

Shree Cement

Estimate change



TP change



Rating change



Bloomberg	SRCM IN
Equity Shares (m)	36
M.Cap.(INRb)/(USDb)	1111.8 / 13
52-Week Range (INR)	31415 / 23500
1, 6, 12 Rel. Per (%)	-6/23/7
12M Avg Val (INR M)	1053

Financial Snapshot (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	180.4	196.1	214.0
EBITDA	38.7	47.6	54.7
Adj. PAT	12.2	12.7	17.4
EBITDA Margin (%)	21.4	24.3	25.6
Cons. Adj. EPS (INR)	338	351	482
EPS Gr. (%)	-50.6	3.8	37.4
BV/Sh. (INR)	5,879	6,110	6,462

Ratios

Net D:E	-0.3	-0.2	-0.3
RoE (%)	5.9	5.9	7.7
RoCE (%)	6.4	6.3	8.1
Payout (%)	33.2	34.2	27.0

Valuations

P/E (x)	91.3	88.0	64.0
P/BV (x)	5.3	5.1	4.8
EV/EBITDA(x)	26.6	21.8	18.4
EV/ton (USD)	216	179	174
Div. Yield (%)	0.4	0.4	0.4
FCF Yield (%)	1.4	-0.1	1.3

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	62.6	62.6	62.6
DII	15.3	15.0	12.3
FII	9.7	9.9	12.5
Others	12.4	12.5	12.6

FII Includes depository receipts

CMP: INR30,815

TP: INR29,300 (-5%)

Neutral

Performance above estimates; focus remains on profitability over volume

Brand-led premium push narrowing the price gap with peers

- Shree Cement (SRCM)'s 4QFY25 EBITDA was above our estimates, driven by higher-than-estimated realization. EBITDA increased ~6% YoY to INR14.1b (~7% beat). EBITDA/t increased 3% YoY to INR1,435 (est. INR1,314). OPM was up 80bp YoY to ~27% (in line). Adj. PAT dipped ~13% YoY to INR5.8b (~34% beat, led by higher other income and lower interest cost than estimated).
- Management indicated that over the last several months, it focused on improving the realization through enhancing sales of premium products, raising brand equity, and geo-mix optimization. Consequently, its average cement realization growth stood at ~4% QoQ in 4QFY25, higher than its peer. It believes that going forward, the strategy will also help in lifting volumes. It deferred the 3.0mtpa GU commissioning at Jaitaran, Rajasthan (North). However, management reiterated its capacity target of over 80mtpa by FY28 vs. the current capacity of 62.8mtpa.
- We raise our EBITDA estimates by 5%/2% for FY26/27 to factor in better realization growth. Our EPS estimates increased ~12%/6% for FY25/26, aided by higher other income. SRCM trades fairly at 22x/18x FY26E/FY27E EV/EBITDA. **Reiterate Neutral with a TP of INR29,300 (earlier INR28,000).**

Volumes rise 3% YoY; opex/t dips 1% YoY

- Standalone revenue/Adj. EBITDA/PAT stood at INR52.4b/INR14.1b/INR5.8b (up 3%/6%/down 13% YoY and up 6%/7%/34% vs. our estimate) in 4QFY25. Sales volumes increased 3% YoY to 9.84mt. Cement realization grew 1% YoY (+5% QoQ) at INR4,758/t.
- Opex/t declined 1% YoY (up 4% QoQ) in 4QFY25. Variable cost/t declined 7% YoY. However, freight costs/other expenses per ton grew 7%/3% YoY. OPM surged 80bp YoY to ~27%, and EBITDA/t increased 3% YoY to INR1,435. Depreciation increased 19% YoY, and interest costs declined 36% YoY. Other income grew 9% YoY. ETR was at 25.1% vs. 14.3% in 4QFY24.
- In FY25, revenue/EBITDA/Adj PAT stood at INR180.4b/INR38.7b/INR12.2b (was down 8%/11%/51% YoY). Volumes were flat YoY. Cement realization declined 7% YoY. EBITDA/t declined 12% YoY to INR1,080. OCF increased to INR50.6b vs. INR33.0b in FY24, led by working capital release. Capex stood at INR34.7b vs. INR28.1b in FY24. FCF stood at INR16.0b vs. INR5.0b in FY24.

