

Shree Cement

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	SRCM IN
Equity Shares (m)	36
M.Cap.(INRb)/(USDb)	986.8 / 10.9
52-Week Range (INR)	32508 / 25360
1, 6, 12 Rel. Per (%)	1/-15/-11
12M Avg Val (INR M)	1030

Financial Snapshot (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	189.7	206.9	224.0
EBITDA	42.6	49.5	55.3
Adj. PAT	17.7	21.2	24.2
EBITDA Margin (%)	22.5	23.9	24.7
Cons. Adj. EPS (INR)	491	588	671
EPS Gr. (%)	45.4	19.6	14.2
BV/Sh. (INR)	6,200	6,598	7,070

Ratios

Net D:E	-0.2	-0.3	-0.4
RoE (%)	8.1	9.2	9.8
RoCE (%)	8.5	9.6	10.2
Payout (%)	35.8	32.3	29.8

Valuations

P/E (x)	53.9	45.1	39.5
P/BV (x)	4.3	4.0	3.7
EV/EBITDA(x)	20.7	17.4	15.1
EV/ton (USD)	145	136	126
Div. Yield (%)	0.6	0.7	0.8
FCF Yield (%)	0.7	3.4	3.4

Shareholding pattern (%)

As of	Sep-25	Jun-25	Sep-24
Promoter	62.6	62.6	62.6
DII	14.7	14.9	14.5
FII	10.3	10.1	10.4
Others	12.5	12.5	12.6

FII includes depository receipts

CMP: INR27,350 TP: INR28,000 (+2%) Neutral

Performance below our est.; volume growth to catch up Expect volume growth of ~7% YoY in 4QFY26

- Shree Cement's (SRCM) 3QFY26 EBITDA at INR9.2b dipped 3% YoY and was ~9% below our estimate, mainly due to lower-than-estimated volume and realization/t. This was, however, partly offset by lower opex/t. EBITDA/t at INR1,049 declined 4% YoY (est. INR1,077). OPM contracted 1.6pp YoY to ~21%. Adj. PAT grew ~41% YoY to INR3.2b (~7% miss).
- Management highlighted its strategic shift toward value over volumes since Oct'24 to restore pricing discipline and narrow the realization gap vs. peers, which has helped to reduce the differential to ~INR15/bag vs. INR30/bag.
- Volumes have recovered sequentially, and management expects this momentum to be sustained. Capacity utilization is expected to improve in 4Q and volume growth is expected to be ~7% YoY. SRCM expects the company's total cement capacity (domestic) to increase to ~72mtpa by Mar'26, and no capacity addition is likely in FY27.
- We cut our EBITDA by ~3% for FY26E to factor in the 3Q underperformance while broadly maintaining our FY27/FY28 estimates. SRCM trades fairly at 17x/15x FY27E/FY28E EV/EBITDA. **We reiterate our Neutral rating with a TP of INR28,000 (based on 16x FY28E EV/EBITDA).**

Volumes inch up ~1% YoY; EBITDA/t declines ~4% YoY

- Standalone revenue/adj. EBITDA/PAT stood at INR44.2b/INR9.2b/INR3.2b (+4%/-3%/+41% YoY and -9%/-9%/-7% vs. our estimates) in 3QFY26. Sales volumes inched up ~1% YoY to 8.7mt (-6% vs. estimate). Blended realization was up 3% YoY (down ~7% QoQ) to INR5,053/t.
- Opex/t increased ~6% YoY (-3% vs. our estimate), led by variable/freight/other expenses per ton, which increased ~8%/2%/1% YoY. OPM contracted 1.6pp YoY to ~21%, and EBITDA/t declined ~4% YoY to INR1,049. Depreciation declined 22% YoY. Other income increased 10% YoY.
- In 9MFY26, standalone revenue/EBITDA/PAT stood at INR136.7b/30.2b/12.4b (up 7%/23%/93% YoY). OPM expanded 2.9pp YoY to ~22%. EBITDA/t grew ~24% YoY to INR1,180.

