


H2FY27 to See Better Operating Performance; Maintain BUY

Est. vs. Actual for Q2FY27: Revenue – **MISS**; EBITDA Margin – **MISS**; PAT – **MISS**
 Change in Estimates post Q2FY27

FY27E/FY28E: Revenue: 0%/1%; EBITDA: -12%/-5%; PAT: -57%/-15%

Recommendation Rationale

- **Capacity Expansion to Drive Volume Growth:** Belgaum, Pune, Kadapa and the acquired Jaypee assets strengthen Dalmia Bharat's long-term growth platform and support its ambition to emerge as a pan-India cement player. Successful ramp-up of these assets could improve capacity utilisation and operating leverage without necessitating another major investment cycle in the near term. Alongside current capacity utilisation of ~61%, these expansions are expected to support volume growth, with the company projected to deliver ~6% volume CAGR over FY25-28E.
- **Earnings Recovery Potential from H2FY27:** Improving cement prices, seasonal demand recovery and a reversal of adverse regional mix and fixed-cost under-absorption could drive a meaningful recovery in EBITDA per tonne. However, the earnings recovery outlook remains contingent on price increases being sustained and input-cost inflation remaining manageable.
- **Structural Cost Efficiencies and Premiumisation:** Investments in renewable energy, logistics optimisation, fuel-mix improvements and premium cement products offer opportunities to enhance margins over the medium term. A stronger unified brand and a rising share of premium products could support better realisations, provided execution improves, and elevated input costs are adequately recovered through pricing. Supported by a favourable demand outlook, disciplined capital allocation and consistent execution, Dalmia Bharat remains well-positioned to deliver sustainable earnings growth over the coming years.

Sector Outlook: Positive

Company Outlook & Guidance: Management expects a stronger H2, supported by improved cement demand, higher realisations, normalisation of fixed-cost absorption and a recovery in regional sales mix. Organic volume growth is expected to track industry growth, with the company indicating an industry benchmark of approximately 7-8%. Central India operations are expected to dilute consolidated EBITDA per tonne by approximately Rs 100-125 in Q3, compared with around Rs 50 in Q2, as more costs are recognised following the commencement of commercial production. Management indicated that EBITDA per tonne could exceed Rs 1,000 in Q3, provided recent pricing trends sustain and anticipated cost benefits materialise.

Current Valuation: 12x FY28E EV/EBITDA (Earlier Valuation: 13x FY28E EV/EBITDA).

Current TP: Rs 2,045 /share (Earlier TP: Rs 2,260/share)

Recommendation: We maintain our BUY recommendation on the stock.

Alternative BUY Ideas from our Sector Coverage: UltraTech Cement Ltd (TP-13,250/share), Shree Cement (TP-25,600/share)

Financial Performance

DBL reported results below our expectations, impacted by slower volume growth and additional costs incurred to restore the acquired JP assets. Volume/Revenue/EBITDA grew 3%/4%/-29%, respectively, while the company reported a net loss, partly attributable to an exceptional item of Rs 339 Cr related to the acquisition of Jaiprakash Associates' cement assets. EBITDA margin stood at 13.8%, compared with our estimate of 14% and 20.4% in Q2FY26. Cement volume stood at 7.1 Mn tonnes, reflecting 3% YoY growth. EBITDA/tonne declined 34% QoQ and 31% YoY to Rs 694. Blended realisation stood at Rs 5,018/tonne, up 1% YoY but down 2% QoQ. Cost/tonne increased 10% YoY to Rs 4,324.

Outlook: Dalmia Bharat aims to grow at least in line with industry demand through its existing operations, while incremental volumes from acquisitions and greenfield expansions are expected to enable it to outperform industry growth. Management expects the Indian cement industry to remain supported by infrastructure investment, housing demand, rural construction and private-sector capex. The company sees significant long-term growth potential in Madhya Pradesh and Uttar Pradesh, driven by favourable population trends, infrastructure development and urbanisation.

We remain positive on the company's long-term growth prospects and expect it to deliver Volume, Revenue, EBITDA, and PAT CAGRs of 6%, 10%, 13%, and 18%, respectively, over FY25–FY28E, driven by capacity expansion, market share gains, and improved operational efficiencies. Near-term risks include geopolitical uncertainty, elevated fuel and raw-material costs, inflation, and the possibility of higher interest rates.

