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Result Update

Q3 FY26

Shree Cement Ltd.

Institutional Research

Shree Cement Ltd.

BP WEALTH

Cement & Cement Products | Q3FY26 Result Update **10th February 2026**

Steady operating performance amid value-led growth

Shree Cement Ltd. reported revenue of Rs. 4,801 crores (up 0.8% QoQ / up 5.0% YoY), driven by an increase in the share of premium products from 15% in Q3FY25 to 22% in Q3FY26 and higher annual realizations. The company's EBITDA stood at Rs. 947 crores (down 2.7% QoQ / down 1.8% YoY). This decline was due to higher employee expenses during the quarter, as the company provided Rs. 56 crores towards employee benefit obligations under the new labor law code. EBITDA margin stood at 19.7%, compared with 21.1% in the same quarter of the previous year and 20.5% in the last quarter. The company's EBITDA/ton decreased to Rs. 989 during the quarter, compared to Rs. 1,088 in Q3FY25 and Rs. 1,105 in Q2FY26. Raw material costs stood at Rs. 523 crores (up 2.3% QoQ / down 8.4% YoY). Freight costs during the quarter stood at Rs. 1,114 crores (up 8.2% QoQ / up 6.1% YoY). Power and Fuel costs decreased sequentially to Rs. 1,122 crores (down 5.2% QoQ / up 8.2% YoY). The company's share of green power consumption stood at 56% in Q3FY26, and green power capacity increased to 634 MW in Q3FY26. Other costs stood at Rs. 711 crores (down 6.4% QoQ / up 5.6% YoY). The company's profitability declined sequentially but increased on an annual basis, standing at Rs. 268 crores (down 13.6% QoQ / up 38.2% YoY). The annual growth was driven by increased premiumization and improved cost efficiency. Sales volumes increased sequentially, with total sales reaching 8.7 MT, but declined annually.

Valuation and Outlook

Shree Cement delivered an operationally steady quarter, with a clear continuation of the shift towards value-led growth over volume expansion. While revenue growth held up, operating performance faced pressure as the company prioritized long-term positioning over short-term margin expansion. Management continues to focus on improving realizations and utilization to narrow the pricing gap with leading peers and sustain industry-leading profitability over time. The ongoing push toward premium products reflects confidence in brand strength and pricing power, even if it temporarily weighs on margins. Management remains optimistic on near-term demand, supported by government project execution, and expects industry growth of around 7-8%, with Shree Cement aiming to be at least in line with this trend. Cost control remains a key strength, with power and fuel efficiency, supported by a rising share of green energy, providing structural advantages. The recent pressure on profitability largely reflects temporary factors, such as employee-related provisions and lower fixed-cost absorption. Looking ahead, pricing discipline is expected to hold, with gradual improvement in volumes as utilization increases and ready-mix concrete expansion supports internal consumption. While margin recovery may be gradual, Shree Cement appears well-positioned to translate its strategic choices into stronger earnings.

Key Highlights

Particulars (Rs. Crs.)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Net Sales	4,801	4,573	5.0%	4,761	0.8%
Gross Profit	4,278	4,002	6.9%	4,250	0.6%
Gross Margin (%)	89.1%	87.5%	159bps	89.3%	-16bps
EBITDA	947	965	-1.8%	974	-2.7%
OPM (%)	19.7%	21.1%	-137bps	20.5%	-72bps
Net Profit	268	194	38.2%	310	13.6%
PAT Margin (%)	5.6%	4.2%	134bps	6.5%	-93bps

Source: Company, BP Equities Research

Sector Outlook **Positive**

Stock

CMP (Rs.)	26,500
BSE code	500387
NSE Symbol	SHREECEM
Bloomberg	SRCM IN
Reuters	SHCM.BO

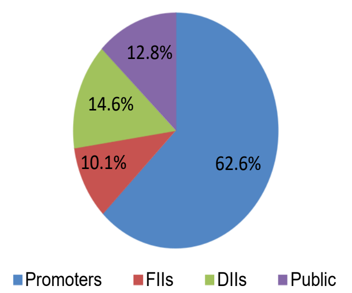
Key Data

Nifty	25,935
52 Week H/L (Rs.)	32,490 / 25,360
O/s Shares (Crs.)	3.6
Market Cap (Rs. Crs.)	98,059
Face Value (Rs.)	10

