

Management Discussion and Analysis

Prelude

Dalmia Bharat Limited stands among India’s foremost cement producers, playing a vital role in supporting the country’s expanding infrastructure and housing landscape. The Company’s strong market presence is complemented by an extensive footprint, supported by a robust and well-integrated supply chain that enables the seamless movement of raw materials and finished products. The integration of operations and logistics enhances responsiveness to market requirements while maintaining dependable service standards across regions.

Presence Across
23 States

15
Integrated Plants and Grinding Units Across
10 States

Expansion has been guided by long-term vision and disciplined execution. Through a combination of strategic acquisitions, greenfield projects and brownfield capacity enhancements, Dalmia Bharat has steadily strengthened its production base in alignment with India’s rising demand for construction materials.

25 MTPA
Production Capacity in FY 2015-16

49.5 MTPA
Production Capacity in FY 2025-26

Its brand portfolio reflects a nuanced understanding of varied customer needs and regional preferences. Dalmia Bharat Cement, Dalmia Bharat DSP, Dalmia Bharat Supreme, Konark Cement and Weather365 are crafted to serve distinct segments while upholding a shared commitment to quality, durability and performance. These brands have earned strong market trust through consistent product excellence and responsive engagement.

Its focus on cost efficiency and operational excellence over the years has enhanced overall profitability and ensured resilience amidst market volatility. By increasing the share of blended cement, Dalmia Bharat optimises raw material utilisation and ensures energy efficiency. Adoption of multi-fuel kilns and alternative energy sources helps mitigate fuel cost fluctuations. Additionally, the optimised logistics network, with plants strategically located near raw material sources and key consumption centres, reduces transportation costs and strengthens overall efficiency.

Sustainability remains embedded in the Company’s growth blueprint. Focused initiatives in water stewardship, energy optimisation and emissions reduction continue to shape operational priorities. With scale, strategic clarity and environmental responsibility at its core, Dalmia Bharat continues to strengthen the physical framework that underpins India’s economic momentum and future development.

80
ICRA ESG Rating



Dalmiapuram Plant, Tamil Nadu



Navigating the Global Economy

The global economy demonstrated remarkable resilience in 2025, achieving a solid growth rate of **3.4%** according to the International Monetary Fund's Outlook (April 2026). Despite navigating complex shifts in trade policies and tariff-related adjustments from the United States, the global marketplace remained steady, successfully avoiding large-scale escalations. This stability was fuelled by robust consumer confidence and an encouraging trend of easing inflation, which provided a reliable foundation for expansion. While investment and fiscal capacities are still finding their full momentum, the year proved that the global economy possesses a strong underlying vitality and the capacity to sustain growth even in a changing international landscape.

(Source: UN News, 2026)

GDP Growth Projections (in %)

World Output

2027 (P)	3.2
2026 (P)	3.1
2025 (E)	3.4

Euro Area

2027 (P)	1.2
2026 (P)	1.1
2025 (E)	1.4

Emerging Markets and Developing Economies

2027 (P)	4.2
2026 (P)	3.9
2025 (E)	4.4

Advanced Economies

2027 (P)	1.7
2026 (P)	1.8
2025 (E)	1.9

Other Advanced Economies

2027 (P)	2.2
2026 (P)	2.6
2025 (E)	3.0

India

2027 (P)	6.5
2026 (P)	6.5
2025 (E)	7.6

United States

2027 (P)	2.1
2026 (P)	2.3
2025 (E)	2.1

Emerging and Developing Asia

2027 (P)	4.8
2026 (P)	4.9
2025 (E)	5.5

(Source: IMF World Economic Outlook Update, April 2026)

(E): Estimated
(P): Projected

As we moved into CY 2026, regional instability in the West Asia have put pressure on the global energy supply chains. While the immediate logistical bottlenecks are showing signs of resolution, the legacy of these elevated input costs may influence inflationary trends and production expenses in the early part of the year.

Outlook

The global economic outlook remains stable but faces heightened downside risks linked to energy market disruptions and geopolitical tensions in the near term. According to the OECD, while global growth is expected to remain resilient, it is likely to be slower than the pre-conflict trajectory, accompanied by higher inflation.

In this environment, policy responses will be critical. Central banks are expected to remain vigilant in anchoring inflation expectations, while governments will need to balance targeted and temporary support measures with the need to maintain fiscal discipline. Reducing trade barriers can support growth and ease inflationary pressures. Over the medium term, improving energy efficiency and accelerating the transition toward renewable energy sources will be essential to enhance economic resilience and reduce exposure to future supply shocks.

Amid these global uncertainties, India continues to remain in a relative sweet spot, supported by strong domestic

demand, resilient services and manufacturing activity, and sustained public infrastructure investment. The country's stable macroeconomic fundamentals and ongoing digital and structural reforms position it as one of the faster-growing major economies, offering a degree of insulation from external volatility.

Against this backdrop, Dalmia Bharat continues to contribute to India's growth story while maintaining resilience through disciplined cost management, diversified sourcing strategies, long-term contracting mechanisms and prudent capital allocation, enabling operational stability and sustainable growth amid evolving global and market conditions.

(Source: IMF World Economic Outlook Update, April 2026)

India's Growth Story

India's economic trajectory in FY 2025-26 reflects sustained growth, underpinned by strong domestic fundamentals and prudent policy management. According to the Second Advance Estimates released by the National Statistics Office (NSO) in February 2026, real GDP is projected to grow by 7.6%, highlighting the resilience of domestic demand and the structural strength of the economy.

(Source: PIB, 2026)

This expansion is largely driven by domestic factors, especially strong private consumption and fixed investment, which continues to serve as the primary engine of growth. The manufacturing sector is witnessing improved capacity utilisation, supported by a conducive policy environment and the continued expansion of the Production-Linked Incentive (PLI) scheme across 14 sectors. With cumulative investments exceeding Rs. 1.7 lakh crore, the scheme is driving growth in industries such as electronics, pharmaceuticals, and automobiles, while strengthening domestic manufacturing capabilities and reducing import dependence.

The Index of Eight Core Industries (ICI), which tracks pivotal sectors including coal, crude oil, natural gas, refinery products, fertilisers, steel, cement, and electricity, reached 169 in FY 2025-26 and recording a cumulative growth of 2.6% for the full financial year from April 2025 to March 2026.

The year-end performance was significantly boosted by high-growth sectors such as Steel and Cement, which

helped offset a contraction in energy-linked segments during March 2026. Despite year-end headwinds, the sustained cumulative expansion suggests that foundational supply conditions remain supportive, playing a crucial role in easing structural bottlenecks and helping to anchor broader inflationary pressures across the economy.

(Source: PIB, 2026)

The Goods and Services Tax (GST) collection has emerged as a cornerstone of India's fiscal stability, reflecting the nation's underlying economic momentum and improved tax compliance. As of March 31, 2026, gross GST collections surged by 8.3% to reach a record Rs. 22.3 lakh crore, underscoring robust domestic consumption and industrial activity. These consistent



Chennai Metro, Tamil Nadu



high-revenue milestones, despite the rationalisation of GST rates, provide the government with the necessary fiscal headroom to fund infrastructure projects and social welfare schemes, effectively shielding the Indian economy from global inflationary pressures.

(Source: GST Press)

Retail inflation, measured by the Consumer Price Index (CPI), stood at 3.4% in March 2026, primarily driven by a rise in the Food and Beverages segment, where food inflation reached 3.9% due to elevated prices for vegetables like tomatoes and cauliflower.

However, headline inflation has consistently remained well within the Reserve Bank of India's (RBI) 2–6% target range. By staying below the medium-term anchor of 4%, the current trajectory highlights a period of overall price stability. This containment is particularly notable given the global commodity volatility, suggesting that domestic supply-side management and stable transport costs have successfully balanced the localised price spikes in perishables and luxury goods.

