

SHREE CEMENT

RESULT UPDATE

KEY DATA

Rating	HOLD
Sector relative	Neutral
Price (INR)	30,645
12 month price target (INR)	30,873
52 Week High/Low	32,508/23,500
Market cap (INR bn/USD bn)	1,106/12.6
Free float (%)	37.45
Avg. daily value traded (INR mn)	1,234.6

SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	62.56%	62.56%	62.56%
FII	10.07%	9.70%	9.88%
DII	14.65%	15.07%	14.78%
Pledge	0%	0%	0%

FINANCIALS

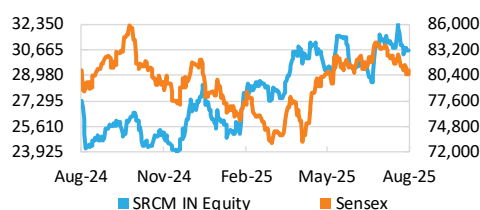
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	1,80,373	1,96,702	2,16,003	2,34,405
EBITDA	38,368	47,472	57,081	63,268
Adjusted profit	11,962	16,422	22,252	23,938
Diluted EPS (INR)	331.5	455.1	616.7	663.5
EPS growth (%)	(51.5)	37.3	35.5	7.6
RoAE (%)	5.8	7.5	9.5	9.5
P/E (x)	92.4	67.3	49.7	46.2
EV/EBITDA (x)	27.1	21.9	18.1	16.2
Dividend yield (%)	0.4	0.4	0.4	0.4

CHANGE IN ESTIMATES

Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	1,96,702	2,16,003	-4%	-3%
EBITDA	47,472	57,081	-2%	0%
Adjusted profit	16,422	22,252	-5%	0%
Diluted EPS (INR)	455.1	616.7	-5%	0%

PRICE PERFORMANCE



Focus on value over volumes

Shree Cement (SRCM) continued to prioritise realisation over volume in Q1FY26; volume decreased ~7% YoY, whereas blended realisation improved ~4% QoQ/10% YoY. EBITDA at INR12.29bn missed our/consensus estimate by ~10%/~9%. Blended EBITDA/t stood at INR1,373. The company reiterated its guidance of scaling up capacity to 80mtpa by FY28E.

SRCM's capex plan would help deliver sustained volume growth while cost efficiency measures would allow it to maintain cost leadership in the cement industry. We are edging down FY26E EBITDA by 2% given the miss in Q1FY26. Maintain 'HOLD' with a revised TP of INR30,873 (earlier INR30,807) based on 18x Q1FY28E EV/EBITDA.

Volume falters; realisation continues to improve

Q1FY26 operational performance: i) Volume dipped ~7% YoY (down ~9% QoQ) compared with mid-single digit YoY growth for the industry. ii) However, blended realisation improved ~4% QoQ (up ~10% YoY) largely due to SRCM's strategy of focusing on value over volume. iii) Power/fuel costs/t increased ~9% QoQ (down ~12% YoY). iv) Freight cost/t rose ~3% QoQ/~5% YoY. v) Raw material cost/t surged ~10% QoQ (up ~18% YoY). vi) Other expenses/t increased ~1.5% QoQ (up ~13% YoY). vii) Blended EBITDA/t stood at INR1,373 (down ~2% QoQ/up 44% YoY). viii) Premium share improved to 17.7% of trade sales compared with 15.6% in Q4FY25.

Capex programme on track: Work on projects of 3MnT at Jaitaran in Rajasthan and 3MnT at Kodla in Karnataka is progressing as per schedule—this will take overall capacity to 68.8MnT. Capex is likely to be INR40bn annually over FY25–28E with the company expected to reach capacity of ~80MnT by FY28E. The share of green power stood at 65.65% in Q1FY26—one of the highest in the industry. SRCM has been consistently ramping up its green power generation capacity, which stood at 586MW in Q1FY26. Furthermore, the company's subsidiary Union Cement Company (UCC) in the UAE has announced a plan to increase its cement capacity by 3MnT at an investment of AED110Mn given a healthy demand environment. Currently, the company has 21 operational RMC plants and aims to reach 50 plants by end-FY26.

