


EBITDA Beat Led By Lower Costs & Higher Realisation; Retain BUY
Est. Vs. Actual for Q4FY25: Revenue – **BEAT**; EBITDA Margin – **BEAT**; PAT – **BEAT**
Change in Estimates post Q4FY25 (Abs.)
FY26E/FY27E: Revenue: 0%/0%; EBITDA: 5%/4%; PAT: 20%/24%

Recommendation Rationale

- **Capacity Expansion Progressing Well:** Shree Cement's capacity expansion program is progressing on schedule. These strategic additions aim to narrow the gap with larger competitors and reinforce the company's market position. As of now, the company's installed capacity in India stands at 62.8 MTPA. With planned projects on track, total capacity is expected to rise to 68.8 MTPA by the end of FY26. We estimate a volume CAGR of 9% for the company over FY25–FY27E.
- **Improvement in EBITDA Margin:** Shree Cement is prioritising profitability over pure volume growth. The company aims to drive margin expansion through a focused strategy: increasing the share of premium and blended cement products, scaling up green energy usage, optimising its supply chain, and implementing a more effective pricing approach. Shree Cement continues to be one of the lowest-cost producers in the Indian cement industry, reinforcing its cost leadership even against larger peers. Against this backdrop, we expect EBITDA margins to improve by 300 basis points, reaching 24.5% and EBITDA/tonne to Rs 1330, CAGR growth of 11% over FY25–FY27E.
- **Robust Cement Demand & Consolidation to Benefit Large Players:** We expect cement demand to remain robust, with the industry projected to grow at a CAGR of 7%-8% over FY24–FY27, driven by infrastructure and housing spending, as well as strong real estate demand. Further consolidation in the industry is expected to benefit large players such as Shree Cement, providing advantages in pricing, supply chain efficiency, and incremental demand over the long term.

Sector Outlook: Positive

Company Outlook & Guidance: In FY26, cement demand in India is projected to grow by 6.5–7.5%, driven by sustained momentum in infrastructure development, rural recovery, and real estate activity. While external risks such as geopolitical tensions and protectionist trade policies pose potential headwinds, the industry's ability, particularly Shree Cement's, to balance growth with sustainability and cost efficiency will be crucial in supporting India's next phase of development. The company aims to grow its volume at a high single digit.

Current Valuation: 19x FY27EV/EBITDA (Earlier Valuation: 18x FY27 EV/EBITDA)
Current TP: Rs 33,960/share (Earlier TP: Rs 30,000/share)
Recommendation: We maintain our **BUY** recommendation on the stock.

Alternative BUY Ideas from our Sector Coverage: UltraTech Cement Ltd (TP - 13,510/share), Dalmia Bharat (TP - 2,260/share), ACC Ltd (TP - 2,420/share), Ambuja Cements Ltd (TP - Rs 655/share), Birla Corporation (TP - Rs 1,560/share).

Financial Performance

SCL reported a good set of numbers for the quarter. While volume/ revenue/EBITDA increased by 3% 3%/4% YoY (above expectations), PAT declined by 16% YoY (above expectations). On a QoQ basis, volume, revenue, EBITDA, and PAT grew by 12%, 24%, 46%, and 142%, respectively, driven by better cement realisations and lower costs. The company reported a profit of Rs 556 Cr against Rs 229 Cr in Q3FY25. EBITDA margin stood at 26.4% (vs. expectations of 25.6%) compared to 26% YoY, supported by lower costs. The quarter's volume stood at 9.84 Mn TPA, up 3% YoY. EBITDA/tonne stood at Rs 1,404, up 1% YoY and 30% QoQ. The company reported a blended realisation/tonne of Rs 4,325, up 10% QoQ but -1% YoY, while cement realisation improved by 3% during the quarter. Cost/tonne declined sharply by 1% YoY to Rs 3,922/tonne. Depreciation costs increased by 19% during the quarter due to the commissioning of a new plant and the adoption of an accelerated depreciation policy.

Key Financials (Standalone)

(Rs Cr)	Q4FY25	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	5,240	24	3	5,070	3%
EBITDA	1,381	46	4	1,297	6%
EBITDA Margin	26.4%	420bps	40bps	25.6%	80bps
Net Profit	556	142	-16	537	4%
EPS (Rs)	154	142	-16	149	4%

Source: Company, Axis Securities

(CMP as of 14th May, 2025)

CMP (Rs)	30,866
Upside/Downside (%)	10%
High/Low (Rs)	31,415/23,500
Market Cap (Cr)	1,11,162
Avg. daily vol. (6M) Shrs.	51000
No. of shares (Cr)	3.61

Shareholding (%)

