

October 19, 2025

Q2FY26 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	2,372		2,372	
Sales (Rs. m)	1,74,815	1,94,344	1,77,248	1,97,070
% Chng.	(1.4)	(1.4)		
EBITDA (Rs. m)	40,214	43,975	41,397	45,305
% Chng.	(2.9)	(2.9)		
EPS (Rs.)	89.6	102.0	91.7	99.1
% Chng.	(2.3)	2.9		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	1,39,800	1,55,772	1,74,815	1,94,344
EBITDA (Rs. m)	24,070	34,275	40,214	43,975
Margin (%)	17.2	22.0	23.0	22.6
PAT (Rs. m)	7,240	15,173	16,806	19,126
EPS (Rs.)	38.6	80.9	89.6	102.0
Gr. (%)	(6.1)	109.6	10.8	13.8
DPS (Rs.)	9.0	9.9	11.0	12.0
Yield (%)	0.4	0.4	0.5	0.5
RoE (%)	4.3	8.4	8.6	9.1
RoCE (%)	4.9	8.6	9.4	9.6
EV/Sales (x)	3.1	2.8	2.5	2.3
EV/EBITDA (x)	18.0	12.6	11.0	10.0
PE (x)	58.3	27.8	25.1	22.1
P/BV (x)	2.4	2.3	2.1	1.9

Key Data DALB.BO | DALBHARA IN

52-W High / Low	Rs.2,496 / Rs.1,601
Sensex / Nifty	83,952 / 25,710
Market Cap	Rs.422bn/ \$ 4,797m
Shares Outstanding	188m
3M Avg. Daily Value	Rs.979.82m

Shareholding Pattern (%)

Promoter's	55.84
Foreign	8.76
Domestic Institution	17.81
Public & Others	17.59
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(9.1)	21.5	22.6
Relative	(10.5)	13.7	18.3

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Decent Q2; uphill task ahead

Quick Pointers:

- Incentive approvals likely delayed due to GST rationalisation; FY26 incentives revised to Rs2.4bn (vs Rs3bn earlier) and FY27 expected at Rs2bn.
- Capex for FY26/27 is expected at Rs30bn/40bn, revised down by Rs10bn due to favourable credit terms.

Dalmia Bharat (DALBHARA) reported inline operating performance in Q2FY26 on weak pricing and tepid volume scenario. Average NSR declined 4.7% QoQ due to lower premium share and pricing pressure to maintain market share in key regions. Volumes grew just 2.7% YoY due to intense monsoon in key regions. P&F costs declined led by increase in RE power capacity to 48% in Q2 vs 41% in Q1, along with that Freight costs and other costs also declined which led EBITDA/t increase by 56% to Rs1,009 (Ple of Rs1,014). DALBHARA reiterated its confidence in achieving cost savings of Rs150–200/t by end FY27E, though mineral bearing tax bill by TN govt. would keep the RM costs up.

Capex execution is progressing well, with trial runs underway at the 3.6mt clinker line in Umrangso and 52% of civil work completed at Belgaum IU. However, intense competition from larger players continues to limit DALBHARA's volume growth potential. With no price hikes expected over the next couple of months and rising pet coke costs, sustaining margins in the near term could be challenging, though anticipated demand recovery in H2 should provide some cushion. We remain watchful of: (1) pricing trends in the South and East, (2) increase in pet coke costs, (3) execution progress of the upcoming capacities, and (4) volume traction amid heightened competitive intensity. We cut our FY27/28E EBITDA by 3% each due to loss of market share and incremental pricing pressure in key regions. At CMP, the stock is trading at 11x/10x EV of FY26/FY27E EBITDA. Maintain Accumulate with TP of Rs2,372 valuing at 11x EV of Sep'27E EBITDA.