Outlook: As per an interview, management indicated that they expect industry volumes to grow 6–7% YoY in FY26E; however, SRCM will focus on price over volume. Volume growth of 2–4% YoY and price increase of 5–6% YoY should help it deliver 9% YoY revenue growth in FY26E ([Link](#)). We believe this is possible as prices in its key regions have seen improvement or have remained steady ([Link](#)).

Financials

Year to March	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
Net Revenue	49,480	48,347	2.3	52,402	(5.6)
EBITDA	12,291	9,164	34.1	13,813	(11.0)
Adjusted Profit	6,185	3,177	94.7	5,560	11.2
Diluted EPS (INR)	171.4	88.1	94.7	154.1	11.2

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	1,80,373	1,96,702	2,16,003	2,34,405
Gross profit	1,15,436	1,28,289	1,44,665	1,57,651
Employee costs	9,906	10,453	11,184	11,855
Other expenses	67,162	70,364	76,400	82,528
EBITDA	38,368	47,472	57,081	63,268
Depreciation	28,081	31,198	33,636	38,234
Less: Interest expense	2,086	2,100	2,349	2,249
Add: Other income	5,722	6,353	6,720	7,138
Profit before tax	13,973	20,527	27,815	29,923
Prov for tax	2,011	4,105	5,563	5,985
Less: Other adjustment	0	0	0	0
Reported profit	11,962	16,422	22,252	23,938
Less: Excp.item (net)	0	0	0	0
Adjusted profit	11,962	16,422	22,252	23,938
Diluted shares o/s	36	36	36	36
Adjusted diluted EPS	332	455	617	663
DPS (INR)	110.0	110.0	110.0	110.0
Tax rate (%)	14.4	20.0	20.0	20.0

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
EBITDA/tonne	1,070.4	1,292.8	1,442.1	1,486.05
Net Debt/EBITDA	(1.7)	(1.4)	(1.2)	(1.3)
Op. exp. as a % of Rev.	0.8	0.8	0.7	0.7
EBITDA margin (%)	21.3	24.1	26.4	27.0
Net profit margin (%)	6.6	8.3	10.3	10.2
Rev. Growth (% YoY)	(7.4)	9.1	9.8	8.5
EBITDA growth (% YoY)	(12.1)	23.7	20.2	10.8
Adj. profit growth (%)	(51.5)	37.3	35.5	7.6

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	7.2	7.0	6.8	6.8
10 year yield (%)	6.0	5.3	5.3	5.3
USD/INR (average)	84.4	86.5	85.0	85.0
Volumes (MT)	35.9	36.8	39.6	42.6
Realisation/t	5,031	5,352	5,456	5,506
P&F cost/t	1,248	1,227	1,150	1,127
Freight/t	1,159	1,189	1,188	1,191
RM cost/t	564	634	651	676
Other exp./t	715	726	742	748

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	92.4	67.3	49.7	46.2
Price/BV (x)	5.2	4.9	4.6	4.2
EV/EBITDA (x)	27.1	21.9	18.1	16.2
Dividend yield (%)	0.4	0.4	0.4	0.4

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	361	361	361	361
Reserves	2,11,753	2,24,206	2,42,490	2,62,459
Shareholders funds	2,12,114	2,24,567	2,42,850	2,62,820
Minority interest	0	0	0	0
Borrowings	21,162	27,162	26,162	25,162
Trade payables	12,108	11,934	13,670	14,378
Other liab & prov	32,174	32,174	32,174	32,174
Total liabilities	2,77,559	2,95,838	3,14,857	3,34,534
Net block	61,753	70,555	74,918	74,684
Intangible assets	7,226	7,226	7,226	7,226
Capital WIP	31,115	23,115	25,115	27,115
Total fixed assets	1,00,095	1,00,896	1,07,260	1,09,025
Non current inv	52,862	53,862	54,862	55,862
Cash/cash equivalent	65,411	71,845	73,496	81,341
Sundry debtors	7,805	8,587	9,413	10,771
Loans & advances	1,411	1,411	1,411	1,411
Other assets	13,005	16,005	19,005	22,005
Total assets	2,77,559	2,95,838	3,14,857	3,34,534

