

December 5, 2025

Management Meet Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

| | Current | | Previous | |
|---------------------|-------------------|----------|-------------------|----------|
| | FY27E | FY28E | FY27E | FY28E |
| Rating | ACCUMULATE | | ACCUMULATE | |
| Target Price | 29,850 | | 31,769 | |
| Sales (Rs. m) | 2,28,262 | 2,50,293 | 2,29,268 | 2,53,466 |
| % Chng. | (0.4) | (1.3) | | |
| EBITDA (Rs. m) | 54,865 | 61,248 | 57,442 | 65,447 |
| % Chng. | (4.5) | (6.4) | | |
| EPS (Rs.) | 585.4 | 539.5 | 627.0 | 567.2 |
| % Chng. | (6.6) | (4.9) | | |

Key Financials - Consolidated

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|----------------|----------|----------|----------|----------|
| Sales (Rs. m) | 1,91,685 | 2,09,442 | 2,28,262 | 2,50,293 |
| EBITDA (Rs. m) | 38,159 | 49,745 | 54,865 | 61,248 |
| Margin (%) | 19.9 | 23.8 | 24.0 | 24.5 |
| PAT (Rs. m) | 11,227 | 19,915 | 21,121 | 19,466 |
| EPS (Rs.) | 311.2 | 552.0 | 585.4 | 539.5 |
| Gr. (%) | (50.7) | 77.4 | 6.1 | (7.8) |
| DPS (Rs.) | 110.0 | 140.0 | 160.0 | 180.0 |
| Yield (%) | 0.4 | 0.5 | 0.6 | 0.7 |
| RoE (%) | 5.3 | 8.9 | 8.9 | 7.7 |
| RoCE (%) | 3.6 | 8.1 | 8.2 | 8.9 |
| EV/Sales (x) | 4.6 | 4.2 | 3.8 | 3.4 |
| EV/EBITDA (x) | 23.1 | 17.5 | 15.6 | 13.8 |
| PE (x) | 83.9 | 47.3 | 44.6 | 48.4 |
| P/BV (x) | 4.4 | 4.1 | 3.8 | 3.6 |

Key Data SHCM.BO | SRCM IN

| | |
|---------------------|-----------------------|
| 52-W High / Low | Rs.32,508 / Rs.24,811 |
| Sensex / Nifty | 85,712 / 26,186 |
| Market Cap | Rs.942bn / \$ 10,464m |
| Shares Outstanding | 36m |
| 3M Avg. Daily Value | Rs.783.56m |

Shareholding Pattern (%)

| | |
|-------------------------|---|
| Promoter's | - |
| Foreign | - |
| Domestic Institution | - |
| Public & Others | - |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | 1M | 6M | 12M |
|----------|-------|--------|-------|
| Absolute | (5.4) | (11.6) | (1.9) |
| Relative | (7.9) | (16.0) | (6.4) |

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Market share pressure necessitates shifting gears

Quick Pointers:

- Good traction in non-trade segment in past 2 weeks; pricing to improve in coming months
- Rising competition may force a rethink about value over volume strategy

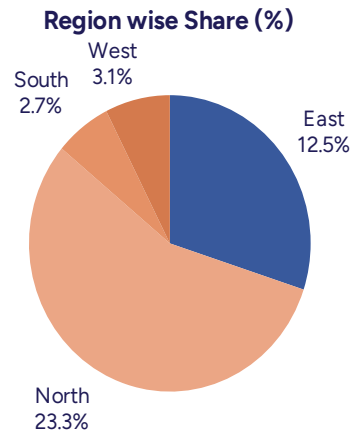
We met the management of Shree Cement (SRCM) to understand the current business dynamics, concerns of oversupply in the Northern region, and the company's long-term strategy. The management highlighted good traction in non-trade segment in the past 2 weeks and expects pricing to improve. However, in trade, demand has not yet picked up pace as expected (on GST rationalization), and price recovery would be gradual from Q4FY26. With over 40mtpa capacities expected to get commissioned in the Northern region over the next 2 years, the management reiterated its focus on achieving efficiencies across units. This would have some impact on the Northern market share (pan-India market share is 9% and North is 21-22%), which would be compensated by improving volumes in rest of India and shift in its year-old 'value over volume' strategy. SRCM reiterated continued focus on efficiencies and delivery of EBITDA/t.