- **Revenue grew on low base and higher YoY Pricing:** Consolidated revenue grew 11% YoY to Rs34.2bn (-6% QoQ; PLe Rs35.4bn) on low base & higher pricing in South & East region YoY. Cement volumes grew just 2.7% YoY to 6.9mt (-1.4% QoQ; PLe 6.99mt). Average realisation declined 4.7% QoQ to Rs4,952/t (7.8% YoY; lower than PLe of Rs5,064/t) led by lower prices in South & East India during the quarter.
- **EBITDA rises on lower P&F and Freight costs:** EBITDA grew 60% YoY to Rs6.96bn (-21% QoQ; lower than PLe Rs7.08bn) aided by higher YoY pricing, lower P&F and freight costs. RM costs increased 10.5% YoY to Rs732/t due to impact of Mineral Bearing Land Act by Tamil Nadu Govt w.e.f. 4th Apr'25. Other costs/t declined 3% YoY to Rs790 despite seasonally weak quarter. Freight cost/t declined 4% YoY to Rs1,055 while P&F costs/t continue to decline (1.2% YoY; flat QoQ) to Rs1,039. Petcoke/coal consumption cost remained at USD100/t in Q2FY26. Resultant, DALBHARA delivered EBITDA/t of **Rs1,009/t** (+56% YoY/-20% QoQ) Vs PLe of Rs 1,014/t. PAT grew 4x YoY to Rs2.38bn (-37% QoQ; PLe 2.17bn) on lower base and aided by lower depreciation.

- **On track capex and RE push to strengthen growth outlook:** 1) Trial runs began at the 3.6mt clinker line in Umrangso, Assam in September, with commercial production slated for Q3FY26. All major orders placed for 6mtpa integrated unit at Belgaum, 52% civil work completed at Belgaum. Public hearing at 6mtpa Kadapa unit is completed. 2) Company commissioned 93MW of RE capacity, taking its operational RE capacity to 387MW. Share of Renewable power consumption stood at 48.1% (41.2% in Q1). Operational RE capacity is expected to reach 576MW by the end of FY26.

Q2FY26 Conference Call Highlights:

- Reiterated guidance of Rs150–200/t cost savings to be achieved over the next 2 years.
- Trial runs began at the 3.6mt clinker line in Umrangso, Assam in September, with commercial production slated for Q3FY26. This will provide an opportunity to add an additional 2.5mt split grinding unit in the Northeast market. Until the 2.4mt GU is ramped up, no new projects will be taken up in the Northeast.
- At Jaisalmer, work on land acquisition, obtaining permissions, and progressing towards environmental clearance is ongoing.
- Lead distance for Q2FY26 stood at 237km (vs 280km in Q1FY26).
- Approval for incentives is likely to get deferred due to GST issues; hence FY26 incentives are expected to be Rs2.4bn vs previous guidance of Rs3bn. For FY27, incentives are expected to be Rs2bn.
- Incentives accrued and collected during the quarter were Rs640mn and Rs500mn respectively.
- For H1FY26, total incentives accrual stood at Rs1.38bn and collection at Rs910mn. At the end of Q2FY26, total incentive outstanding was Rs8bn.
- With the government's removal of cess on coal, the company expects a benefit of Rs200mn in H1FY26, totaling Rs400mn for FY26 and Rs500–550mn in FY27.
- Capex incurred in H1FY26 was Rs11.89bn. Capex for FY26 is expected at Rs30bn, revised down from Rs40bn due to favourable credit terms. Capex for FY27 is expected to remain at Rs40bn.
- Total capex of Rs10,000–15,000 crore will be required for projects till FY28.
- Net debt stands at Rs16.02bn with net debt-to-EBITDA at 0.56x. Despite higher capex, it is not expected to exceed 2x.
- The company is awaiting the outcome of its bid for Jaiprakash Associates (JP) before committing to the Jaisalmer project.
- Trade volume share was 62%; fuel cost at Rs1.38/kcal; clinker capacity utilization ratio (cc ratio) at 1.62x; and premium product share at 22% of traded volumes.

- Pay structure is being revised from 100% fixed pay to a variable pay model for senior management. The three variables will be company performance, individual performance, and safety measures. 15–25% of total pay will be variable.
- 48% renewable energy (RE) share achieved, with a rising share of RE in the energy mix. Commissioned 93MW of RE capacity; targeting 576MW by FY26E.
- Cannot completely offload IEX shares currently due to SEBI's ongoing investigation into insider trading matter.
- No clinker sales were included in the Q2FY26 volume.