Highlights from the management commentary

- Due to a higher demand from the large infrastructure projects, the non-trade share has increased, and it is expected to again revert to a 75:25 trade-non-trade mix vs. 65:35 currently.
- Fuel costs increased to INR1.66/Kcal vs. INR1.59 in 1QFY26. Green power share stood at ~63% in 1HFY26.
- SRCM is aggressively expanding RMC capacity, with plans to scale up from 19 plants currently to ~45 plants by Sep'26.

Valuation and View

- SRCM's 3Q operating performance was below our est. due to lower volume and realizations. However, management indicated that volume improved in Dec'25, and the momentum was sustained in Jan'26.

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- Further, prices were better in Dec'25. In addition, it expects capacity utilization to improve as SRCM intensifies its focus on RMC plants, which will enhance geographical reach, optimize logistics costs, and support incremental volume growth.
- We estimate a CAGR of 9%/14%/17% in revenue/EBITDA/PAT over FY26-28E. We estimate a volume CAGR of ~8% over FY26-28E (vs. muted volume CAGR over FY24-26). We estimate EBITDA/t of INR1,269/INR1,313 in FY27/FY28 vs. INR1,180 in FY26E.
- SRCM trades at fair valuations of 17x/15x FY27E/FY28E EV/EBITDA. **We reiterate our Neutral rating with a TP of INR28,000, based on 16x FY28E EV/EBITDA.**

Standalone quarterly performance

(INR b)

Y/E March	FY25				FY26				FY25	FY26E	FY26	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			2QE	
Net Sales	48.3	37.3	42.4	52.4	49.5	43.0	44.2	53.0	180.4	189.7	48.8	2
YoY Change (%)	-2.7	-18.3	-13.6	3.3	2.3	15.5	4.3	1.2	-7.5	5.2	15.1	
Total Expenditure	39.2	31.3	32.9	38.3	37.2	34.3	35.0	40.6	141.7	147.1	38.7	5
EBITDA	9.2	5.9	9.5	14.1	12.3	8.8	9.2	12.4	38.7	42.6	10.1	-9
YoY Change (%)	-1.7	-31.9	-23.3	6.4	34.1	47.7	-3.2	-11.9	-11.4	10.3	6.2	
Margin (%)	19.0	15.9	22.3	26.9	24.8	20.3	20.8	23.5	21.4	22.5	20.6	-242
Depreciation	6.4	6.7	7.5	7.5	5.5	5.5	5.9	6.6	28.1	23.5	6.3	-27
Interest	0.6	0.6	0.5	0.4	0.4	0.5	0.6	0.5	2.1	2.0	0.5	-1
Other Income	1.3	1.8	1.1	1.5	2.0	1.6	1.3	1.9	5.8	6.8	1.5	16
PBT before EO Exp.	3.5	0.4	2.6	7.7	8.3	4.3	4.0	7.3	14.3	23.9	4.7	47
Extra-Ord. Expense	0.0	0.0	0.0	0.3	0.0	0.2	0.6	0.0	-0.3	0.8	0.0	
PBT	3.5	0.4	2.6	7.4	8.3	4.0	3.4	7.3	14.0	23.1	4.7	39
Tax	0.3	-0.5	0.3	1.9	2.1	1.3	0.6	1.9	2.0	6.0	1.2	
Rate (%)	9.4	-108.1	11.4	25.1	25.8	31.2	18.7	26.4	14.4	25.9	25.5	
Reported PAT	3.2	0.9	2.3	5.6	6.2	2.8	2.8	5.4	12.0	17.1	3.5	29
Tax adjustment prior period	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Adj. PAT	3.2	0.9	2.3	5.8	6.2	2.9	3.2	5.4	12.2	17.7	3.5	36
YoY Change (%)	-45.3	-81.0	-68.8	-12.5	94.7	215.1	41.3	-7.3	-50.6	45.4	51.7	

