

## Dalmia Bharat (DALBHARA) - SELL

### Q4FY26 Result Update

Current Market Price (CMP) <b>Rs.1,919</b>	Fair Value (FV) <b>Rs.1,800</b>
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### Rationale:

- Q4 EBITDA was above our estimates; higher margins, partially offset by lower volumes.
- Volume growth of ~2% yoy for second successive year led to continued market share losses, (industry grew at 7%+ CAGR over FY25-26E).
- Company maintained FY28 capacity target of 75 mtpa but did not detail plans for the balance of ~13.5 mtpa expansion.
- We estimate FY27/28/29E EBITDA/ton of Rs943/1106/1192 vs Rs1023 in Q4FY26.
- We cut EBITDA by 19%/12% for FY27/28E, led by lower growth estimates and higher fuel/packaging costs.
- Our FV is revised to Rs1800 (from Rs2020) on roll-forward to June 2028E at an unchanged 8x EV/EBITDA.
- We maintain SELL, await improvement in volume growth before we turn constructive.

### 👍 Positives:

- Costs were lower than estimates, led by lower raw material-energy costs and operating leverage.
- Adj. EBITDA increased to Rs1023/ton (+24% qoq/+10.4% yoy, our estimate: Rs938/ton).
- Cement prices improved across most key markets in April.
- Company continues to enjoy strong balance sheet with contained leverage.

### 👎 Negatives:

- Volumes at 88 lakh tons (+3% yoy) missed our estimates.
- Realizations at Rs4,813 were marginally lower than estimates.

(EV: Enterprise Value; EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization, CAGR: Compound Annual Growth Rate, MTPA: Million Tons Per Annum; 1 Million: 10 Lakhs)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
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- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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