

# Retail Equity Research

# Shree Cement Limited

Sector: Construction Materials

26<sup>th</sup> November, 2025

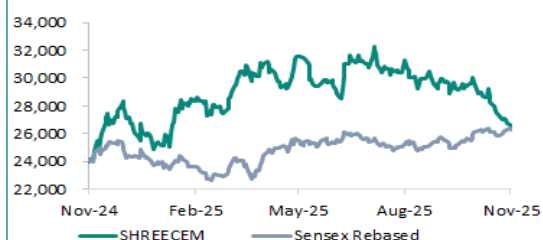
# BUY

Key Changes		Target	Rating	Earnings		Target	Rs. 29,680
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 26,941
Large Cap	SRCM:IN	85,610	SHREECEM	500387	12 Months	Return	+10%

Data as of: 26-11-2025, 16:00 hrs

Company Data			
Market Cap (Rs.cr)	97,206		
52 Week High — Low (Rs.)	32,508-24,807		
Enterprise Value (Rs. cr)	97,235		
Outstanding Shares (cr)	3.6		
Free Float (%)	37.0		
Dividend Yield (%)	0.3		
6m average volume (lacs)	0.4		
Beta	0.8		
Face value (Rs. )	10.0		
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	62.6	62.6	62.6
FIIs	9.7	10.1	10.3
MFs/Institutions	15.3	14.9	14.7
Public	1.9	1.9	2.0
Others	10.6	10.6	10.5
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-15.6%	-16.2%	10.4%
Absolute Sensex	4.2%	2.8%	9.5%
Relative Return	-19.8%	-19.1%	0.9%

\*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	18,037	19,931	22,124
Growth (%)	-7.4	10.5	11.0
EBITDA	3,837	5,125	5,733
EBITDA Margin (%)	21.3	25.7	25.9
PAT Adjusted	1,196	1,937	2,333
Growth (%)	-51.5	61.9	20.4
Adjusted EPS	331.5	536.8	646.5
Growth (%)	-51.5	61.9	20.4
P/E	92.0	49.2	40.9
P/B	5.2	4.2	3.9
EV/EBITDA	28.9	19.0	17.0
ROE (%)	5.6	8.5	9.4
D/E	0.0	0.1	0.1

## Value-over-volume strategy boosts revenue

**Shree Cement is a cement and cement product manufacturer that focuses on the domestic market.**

- Shree Cement's revenue increased 15.5% YoY to Rs. 4,303cr, fuelled by higher volumes, focus on premium products and a strategic shift towards prioritising value over volume.
- Total sales volume was 7.9 million tonne in Q2FY26 vs 7.6 million tonne in Q2FY25. Premium products accounted for 21% of the total sales volume in the quarter vs 15% in Q2FY25.
- EBITDA grew 43.7% YoY to Rs. 851cr, while margin increased 390bps to 19.8% in the quarter owing to cost management strategies and operational efficiencies.
- Reported PAT increased 197.6% YoY to Rs. 277cr owing to higher topline and lower finance costs (-10.5% YoY).

## Outlook & Valuation

The company's focus on value-over-volume strategy and premiumisation helped drive revenue and profit in Q2FY26. The government of India reduced the goods and services tax rates on cement to 18% from 28%, which is expected to boost cement demand in the long term. Additionally, stable employment and low inflation are expected to boost demand, driving growth in infrastructure development and the housing sector, which will be favourable for cement demand. The company's focus on increasing the share of green power is expected to drive its growth better compared with the industry. Rapid expansion plans and focus on improving railway connectivity is expected to increase the rail share to 20% from 11%, thereby increasing the company's savings. Hence, **we upgrade our rating from HOLD to BUY on the stock, with a revised target price of Rs. 29,680, based on 19.0x FY27E EV/EBITDA.**