Quarterly performance

Sales Dispat. (mt)	9.6	7.6	8.7	9.8	9.0	7.9	8.7	10.5	35.7	36.1	9.3	-6
YoY Change (%)	8.1	-7.9	-2.5	3.2	-7.2	4.8	0.8	7.1	0.5	1.2	6.4	
Realization	5,015	4,936	4,885	5,325	5,528	5,440	5,053	5,035	5,052	5,250	5,224	-3
YoY Change (%)	-10.0	-11.3	-11.3	0.1	10.2	10.2	3.4	-5.5	-7.9	3.9	8.2	
Expenditure												
RM Cost	530	543	623	569	626	682	709	504	566	623	650	9
Staff Cost	254	331	273	240	284	325	316	244	271	289	282	12
Power and Fuel	1,458	1,326	1,054	1,172	1,281	1,314	1,103	1,267	1,253	1,241	1,380	-20
Freight	1,157	1,181	1,144	1,175	1,211	1,191	1,172	1,172	1,164	1,186	1,160	1
Other Expenses	667	771	699	735	753	821	704	667	715	731	674	4
Total Op. cost	4,065	4,152	3,793	3,890	4,155	4,334	4,004	3,854	3,969	4,070	4,146	-3
EBITDA	951	785	1,092	1,435	1,373	1,106	1,049	1,181	1,083	1,180	1,077	-3



Highlights from the management commentary

Cement demand and pricing strategy

- Resilient outlook of India's economy, with Union Budget FY27 reinforcing growth by increasing public capex to INR12.2t, sustaining a strong focus on infrastructure development. Along with stable employment, benign inflation, and supportive tax/GST rationalization to support construction activity and drive healthy cement demand growth.
- It indicated Volumes recovered sequentially, rising from ~2.7mt in Nov'25 to ~3.3mt in Dec'25, with Jan'26 tracking similar levels. It expects this momentum

to sustain, leading to improved capacity utilization. The company's volume growth in 4Q would be ~7% YoY.

- Going forward, further upside to utilization is expected from increased focus on RMC plants, which should enhance geographic reach, optimize logistics, and support volume growth.
- Regional volume mix was: north – ~61%, east ~26% and South ~13%
- It indicated its strategy of prioritizing value over volumes since Oct'24 to restore pricing discipline and narrow the realization gap vs. peers. This approach involved deliberate volume restraint, which helped reduce the price differential from ~INR30/bag to ~INR15/bag.
- It emphasized its continued focus on improving profitability by further narrowing the pricing gap, with profit growth in cement largely driven by topline expansion as industry-wide costs remain broadly similar. It is aggressively expanding RMC capacity, with plans to scale up from 25 plants currently to ~45 plants by Sep'26. It indicated that all RMC plants will be captive consumers of its cement, which should support incremental cement volumes and improve overall capacity utilization. Expected capex of INR5.0b for RMC plant expansion. RMC revenue for the quarter was INR710m.
- It highlighted two key changes in its sales strategy over the past year. First, the company implemented a transparent, non-negotiable, and non-discretionary rebate and discount policy, which initially faced resistance from certain dealers but has since been accepted. Second, a new President–Marketing was appointed in Nov'25, with early results over the past 1–1.5 months indicating improved traction.

Operational highlights

- Fuel cost was at INR1.56/kcal vs. INR1.66 in 2QFY26, and green power share at 60% vs. 63% in 2Q. Expects energy cost trends should improve, supported by structural advantages in fuel sourcing and a rising share of renewable energy. The upcoming Kodla unit, expected to be commissioned by Mar'26, will include a WHRS, further increasing alternative energy usage. Green power capacity - WHR is 265 MW. Solar is 314 MW, and wind is 56 MW.
- Lead distance was 446km, and the trade mix and blended share were ~65%. Rail:road mix 88%-12%, petcoke 76%, 6% coal, and balance imported coal. Due to the higher demand from large infra projects non-trade share has increased. However, it expects to again revert to 75:25 of the trade: non-trade mix vs. 65-35 currently.