Exhibit 1: Q2FY26 Result Overview

Y/e March (Rs mn)	Q2 FY26	Q2 FY25	YoY gr. (%)	Q2 FY26E	% Var.	Q1 FY26	QoQ gr. (%)	H1 FY26	H1 FY25	YoY gr. (%)
Income from Operations	34,170	30,870	10.7	35,394	(3.5)	36,360	(6.0)	70,530	67,080	5.1
Total Raw Material Costs	5,050	4,450	13.5	4,813	4.9	4,670	8.1	9,720	10,500	(7.4)
% of Net Sales	14.8	14.4		13.6		12.8		13.8	15.7	
Employee Expenses	2,260	2,190	3.2	2,365	(4.4)	2,270	(0.4)	4,530	4,470	1.3
% of Net Sales	6.6	7.1		6.7		6.2		6.4	6.7	
Power & Fuel	7,170	7,070	1.4	7,573	(5.3)	7,250	(1.1)	14,420	14,640	(1.5)
% of Net Sales	21.0	22.9		21.4		19.9		20.4	21.8	
Transport & Handling - on finished goods	6,340	6,300	0.6	6,779	(6.5)	6,710	(5.5)	13,050	13,480	(3.2)
Transport & Handling - on internal transfer	940	1,060		1,153		1,240		2,180	2,180	
% of Net Sales	21%	24%		22%		22%		22%	23%	
Other Expenses	5,450	5,460	(0.2)	5,622	(3.1)	5,390	1.1	10,840	10,780	0.6
% of Net Sales	15.9	17.7		15.9		14.8		15.4	16.1	
Total Expenditure	27,210	26,530	2.6	28,306	(3.9)	27,530	(1.2)	54,740	56,050	(2.3)
EBITDA	6,960	4,340	60.4	7,089	(1.8)	8,830	(21.2)	15,790	11,030	43.2
Margin (%)	20.4	14.1		20.0		24.3		22.4	16.4	
Depreciation	3,220	3,360	(4.2)	3,427	(6.0)	3,220	-	6,440	6,530	(1.4)
EBIT	3,740	980	281.6	3,661	2.1	5,610	(33.3)	9,350	4,500	107.8
Other Income	660	730	(9.6)	450	46.7	490	34.7	1,150	1,230	(6.5)
Finance Cost	1,220	980	24.5	1,123	8.6	1,080	13.0	2,300	1,930	19.2
PBT	3,180	730	335.6	2,988	6.4	5,020	(36.7)	8,200	3,800	115.8
Extra-ordinary Items	-	-		-		160		160	(1,130)	
PBT (After EO)	3,180	730	335.6	2,988	6.4	5,180	(38.6)	8,360	2,670	213.1
Tax	790	240	229.2	807	(2.1)	1,230	(35.8)	2,020	730	176.7
% PBT	24.8	32.9		27.0		23.7		24.2	27.3	
Reported PAT	2,390	490	387.8	2,181	9.6	3,950	(39.5)	6,340	1,940	226.8
Minority Interest	10	30	(66.7)	10	-	20	(50.0)	30	70	(57.1)
Share of profit in JV/Associates	-	-		-		-		-	-	
Net Profit Attributable to shareholders	2,380	460	417.4	2,171	9.6	3,930	(39.4)	6,310	1,870	237.4
Adjusted PAT	2,380	460	417.4	2,171	9.6	3,808	(37.5)	6,189	2,691	130.0