## Quarterly Financials Standalone

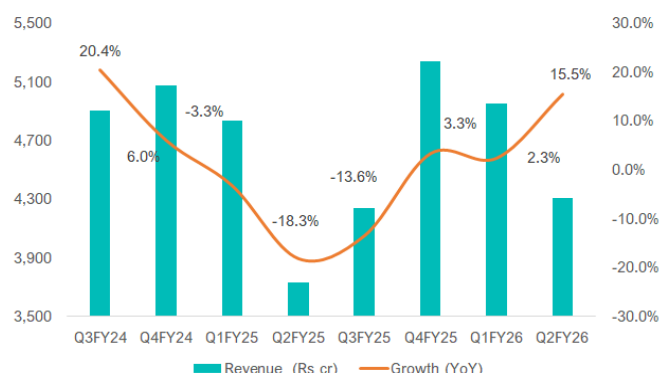
Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	4,303	3,727	15.5	4,948	-13.0	9,251	8,562	8.1
EBITDA	851	593	43.7	1,229	-30.7	2,080	1,509	37.9
Margin (%)	19.8	15.9	390bps	24.8	-500bps	22.5	17.6	490bps
EBIT	296	-76	n.m.	677	-56.2	973	197	392.9
PBT	403	45	799.8	833	-51.7	1,236	396	212.4
Rep. PAT	277	93	197.6	619	-55.2	896	411	118.0
Adj PAT	277	93	197.6	619	-55.2	896	411	118.0
Adj. EPS (Rs)	76.8	25.8	197.6	171.4	-55.2	248.2	113.9	118.0



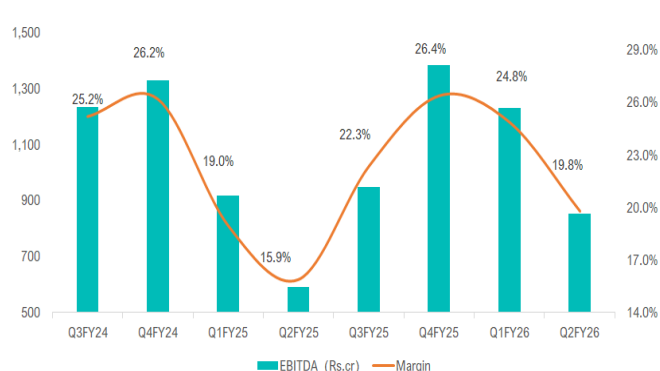
## Key concall highlights

- Realisation per tonne grew to Rs. 4,840 in Q2FY26 from Rs. 4,451 in Q2FY25 on account of higher proportion of premium products sold.
- The UAE operation achieved its highest quarterly performance ever, with sales rising to 13.1 lakh tonne from 9.87 lakh tonne, representing a 34.0% YoY increase. Sales revenue saw a 50% YoY growth, while EBITDA surged 158% YoY to AED 52.53 million from AED 20.34 million, driven by higher realisation and enhanced operational efficiency, with the unit's expansion also proceeding smoothly.
- The company commissioned a 3.65 MTPA clinkerisation line at its Jaitaran, Rajasthan plant and expects to commission a 3.0 MTPA cement mill there soon. Additionally, its 3.0 MTPA integrated project in Kodla, Karnataka is nearing completion. The company is working towards achieving its target of over 80 MTPA cement capacity.
- Shree Cement's green power generation capacity in India increased to 612.5 MW, with the recent addition of a 20 MW solar power plant in Chitrakoot, Uttar Pradesh, building upon the 592.4 MW capacity at the end of H1FY26.
- The company has 24 operational RMC plants. It entered the East Indian market with a new RMC plant in Raipur, Chhattisgarh and has recently commissioned the first RMC solar plant in India at its Jaipur facility.

