

### Strong results driven by impressive cost control

SRCM reported good results for Q3FY25 with reported EBITDA coming in 5.4% ahead of our estimate, predominantly due to better cost control. While volume declined 1.3% YoY and realization was down 1.5% QoQ (4% below our estimate), EBITDA/mt was still ahead of our estimate owing to 9% YoY and QoQ decline in operating costs. Power & Fuel costs and Other Expenses were down by 25% YoY and 21% YoY, respectively, driving down costs. The company is on track to add massive 15.4mn mt capacity by Q1FY26, which is 28% of its existing capacity. While we expect near term utilization to remain soft, cost optimization measures undertaken by the company will keep overall operating costs in check. Our volume growth assumption of 10-11% during FY26-FY27 is modest, in our opinion. We maintain our positive stance on the company and believe that SRCM will be a beneficiary of recent hikes in Non-trade segment in North and East. We maintain our estimates and BUY rating.

#### Q3FY25 result highlights

Revenue at Rs42.4bn was down 14% YoY and 1% below our estimate. Volume came in at 8.77mn mt, which was down 1.3% YoY whereas realization was down by 1.5% QoQ. EBITDA at Rs9.5bn was 5% above our estimate while EBITDA/mt came in at Rs1,079 against our estimate of Rs1,052. Operating costs declined 9% both on YoY and QoQ basis due to softer fuel prices and operational efficiency. Both Power & Fuel as well as Other Expenses recorded a sharp double-digit YoY reduction. PAT at Rs2.3bn was down 69% YoY and up 146% QoQ.

#### Surprisingly sharp cut on operating costs

SRCM reported operating cost of Rs3,750/mt, which was down by 9.1% on both YoY and QoQ basis. This was the lowest operating cost/mt reported by SRCM in the last 14 quarters. A sharp reduction in Power & Fuel costs and Other Expenses resulted in lower costs. The company has secured a fuel supply contract at Rs1.5/kcal, effective from Q1FY26, which is expected to boost profitability further by reducing input costs. Other initiatives like increased green power usage, higher AFR usage and increased rail co-efficient are likely to result in further cost optimization.

#### Substantial capacity to be commissioned by Q1FY26

SRCM's ongoing capex includes Jaitaran, Rajasthan (6.0MTPA), Kodla, Karnataka (3.00 MTPA), Baloda Bazar, Chhattisgarh (3.40 MTPA) and Etah, Uttar Pradesh (3.00 MTPA). Cumulatively, these capacities stand at 15.4mn mt, which is 28% of the company's existing capacity. The company expects to commission all these projects by Q1FY26. We expect the ramp-up of these capacities to be gradual and believe that better volume prospects in FY26 augur well for SRCM to increase utilization of these assets.

#### Valuation and outlook

Higher exposure to North and East regions coupled with cost-cutting measures is likely to result in healthy growth in EBITDA/mt for SRCM. Despite heavy capex of Rs40bn+ for the next four years, we expect the balance sheet to remain healthy. We continue to value SRCM at 16x FY27E EV/EBITDA to arrive at our target price of Rs29,857. We maintain our BUY rating.

#### Financial and valuation summary

| YE Mar (Rs mn)    | 3QFY25A | 3QFY24A | YoY (%) | 2QFY25A | QoQ (%) | FY25E    | FY26E    | FY27E    |
|-------------------|---------|---------|---------|---------|---------|----------|----------|----------|
| Revenues          | 42,355  | 49,008  | (13.6)  | 37,270  | 13.6    | 1,87,508 | 2,16,872 | 2,42,163 |
| EBITDA            | 9,466   | 12,337  | (23.3)  | 5,925   | 59.8    | 40,271   | 56,936   | 64,528   |
| EBITDA margin (%) | 22.3    | 25.2    | (11.2)  | 15.9    | 40.6    | 21.5     | 26.3     | 26.6     |
| Adj. Net profit   | 2,294   | 7,342   | (68.8)  | 931     | 146.3   | 15,345   | 25,697   | 30,061   |
| Adj. EPS (Rs)     | 63.5    | 203.4   | (68.8)  | 25.8    | 146.3   | 425.3    | 712.2    | 833.2    |
| EPS growth (%)    |         |         |         |         |         | (26.4)   | 67.5     | 17.0     |
| PE (x)            |         |         |         |         |         | 63.3     | 37.8     | 32.3     |
| EV/EBITDA (x)     |         |         |         |         |         | 22.9     | 16.1     | 14.1     |
| PBV (x)           |         |         |         |         |         | 4.6      | 4.2      | 3.8      |
| RoE (%)           |         |         |         |         |         | 7.5      | 11.7     | 12.5     |
| RoCE (%)          |         |         |         |         |         | 7.7      | 11.6     | 12.3     |

Source: Company, Centrum Broking

Please see Disclaimer for analyst certifications and all other important disclosures.