(Source: Forbes India)

Reflecting this macroeconomic backdrop, demand-side conditions remain supportive but not excessive, allowing inflation to stay contained. In this context, the RBI's Monetary Policy Committee kept the policy rate unchanged at 5.25% in its April 2026 meeting. This decision considers the transmission of cumulative rate cuts of 125 basis points in CY 2025, which have gradually reduced lending rates by about 105 basis points. While

contained inflation has led to expectations of further rate cuts, the MPC has maintained a neutral stance to support growth while anchoring inflation expectations. CPI for FY 2025-26 is projected at around 2.1%, with the policy approach remaining data-driven to allow flexibility amid evolving domestic and global conditions.

(Source: PIB 2026)

Inflation Trend in FY 2025-26 (%)

March 2026	3.4
February 2026	3.2
January 2026	2.8
December 2025	1.3
November 2025	0.7
October 2025	0.3
September 2025	1.5
August 2025	2.1
July 2025	1.6
June 2025	2.1
May 2025	2.8
April 2025	3.2

FY 2026–27: Key Highlights of Budgetary Outlays

Infrastructure development remains a central pillar of India's growth strategy, supported by strong public investment and targeted policy initiatives. Public capital expenditure at a record Rs. 12.22 lakh crore, marking a 11% YoY increase and account for more than 3% of GDP, highlighting the government's continued focus on infrastructure-led growth.



National Connectivity and Mobility

Indian Railways received its highest-ever allocation of Rs. 2.78 lakh crore, a historic move aimed at accelerating the development of seven new high-speed rail corridors and expanding the Vande Bharat and Nammo Bharat fleets.

Parallely, the road sector saw a robust push with Rs. 3.10 lakh crore allocated to the Ministry of Road Transport and Highways, including Rs. 1.87 lakh crore specifically for the NHAI to expedite the completion of national expressways and economic corridors.

To further enhance urban mobility, the government earmarked Rs. 28,740 crore for Metro Rail and Mass Rapid Transit projects nationwide, providing critical funding for ongoing expansions in cities like Lucknow, Pune, and Kolkata.



Urban Infrastructure Development

Urban infrastructure development remains a central pillar of India’s growth strategy. The investment is being channelled through key programmes such as Bharatmala Pariyojana, Sagarmala, Smart Cities Mission, and UDAN, which are enhancing connectivity, improving logistics efficiency, and reducing transportation costs. The push for high-speed connectivity is further reinforced by the development of seven new high-speed rail corridors, along with a dedicated freight corridor linking Surat and Dankuni.

In parallel, the focus is expanding towards the development of City Economic Regions (CERs), with targeted investments aligned to specific growth drivers. Each CER is set to receive an allocation of Rs. 5,000 crore over the next five years. Additionally, infrastructure development in Tier 2 and Tier 3 cities, particularly those with populations exceeding 5 lakh, is being prioritised to support more balanced and decentralised urbanisation.



Affordable Housing

The affordable housing segment has received a significant boost through enhanced fiscal allocations and expanded targets. PMAY-Urban & PMAY-Urban 2.0 have been scaled up with a substantial outlay of Rs. 21,625 crore, a nearly threefold increase compared to the previous Rs. 7,500 crore. This expansion supports the goal of sanctioning 1 crore additional houses under PMAY-Urban 2.0 (between 2024-2029) to address the housing needs of the urban poor and middle class.

For rural development, PMAY-Gramin has been allocated Rs. 54,917 crore, with a strategic focus on constructing 2 crore additional rural houses over a period of five years (2024–2029). Furthermore, the SWAMIH (Special Window for Affordable and Mid-Income Housing) initiative is effectively transitioning into its next phase, SWAMIH 2.0, backed by a planned corpus of Rs. 15,000 crore. This phase builds on the successful milestone of delivering over 58,000 housing units as of December 2025, providing much-needed relief to homebuyers in stalled projects and further strengthening the residential real estate ecosystem.



Public-Private Partnerships (PPP)

To enhance private sector participation, the government has introduced an Infrastructure Risk Guarantee Fund, which will provide partial credit guarantees for long-gestation infrastructure projects. Furthermore, support to states has been strengthened through the expansion of the 50-year interest-free loan scheme, with the allocation increased to Rs. 1.85 lakh crore for FY 2026–27.



Green and Sustainable Infrastructure

Sustainability remains a key priority, with Rs. 20,000 crore allocated over five years for Carbon Capture, Utilisation, and Storage (CCUS) projects. In addition, the push for electric mobility continues, with the deployment of 4,000 electric buses targeted specifically for the Purvodaya (Eastern) states.

(Source: Union Budget 2026-27)

Outlook

India’s growth outlook for FY 2026–27 remains strong, with real GDP projected to grow in the range of 6.8–7.2%, supported by stable macroeconomic fundamentals and continuous fixed investment. Policy support through fiscal, monetary, labour and trade measures is helping stabilise growth conditions. However, potential supply disruptions through the Strait of Hormuz could lead to elevated inflationary pressures in the near term.

Strong macroeconomic fundamentals and improving fiscal deficit, with substantial foreign exchange reserves of over USD 690 billion as of March 31, 2026, enhanced India’s ability to withstand external shocks such as geopolitical tensions and global market volatility. While risks from capital outflows, trade tensions, and energy security concerns persist, policy support and resilient domestic demand position it well to sustain growth momentum over the medium term.

(Source: PIB 2026)

Building India: The Cement Story

The cement industry serves as a critical enabler of India's economic and infrastructure-led growth. As an essential input material, cement remains central to the execution of large-scale infrastructure projects, including highways, metro systems, bridges, and smart city developments, residential and commercial construction as well as core industrial sectors.

Continued government focus on infrastructure development, affordable housing, and urbanisation is expected to further bolster the cement demand.

India's per capita cement consumption is ~295 kg, compared to a global average of ~500 kg, indicating scope for tremendous growth ahead. The recent GST rate cut on cement from 28% to 18% is significant milestone for the cement industry which will improve cost structure across the value chain, enhance affordability and support demand from both infrastructure and housing segments over the medium to long term.

(Source: PIB, 2026)

(Source: PIB, 2025)



Sattur Plant, Tamil Nadu

Key Trends Shaping the Cement Sector



Rising Urbanisation Supporting Housing Demand:

Rapid urban expansion and the rise of nuclear families are driving a persistent need for residential space. Government-backed affordable housing schemes further catalyse this, ensuring steady, long-term cement volume growth.



Consistent Increase in Infrastructure Spending:

Despite a high historical base, the Rs. 12.2 lakh crore infrastructure outlay in Budget 2026-27 maintains momentum. Massive investments in high-speed rail, expressways, and dedicated freight corridors remain primary demand drivers.



Consolidation of Supply:

The industry is witnessing increasing consolidation of supply, with top players either acquiring smaller companies or adding capacities at a faster pace. This consolidation is expected to result in better pricing power, optimise logistics and create significant barriers to entry.



Increasing Adoption of Renewable Energy:

Cement companies are steadily moving towards solar, wind and waste heat recovery systems (WHRS). This helps reducing reliance on volatile power and fuel costs, lower operating expenses, and improve overall cost efficiency, while also meeting sustainability targets.



Transition Towards Low-Carbon Cement:

Sustainability is a strategic priority, with manufacturers accelerating the use of Fly Ash, Slag, and Limestone Calcined Clay Cement (LC3). These alternative materials reduce the clinker-to-cement ratio, redefining industry competitiveness.



Digitalisation and Process Innovation:

Integration of AI-driven automation and real-time digital monitoring is revolutionising plant performance. These technologies enable predictive maintenance and precise kiln control, ensuring maximum cost optimisation and superior product quality.