Key Financials (Consolidated)

(Rs Cr)	Q2FY27	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	3,563	-8%	4%	3,668	(2.9)
EBITDA	493	-39%	-29%	512	(3.7)
EBITDA Margin (%)	13.8%	(330bps)	(650bps)	14.0%	(70bps)
Net Profit	(207)	NA	NA	43	NA
EPS (Rs)	(11.0)	NA	NA	2.3	NA

Source: Company, Axis Securities Research

(CMP as of 26th October 2026)

CMP (Rs)	1,626
Upside /Downside (%)	26%
High/Low (Rs)	2,260/1,575
Market cap (Cr)	30,372
Avg. daily vol. (6m) Shrs.	3,20,000
No. of shares (Cr)	18.7

Shareholding (%)

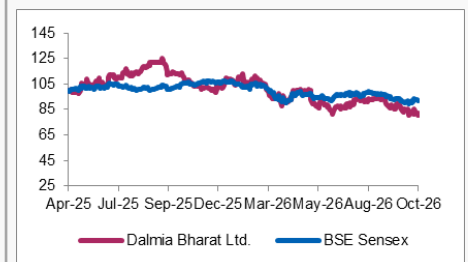
	Mar-26	Jun-26	Sep-26
Promoter	55.8	55.8	55.8
FIIIs	7.2	6.8	7.4
MFs / UTI	16.7	16.6	15.6
Banks / FIIs	0.1	0.1	0.1
Others	20.2	20.6	21.1

Financial & Valuations

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E
Net Sales	14,804	16,547	18,594
EBITDA	3,083	2,941	3,496
Net Profit	1,165	501	1,121
EPS (Rs)	61	27	60
PER (x)	27	60	27
EV/EBITDA (x)	10.6	11.6	9.8
P/BV (x)	1.7	1.6	1.6
RoE (%)	6%	3%	6%

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Sales	0%	1%
EBITDA	-12%	-5%
PAT	-57%	-15%

Relative Performance


Source: Ace Equity.

Results Gallery

[Q1FY27](#)
[Q4FY26](#)
[Q3FY26](#)
[Q2FY26](#)

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Valuation & Recommendation

The stock is currently trading at 11.5x and 10x FY27E/FY28E EV/EBITDA, with an EV/tonne of \$72 and \$55, respectively. **The valuation remains attractive compared with larger peers. We maintain our BUY rating on the stock with a TP of Rs 2,045/share, implying an upside of 26% from the CMP.**