Result Update

India I Cement

30 January, 2025

**BUY**

Price: Rs26,831

Target Price: Rs29,857

Forecast return: 11%

Institutional Research

#### Market Data

|                       |               |
|-----------------------|---------------|
| Bloomberg:            | SRCM II       |
| 52 week H/L:          | 30,738/23,501 |
| Market cap:           | Rs968.1bn     |
| Shares Outstanding:   | 36.1mn        |
| Free float:           | 73.1%         |
| Avg. daily vol. 3mth: | 32,76         |
| Source: Bloomberg     |               |

#### Changes in the report

|                         |           |
|-------------------------|-----------|
| Rating:                 | Unchanged |
| Target price:           | Unchanged |
| EBITDA:                 | Unchanged |
| Source: Centrum Broking |           |

#### Shareholding pattern

|              | Dec-24 | Sep-24 | Jun-24 | Mar-24 |
|--------------|--------|--------|--------|--------|
| Promoter     | 62.6   | 62.6   | 62.6   | 62.6   |
| FII's        | 9.9    | 10.4   | 11.9   | 12.5   |
| DII's        | 15.0   | 14.5   | 13.0   | 12.3   |
| Public/other | 12.5   | 12.5   | 12.5   | 12.6   |
| Source: BSE  |        |        |        |        |

#### Centrum estimates vs Actual results

| YE Mar (Rs mn)                     | Centrum Q3FY25 | Actual Q3FY25 | Variance (%) |
|------------------------------------|----------------|---------------|--------------|
| Revenue                            | 42,899         | 42,355        | -1.3         |
| EBITDA                             | 8,981          | 9,466         | 5.4          |
| EBITDA margin %                    | 20.9           | 22.3          | 141 bps      |
| Adj. PAT                           | 2,280          | 2,294         | 0.6          |
| EPS (Rs)                           | 63.2           | 63.5          | 0.6          |
| Source: Bloomberg, Centrum Broking |                |               |              |



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## Thesis Snapshot

### Shree Cement versus NIFTY 50

|          | 1m    | 6m    | 1 year |
|----------|-------|-------|--------|
| SRCM IN  | 4.0   | (1.8) | (4.4)  |
| NIFTY 50 | (1.7) | (6.5) | 8.0    |

Source: Bloomberg, NSE

### Key assumptions

| Y/E Mar (Rs/mn)           | FY25E   | FY26E   | FY27E   |
|---------------------------|---------|---------|---------|
| Capacity (mn mt)          | 56      | 71      | 80      |
| Volumes (mn mt)           | 37.0    | 40.7    | 45.1    |
| Realizations (Rs/mt)      | 4,689   | 4,946   | 5,021   |
| Operating expense (Rs/mt) | 3,984   | 3,934   | 3,936   |
| EBITDA/mt (Rs/mt)         | 1,090   | 1,400   | 1,430   |
| Capex (Rs mn)             | -39,998 | -39,998 | -39,998 |
| Net Debt (Rs mn)          | -15,010 | -18,552 | -29,781 |

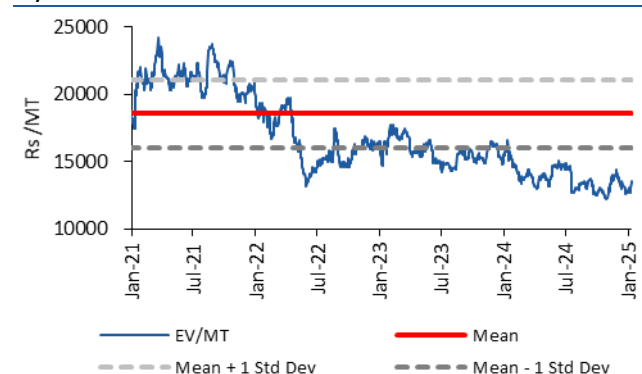
Source: Centrum Broking

### Valuation

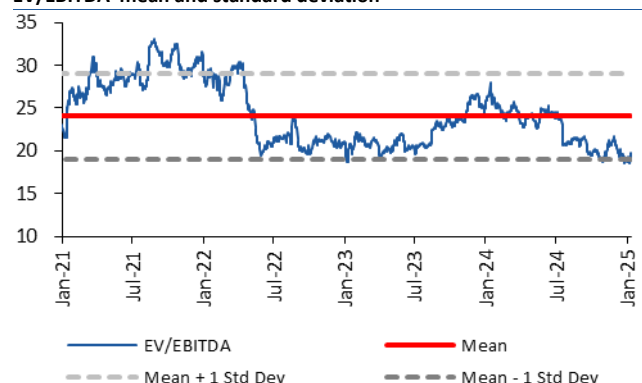
We are building in 7%/14% CAGR in revenue/EBITDA for SRCM over FY24-FY27E. We value SRCM at 16x FY27E EV/EBITDA to arrive at a target price of Rs29,857. We have BUY rating on the stock.

| Particulars              | (Rs mn)       |
|--------------------------|---------------|
| FY27E EBITDA             | 64,528        |
| Target multiple (x)      | 16.0          |
| Enterprise value         | 10,32,445     |
| Less: Net debt & CWIP    | (44,781)      |
| Equity value             | 10,77,226     |
| No of shares (mn)        | 36.1          |
| <b>Target Price (Rs)</b> | <b>29,857</b> |

