BP Wealth | STOXBOX

Result Update

Q2 FY26

Dalmia Bharat Ltd.

Institutional Research

Dalmia Bharat Ltd.

BP WEALTH

Cement & Cement Products | Q2FY26 Result Update — **23rd October 2025**

Strong fundamentals and an expansion strategy to drive sustained growth

Dalmia Bharat Ltd. reported an operating revenue of Rs. 3,417 crores (down 6.0% QoQ / up 10.7% YoY). The annual growth was driven by an increase in realizations as well as annual volume growth. The company's cement volumes grew annually but declined sequentially, with total sales reaching 6.9 MT (down 1.4% QoQ / up 3.0% YoY). Raw material costs increased during Q2FY26 and stood at Rs. 505 crores (up 8.1% QoQ / up 13.5% YoY), primarily due to the imposition of a mineral tax by the Government of Tamil Nadu. Freight costs decreased during the quarter and stood at Rs. 728 crores (down 8.4% QoQ / down 1.1% YoY), despite an increase in the lead distance by about 7 km to 287 km. Power and fuel costs during the quarter stood at Rs. 717 crores (down 1.1% QoQ / up 1.4% YoY). The company is working on increasing the share of renewable energy in its consumption mix. The company reported EBITDA of Rs. 696 crores (down 21.2% QoQ / up 60.4% YoY), which improved due to better cement realizations during Q2FY26 and effective cost controls. Its EBITDA margin stood at 20.4%, up from 14.1% in the same quarter of the previous year but down from 24.3% in the last quarter. The company's EBITDA per ton decreased sequentially to Rs. 1,013 in Q2FY26 from Rs. 1,216 in Q1FY26, while increasing annually from Rs. 650 in Q2FY25. The company's profit improved significantly on an annual basis during the quarter, reaching Rs. 239 crores (down 39.5% QoQ / up 387.8% YoY). This was mainly due to an annual increase in cement prices and lower costs, along with a better product mix. Financially, the company's net debt-to-EBITDA ratio increased from 0.33x in Q1FY26 to 0.56x in Q2FY26. The company has declared an interim dividend of Rs. 4 per equity share for FY26.

Valuation and Outlook

Dalmia Bharat Ltd. continues to demonstrate a structurally strong outlook in the Indian cement sector, despite near-term challenges such as raw material inflation, seasonal effects and regional demand softness. The company's management remains focused on profitable expansion by leveraging strong cost-control initiatives, investments in renewable energy, and operational excellence. Government support measures, particularly the reduction in GST rates for cement, are expected to boost consumption and enhance liquidity across the supply chain, thereby supporting industry growth in the medium term. Management expects a recovery in demand momentum in the second half of the year, aided by improving buyer sentiment and continued infrastructure push. Flexibility in strategy across micro-markets ensures that Dalmia balances margin and volume growth while aiming to outperform industry averages over the long run. The company's disciplined capital allocation and a strong balance sheet provide sufficient headroom to fund upcoming projects, supporting a positive outlook on capturing growth opportunities in the coming years. On the cost front, potential headwinds include rising pet coke prices, but the company is proactively working to offset such risks through fuel mix optimization and continued logistics efficiencies. While near-term earnings could face some pressure, we remain confident that Dalmia will deliver steady long-term growth and profitability, supported by its focus on capacity expansion, cost efficiency, and strengthening its brand.

Key Highlights

Particulars (Rs. Crs.)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
Net Sales	3,417	3,087	10.7%	3,636	-6.0%
Gross Profit	2,912	2,642	10.2%	3,169	-8.1%
Gross Margin (%)	85.2%	85.6%	-36bps	87.2%	-194bps
EBITDA	696	434	60.4%	883	-21.2%
OPM (%)	20.4%	14.1%	631bps	24.3%	-392bps
Net Profit	239	49	387.8%	395	39.5%
PAT Margin (%)	7.0%	1.6%	541bps	10.9%	-387bps

Source: Company, BP Equities Research

Sector Outlook	Positive

Stock

CMP (Rs.)	2,135
BSE code	542216
NSE Symbol	DALBHARAT
Bloomberg	DALBHARA
Reuters	DALB.BO

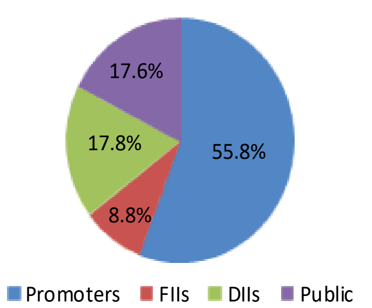
Key Data

Nifty	25,889
52 Week H/L (Rs.)	2,496 / 1,602
O/s Shares (Crs.)	19
Market Cap (Rs. Crs.)	40,044
Face Value (Rs.)	2