Key Concall Highlights

- **Capacity Expansion:** Dalmia Bharat is progressing with its organic expansion programme and the integration of the acquired Jaypee assets. The new clinker line at Belgaum commenced trial runs ahead of schedule, while the associated 3 MTPA cement grinding unit was expected to begin trial runs shortly. The Pune and Kadapa projects are progressing as planned, with Pune expected to come online in Q2FY28. These projects, along with the Central India assets, are expected to take the company's cement capacity to approximately 67 MTPA. Management indicated that capacity could reach around 70 MTPA if the additional BJCL opportunity materialises, while it is not rushing to announce further expansion until the existing investments are commissioned and ramped up.
- **Volume Growth:** Dalmia Bharat's consolidated cement volumes increased 3% YoY to 7.1 million tonnes (mt) in Q2FY27, while volumes excluding the newly acquired Central India assets grew 4% YoY. Performance was weaker than management's expectations and some industry peers, primarily due to heavy rainfall and floods in the East and Northeast, lower volumes in these markets, and plant shutdowns. The company also faced fixed-cost under-absorption due to lower production. Management expects organic volume growth in H2FY27 to be broadly in line with industry growth of approximately 7–8%. The acquired Central India assets are being gradually ramped up, with the company targeting 35–40% utilisation by the end of FY27.
- **Cement Demand:** Domestic cement demand remained resilient, with industry volumes growing at a high-single-digit rate during Q2FY27, supported by government infrastructure spending and relatively low rainfall in several parts of the country. However, the East and Northeast witnessed subdued demand due to excessive rainfall and flooding, while the South and West performed better. Government capital expenditure remained supportive, with approximately 42% of the central government's FY27 budgeted capex spent in the first five months. The management expects demand to improve in the second half, supported by the seasonal recovery in construction activity, infrastructure development and housing demand.
- **Pricing:** Excluding Central India, cement realisations declined approximately ₹49 per tonne QoQ, reflecting price corrections in the East amid weak demand. Prices remained relatively stable in the South and West, which helped limit the overall decline. The company reported that cement prices in its key markets had improved by approximately ₹15 per bag compared with the Q2 average, with the increase visible in the South and East and broadly reflected across its markets. Management expects the recent price improvement to support profitability, although sustained recovery will depend on demand conditions and the industry's ability to absorb higher input costs.
- **Power & Fuel:** Power and fuel costs increased significantly due to elevated international petcoke prices, crude oil prices above US\$100 per barrel, and ongoing geopolitical disruptions. Fuel costs increased by approximately ₹100 per tonne during Q2, while the company expects a further ₹75–80 per tonne cost impact in Q3FY27 based on prevailing input prices. Management indicated that fuel cost was approximately ₹1.66 per million kilocalories, with a further increase of around ₹0.20 expected in Q4 based on its current outlook. The company is mitigating cost inflation through fuel-mix optimisation and renewable energy. Its renewable energy capacity has increased from 63 MW five years ago to approximately 450 MW, contributing 52% of power requirements in Q2FY27. The company also impaired approximately 97 MW of thermal power capacity following the discontinuation of operations at certain existing plants.
- **Freight:** Despite a diesel price increase that added approximately ₹20 per tonne to logistics costs during the quarter, cement freight cost remained broadly flat due to operational efficiencies and logistics optimisation. Clinker freight cost declined, supported by improved efficiencies and changes in regional sales mix. Management reiterated that logistics optimisation remains a continuous cost-reduction initiative, with a targeted ₹50–100 per tonne of recurring annual cost savings as part of its ongoing improvement programme. Lead distance stood at 276 km in Q2FY27 compared with 287 km in Q2FY26. The rail and road mix stood at 11% and 89%, respectively, while direct dispatch accounted for 59% of total dispatches during the quarter.

- **Raw Material & Other Expenses:** Excluding Central India, total cost increased by approximately ₹259–260 per tonne QoQ. Variable costs rose by around ₹200 per tonne, including approximately ₹100 per tonne from higher fuel costs and ₹30–40 per tonne from inflation in key raw materials. An adverse regional mix, caused by lower sales in the East, contributed another ₹50–60 per tonne. Fixed costs per tonne increased by approximately ₹168, mainly due to lower volumes and under-absorption of fixed costs, alongside higher plant shutdown expenses. The company expects the adverse regional mix and much of the fixed-cost under-absorption to reverse in Q3 as volumes recover. Packing costs remain elevated, although management had not seen indications of a further sequential increase at the time of the call. Mineral Bearing Land Tax payments have been discontinued in Assam and Meghalaya from August 2026 following amendments to the MMDR Act, while the company continues to engage with the Tamil Nadu authorities to secure a similar benefit.
- **Capex:** The Organic capital expenditure stood at approximately ₹909 crore in Q2FY27, taking H1FY27 spending to around ₹1,420 crore. Full-year FY27 capex guidance remains unchanged at ₹3,200–3,400 crore. Spending is directed towards the Belgaum clinker and grinding facilities, Pune and Kadapa projects, and ongoing expansion and operational improvements. The company is also investing in the acquired Central India assets to restore operations, improve efficiency and bring costs closer to Dalmia Bharat's established operating levels. Management indicated that a substantial investment programme is already underway, with around 20 MTPA of capacity at different stages of commissioning or ramp-up and approximately ₹10,000 crore of associated capex broadly involved. The focus is now shifting towards commissioning projects, improving utilisation and generating returns on invested capital rather than committing to further large expansions.
- **Debt/Cash:** Management reiterated its commitment to maintaining a healthy balance sheet, with sustainable leverage targeted below 2x. Net debt and leverage are currently elevated due to the Jaypee asset acquisition, ongoing expansion expenditure, and relatively weak quarterly profitability. Management described the current leverage position as close to the peak, reflecting the combined impact of acquisition-related borrowing and lower EBITDA.
- **Subsidy:** The Incentives received during Q2FY27 declined to approximately ₹25 crore, compared with ₹53 crore in the preceding quarter. The decline was attributed to lower production at certain plants eligible for incentives, particularly in the East, and timing-related factors associated with GST incentives and input tax credit utilisation at newer projects. Management expects incentives to return towards previous levels in Q3 and Q4 as demand improves and the timing-related impact normalises. Separately, amendments to the MMDR Act have reduced contingent liabilities by approximately ₹198 crore to ₹931 crore, bringing contingent liabilities to around 5% of net worth. The discontinuation of Mineral Bearing Land Tax in Assam and Meghalaya should also help reduce raw-material costs, although the benefit remains subject to the position in Tamil Nadu.