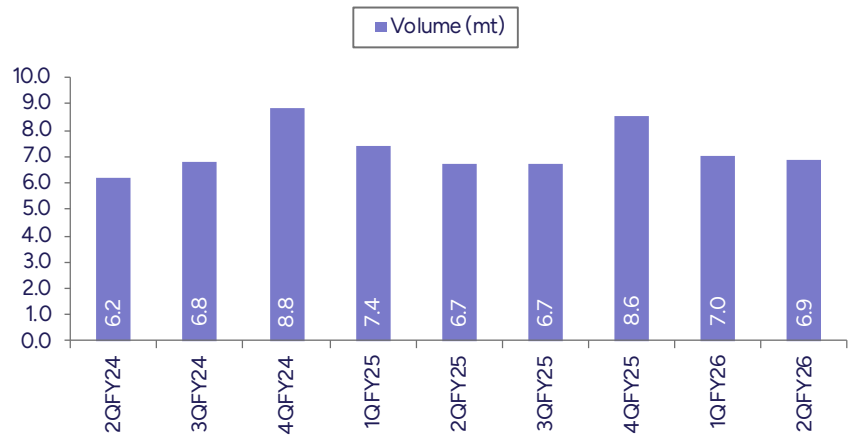
Source: Company, PL

Exhibit 2: Q2FY26 Result Overview

Y/e March (Rs mn)	Q2 FY26	Q2 FY25	YoY gr. (%)	Q2 FY26E	% Var.	Q1 FY26	QoQ gr. (%)	H1 FY26	H1 FY25	YoY gr. (%)
Volume (mt)	6.9	6.7	2.7	7.0	(1.3)	7.0	(1.4)	13.9	14.1	(1.6)
Realisations (Rs/t)	4,952	4,594	7.8	5,064	(2.2)	5,194	(5)	5,074	4,751	6.8
EBITDA (Rs/t)	1,009	646	56.2	1,014	(0.6)	1,261	(20)	1,136	781	45.4

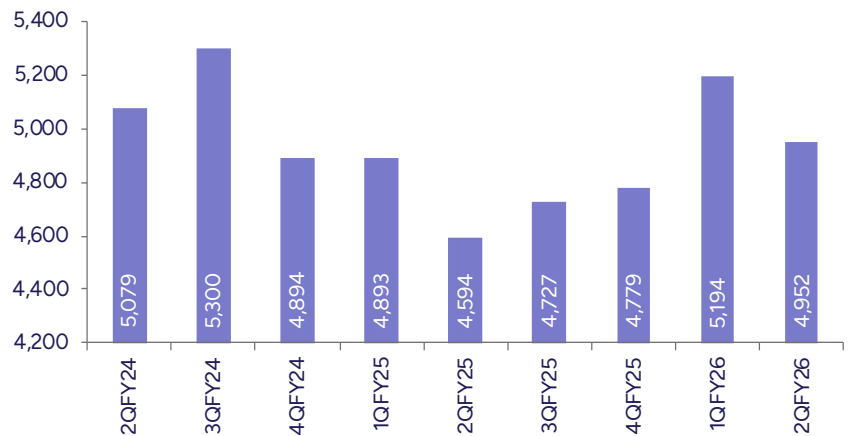
Source: Company, PL

Exhibit 3: Volume grew just 2.7% YoY due to intense monsoon (mt)



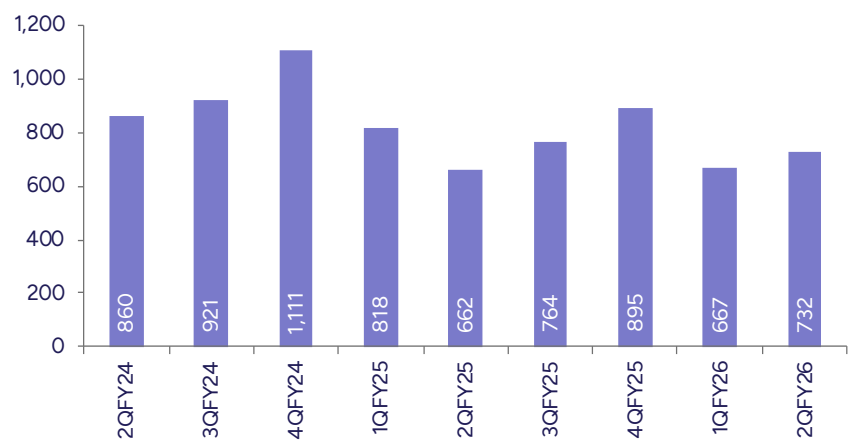
Source: Company, PL

Exhibit 4: NSR declined 4.7% QoQ due to weak pricing in East and South (Rs/t)