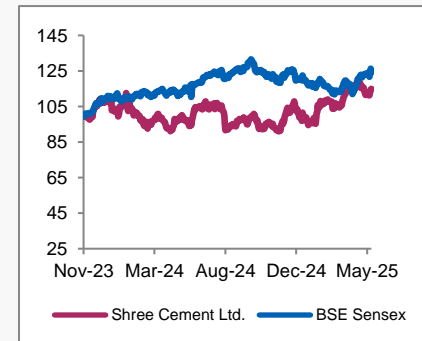
	Sep-24	Dec-24	Mar-25
Promoter	62.6	62.6	62.6
FII's	9.7	9.7	9.7
MFs / UTI	10.2	10.2	10.2
Banks / FIIs	0.0	0.0	0.0
Others	17.5	17.5	17.5

Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	18,037	20,766	22,972
EBITDA	3,837	4,960	5,665
Net Profit	1,196	1,819	2,187
EPS (Rs)	332	504	606
PER (x)	93	61	51
P/BV (x)	5.3	4.9	4.5
EV/EBITDA (x)	26	20	17
ROE (%)	6	8	9

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	0%	0%
EBITDA	5%	4%
PAT	20%	24%

Relative Performance


Source: Ace Equity

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Outlook

Cement demand is expected to remain robust, driven by higher government spending on housing and infrastructure. The company's capacity expansion plan is progressing as scheduled, and it remains well-positioned in its key North and East India markets. We expect the company to achieve a CAGR of 9%/13%/22%/35% in Volume/Revenue/EBITDA/PAT over FY25-FY27E. Pricing remains a key monitorable.

Valuation & Recommendation

The stock is currently trading at 20x/17x EV/EBITDA of FY26E/FY27E. **We maintain our BUY recommendation on the stock**, with a TP of Rs 33,960/share, implying an upside of 10% from the CMP.

Key Concall Highlights

- **Capacity Expansion:** In Apr'25, the company commissioned two cement grinding units:
 - A 3.00 MTPA unit in Etah, Uttar Pradesh, through its wholly owned subsidiary\
 - A 3.40 MTPA unit in Baloda Bazar, Chhattisgarh
- With these additions, the Group's total installed cement production capacity in India now stands at 62.8 MTPA. The Company's integrated cement units under development in Jaitaran, Rajasthan, and Kodla, Karnataka, are on track for commissioning by the end of Q1 FY26 and Q2 FY26, respectively. Additionally, the Company has revised its plans for the two cement mills (totalling 6.0 MTPA) originally intended for Jaitaran. Only one mill will be commissioned at Jaitaran for now, with the second to be installed at a later date.
- During the quarter, the Company also undertook capacity upgrade work on the clinker unit in Nawalgarh, Rajasthan, and enhanced its capacity from 3.80 MTPA to 4.50 MTPA. The Company is continuously working to identify suitable opportunities to reach its goal of achieving > 80 MTPA capacity by 2028.
- **Volume:** The company aims to grow in line with the industry and reported a 3% volume growth during the quarter. Premium products accounted for 15.6% of total trade cement sales in Q4FY25, up from 11.9% in Q4FY24, with the company looking to stabilise at this level. Capacity utilisation stood at 70%, while the trade and non-trade mix was 73% and 27%, respectively. Blended cement sales comprised 70% of total sales.
- **Pricing:** Blended realisation declined by -1% YoY and improved 10% QoQ to Rs 5,325 per tonne. While the company refrained from commenting on cement prices, it reiterated that pricing remains dynamic and will adjust to market conditions. Cement realisation stood at Rs 4,760/tonne, up 5% QoQ. Current prices are marginally better than those in Q4FY25.
- **Power/Fuel:** On a per-tonne basis, power and fuel costs declined by 23% YoY and increased by 13% QoQ to Rs 1,172/tonne. The fuel mix comprised 95% pet coke, with the balance from alternative fuels.
- **Green Power:** The Company's share of green electricity in total electricity consumption stood at 60.2% in Q4FY25, which is one of the highest in the Indian cement industry. The Company is consistently ramping up its green power generation capacity, which stood at 582 MW at the end of Q4FY25, up by 21% vis-à-vis 480 MW at the beginning of FY24-FY25.
- **Freight:** On a per-tonne basis, freight costs declined by 4% QoQ and 3% YoY to Rs 1,042/tonne. The company aims to reduce lead distances further and is working on establishing railway connectivity for most of its plants. It plans to transport 25% of total production via rail within the next 2-3 years to optimise logistics costs. The current rail-to-road transport mix stood at 12:88.
- **RMC Foray:** The company plans to set up approximately 100 Bangur Concrete plants over the next three years across 50 cities, creating around 3,000 direct and indirect employment opportunities.
- **Capex:** The total Capex planned for FY26 is Rs 3,000 Cr, which will be funded through internal accruals. In comparison, the total Capex incurred in FY25 was Rs 3,470 Cr.
- **OCF/FCF:** During the year, the company generated OCF of Rs 5,063 Cr, up from Rs 3,306 Cr last year, due to higher profits and improved working capital management. The company achieved FCF of Rs 1,590 Cr, up from Rs 547 Cr last year.

