

October 29, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	31,769		32,410	
Sales (Rs. m)	2,29,268	2,53,466	2,40,019	2,64,587
% Chng.	(4.5)	(4.2)		
EBITDA (Rs. m)	57,442	65,447	58,843	66,936
% Chng.	(2.4)	(2.2)		
EPS (Rs.)	627.0	567.2	667.5	603.2
% Chng.	(6.1)	(6.0)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	1,91,685	2,09,643	2,29,268	2,53,466
EBITDA (Rs. m)	38,159	51,077	57,442	65,447
Margin (%)	19.9	24.4	25.1	25.8
PAT (Rs. m)	11,227	21,296	22,621	20,465
EPS (Rs.)	311.2	590.2	627.0	567.2
Gr. (%)	(50.7)	89.7	6.2	(9.5)
DPS (Rs.)	110.0	140.0	145.0	150.0
Yield (%)	0.4	0.5	0.5	0.5
RoE (%)	5.3	9.5	9.4	8.0
RoCE (%)	3.6	8.6	9.3	10.5
EV/Sales (x)	5.1	4.6	4.1	3.6
EV/EBITDA (x)	25.5	18.8	16.4	14.0
PE (x)	91.9	48.4	45.6	50.4
P/BV (x)	4.8	4.5	4.1	3.9

Key Data SHCM.BO | SRCM IN

52-W High / Low	Rs.32,508 / Rs.23,500
Sensex / Nifty	84,628 / 25,936
Market Cap	Rs.1,031bn / \$ 11,685m
Shares Outstanding	36m
3M Avg. Daily Value	Rs.910.61m

Shareholding Pattern (%)

Promoter's	62.55
Foreign	10.33
Domestic Institution	14.65
Public & Others	12.47
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(1.1)	(6.0)	14.1
Relative	(6.0)	(10.9)	7.9

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Regaining volume momentum will be the key

Quick Pointers:

- Mgmt. expects FY26 volumes to be in the range of 37-38mt.
- Some price erosion is witnessed across the country due to festivities.

SRCM reported weaker than expected std operating performance in Q2FY26 on muted volume growth which grew ~4% YoY to 7.9mt. Blended NSR declined 1.5% QoQ due to weakness in cement prices in the East and South. Elevated raw material costs and weak operating leverage led to higher other expenses. Consequently, EBITDA/t stood at Rs1,108 (PLe Rs1,206). Mgmt. indicated some price erosion during the festive period, which would weigh on Q3 realizations, though improving demand supported by GST rationalization and seasonally stronger activities is expected to partly offset the impact. With the commissioning of a 3.65mt clinker unit at Jaitaran and near-completion of the 3mt integrated plant at Kodla, SRCM remains on track to reach ~68mt by FY26 and ~80mt by FY28E depending upon demand and utilization scenarios.

Management reiterated its value-over-volume strategy, aiming for profitable growth even as capacity expands. However, to outperform the industry volume growth, SRCM may need to recalibrate its approach by driving volumes and capitalizing on the current pricing stickiness. Over last few quarters, SRCM has lost market share to its peers which remains a cause of concern. Although it has grown in line with industry in Q2, regaining volume momentum amid rising competitive intensity will be the key for SRCM to outperform. We cut our FY27/28E EBITDA estimates by ~2% each on lower volume assumptions. The stock is trading at EV of 16.4x/14x FY27/FY28E EBITDA. Maintain 'Accumulate' with revised TP of Rs31,769 (earlier Rs32,410) valuing at 17x EV of Sep'27E EBITDA.

- **Revenue grew on better YoY prices:** Std. revenue increased 15.5% YoY to Rs43bn (-13% QoQ; PLe Rs43.24bn) on higher YoY cement prices. Cement volumes grew 3.9% YoY to 7.9mt (-11.7% QoQ; PLe 7.98mt). Blended realization declined 1.5% QoQ to Rs5,447/t (+11% YoY; PLe Rs 5,418/t) due to softness in cement prices in East and South during Q2FY26. Blended EBITDA/t works out at Rs1,108 (PLe Rs1,206/t) adjusting for Rs237mn one-off expenses on certain power transmission assets transfer to Govt Transmission Corp.
- **EBITDA impacted by higher RM costs & lower operating leverage:** EBITDA grew 48% YoY to Rs8.75bn (-29% QoQ; PLe Rs9.6bn) on higher RM costs and lower operating leverage on low volumes in monsoon quarter. P&F costs/t remained flat YoY to Rs1,316 on rising pet coke prices negated by higher share of RE power. Freight cost/t increased 1.7% YoY to Rs1,193. RM costs/t increased to Rs683 due to reclassification of royalty & cess on limestone from other expenses to RM. Other expenses/t grew 7.3% YoY to Rs822/t on lower volumes. Reported PAT grew 3x YoY to Rs2.8bn (-55% QoQ, PLe Rs3.9bn) on lower base and lower depreciation expense.