#### EV/MT mean and standard deviation



#### EV/EBITDA mean and standard deviation



Source: Bloomberg, Centrum Broking

### Peer comparison

| Company              | Mkt Cap    | CAGR (FY24-27E) |              |              | EV/EBITDA (x) |             |             | EV/mt (US\$) |              |              | FY26E      |            |
|----------------------|------------|-----------------|--------------|--------------|---------------|-------------|-------------|--------------|--------------|--------------|------------|------------|
|                      | (Rs bn)    | Sales           | EBITDA       | EPS          | FY25E         | FY26E       | FY27E       | FY25E        | FY26E        | FY27E        | RoE (%)    | ROCE (%)   |
| ACC                  | 374        | 5.4%            | 12.2%        | 1.7%         | 11.4          | 9.2         | 7.7         | 98.7         | 94.1         | 88.6         | 11%        | 15%        |
| Ambuja Cement        | 1,259      | 13.3%           | 22.9%        | 17.2%        | 23.6          | 15.6        | 13.4        | 177.4        | 159.3        | 148.3        | 8%         | 10%        |
| Birla Corporation    | 89         | 3.5%            | 9.4%         | 18.2%        | 9.6           | 6.6         | 5.8         | 73.5         | 63.6         | 54.2         | 8%         | 9%         |
| Heidelberg Cement    | 51         | 2.3%            | 15.9%        | 25.3%        | 15.8          | 10.1        | 8.7         | 88.5         | 86.2         | 82.9         | 19%        | 20%        |
| JK Cement            | 377        | 10.0%           | 16.0%        | 19.3%        | 25.6          | 15.9        | 13.5        | 213.7        | 171.2        | 168.9        | 19%        | 13%        |
| JK Lakshmi Cement    | 95         | 5.2%            | 12.5%        | 12.5%        | 13.3          | 8.4         | 7.3         | 74.5         | 65.6         | 59.0         | 16%        | 13%        |
| Nuvoco Vistas        | 124        | 5.1%            | 8.7%         | 60.5%        | 10.3          | 7.7         | 6.6         | 76.7         | 71.7         | 66.1         | 5%         | 8%         |
| Sagar Cements        | 27         | 12.0%           | 31.9%        | -237.5%      | 18.9          | 10.2        | 7.5         | 44.5         | 44.3         | 45.5         | 1%         | 6%         |
| <b>Shree Cements</b> | <b>971</b> | <b>7.3%</b>     | <b>13.9%</b> | <b>13.0%</b> | <b>23.7</b>   | <b>16.7</b> | <b>14.6</b> | <b>176.2</b> | <b>159.9</b> | <b>158.0</b> | <b>12%</b> | <b>19%</b> |
| Star Cements         | 86         | 12.9%           | 17.6%        | 15.1%        | 15.0          | 11.0        | 9.3         | 125.2        | 124.5        | 122.4        | 12%        | 18%        |
| Ramco Cements        | 220        | 6.3%            | 13.3%        | 25.0%        | 17.9          | 13.6        | 11.8        | 138.7        | 129.7        | 127.1        | 8%         | 9%         |
| Ultratech Cements    | 3,397      | 11.2%           | 19.0%        | 23.1%        | 26.5          | 18.7        | 15.9        | 252.2        | 235.2        | 216.1        | 16%        | 16%        |

