YES SECURITIES
INSTITUTIONAL EQUITIES

August 05, 2025

RESULT REPORT Q1 FY26 | Sector: Cement

Shree Cement

Low CUR, Soft Prices Cloud Near-Term; Maintain NEUTRAL

Volume Dips, Costs Rise - SRCM Misses the Mark

Revenue – 15% below our estimates: The marginal YoY growth in revenue was driven by stable volumes (~8.95 MT), but realisation gains were modest due to competitive pricing pressure. QoQ decline reflects a typical seasonal slowdown and weak dispatches post March-end. The underperformance vs estimates was largely due to lower-than-expected volumes and weaker pricing traction in key northern markets.

EBITDA & EBITDA/tn – 26% below our estimate of Rs16.62 bn: The sharp YoY jump in EBITDA/tn reflects better cost efficiencies, particularly in P&F, and a higher share of premium products (17.7% of trade sales vs. 15.6% in Q4FY25). However, QoQ moderation in EBITDA/tn is due to lower fixed cost absorption amid volume decline. The figure was also lower than our expected Rs1,591/tn, largely due to pricing pressure and muted mix gains.

APAT – Adj. PAT stood at Rs6.19 bn (+95% YoY, -11% QoQ), 24% below our estimate of Rs8.10 bn.

Capacity Expansion in India and UAE Progressing Well - Projects at Jaitaran and Kodla (3 MTPA each) remain on track, targeting 68.8 MTPA capacity and 80 MTPA by FY28E. During the quarter, its UAE unit has posted strong growth (revenue +19% YoY, EBITDA +397%) and plans a 3 MTPA expansion with AED 110 mn investment.

Sustainability and RMC Business Scaling Up - Green power share rose to 65.65% (586 MW), with continued focus on waste co-processing. The RMC network grew from 15 to 21 plants in Q1, with a target of 50 by FY26-end.

Valuation and View – Recently commissioned capacity is expected to contribute to volumes from Q2FY26 onwards. However, we are not overly aggressive on the upcoming capacity's CUR, as the Pali (IU) 3 MTPA unit has been delayed from FY25, and the Kodla (South) GU 3 MTPA unit is now expected to be commissioned by Q2FY26. Accordingly, we have revised our average CUR estimates to ~60% for FY26-27E, factoring in a 15% volume CAGR over FY25–27E. We expect realizations to improve as prices in key market regions remain stable. Currently, the stock is trading at USD 188 EV/tn, which represents a ~19% discount to its five-year average EV/tn of USD 226. We remain slightly cautious on the stock due to 1. Weak CUR, 2. Lower realizations, and 3. Higher competition in its key markets, despite better cost efficiency. We have made slight adjustments to our estimates and now arrive at Revenue/EBITDA/Adj. PAT CAGR of 9%/17%/32% over FY25-27E. We maintain a NEUTRAL stance on the stock with a revised TP of Rs30,755 (earlier Rs33,522), valuing it at 17x FY27E forward EV/EBITDA.

Snapshot Overview

Parameter	Q1 FY26	QoQ (%)	YoY (%)	vs Est	vs Bloom
Revenue	49,480	(5.6)	2.3	Miss	In-line
EBITDA	12,291	(11.0)	34.1	Miss	Miss
EBITDA Margin (%)	25	(152) bps	589 bps	Miss	Miss
Adj PAT	6,185	11.2	94.7	Miss	Beat

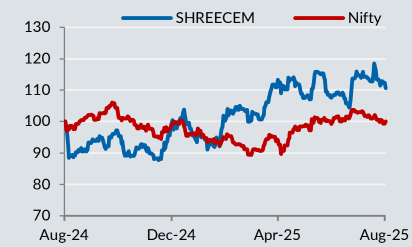
Source: Company, YES Sec

Reco	:	NEUTRAL
CMP	:	Rs 30,205
Target Price	:	Rs 30,755
Potential Return	:	+2%

Stock data (as on Aug 05, 2025)

Nifty	24,650
52 Week h/l (Rs)	32490 / 23500
Market cap (Rs/USD mn)	1105695 / 12593
Outstanding Shares (mn)	36
6m Avg t/o (Rs mn):	1,138
Div yield (%):	0.4
Bloomberg code:	SRCM IN
NSE code:	SHREECEM

Stock performance



	1M	3M	1Y
Absolute return	-3.5%	2.5%	12.6%

Shareholding pattern (As of Mar'25 end)