- **Improving subsidiaries' operating performance:** UAE operations reported revenue of AED231.8mn, up 50% YoY. EBITDA rose sharply by 158% YoY to AED 52.5mn (from AED20.3mn), driven by higher volumes, which increased 34% YoY to 1.32mt from 0.99mt.

Conference Call Highlights Q2FY26:

- Compared to the Q2FY26 average, some slippage is seen in prices across the country due to festival-related disruptions, which have also resulted in a labour shortage.
- According to management, cement demand grew by 3–5% in Q2FY26.
- Volume guidance for FY26 is ~37–38 mt.
- Other expenses increased due to higher repair and maintenance costs during the quarter.
- RE share for the quarter declined to ~60% due to the monsoon. (63.15% in H1FY26 and 65.65% in Q1FY26).
- Railway share was 11% as of Q2FY26 and is expected to reach 20% going forward, resulting in cost saving of Rs 100/t.
- AFR level currently stands at 2.3%, up from 1.5% in Q2FY25, and is expected to increase further.
- Mgmt. expects to maintain the premium share level at 20–21% in the coming quarters as well.
- Depreciation for the year is expected to be Rs 24.5bn.

UAE operations:

- UAE demand has been robust over the past year, and SRCM is well-positioned to serve all parts of the country.
- SRCM has decided to set up a new 3mt cement mill, which will be supported by excess available clinker. Debottlenecking of the kiln is expected to result in additional clinker production of 0.5 mt.
- SRCM is expected to spend AED110mn on this expansion, which will be financed through excess available cash at UAE.
- **Volume:** 1.32mt in Q2FY26 (0.99mt in Q2FY25 and 1.01mt in Q1FY26).

Capex:

- SRCM commissioned a 3.65mtpa clinker line at its Jaitaran, Rajasthan plant. The 3mtpa cement mill at this site is expected to be commissioned shortly. Work on the 3mtpa integrated project at Kodla, Karnataka is in the final stage of completion.

- SRCM continues to pursue opportunities to achieve its target of 80mtpa cement capacity, which might spill over to FY29 depending on industry demand and utilisation scenarios.
- SRCM's railway siding projects at Kodla and Etah are on track, with land acquisitions completed and project work underway.
- The number of RMC plants is expected to grow to 40 by the end of FY26 (cut from targeted 50 earlier).
- Entered the East India market by setting up an RMC plant in Raipur, Chhattisgarh. Also commissioned India's first RMC solar plant at its Jaipur facility, which now runs primarily on clean, renewable solar energy.
- With the commissioning of a 20MWp solar plant at Chitrakoot (UP) under its subsidiary, Shree Cement East Pvt. Ltd., the group's total green power capacity in India now stands at 612.5MW.
- Capex for FY26 and FY27 is expected to be ~Rs30bn each.

Others:

- **Trade Share:** 70% in Q2FY26 vs 71% in Q1FY26.
- **Blended Share:** 68% in Q2FY26 vs 70% in Q1FY26.
- **Lead Distance:** 441KM in Q2FY26 vs 451KM in Q1FY26.
- **Kcal:** 1.66/kcal in Q2FY26 and 1.59/kcal in Q1FY26. It should be around similar level based on current inventory levels.
- **Fuel mix:** 66% pet coke and balance are coal and others.