Key Risks to Our Estimates and TP

- Lower realisation and demand in its key markets
- Delay in capacity expansion and higher input costs may impact margins.

Change in Estimates

	New		Old		% Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Sales	16,547	18,594	16,623	18,374	0%	1%
EBITDA	2,941	3,496	3,359	3,694	-12%	-5%
PAT	521	1,138	1,206	1,332	-57%	-15%

Source: Company, Axis Securities Research

Result Review Q2FY27

(Rs Cr)	Quarterly Performance				
	Q2FY27	Q1FY27	Q2FY26	% Chg QoQ	% Chg YoY
Net sales	3563	3890	3,417	-8%	4%
Expenditure	3070	3085	2,721	0%	13%
EBITDA	493	805	696	-39%	-29%
Other income	46	139	66	-67%	-30%
Interest	130	147	122	-12%	7%
Depreciation	363	361	322	1%	13%
PBT	46	436	318	-89%	-86%
Tax	-85	62	79	NA	NA
Adjusted PAT	-207	188	236	NA	NA
EBITDA margin (%)	13.8%	20.7%	20.4%	(330bps)	(650bps)
EPS (Rs)	-11.0	10.0	12.6	NA	NA

Source: Company, Axis Securities Research

Volume / Realisation / Cost Analyses

	Quarterly Performance				
	Q2FY27	Q1FY27	Q2FY26	% Chg QoQ	% Chg YoY
Volume/mtpa	7.10	7.60	6.90	-7%	2.9%
Realisation/tonne (Rs)	5018	5118	4,952	-2.0%	1%
Cost/tonne (Rs)	4324	4059	3,943	7%	9.6%
Raw material/tonne (Rs)	744	653	732	14%	2%
Staff Cost/tonne (Rs)	346	322	328	7%	6%
Power & Fuel/tonne (Rs)	1231	1120	1,039	10%	18%
Freight/tonne (Rs)	1049	1133	1,055	-7%	-1%
Other Expenses /tonne (Rs)	954	832	790	15%	21%
EBITDA/tonne (Rs)	694	1059	1,009	-34%	-31%

Source: Company, Axis Securities Research

Financials (consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
Net sales	13,980	14,804	16,547	18,594
Other operating income	0	0	0	0
Total income	13,980	14,804	16,547	18,594
Raw Material	2,328	2,338	2,506	2,757
Power & Fuel	2,903	2,980	4,004	4,405
Freight & forwarding	3,286	3,234	3,483	3,831
Employee benefit expenses	885	894	980	1,078
Other Expenses	2,171	2,275	2,631	3,026
EBITDA	2,407	3,083	2,941	3,496
Other income	253	222	292	260
PBIDT	2,660	3,305	3,233	3,757
Depreciation	1,331	1,349	1,464	1,627
Interest & Fin Chg.	399	480	571	613
E/o income / (Expense)	-	-	-	-
Pre-tax profit	930	1,476	1,198	1,517
Tax provision	118	293	156	379
RPAT	812	1,183	521	1,138
Minority Interests	16	18	20	17
Associates	-	-	-	-
APAT after EO item	796	1,165	501	1,121

