

Result Update

Q2 FY26

Shree Cement Ltd.

Institutional
Research

Shree Cement Ltd.



BP WEALTH

Cement & Cement Products | Q2FY26 Result Update

29th October 2025

Premiumization and capacity expansion to drive long-term growth

Shree Cement Ltd. reported a revenue of Rs. 4,761 crores (down 9.8% QoQ / up 17.4% YoY), driven by an increase in the share of premium products from 15% in Q2FY25 to 21% in Q2FY26. The company's EBITDA stood at Rs. 974 crores (down 26.9% QoQ / up 58.8% YoY). The annual increase was due to improved volumes and stable pricing. Its EBITDA margin stood at 20.5%, compared with 15.1% in the same quarter of the previous year and 25.2% in the last quarter. The company's EBITDA/ton increased significantly on an annual basis to Rs. 1,105 during the quarter, compared to Rs. 772 in Q2FY25 and Rs. 1,373 in Q1FY26. Raw material costs stood at Rs. 511 crores (up 16.7% QoQ / up 23.4% YoY). Freight costs during the quarter stood at Rs. 1,029 crores (down 11.6% QoQ / up 9.5% YoY). Power and Fuel costs decreased sequentially to Rs. 1,184 crores (down 9.6% QoQ / up 1.8% YoY). The company's share of green power consumption stood at 63% in H1FY25, which is one of the highest in the Indian cement industry, and green power capacity rose to 612 MW in Q2FY26. Other costs stood at Rs. 760 crores (up 3.3% QoQ / up 19.5% YoY). The company's profitability improved significantly annually but decreased on a sequential basis and stood at Rs. 310 crores (down 51.9% QoQ / up 304.3% YoY), driven by increased operational efficiency and volume growth during the quarter. The company's annual cement volumes increased, with total sales reaching 8.1 MT, but decreased sequentially, due to heavy rains in North India. The company has commissioned the clinkerization unit of 3.65 million tonnes at Jaitaran, Rajasthan and is on track to increase its expected cement production capacity to 68.8 MTPA once it commissions the 3.0 MTPA cement mill and completes the work on the integrated project at Kodla, Karnataka, of 3.0 MTPA.

Valuation and Outlook

Shree Cement Ltd. continues to demonstrate a disciplined approach to growth and profitability in a dynamic market environment. The company's strategy of focusing on "value over volume," supported by premiumization and improved brand positioning, is helping it gradually enhance pricing power without compromising market share. This strategy is a key driver behind its ability to grow volumes ahead of the industry while maintaining healthy margins. The company's commitment to green energy and sustainability is a distinct competitive advantage, with a significant portion of its power consumption derived from renewable sources and an expanding green power capacity that will support cost efficiencies. Shree Cement is also actively expanding its production capacity through new clinker and cement plants, ensuring steady supply growth aligned with expected demand recovery post-monsoon. Its cautious capital allocation reflects prudent financial management, even as it invests in development and operational efficiency. Geographically, the company is strengthening its presence in both northern and southern markets in India and enhancing its UAE operations, which have shown impressive performance and expansion plans. Strategic investments in renewable energy, logistics, and ready-mix concrete underscore its focus on long-term competitiveness. While near-term margins may face some pressure due to softer demand and input cost fluctuations, Shree Cement remains well-positioned for value-accretive growth, making it a reliable long-term investment within the cement sector.

Key Highlights

Particulars (Rs. Crs.)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
Net Sales	4,761	5,281	17.4%	4,054	-9.8%
Gross Profit	4,250	4,843	16.8%	3,640	-12.2%
Gross Margin (%)	89.3%	91.7%	-52bps	89.8%	244bps
EBITDA	974	1,333	58.8%	613	-26.9%
OPM (%)	20.5%	25.2%	532bps	15.1%	-478bps
Net Profit	310	644	304.3%	77	51.9%
PAT Margin (%)	6.5%	12.2%	462bps	1.9%	-568bps

Source: Company, BP Equities Research

Sector Outlook

Positive

Stock

CMP (Rs.)	29,213
BSE code	500387
NSE Symbol	SHREECEM
Bloomberg	SRCM IN
Reuters	SHCM.BO