Exhibit 1: Q2FY26 Result Overview (Standalone)

Y/e March (Rs mn)	Q2FY26	Q2FY25	YoY gr. (%)	Q2FY26E	% Var.	Q1FY26	QoQ gr. (%)	H1FY26	H1FY25	YoY gr. (%)
Net Sales	43,032	37,270	15.5	43,235	(0.5)	49,480	(13.0)	92,512	85,617	8.1
Raw Material	5,398	4,099	31.7	4,892	10.3	5,599	(3.6)	10,997	9,205	19.5
% of Net Sales	12.5	11.0		11.3		11.3		11.9	10.8	
Staff Costs	2,570	2,495	3.0	2,695	(4.7)	2,545	1.0	5,114	4,942	3.5
% of Net Sales	6.0	6.7		6.2		5.1		5.5	5.8	
Power & Fuel	10,397	10,012	3.8	10,117	2.8	11,461	(9.3)	21,859	24,064	(9.2)
% of Net Sales	24.2	26.9		23.4		23.2		23.6	28.1	
Freight and selling expenses	9,424	8,918	5.7	9,859	(4.4)	10,840	(13.1)	20,265	20,069	1.0
% of Net Sales	21.9	23.9		22.8		21.9		21.9	23.4	
Other Expenses	6,493	5,820	11.6	6,050	7.3	6,744	(3.7)	13,236	12,248	8.1
% of Net Sales	15.1	15.6		14.0		13.6		14.3	14.3	
Total Expenditure	34,282	31,345	9.4	33,613	2.0	37,189	(7.8)	71,471	70,528	1.3
EBITDA	8,750	5,925	47.7	9,622	(9.1)	12,291	(28.8)	21,041	15,089	39.4
Margin (%)	20.3	15.9		22.3		24.8		22.7	17.6	
Depreciation	5,549	6,687	(17.0)	5,635	(1.5)	5,524	0.4	11,073	13,115	(15.6)
EBIT	3,202	(761)	(520.6)	3,987	(19.7)	6,767	(52.7)	9,968	1,974	404.9
Other income	1,570	1,776	(11.6)	1,811	(13.3)	2,011	(21.9)	3,580	3,122	14.7
Interest	507	567	(10.5)	573	(11.4)	446	13.8	953	1,140	(16.4)
PBT	4,264	448	852.7	5,226	(18.4)	8,331	(48.8)	12,596	3,956	218.4
Extraordinary income/(expense)	(237)	-		-		-		(237)	-	
PBT (After EO)	4,027	448	799.8	5,226	(22.9)	8,331	(51.7)	12,359	3,956	212.4
Tax	1,256	(484)	(359.6)	1,306	(3.9)	2,146	(41.5)	3,165	(152)	(2,177.0)
% PBT	31.2	-108.1		25.0		25.8		25.6	-3.9	
Reported PAT	2,771	931	197.6	3,919	(29.3)	6,185	(55.2)	9,193	4,108	123.8

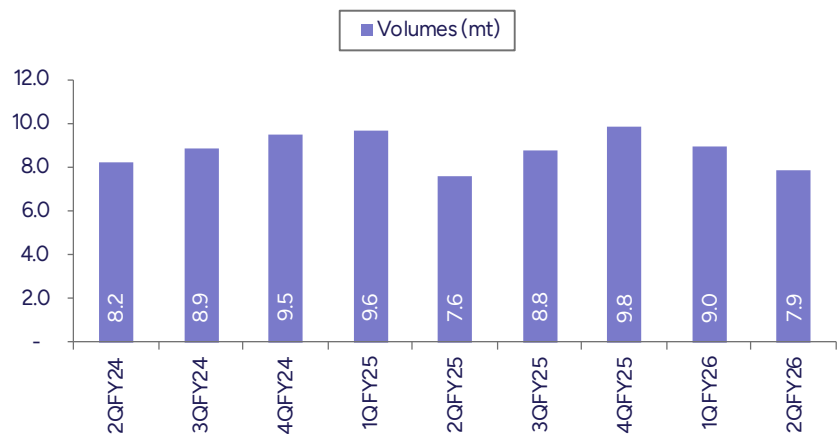
Source: Company, PL

Exhibit 2: Operating Parameters

Y/e March (Rs mn)	Q2FY26	Q2FY25	YoY gr. (%)	Q2FY26E	% Var.	Q1FY26	QoQ gr. (%)	H1FY26	H1FY25	YoY gr. (%)
Volume (mnt)	7.9	7.6	3.9	8.0	(1.0)	9.0	(11.7)	16.9	17.2	(2.3)
Net Realisations (Rs/te)	5,447	4,904	11.1	5,418	0.5	5,528	(1.5)	5,490	4,966	10.6
Blended EBITDA/t	1,108	780	42.1	1,206	(8.1)	1,373	(19.3)	1,249	875	42.7