Promoter	62.6%
FII+DII	25.0%
Others	12.4%

Δ in stance

(1-Yr)	New	Old
Rating	NEUTRAL	NEUTRAL
Target Price	30.755	33,522

Δ in earnings estimates

	FY26E	FY27E
EPS (New)	538	741
EPS (Old)	677	872
% Change	(21)	(15)

Financial Summary

(Rs mn)	FY25	FY26E	FY27E
Revenue	180,373	195,471	227,095
Growth	(7)	8	16
EBITDA	38,368	47,932	60,362
Margin	21	25	27
Adj PAT	11,962	19,405	26,733
Growth	(52)	62	38
EPS	332	538	741
ND/EBITDA	-1.4	-1.1	-1.2
ROE	5.8	8.8	11.2
ROCE	6.2	8.9	11.2
EV/EBITDA	23.7	21.6	16.9

GIRIJA SHANKAR RAY
Lead Analyst
✆ +91 22 6992 2934 / 35 / 36

KRISHNA TULSIAN, Associate

ANALYST VIEW & INVESTMENT THESIS

1-Year View

SRCM may face near-term challenges with respect to CUR, given the monsoon quarter followed by the festive season. CUR in Q1FY26 stood at 63%, compared to 68% in Q1FY25, despite volume addition from newly commissioned capacities in Guntur (3 MTPA - South), Etah (3 MTPA - Central), and Baloda Bazar (3.4 MTPA - East).

We believe intensifying competition in its key markets may force the company to become a price taker. Additionally, Kodla (3 MTPA – South) is expected to be commissioned by Q2FY26, whereas Pali (6 MTPA - North) has been delayed from FY25. We expect lower CUR in the near term to impact the topline, despite stable pricing.

During the quarter, the overall cost structure increased due to: 1. Higher energy costs, 2. A marginal increase in freight costs, and 3. A 10% increase in RM costs. However, we believe Q2FY26 is likely to be a soft quarter due to monsoon-related maintenance shutdowns and elevated costs.

3-Year View

SRCM is targeting a capacity of 80 MTPA by FY28E, while, as per the ongoing expansion plan, the company is likely to reach 75 MTPA by FY27E. However, higher capacity addition in the southern region may further reduce CUR.

We believe that once all the announced capacities by larger players come on stream (by FY28E), price discipline is likely to be restored in the southern region. Additionally, SRCM, as one of the lowest-cost cement producers in the industry, is well-positioned to perform strongly in the long run.

Exhibit 1: Key monitorable

What to Watch	Why it Matters	Timeline
CUR at Key Market	Higher the capacity utilization better top-line growth	1.5-2 years
Realization sustainability	Price discipline helps margin	Immediate
Cost Improvement	Key aspect to result in strong EBITDA/tn	Immediate

Source: Company, YES Sec

Exhibit 2: Valuation and key ratios

Valuation (x)	FY25	FY26E	FY27E	Average (10y LPA)
P/E	81	56	41	51
P/BV	5	5	4	5
EV/EBITDA	24	22	17	23
ROCE (%)	6	9	11	11

Source: Company, YES Sec

QUARTERLY RESULT ANALYSIS

Exhibit 3: Quarterly snapshot (Standalone)

Y/E Mar (Rs mn)	Q1FY26	Q1FY25	YoY %	Q4FY25	QoQ%	Our Est.	Var. (%)	FY25	FY24	YoY%
Net Sales	49,480	48,347	2.3	52,402	(5.6)	57,851	(14.5)	180,373	194,767	(7.4)
Operating Cost	37,189	39,183	(5.1)	38,589	(3.6)			142,006	151,131	(6.0)
EBITDA	12,290.7	9,163.5	34.1	13,813	(11.0)	16,618	(26.0)	38,368	43,635	(12.1)
EBITDA Margin (%)	25	19	589 bps	26	-152 bps	29	-389 bps	21	22	-113 bps
Depreciation	5,524	6,428	(14.1)	7,470	(26.0)			28,080	16,147	73.9
Other income	2,011	1,346	49.4	1,501	33.9			5,772	5,611	2.9
Interest	446	573	(22.2)	417	6.9			2,086	2,643	(21.1)
PBT	8,331	3,508	137.5	7,428	12.2			13,974	30,456	(54.1)
Provision for tax	2,146	331	547.8	1,867.9	14.9			2,011	5,772	(65.2)
Tax rate (%)	26	9	1632 bps	25	61 bps			14	19	-456 bps
Reported PAT	6,185	3,177	94.7	5,560	11.2			11,962	24,684	(51.5)
PAT Margin (%)	13	7	593 bps	11	189 bps			7	13	-604 bps
Adjusted PAT	6,185	3,177	94.7	5,560	11.2	8,099	(23.6)	11,962	24,684	(51.5)