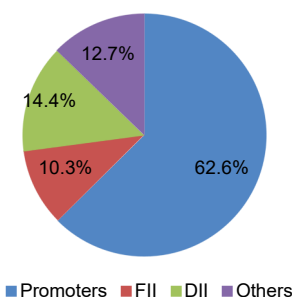
Key Data

Nifty	26,054
52 Week H/L (Rs.)	32,490 / 23,500
O/s Shares (Crs.)	36
Market Cap (Rs. Crs.)	1,046.5
Face Value (Rs.)	10

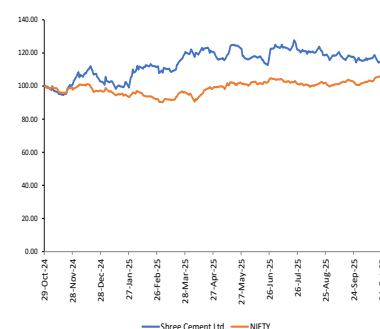
Average Volume

3 months	30,090
6 months	35,880
1 year	35,150

Share Holding (%)



Relative Price Chart



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Key Concall Highlights**Capacity Expansion**

- The management reported commissioning of a 3.65 MTPA clinkerization unit at Jaitaran, Rajasthan, with the associated 3.0 MTPA cement mill to be commissioned shortly.
- Work on the 3.0 MTPA integrated project at Kodla, Karnataka, is in its final stages and expected to be commissioned within the current quarter.
- UAE operations are expanding with a new 3 million tonne cement mill, funded by cash generated in the UAE.
- The company aims to grow capacity to about 72-75 million tonnes by FY27 and evaluates further expansions based on demand conditions.

"Shree Cement commissioned India's first solar-powered RMC plant at Jaipur, operating primarily on renewable energy."

Pricing and Volumes

- The company maintained its "value over volume" strategy, focusing on pricing discipline and brand equity rather than market share gains.
- Cement sales volume grew by 6.8% YoY in the recent quarter, outperforming industry growth, and the management expects to grow in line with or slightly ahead of industry growth going forward.
- Management emphasized reducing the price gap between its brands and top-tier peers, aided by improved distribution and product positioning.
- The company expects steady market conditions with stable pricing but emphasizes that commodity prices are subject to market forces.

Demand and Industry Outlook

- GST rate reduction from 28% to 18% is considered transformational and expected to boost demand over the long term, especially in low- and middle-income housing.
- Despite monsoon-led weakness in demand, realizations remained broadly stable sequentially.
- Management expects a gradual pickup in construction activity post-monsoon, supported by infrastructure development and resilient macroeconomic indicators.
- Demand across North, South, and East India is relatively balanced, with North and West expected to see slightly better demand.
- The company continues to focus on North India as a core market while expanding its presence in the South and East regions.

"All manufacturing plants maintain zero liquid discharge standards with high water recycling and reuse, improving the water positivity index."

Cost Optimization Strategies

- The company continues to improve logistics efficiency, with rail share in outbound transport rising to 11%, and a target to reach 20% in the near term.
- Railway sidings are under development at Kodla, Etah, and Purulia to support cost savings and improve supply chain efficiency.
- Shree Cement is increasing its Alternative Fuel and Raw Material (AFR) usage, which rose to 2.3% from 1.5% last year, with multiple projects underway to enhance substitution rates further.

CapEx and Financial Discipline

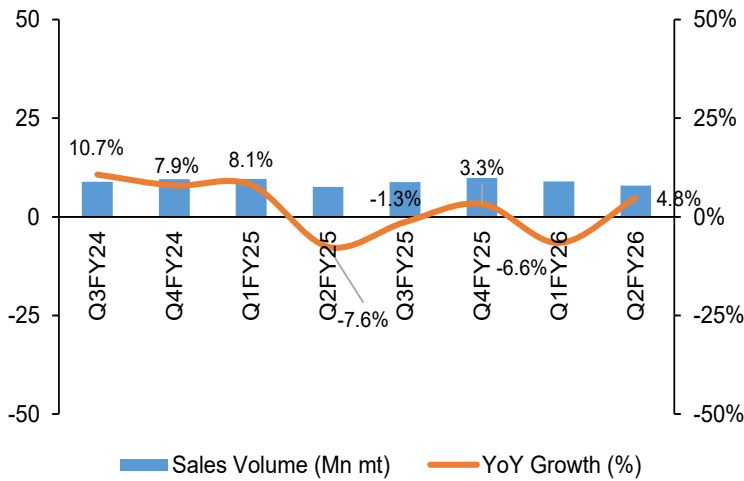
- CapEx guidance is around Rs. 3,000 crores annually for FY26 and FY27, with commissioning schedules subject to market demand.
- The company maintains strong cash reserves and balances dividend payouts prudently.
- Depreciation charges are aligned with the capitalization schedule and expected to normalize.