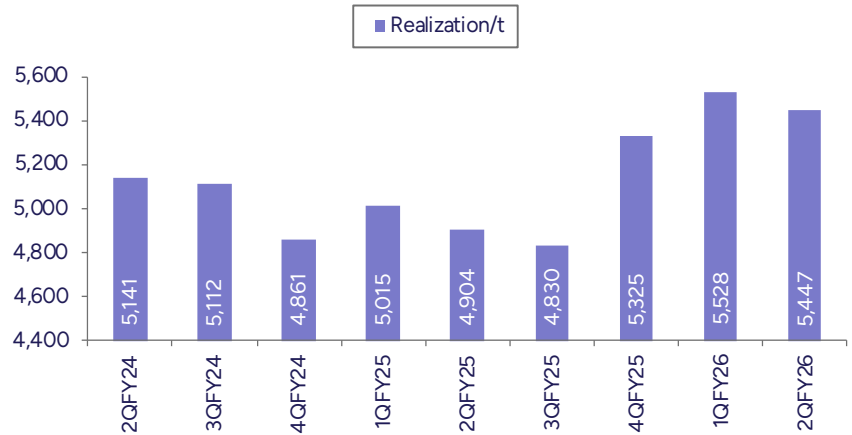
Source: Company, PL

Exhibit 3: Volumes grew just 4% YoY on muted industry demand



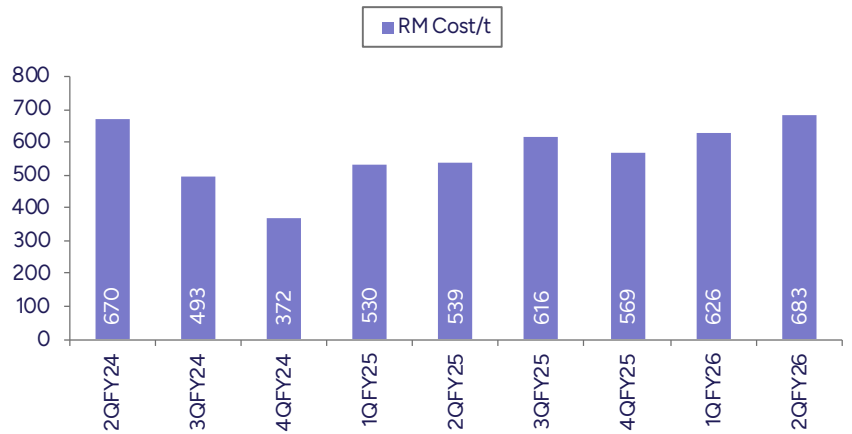
Source: Company, PL

Exhibit 4: Blended NSR declined 1.5% QoQ on price decline in East & South



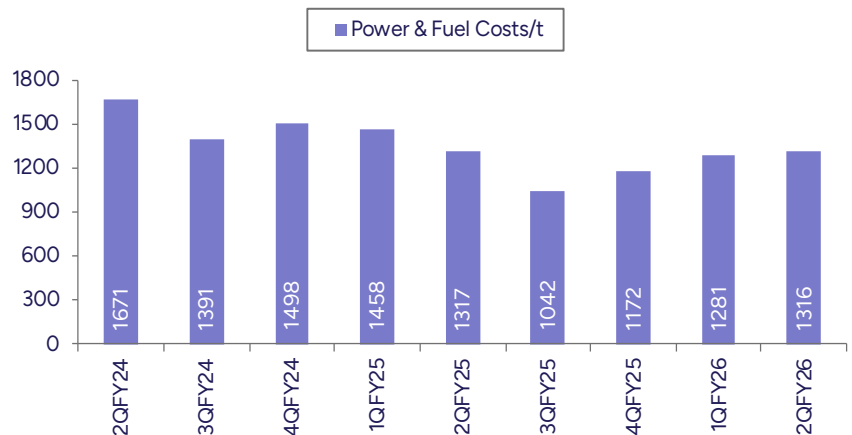
Source: Company, PL

Exhibit 5: RM costs/t increased 27% YoY due to reclassification of royalty



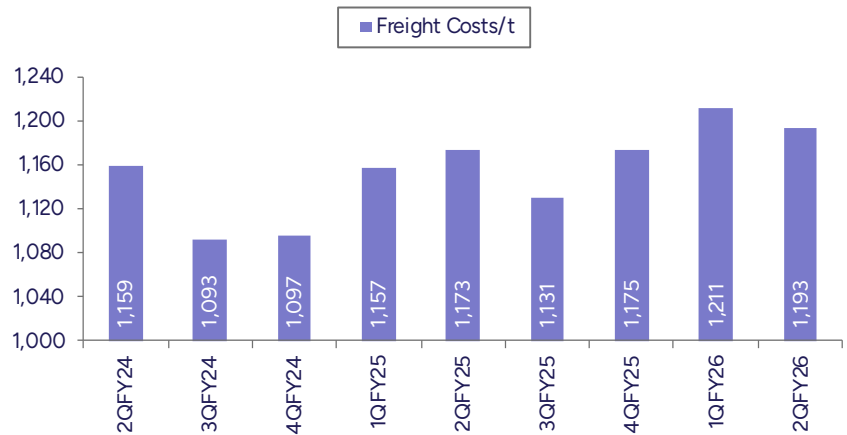
Source: Company, PL

Exhibit 6: P&F costs/t remained flat YoY on higher pet coke & high RE share



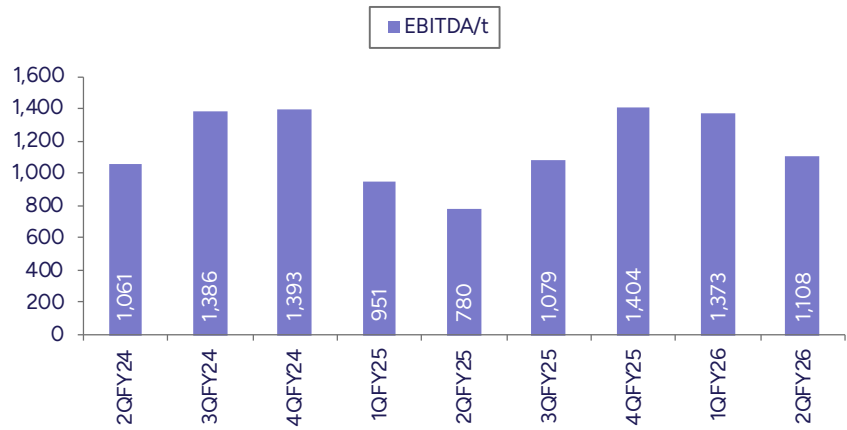
Source: Company, PL

Exhibit 7: Freight costs/t increased up 1.7% YoY despite decline in Lead distance



Source: Company, PL

Exhibit 8: Blended EBITDA/t grew 42% YoY to Rs1,108 on better YoY prices



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	1,91,685	2,09,643	2,29,268	2,53,466
YoY gr. (%)	(5.3)	9.4	9.4	10.6
Cost of Goods Sold	20,080	25,420	28,899	33,516
Gross Profit	1,71,606	1,84,224	2,00,369	2,19,950
Margin (%)	89.5	87.9	87.4	86.8