Source: Company, YES Sec

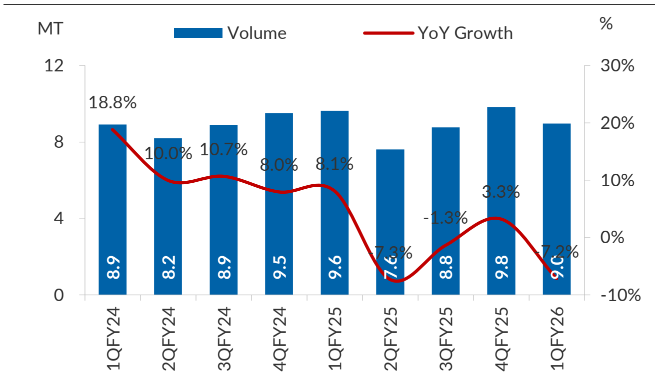
Exhibit 4: Quarterly Operational Performance Analysis (Standalone)

Particulars (Rs m)	Q1FY26	Q1FY25	YoY %	Q4FY25	QoQ%	Our Est.	Var. (%)	FY25	FY24	YoY%
Total Volumes (MMT)	9.0	9.6	(7.2)	9.8	(9.0)	10.5	(14.4)	35.9	35.5	0.9
NSR/te (Blended)	5,528	5,015	10.2	5,325	3.8	5,538	(0.2)	5,031	5,433	(7.4)
RM/te	625.6	421.7	48.3	569	10.0			378	414	(8.6)
Employees/te	284	254	12.1	264	7.9			204	198	3.2
Power/te	1,281	1,458	(12.1)	1,172	9.3			926	1,163	(20.3)
Freight/te	1,211	1,157	4.7	1,175	3.1			836	840	(0.5)
Others/te	753	775	(2.7)	743	1.5			540	607	(11.0)
Opex/te (Blended)	4,155	4,065	2.2	3,922	6.0	3,947	5.28	2,885	3,221	(10.4)
EBITDA/te (Blended)	1,373	951	44.5	1,404	(2.2)	1,591	(13.7)	1,070	1,228	(12.8)

Source: Company, YES Sec

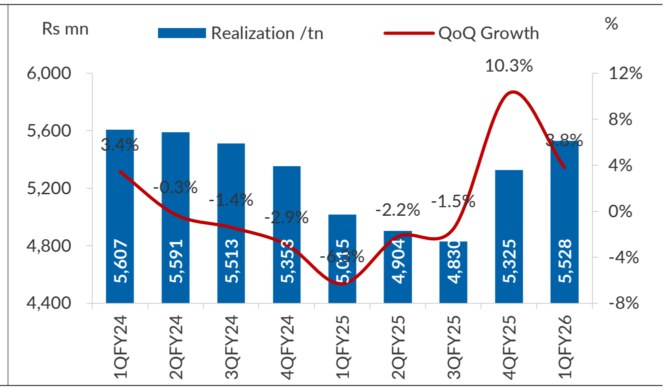
QUATERLY CHARTS & ANALYSIS

Exhibit 5: Volume declined by 7% YoY (-9%) QoQ



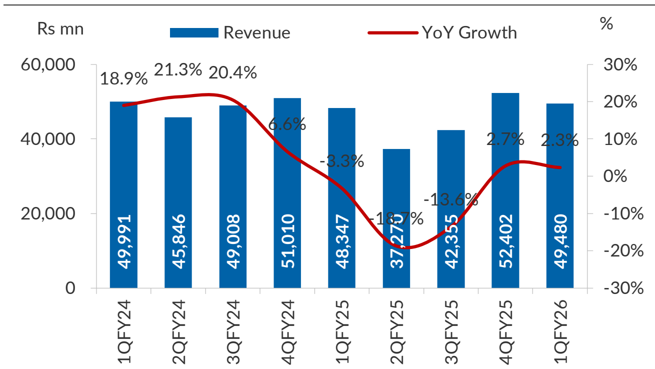
Source: Company, YES Sec

Exhibit 6: Realisation was +10% YoY (+4% QoQ)