Outlook

The outlook for India's cement industry remains firmly positive, supported by continued momentum in infrastructure development and housing expansion. As a key input for construction across residential, commercial, and industrial segments, cement demand remains closely linked to government-led capital expenditure and real

estate activity. With both these drivers strengthening, the sector is well positioned to deliver a healthy volume growth CAGR of 7-8% over the medium to long term.

(Source: SP Global, 2025)

Performance review

Financial performance

In FY 2025-26, Dalmia Bharat Limited recorded a robust growth in revenue, reaching Rs. 14,804 crore, a 5.9% increase compared to the previous year, driven by better cement prices along with increase in sales volume to 30.0 Mnt. Our EBITDA margin significantly improved to

20.8% in FY 2025-26, up from 17.2% in FY 2024-25, reflecting the successful execution of our cost-leadership strategy. The Company achieved its highest-ever annual EBITDA of Rs. 3,083 crore in line with the price growth, better cost efficiencies and higher volumes. The Company



delivered its lowest cost per ton in the last five years, which demonstrates the unwavering commitment to be one of the lowest-cost producers. Consequently, EBITDA/Tonne surged to Rs. 1,027/Tonne in FY 2025-26, a sharp increase from Rs. 820/Tonne in FY 2024-25.

Operational performance

Operationally, we delivered a resilient performance in FY 2025-26, reaching a total sales volume of 30.0 MT, representing a 2% growth over the previous year. By optimising production efficiency and leveraging our integrated model, we further enhanced market responsiveness and customer satisfaction. In addition, our focus on high-quality sales, superior product mix and improving operational efficiencies allowed us to maintain volume momentum while significantly improving our profitability per tonne.

Outlook

FY 2026-27 represents a phase of strategic acceleration as we sharpen our focus on maximising return from the existing assets on the back of higher utilisations, product premiumisation and deepening cost leadership. We are aligning our priorities to build a more agile and competitive organisation, capable of navigating market shifts while sustaining long-term value creation.

Growth will be driven through a combination of ongoing capacity expansion and sharper go-to-market strategies. We are intensifying our efforts to strengthen distribution reach, improve channel effectiveness, and elevate customer experience, ensuring that our market presence translates into sustained volume traction and improved pricing position.

We will also continue to deepen our cost leadership in the years ahead driven by multiple initiatives, including the ramping up of renewable energy capacity and the continued optimisation of our logistics networks.



Sattur Plant, Tamil Nadu

Capital Expenditure Plan

Our capital expenditure remains focused on timely capacity creation and operational excellence. We are advancing our organic expansion projects at Belgaum (Karnataka), Pune (Maharashtra), and Kadapa (Andhra Pradesh). These projects are on track to increase our total cement capacity to 12 MnT in the next 18 months, with civil works at Belgaum already completed while major orders are placed for Pune and Kadapa. These strategic locations will significantly enhance our market penetration across Southern and Western India. Further, we have recently executed a Business Transfer Agreement with Jaiprakash Associates Limited (which has been acquired by Adani Group under the Insolvency & Bankruptcy Code) and Adani Infra (India) Limited on May 21, 2026, for acquisition of Cement Undertaking comprising plants located at Rewa (Madhya Pradesh), Churk, Chunar and Sadwa

(Uttar Pradesh) with 5.2 MnTPA cement capacity and 3.3 MnTPA clinker capacity at an Enterprise Value of Rs. 2,850 crore. The asset also entails 99 MW of thermal power capacity and railway siding at Rewa and Chunar, along with a common railway siding at Churk. This acquisition will provide faster access to Central markets compared to a greenfield project and further offers expansion opportunity through debottlenecking as well as brownfield approach. Considering newer markets, relatively better prices and Dalmia's proven cost leadership, these assets would augment EBITDA delivery and enhance overall returns for the Company. Considering all the projects, our total capex outlay for the FY 2026-27 is targeted at approximately Rs. 3,500-3,700 crore.

SCOT Analysis



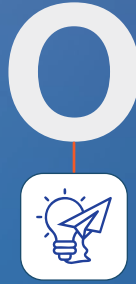
Strengths

- **Cost-Efficient Expansion:** Cement production at optimised capital costs, boosting competitiveness and margins
- **Strong Market Leadership:** Leadership in key regions with a wide and trusted distribution network
- **Premium, Diversified Portfolio:** High-quality, value-added products driving loyalty and brand differentiation
- **Consistent Financial Performance:** Strong profitability driven by superior realisation and efficient cost structure
- **Integrated Technology Backbone:** End-to-end IT systems improving efficiency, visibility and agility
- **Sustainability Leadership:** Early adopter of eco-friendly innovation and responsible operations
- **Experienced Management:** Visionary leadership driving growth, excellence and long-term value



Challenges

- **Intensifying Competitive Landscape:** Increasing market fragmentation and capacity additions by competitors exert pressure on market share and pricing power
- **Energy Cost and Supply Risks:** Volatile energy prices and potential supply disruptions pose challenges to cost stability and operational continuity
- **Evolving Environmental Regulations:** Stringent regulatory requirements necessitate continuous investment in cleaner technologies and compliance systems



Opportunities

- **Infrastructure-Led Demand Growth:** Government-led initiatives such as PM Awas Yojana, Smart Cities Mission, and large-scale infrastructure investments are expected to drive sustained demand for cement
- **Strategic Capacity Expansion:** Ongoing expansion plans position the Company to capture incremental demand across residential and infrastructure segments
- **Shift Towards Sustainable Construction:** Growing preference for green and low-carbon building materials presents opportunities to expand eco-friendly product offerings
- **Consolidation in supply:** Enhanced prices power and enables better competition, while raising entry barriers for the industry