Highlights from the management commentary

- Clinker capacity utilization stood at 70%/68% in 4QFY25/FY25. The overall grinding capacity utilization was ~72% in 4QFY25, with ~74% in the North, ~79% in the East, and ~51% in the South.
- Fuel costs declined to INR1.48/Kcal vs. INR1.82/INR1.55 in 4QFY24/3QFY25. Green power share stood at 60.2% (highest in the industry) vs. 55.1% in 3Q.
- In Apr'25, SRCM commissioned two grinding units (GU) - 1) 3mtpa in Etah, Uttar Pradesh, and 2) 3.4mtpa at Baroda Bazar, Chhattisgarh. It will commission two more GUs of 3.0mtpa (each) at Jaitaran, Rajasthan, and Kodla, Karnataka, in 1HFY26, which will raise its cement capacity to 68.8mtpa. The next phase of expansion will be announced in due course.

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Valuation and view

- SRCM once again reported industry-leading profitability, led by strong growth in realization and maintaining cost leadership. The company's sustained efforts in brand building and premiumization over the past one year started to deliver, reflected in above-industry realization growth. However, its capacity utilization continued to lag behind peers. We continue to believe low capacity utilization, lack of geographical distribution, disproportionate mix of split grinding units and integrated cement plants, and rising industry supply (expect higher capacity additions in its core markets in the North and East) may constrain any capacity-led re-rating in the stock.
- We estimate a revenue/EBITDA/PAT CAGR of 9%/19%/19% over FY25-27. We estimate the company's volume CAGR at ~8% over FY25-27 and EBITDA/t at INR1,250/INR1,325 in FY26/FY27 vs. INR1,080 in FY25 (average INR1,280 over FY20-24). The stock trades fairly at 22x/18x FY26E/FY27E EV/EBITDA. **Reiterate Neutral with a TP of INR29,300 (earlier INR28,000).**

Standalone quarterly performance

									(INR b)			
Y/E March	FY24				FY25				FY24	FY25	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Net Sales	49.7	45.6	49.0	50.7	48.3	37.3	42.4	52.4	195.0	180.4	49.6	6
YoY Change (%)	18.3	20.6	20.4	6.0	-2.7	-18.3	-13.6	3.3	15.8	-7.5	-2.2	
Total Expenditure	40.4	36.9	36.7	37.5	39.2	31.3	32.9	38.3	151.4	141.7	36.4	5
EBITDA	9.3	8.7	12.3	13.3	9.2	5.9	9.5	14.1	43.6	38.7	13.2	7
YoY Change (%)	13.9	66.3	74.3	48.7	-1.7	-31.9	-23.3	6.4	48.3	-11.4	-0.5	
Margin (%)	18.8	19.1	25.2	26.2	19.0	15.9	22.3	26.9	22.4	21.4	26.6	
Depreciation	3.1	3.3	3.5	6.3	6.4	6.7	7.5	7.5	16.1	28.1	7.6	-2
Interest	0.8	0.7	0.6	0.6	0.6	0.6	0.5	0.4	2.6	2.1	0.5	-22
Other Income	1.6	1.3	1.4	1.4	1.3	1.8	1.1	1.5	5.6	5.8	1.0	45
PBT before EO Exp.	7.1	6.0	9.7	7.7	3.5	0.4	2.6	7.7	30.5	14.3	6.1	27
Extra-Ord. Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.3	0.0	
PBT	7.1	6.0	9.7	7.7	3.5	0.4	2.6	7.4	30.5	14.6	6.1	22
Tax	1.3	1.1	2.3	1.1	0.3	-0.5	0.3	1.9	5.8	2.0	1.7	
Rate (%)	18.2	17.6	24.0	14.3	9.4	-108.1	11.4	25.1	19.0	13.8	28.8	
Reported PAT	5.8	4.9	7.3	6.6	3.2	0.9	2.3	5.6	24.7	12.6	4.3	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	5.8	4.9	7.3	6.6	3.2	0.9	2.3	5.8	24.7	12.2	4.3	34
YoY Change (%)	84.2	159.1	165.3	68.8	-45.3	-81.0	-68.8	-12.5	110.3	-50.6	-34.6	