Capacity expansion and capex plans

- In 3QFY26, the Company commissioned cement capacity of 3.00 MTPA at Jaitaran, Rajasthan. With this, the Company's installed cement production capacity in India (including its wholly owned subsidiaries) increased to 65.8mtpa
- On long-term capacity plans of 80mt by FY29, however, refrained from giving any specific details beyond ~72mtpa by Mar'26 based on the expansion under pipeline. The work on the integrated project at Kodla, Karnataka, of 3.0mtpa cement capacity is nearly completed, and pre-commissioning activities are underway. It expects the commissioning of this plant to be achieved within this quarter.
- It indicated that continued profit generation increases capital employed, and in the absence of immediate deployment through dividends or capex, surplus cash earns only ~4–5% returns, leading to near-term pressure on ROCE/ROE.
- Capex stood at INR15b in 9MFY26, and another INR4-5b is expected in 4QFY26.

Story in charts

Exhibit 1: Sales volume inched up ~1% YoY

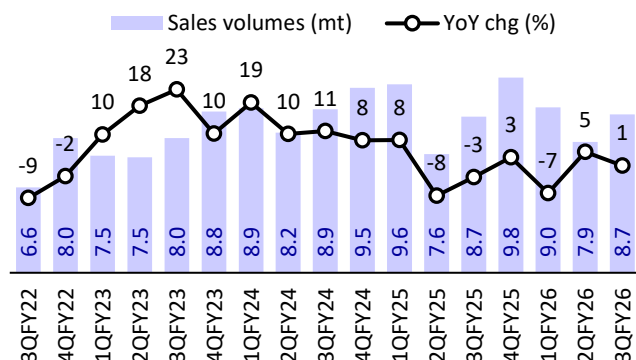


Exhibit 2: Blended realization rose 3% YoY (down 7% QoQ)

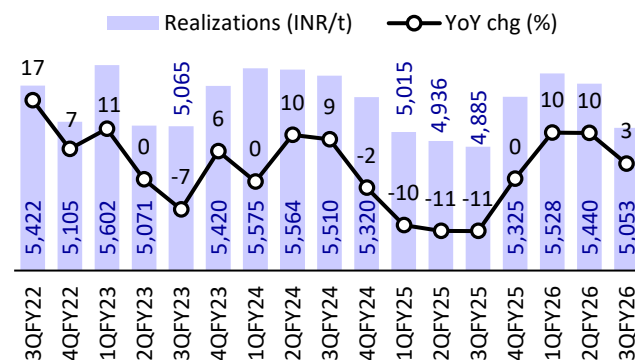
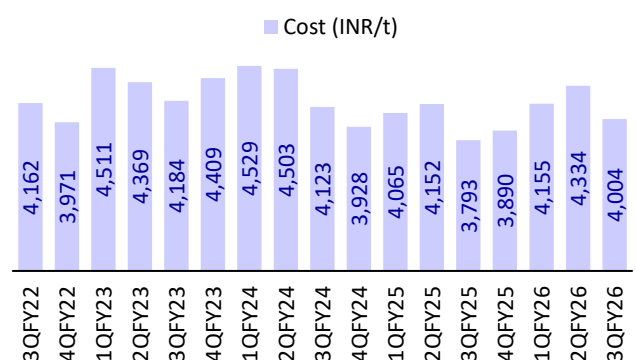
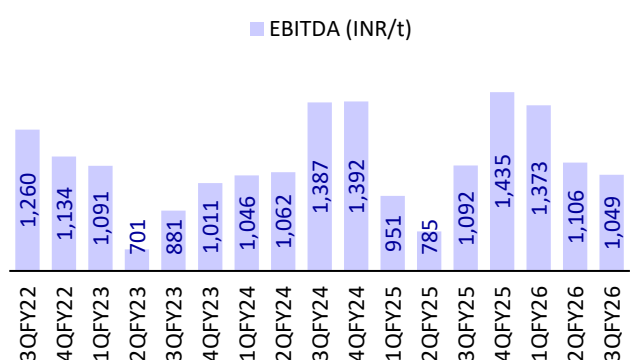