Employee Cost	11,478	12,301	13,048	13,683
Other Expenses	1,21,968	1,20,847	1,29,879	1,40,820
EBITDA	38,159	51,077	57,442	65,447
YoY gr. (%)	(10.0)	33.9	12.5	13.9
Margin (%)	19.9	24.4	25.1	25.8
Depreciation and Amortization	30,068	31,246	34,966	38,566
EBIT	8,092	19,830	22,476	26,881
Margin (%)	4.2	9.5	9.8	10.6
Net Interest	2,012	918	318	93
Other Income	7,035	7,116	7,795	8,667
Profit Before Tax	13,115	26,028	29,953	35,455
Margin (%)	6.8	12.4	13.1	14.0
Total Tax	1,877	4,739	7,338	14,994
Effective tax rate (%)	14.3	18.2	24.5	42.3
Profit after tax	11,238	21,290	22,615	20,462
Minority interest	10	(7)	(6)	(4)
Share Profit from Associate	-	-	-	-
Adjusted PAT	11,227	21,296	22,621	20,465
YoY gr. (%)	(50.7)	89.7	6.2	(9.5)
Margin (%)	5.9	10.2	9.9	8.1
Extra Ord. Income / (Exp)	1	-	-	-
Reported PAT	11,228	21,296	22,621	20,465
YoY gr. (%)	(50.7)	89.7	6.2	(9.5)
Margin (%)	5.9	10.2	9.9	8.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	11,228	21,296	22,621	20,465
Equity Shares O/s (m)	36	36	36	36
EPS (Rs)	311.2	590.2	627.0	567.2