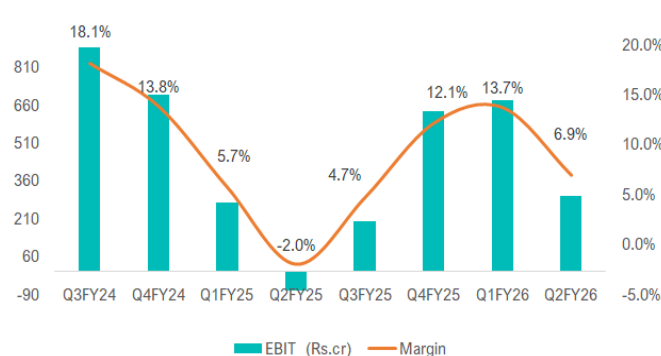
## Revenue



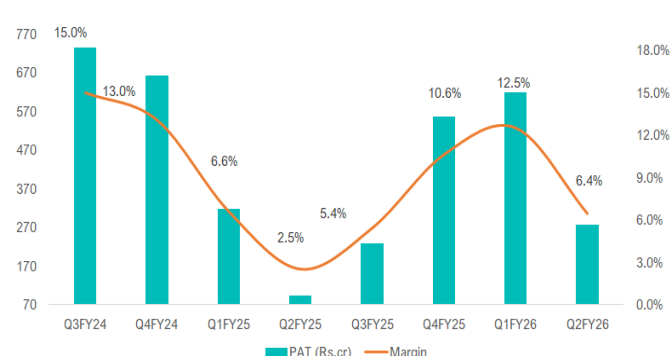
## EBITDA



## EBIT



## PAT



## Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	21,284	23,806	19,931	22,124	-6.4	-7.1
EBITDA	5,175	5,870	5,125	5,733	-1.0	-2.3
Margins (%)	24.3	24.7	25.7	25.9	140bps	120bps
Adj. PAT	1,864	2,413	1,937	2,333	3.9	-3.3
EPS	516.5	668.7	536.8	646.5	3.9	-3.3



## Standalone Financials

### Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Sales</b>	<b>16,837</b>	<b>19,477</b>	<b>18,037</b>	<b>19,931</b>	<b>22,124</b>
% change	17.7	15.7	-7.4	10.5	11.0
<b>EBITDA</b>	<b>2,942</b>	<b>4,364</b>	<b>3,837</b>	<b>5,125</b>	<b>5,733</b>
% change	-19.3	48.3	-12.1	33.6	11.9
Depreciation	1,546	1,615	2,808	2,903	3,001
<b>EBIT</b>	<b>1,396</b>	<b>2,749</b>	<b>1,029</b>	<b>2,222</b>	<b>2,732</b>
Interest	269	264	209	235	261
Other Income	432	561	577	346	339
<b>PBT</b>	<b>1,559</b>	<b>3,046</b>	<b>1,397</b>	<b>2,333</b>	<b>2,811</b>
% change	-46.8	95.4	-54.1	67.0	20.4
Tax	231	577	201	397	478
Tax Rate (%)	14.8	19.0	14.4	17.0	17.0
<b>Reported PAT</b>	<b>1,328</b>	<b>2,468</b>	<b>1,196</b>	<b>1,937</b>	<b>2,333</b>
<b>PAT att. to common shareholders</b>	<b>1,328</b>	<b>2,468</b>	<b>1,196</b>	<b>1,937</b>	<b>2,333</b>
Adj.*	-	-	-	-	-
<b>Adj. PAT</b>	<b>1,328</b>	<b>2,468</b>	<b>1,196</b>	<b>1,937</b>	<b>2,333</b>
% change	-44.1	85.9	-51.5	61.9	20.4
No. of shares (cr)	3.6	3.6	3.6	3.6	3.6
<b>Adj EPS (Rs.)</b>	<b>368.1</b>	<b>684.1</b>	<b>331.5</b>	<b>536.8</b>	<b>646.5</b>
% change	-44.1	85.9	-51.5	61.9	20.4
DPS (Rs.)	100.0	105.0	110.0	100.0	100.0

### Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Net inc. + Depn.</b>	<b>2,874</b>	<b>4,083</b>	<b>4,004</b>	<b>4,839</b>	<b>5,334</b>
Non-cash adj.	-267	-156	-580	-673	-721
Other adjustments	-	-	-	-	-
Changes in W.C	97	-624	1,639	-962	-242
<b>C.F. Operation</b>	<b>2,704</b>	<b>3,304</b>	<b>5,063</b>	<b>3,205</b>	<b>4,371</b>
Capital exp.	-2,762	-2,806	-3,465	-3,189	-3,347
Change in inv.	-43	1,093	-420	-757	-813
Other invest.CF	396	362	248	205	227
<b>C.F - Investment</b>	<b>-2,409</b>	<b>-1,351</b>	<b>-3,638</b>	<b>-3,741</b>	<b>-3,933</b>
Issue of equity	-	-	-	-	-
Issue/repay debt	455	-962	-598	1,163	239
Dividends paid	-324	-379	-380	-381	-381
Other finance.CF	-445	-452	-485	-235	-261
<b>C.F - Finance</b>	<b>-315</b>	<b>-1,794</b>	<b>-1,463</b>	<b>547</b>	<b>-403</b>
Chg. in cash	-20	159	-38	11	35
<b>Closing Cash</b>	<b>119</b>	<b>297</b>	<b>231</b>	<b>242</b>	<b>277</b>