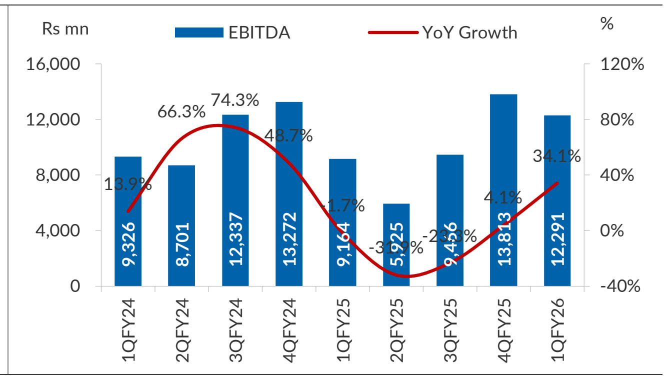
Source: Company, YES Sec

Exhibit 7: Revenue increased by 2% YoY (-6% QoQ)



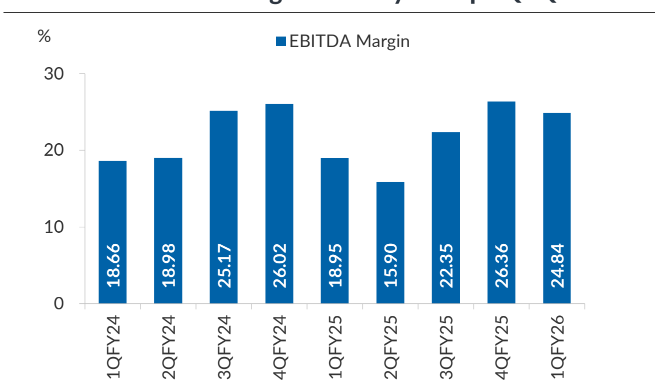
Source: Company, YES Sec

Exhibit 8: EBITDA increased by 34% YoY (-11% QoQ)



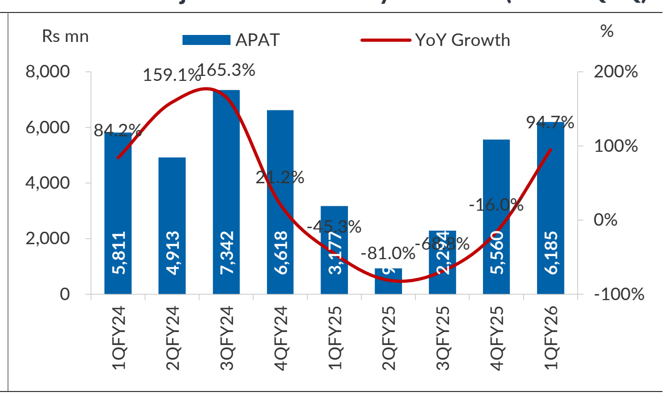
Source: Company, YES Sec

Exhibit 9: EBITDA margin down by 152bps QoQ



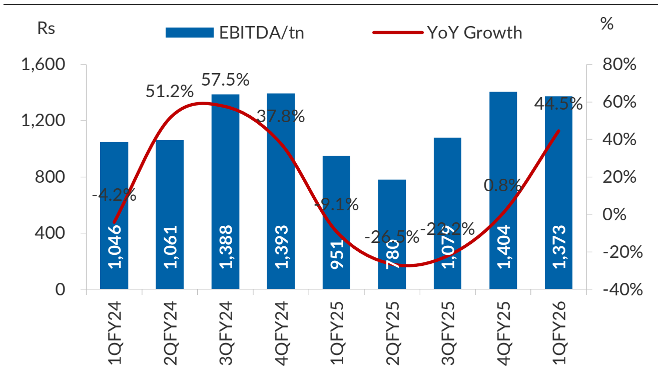
Source: Company, YES Sec

Exhibit 10: Adj. PAT increased by 95% YoY (+11 % QoQ)



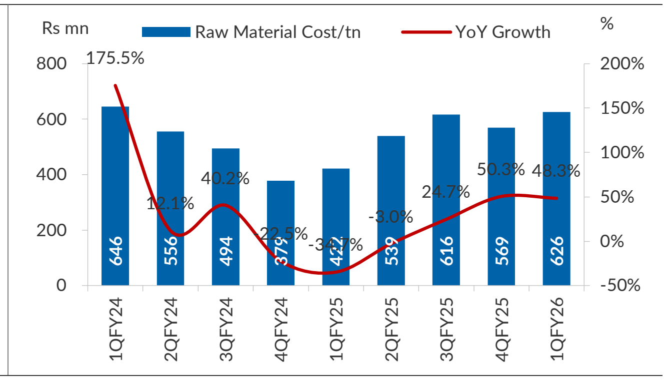
Source: Company, YES Sec

Exhibit 11: EBITDA/tn increased by 46% YoY (-2% QoQ)