Exhibit 3: Blended opex/t was up 6% YoY (down ~8% QoQ)



Source: Company, MOFSL

Exhibit 4: EBITDA/t was down 4% YoY and 5% QoQ



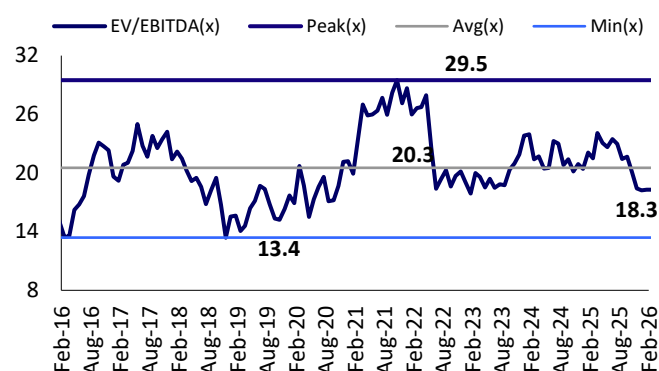
Source: Company, MOFSL

Exhibit 5: Key performance indicators – per ton analysis

INR/t	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)
Blended realization	5,053	4,885	3	5,440	-7
RM Cost	709	623	14	682	4
Employee Expenses	316	273	16	325	-3
Power, Oil, and Fuel	1,103	1,054	5	1,314	-16
Freight and Handling	1,172	1,144	2	1,191	-2
Other Expenses	704	699	1	821	-14
Total Expenses	4,004	3,793	6	4,334	-8
EBITDA	1,049	1,092	-4	1,106	-5