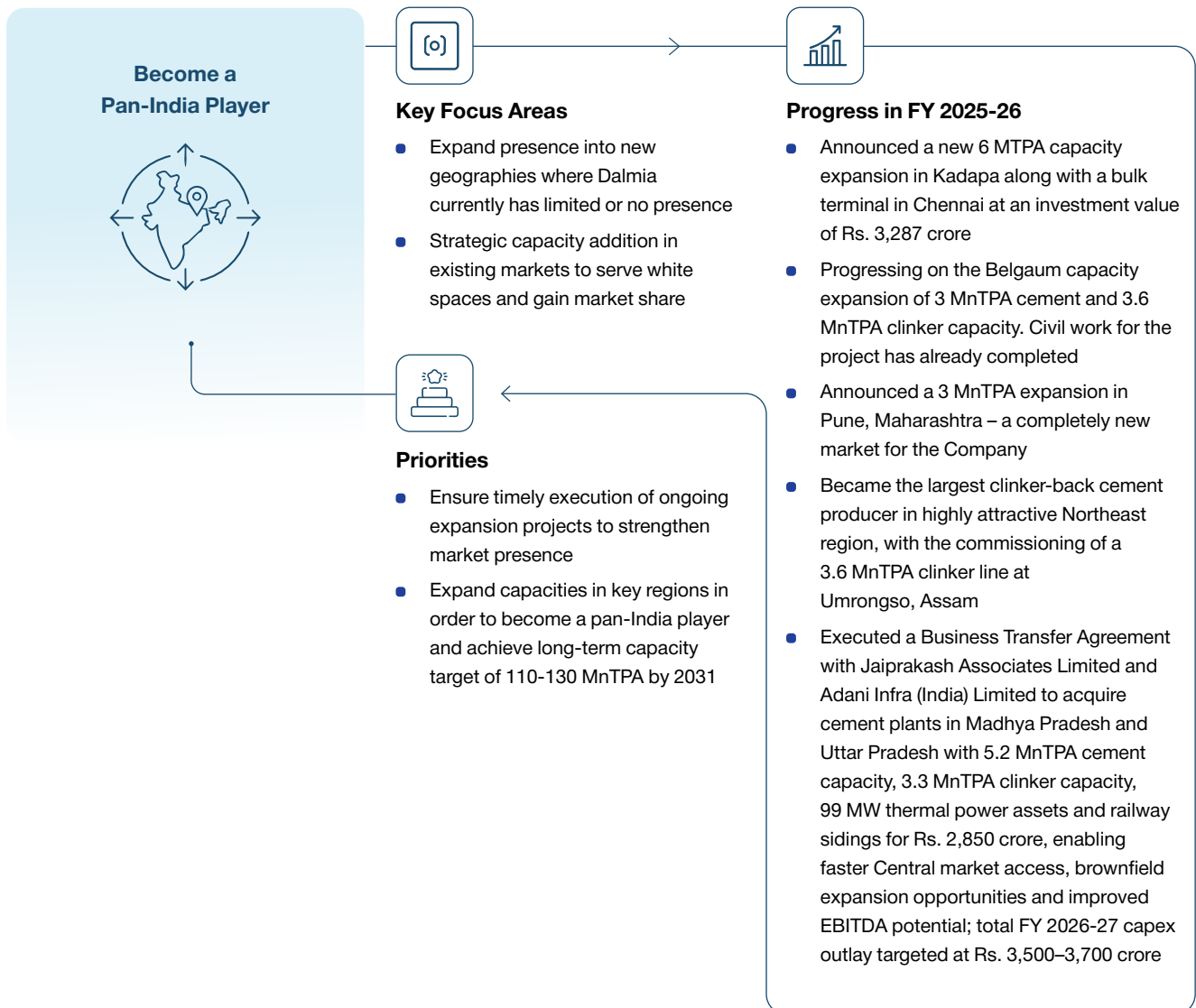
Threats

- **Macroeconomic Slowdowns:** Economic uncertainties and demand fluctuations could affect consumption patterns and delay infrastructure spending
- **Supply Chain Disruptions:** Volatility in the availability of key raw materials such as limestone, gypsum, and coal may impact production continuity and cost structures
- **Geopolitical Risks:** Global disruptions and geopolitical tensions may influence input costs, supply chains, and overall market stability

Strategic Pillars

At Dalmia Bharat, we are building future-ready enterprise, which enables us to create sustained value for our stakeholders. Backed by a healthy balance sheet, we are pursuing capacity expansion prudently in line with our vision of becoming a pan-India cement player. Simultaneously, our continued focus on strengthening operational and financial performance will drive higher returns from existing assets. Guided by strong governance standards, we remain committed to fostering a performance-driven culture across the organisation.

Strategic Priorities



Generate Strong Returns and Maintain a Strong Balance Sheet



Key Focus Areas

- Enhance capital efficacy through improved utilisation coupled with disciplined investments in efficiency projects
- Unlocking value through strengthening key return drivers, including stronger brand equity, deeper channel partner engagement, reliable delivery capabilities and deepening cost leadership
- Deploy capital in line with the Company's Capital Allocation Framework, while maintaining a balanced funding approach through internal accruals and prudent debt raising
- Divest non-core businesses to improve capital efficiency



Priorities

- Improve profitability through higher capacity utilisation, improved realisations with optimised cost structure
- Continue to improve ROCE over the next few years through sustained operational and financial improvement
- Strategic investment in efficiency projects to further support existing plants to deliver higher ROCE
- Maintain Net Debt-to-EBITDA within the targeted threshold of below 2x to preserve balance sheet strength. Generate healthy cashflow from operations. Continue the divestment of non-core assets



Progress in FY 2025-26

- Achieved best-ever sales volumes, revenues from operations and EBITDA during the year
- EBITDA during the year significantly increased to Rs. 3,083 crore from Rs. 2,407 crore in the previous year (up 28.1%), driven by improved realisations and substantial cost optimisation
- ROCE improved to 8.2% in FY 2025-26 from 6.8% in FY 2024-25; core cement ROCE inched up to 12.1% in FY 2025-26
- Achieved lowest cost per ton in FY 2025-26 in the last 5 years
- Net debt-to-EBITDA stood at 0.46x and remained comfortably below our threshold level of 2.0x, ensuring a high degree of financial flexibility to support future growth.
- Reduced stake in IEX Ltd. to 10.8% by divesting 4.1%, enabling the investment of capital back into the core cement business.
- Generated Operating cashflow of Rs. 2,278 crore during the year



Deliver Measurable Sustainability Impact



Key Focus Areas

- Advancing towards achieving aspirational target of carbon negativity* by 2040
- Enhancing ESG Performance, Transparency, and Communication

*Carbon Negative aspiration covers both Scope 1+2 emissions by 2040



Priorities

- Advance the decarbonisation roadmap through identification, evaluation and adoption of innovative, deep decarbonisation solutions
- Foster multi-stakeholder collaboration to advance economically viable policy frameworks supporting CCU and CCTS
- Accelerate pilots and demonstration projects through strong ecosystem partnerships
- Embed national and international frameworks and best practices to strengthen overall ESG performance and disclosure



Progress in FY 2025-26

- Sustained global leadership with one of the lowest net carbon footprints at 466 kg CO₂ per tonne of cementitious material
- Achieved 46% renewable energy consumption, up from 36% in FY 2024-25, indicating strong progress toward the RE100 goal of reaching 60% renewable energy by 2030
- Delivered a 36% improvement in energy productivity compared to the FY 2010-11 baseline, keeping us well on track to double energy productivity by 2030
- Strengthened positioning as a proactive industry player in CCU pilots and scale-up through proactive stakeholder engagement
- Selected as a 2-tonnes-per-day CCU test bed, funded by DST, in partnership with IIT Bombay
- Institutionalised CCTS framework as an integral component of business strategy and operations



Pyro Process, Belgaum, Karnataka

Build Strong and High Performance Organisation



Key Focus Areas

- Build a future-ready organisation through strong succession planning, leadership development, and an inclusive work environment that supports employee growth and engagement
- Promote a safe work environment by enhancing safety and security of stakeholders (including employees and contractual workforce) through behaviour and systematic changes
- Strengthen institutional capabilities through leadership, inclusion, safety, and system enhancements to build a resilient, future-ready organisation



Priorities

- Strengthen the Company's position as an employer of choice, develop leadership pipelines to support growth and continue to invest in young talent to build future-ready capabilities
- Leverage advanced technologies, including digital solutions to optimise processes, minimise manual interventions and enhance operational reliability
- Continue to develop Learning and Development function (Nalanda Academy) as a core catalyst for capability building and enhancing workforce productivity
- Promote workplace safety excellence through concerted focus on behaviour transformation, systemic strengthening through governance and technology integration



Progress in FY 2025-26

- Institutionalised a robust succession framework for critical leadership (N-1 & N-2) roles and implemented customised development plans for high-potential talent
- Introduced common goals across the company and a variable pay structure for senior and mid-management to align priorities
- Learning and Development function (Nalanda Academy) has streamlined its training programmes to meet organisation goals, like customised training programmes, Sales Academy, training on new skills related to digital, AI and ESG
- Utilising the expertise of Ernst & Young (E&Y) as a strategic partner to drive the execution of our Safety Excellence roadmap



High Standards of Corporate Governance



Key Focus Areas

- Strengthen transparency across operations while upholding the highest standards of corporate governance and ethical business practices
- Giving utmost importance to creating value for all stakeholders by actively promoting sustainable business practices across the value chain
- Create world-class business functions by accelerating digital transformation and investing in advanced technologies to drive efficiency



Progress in FY 2025-26

- Automated 100% of user lifecycle management, ensuring secure, policy-based access for employees and third-party partners, which significantly reduced unauthorised access risks and improved audit compliance
- FY 2025–26 witnessed a reduction in contingent liabilities, supported by positive progress in tax-related matters
- Positive progress in the ED land attachment case, with the alleged Proceeds of Crime reduced by nearly 90% from Rs. 793 crore to Rs. 93 crore



Priorities

- Further strengthen governance frameworks through enhanced transparency, accountability, and ethical business practices across the organisation



Risk management

At Dalmia Bharat Limited, risk management is embedded in our processes and strategy, guiding decision-making and safeguarding long-term value creation. We adopt an integrated, enterprise-wide approach to identify, assess, and mitigate risks across both strategic and operational dimensions. A dedicated risk and compliance function anchors this framework, ensuring alignment with evolving business priorities and regulatory expectations.