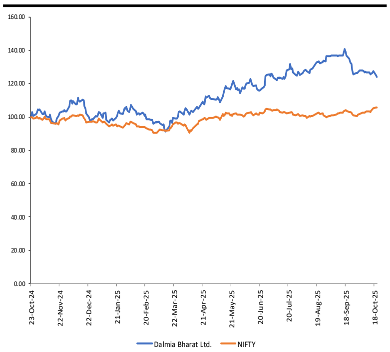
Average Volume

3 months	439,600
6 months	414,770
1 year	375,720

Share Holding (%)



Relative Price Chart



Research Analyst

Palak Devadiga

palak.devadiga@bpwealth.com

+022-61596138

Key Concall Highlights

Capacity Expansion:

- The Belgaum and Kadapa expansion projects are progressing as per plan, providing 12 million tons per annum cement capacity for West and South markets in the next couple of years.
- The trial run for a new 3.6 million tons per annum clinker line in Umrangso, Assam, commenced in September, with commercial production expected to begin in Q3FY26. This clinker addition is projected to create opportunities for 2 to 2.5 million tons of split grinding capacity in Northeast and possibly East India going forward.
- Work on land acquisition and permissions for Jaisalmer is ongoing, with an update expected by March 2026; the timeline depends partly on the outcome of the JP transaction.
- The company continues to aim for the 75-million-ton milestone by FY28, with a combination of organic and potential inorganic expansions.

"CapEx incurred in H1FY26 stood at Rs. 1,189 crores, with full-year CapEx expected at around Rs. 3,000 crores."

Pricing and Volumes:

- The management states that regional and segment mix variations could lead to quarter-on-quarter fluctuations in realization, but directionally, the company is improving price positioning in every market.
- In certain markets, the company's approach will prioritize margins, while in others, where there is excess capacity, market share may be the focus.
- The premium product percentage remained flat compared to the previous year's quarter.

Cost Optimization Strategies:

- The company is on track to scale operational renewable energy capacity to 576 megawatts by the end of FY26, with 93 megawatts commissioned this quarter, mostly through group captive mode.
- The company now sources 48% of its power consumption from renewable energy.
- It was stated that cost reduction in logistics contributed to lower expenses per ton, helped partly by railways busy season surcharge relief.
- Pet Coke prices are a concern for input costs, but logistics, fuel mix optimization, and operational efficiencies are being used to mitigate these pressures.

"The company remains on track to achieve a cost reduction target of Rs. 150–200 per ton over the next two years."

CapEx Plans:

- Management indicated that total CapEx till FY28 could range between Rs. 10,000–10,500 crores
- All ongoing capacity projects are stated to be on schedule, with no time delays in commissioning.
- Estimated CapEx spending will be lower than earlier announced due to favorable credit terms with equipment suppliers and postponement of some non-budget CapEx.
- A greenfield expansion in Jaisalmer, estimated at around Rs. 5,000 crores for a 5 million ton plant, is under consideration pending clarity on the JP Group transaction.

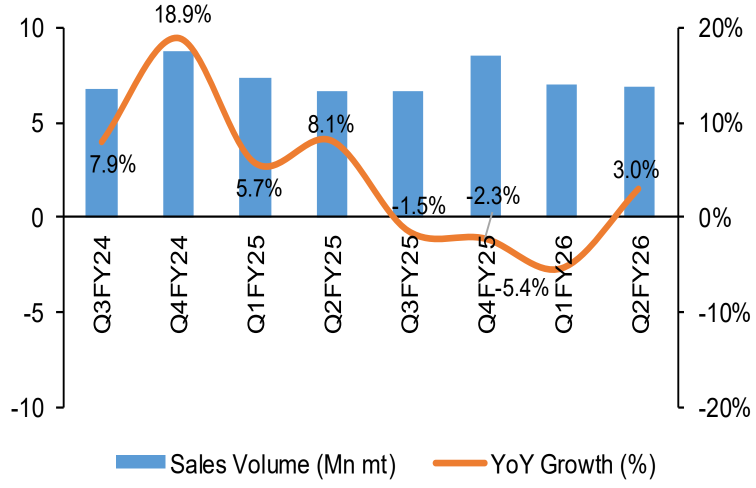
"The reduction in GST rate from 28% to 18% has been described as a major fiscal relief and is expected to boost consumption and support housing demand in the medium to long term."