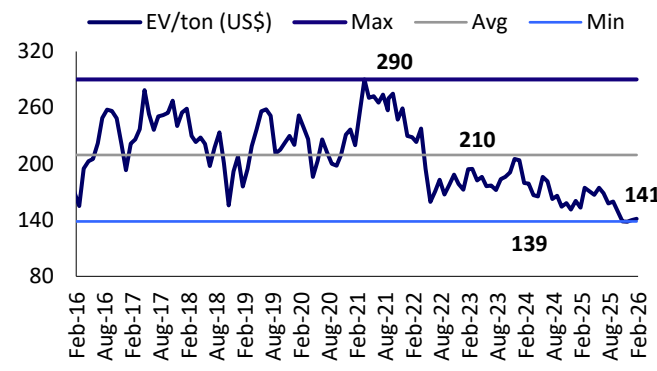
Source: Company, MOFSL

Exhibit 6: One-year forward EV/EBITDA ratio chart



Source: Company, MOFSL

Exhibit 7: One-year forward EV/t chart



Source: Company, MOFSL

Standalone financials and valuations

Income Statement								(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	1,26,037	1,43,297	1,68,375	1,95,855	1,80,373	1,89,713	2,06,925	2,24,001
Change (%)	5.6	13.7	17.5	16.3	-7.9	5.2	9.1	8.3
EBITDA	39,547	36,478	29,423	43,635	38,674	42,645	49,535	55,345
Margin (%)	31.4	25.5	17.5	22.3	21.4	22.5	23.9	24.7
Depreciation	11,399	10,365	15,462	16,147	28,080	23,530	25,547	27,262
EBIT	28,148	26,114	13,961	27,489	10,594	19,115	23,988	28,083
Int. and Finance Charges	2,471	2,178	2,689	2,643	2,086	2,020	2,000	2,000
Other Income - Rec.	4,580	5,373	4,315	5,611	5,772	6,781	6,671	6,653
PBT before EO Expense	30,257	29,309	15,586	30,456	14,280	23,876	28,659	32,737
EO Expense/(Income)	0	0	0	0	307	797	0	0
PBT after EO Expense	30,257	29,309	15,586	30,456	13,974	23,079	28,659	32,737
Tax	7,536	4,382	937	5,098	3,199	5,969	7,451	8,512
Deferred Tax	-398	1,161	1,368	674	-1,188	0	0	0
Tax Rate (%)	23.6	18.9	14.8	19.0	14.4	25.9	26.0	26.0
Reported PAT	23,119	23,766	13,281	24,684	11,962	17,110	21,208	24,225
Tax adjustment prior period	-103	-1,045	-1,543	0	0	0	0	0
Adj PAT for EO items	23,017	22,721	11,739	24,684	12,192	17,729	21,208	24,225
Change (%)	46.6	-1.3	-48.3	110.3	-50.6	45.4	19.6	14.2
Margin (%)	18.3	15.9	7.0	12.6	6.8	9.3	10.2	10.8

Source: Company, MOFSL

Balance Sheet

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	361	361	361	361	361	361	361	361
Other Reserves	1,52,140	1,72,348	1,82,524	2,03,484	2,11,753	2,23,348	2,37,701	2,54,710
Total Reserves	1,52,140	1,72,348	1,82,525	2,03,486	2,11,755	2,23,350	2,37,703	2,54,712
Net Worth	1,52,501	1,72,709	1,82,885	2,03,847	2,12,116	2,23,711	2,38,064	2,55,073
Deferred Liabilities	-7855	-6695	-6686	-5992	-7176	-7176	-7176	-7176
Secured Loan	21,332	20,142	25,392	14,737	8,164	5,946	4,929	3,911
Unsecured Loan	0	0	0	0	0	0	0	0
Total Loans	21,332	20,142	25,392	14,737	8,164	5,946	4,929	3,911
Capital Employed	1,65,978	1,86,155	2,01,592	2,12,591	2,13,104	2,22,481	2,35,817	2,51,808
Gross Block	1,13,644	1,35,229	1,50,803	1,84,610	2,10,682	2,50,682	2,70,682	2,85,682
Less: Accum. Deprn.	71,729	82,014	97,476	1,13,623	1,41,703	1,65,232	1,90,779	2,18,041
Net Fixed Assets	41,916	53,215	53,327	70,987	68,980	85,450	79,903	67,641
Capital WIP	12,836	9,729	23,203	18,328	31,115	21,115	16,115	21,115
Financial investments	83,712	86,014	81,813	69,640	59,849	56,849	66,849	78,849
Strategic Investment	26,794	29,445	34,692	37,113	56,113	56,113	56,113	56,113
Curr. Assets	37,275	49,056	58,467	72,131	54,326	60,323	78,912	95,146
Inventory	14,772	21,614	24,226	31,462	20,754	23,389	25,511	27,617
Account Receivables	4,859	5,957	9,061	9,298	7,805	8,525	9,298	10,065
Cash and Bank Balance	2,098	1,183	1,193	2,971	2,310	1,433	14,160	24,526
Others	15,547	20,303	23,987	28,400	23,457	26,976	29,943	32,937
Curr. Liability & Prov.	36,555	41,304	49,911	55,610	57,281	57,266	61,974	66,954
Account Payables	36,430	41,160	49,756	55,454	57,110	57,096	61,803	66,783
Provisions	125	144	155	156	171	171	171	171
Net Current Assets	721	7,752	8,556	16,522	-2,954	3,057	16,939	28,192
Appl. of Funds	1,65,978	1,86,155	2,01,592	2,12,591	2,13,104	2,22,586	2,35,921	2,51,913