Since inception, SRCM has been a pioneer in achieving cost efficiencies. With the industry having replicated SRCM's strategies, the latter may have to recalibrate its approach by capitalizing on own strengths and drive volume growth. Over the last few quarters, SRCM has lost market share, a cause of concern, and regaining volume momentum amid rising competitive intensity will be the key for SRCM to outperform. We cut our FY27/28E EBITDA estimates by ~4%/6% on lower pricing assumptions. The stock is trading at EV of 15.6x/13.8x of FY27/FY28E EBITDA. Maintain 'Accumulate' with revised TP of Rs29,850 (earlier Rs31,769) valuing at 17x EV of Sep'27E EBITDA.

Near-term demand and pricing outlook:

- The management highlighted that regional demand trends remain mixed. North will remain a core market for SRCM but rising competition from both listed and unlisted players could impact its market share. East remains structurally attractive, but continues to see intermittent demand softness. The company has not been chasing volumes in recent quarters, which has resulted in some market share loss. The management indicated it may revisit the approach to achieve the desired volume growth. SRCM's pan-India market share, estimated at ~9%, is expected to increase over the next few years with increasing capacities in rest of the regions.
- Infrastructure spending remains a key demand driver, though the management noted that government capex is skewed toward defense and large strategic projects, limiting broader construction momentum. The management highlighted good traction in non-trade segment in the past 2 weeks and expects pricing to improve. SRCM expects overall industry demand to improve from FY27, with industry volume growing by 7–8%.

Exhibit 1: Region-wise current capacity of SRCM (listed space)

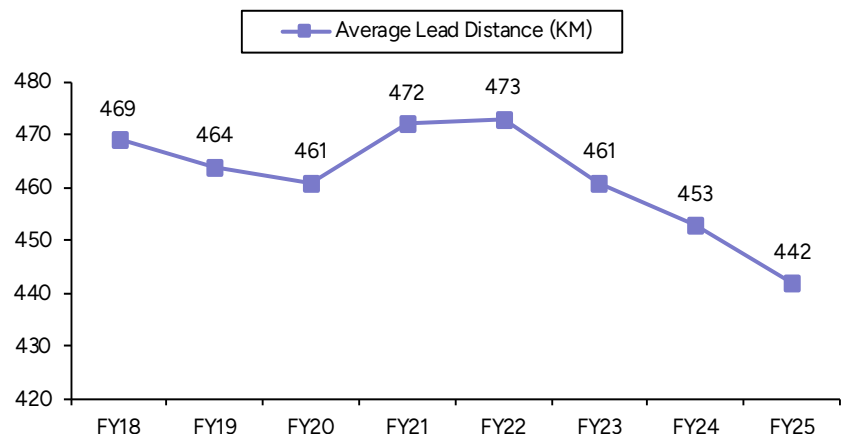


Source: Company, PL

Focus on cost efficiencies:

- Rail connectivity across grinding units remains a key focus area. While, theoretically, rail has higher advantage over road, the management pointed out that secondary handling at railways has reduced the gap to ~Rs0.25ptpk. Rail accounts for ~11% of dispatch vs. a target of 20% for the medium term.
- SRCM indicated that utilization levels in North may decline and remain unchanged till demand picks up. The company may also lose some share in North. Further, the cost of logistics from Jaisalmer would eat away some of EBIDTA of newer capacities too. Therefore, SRCM would continue to focus on improving efficiencies across units.
- Logistics optimization continues through better plant-to-market allocation and controlled lead distances led by increase in railway sidings.