Other Key Highlights

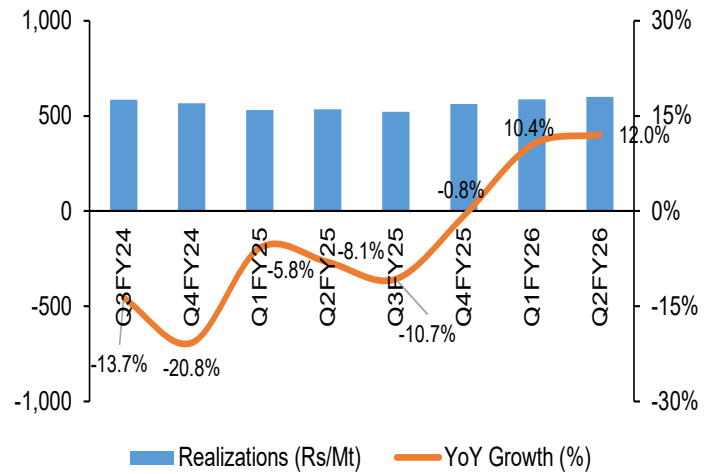
- UAE operations recorded their best-ever quarterly performance with significant volume and revenue growth.
- The company expanded its Ready-Mix Concrete (RMC) portfolio, now operating 24 plants, including new units in Raipur (Chhattisgarh) and Jaipur.

Quarterly Snapshot

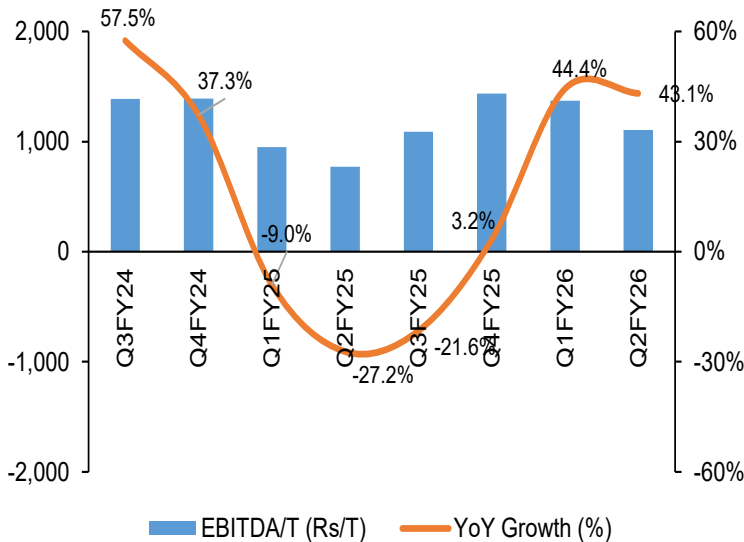
Sales Volume (Mn Mt)



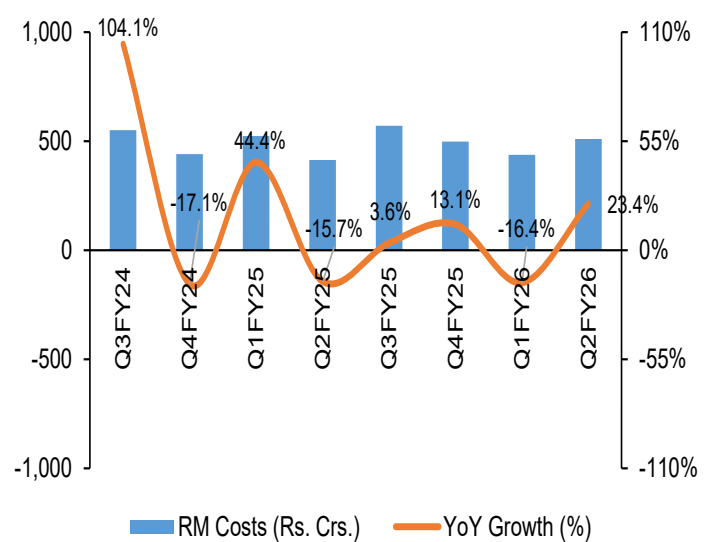
Realizations (Rs/Mt)