Oversight is driven by the Sustainability and Risk Management Committee comprising independent directors, which provides strategic direction on risk governance and evaluates mitigation effectiveness. In addition, our resource allocation framework incorporates enterprise-level risk considerations, enabling informed capital deployment and resilience across business cycles.

Key Risk Areas and Mitigation Approach



Input Material Availability & Cost Volatility

Impact

- Fluctuations in availability of key raw materials can disrupt production planning and efficiency
- Disruptions from global conflicts can reduce availability of imported fuel, which increases input cost and compresses margins
- Depreciation of Rupee can further put pressure on imported materials
- Dependence on conventional packaging materials like plastic bags exposes the Company to cost fluctuations

Mitigation Strategy

- Switching between pet coke, coal, and alternative fuels depending on price movements
- Securing long-term contracts for key raw materials to arrest volatility
- Diversifying sourcing to avoid dependence on a single supplier or region
- Deploying Waste Heat Recovery Systems (WHRS) and solar energy solutions to cut down coal consumption
- Building flexibility into planning by using scenario-based assumptions instead of fixed forecasts
- Implementing currency hedging strategies to manage foreign exchange volatility risks
- Exploring alternative packaging solutions to manage cost volatility



Safety Team at Belgaum, Karnataka



Demand Risk Arising from Macroeconomic Factors

Impact

- Slowdown in economic growth and lower disposable income may adversely affect housing demand, particularly in urban and semi-urban markets
- Lower-than-expected rainfall may impact rural income levels and, consequently, housing demand
- Reduction in infrastructure spending by the Government can adversely impact capex-led demand
- Adverse economic conditions may lead to pushback of capital expenditures by private enterprises
- High inflation can reduce discretionary spending by the consumers including construction

Mitigation Strategy

- Maintaining a balanced sales approach between Individual Home Builders and Institutional Sales to reduce concentration risk
- Focusing on premiumisation, branding and customer engagement to enhance and sustain market share
- Aligning production and expansion with demand visibility



Climate Risk

Impact

- The cement industry is a significant contributor to CO₂ emissions due to energy-intensive processes and reliance on conventional fuels such as coal and petcoke
- Non-compliance with environmental regulations may lead to financial penalties and potential disruptions to plant operations
- Ongoing water extraction for operations poses risks of water scarcity and declining groundwater levels

Mitigation Strategy

- Aspire to become carbon negative by 2040, guided by the philosophy that ‘Clean and Green is Profitable and Sustainable’
- Continuously increasing the share of green energy in the overall energy mix
- Enhancing Waste Heat Recovery System (WHRS) capacity and optimising the use of alternative fuels
- Developing low-carbon products by reducing clinker factor and incorporating alternative raw materials
- Promoting rainwater harvesting in mining operations and reducing specific water consumption through process optimisation
- Adopting advanced technologies, minimising leakages, and maximising reuse of treated water



Competition Risk

Impact

- Intense competition may exert downward pressure on pricing, limiting the ability to recover capital investments
- Regional overcapacity and aggressive pricing strategies can further compress margins and impact profitability

Mitigation Strategy

- Identify and develop strategic locations for capacity expansion to strengthen market positioning
- Refine marketing strategies and enhance brand equity to sustain market share and support entry into new markets
- Ensure timely execution of projects to maintain a competitive advantage
- Drive cost leadership through operational efficiencies and optimised resource utilisation
- Deepen customer relationships and strengthen brand equity through differentiated products and services
- Expand into high-growth and underserved regions to diversify exposure and reduce localised competitive pressures
- Invest in innovation, digital technologies, and value-added solutions to stay ahead of competitors



Land Acquisition & Surface Rights Risk

Impact

- Difficulty in acquiring large land parcels, delays mining and project execution timelines
- Misalignment between mining rights and land ownership can prevent access to allocated mines
- Social and political resistance to land acquisition increases project uncertainty and delays

Mitigation Strategy

- Engaging proactively with landowners to secure access
- Incorporating delays into planning by building flexibility in project timelines
- Working closely with stakeholders and authorities to resolve land-related issues



Regulatory and legal risk

Impact

- Pending litigations can result in contingent liabilities impacting the balance sheet
- Delays in court proceedings can postpone cash inflows or outflows
- Changes in government policies can affect incentives and financial claims

Mitigation Strategy

- A compliance management system (Legatrix) is in place to streamline and track regulatory requirements
- Regulatory developments are proactively monitored to ensure timely awareness and response
- Processes are established to identify, manage, and meet all applicable regulatory obligations



Mining Risk

Impact

- If production does not begin within the stipulated time after mine allocation, there is a risk of the mine lapsing
- Failure to meet mandated production milestones can lead to regulatory non-compliance and operational disruptions
- A shift to auction-based allocation of mines may increase limestone costs, raising the cost of production

Mitigation Strategy

- Ensuring timely operationalisation of mines to avoid lapsing risks
- Aligning production closely with regulatory milestones to maintain compliance
- Preparing for future regulatory changes through long-term resource planning



Financial Stability and Capital Allocation Risk

Impact

- High CapEx requirements can strain cash flows if not matched by revenue generation
- An imbalance between debt and equity can increase financial risk
- Rising interest rates can increase borrowing costs and reduce profitability

Mitigation Strategy

- Maintains discipline in capital allocation and investment decisions
- Focus on generating strong cash flows through operational performance
- Manages leverage and debt-to-equity ratio



Digital & Cybersecurity Risk

Impact

- Increased use of digital systems and AI exposes operations to cyber threats
- A cyberattack can disrupt plant operations and impact production continuity
- Limited maturity of current systems increases vulnerability to such risks

Mitigation Strategy

- Strengthened the cybersecurity framework in line with increased digitalisation, automation, and technology adoption
- Implemented robust data protection and cybersecurity measures, including a Zero Trust Access architecture
- Established OT cybersecurity monitoring across 21 cement lines to enhance operational resilience
- Enabled centralised 24x7 monitoring through a Security Operations Centre (SOC)
- Integrated data protection within the RISE with SAP environment, supported by periodic security patching, identity governance (Sugam), and secure cloud operations
- Migrated the data centre from AWS to GCP to improve cloud security and operational efficiency
- Ensured comprehensive IT and OT security across on-premise, cloud, and hybrid environments
- Continuing to strengthen cybersecurity through targeted investments in advanced technologies and strategic initiatives



Talent Management Risk

Impact

- Ineffective recruitment processes and skill gaps may impact workforce capability and productivity
- Inadequate training and limited career development opportunities can hinder employee performance
- Low employee engagement and suboptimal HR policies may lead to higher attrition and retention challenges

Mitigation Strategy

- Strengthening training and capability-building initiatives to enhance workforce skills and effectiveness
- Driving employee engagement through targeted programs and initiatives
- Promoting internal talent by providing career advancement opportunities for critical roles
- Enhancing managerial effectiveness through sensitivity and leadership development interventions
- Aligning HR policies with industry best practices to remain competitive and employee-centric
- Identifying and developing high-performing, high-potential employees through structured development plans



Employee Health and Safety Risk

Impact

- Non-compliance with health and safety standards may result in workplace injuries and fatalities
- Gaps in embedding a strong safety culture can increase operational risk
- Inconsistent adherence by contractors to engineering and construction safety practices poses additional hazards
- Fire incidents remain a critical risk to personnel safety and operational continuity