Exhibit 2: Average lead distance trending down over the years



Source: Company, PL

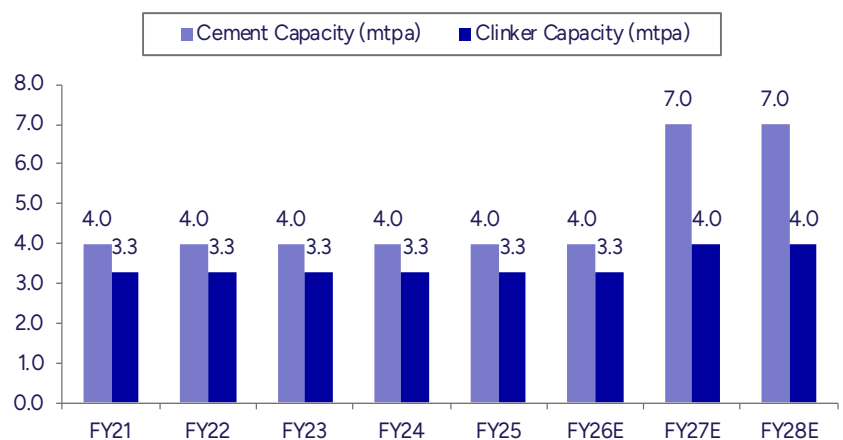
Capex rollout & capacity expansion:

- Expansion roadmap remains unchanged with 80mtpa milestone targeted by FY29E. SRCM would be at ~68mtpa in FY26, 72mtpa in FY27, and 80mtpa by FY29E.
- Incremental capacity will be concentrated in South and East, with the management focusing on brownfield clinker and GU expansion to ensure faster ramp-up. Limestone security remains a competitive advantage, with ~50-year mine life and auctions not impacting operations until 2044.

UAE business:

- The UAE is seeing good traction with rising demand and better pricing.
- One kiln is being refurbished, and additional grinding capacity can be added quickly due to availability of space and infrastructure. Hence, capacity at the UAE plant is expected to be increased from 4mtpa to 7mtpa with an investment of AED110mn in 1 year.
- The management believes the UAE provides a stable demand environment with attractive pricing and improving EBITDA/t.

Exhibit 3: Capacity to increase to 7mtpa by FY27E for UAE plant

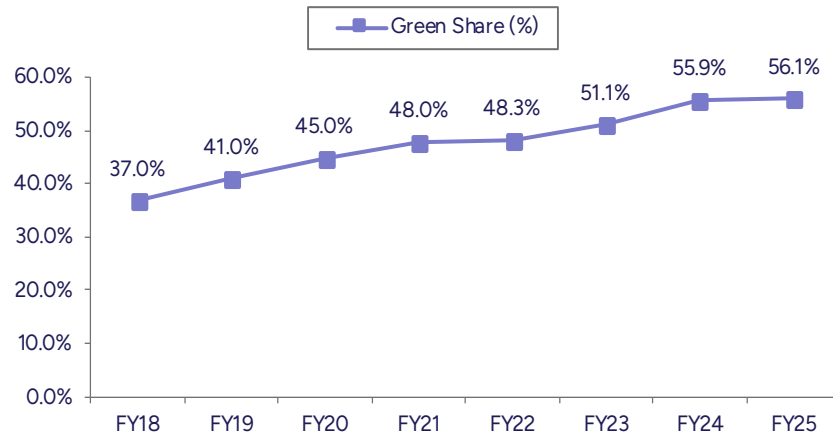


Source: Company, PL

Other highlights:

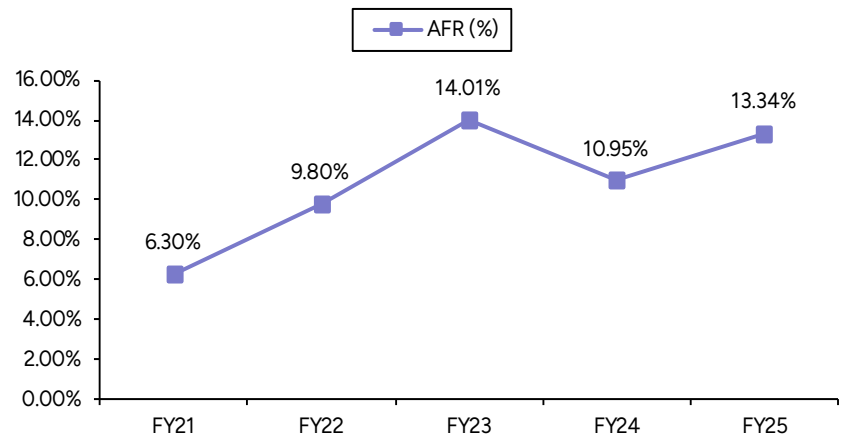
- SRCM is focusing on RMC business to capture strong growth. The company has rapidly expanded its RMC portfolio to 24 operational plants and expects to reach 1,000 units in the long term. It recently set up its first RMC unit in East, i.e., in Raipur, Chhattisgarh, and commissioned a solar-powered RMC facility in Jaipur.
- The management emphasized continued focus on AFR, TSR and energy mix improvements to manage power and fuel costs and drive efficiency.