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	13,973	20,527	27,815	29,923
Add: Depreciation	28,081	31,198	33,636	38,234
Interest (net of tax)	(3,686)	(4,254)	(4,371)	(4,889)
Others	(4,129)	(5,750)	(6,957)	(7,091)
Less: Changes in WC	16,392	(2,217)	(3,269)	(3,359)
Operating cash flow	50,630	39,505	46,855	52,818
Less: Capex	(34,655)	(32,000)	(40,000)	(40,000)
Free cash flow	15,975	7,505	6,855	12,818

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	5.8	7.5	9.5	9.5
RoCE (%)	7.0	9.5	11.7	11.7
Inventory days	147	119	131	133
Receivable days	17	15	15	16
Payable days	64	64	66	67
Working cap (% sales)	(0.7)	3.0	5.2	7.1
Gross debt/equity (x)	0.1	0.1	0.1	0.1
Net debt/equity (x)	(0.5)	(0.5)	(0.4)	(0.4)
Interest coverage (x)	4.9	7.8	10.0	11.1

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	(51.5)	37.3	35.5	7.6
RoE (%)	5.8	7.5	9.5	9.5
EBITDA growth (%)	(12.1)	23.7	20.2	10.8
Payout ratio (%)	33.2	24.2	17.8	16.6

Exhibit 1: Quarterly financial snapshot (INR mn)

INR mn	Q1FY26	Q1FY25	% change	Q4FY25	% change	FY26E	FY27E
Sales volume (mt)	8.95	9.64	(7.2)	9.84	(9.0)	36.8	39.6
Clinker sale (mt)	0.10	0.42	(76.2)	0.15	(33.3)	-	-
Cement realisation per tonne (INR)	4,802	4,467	7.5	4,754	1.0	5,352	5,456
Net Sales	49,480	48,347	2.3	52,402	(5.6)	1,96,702	2,16,003
Raw material	5,599	5,106	9.7	5,598	0.0	23,310	25,790
Staff cost	2,545	2,446	4.0	2,594	(1.9)	10,453	11,184
Power & Fuel	11,461	14,052	(18.4)	11,531	(0.6)	45,103	45,548
Freight & Selling expenses	10,840	11,151	(2.8)	11,558	(6.2)	43,681	47,027
Other expenditure	6,744	6,428	4.9	7,307	(7.7)	26,684	29,373
Total expenditure	37,189	39,183	(5.1)	38,589	(3.6)	1,49,230	1,58,922
EBITDA	12,291	9,164	34.1	13,813	(11.0)	47,472	57,081
Interest	446	573	(22.2)	417	6.9	2,100	2,349
Depreciation	5,524	6,428	(14.1)	7,470	(26.0)	31,198	33,636
EBIT	6,321	2,163	192.3	5,926	6.7	14,174	21,095
Other Income	2,011	1,346	49.4	1,501	33.9	6,353	6,720
PBT before exceptional items	8,331	3,508	137.5	7,428	12.2	20,527	27,815
Exceptional items	-	-	NA	-	NA	-	-
Profit Before Tax	8,331	3,508	NA	7,428	NA	20,527	27,815
Less: Provision for Tax	2,146	331	-	1,868	-	4,105	5,563
Reported Profit	6,185	3,177	94.7	5,560	11.2	16,422	22,252
Adjusted Profit	6,185	3,177	94.7	5,560	11.2	16,422	22,252
Equity capital (FV INR 10)	361	361		361		361	361
No. of shares (mn)	36.1	36.1		36.1		36.1	36.1
EPS (INR)	171.4	88.1	94.7	154.1	11.2	455.1	616.7
Diluted PE (x)						67.3	49.7
EV/EBITDA (x)						21.9	18.1
ROAE (%)						7.5	9.5
As % of net revenues							
Raw material	11.3	10.6		10.7		11.9	11.9
Staff expenses	5.1	5.1		4.9		5.3	5.2
Power & fuel	23.2	29.1		22.0		22.9	21.1
Freight outward	21.9	23.1		22.1		22.2	21.8
Other expenses	13.6	13.3		13.9		13.6	13.6
EBITDA	24.8	19.0		26.4		24.1	26.4
Net profit	12.5	6.6		10.6		8.3	10.3
Tax rate	25.8	9.4		25.1		20	20