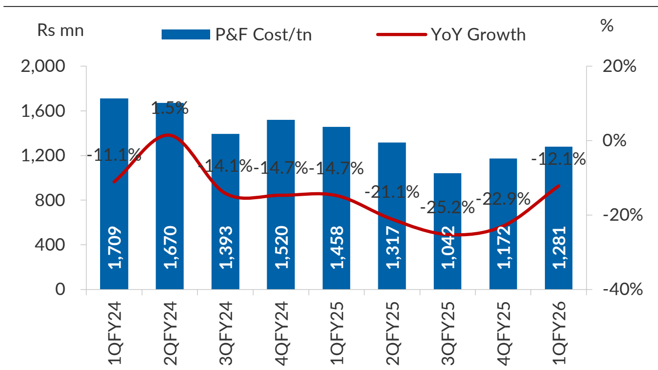
Source: Company, YES Sec

Exhibit 12: RM Cost/tn increased by 48% YoY (+10% QoQ)



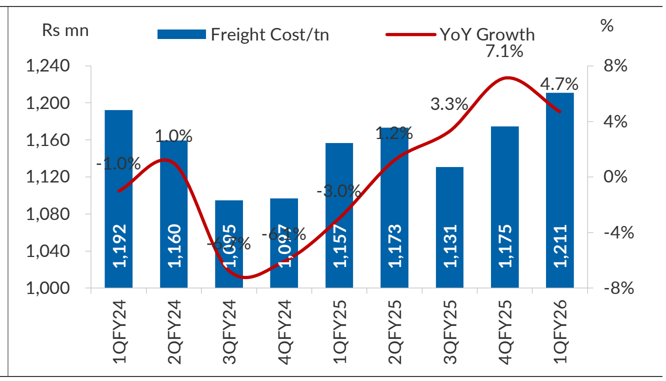
Source: Company, YES Sec

Exhibit 13: P&F Cost/tn decreased by 12% YoY (+9% QoQ)



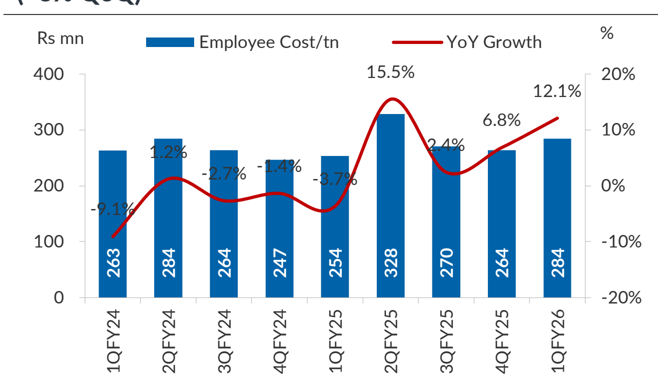
Source: Company, YES Sec

Exhibit 14: Freight Cost/tn increased by 5% YoY (+3% QoQ)



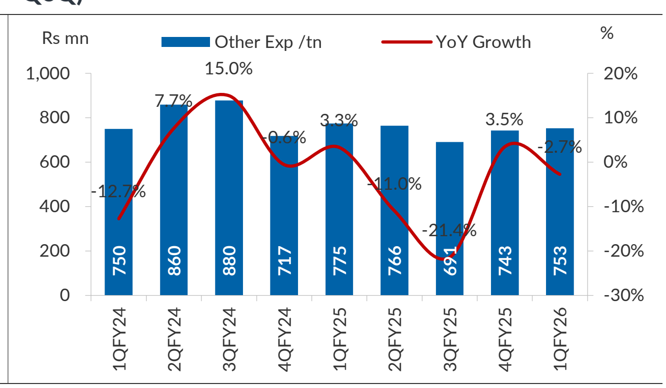
Source: Company, YES Sec

Exhibit 15: Employee Cost/tn increased by 12% YoY (+8% QoQ)