Source: Company, Centrum Broking

**Exhibit 1: Q3FY25 result summary**

| Y/E March (Rsmn)         | 3QFY24        | 2QFY25        | 3QFY25        | YoY (%)         | QoQ (%)       | 9MFY24          | 9MFY25          | YoY (%)        |
|--------------------------|---------------|---------------|---------------|-----------------|---------------|-----------------|-----------------|----------------|
| <b>Net Sales</b>         | <b>49,008</b> | <b>37,270</b> | <b>42,355</b> | <b>(13.6)</b>   | <b>13.6</b>   | <b>1,44,845</b> | <b>1,27,972</b> | <b>(11.6)</b>  |
| Expenditure              |               |               |               |                 |               |                 |                 |                |
| Chg. in stock            | 205           | 171           | 1,023         | 397.8           | 497.6         | 405             | 845             | 108.4          |
| RM consumption           | 3,649         | 3,400         | 3,713         | 1.7             | 9.2           | 10,479          | 10,835          | 3.4            |
| Purchase of traded goods | 539           | 528           | 669           | 24.2            | 26.6          | 3,825           | 1,889           | 0.0            |
| Employee costs           | 2,347         | 2,495         | 2,371         | 1.0             | (5.0)         | 7,027           | 7,312           | 4.1            |
| Freight Costs            | 9,732         | 8,918         | 9,918         | 1.9             | 11.2          | 29,870          | 29,987          | 0.4            |
| Power and fuel           | 12,381        | 10,012        | 9,134         | (26.2)          | (8.8)         | 41,316          | 33,198          | (19.6)         |
| Other exp                | 7,819         | 5,820         | 6,062         | (22.5)          | 4.2           | 21,559          | 19,351          | (10.2)         |
| Total Operating Expenses | 36,671        | 31,345        | 32,889        | (10.3)          | 4.9           | 1,14,482        | 1,03,417        | (9.7)          |
| <b>EBITDA</b>            | <b>12,337</b> | <b>5,925</b>  | <b>9,466</b>  | <b>(23.3)</b>   | <b>59.8</b>   | <b>30,363</b>   | <b>24,555</b>   | <b>(19.1)</b>  |
| <b>EBITDA Margin (%)</b> | <b>25.2%</b>  | <b>15.9%</b>  | <b>22.3%</b>  | <b>(282)bps</b> | <b>645bps</b> | <b>21.0%</b>    | <b>19.2%</b>    | <b>-178bps</b> |
| Other Income             | 1,354         | 1,776         | 1,149         | (15.2)          | (35.3)        | 4,232           | 4,270           | 0.9            |
| Finance Costs            | 561           | 567           | 529           | (5.8)           | (6.8)         | 1,996           | 1,669           | (16.4)         |
| Depreciation             | 3,466         | 6,687         | 7,496         | 116.3           | 12.1          | 9,866           | 20,610          | 108.9          |
| PBT                      | 9,664         | 448           | 2,590         | (73.2)          | 478.6         | 22,734          | 6,546           | (71.2)         |
| Tax                      | 2,322         | -484          | 296           | (87.3)          | (161.2)       | 4,667           | 144             | (96.9)         |
| Exceptional Items        | -             | -             | -             | -               | -             | -               | -               | -              |
| <b>Reported PAT</b>      | <b>7,342</b>  | <b>931</b>    | <b>2,294</b>  | <b>(68.8)</b>   | <b>146.3</b>  | <b>18,067</b>   | <b>6,402</b>    | <b>(64.6)</b>  |
| <b>Adjusted PAT</b>      | <b>7,342</b>  | <b>931</b>    | <b>2,294</b>  | <b>(68.8)</b>   | <b>146.3</b>  | <b>18,067</b>   | <b>6,402</b>    | <b>(64.6)</b>  |
| <b>NPM(%)</b>            | <b>15.0%</b>  | <b>2.5%</b>   | <b>5.4%</b>   | <b>(957)bps</b> | <b>292bps</b> | <b>12.5%</b>    | <b>5.0%</b>     | <b>-747bps</b> |
| EPS (Rs.)                | 203.4         | 25.8          | 63.5          | (68.8)          | 146.3         | 501             | 177             | (64.6)         |

Source: Centrum Broking, Company Data

**Exhibit 2: Operational data**

| Operational Data           | 3QFY24 | 2QFY25 | 3QFY25 | YoY (%) | QoQ (%) | 9MFY24 | 9MFY25 | YoY (%) |
|----------------------------|--------|--------|--------|---------|---------|--------|--------|---------|
| Volume (mn mt)             | 8.9    | 7.6    | 8.8    | (1.3)   | 15.4    | 26.0   | 26.0   | 0.0     |
| Cement Realisation (Rs/mt) | 5,513  | 4,904  | 4,830  | (12.4)  | (1.5)   | 5,569  | 4,920  | (11.6)  |
| Operating Costs (Rs/mt)    | 4,125  | 4,124  | 3,750  | (9.1)   | (9.1)   | 4,401  | 3,976  | (9.7)   |
| EBITDA (Rs/mt)             | 1,388  | 780    | 1,079  | (22.2)  | 38.4    | 1,167  | 944    | (19.1)  |

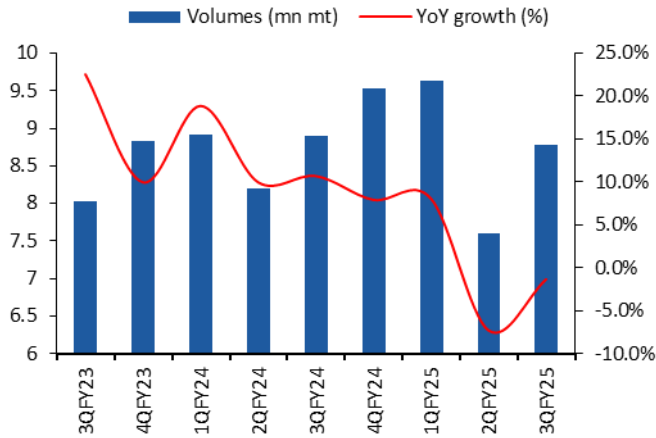
Source: Centrum Broking, Company Data

**Exhibit 3: Trend in operating cost per tonne**

| Costs/mt (Rs)     | Dec-22       | Mar-23       | Jun-23       | Sep-23       | Dec-23       | Mar-24       | Jun-24       | Sep-24       | Dec-24       | YoY (%)       | QoQ (%)      |
|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|
| RM consumption    | 352          | 488          | 646          | 556          | 494          | 379          | 422          | 539          | 616          | 24.7          | 14.3         |
| Employee cost     | 271          | 250          | 263          | 284          | 264          | 247          | 254          | 328          | 270          | 2.4           | (17.7)       |
| Freight Cost      | 1,174        | 1,167        | 1,192        | 1,160        | 1,095        | 1,097        | 1,157        | 1,173        | 1,131        | 3.3           | (3.6)        |
| Power and fuel    | 1,622        | 1,781        | 1,708        | 1,670        | 1,393        | 1,520        | 1,458        | 1,317        | 1,042        | (25.2)        | (20.9)       |
| Other exp         | 765          | 721          | 750          | 860          | 880          | 717          | 775          | 766          | 691          | (21.4)        | (9.7)        |
| <b>Op exp /mt</b> | <b>4,185</b> | <b>4,408</b> | <b>4,559</b> | <b>4,530</b> | <b>4,125</b> | <b>3,960</b> | <b>4,065</b> | <b>4,124</b> | <b>3,750</b> | <b>(9.1)</b>  | <b>(9.1)</b> |
| <b>EBITDA/mt</b>  | <b>882</b>   | <b>1,011</b> | <b>1,045</b> | <b>1,061</b> | <b>1,388</b> | <b>1,393</b> | <b>951</b>   | <b>780</b>   | <b>1,079</b> | <b>(22.2)</b> | <b>38.4</b>  |