Quarterly performance

Sales Dispat. (mt)	8.92	8.20	8.89	9.54	9.64	7.60	8.77	9.84	35.54	35.85	10.05	-2
YoY Change (%)	18.8	9.9	10.7	8.0	8.1	-7.3	-1.4	3.2	11.7	0.9	5.4	
Realization	5,575	5,564	5,510	5,320	5,015	4,904	4,830	5,325	5,488	5,031	4,940	8
YoY Change (%)	-0.5	9.7	8.8	-1.9	-10.0	-11.9	-12.4	0.1	3.7	-8.3	-7.2	
Expenditure												
RM Cost	638	671	494	371	530	539	616	569	538	564	507	12
Staff Cost	263	285	264	247	254	328	270	240	264	270	242	-1
Power and Fuel	1,700	1,673	1,392	1,497	1,458	1,317	1,042	1,172	1,562	1,248	1,083	8
Freight	1,192	1,160	1,094	1,096	1,157	1,173	1,131	1,175	1,135	1,159	1,148	2
Other Expenses	735	714	879	717	667	766	691	735	762	712	646	14
Total Op. cost	4,529	4,503	4,123	3,928	4,065	4,124	3,750	3,890	4,260	3,953	3,625	7
EBITDA	1,046	1,062	1,387	1,392	951	780	1,079	1,435	1,228	1,079	1,314	9

Source: Company, MOFSL Estimates



Highlights from the management commentary

Cement demand and pricing

- Demand witnessed a healthy recovery in 4Q, led by a rebound in infrastructure, residential, and commercial construction activity. This revival was supported by favorable macroeconomic factors such as increased government capex and a good monsoon season, which boosted rural construction and overall cement consumption. It expects cement demand to grow ~6.5% to ~7.5% in FY26. It is estimated to reach 39.0mt volume in FY26, which implies ~10% YoY growth.
- Clinker capacity utilization stood at 70%/68% in 4QFY25/FY25. The overall grinding capacity utilization was ~72% in 4QFY25, with ~74% in the North, ~79% in the East, and ~51% in the South.
- The company sold ~55% of its total volumes in the North, followed by ~33% in the East, ~11% in the South, and the rest in the West and central regions.
- Cement realization grew ~3% YoY in the North and ~1% YoY in the East, while this was down ~5-6% YoY in the South. On a sequential basis, realization was up ~4% in the North, ~8% in the East, and ~2% in the South.

Operational highlights

- SRCM remains focused on profitability over aggressive volume growth. In an overcapacity market, it is believed that balancing price and volume is key to maximizing profitability and cash flows. The company's focus on premium product sales, improved brand positioning, and favorable geo-mix led to a realization improvement.
- SRCM has intensified its focus on enhancing brand equity and expanding its portfolio of premium products. The share of premium cement in overall sales increased meaningfully to 15.6% in 4QFY25 from 11.9% in 4QFY24. The company recently launched a new premium offering—Bangur Marble Cement—in Bihar, West Bengal, and Jharkhand. This eco-friendly product incorporates steel by-product GGBS and offers enhanced performance and sustainability attributes.
- It highlighted that brand equity and premiumization are a journey. Though there may be different brands/products launched at different markets; however, the approach for building brand equity remains the same at pan-India.
- Avg. fuel cost declined to INR1.48/Kcal vs. INR1.82/INR1.55 in 4QFY24/ 3QFY25. Green power share stood at 60.2%, which is one of the highest in the industry.
- Lead distance was at 446 Km vs. 435 Km in 4QFY24. Trade sales mix stood at 73% and non-trade share remained at 27%, remaining flat YoY/QoQ. Its blended cement share was ~59%. The rail mix was ~11%, and the share of petcoke was ~95%.
- The railway siding projects continue. This has been commissioned at Purulia and Patas plants and is fully operational. The remaining sites are targeted for completion by 2HFY28.
- It commissioned solar capacity of 60.3MW at Jodhpur, Rajasthan in Mar'25. The work on a few more solar plants at different sites is underway. Its green power capacity stood at 582MW as of Mar'25 as compared to 480MW at the beginning of FY25.