Key Risks to Our Estimates and TP

- Lower realisation and demand in its key markets and a delay in capacity expansion
- Higher input costs may impact margins

Change in Estimates

	New		Old		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	20766	22972	20,668	22958	0%	0%
EBITDA	4960	5665	4,731	5426	5%	4%
PAT	1819	2187	1,513	1761	20%	24%

Source: Company, Axis Securities Research

Result Review Q4FY25

(Rs Cr)	Quarterly Performance				
	Q4FY25	Q3FY25	Q4FY24	% Chg QoQ	% Chg YoY
Net sales	5240	4235	5,101	24%	3%
Expenditure	3859	3289	3,774	17%	2%
EBITDA	1381	946	1327	46%	4%
Other income	150	115	138	31%	9%
Interest	42	53	65	-21%	-36%
Depreciation	747	750	628	0%	19%
PBT	743	259	772	187%	-4%
Tax	187	30	110	531%	69%
PAT	556	229	662	142%	-16%
EBITDA margin (%)	26.4%	22.3%	26.0%	420bps	40bps
EPS (Rs)	154	64	184	142%	-16%

Source: Company, Axis Securities Research

Volume/Realisation/Cost Analyses

(Rs Cr)	Quarterly Performance				
	Q4FY25	Q3FY25	Q4FY24	% Chg QoQ	% Chg YoY
Volume/mt	9.84	8.77	9.53	12%	3.3%
Realisation/tonne (Rs)	5325	4830	5,353	10.3%	-1%
Cost/tonne (Rs)	3922	3750	3,960	5%	-1%
Raw material/tonne (Rs)	569	616	379	-8%	50%
Staff Cost/tonne (Rs)	264	270	247	-2%	7%
Power & Fuel/tonne (Rs)	1172	1042	1,520	13%	-23%
Freight/tonne (Rs)	1175	1131	1,097	4%	7%
Other Expenses /tonne (Rs)	743	691	717	7%	4%
EBITDA/tonne (Rs)	1404	1079	1,393	30%	1%

Source: Company, Axis Securities Research

Financials (Standalone)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Net sales	19586	18037	20766	22972
Other operating income	0	0	0	0
Total income	19586	18037	20766	22972
Raw Material	1832	1917	2197	2395
Power & Fuel	5581	4473	4744	5171
Freight & Forwarding	4032	4155	4799	5279
Employee benefit expenses	938	991	1072	1169
Other Expenses	2840	2666	2993	3293
EBITDA	4364	3837	4960	5665
Other income	561	577	560	574
PBIDT	4925	4414	5520	6240
Depreciation	1615	2808	3000	3249
Interest & Fin Chg.	264	209	187	187
E/o income / (Expense)	0	0	0	0
Pre-tax profit	3046	1397	2333	2804
Tax provision	436	201	513	617
RPAT	2610	1196	1819	2187
Minority Interests	0	0	0	0
Associates	0	0	0	0
APAT after EO item	2610	1196	1819	2187

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Total assets	27419	27756	29307	31224
Net Block	8208	9356	9678	9875
CWIP	1833	3112	3112	3112
Investments	10675	11596	11346	12346
Wkg. cap. (excl cash)	3012	1645	1861	2047
Cash / Bank balance	297	231	1356	1763
Misc. Assets	3394	1816	1954	2081
Capital employed	27419	27756	29307	31224
Equity capital	36	36	36	36
Reserves	20348	21175	22598	24388
Minority Interests	0	0	0	0
Borrowings	2534	1206	1206	1206
DefTax Liabilities	0	0	0	0
Other Liabilities and Provision	4500	5338	5467	5594

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Profit before tax	3046	1397	2333	0
Depreciation	1615	2808	3000	0
Interest Expenses	264	209	187	0
Non-operating/ EO item	-561	-577	-560	-574
Change in W/C	-624	1639	-216	-186
Income Tax	440	428	513	0
Operating Cash Flow	3300	5048	4230	-760
Capital Expenditure	-2757	-3473	-3323	-3446
Investments	1474	282	250	-1000
Others	158	-335	560	574
Investing Cash Flow	-1350	-3638	-2513	-3872
Borrowings	-1895	-918	0	0
Interest Expenses	-219	-190	-187	-187
Dividend paid	-379	-380	-397	0
Financing Cash Flow	-2492	-1488	-584	-187
Change in Cash	160	-38	1134	407
Opening Cash	-25	135	97	1230
Closing Cash	135	97	1230	1637

