Dated: 22 Jan 2026

Dalmia Bharat (DALBHARA) - SELL

Result Update

Current Market Price (CMP)	Fair Value
Rs.2232	**Rs.2020**

Rationale:

- DALBHARA’s Q3FY26 EBITDA was lower than estimates, due to higher other costs led by plant shutdown and elevated marketing expenses
- We expect margins to recover in Q4FY26, led mainly by a normalization in other costs and operating leverage.
- Company maintains its 75 mtpa milestone target by the end of FY28 but has outlined expansion plans for only ~56/62 mtpa capacity by FY27/Q2FY28.
- We estimate EBITDA/ton of Rs1,035/1,110/1,192 in FY26/27/28E vs Rs823 in Q3FY26.
- Our FV is revised to Rs2,020 (from Rs2,050) on roll-forward to March 2028E at an unchanged 8x EV/EBITDA.

Positives:

- Volumes were in line and increased 9.5% yoy (+6.5% qoq).
- Company expects to reduce costs by ~Rs150-200/ton over FY25-27.

Negatives:

- Realizations declined 3.6% qoq (+1.1% yoy) on soft prices in key regions.
- Adjusted EBITDA of Rs823/ton fell 19% qoq (+10.6% yoy, our estimate: Rs900/ton).
- We cut EBITDA by 4-5% for FY26-28E, factoring in higher costs, partially offset by better volumes.

(EV: Enterprise Value; EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization; MTPA: Million Tons Per Annum; 1 Million: 10 Lakh)

Holding Period: 12 months

Rating Scale (Private Client Group)

Definitions of ratings

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

SELL – We expect the stock to deliver < -5% returns over the next 12 months

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.

SUBSCRIBE – We advise investor to subscribe to the IPO.

RS – **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

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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