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
Total assets	30,226	33,312	35,958	37,153
Net Block	19,228	21,302	23,147	24,309
CWIP	2,497	2,593	2,593	2,593
Investments	675	773	773	773
Wkg. cap. (excl. cash)	736	762	847	954
Cash / Bank balance	158	224	222	196
Misc. Assets	6,932	7,658	8,376	8,327
Capital employed	30,226	33,312	35,958	37,153
Equity capital	38	38	38	38
Reserves	17,336	17,941	18,354	19,382
Minority Interests	126	144	161	178
Borrowings	5,258	6,752	8,752	8,752
Deferred Tax Liabilities	2,036	2,237	2,237	2,237
Other Liabilities and Provisions	5,432	6,200	6,415	6,566

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
Profit before tax	817	1,449	677	1,517
Depreciation	1,331	1,349	1,464	1,627
Interest Expenses	399	480	571	613
Non-operating/ EO item	-258	-206	-292	-260
Change in W/C	-230	-659	-85	-108
Income Tax	-71	-99	-156	-379
Operating Cash Flow	2,117	2,278	2,180	3,010
Capital Expenditure	-2,664	-2,056	-3,309	-2,789
Investments	-54	-47	-500	200
Others	371	82	292	260
Investing Cash Flow	-2,270	-3,023	-3,517	-2,329
Borrowings	648	1,531	2,000	-
Interest Expenses	-444	-446	-571	-613
Dividend paid	-169	-169	-94	-94
Others	-20	-108	-	-
Financing Cash Flow	2	81	134	-71
Change in Cash	-192	63	-2	-26
Opening Cash	341	149	212	210
Closing Cash	149	212	210	184

Source: Company, Axis Securities Research

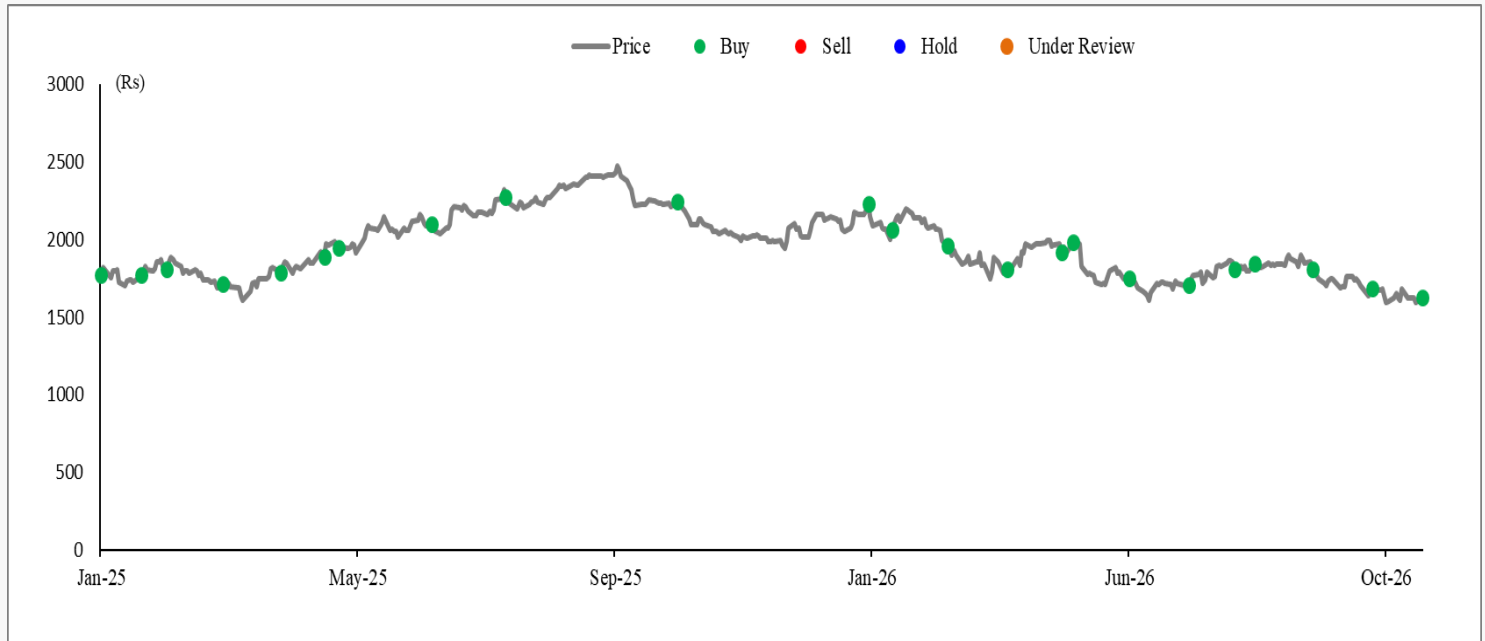
Ratio Analysis

(%)

