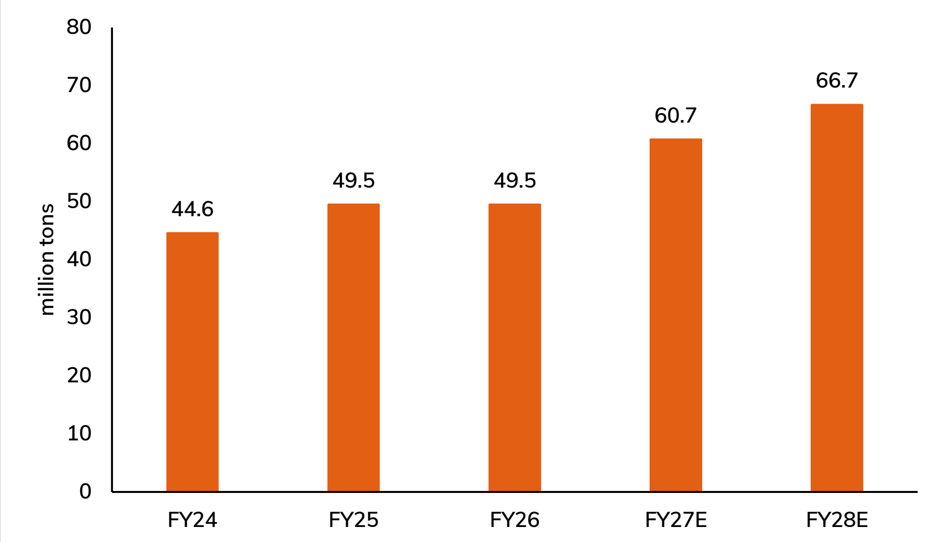
- The Pune project witnessed minor execution delays initially but is now back on track. The company is also evaluating a 2-3 mtpa grinding unit in the Northeast but not yet decided
- Company incurred ₹710 crore of capex during Q1 and maintained its FY27 capex guidance of ₹3,200-3,400 crore, excluding the ₹2,850 crore acquisition cost
- Gross debt increased to ₹9,108 crore, while net debt stood at ₹4,431 crore following the acquisition. However, Net Debt/EBITDA remained comfortable at 1.47x, well below the company's internal ceiling of 2x
- Incentive accrual during Q1 stood at ₹45 crore, while collections were ₹60 crore. Outstanding incentives stood at ₹822 crore, with quarterly accruals expected to remain around ₹45-50 crore
- Management expects depreciation to increase by around ₹100 crore in FY27E and another ₹100-150 crore in FY28E
- Other income increased to ₹139 crore in Q1FY27 due to treasury gains. Exceptional expenses of ₹182 crore during the quarter was largely comprised of stamp duty and other acquisition-related costs

Exhibit 1: Q1FY26 consolidated result overview (₹ crore)

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Operating Income	3,890.0	3,636.0	7.0	4,245.0	-8.4	Revenue increased due to increase in realization on YoY basis
Other income	139.0	49.0	183.7	45.0	208.9	
Total Revenue	4,029.0	3,685.0	9.3	4,290.0	-6.1	
Raw materials costs	496.0	467.0	6.2	782.0	-36.6	
Employees Expenses	245.0	227.0	7.9	217.0	12.9	
Other Expenses	539.0	532.0	1.3	572.0	-5.8	
Total Expenditure	3,085.0	2,753.0	12.1	3,343.0	-7.7	
EBITDA	805.0	883.0	-8.8	902.0	-10.8	
EBITDA margins (%)	20.7	24.3	-359 bps	21.2	-55 bps	EBITDA margins declined due to higher costs
Interest	147.0	108.0		132.0		
Depreciation	361.0	322.0	12.1	365.0	-1.1	
Tax	62.0	123.0	-49.6	45.0	37.8	
PAT	188.0	393.0	-52.2	387.0	-51.4	