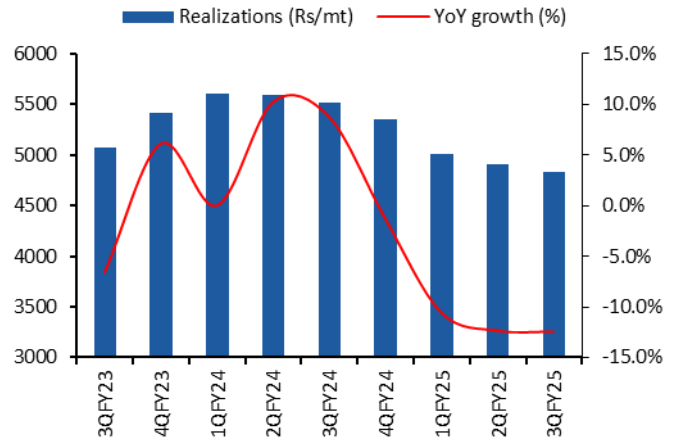
Source: Centrum Broking, Company Data

**Exhibit 4: Volume decline of 1.3% YoY**



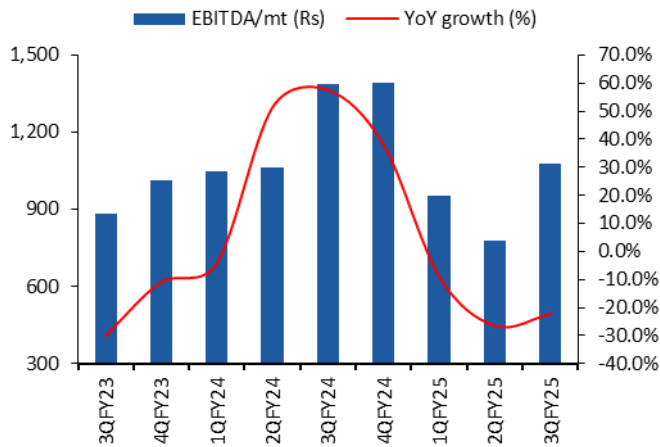
Source: Centrum Broking, Company Data

**Exhibit 5: Blended realizations down 1.5% QoQ**



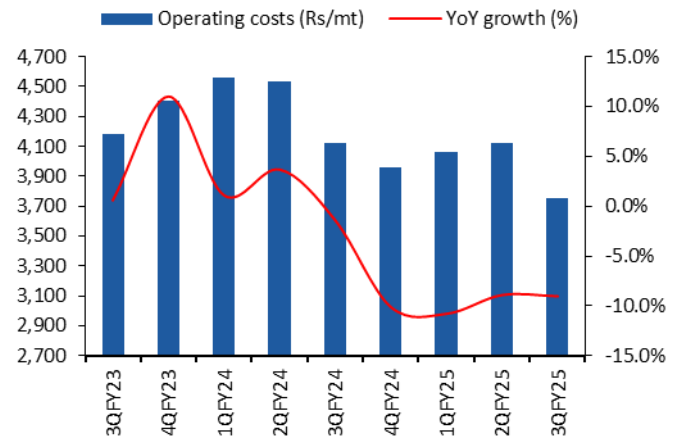
Source: Centrum Broking, Company Data

**Exhibit 6: EBITDA/mt at Rs1,079**



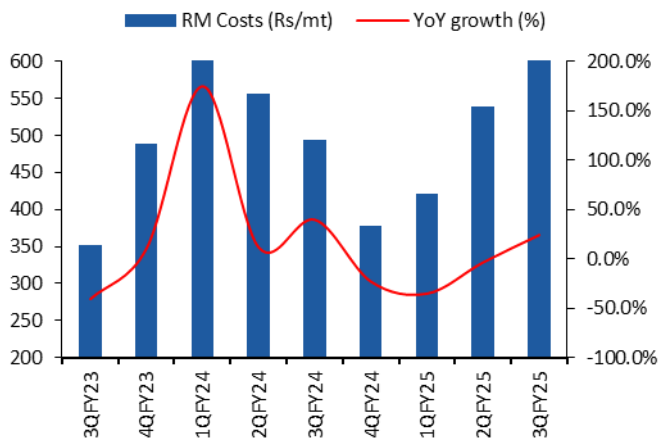
Source: Centrum Broking, Company Data

**Exhibit 7: Operating costs down 9.1% YoY**



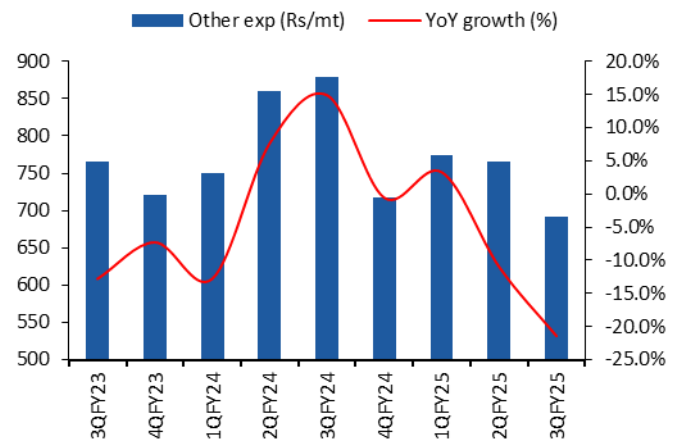
Source: Centrum Broking, Company Data

**Exhibit 8: RM costs up 24.7% YoY**



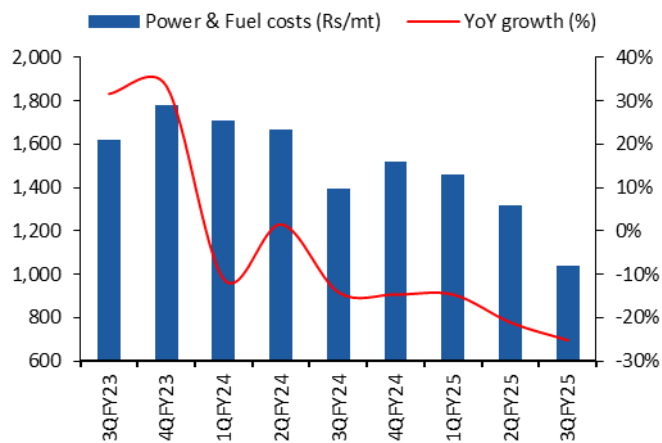
Source: Centrum Broking, Company Data

**Exhibit 9: Other expenses down 21.4% YoY**



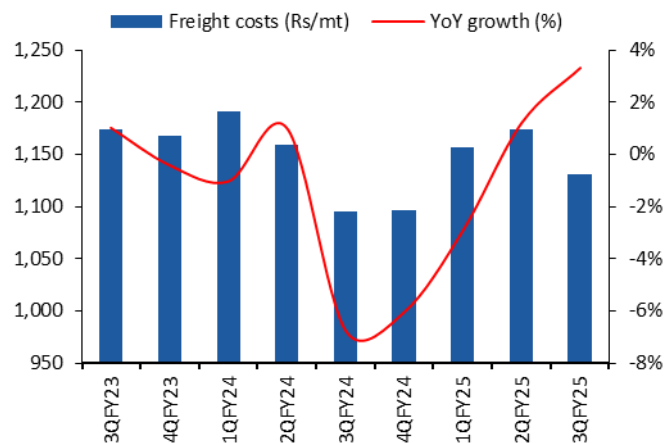
Source: Centrum Broking, Company Data

**Exhibit 10: Power & Fuel costs down 25.2% YoY**



Source: Centrum Broking, Company Data

**Exhibit 11: Freight costs up 3.3% YoY**



Source: Centrum Broking, Company Data

**Exhibit 12: Valuation summary**

| Particulars              | (Rs mn)       |
|--------------------------|---------------|
| FY27E EBITDA             | 64,528        |
| Target multiple (x)      | 16.0          |
| Enterprise value         | 10,32,445     |
| Less: Net debt           | (44,781)      |
| Equity value             | 10,77,226     |
| No of shares (mn)        | 36.1          |
| <b>Target Price (Rs)</b> | <b>29,857</b> |

Source: Centrum Broking, Company Data

| P&L                         |                 |                 |                 |                 |                 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| YE Mar (Rs mn)              | FY23A           | FY24A           | FY25E           | FY26E           | FY27E           |
| <b>Revenues</b>             | <b>1,68,375</b> | <b>1,95,855</b> | <b>1,87,508</b> | <b>2,16,872</b> | <b>2,42,163</b> |