Standalone financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
EPS	638	630	325	684	338	491	588	671
Cash EPS	316	287	429	448	778	652	708	756
BV/Share	4,227	4,787	5,069	5,650	5,879	6,200	6,598	7,070
DPS	60.0	90.0	100.0	105.0	110.0	170.0	190.0	200.0
Payout (%)	9.4	13.7	27.2	15.3	33.2	35.8	32.3	29.8
Valuation (x)								
P/E	41.5	42.1	81.5	38.7	78.4	53.9	45.1	39.5
Cash P/E	83.9	92.2	61.8	59.2	34.0	40.6	37.4	35.1
P/BV	6.3	5.5	5.2	4.7	4.5	4.3	4.0	3.7
EV/Sales	7.0	6.1	5.2	4.5	4.8	4.7	4.2	3.7
EV/EBITDA	22.2	24.1	29.7	20.2	22.5	21	17	15
EV/ton (USD-Cap)	229	214	213	186	174	145	136	126
Dividend Yield (%)	0.2	0.3	0.4	0.4	0.4	0.6	0.7	0.8
Return Ratios (%)								
RoIC	39.2	33.4	15.1	25.3	8.8	14.5	17.0	21.1
RoE	16.3	14.0	6.6	12.8	5.9	8.1	9.2	9.8
RoCE	14.9	13.9	7.8	12.6	6.4	8.5	9.6	10.2
Working Capital Ratios								
Inventory (Days)	43	55	53	59	42	45	45	45
Debtor (Days)	14	15	20	17	16	16	16	16
Creditor (Days)	106	105	108	103	116	110	109	109
Working Capital Turnover (Days)	2	20	19	31	-6	6	30	46
Leverage Ratio (x)								
Current Ratio	1.0	1.2	1.2	1.3	0.9	1.1	1.3	1.4
Net Debt/Equity	-0.4	-0.4	-0.3	-0.3	-0.3	-0.2	-0.3	-0.4

Cash Flow Statement

	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	30,257	29,309	15,586	30,456	13,974	23,876	28,659	32,737
Depreciation	11,399	10,365	15,462	16,147	28,080	23,530	25,547	27,262
Interest & Finance Charges	220	-849	-165	139	270	2,020	2,000	2,000
Direct Taxes Paid	-7,439	-1,959	-3,287	-4,400	-4,282	-5,969	-7,451	-8,512
(Inc)/Dec in WC	8,762	-7,321	967	-6,238	16,392	-6,888	-1,156	-887
CF from Operations	43,200	29,546	28,563	36,104	54,433	36,569	47,599	52,600
Others	-2,264	-2,317	-1,520	-3,068	-3,803	0	0	0
CF from Operating incl EO	40,936	27,229	27,043	33,036	50,630	36,569	47,599	52,600
(Inc)/Dec in FA	-9,984	-19,483	-27,619	-28,057	-34,655	-30,000	-15,000	-20,000
Free Cash Flow	30,953	7,746	-576	4,979	15,975	6,569	32,599	32,600
(Pur)/Sale of Investments	-17,791	-77	3,737	14,555	-1,724	3,000	-10,000	-12,000
Others	0	0	0	0	0	0	0	0
CF from Investments	-27,774	-19,559	-23,882	-13,503	-36,379	-27,000	-25,000	-32,000
Issue of Shares	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	-9,610	-2,707	2,669	-11,961	-8,937	-2,218	-1,018	-1,017
Interest Paid	-2,514	-2,088	-2,574	-2,186	-1,896	-2,020	-2,000	-2,000
Dividend Paid	-22	-3,789	-3,245	-3,790	-3,799	-6,208	-6,855	-7,216
CF from Fin. Activity	-12,146	-8,584	-3,151	-17,937	-14,632	-10,446	-9,873	-10,233
Inc/Dec of Cash	1,016	-915	11	1,597	-381	-877	12,726	10,367
Opening Balance	1,081	2,097	1,182	1,374	2,691	2,310	1,433	14,160
Closing Balance	2,097	1,183	1,193	2,971	2,310	1,433	14,160	24,526

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