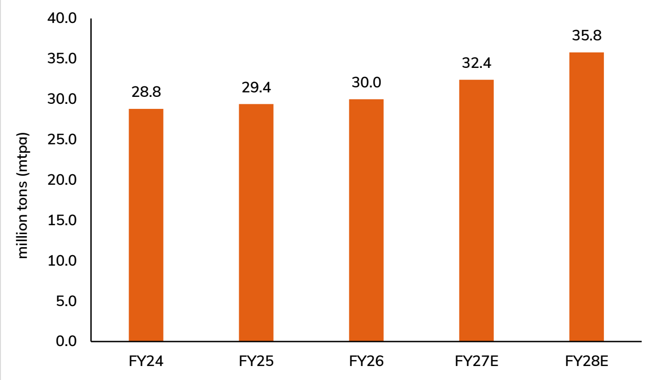
Source: Company, ICICI Direct Research

Exhibit 2: Consolidated Capacity expansion plan over FY24-FY28E



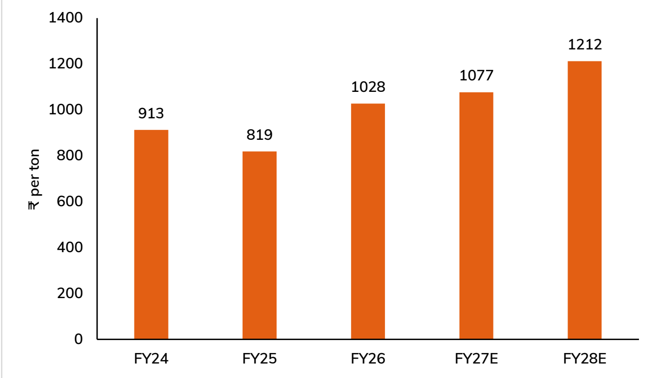
Source: Company, ICICI Direct Research

Exhibit 3: Volumes to grow at ~9% CAGR over FY26-28E



Source: Company, ICICI Direct Research

Exhibit 4: EBITDA/ton to improve over FY27E-FY28E



Source: Company, ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Rev from operations	13,980.0	14,804.0	16,425.7	18,436.8
% Growth	(4.8)	5.9	11.0	12.2
Raw material cost	2,328.0	2,338.0	2,268.0	2,506.1
Power & Fuel cost	2,903.0	2,980.0	3,596.4	3,848.7
Freight Cost	3,286.0	3,234.0	3,564.0	3,884.5
Employee Expenses	885.0	894.0	983.4	1,067.0
Others cost	2,171.0	2,275.0	2,525.3	2,790.4
Total Op. Expenditure	11,573.0	11,721.0	12,937.1	14,096.8
EBITDA	2,407.0	3,083.0	3,488.7	4,340.1
% Growth	(8.8)	28.1	13.2	24.4
Other income	253.0	222.0	277.5	291.4
Interest	399.0	480.0	572.9	637.6
PBDT	2,261.0	2,825.0	3,193.3	3,993.9
Depreciation	1,331.0	1,349.0	1,642.6	1,825.2
PBT before Excep Items	930.0	1,476.0	1,550.7	2,168.6
Total Tax	118.0	293.0	273.7	433.7
PAT before MI	699.0	1,156.0	1,095.0	1,734.9
Adjusted PAT	683.0	1,138.0	1,083.0	1,722.9