Capacity expansion and capex plans

- In Apr'25, the company commissioned two grinding units (GU) - 1) 3mtpa in Etah, Uttar Pradesh; and 2) 3.4mtpa at Baroda Bazar, Chhattisgarh. With the Etah grinding unit, the company would try to cater central and eastern UP markets.
- SRCM plans to commission 3.0mtpa (each) at Jaitaran, Rajasthan, and Kodla, Karnataka in 1QFY26 and 2QFY26, respectively. However, the company has decided to defer one GU at Jaitaran. Its cement capacity is expected to rise to 68.8mtpa in FY26. Its clinker capacity is expected to increase to 44mtpa in FY26 from 36.7mtpa currently. Capex was pegged at INR30.0b in FY26.
- Jaisalmer limestone was awarded in 2008, but after various legal appeals, the final order of granting permission was received recently. Expansion at Jaisalmer and Gujarat is part of its long-term expansion strategy.

Story in charts

Exhibit 1: Sales volume increased 3% YoY

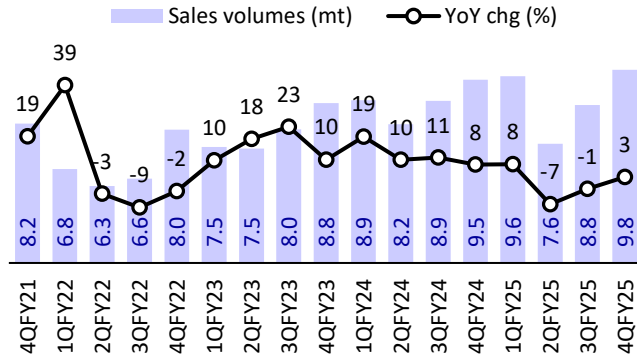


Exhibit 2: Blended realization was flat YoY (+10% QoQ)

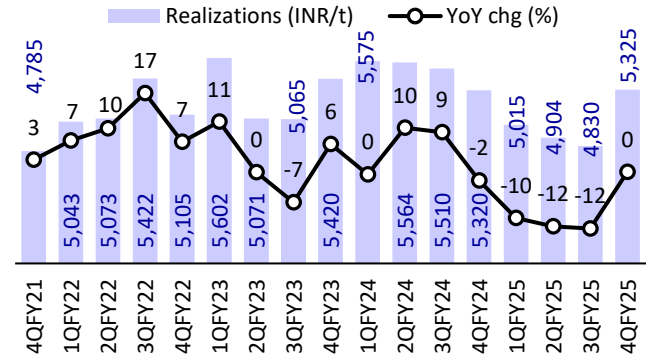
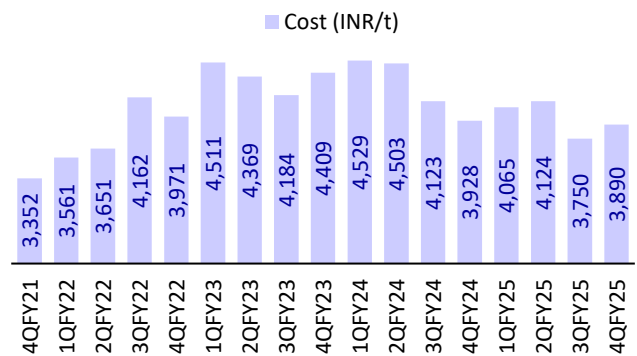
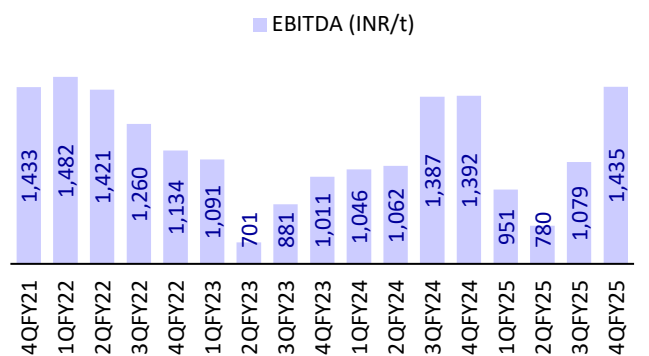