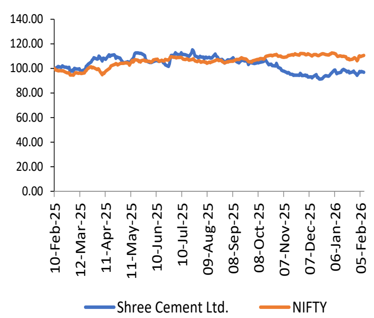
Average Volume

3 months	35,267
6 months	32,660
1 year	35,655

Share Holding (%)



Relative Price Chart



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Key Concall Highlights

Capacity Expansion

- The company expects to reach a total capacity of 72 million tons by March 2026.
- Management may defer the long-term target of achieving 80 million tons by FY29, as it is dependent on how demand pans out in 2026 and 2027.
- The new Kodla unit is on track to be commissioned by March, which will have a waste heat recovery system.
- There is a significant strategic push into the Ready Mix Concrete (RMC) segment, with plans to increase the number of plants from 19 to 45 by September 2026.
- All RMC plants will use the company's own cement internally, which is expected to aid overall capacity utilization.

"The company maintains that it remains the lowest-priced fuel procurer in the industry due to its procurement strategies over its 40-year existence."

Pricing and Volumes

- By restraining volumes, the company has narrowed the price gap with competitors from approximately Rs. 30 per bag to about Rs. 15 per bag.
- Management remains confident of achieving sales volumes of 9 million to 9.5 million tons in the fourth quarter.
- Trade sales and blended cement both accounted for 65% of the total mix during Q3FY26.

Cost Optimization Strategies

- The company's renewable energy portfolio has reached approximately 61%, and management intends to continue increasing this share.
- Logistics were managed with a road-to-rail mix of 88% and 12% respectively, with a lead distance of 446 kilometers.
- Renewable energy usage has been steadily increasing and is supplemented by waste heat recovery systems.

CapEx Plans

- The total CapEx for the current financial year is expected to be Rs. 2,000 crores, with Rs. 1,500 crores already completed.
- Management clarified that near-term capital allocation is focused on RMC plants and railway sidings.
- The company plans to invest approximately Rs. 200 crores to Rs. 250 crores specifically in the development of railway sidings.

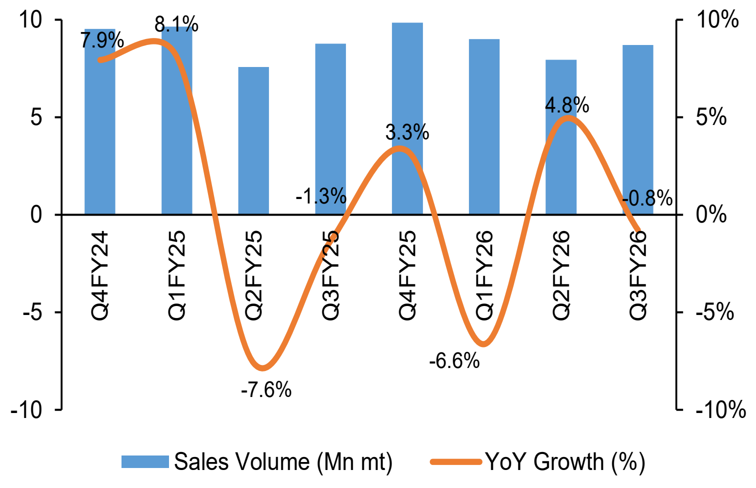
"Regional sales distribution for the quarter was reported as 51% in the North, 26% in the East, and 13% in the South."