### Balance Sheet

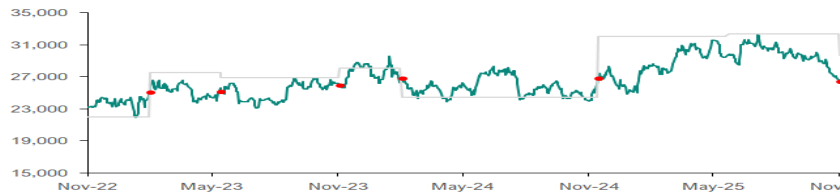
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	119	297	231	242	277
Accts. Receivable	906	930	781	1,495	1,604
Inventories	2,423	3,146	2,075	2,032	2,306
Other Cur. Assets	4,688	6,858	7,614	8,724	10,382
Investments	8,300	5,456	5,286	5,286	5,286
<b>Gross Fixed Assets</b>	<b>14,132</b>	<b>17,292</b>	<b>20,758</b>	<b>23,947</b>	<b>27,294</b>
Net Fixed Assets	5,286	7,001	6,175	6,150	6,126
CWIP	2,320	1,833	3,112	3,423	3,765
Intangible Assets	46	98	723	723	752
Def. Tax -Net	669	599	718	992	956
Other Assets	1,061	1,201	1,042	1,062	1,081
<b>Total Assets</b>	<b>25,819</b>	<b>27,419</b>	<b>27,756</b>	<b>30,128</b>	<b>32,533</b>
Current Liabilities	4,638	5,252	5,416	5,067	5,272
Provisions	13	12	12	12	12
Debt Funds	2,539	1,474	944	2,107	2,346
Other Liabilities	340	297	173	175	183
Equity Capital	36	36	36	36	36
Res. & Surplus	18,252	20,348	21,175	22,731	24,683
<b>Shareholder Funds</b>	<b>18,288</b>	<b>20,384</b>	<b>21,211</b>	<b>22,767</b>	<b>24,719</b>
Minority Interest	-	-	-	-	-
<b>Total Liabilities</b>	<b>25,819</b>	<b>27,419</b>	<b>27,756</b>	<b>30,128</b>	<b>32,533</b>
BVPS	5,069	5,650	5,879	6,310	6,851

### Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	17.5	22.4	21.3	25.7	25.9
EBIT margin (%)	8.3	14.1	5.7	11.2	12.4
Net profit mgn.(%)	7.9	12.7	6.6	9.7	10.5
ROE (%)	7.3	12.1	5.6	8.5	9.4
ROCE (%)	6.7	12.6	4.6	8.9	10.1
<b>W.C &amp; Liquidity</b>					
Receivables (days)	19.6	17.4	15.8	27.4	26.5
Inventory (days)	129.9	147.7	116.7	116.9	109.5
Payables (days)	60.5	50.0	68.1	52.9	50.4
Current ratio (x)	1.2	1.9	1.9	2.0	2.2
Quick ratio (x)	0.7	1.1	1.3	1.4	1.5
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	1.3	1.2	0.9	0.9	0.9
Total asset T.O (x)	0.7	0.7	0.7	0.7	0.7
Int. covge. ratio (x)	5.2	10.4	4.9	9.4	10.5
Adj. debt/equity (x)	0.1	0.1	0.0	0.1	0.1
<b>Valuation</b>					
EV/Sales (x)	5.8	4.8	6.1	4.9	4.4
EV/EBITDA (x)	32.9	21.5	28.9	19.0	17.0
P/E (x)	71.1	37.5	92.0	49.2	40.9
P/BV (x)	5.2	4.5	5.2	4.2	3.9



## Recommendation Summary (Last 3 years)



Dates	Rating	Target
03-Aug-22	HOLD	22,010
16-Feb-23	BUY	27,490
31-May-23	HOLD	26,920
20-Nov-23	HOLD	28,110
19-Feb-24	REDUCE	24,450
02-Dec-24	BUY	32,020
05-Jun-25	HOLD	32,340
26-Nov-25	BUY	29,680

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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