Exhibit 4: SRCM has one of the highest RE shares in the industry



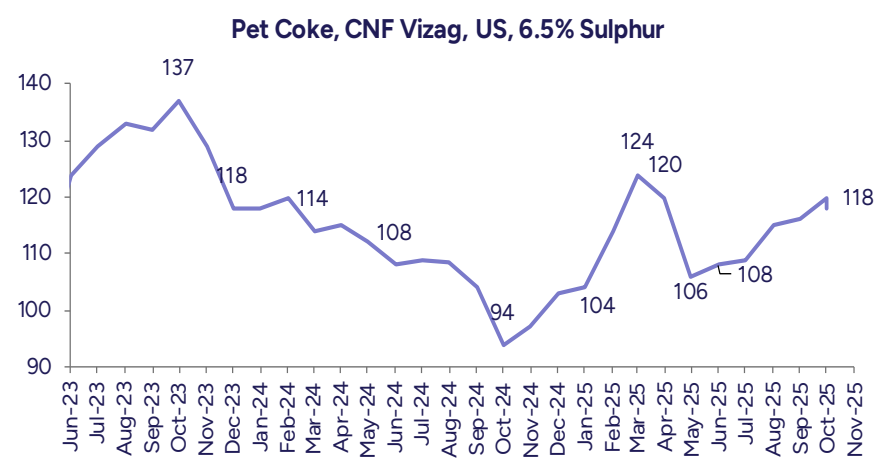
Source: Company, PL

Exhibit 5: Consistent increase in AFR



Source: Company, PL

Exhibit 6: Elevated pet coke prices could be a cause of concern



Source: CoalMint, PL

Financials

Income Statement (Rs m)

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| Net Revenues | 1,91,685 | 2,09,442 | 2,28,262 | 2,50,293 |
| YoY gr. (%) | (5.3) | 9.3 | 9.0 | 9.7 |
| Cost of Goods Sold | 20,080 | 25,710 | 29,459 | 33,313 |
| Gross Profit | 1,71,606 | 1,83,732 | 1,98,803 | 2,16,980 |
| Margin (%) | 89.5 | 87.7 | 87.1 | 86.7 |
| Employee Cost | 11,478 | 12,542 | 13,594 | 14,312 |
| Other Expenses | 1,21,968 | 1,21,445 | 1,30,344 | 1,41,420 |
| EBITDA | 38,159 | 49,745 | 54,865 | 61,248 |
| YoY gr. (%) | (10.0) | 30.4 | 10.3 | 11.6 |
| Margin (%) | 19.9 | 23.8 | 24.0 | 24.5 |
| Depreciation and Amortization | 30,068 | 31,246 | 34,966 | 38,566 |
| EBIT | 8,092 | 18,499 | 19,899 | 22,682 |
| Margin (%) | 4.2 | 8.8 | 8.7 | 9.1 |
| Net Interest | 2,012 | 918 | 543 | 543 |
| Other Income | 7,035 | 8,115 | 8,727 | 4,915 |
| Profit Before Tax | 13,115 | 25,696 | 28,083 | 27,054 |
| Margin (%) | 6.8 | 12.3 | 12.3 | 10.8 |
| Total Tax | 1,877 | 5,770 | 6,943 | 7,564 |
| Effective tax rate (%) | 14.3 | 22.5 | 24.7 | 28.0 |
| Profit after tax | 11,238 | 19,926 | 21,140 | 19,490 |
| Minority interest | 10 | 10 | 19 | 25 |
| Share Profit from Associate | - | - | - | - |
| Adjusted PAT | 11,227 | 19,915 | 21,121 | 19,466 |
| YoY gr. (%) | (50.7) | 77.4 | 6.1 | (7.8) |
| Margin (%) | 5.9 | 9.5 | 9.3 | 7.8 |
| Extra Ord. Income / (Exp) | 1 | - | - | - |
| Reported PAT | 11,228 | 19,915 | 21,121 | 19,466 |
| YoY gr. (%) | (50.7) | 77.4 | 6.1 | (7.8) |
| Margin (%) | 5.9 | 9.5 | 9.3 | 7.8 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 11,228 | 19,915 | 21,121 | 19,466 |
| Equity Shares O/s (m) | 36 | 36 | 36 | 36 |
| EPS (Rs) | 311.2 | 552.0 | 585.4 | 539.5 |