Other Key Concall Highlights:

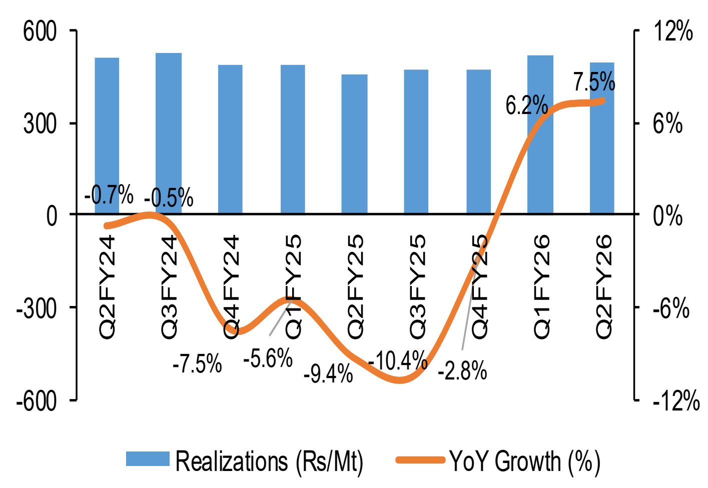
- Management reiterated its focus on brand strengthening and premium product growth, maintaining a 22% premium product share during the quarter.
- The company expects cement demand in India to grow at a CAGR of 7–8% during this decade, supported by infrastructure and housing.
- Management pledged to pass the entire GST benefit to consumers, supporting liquidity across the supply chain.
- Following the GST reduction, incentive accruals are expected to be around Rs. 240 crores in FY26, down from the earlier Rs. 300 crores guidance.

Quarterly Snapshot

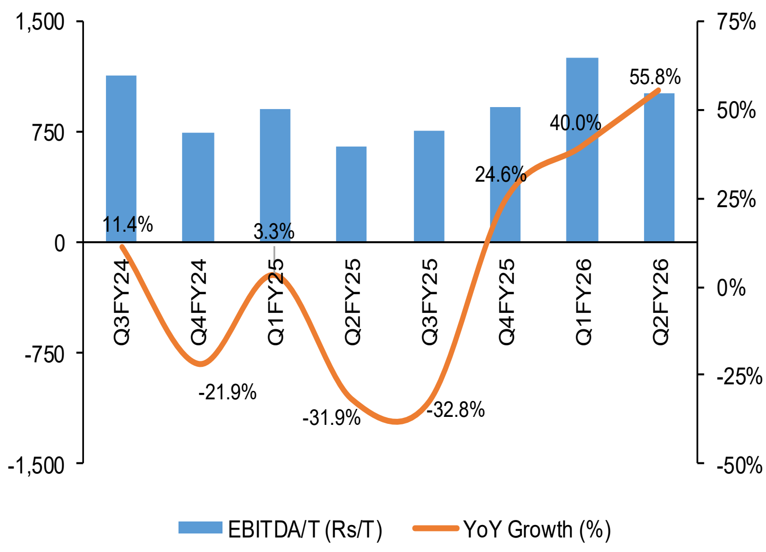
Sales Volume (Mn Mt)



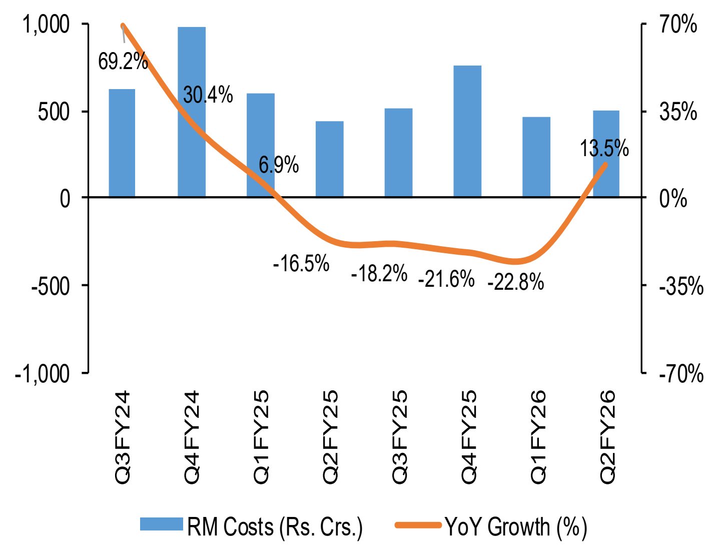
Realizations (Rs/Mt)



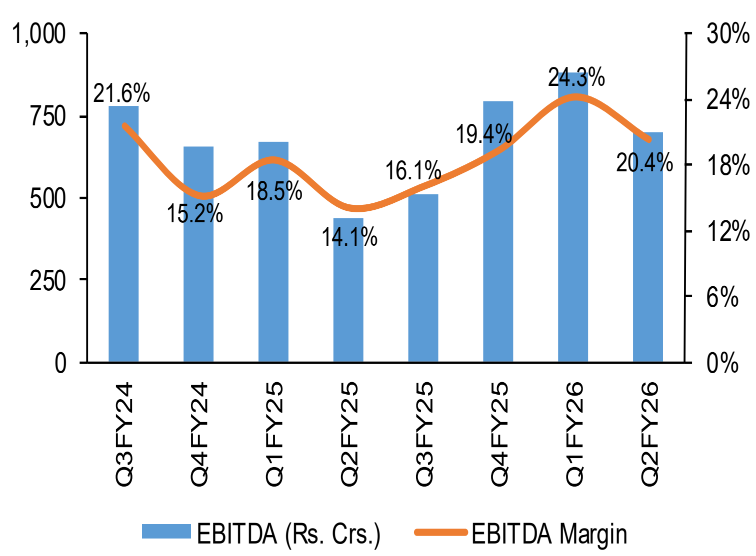
EBITDA/T (Rs/T)