Other Key Concall Highlights

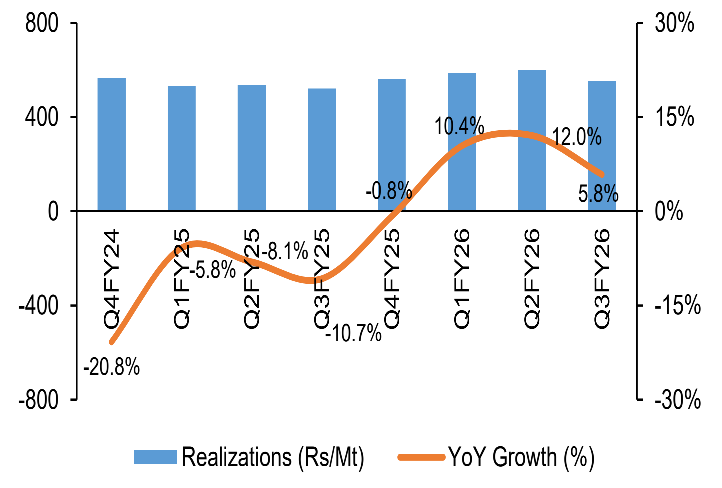
- A new President of Marketing was inducted in November, and management noted that this has already begun showing results in dealer relations and sales.
- Management clarified that a regulatory inquiry referenced in media reports was routine in nature, with all information already shared.
- The company maintains a debt-free balance sheet with approximately Rs. 6,000 crores in free cash.
- Regarding the UAE market, the company currently controls the largest cement plant in that geography.

Quarterly Snapshot

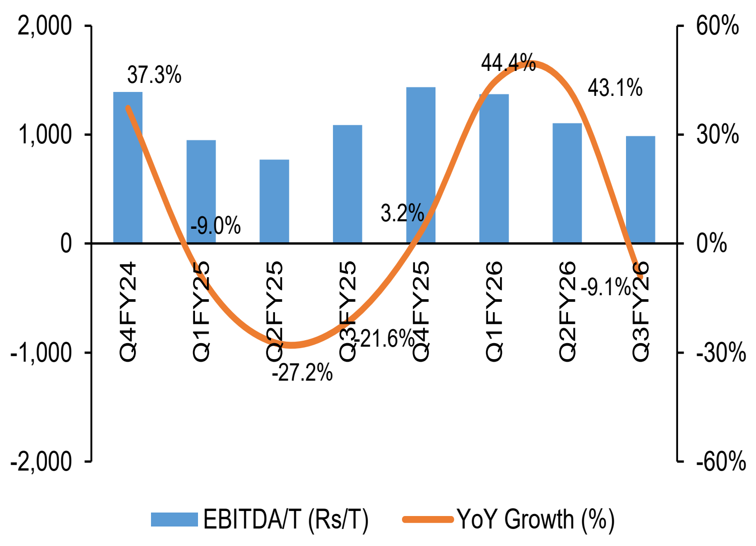
Sales Volume (Mn Mt)



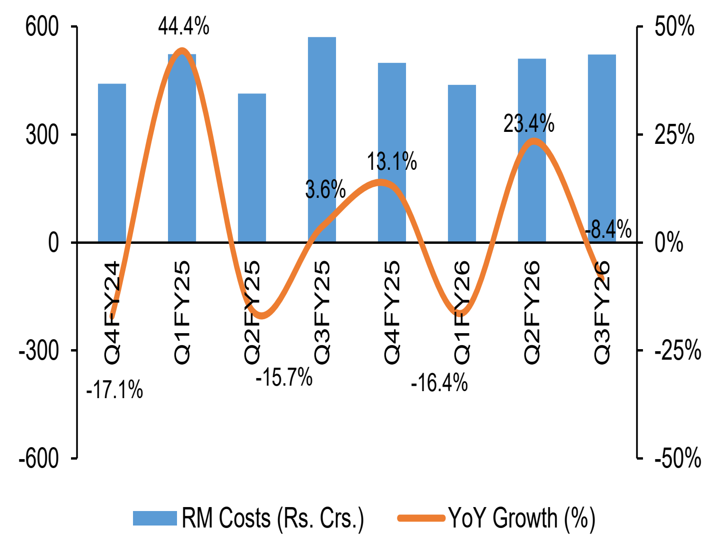
Realizations (Rs/Mt)