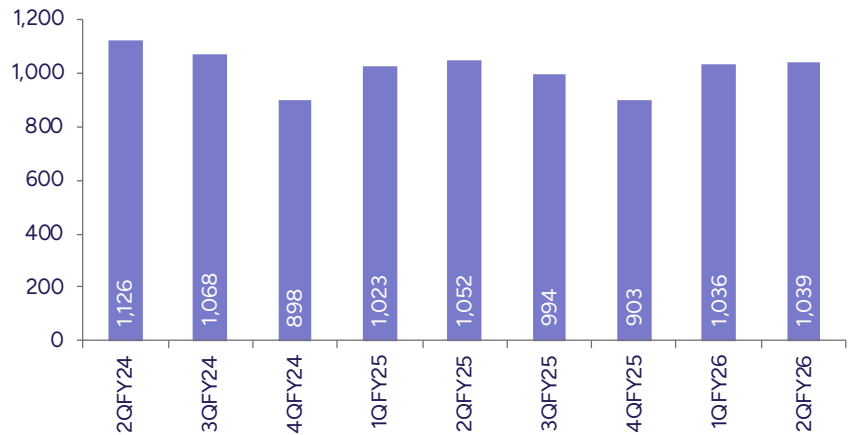
Source: Company, PL

Exhibit 5: RM costs/t increased 10.5% YoY due to mineral bearing tax by TN (Rs)



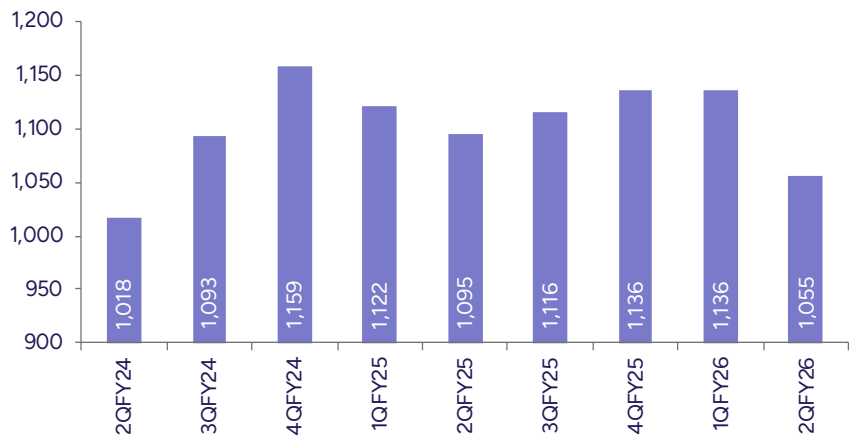
Source: Company, PL

Exhibit 6: P&F costs declined 1.2% YoY led by higher RE share



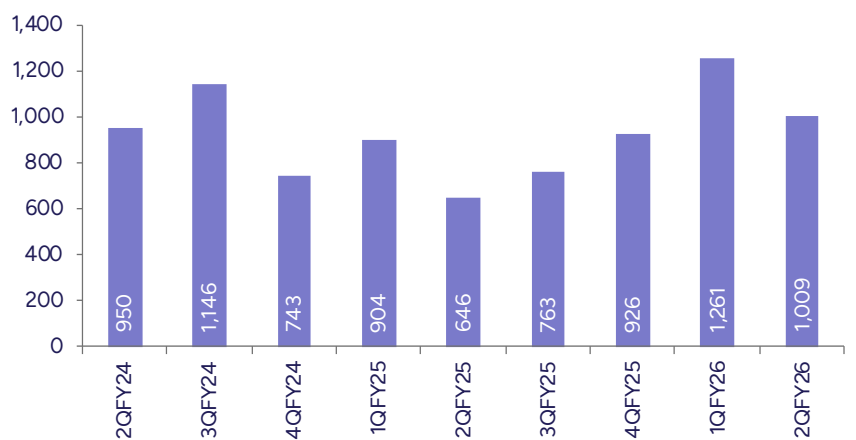
Source: Company, PL

Exhibit 7: Freight cost/t declined 4% YoY on higher direct dispatches (Rs)



Source: Company, PL

Exhibit 8: EBITDA/t grew 56% YoY on strong YoY prices (Rs)