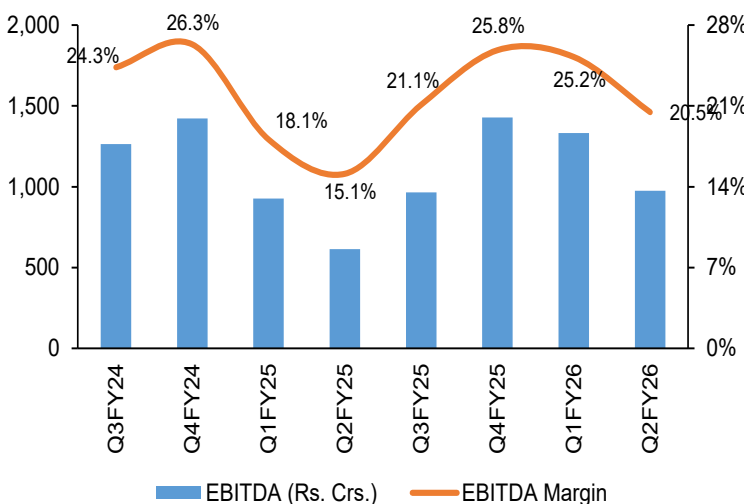
EBITDA/T (Rs/T)



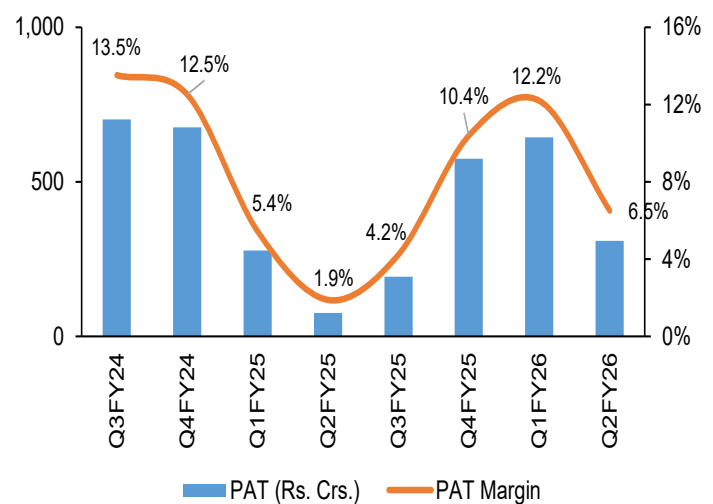
RM Costs



EBITDA & EBITDA Margin



PAT & PAT Margin



Source: Company, BP Equities Research

Key Financials						
YE March (Rs. Crs.)	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue	15,010	17,852	20,521	19,283	21,342	24,819
<i>Revenue Growth (Y-o-Y)</i>	10.7%	18.9%	14.9%	(6.0%)	10.7%	16.3%
EBITDA	3,710	2,960	4,518	3,934	5,069	5,819
<i>EBITDA Growth (Y-o-Y)</i>	(9.3%)	(20.2%)	52.6%	(12.9%)	28.9%	14.8%
Net Profit	2,337	1,269	2,396	1,124	1,922	2,346
<i>Net Profit Growth (Y-o-Y)</i>	2.1%	(45.7%)	88.8%	(53.1%)	71.0%	22.1%
Diluted EPS	646.3	352.2	664.0	311.2	532.3	649.9
<i>Diluted EPS Growth (Y-o-Y)</i>	2.0%	(45.5%)	88.5%	(53.1%)	71.1%	22.1%
Key Ratios						
EBITDA margin (%)	24.7%	16.6%	22.0%	20.4%	23.8%	23.4%
NPM (%)	15.6%	7.1%	11.7%	5.8%	9.0%	9.5%
RoE (%)	13.3%	6.8%	11.6%	5.2%	8.2%	9.1%
RoCE (%)	13.4%	6.0%	11.9%	17.6%	20.0%	19.7%
Valuation Ratios						
P/E (x)	45.2x	82.9x	44.0x	93.9x	54.9x	45.0x
EV/EBITDA (x)	28.8x	36.6x	23.5x	26.9x	21.1x	18.6x
Market Cap. / Sales (x)	7.0x	5.9x	5.1x	5.5x	4.9x	4.2x

Source: Company, BP Equities Research

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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