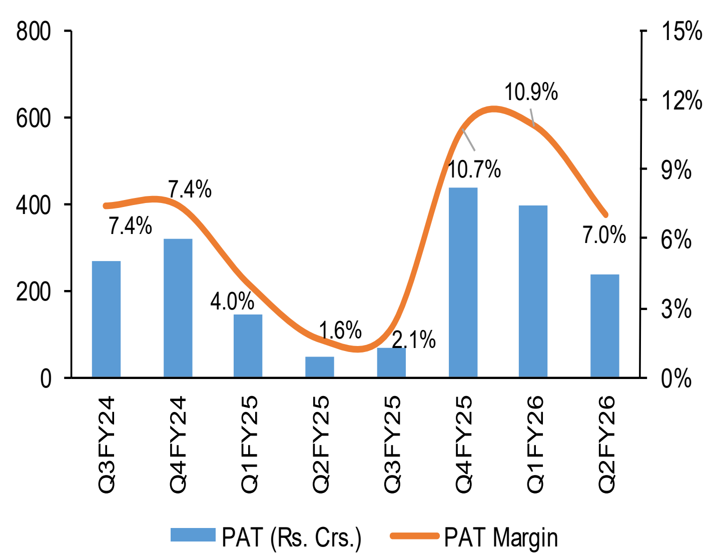
RM Costs (Rs. Mn)



EBITDA & EBITDA Margin



PAT & PAT Margin



Key Financials						
YE March (Rs. millions)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**
Revenue	**11,286**	**13,552**	**14,691**	**13,980**	**15,367**	**16,893**
Revenue Growth (Y-o-Y)	*11.6%*	*20.1%*	*8.4%*	*(4.8%)*	*9.9%*	*9.9%*
EBITDA	**2,426**	**2,328**	**2,639**	**2,407**	**3,100**	**3,749**
EBIDTA Growth (Y-o-Y)	*(12.4%)*	*(4.0%)*	*13.4%*	*(8.8%)*	*28.8%*	*20.9%*
Net Profit	**845**	**1,079**	**853**	**699**	**1,256**	**1,455**
Net Profit Growth (Y-o-Y)	*(28.6%)*	*27.7%*	*(20.9%)*	*(18.1%)*	*79.7%*	*15.8%*
Diluted EPS	**61.1**	**55.2**	**44.0**	**36.4**	**66.8**	**77.4**
Diluted EPS Growth (Y-o-Y)	*(2.0%)*	*(9.7%)*	*(20.2%)*	*(17.3%)*	*83.5%*	*15.8%*
Key Ratios						
EBIDTA margin (%)	**21.5%**	**17.2%**	**18.0%**	**17.2%**	**20.2%**	**22.2%**
NPM (%)	7.5%	8.0%	5.8%	5.0%	8.2%	8.6%
RoE (%)	**5.4%**	**6.9%**	**5.2%**	**4.0%**	**6.8%**	**7.3%**
RoIC (%)	6.3%	5.2%	5.4%	4.7%	4.7%	6.0%
Valuation Ratios						
P/E (x)	**34.9x**	**38.7x**	**48.5x**	**58.6x**	**32.0x**	**27.6x**
EV/EBITDA (x)	17.8x	18.7x	16.7x	18.8x	14.0x	11.5x
Market Cap. / Sales (x)	**3.6x**	**3.0x**	**2.7x**	**2.9x**	**2.6x**	**2.4x**

Source: Company, BP Equities Research

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Research Desk | Tel: +91 22 61596138

Institutional Sales Desk | Tel: +91 22 61596403/04/05

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

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Corporate Office:
4th floor,
Rustom Bldg,
29, Veer Nariman Road, Fort,
Mumbai-400001
Phone- +91 22 6159 6464
Fax-+91 22 6159 6160
Website- www.bpwealth.com

Registered Office:
24/26, 1st Floor, Cama Building,
Dalal street, Fort,
Mumbai-400001

BP Wealth Management Pvt. Ltd.
CIN No: U67190MH2005PTC154591

BP Equities Pvt. Ltd.
CIN No: U67120MH1997PTC107392