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	1,39,800	1,55,772	1,74,815	1,94,344
YoY gr. (%)	(4.8)	11.4	12.2	11.2
Cost of Goods Sold	23,280	23,611	26,470	29,798
Gross Profit	1,16,520	1,32,161	1,48,345	1,64,547
Margin (%)	83.3	84.8	84.9	84.7
Employee Cost	8,850	9,381	9,991	10,590
Other Expenses	6,770	6,561	7,468	7,926
EBITDA	24,070	34,275	40,214	43,975
YoY gr. (%)	(8.8)	42.4	17.3	9.4
Margin (%)	17.2	22.0	23.0	22.6
Depreciation and Amortization	13,310	13,347	14,565	15,783
EBIT	10,760	20,927	25,648	28,192
Margin (%)	7.7	13.4	14.7	14.5
Net Interest	3,990	5,062	5,879	6,254
Other Income	2,530	2,455	2,146	3,363
Profit Before Tax	8,170	18,320	21,915	25,301
Margin (%)	5.8	11.8	12.5	13.0
Total Tax	1,180	3,298	5,260	6,325
Effective tax rate (%)	14.4	18.0	24.0	25.0
Profit after tax	6,990	15,023	16,656	18,976
Minority interest	160	150	150	150
Share Profit from Associate	-	300	300	300
Adjusted PAT	7,240	15,173	16,806	19,126
YoY gr. (%)	(6.1)	109.6	10.8	13.8
Margin (%)	5.2	9.7	9.6	9.8
Extra Ord. Income / (Exp)	(1,130)	-	-	-
Reported PAT	6,830	15,173	16,806	19,126
YoY gr. (%)	(17.3)	122.1	10.8	13.8
Margin (%)	4.9	9.7	9.6	9.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	6,990	15,323	16,956	19,276
Equity Shares O/s (m)	188	188	188	188
EPS (Rs)	38.6	80.9	89.6	102.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	2,92,830	3,20,830	3,48,830	3,76,830
Tangibles	2,92,830	3,20,830	3,48,830	3,76,830
Intangibles	-	-	-	-
Acc: Dep / Amortization	1,19,770	1,33,117	1,47,682	1,63,465
Tangibles	1,19,770	1,33,117	1,47,682	1,63,465
Intangibles	-	-	-	-
Net fixed assets	1,73,060	1,87,713	2,01,148	2,13,365
Tangibles	1,73,060	1,87,713	2,01,148	2,13,365
Intangibles	-	-	-	-
Capital Work In Progress	30,900	32,900	44,900	46,900
Goodwill	-	-	-	-
Non-Current Investments	9,520	9,520	9,520	9,520
Net Deferred tax assets	(20,360)	(21,101)	(23,303)	(23,303)
Other Non-Current Assets	5,490	5,490	5,490	5,490
Current Assets				
Investments	44,440	44,440	44,440	44,440
Inventories	13,860	12,803	14,368	17,571
Trade receivables	8,890	9,389	11,974	13,311
Cash & Bank Balance	1,580	11,324	23,008	15,557
Other Current Assets	7,810	7,810	7,810	7,810
Total Assets	3,02,260	3,28,099	3,69,368	3,80,674
Equity				
Equity Share Capital	380	380	380	380
Other Equity	1,73,360	1,86,676	2,01,419	2,18,295
Total Networth	1,73,740	1,87,056	2,01,799	2,18,675
Non-Current Liabilities				
Long Term borrowings	57,020	67,020	87,020	77,020
Provisions	3,130	3,130	3,130	3,130
Other non current liabilities	1,540	1,540	1,540	1,540
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	15,390	14,937	16,763	18,636
Other current liabilities	29,820	31,905	34,253	36,660
Total Equity & Liabilities	3,02,260	3,28,099	3,69,368	3,80,674

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	8,170	18,320	21,915	25,301
Add. Depreciation	13,310	13,347	14,565	15,783
Add. Interest	3,990	5,062	5,879	6,254
Less Financial Other Income	2,530	2,455	2,146	3,363
Add. Other	(1,290)	(1,183)	(1,176)	(2,393)
Op. profit before WC changes	24,180	35,547	41,184	44,945
Net Changes-WC	(2,300)	2,190	24	(260)
Direct tax	(710)	(2,556)	(3,058)	(6,325)
Net cash from Op. activities	21,170	35,180	38,150	38,360
Capital expenditures	(26,260)	(30,000)	(40,000)	(30,000)
Interest / Dividend Income	1,360	1,483	1,476	2,693
Others	2,200	-	-	-
Net Cash from Invst. activities	(22,700)	(28,518)	(38,524)	(27,307)
Issue of share cap. / premium	-	-	-	-
Debt changes	5,940	10,000	20,000	(10,000)
Dividend paid	(1,690)	(1,856)	(2,063)	(2,250)
Interest paid	(4,640)	(5,062)	(5,879)	(6,254)
Others	-	-	-	-
Net cash from Fin. activities	(390)	3,082	12,058	(18,504)
Net change in cash	(1,920)	9,744	11,684	(7,451)
Free Cash Flow	(5,470)	5,180	(1,850)	8,360