| Operating Expense           | 1,04,877        | 1,14,444        | 1,09,023        | 1,19,702        | 1,35,014        |
| Employee cost               | 8,658           | 9,379           | 10,040          | 10,445          | 11,056          |
| Others                      | 25,417          | 28,396          | 28,174          | 29,788          | 31,565          |
| <b>EBITDA</b>               | <b>29,423</b>   | <b>43,636</b>   | <b>40,271</b>   | <b>56,936</b>   | <b>64,528</b>   |
| Depreciation & Amortisation | 15,462          | 18,039          | 21,763          | 24,170          | 26,201          |
| <b>EBIT</b>                 | <b>13,961</b>   | <b>25,597</b>   | <b>18,507</b>   | <b>32,766</b>   | <b>38,327</b>   |
| Interest expenses           | 2,689           | 1,927           | 2,378           | 2,310           | 2,130           |
| Other income                | 4,315           | 5,288           | 5,183           | 5,234           | 5,555           |
| <b>PBT</b>                  | <b>15,586</b>   | <b>28,958</b>   | <b>21,312</b>   | <b>35,690</b>   | <b>41,752</b>   |
| Taxes                       | 2,305           | 8,108           | 5,967           | 9,993           | 11,690          |
| Effective tax rate (%)      | 14.8            | 28.0            | 28.0            | 28.0            | 28.0            |
| <b>PAT</b>                  | <b>13,281</b>   | <b>20,850</b>   | <b>15,345</b>   | <b>25,697</b>   | <b>30,061</b>   |
| Minority/Associates         | 0               | 0               | 0               | 0               | 0               |
| <b>Recurring PAT</b>        | <b>13,281</b>   | <b>20,850</b>   | <b>15,345</b>   | <b>25,697</b>   | <b>30,061</b>   |
| Extraordinary items         | 0               | 0               | 0               | 0               | 0               |
| <b>Reported PAT</b>         | <b>13,281</b>   | <b>20,850</b>   | <b>15,345</b>   | <b>25,697</b>   | <b>30,061</b>   |