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Non-Current Assets | | | | |
| Gross Block | 2,44,386 | 2,76,386 | 3,06,386 | 3,36,386 |
| Tangibles | 2,44,386 | 2,76,386 | 3,06,386 | 3,36,386 |
| Intangibles | - | - | - | - |
| Acc: Dep / Amortization | 1,51,239 | 1,82,485 | 2,17,452 | 2,56,018 |
| Tangibles | 1,51,239 | 1,82,485 | 2,17,452 | 2,56,018 |
| Intangibles | - | - | - | - |
| Net fixed assets | 93,147 | 93,901 | 88,935 | 80,368 |
| Tangibles | 93,147 | 93,901 | 88,935 | 80,368 |
| Intangibles | - | - | - | - |
| Capital Work In Progress | 42,593 | 43,093 | 48,093 | 53,093 |
| Goodwill | - | - | - | - |
| Non-Current Investments | 15,437 | 15,437 | 15,437 | 15,437 |
| Net Deferred tax assets | 7,764 | 7,764 | 7,764 | 7,764 |
| Other Non-Current Assets | 4,679 | 4,679 | 4,679 | 4,679 |
| Current Assets | | | | |
| Investments | 64,526 | 64,526 | 64,526 | 64,526 |
| Inventories | 24,436 | 27,543 | 30,018 | 32,915 |
| Trade receivables | 14,015 | 14,345 | 15,634 | 17,143 |
| Cash & Bank Balance | 2,936 | 9,380 | 22,285 | 36,005 |
| Other Current Assets | 13,621 | 13,621 | 13,621 | 13,621 |
| Total Assets | 2,84,918 | 2,96,053 | 3,12,756 | 3,27,316 |
| Equity | | | | |
| Equity Share Capital | 361 | 361 | 361 | 361 |
| Other Equity | 2,15,017 | 2,29,881 | 2,45,229 | 2,58,200 |
| Total Networth | 2,15,378 | 2,30,242 | 2,45,589 | 2,58,560 |
| Non-Current Liabilities | | | | |
| Long Term borrowings | 8,618 | 3,618 | 3,618 | 3,618 |
| Provisions | 341 | 341 | 341 | 341 |
| Other non current liabilities | 603 | 603 | 603 | 603 |
| Current Liabilities | | | | |
| ST Debt / Current of LT Debt | - | - | - | - |
| Trade payables | 13,610 | 14,871 | 16,207 | 17,772 |
| Other current liabilities | 42,599 | 42,599 | 42,599 | 42,599 |
| Total Equity & Liabilities | 2,84,918 | 2,96,053 | 3,12,756 | 3,27,316 |

Source: Company Data, PL Research

Cash Flow (Rs m)

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| PBT | 13,115 | 25,696 | 28,083 | 27,054 |
| Add. Depreciation | 30,068 | 31,246 | 34,966 | 38,566 |
| Add. Interest | 2,050 | 918 | 543 | 543 |
| Less Financial Other Income | 7,035 | 8,115 | 8,727 | 4,915 |
| Add. Other | (5,732) | (8,115) | (8,727) | (4,915) |
| Op. profit before WC changes | 39,500 | 49,745 | 54,865 | 61,248 |
| Net Changes-WC | 14,058 | (2,177) | (2,428) | (2,842) |
| Direct tax | (4,355) | (5,770) | (6,943) | (7,564) |
| Net cash from Op. activities | 49,203 | 41,798 | 45,494 | 50,842 |
| Capital expenditures | (40,834) | (32,500) | (35,000) | (35,000) |
| Interest / Dividend Income | 2,420 | - | - | - |
| Others | 1,137 | 8,115 | 8,727 | 4,915 |
| Net Cash from Inv. activities | (37,276) | (24,385) | (26,273) | (30,085) |
| Issue of share cap. / premium | - | - | - | - |
| Debt changes | (7,251) | (5,000) | - | - |
| Dividend paid | (3,799) | (5,051) | (5,773) | (6,495) |
| Interest paid | (1,904) | (918) | (543) | (543) |
| Others | (9) | - | - | - |
| Net cash from Fin. activities | (12,963) | (10,969) | (6,316) | (7,037) |
| Net change in cash | (1,036) | 6,444 | 12,905 | 13,720 |
| Free Cash Flow | 8,156 | 9,298 | 10,494 | 15,842 |