Exhibit 3: Blended opex/t was down 1% YoY



Source: Company, MOFSL

Exhibit 4: EBITDA/t was up 3% YoY



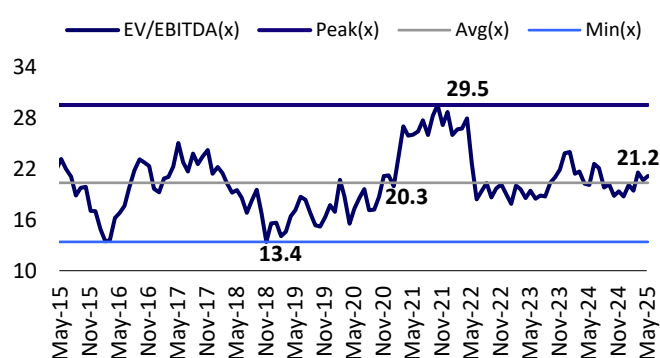
Source: Company, MOFSL

Exhibit 5: Key performance indicators – per ton analysis

INR/t	4QFY25	4QFY24	YoY (%)	3QFY25	QoQ(%)
Blended realization	5,325	5,320	0	4,830	10
RM Cost	569	371	53	616	-8
Employee Expenses	240	247	-3	270	-11
Power, Oil, and Fuel	1,172	1,497	-22	1,042	13
Freight and Handling	1,175	1,096	7	1,131	4
Other Expenses	735	717	3	691	6
Total Expenses	3,890	3,928	-1	3,750	4
EBITDA	1,435	1,392	3	1,079	33