Mitigation Strategy

- Health, Safety, and Environmental (HSE) practices are actively monitored by line managers, supported by implementation of the DuPont safety model across all units
- KAVACH – ‘My Safety My App’ enables reporting of lead indicators and real-time compliance tracking
- Regular monthly reviews at both unit and group levels, including HSE apex meetings and safety boards, reinforce a strong safety culture
- Toolbox talks are conducted to enhance on-ground safety awareness and practices
- Strict enforcement of PPE usage across all workplaces
- Continuous monitoring by safety officers and committees, along with workshops and e-learning modules, to strengthen safety awareness
- Enhanced screening protocols implemented across operations
- Compatibility testing of hazardous liquids and Alternative Fuels and Raw Materials (AFR) conducted prior to usage
- Third-party inspections and testing of lifting tools, tackles, and pressure vessels carried out in line with statutory requirements



Lanka Office, Assam

Sustainability goals, initiatives and progress



Diversifying Energy Portfolio

- We are rebalancing our energy mix to reduce dependence on conventional sources and accelerate the transition towards cleaner alternatives
- A significant increase in renewable energy adoption, supported by waste heat recovery and alternative fuel utilisation, is strengthening both energy resilience and decarbonisation outcomes



Advancing Decarbonisation in Cement

- Decarbonisation remains fundamental to our sustainability strategy, as we work towards our aspiration of becoming carbon negative by 2040
- As founding members of global initiatives such as LEADIT, and through alignment with national missions like carbon capture and utilisation (CCUS), we are actively contributing to India's low-carbon infrastructure development
- Reducing the carbon footprint of our logistics operations through modal shifts from road to rail, adoption of electric vehicles, and optimisation of transport networks
- Pilot initiatives, including EV deployment across select routes and mines, are helping us evaluate scalable low-carbon logistics solutions
- Strengthening value chain sustainability by assessing suppliers on ESG parameters and supporting smaller partners through capability-building and digital enablement



Driving Circularity through Waste-to-Value Practices

- The use of alternative raw materials such as fly ash, slag, and other industrial by-products reduces reliance on virgin resources while lowering environmental impact
- Our co-processing capabilities position us as a net positive contributor in waste utilisation, supporting both sustainability goals and resource efficiency



Technology that Powers Progress

Digital enablement continues to drive meaningful business impact by improving efficiency, strengthening controls, and enabling scalable growth. Guided by a digital-first mindset, the Company is leveraging robust technology platforms and intelligent automation to build agile systems that respond effectively to evolving business needs. In FY 2025-26, the focus remained on expanding automation across functions while laying the foundation for AI-led productivity and long-term resilience.

Across the value chain, digital initiatives are enhancing operational effectiveness and user experience. Sales digitisation efforts are simplifying frontline execution and improving channel engagement through dealer applications, digital nudges, and AI-assisted tools. In logistics, technology-driven interventions are enabling more efficient, faster, and cost-effective movement of goods through improved planning, automation, and better asset utilisation. Smart manufacturing applications are further strengthening safety, reliability, and productivity at plant operations.

The organisation is also advancing the adoption of AI and automation to support data-driven decision-making and improve workforce productivity. AI-powered tools, including the DIA suite of bots, are enabling faster access to information and more efficient workflows across functions. Alongside these initiatives, a strong emphasis on cybersecurity and data protection ensures secure operations and regulatory compliance, reinforcing a resilient and future-ready digital ecosystem.

Building a Strong Organisation Culture

Building a safe, inclusive, and empowering workplace remains fundamental to how the organisation operates. The HR strategy is closely aligned with long-term growth and sustainability goals, with people positioned as a key driver of business success. This approach is anchored in strengthening talent pipelines, fostering a continuous learning culture, reinforcing merit-based performance and rewards, and advancing diversity, equity, and inclusion, supported by digital HR systems and people analytics.

The organisation maintains a strong governance framework to ensure a workplace free from harassment and grounded in fairness and accountability. Standardised policies, structured processes, and active collaboration between HR, legal, and compliance teams help uphold ethical standards across all locations. At the same time, a strong emphasis on safety, well-being, and employee engagement is embedded into the culture through leadership accountability, structured feedback mechanisms, and workplace initiatives across plants, corporate offices, and field operations.



Safety Pledge at Dalmiapuram, Tamil Nadu

Learning and capability-building remain central to workforce development. Through structured programmes under the Nalanda Learning and Leadership ecosystem, along with digital learning platforms and analytics-driven insights, employees are equipped to grow, adapt, and take on future roles. This integrated focus on development, engagement, and inclusion continues to strengthen a resilient, future-ready workforce that supports the Company's long-term ambitions.

As of March 31, 2026, the Company had 5,864 employees on its payroll.

Prioritising Health and Safety

Dalmia Bharat Limited places health and safety at the core of its operational philosophy, positioning it as a critical enabler of sustainable and responsible growth. The Company is committed to achieving a zero-harm workplace through a structured, multi-year safety roadmap that integrates robust systems, defined protocols, and continuous improvement across all manufacturing units.

The Company's safety architecture is built on three strategic pillars: behavioural transformation, technology integration, and capability development. This approach is formalised through its flagship excellence initiative, **Safety – Dalmia Way of Life**, designed in partnership with Ernst & Young.

Technology-led interventions play a pivotal role in strengthening Dalmia Bharat's safety ecosystem. The Company has deployed KAVACH, a real-time digital platform for reporting and monitoring unsafe acts, conditions, and incidents, enabling data-driven decision making. Advanced solutions such as AI-based hazard identification and drone-enabled inspections enhance



surveillance of high-risk and inaccessible areas. Field-level monitoring is further optimised through QR code systems and geo-fencing, while the adoption of a paperless weighbridge system improves safety and efficiency within logistics operations.

In parallel, the Company is focussed on building a high-trust, safety-first culture by transitioning from enforcement-led practices to empowerment-driven engagement. Structured e-learning modules standardise training across the workforce, while daily Toolbox Talks reinforce awareness and vigilance at the operational level. The development of model areas targeting zero unsafe conditions further strengthens on-ground safety discipline.

From FY 2025-26 onwards, safety performance has been embedded as a key parameter in the variable pay

structure of senior and mid-level management, reinforcing leadership accountability. The deployment of specialised personal protective equipment for high-risk activities further mitigates exposure to critical hazards.

The Company's health and safety practices are governed by a comprehensive Occupational Health and Safety Policy and supported by strong oversight mechanisms. Its efforts have been recognised through multiple industry accolades.

Through a combination of system-led governance, digital innovation, and cultural transformation, Dalmia Bharat continues to set benchmarks in safety excellence, reinforcing its commitment to incident-free workplace.



Team Work, Dalmiapuram, Tamil Nadu

Internal Control and their Adequacy

DBL maintains a robust internal control framework meticulously aligned with the scale and complexity of its expanding operations. The Company has established a well-defined organisational structure and management processes to ensure that internal financial controls are not only adequate but operate with high functional efficiency. Comprehensive policies and procedures are strictly enforced to safeguard assets, maintain accurate

accounting records, and guarantee the reliability of financial reporting.

DBL's internal control environment is characterised by a proactive Control Advocacy approach. Beyond financial rigour, the Company engages specialised global agencies to ensure best-in-class standards across diverse operational pillars.

Audit Committee

The committee reviews internal control frameworks, their adequacy and effective functioning of vigil mechanism. It also meets with Statutory and Internal auditors independently at regular interval.

Internal Audit & Risk

The internal audit function is entrusted to Ernst & Young (EY), which conducts multi-dimensional audits of the Group’s operations based on Board-approved risk-based plans.

Internal Financials Control

The Statutory Auditors (Walker Chandiook & Co LLP) check internal financials controls and provides assurance to the Board on their adequacy and operating effectiveness.

Related Party Transactions Controls

The Company has adequate control and systems towards related party transactions. Further, the Company obtains independent opinion from Dhruva Advisors to get assurance on Arm’s Length Price of transaction.