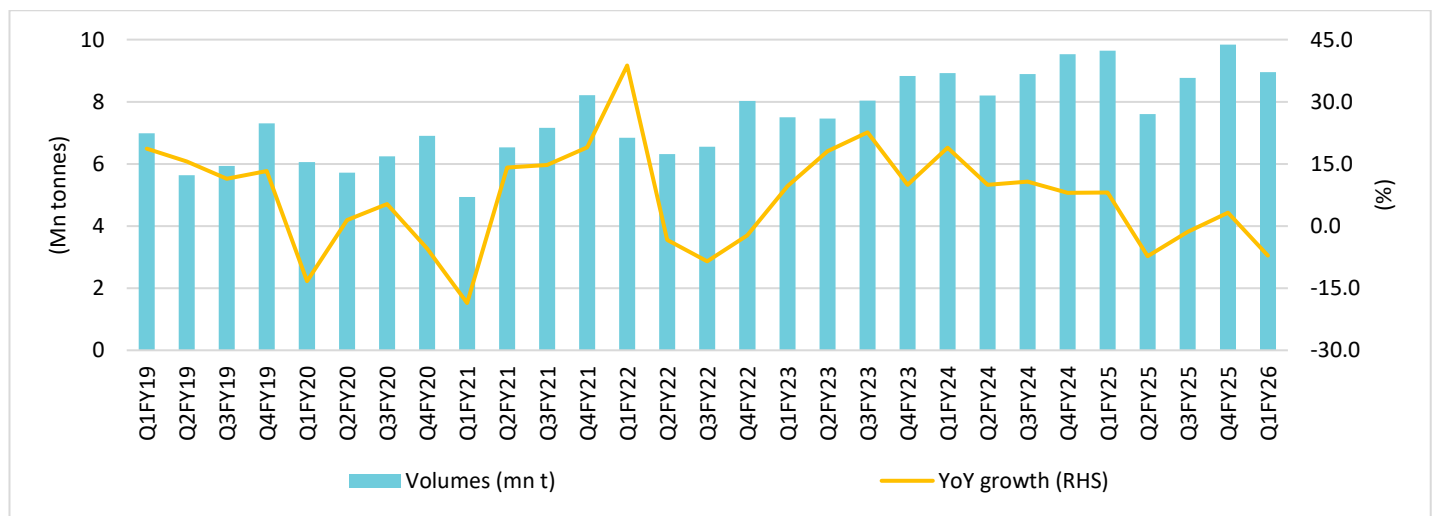
Source: Company, Nuvama Research

Exhibit 2: Per tonne analysis

(INR/tonne)	Q1FY26	Q1FY25	% change	Q4FY25	% change
Realisation	5,528	5,015	10.2	5,325	3.8
Raw material	626	530	18.1	569	10.0
Power	1,281	1,458	(12.1)	1,172	9.3
Freight	1,211	1,157	4.7	1,175	3.1
Staff	284	254	12.1	264	7.9
Others	753	667	13.0	743	1.5
Total cost	4,155	4,065	2.2	3,922	6.0
EBITDA	1,373	951	44.5	1,404	(2.2)