Source: Company Data, PL Research

Quarterly Financials (Rs m)

| Y/e Mar | Q3FY25 | Q4FY25 | Q1FY26 | Q2FY26 |
|-----------------------------------|---------------|---------------|---------------|---------------|
| Net Revenue | 46,151 | 58,153 | 52,581 | 46,071 |
| YoY gr. (%) | (24.7) | 20.8 | (18.9) | 4.5 |
| Raw Material Expenses | 5,544 | 7,090 | 5,422 | 5,535 |
| Gross Profit | 40,607 | 51,064 | 47,160 | 40,536 |
| Margin (%) | 183.6 | 163.4 | 194.4 | 182.9 |
| EBITDA | 9,801 | 14,122 | 12,582 | 8,796 |
| YoY gr. (%) | (54.9) | (2.5) | (3.0) | (41.1) |
| Margin (%) | 31.2 | 31.7 | 34.2 | 21.8 |
| Depreciation / Depletion | 7,583 | 7,564 | 5,635 | 5,653 |
| EBIT | 2,218 | 6,557 | 6,947 | 3,142 |
| Margin (%) | 11.2 | 15.8 | 19.5 | 5.5 |
| Net Interest | 576 | 459 | 494 | 560 |
| Other Income | 1,163 | 1,521 | 2,026 | 1,587 |
| Profit before Tax | 2,806 | 7,620 | 8,478 | 3,933 |
| Margin (%) | 11.8 | 17.5 | 21.6 | 6.3 |
| Total Tax | 370 | 1,938 | 2,187 | 1,228 |
| Effective tax rate (%) | 45.9 | 61.5 | 53.6 | 60.3 |
| Profit after Tax | 2,436 | 5,682 | 6,291 | 2,704 |
| Minority interest | - | - | - | - |
| Share Profit from Associates | - | - | - | - |
| Adjusted PAT | 2,436 | 5,682 | 6,291 | 2,872 |
| YoY gr. (%) | (111.9) | (33.1) | 38.2 | 82.2 |
| Margin (%) | 9.1 | 12.7 | 15.9 | 4.6 |
| Extra Ord. Income / (Exp) | - | - | - | (167) |
| Reported PAT | 2,436 | 5,682 | 6,291 | 2,704 |
| YoY gr. (%) | (111.9) | (33.1) | 38.2 | 64.3 |
| Margin (%) | 9.1 | 12.7 | 15.9 | 4.2 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 2,436 | 5,682 | 6,291 | 2,704 |
| Avg. Shares O/s (m) | 36 | 36 | 36 | 36 |
| EPS (Rs) | 63.6 | 154.1 | 171.4 | 81.4 |

Source: Company Data, PL Research

Key Financial Metrics

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|----------------------------|---------|---------|---------|---------|
| Per Share(Rs) | | | | |
| EPS | 311.2 | 552.0 | 585.4 | 539.5 |
| CEPS | 1,144.5 | 1,418.0 | 1,554.5 | 1,608.4 |
| BVPS | 5,969.4 | 6,381.4 | 6,806.8 | 7,166.3 |
| FCF | 226.1 | 257.7 | 290.9 | 439.1 |
| DPS | 110.0 | 140.0 | 160.0 | 180.0 |
| Return Ratio(%) | | | | |
| RoCE | 3.6 | 8.1 | 8.2 | 8.9 |
| ROIC | 4.5 | 9.3 | 9.7 | 10.5 |
| RoE | 5.3 | 8.9 | 8.9 | 7.7 |
| Balance Sheet | | | | |
| Net Debt : Equity (x) | (0.3) | (0.3) | (0.3) | (0.4) |
| Net Working Capital (Days) | 47 | 47 | 47 | 47 |
| Valuation(x) | | | | |
| PER | 83.9 | 47.3 | 44.6 | 48.4 |
| P/B | 4.4 | 4.1 | 3.8 | 3.6 |
| P/CEPS | 22.8 | 18.4 | 16.8 | 16.2 |
| EV/EBITDA | 23.1 | 17.5 | 15.6 | 13.8 |
| EV/Sales | 4.6 | 4.2 | 3.8 | 3.4 |
| Dividend Yield (%) | 0.4 | 0.5 | 0.6 | 0.7 |