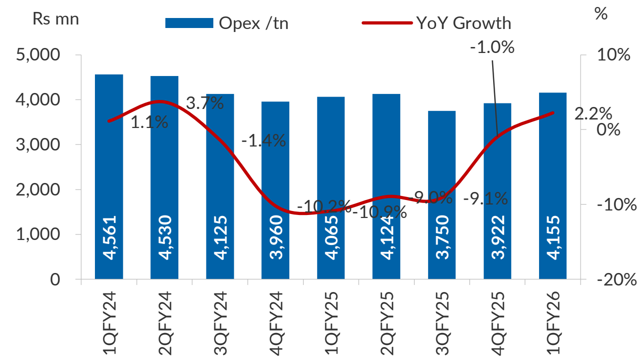
Source: Company, YES Sec

Exhibit 16: Other Exp/tn decreased by 3% YoY (+2% QoQ)



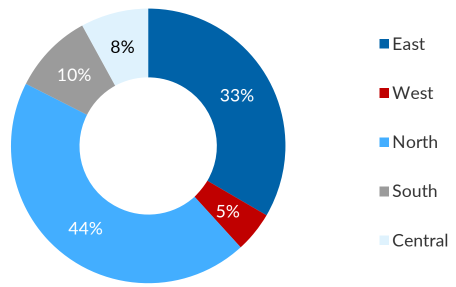
Source: Company, YES Sec

Exhibit 17: Opex/tn increased by 2% YoY (+6% QoQ)



Source: Company, YES Sec

Exhibit 18: Regional Mix as on date



Source: Company, YES Sec

Exhibit 19: Change in estimates

Rs mn	New Estimates		Old Estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	195,471	227,095	230,036	258,501	(15.0)	(12.1)
EBITDA	47,932	60,362	53,894	65,884	(11.1)	(8.4)
EBITDA Margin (%)	25	27	23	25	152 bps	158 bps
APAT	19,405	26,733	24,423	31,454	(20.5)	(15.0)
EPS (Rs)	538	741	677	872	(20.6)	(15.0)

Source: Company, YES Sec

Exhibit 20: Annual Operational Performance Estimates (Standalone)

Operating Details	FY23	FY24	FY25	FY26E	FY27E
Volume (mt)	32	36	36	39	46
YoY (%)	15	12	1	9	17
Utilization (%)	69	67	64	57	64
Realization (Rs)	5,291	5,480	5,031	4,984	4,943
YoY (%)	3	4	(8)	(0)	(1)
Cost per tonne (Rs)					
Raw Material Cost (Rs/mt)	396	619	564	520	502
Employee Cost/tn (Rs)	272	264	276	269	264
Power & Fuel Cost (Rs/mt)	1,743	1,568	1,248	1,100	980
Freight Cost/tn (Rs)	1,173	1,135	1,159	1,137	1,127
Other Expenses (Rs/mt)	799	667	715	735	755
Blended EBITDA(Rs/tn)	925	1,228	1,070	1,222	1,314

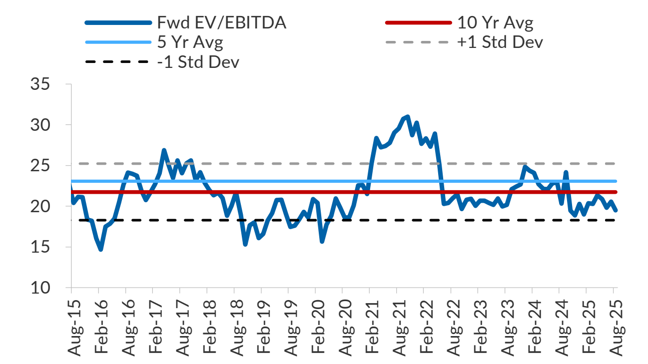
Source: Company, YES Sec

Exhibit 21: Valuation Summary

Valuation	Rs mn
Mar'27E EBITDA	60,362
Target EBITDA (x)	17
EV	1,026,156
Less Net Debt	(83,516)
Eq Value	1,109,672
No. of Shares	36
Target Price (Rs)	30,755
CMP (Rs)	30,205
Up/Downside	2%