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Profit after Tax	683.0	1,138.0	1,083.0	1,722.9
Depreciation	1,331.0	1,349.0	1,642.6	1,825.2
Interest	399.0	480.0	572.9	637.6
Cash Flow before WC chgs	2,413.0	2,967.0	3,298.4	4,185.7
Changes in inventory	(168.0)	194.0	(113.1)	(159.8)
Changes in debtors	(53.0)	25.0	(81.0)	(115.7)
Changes in loans & Adv	(3.0)	(1.0)	0.1	(2.6)
Changes in other CA	(121.0)	(126.0)	(93.5)	(120.7)
Net Increase in CA	(325.0)	279.0	(287.5)	(398.8)
Changes in creditors	223.0	(245.0)	146.1	176.3
Changes in provisions	34.0	12.0	(14.5)	22.7
Net Inc in Current Liabilities	295.0	520.0	354.5	318.8
Net CF from Op activities	2,383.0	3,766.0	3,365.4	4,105.7
Changes in def tax assets	(18.0)	2.0	-	-
(Pur)/Sale of Fixed Assets	(3,126.0)	(3,524.0)	(6,100.0)	(3,000.0)
Net CF from Invest activities	(3,345.0)	(4,215.0)	(5,446.2)	(3,090.5)
Dividend and Dividend Tax	(169.0)	(169.0)	(168.8)	(168.8)
Net CF from Fin Activities	538.0	515.0	1,975.3	(806.4)
Net Cash flow	(424.0)	66.0	(105.4)	208.9
Opening Cash/Cash Equ	582.0	158.0	224.0	118.6
Closing Cash/ Cash Equ	158.0	224.0	118.6	327.5

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Equity Capital	38.0	38.0	38.0	38.0
Reserve and Surplus	17,336.0	17,941.0	19,216.2	20,770.3
Total Shareholders' funds	17,374.0	17,979.0	19,254.2	20,808.3
Total Debt	5,412.0	6,940.0	9,296.0	9,296.0
Total Liabilities	25,656.0	28,222.0	31,853.2	33,407.3
Gross Block	19,115.0	24,828.0	31,021.0	35,021.0
Acc: Depreciation	7,361.0	8,710.0	10,352.6	12,177.8
Net Block	14,180.0	16,118.0	20,668.4	22,843.2
Capital WIP	2,497.0	2,593.0	2,500.0	1,500.0
Total Fixed Assets	19,924.0	22,099.0	26,556.4	27,731.2
Non-Current Assets	1,973.0	2,436.0	2,482.2	2,572.7
Inventory	1,386.0	1,192.0	1,305.1	1,464.8
Debtors	889.0	864.0	945.0	1,060.7
Other Current Assets	766.0	892.0	985.5	1,106.2
Cash	158.0	224.0	118.6	327.5
Total Current Assets	3,885.0	3,672.0	3,854.1	4,461.8
Current Liabilities	1,539.0	1,294.0	1,440.1	1,616.4
Provisions	90.0	91.0	91.0	92.0
Total Current Liabilities	4,570.0	5,090.0	5,444.5	5,763.3
Net Current Assets	(685.0)	(1,418.0)	(1,590.4)	(1,301.5)
Total Assets	25,656.0	28,222.0	31,853.2	33,407.3

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Adjusted EPS	36.4	60.7	57.7	91.9
Cash per Share	245.4	284.1	241.2	252.3
BV	926.4	958.6	1,026.6	1,109.5
EBITDA Margin	17.2	20.8	21.2	23.5
PAT Margin	4.9	7.7	6.6	9.3
RoE	4.5	6.4	6.4	8.3
RoCE	5.8	7.8	7.4	9.3
RoIC	4.8	7.0	6.5	8.4
EV / EBITDA	15.6	12.5	11.1	8.9
P/E	47.2	31.8	27.6	19.6
EV/ton ($)	84	86	71	64
EV / Net Sales	2.7	2.6	2.4	2.1
Sales / Equity	0.8	0.8	0.9	0.9
Market Cap / Sales	2.6	2.5	2.1	1.8
Price to Book Value	2.1	2.0	1.8	1.6
Asset turnover	0.6	0.6	0.6	0.6
Debtors Turnover Ratio	16.2	16.9	18.2	18.4
Creditors Turnover Ratio	9.8	10.5	12.0	12.1
Debt / Equity	0.3	0.4	0.5	0.4
Current Ratio	0.9	0.7	0.7	0.8
Quick Ratio	0.5	0.4	0.4	0.5

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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