| Ratios                         |         |         |         |         |         |
|--------------------------------|---------|---------|---------|---------|---------|
| YE Mar                         | FY23A   | FY24A   | FY25E   | FY26E   | FY27E   |
| <b>Growth (%)</b>              |         |         |         |         |         |
| Revenue                        | 17.7    | 16.3    | (4.3)   | 15.7    | 11.7    |
| EBITDA                         | (19.3)  | 48.3    | (7.7)   | 41.4    | 13.3    |
| Adj. EPS                       | (44.1)  | 57.0    | (26.4)  | 67.5    | 17.0    |
| <b>Margins (%)</b>             |         |         |         |         |         |
| Gross                          | 92.8    | 90.6    | 90.3    | 90.6    | 90.4    |
| EBITDA                         | 17.5    | 22.3    | 21.5    | 26.3    | 26.6    |
| EBIT                           | 8.3     | 13.1    | 9.9     | 15.1    | 15.8    |
| Adjusted PAT                   | 7.9     | 10.6    | 8.2     | 11.8    | 12.4    |
| <b>Returns (%)</b>             |         |         |         |         |         |
| ROE                            | 7.5     | 10.9    | 7.5     | 11.7    | 12.5    |
| ROCE                           | 8.0     | 10.7    | 7.7     | 11.6    | 12.3    |
| ROIC                           | 7.1     | 10.2    | 6.8     | 11.1    | 12.2    |
| <b>Turnover (days)</b>         |         |         |         |         |         |
| Gross block turnover ratio (x) | 1.1     | 1.0     | 0.8     | 0.8     | 0.8     |
| Debtors                        | 16      | 18      | 20      | 19      | 19      |
| Inventory                      | 692     | 507     | 526     | 481     | 466     |
| Creditors                      | 292     | 236     | 244     | 223     | 216     |
| Net working capital            | 54      | 56      | 49      | 50      | 60      |
| <b>Solvency (x)</b>            |         |         |         |         |         |
| Net debt-equity                | (0.1)   | (0.1)   | (0.1)   | (0.1)   | (0.1)   |
| Interest coverage ratio        | 10.9    | 22.6    | 16.9    | 24.6    | 30.3    |
| Net debt/EBITDA                | (0.7)   | (0.5)   | (0.4)   | (0.3)   | (0.5)   |
| <b>Per share (Rs)</b>          |         |         |         |         |         |
| Adjusted EPS                   | 368.1   | 577.9   | 425.3   | 712.2   | 833.2   |
| BVPS                           | 5,068.9 | 5,526.7 | 5,812.0 | 6,364.2 | 7,017.4 |
| CEPS                           | 796.7   | 1,077.9 | 1,028.5 | 1,382.1 | 1,559.4 |
| DPS                            | 89.9    | 120.0   | 140.0   | 160.0   | 180.0   |
| Dividend payout (%)            | 24.4    | 20.8    | 32.9    | 22.5    | 21.6    |
| <b>Valuation (x)</b>           |         |         |         |         |         |
| P/E                            | 73.1    | 46.6    | 63.3    | 37.8    | 32.3    |
| P/BV                           | 5.3     | 4.9     | 4.6     | 4.2     | 3.8     |
| EV/EBITDA                      | 31.2    | 21.0    | 22.9    | 16.1    | 14.1    |
| Dividend yield (%)             | 0.3     | 0.4     | 0.5     | 0.6     | 0.7     |