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	31,810	40,910	36,360	34,170
YoY gr. (%)	(11.7)	(5.0)	0.4	10.7
Raw Material Expenses	5,120	7,660	4,670	5,050
Gross Profit	26,690	33,250	31,690	29,120
Margin (%)	83.9	81.3	87.2	85.2
EBITDA	5,110	7,930	8,830	6,960
YoY gr. (%)	(34.4)	21.3	32.0	60.4
Margin (%)	16.1	19.4	24.3	20.4
Depreciation / Depletion	3,640	3,140	3,220	3,220
EBIT	1,470	4,790	5,610	3,740
Margin (%)	4.6	11.7	15.4	10.9
Net Interest	1,010	1,050	1,080	1,220
Other Income	370	930	490	660
Profit before Tax	830	4,670	5,180	3,180
Margin (%)	2.6	11.4	14.2	9.3
Total Tax	170	280	1,230	790
Effective tax rate (%)	20.5	6.0	23.7	24.8
Profit after Tax	660	4,390	3,950	2,390
Minority interest	50	40	20	10
Share Profit from Associates	-	-	-	-
Adjusted PAT	610	4,350	3,930	2,380
YoY gr. (%)	(76.8)	38.1	178.7	417.4
Margin (%)	1.9	10.6	10.8	7.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	610	4,350	3,930	2,380
YoY gr. (%)	(76.8)	38.1	178.7	417.4
Margin (%)	1.9	10.6	10.8	7.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	610	4,350	3,930	2,380
Avg. Shares O/s (m)	188	188	188	188
EPS (Rs)	3.3	23.2	21.0	12.7

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	38.6	80.9	89.6	102.0
CEPS	109.6	152.1	167.3	186.2
BVPS	926.5	997.5	1,076.1	1,166.1
FCF	(29.2)	27.6	(9.9)	44.6
DPS	9.0	9.9	11.0	12.0
Return Ratio(%)				
RoCE	4.9	8.6	9.4	9.6
ROIC	5.2	9.2	9.6	9.1
RoE	4.3	8.4	8.6	9.1
Balance Sheet				
Net Debt : Equity (x)	0.1	0.1	0.1	0.1
Net Working Capital (Days)	19	17	20	23
Valuation(x)				
PER	58.3	27.8	25.1	22.1
P/B	2.4	2.3	2.1	1.9
P/CEPS	20.5	14.8	13.4	12.1
EV/EBITDA	18.0	12.6	11.0	10.0
EV/Sales	3.1	2.8	2.5	2.3
Dividend Yield (%)	0.4	0.4	0.5	0.5

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Cement Volumes (mt)	29	31	34	37
Cement Realisations (Rs/t)	4,612	4,842	4,939	5,038
Cement EBITDA (Rs/t)	819	1,116	1,180	1,175

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-25	Accumulate	2,372	2,243
2	23-Jul-25	Accumulate	2,395	2,270
3	07-Jul-25	Accumulate	2,303	2,156
4	26-Jun-25	Accumulate	2,273	2,100
5	25-Apr-25	Accumulate	2,117	1,974
6	07-Apr-25	Accumulate	2,003	1,845
7	22-Jan-25	Accumulate	1,988	1,799
8	08-Jan-25	Accumulate	2,017	1,800
9	21-Oct-24	Accumulate	2,073	1,831

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,311	1,858
2	Adani Port & SEZ	BUY	1,777	1,400
3	Ambuja Cement	BUY	701	570
4	Dalmia Bharat	Accumulate	2,372	2,243
5	Hindalco Industries	BUY	883	768
6	Jindal Stainless	Hold	759	758
7	Jindal Steel	Accumulate	1,170	1,034
8	JSW Infrastructure	Accumulate	338	309
9	JSW Steel	Hold	1,151	1,157
10	National Aluminium Co.	BUY	280	217
11	NMDC	Accumulate	87	76
12	Nuvoco Vistas Corporation	Accumulate	459	412
13	Shree Cement	Accumulate	32,410	29,555
14	Steel Authority of India	Hold	139	133
15	Tata Steel	Accumulate	196	171
16	Ultratech Cement	Accumulate	13,599	12,175

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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