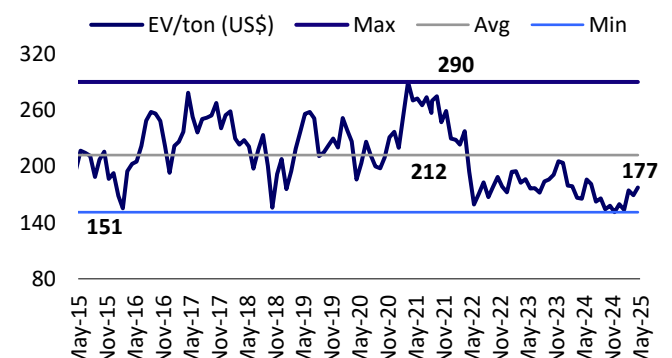
Source: Company, MOFSL

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	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	1,19,301	1,26,037	1,43,297	1,68,375	1,95,855	1,80,373	1,96,077	2,14,008
Change (%)	1.4	5.6	13.7	17.5	16.3	-7.9	8.7	9.1
EBITDA	36,745	39,547	36,478	29,423	43,635	38,674	47,613	54,747
Margin (%)	30.8	31.4	25.5	17.5	22.3	21.4	24.3	25.6
Depreciation	16,994	11,399	10,365	15,462	16,147	28,080	33,910	34,855
EBIT	19,751	28,148	26,114	13,961	27,489	10,594	13,703	19,892
Int. and Finance Charges	2,865	2,471	2,178	2,689	2,643	2,086	2,020	2,000
Other Income – Rec.	2,716	4,580	5,373	4,315	5,611	5,772	5,194	5,296
PBT before EO Expense	19,602	30,257	29,309	15,586	30,456	14,280	16,877	23,188
EO Expense/(Income)	0	0	0	0	0	307	0	0
PBT after EO Expense	19,602	30,257	29,309	15,586	30,456	13,974	16,877	23,188
Tax	5,248	7,536	4,382	937	5,098	3,199	4,219	5,797
Deferred Tax	-1,348	-398	1,161	1,368	674	-1,188	0	0
Tax Rate (%)	19.9	23.6	18.9	14.8	19.0	14.4	25.0	25.0
Reported PAT	15,702	23,119	23,766	13,281	24,684	11,962	12,658	17,391
Tax adjustment prior period	0	-103	-1,045	-1,543	0	307	0	0
Adj. PAT for EO items	15,702	23,017	22,721	11,739	24,684	12,192	12,658	17,391
Change (%)	46.0	46.6	-1.3	-48.3	110.3	-50.6	3.8	37.4
Margin (%)	13.2	18.3	15.9	7.0	12.6	6.8	6.5	8.1

Balance Sheet								(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	361	361	361	361	361	361	361	361
Other Reserves	1,29,003	1,52,140	1,72,348	1,82,524	2,03,484	2,11,753	2,20,081	2,32,782
Total Reserves	1,29,003	1,52,140	1,72,348	1,82,525	2,03,486	2,11,755	2,20,083	2,32,784
Net Worth	1,29,364	1,52,501	1,72,709	1,82,885	2,03,847	2,12,116	2,20,444	2,33,145
Deferred Liabilities	-7438	-7855	-6695	-6686	-5992	-7176	-7176	-7176
Secured Loan	31,042	21,332	20,142	25,392	14,737	8,164	5,946	4,929
Unsecured Loan	400	0	0	0	0	0	0	0
Total Loans	31,442	21,332	20,142	25,392	14,737	8,164	5,946	4,929
Capital Employed	1,53,368	1,65,978	1,86,155	2,01,592	2,12,591	2,13,104	2,19,214	2,30,898
Gross Block	1,03,634	1,13,644	1,35,229	1,50,803	1,84,610	2,10,682	2,50,682	2,65,682
Less: Accum. Deprn.	60,445	71,729	82,014	97,476	1,13,623	1,41,703	1,75,613	2,10,468
Net Fixed Assets	43,189	41,916	53,215	53,327	70,987	68,980	75,069	55,215
Capital WIP	12,576	12,836	9,729	23,203	18,328	31,115	26,115	46,115
Financial investments	63,575	83,712	86,014	81,813	69,640	59,849	51,849	59,849
Strategic Investment	25,579	26,794	29,445	34,692	37,113	56,113	56,113	56,113
Curr. Assets	41,022	37,275	49,056	58,467	72,131	54,326	65,082	73,131
Inventory	14,279	14,772	21,614	24,226	31,462	20,754	26,965	29,431
Account Receivables	8,285	4,859	5,957	9,061	9,298	7,805	8,811	9,616
Cash and Bank Balance	1,082	2,098	1,183	1,193	2,971	2,310	2,331	3,601
Others	17,378	15,547	20,303	23,987	28,400	23,457	26,976	30,483
Curr. Liability and Prov.	32,574	36,555	41,304	49,911	55,610	57,281	55,016	59,527
Account Payables	32,470	36,430	41,160	49,756	55,454	57,110	54,846	59,356
Provisions	104	125	144	155	156	171	171	171
Net Current Assets	8,449	721	7,752	8,556	16,522	-2,954	10,066	13,604
Appl. of Funds	1,53,368	1,65,978	1,86,155	2,01,592	2,12,591	2,13,104	2,19,214	2,30,898