Source: Company Data, PL Research

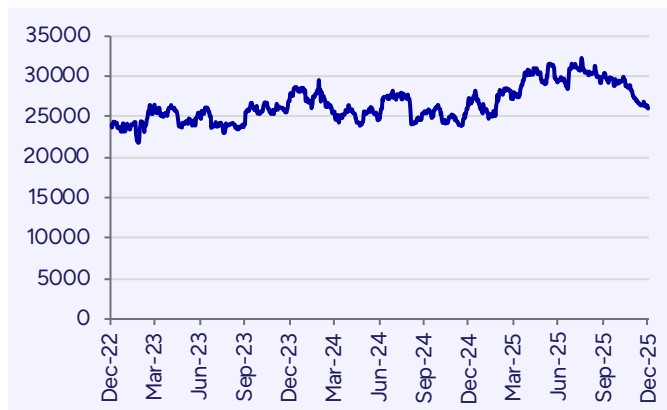
Key Operating Metrics

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|-------------------------|-------|-------|-------|-------|
| Domestic volumes (mt) | 36 | 37 | 40 | 44 |
| Net Realisations (Rs/t) | 4,554 | 4,736 | 4,831 | 4,927 |
| Cement EBITDA (Rs/te) | 1,034 | 1,282 | 1,311 | 1,338 |

Source: Company Data, PL Research

Price Chart

Recommendation History



| No. | Date | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|------------|----------|-------------------|
| 1 | 29-Oct-25 | Accumulate | 31,769 | 28,585 |
| 2 | 08-Oct-25 | Accumulate | 32,410 | 29,555 |
| 3 | 05-Aug-25 | Hold | 30,001 | 30,205 |
| 4 | 07-Jul-25 | Reduce | 29,516 | 31,170 |
| 5 | 07-Apr-25 | Reduce | 28,336 | 30,788 |
| 6 | 01-Feb-25 | Hold | 26,190 | 27,796 |
| 7 | 08-Jan-25 | Hold | 24,838 | 26,027 |

Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---------|---------------------------|------------|---------|------------------|
| 1 | ACC | BUY | 2,374 | 1,882 |
| 2 | Adani Port & SEZ | BUY | 1,777 | 1,444 |
| 3 | Ambuja Cement | BUY | 718 | 577 |
| 4 | Dalmia Bharat | Accumulate | 2,372 | 2,250 |
| 5 | Hindalco Industries | Accumulate | 846 | 790 |
| 6 | Jindal Stainless | Hold | 748 | 743 |
| 7 | Jindal Steel | Accumulate | 1,151 | 1,071 |
| 8 | JSW Infrastructure | Accumulate | 338 | 309 |
| 9 | JSW Steel | Hold | 1,118 | 1,166 |
| 10 | National Aluminium Co. | BUY | 281 | 235 |
| 11 | NMDC | Accumulate | 86 | 77 |
| 12 | Nuvoco Vistas Corporation | Accumulate | 459 | 412 |
| 13 | Shree Cement | Accumulate | 31,769 | 28,585 |
| 14 | Steel Authority of India | Hold | 143 | 137 |
| 15 | Tata Steel | Accumulate | 196 | 177 |
| 16 | Ultratech Cement | Accumulate | 13,425 | 12,370 |

PL's Recommendation Nomenclature (Absolute Performance)

| | |
|--------------------------|-----------------------------------|
| Buy | : > 15% |
| Accumulate | : 5% to 15% |
| Hold | : +5% to -5% |
| Reduce | : -5% to -15% |
| Sell | : < -15% |
| Not Rated (NR) | : No specific call on the stock |
| Under Review (UR) | : Rating likely to change shortly |

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Tushar Chaudhari- MMS-Finance, Mr. Satyam Kesarwani- BFM, Passed CFA Level II, Mr. Pranav Iyer- BBA Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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