Source: Company, Centrum Broking

| Balance sheet            |                 |                 |                 |                 |                 |
|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| YE Mar (Rs mn)           | FY23A           | FY24A           | FY25E           | FY26E           | FY27E           |
| Equity share capital     | 361             | 361             | 361             | 361             | 361             |
| Reserves & surplus       | 1,82,524        | 1,99,044        | 2,09,337        | 2,29,261        | 2,52,828        |
| Shareholders fund        | 1,82,884        | 1,99,405        | 2,09,698        | 2,29,622        | 2,53,189        |
| Minority Interest        | 0               | 0               | 0               | 0               | 0               |
| Total debt               | 15,518          | 16,518          | 17,518          | 16,018          | 14,518          |
| Non Current Liabilities  | 3,396           | 1,854           | 1,775           | 2,052           | 2,292           |
| Def tax liab. (net)      | 0               | 0               | 0               | 0               | 0               |
| <b>Total liabilities</b> | <b>2,01,799</b> | <b>2,17,776</b> | <b>2,28,991</b> | <b>2,47,692</b> | <b>2,69,999</b> |
| Gross block              | 1,50,755        | 1,98,972        | 2,43,987        | 2,74,002        | 3,19,017        |
| Less: acc. Depreciation  | (97,428)        | (1,15,484)      | (1,37,265)      | (1,61,451)      | (1,87,669)      |
| Net block                | 53,327          | 83,488          | 1,06,723        | 1,12,551        | 1,31,348        |
| Capital WIP              | 23,203          | 15,000          | 10,000          | 20,000          | 15,000          |
| Net fixed assets         | 76,529          | 98,488          | 1,16,723        | 1,32,551        | 1,46,348        |
| Non Current Assets       | 10,612          | 13,918          | 13,722          | 13,964          | 14,368          |
| Investments              | 82,999          | 68,492          | 66,492          | 64,492          | 62,492          |
| Inventories              | 24,226          | 26,690          | 25,817          | 28,044          | 31,147          |
| Sundry debtors           | 9,061           | 10,732          | 10,274          | 11,883          | 13,269          |
| Cash & Cash Equivalents  | 34,700          | 37,915          | 32,528          | 34,570          | 44,299          |
| Loans & advances         | 138             | 126             | 134             | 144             | 154             |
| Other current assets     | 13,237          | 15,985          | 17,677          | 21,316          | 23,604          |
| Trade payables           | 11,287          | 12,365          | 11,960          | 12,991          | 14,429          |
| Other current liab.      | 44,947          | 48,723          | 48,921          | 52,768          | 57,724          |
| Provisions               | 155             | 167             | 182             | 197             | 215             |
| Net current assets       | 24,973          | 30,193          | 25,368          | 30,000          | 40,105          |
| <b>Total assets</b>      | <b>2,01,799</b> | <b>2,17,776</b> | <b>2,28,991</b> | <b>2,47,692</b> | <b>2,69,999</b> |

| Cashflow                        |                 |                 |                 |                 |                 |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| YE Mar (Rs mn)                  | FY23A           | FY24A           | FY25E           | FY26E           | FY27E           |
| Profit Before Tax               | 15,586          | 28,958          | 21,312          | 35,690          | 41,752          |
| Depreciation & Amortisation     | 15,462          | 18,039          | 21,763          | 24,170          | 26,201          |
| Net Interest                    | 2,689           | 1,927           | 2,378           | 2,310           | 2,130           |
| Net Change – WC                 | 8,094           | (2,017)         | (577)           | (2,605)         | (394)           |
| Direct taxes                    | (2,305)         | (8,108)         | (5,967)         | (9,993)         | (11,690)        |
| <b>Net cash from operations</b> | <b>39,526</b>   | <b>38,799</b>   | <b>38,909</b>   | <b>49,572</b>   | <b>57,998</b>   |
| Capital expenditure             | (29,047)        | (39,998)        | (39,998)        | (39,998)        | (39,998)        |
| Acquisitions, net               | 0               | 0               | 0               | 0               | 0               |
| Investments                     | (1,046)         | 15,507          | 7,000           | 3,000           | 2,000           |
| Others                          | (3,392)         | (3,211)         | 299             | (128)           | (278)           |
| <b>Net cash from investing</b>  | <b>(33,486)</b> | <b>(27,703)</b> | <b>(32,699)</b> | <b>(37,126)</b> | <b>(38,276)</b> |
| <b>FCF</b>                      | <b>10,479</b>   | <b>(1,199)</b>  | <b>(1,089)</b>  | <b>9,574</b>    | <b>18,000</b>   |
| Issue of share capital          | 0               | 0               | 0               | 0               | 0               |
| Increase/(decrease) in debt     | (670)           | 1,000           | 1,000           | (1,500)         | (1,500)         |
| Dividend paid                   | (3,245)         | (4,330)         | (5,051)         | (5,773)         | (6,494)         |
| Interest paid                   | (2,689)         | (1,927)         | (2,378)         | (2,310)         | (2,130)         |
| Others                          | 574             | (1,624)         | (169)           | 179             | 131             |
| <b>Net cash from financing</b>  | <b>(6,030)</b>  | <b>(6,881)</b>  | <b>(6,598)</b>  | <b>(9,404)</b>  | <b>(9,994)</b>  |
| Net change in Cash              | 10              | 4,215           | (387)           | 3,042           | 9,729           |

Source: Company, Centrum Broking

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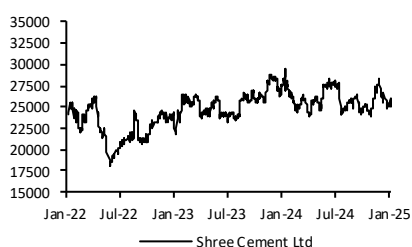
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### Shree Cement



Source: Bloomberg



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