Non-Financial Disclosures

The Company’s non-financial disclosures are independently assured by TUV to enhance transparency and strengthen stakeholder confidence.

Tax Audits

The Company’s tax audits are conducted by Desai Haribhakti to ensure compliance with applicable tax laws and regulatory requirements.

Whistle Blower Policy & Vigil Mechanism

The Company has robust framework of Whistle Blower and Vigil Mechanism.

These systems are systematically integrated into the Company’s corporate governance framework. Strong Board oversight, timely disclosures, transparent accounting practices, and a culture of uncompromising integrity underpin Dalmia Bharat’s governance philosophy.

Based on management’s comprehensive assessment, the internal controls were found to be effective, with no significant deficiencies or material weaknesses identified

that could impact the financial statements as of March 31, 2026.

Based on management’s comprehensive assessment, the internal controls were found to be effective, with no significant deficiencies or material weaknesses identified that could impact the financial statements as of March 31, 2026.

Financial Overview

Consolidated Results

Rs. Crore

Description	FY 2025-26	FY 2024-25	Change (%)
Revenue from operations	14,804	13,980	6%
Expenses			
Cost of raw materials consumed	2,324	2,241	4%
Purchases of stock in trade	0	106	(100%)
Changes in inventories of finished goods, stock in trade and work-in-progress	14	(19)	(174%)
Power and fuel	2980	2903	3%
Total cost of goods sold	5,318	5,231	2%
Employee benefits expense	894	885	1%
Freight charges			
- on finished goods	2,804	2,785	1%
- on internal clinker transfer	430	501	(14%)
Other expenses	2,275	2,171	5%
Total expenses	11,721	11,573	1%
Operating EBITDA	3,083	2,407	28%
Operating EBITDA Margin (%)	21%	17%	
Other income	222	253	(12%)
Finance costs	480	399	20%
Depreciation and amortisation expense	1,349	1,331	1%
Profit before share of profit in joint venture and exceptional items	1,476	930	59%
Share of profit in joint venture accounted for using equity method (net)	0	0	0%
Exceptional items (net)	(26)	(113)	(77%)
Profit before tax from continuing operations	1,450	817	77%
Total tax expense	292	118	147%
Profit after tax from continuing operations	1158	699	66%
(Loss)/ profit from discontinued operations	(1)	0	(592%)
Profit after Tax (PAT)	1,157	699	(18%)
PAT %	8%	5%	

During FY 2025-26, the Group recorded EBITDA of Rs. 3,083 crore (previous year Rs. 2,407 crore) registering an increase of 28% over FY 2024-25. This was primarily on account of increase in sale prices and cost efficiency.

Due to aforesaid reason and lower net exception expenses, net profit for the year increased from Rs. 699 crore in FY 2024-25 to Rs. 1,157 crore in FY 2025-26.

The basic and diluted earnings from continuing operations for the FY 2025-26 were at Rs. 60.80 per share (previous year: basic and diluted: Rs. 36.41 per share).

1. Revenue from operations

The Group's total revenue increased by 6% to Rs. 14,804 crore in FY 2025-26 from Rs. 13,980 crore in FY 2024-25.

Rs. crore

Particulars	FY 2025-26	FY 2024-25	Change (%)
Cement and its related products	14,448	13,549	7%
Power	7	8	(15%)
Management service charges	12	11	8%
Total sale of products and services	14,467	13,568	7%
Other operating revenue	337	412	(18%)
Total revenue from operations	14,804	13,980	6%

The cement sales volume of the Group was 30.02 MnT in FY 2025-26 registering a growth of 2.3% as compared to 29.4 MnT in FY 2024-25. The average selling prices (net of discount and taxes) increased by 3.5% in FY 2025-26 over FY 2024-25.

The Group continued to retain a strong presence in the Southern, Eastern and North Eastern markets.

Other operating revenue mainly includes subsidies on sale of finished goods and scrap sale. Other operating revenue decreased majorly due to lower subsidy accruals in FY 2025-26 as GST rate on cement reduced from 28% to 18% during the year.

2. Other income

Other income primarily comprises interest income, dividend income, gain on sale and fair valuation of financial instruments, and others.

Other income decreased by Rs. 31 crore to Rs. 222 crore, mainly due to: (a) a decrease of Rs. 12 crore in interest on NCDs, as the NCDs were redeemed during FY 2024-25; and (b) a decrease of Rs. 15 crore in interest on income tax refund received in FY 2025-26.



Dalmiapuram, Tamil Nadu

3. Cost of goods sold

Cost of goods sold accounted for 35.9% of revenue in FY 2025-26 as against 37.4% in FY 2024-25, due to better price realisation.

4. Employee benefit expenses

Employee cost increased by 1% in FY 2025-26, mainly due to increments in annual salaries, in line with industry standards. This was partially offset by a decrease in average headcount and the retirement of senior management personnel.

Employee benefits expense accounted for 6.0% of revenue in FY 2025-26, compared to 6.3% in FY 2024-25.

5. Freight charges

Freight cost decreased from Rs. 1,120/T to Rs. 1,077/T of cement sold in FY 2025-26, a reduction of 3.8%, primarily on account of cost-efficiency measures undertaken by the Company during the year.

Freight charges on finished goods accounted for 19.0% of revenue in FY 2025-26, compared to 19.9% in FY 2024-25.

6. Finance cost

Finance cost increased by Rs. 81 crore to Rs. 480 crore, primarily on account of an increase in average borrowings from Rs. 5,100 crore to Rs. 6,600 crore for expansion projects.

7. Depreciation and amortisation expense

Depreciation and amortisation expense increased by Rs. 18 crore to Rs. 1,349 crore in FY 2025-26, mainly due to the impact of PPE and ROU additions of Rs. 169 crore during FY 2025-26 and FY 2024-25.

This was partially offset by a reduction of Rs. 151 crore in goodwill amortisation.

8. Exceptional items

Exceptional loss for the year ended March 31, 2026, of Rs. 26 crore was recorded on account of: (a) the impact of the new labour code amounting to Rs. 42 crore. The Company has assessed the incremental impact of these changes towards gratuity and other employee benefits for FY 2025-26; and (b) this was partially offset by a reduction of Rs. 16 crore in provisions for Jaiprakash Associates Limited ('JAL') balances, based on a reassessment of the position.

9. Tax expense

Tax expense for FY 2025-26, as a percentage of profit before share of profit in joint ventures and exceptional items, was higher than the previous year, mainly on account of higher profit during FY 2025-26.

During the year ended March 31, 2026, the Group reassessed tax provisions made in earlier years based on its interpretation of the prevailing income tax laws and rules, and wrote back current tax provisions amounting to Rs. 54 crore. Further, it recognised an additional deferred tax asset of Rs. 21 crore on account of brought-forward losses/unabsorbed depreciation under the head 'Tax adjustments for earlier years'.



Kadapa Truck Fleet, Andhra Pradesh

Consolidated Balance Sheet

1. Property, Plant and Equipment (PPE) including Intangibles and Right-of-use assets

1

Total additions to PPE and Intangible assets were Rs. 3,123 crore (net block increase by Rs. 1,845 crore), mainly on account of capacity expansion of clinker by 3.6 MnTPA, acquisition of land, mining and mining rights for setting up projects/ expansion, green energy and other routine maintenance capex.

2

Capital work in progress (CWIP) stood at Rs. 2,593 crore as at March 31, 2026, and is largely attributed to capacity enhancement/upgradation of cement and clinker mills, other maintenance and infrastructure capital expenditure at various plants across the Group.

3

Goodwill

There was no addition in the value of goodwill during the year. Goodwill acquired pursuant to Scheme of Arrangement and Amalgamation sanctioned by Hon'ble National Company Law Tribunal. The said goodwill amount was fully amortised as on March 31, 2025 and therefore amount of amortisation during the year was Nil.