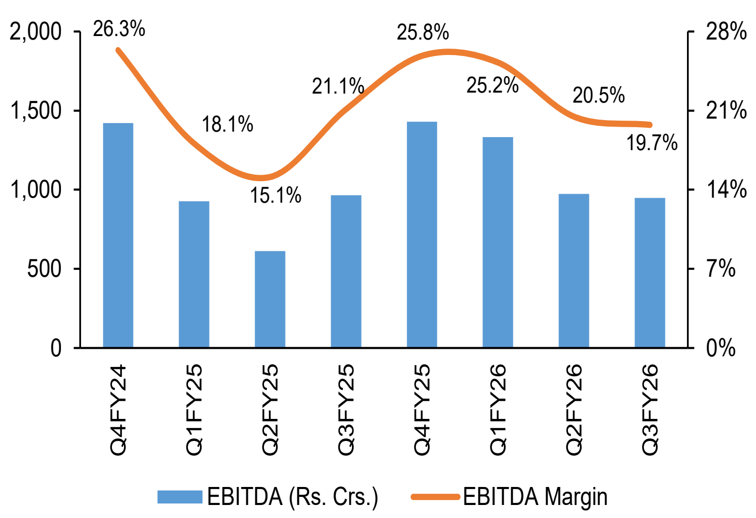
EBITDA/T (Rs./T)



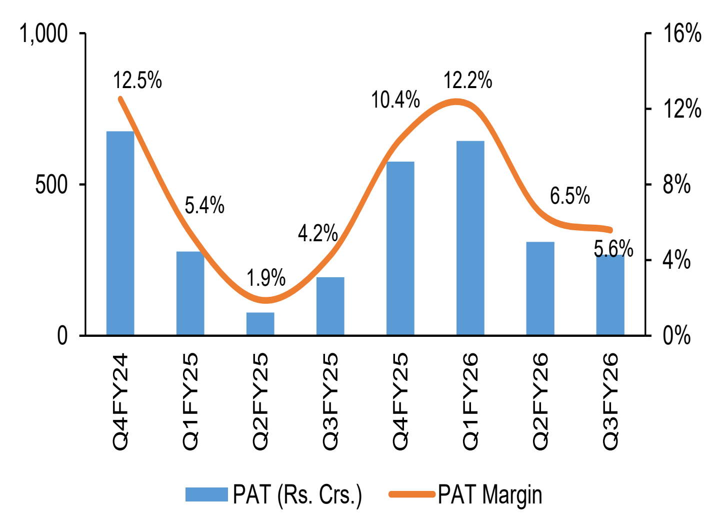
RM Costs (Rs. Crs.)



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**	**21,299**	**23,362**
Revenue Growth (Y-o-Y)	*10.7%*	*18.9%*	*14.9%*	*(6.0%)*	*10.5%*	*9.7%*
EBITDA	**3,710**	**2,960**	**4,518**	**3,934**	**4,815**	**5,519**
EBIDTA Growth (Y-o-Y)	*(9.3%)*	*(20.2%)*	*52.6%*	*(12.9%)*	*22.4%*	*14.6%*
Net Profit	**2,337**	**1,269**	**2,396**	**1,124**	**1,837**	**2,267**
Net Profit Growth (Y-o-Y)	*2.1%*	*(45.7%)*	*88.8%*	*(53.1%)*	*63.5%*	*23.4%*
Diluted EPS	**646.3**	**352.2**	**664.0**	**311.2**	**508.9**	**627.9**
Diluted EPS Growth (Y-o-Y)	*2.0%*	*(45.5%)*	*88.5%*	*(53.1%)*	*63.5%*	*23.4%*
Key Ratios						
EBITDA margin (%)	**24.7%**	**16.6%**	**22.0%**	**20.4%**	**22.6%**	**23.6%**
NPM (%)	15.6%	7.1%	11.7%	5.8%	8.6%	9.7%
RoE (%)	**13.3%**	**6.8%**	**11.6%**	**5.2%**	**7.8%**	**8.8%**
RoCE (%)	13.4%	6.0%	11.9%	17.6%	19.0%	18.8%
Valuation Ratios						
P/E (x)	**41.0x**	**75.2x**	**39.9x**	**85.2x**	**52.1x**	**42.2x**
EV/EBITDA (x)	26.1x	33.3x	21.4x	24.5x	20.1x	17.8x
Market Cap. / Sales (x)	**6.4x**	**5.4x**	**4.7x**	**5.0x**	**4.5x**	**4.1x**

Source: Company, BP Equities Research, Bloomberg Estimates

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

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