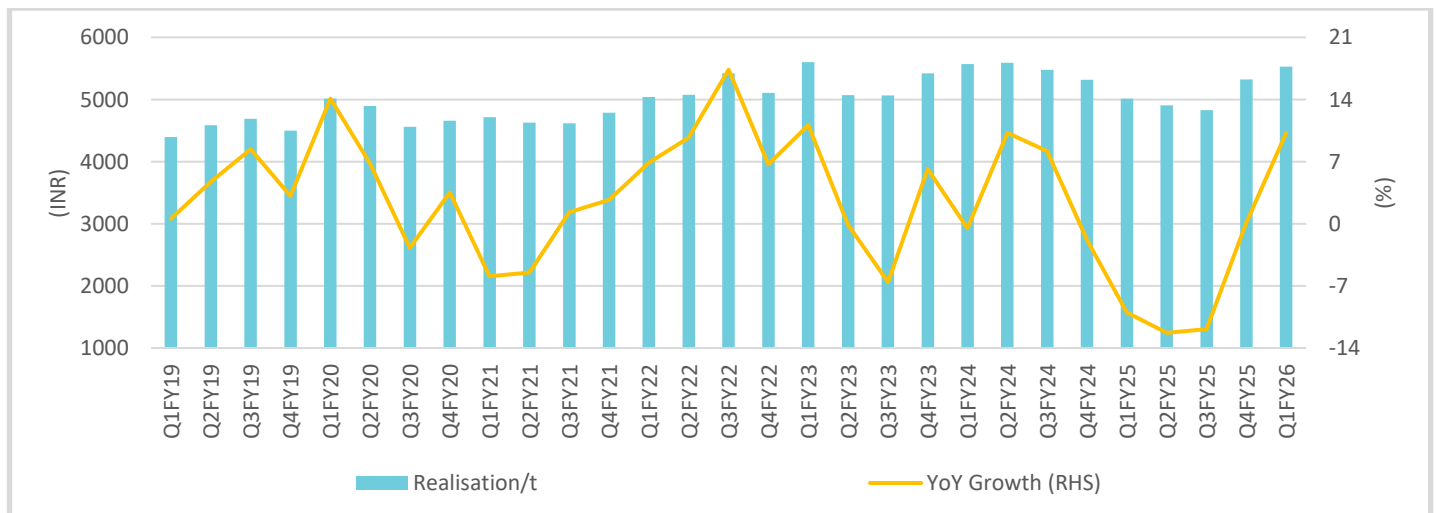
Source: Company, Nuvama Research

Exhibit 3: Volumes decrease ~7% YoY



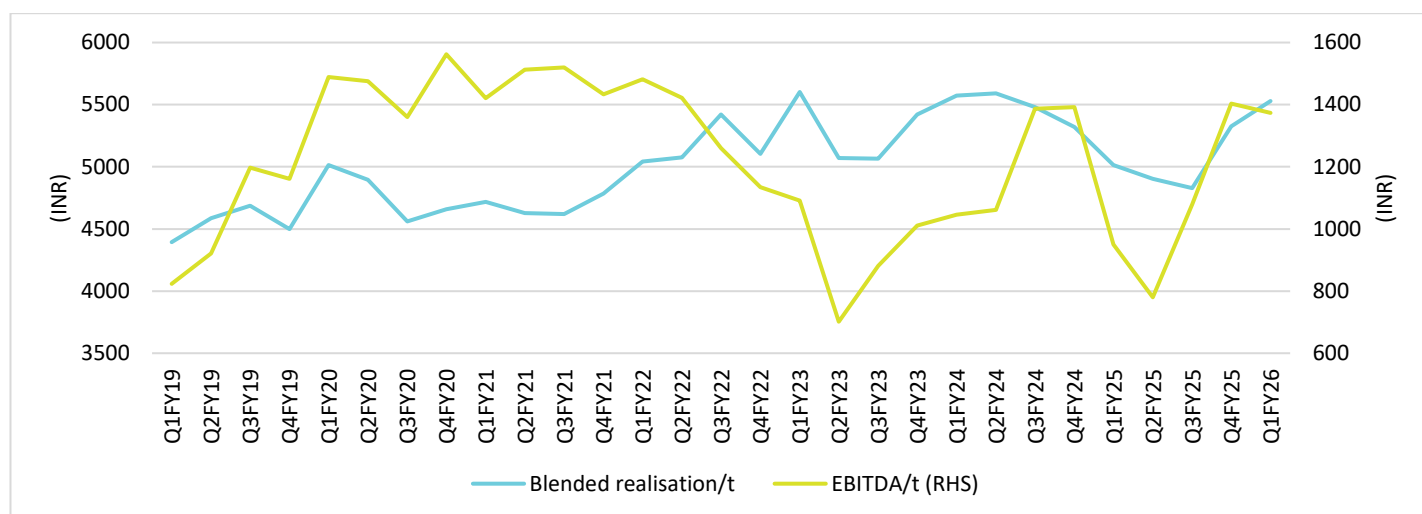
Source: Company, Nuvama Research

Exhibit 4: Blended realisation rose ~10% YoY



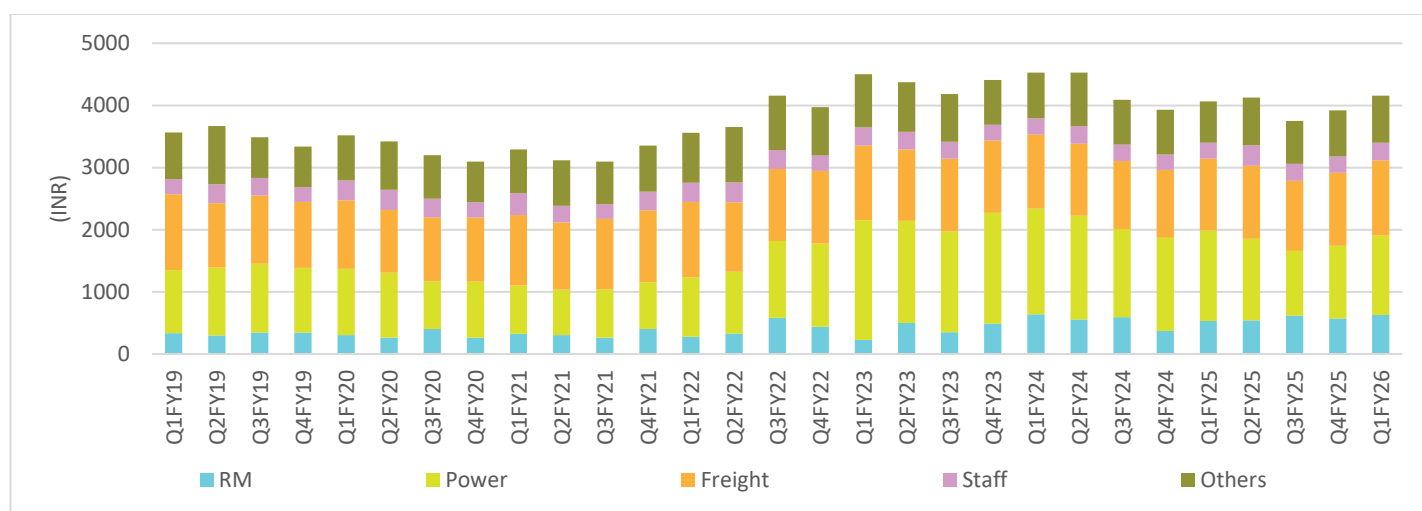
Source: Company, Nuvama Research

Exhibit 5: Blended realisation versus EBITDA/t



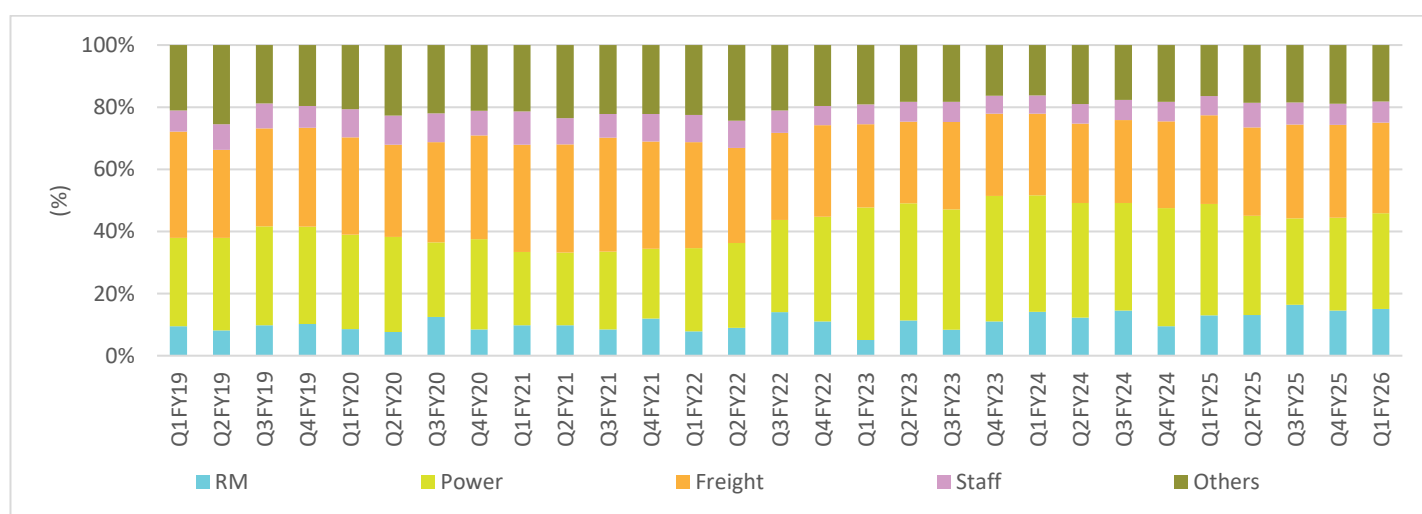
Source: Company, Nuvama Research

Exhibit 6: Opex cost split (absolute terms)