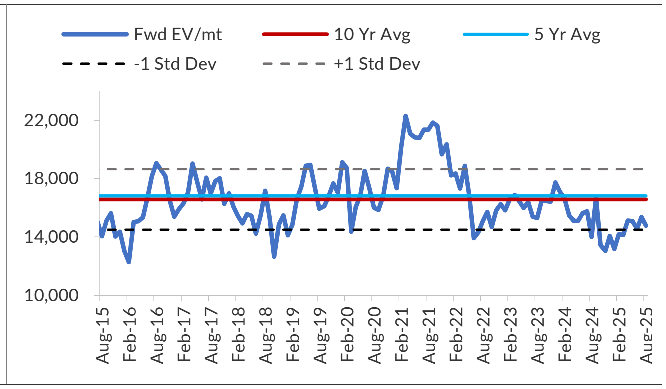
Source: Company, YES Sec

Exhibit 22: 1-yr forward EV/EBITDA band



Source: Company, YES Sec

Exhibit 23: 1-yr forward EV/te ($) band



Source: Company, YES Sec

FINANCIALS

Exhibit 24: Balance Sheet (Standalone)

YE March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Sources of funds					
Capital	361	361	361	361	361
Reserves & Surplus	182,524	203,484	211,753	227,189	249,953
Shareholders' Funds	182,884	203,845	212,114	227,550	250,314
Total Loan Funds	28,111	17,523	10,325	9,594	9,823
Other liabilities	1,723	1,735	1,851	2,009	2,328
Total Liabilities	258,187	274,191	277,559	293,367	325,081
Application of funds					
Gross Block	142,041	174,244	201,017	248,540	281,101
Net Block	46,374	63,750	62,443	86,102	88,236
Right use of Assets	6,953	7,237	6,537	6,537	6,537
Capital WIP	23,203	18,328	31,115	11,561	12,000
Investments	116,505	106,753	115,962	115,593	116,913
Other non-current assets	17,298	18,005	17,597	19,061	20,819
Inventories	24,226	31,462	20,754	28,294	32,871
Sundry Debtors	9,061	9,298	7,805	8,926	10,100
Cash & Bank Balances	1,193	2,971	2,310	944	19,238
Other current Assets	13,375	16,387	13,036	16,350	18,367
Total Current Assets	47,854	60,118	43,906	54,513	80,576
Sundry Creditors	11,287	10,640	12,108	12,326	14,321
Other Current Liabilities	34,181	40,448	41,161	41,887	48,296
Total Current Liabilities	45,468	51,088	53,270	54,214	62,616
Net Current Assets	15,394	52,191	51,951	61,352	78,857
Total Assets	258,187	274,191	277,559	293,367	325,081

Source: Company, YES Sec

Exhibit 25: Income statement (Standalone)

YE March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Revenues	168,375	194,767	180,373	195,471	227,095
Raw Materials	12,598	21,993	20,208	20,409	23,082
Personnel	8,658	9,379	9,906	10,538	12,116
Power & Fuel	55,449	55,742	44,730	43,156	45,044
Freight cost	37,332	40,321	41,545	44,595	51,784
Other Expenses	24,915	23,696	25,617	28,841	34,706
EBITDA	29,423	43,635	38,368	47,932	60,362
Depreciation & Amortization	15,462	16,147	28,080	26,797	30,428
Other Income	4,315	5,611	5,772	6,183	7,068
EBIT	18,276	33,100	16,059	27,317	37,003
Finance cost	2,689	2,643	2,086	1,444	1,359
Core PBT	11,271	24,845	8,202	19,690	28,575
Exceptional items	-	-	-	-	-
PBT	15,586	30,456	13,974	25,873	35,644
Tax-Total	2,305	5,772	2,011	6,468	8,911
Effective tax rate (%)	15	19	14	25	25
RPAT	13,281	24,684	11,962	19,405	26,733
APAT	13,281	24,684	11,962	19,405	26,733

Source: Company, YES Sec

Exhibit 26: Cash Flow (Standalone)

YE March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Operating profit before WC changes	29,363	43,674	38,521	54,115	67,431
Net chg in working capital	967	(6,238)	16,392	(10,956)	789
Income tax Paid	(3,287)	(4,400)	(4,282)	(6,468)	(8,911)
CFO	27,043	33,036	50,630	36,691	59,309
Adj. OCF	24,469	30,851	48,734	35,247	57,950
Capital expenditure	(27,619)	(28,057)	(34,655)	(30,903)	(33,000)
Adj FCF	(3,150)	2,793	14,080	4,343	24,950
CFI	(24,089)	(13,503)	(36,379)	(31,998)	(36,079)
Debt	2,669	(11,961)	(8,937)	(647)	392
Dividend	(3,245)	(3,790)	(3,799)	(3,969)	(3,969)
Interest & lease	(2,574)	(2,186)	(1,896)	(1,444)	(1,359)
CFF	(3,151)	(17,937)	(14,632)	(6,060)	(4,936)
Net chg in cash	(196)	1,597	(381)	(1,366)	18,294
Opening Cash & Eq	1,183	1,193	2,971	2,310	944
Othe Adj:	206	181	(280)	-	-
Closing Cash & Eq	1,193	2,971	2,310	944	19,238