Y/E March	FY25	FY26	FY27E	FY28E
Operational Ratios				
Sales growth	-5%	6%	12%	12%
OPM	17%	21%	18%	19%
Op. profit growth	-8%	28%	-5%	19%
COGS / Net sales	61%	58%	60%	59%
Overheads/Net sales	22%	21%	22%	22%
Depreciation / G. block	4.5%	5.2%	5.0%	5.1%
Effective interest rate	7.6%	7.1%	6.5%	7.0%
Efficiency Ratios				
Total Asset Turnover (x)	0.46	0.44	0.46	0.50
Sales/Gross block (x)	0.47	0.57	0.57	0.58
Sales/Net block(x)	0.73	0.69	0.71	0.76
Working capital/Sales (x)	0.21	0.20	0.21	0.18
Valuation Ratios				
P/BV (x)	1.87	1.68	1.64	1.56
PER (x)	48	27	60	27
EV/EBITDA (x)	14.1	10.6	11.6	9.8
EV/Sales (x)	2.4	2.2	2.1	1.8
EV/Tonne \$ (x)	80	69	72	54
Return Ratios (%)				
ROE	4%	6%	3%	6%
ROCE	6	7.4	6.1	7.0
ROIC	7	9	8	9
Leverage Ratios				
Debt/equity (x)	0.33	0.41	0.51	0.48
Net debt/ Equity (x)	0.06	0.11	0.19	0.19
Debt service coverage ratio (x)	0.25	0.29	0.20	0.24
Interest Coverage ratio (x)	3.33	4.08	3.10	3.48
Cash Flow Ratios				
OCF/Sales	0.15	0.15	0.13	0.16
OCF/EBITDA	0.88	0.74	0.74	0.86
OCF/Capital Employed	0.09	0.09	0.08	0.10
FCF/Sales	-0.04	-0.07	-0.07	0.01
Payout ratio (Div/NP)				
AEPS (Rs.)	36.4	60.8	27.1	59.8
AEPS Growth	-17	67	-55	121
CEPS (Rs.)	107	133	105	147
DPS (Rs.)	9	5	5	5

Source: Company, Axis Securities Research

Dalmia Bharat Price Chart and Recommendation History



Date	Reco	TP	Research
01-Jan-25	BUY	2,040	Top Picks
22-Jan-25	BUY	2,000	Result Update
03-Feb-25	BUY	2,040	Top Picks
01-Mar-25	BUY	2,040	Top Picks
04-Mar-25	BUY	2,180	Company Update
01-Apr-25	BUY	2,180	Top Picks
24-Apr-25	BUY	2,260	Result Update
02-May-25	BUY	2,180	Top Picks
17-Jun-25	BUY	2,360	AAA
24-Jul-25	BUY	2,550	Result Update
20-Oct-25	BUY	2,550	Result Update
22-Jan-26	BUY	2,520	Result Update
02-Feb-26	BUY	2,520	Top Picks
02-Mar-26	BUY	2,520	Top Picks
01-Apr-26	BUY	2,520	Top Picks
29-Apr-26	BUY	2,430	Result Update
04-May-26	BUY	2,430	Top Picks
01-Jun-26	BUY	2,430	Top Picks
01-Jul-26	BUY	2,430	Top Picks
27-Jul-26	BUY	2,260	Result Update
03-Aug-26	BUY	2,260	Top Picks
01-Sep-26	BUY	2,260	Top Picks
01-Oct-26	BUY	2,260	Top Picks
27-Oct-26	BUY	2,045	Result Update

Source: Axis Securities Research

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HOLD	Between 10% and -10%
SELL	Less than -10%
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