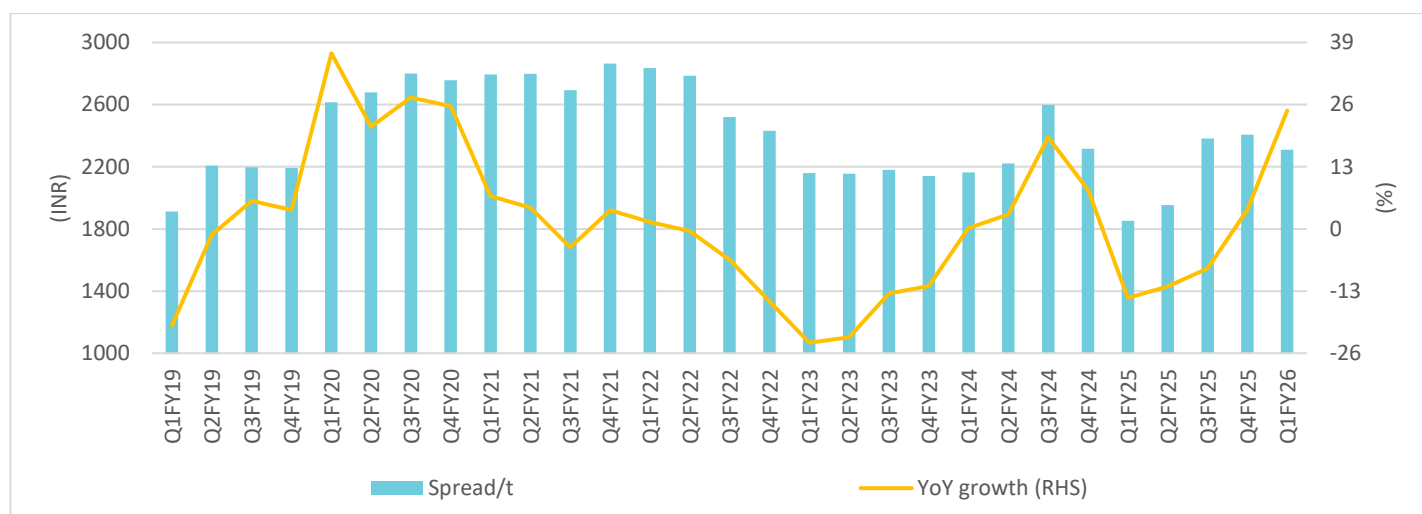
Source: Company, Nuvama Research

Exhibit 7: Opex cost split (% terms)



Source: Company, Nuvama Research

Exhibit 8: Spread/t surged ~24% YoY



Source: Company, Nuvama Research

UAE business performance: SRCM's UAE operations have been consistently improving over the last two years. In Q1FY26, it recorded revenue of AED181.19mn (up 19% YoY) while EBITDA soared 397% YoY from AED9.02mn to AED44.86mn. Union Cement Company (UCC) recently announced its plan to increase cement capacity by 3mtpa at an investment of AED110mn.

Company Description

Shree Cement Limited (SRCM), incorporated in 1979, is the third-largest cement group in India. Its domestic capacity is spread majorly in East, North and South India. The company sells cement under the brand name of Roofon, Bangur Power, Bangur Cement and Rockstrong. SRCM earns revenue from cement, power generation and now is diversifying into the RMC segment.