4

Right-of-use Assets

Additions during the year was Rs. 368 crore on account of lease contracts of land, buildings (godowns, office and residential premises), railway wagons and vehicles used in its operations.

5

Intangible assets under development stood at Rs. 133 crore as at March 31, 2026, and largely attributed to mining rights and IM Systems.



2. Non-current investments

Investments accounted for using the equity method stood at Rs. 2 crore as at March 31, 2026, and consisted of investment in a joint venture.

Other non-current investments stood at Rs. 771 crore as at March 31, 2026. These mainly consisted of investments in equity shares of a listed entity/Renewable Energy ('RE') project entities, optionally redeemable convertible debentures and compulsorily convertible preference shares.

The increase was mainly due to an investment of Rs. 68 crore in RE power and an MTM gain of Rs. 55 crore on listed equities. This was partially offset by the reclassification of compulsorily convertible preference shares amounting to Rs. 20 crore from non-current to current investments.



Meeting in Progress, Lanka, Assam

3. Current investments

Current investments of Rs. 5,105 crore as at March 31, 2026, mainly consist of investments in equity shares of listed entities/RE project entities, mutual funds and corporate bonds.

The increase in investments of Rs. 661 crore was predominantly due to: (a) an increase of Rs. 1,964 crore in units of debt schemes of various mutual funds (unquoted); and (b) a new investment of Rs. 9 crore in equity shares of RE project entities. This was partially offset by a decrease of Rs. 1,234 crore in equity shares, primarily on account of the sale of 3.7 crore shares of IEX during the year for Rs. 742 crore, and a change in the value of shares.

4. Inventories

Inventory as at March 31, 2026, was Rs. 1,192 crore, compared to Rs. 1,386 crore as at March 31, 2025.

The decrease was primarily due to a reduction of Rs. 257 crore in raw materials and fuel in transit. Inventory days stood at 33 days in FY 2025-26, compared to 35 days in FY 2024-25.

5. Trade receivables

Trade receivables as at March 31, 2026, stood at Rs. 864 crore, compared to Rs. 889 crore as at March 31, 2025, reflecting a decrease of Rs. 25 crore.

Current receivable days, before provision for rebates to customers, stood at 22 days in FY 2025-26, compared to 23 days in FY 2024-25.

6. Other financial assets

Total other financial assets, both non-current and current, stood at Rs. 1,140 crore as at March 31, 2026. These primarily consisted of subsidy/incentive receivables of Rs. 840 crore, security deposits of Rs. 153 crore and other receivables.

The increase of Rs. 82 crore in other financial assets was mainly due to an increase of Rs. 97 crore in subsidy/incentive receivables and an increase of Rs. 24 crore in other receivables and foreign currency forward contracts. This was partially offset by a decrease of Rs. 4 crore in security deposits and Rs. 36 crore in bank deposits.

7. Other non-current and current assets

Other assets, both non-current and current, stood at Rs. 1,701 crore as at March 31, 2026. These mainly consisted of capital advances, deposits and balances with government departments and other authorities, prepayments and advances to suppliers.

The increase in other assets was predominantly on account of an increase of Rs. 297 crore in deposits and balances with government departments, primarily GST input tax credit for projects, and Rs. 14 crore in prepayments. This was partially offset by a decrease of Rs. 106 crore in capital advances and Rs. 7 crore in advances to suppliers during the year.

8. Assets or disposal group classified as held for sale

No major movement in this head.

9. Share capital

The paid-up share capital of the Company as at March 31, 2026, was Rs. 38 crore, comprising 18,75,65,953 equity shares of face value Rs. 2 each.

During the year, the Company further issued 792 shares to eligible employees under ESOP.

10. Gross debt and net debt

Gross debt was higher by Rs. 1,473 crore and stood at Rs. 6,752 crore as at March 31, 2026. This was due to the availing of long-term rupee term loans during the year to fund capital expenditure for ongoing capacity expansion projects, along with an increase in short-term loans for working capital.

Net debt was higher by Rs. 712 crore and stood at Rs. 1,428 crore as at March 31, 2026, mainly due to an increase in working capital, coupled with a decline in the value of marketable securities.

11. Trade payables

The total balance as at March 31, 2026, stood at Rs. 1,294 crore, reflecting a decrease by Rs. 245 crore, mainly due to lower payables for fuel in transit.

12. Other financial liabilities

Other financial liabilities, both current and non-current, increased by Rs. 954 crore to Rs. 2,666 crore as at March 31, 2026.

The increase was mainly on account of a rise of Rs. 999 crore in liabilities for capital expenditure. This was partially offset by a decrease of Rs. 70 crore in security deposits received, rebates to customers and other employee liabilities.

13. Provisions

Total provisions, both non-current and current, stood at Rs. 457 crore as at March 31, 2026, compared to Rs. 428 crore as at March 31, 2025.

The increase was primarily due to a rise in employee defined benefit provisions, following a revision of estimates in line with the new labour code and based on the valuation by an independent actuary.

14. Other liabilities

Other liabilities primarily consist of liabilities towards dealer incentives, advances from customers and statutory dues.

Total other liabilities, current, decreased by Rs. 165 crore, mainly on account of a decrease in statutory dues and advances received from customers. This was partially offset by an increase in liabilities towards dealer incentives.



Consolidated Cash Flows

Rs. Crore

Particulars	FY 2025-26	FY 2024-25	Change
Net cash flow from operating activities	2,278	2,117	161
Net cash flow (used) in investing activities	(3,023)	(2,270)	(753)
Net cash flow from/ (used in) financing activities	808	(39)	847
Net increase/ (decrease) in cash and cash equivalents	63	(192)	255

Net cash flow from operating activities

During the year, net cash generated from operating activities was Rs. 2,278 crore, compared to Rs. 2,117 crore in the previous year. This was mainly due to an increase in profit, partially offset by an increase of Rs. 429 crore in working capital adjustments.

Income tax paid during the current year was Rs. 99 crore, net of refund, compared to Rs. 71 crore, net of refund, in the previous year. The increase in income tax paid was due to higher taxable profits, net of brought-forward losses, in subsidiaries.

Net cash flow used in investing activities

During the year under review, net cash outflow from investing activities amounted to Rs. 3,023 crore, compared to Rs. 2,270 crore in the previous year.

The outflow during the current year broadly comprised capital expenditure of Rs. 2,041 crore, net of sale

proceeds; new investments of Rs. 47 crore in RE power entities, net of gain on OCI; and purchase of investments and fixed deposits, net, of Rs. 1,002 crore. This was partially offset by receipt of interest and dividend income amounting to Rs. 67 crore.

Net cash flow from/(used in) financing activities

Net cash inflow from financing activities amounted to Rs. 808 crore during the current year.

The inflow during the current year broadly represented the availment of borrowings of Rs. 1,531 crore, net of repayments. This was partly offset by interest payments of Rs. 446 crore, lease liability payments aggregating to Rs. 108 crore, including interest and principal, and dividend payments of Rs. 169 crore.

Key Financial Ratios

Particulars	FY 2025-26	FY 2024-25	Change (%)
Debtors Turnover (in times)*	29.33	31.60	(7%)
Inventory Turnover (in times)	11.23	10.42	8%
Interest Coverage Ratio (times)	5.78	5.43	6%
Current Ratio (times)	1.54	1.59	(3%)
Debt Equity Ratio (times)	0.38	0.30	24%
Operating Profit (EBIDTA) Margin (%)	20.8%	17.2%	21%
Net Profit Margin (%)	7.8%	5.0%	56%
Return on Net Worth (%)	6.6%	4.1%	59%

* Debtors turnover is computed net of provision for rebate to customers and on average of opening and closing debtors

Explanations for variation of 25% or more in Key Financial Ratios

1. Net Profit Margin: Increased primarily on account of the increase in net profit in FY 2025-26
2. Return on Net Worth: Increased primarily on account of the increase in net profit in FY 2025-26