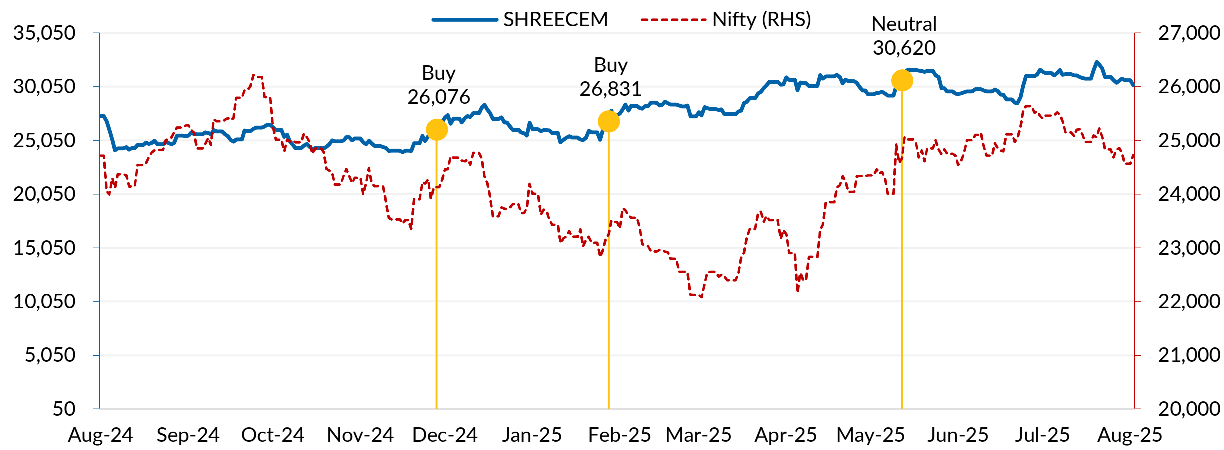
Source: Company, YES Sec

Exhibit 27: Ratio Analysis (Standalone)

YE March	FY23	FY24	FY25	FY26E	FY27E
Growth Ratio (%)					
Revenue	18	16	(7)	8	16
EBITDA	(19)	48	(12)	25	26
Adjusted PAT	(44)	86	(52)	62	38
Margin Ratios (%)					
Gross Profit	93	89	89	90	90
EBITDA	17	22	21	25	27
EBIT	11	17	9	14	16
Core PBT	7	13	5	10	13
Adjusted PAT	8	13	7	10	12
Return Ratios (%)					
ROE	7	13	6	9	11
ROCE	8	12	6	9	11
Turnover Ratios (days)					
Gross Block Turnover (x)	1	1	1	1	1
Adj OCF/Adj PAT (%)	184	125	407	182	217
Inventory	50	52	53	46	49
Debtors	16	17	17	16	15
Creditors	21	21	23	23	21
Cash conversion cycle	45	49	47	39	43
Solvency Ratio (x)					
Debt-equity	0	0	0	0	0
Net debt-equity	(0)	(0)	(0)	(0)	(0)
Gross Debt/EBITDA	1	0	0	0	0
Current Ratio	1	2	2	2	2
Interest coverage ratio	7	13	8	19	27
Dividend					
DPS	90	105	105	110	110
Dividend Yield (%)	0	0	0	0	0
Dividend Payout (%)	27	15	33	20	15
Per share Ratios (Rs)					
Basic EPS (reported)	368	684	332	538	741
Adjusted EPS	368	684	332	538	741
CEPS	797	1,132	1,110	1,281	1,584
BV	5,069	5,650	5,879	6,307	6,938
Valuation (x)*					
Adj P/E	62	38	81	56	41
P/BV	5	5	5	5	4
EV/EBITDA	27	20	24	22	17
EV/Sales	5	5	5	5	4
Adj Mcap / Core PBT	69	35	109	52	35
Adj Mcap / Adj OCF	32	28	18	29	17

Source: Company, YES Sec

Recommendation Tracker



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