Investment Theme

SRCM is the most efficient cement player given: i) its cost competitiveness (both operating and capex); ii) historic high RoE versus peers; and iii) strong balance sheet with a net cash position. SRCM's ambitious capex plan will help deliver sustained volume growth and allow it to maintain cost leadership in the cement industry. We maintain '**HOLD**' on the stock.

Key Risks

Sharp increase in cement demand/prices may lead to earnings upgrade.

Sharp decline in cost.

Any large acquisition at attractive valuation triggering upside potential.

Additional Data

Management

Chairman Emeritus	Shri B.G.Bangur
Chairman	Shri H.M. Bangur
Vice Chairman	Shri Prashant Bangur
MD	Shri Neeraj Akhoury
Auditor	M/s. Gupta & Dua

Holdings – Top 10*

% Holding		% Holding	
Flt ltd	9.98	Blackrock	0.95
SBI MF	6.24	UTI AMC	0.74
LIC	3.73	Franklin Resour	0.55
ICICI Pru AMC	1.57	Kotak Mahindra	0.48
Vanguard	1.18	Nippon Life Ind	0.44

*Latest public data

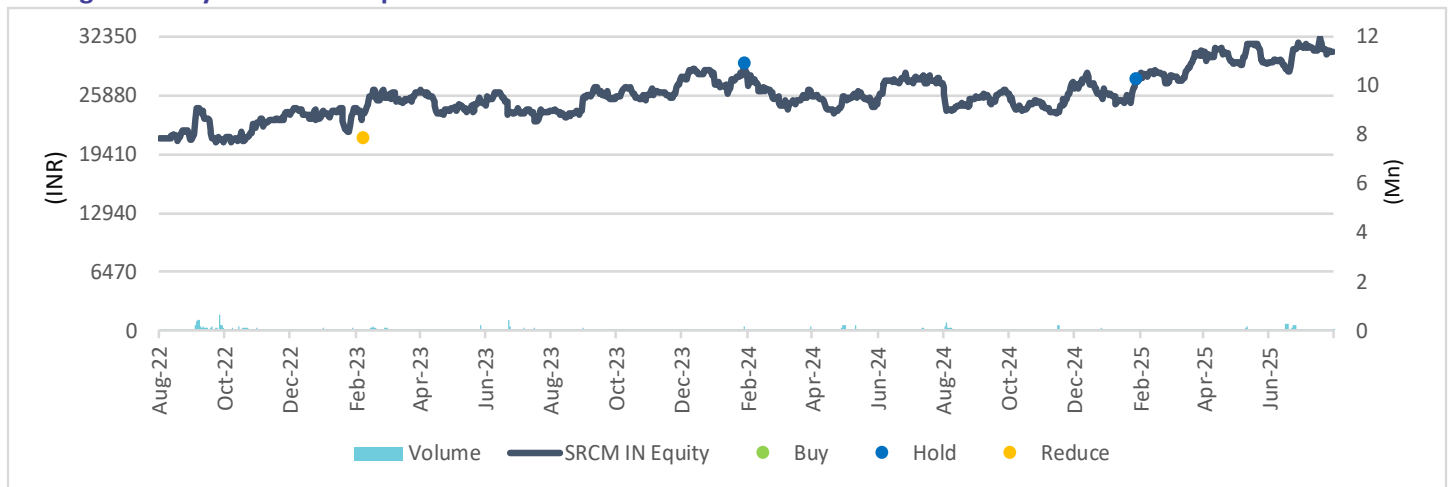
Recent Company Research

Date	Title	Price	Reco
14-May-25	All-round beat; <i>Result Update</i>	30,620	Hold
31-Jan-25	Delivering on cost efficiencies; <i>Result Update</i>	25,295	Hold
11-Nov-24	Shree Cement (SRCM IN, INR 24,424, HOLD); <i>Result Update</i>	24,424	Hold

Recent Sector Research

Date	Name of Co./Sector	Title
31-Jul-25	ACC Ltd	Efficiency focus intact; <i>Result Update</i>
31-Jul-25	Ambuja Cements	Yet another strong quarter ; <i>Result Update</i>
21-Jul-25	J K Cements	All-round beat; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	202
Hold	<15% and >-5%	66
Reduce	<-5%	36

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