Source: Company, MOFSL

Standalone financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)								
EPS	435	638	630	325	684	338	351	482
Cash EPS	471	316	287	429	448	778	940	966
BV/Share	3,585	4,227	4,787	5,069	5,650	5,879	6,110	6,462
DPS	110.0	60.0	90.0	100.0	105.0	110.0	120.0	130.0
Payout (%)	25.3	9.4	13.7	27.2	15.3	33.2	34.2	27.0
Valuation (x)								
P/E	70.9	48.4	49.0	94.9	45.1	91.3	88.0	64.0
Cash P/E	65.5	97.7	107.4	72.0	69.0	39.7	32.8	32.0
P/BV	8.6	7.3	6.4	6.1	5.5	5.3	5.1	4.8
EV/Sales	9.0	8.2	7.2	6.1	5.3	5.7	5.3	4.7
EV/EBITDA	29.1	26.2	28.4	35.1	23.8	26.6	21.8	18.4
EV/t (USD-Cap)	313	283	264	263	230	216	179	174
Dividend Yield (%)	0.4	0.2	0.3	0.3	0.3	0.4	0.4	0.4
Return Ratios (%)								
RoIC	25.8	39.2	33.4	15.1	25.3	8.8	10.6	15.3
RoE	13.9	16.3	14.0	6.6	12.8	5.9	5.9	7.7
RoCE	12.6	14.9	13.9	7.8	12.6	6.4	6.3	8.1
Working Capital Ratios								
Inventory (Days)	44	43	55	53	59	42	50	50
Debtor (Days)	25	14	15	20	17	16	16	16
Creditor (Days)	99	106	105	108	103	116	102	101
Working Capital Turnover (Days)	26	2	20	19	31	-6	19	23
Leverage Ratio (x)								
Current Ratio	1.3	1.0	1.2	1.2	1.3	0.9	1.2	1.2
Net Debt/Equity ratio	-0.3	-0.4	-0.4	-0.3	-0.3	-0.3	-0.2	-0.3

Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	19,602	30,257	29,309	15,586	30,456	13,974	16,877	23,188
Depreciation	16,994	11,399	10,365	15,462	16,147	28,080	33,910	34,855
Interest and Finance Charges	1,132	220	-849	-165	139	270	0	0
Direct Taxes Paid	-4,859	-7,439	-1,959	-3,287	-4,400	-4,282	-4,219	-5,797
(Inc.)/Dec. in WC	5,591	8,762	-7,321	967	-6,238	16,392	-13,000	-2,268
CF from Operations	38,460	43,200	29,546	28,563	36,104	54,433	33,568	49,978
Others	-947	-2,264	-2,317	-1,520	-3,068	-3,803	0	0
CF from Operations incl. EO	37,513	40,936	27,229	27,043	33,036	50,630	33,568	49,978
(Inc.)/Dec. in FA	-12,941	-9,984	-19,483	-27,619	-28,057	-34,655	-35,000	-35,000
Free Cash Flow	24,572	30,953	7,746	-576	4,979	15,975	-1,432	14,978
(Pur.)/Sale of Investments	-42,478	-17,791	-77	3,737	14,555	-1,724	8,000	-8,000
Others	0	0	0	0	0	0	0	0
CF from Investments	-55,419	-27,774	-19,559	-23,882	-13,503	-36,379	-27,000	-43,000
Issue of Shares	23,833	0	0	0	0	0	0	0
Inc./(Dec.) in Debt	1,175	-9,610	-2,707	2,669	-11,961	-8,937	-2,218	-1,018
Interest Paid	-2,868	-2,514	-2,088	-2,574	-2,186	-1,896	0	0
Dividend Paid	-6,231	-22	-3,789	-3,245	-3,790	-3,799	-4,330	-4,690
CF from Fin. Activity	15,910	-12,146	-8,584	-3,151	-17,937	-14,632	-6,548	-5,708
Inc./Dec. in Cash	-1,997	1,016	-915	11	1,597	-381	20	1,270
Opening Balance	3,078	1,081	2,097	1,182	1,374	2,691	2,310	2,331
Closing Balance	1,081	2,097	1,183	1,193	2,971	2,310	2,331	3,601

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NOTES

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