Source: Company, Axis Securities Research

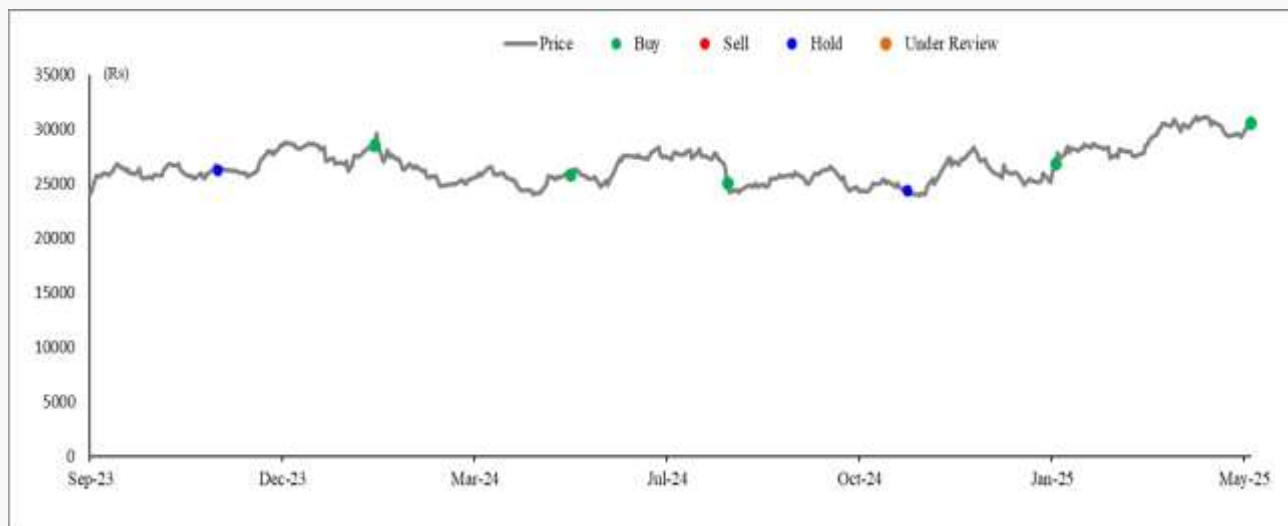
Ratio Analysis

(%)

Y/E March	FY24	FY25	FY26E	FY27E
Operational Ratios				
Sales growth	16%	-8%	15%	11%
OPM	22.3%	21.3%	23.9%	24.7%
Op. profit growth	48%	-12%	29%	14%
COGS / Net sales	58%	58%	57%	56%
Overheads/Net sales	19%	20%	20%	19%
Depreciation / G. block	9.2%	13.8%	12.7%	12.0%
Efficiency Ratios				
Total Asset Turnover (x)	1.1	0.9	0.9	0.8
Sales/Gross block (x)	1.1	0.9	0.9	0.8
Sales/Net block(x)	2.6	2.1	2.2	2.3
Working capital/Sales (x)	0.2	0.1	0.1	0.1
Valuation Ratios				
PE	37	93	61	51
P/BV (x)	4.7	5.3	4.9	4.6
EV/Ebitda (x)	20.2	26.3	20.2	17.4
EV/Sales (x)	4.5	5.6	4.8	4.3
Return Ratios				
ROE	13.5	5.8	8.3	9.3
ROCE	16.3	7.4	11.0	12.2
ROIC	33.9	15.7	24.0	27.9
Leverage Ratios				
Debt/equity (x)	0.1	0.0	0.0	0.0
Net debt/ Equity (x)	-0.4	-0.5	-0.5	-0.5
Debt service coverage ratio (x)	1.9	1.4	2.3	2.7
Interest Coverage ratio (x)	12.5	7.7	13.5	16.0
Cash Flow Ratios				
OCF/Sales	19%	30%	23%	24%
OCF/Ebitda	76%	132%	85%	86%
OCF/Capital Employed (%)	16%	23%	18%	20%
FCF/Sales (%)	3%	6%	4%	6%
Payout ratio (Div/NP)	15	33	22	18
AEPS (Rs.)	723	332	504	606
AEPS Growth (%)	11%	11%	11%	11%
CEPS (Rs.)	1171	1110	1336	1507
DPS (Rs.)	110	110	110	110

Source: Company, Axis Securities Research

Shree Cement Price Chart and Recommendation History



Date	Reco	TP	Research
08-Nov-23	HOLD	25,440	Result Update
01-Feb-24	BUY	31,470	Result Update
16-May-24	BUY	29,350	Result Update
08-Aug-24	BUY	25,610	Result Update
12-Nov-24	HOLD	25,560	Result Update
31-Jan-25	BUY	30,000	Result Update
15-May-25	BUY	33,960	Result Update

Source: Axis Securities Research

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BUY	More than 10%
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