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	43,093	43,093
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	27,570	30,150	33,333
Trade receivables	14,015	14,359	15,703	17,361
Cash & Bank Balance	2,936	10,718	27,536	48,030
Other Current Assets	13,621	13,621	13,621	13,621
Total Assets	2,84,918	2,97,431	3,13,208	3,29,976
Equity				
Equity Share Capital	361	361	361	361
Other Equity	2,15,017	2,31,262	2,48,650	2,63,703
Total Network	2,15,378	2,31,622	2,49,011	2,64,064
Non-Current Liabilities				
Long Term borrowings	8,618	3,618	618	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	14,885	16,279	17,997
Other current liabilities	42,599	42,599	42,599	42,599
Total Equity & Liabilities	2,84,918	2,97,431	3,13,208	3,29,975

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	13,115	26,028	29,953	35,455
Add. Depreciation	30,068	31,246	34,966	38,566
Add. Interest	2,050	918	318	93
Less Financial Other Income	7,035	7,116	7,795	8,667
Add. Other	(5,732)	(7,116)	(7,795)	(8,667)
Op. profit before WC changes	39,500	51,077	57,442	65,447
Net Changes-WC	14,058	(2,203)	(2,532)	(3,121)
Direct tax	(4,355)	(4,739)	(7,338)	(14,994)
Net cash from Op. activities	49,203	44,135	47,573	47,332
Capital expenditures	(40,834)	(32,500)	(30,000)	(30,000)
Interest / Dividend Income	2,420	-	-	-
Others	1,137	7,116	7,795	8,667
Net Cash from Invt. activities	(37,276)	(25,384)	(22,205)	(21,333)
Issue of share cap. / premium	-	-	-	-
Debt changes	(7,251)	(5,000)	(3,000)	-
Dividend paid	(3,799)	(5,051)	(5,232)	(5,412)
Interest paid	(1,904)	(918)	(318)	(93)
Others	(9)	-	-	-
Net cash from Fin. activities	(12,963)	(10,969)	(8,549)	(5,505)
Net change in cash	(1,036)	7,782	16,818	20,494
Free Cash Flow	8,156	11,635	17,573	17,332

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	42,355	52,402	49,480	43,032
YoY gr. (%)	(13.6)	3.3	2.3	15.5
Raw Material Expenses	5,404	5,598	5,599	5,398
Gross Profit	36,951	46,803	43,881	37,634
Margin (%)	87.2	89.3	88.7	87.5
EBITDA	9,466	13,813	12,291	8,750
YoY gr. (%)	(23.3)	4.1	34.1	47.7
Margin (%)	22.3	26.4	24.8	20.3
Depreciation / Depletion	7,496	7,470	5,524	5,549
EBIT	1,970	6,343	6,767	3,202
Margin (%)	4.7	12.1	13.7	7.4
Net Interest	529	417	446	507
Other Income	1,149	1,501	2,011	1,570
Profit before Tax	2,590	7,428	8,331	4,027
Margin (%)	6.1	14.2	16.8	9.4
Total Tax	296	1,868	2,146	1,256
Effective tax rate (%)	11.4	25.1	25.8	31.2
Profit after Tax	2,294	5,560	6,185	2,771
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	2,294	5,560	6,185	2,938
YoY gr. (%)	(68.8)	(16.0)	94.7	215.5
Margin (%)	5.4	10.6	12.5	6.8
Extra Ord. Income / (Exp)	-	-	-	(167)
Reported PAT	2,294	5,560	6,185	2,771
YoY gr. (%)	(68.8)	(16.0)	94.7	197.6
Margin (%)	5.4	10.6	12.5	6.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,294	5,560	6,185	2,771
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	590.2	627.0	567.2
CEPS	1,144.5	1,456.3	1,596.1	1,636.1
BVPS	5,969.4	6,419.7	6,901.6	7,318.9
FCF	226.1	322.5	487.1	480.4
DPS	110.0	140.0	145.0	150.0
Return Ratio(%)				
RoCE	3.6	8.6	9.3	10.5
ROIC	4.5	10.5	11.3	10.7
RoE	5.3	9.5	9.4	8.0
Balance Sheet				
Net Debt : Equity (x)	(0.3)	(0.3)	(0.4)	(0.4)
Net Working Capital (Days)	47	47	47	47
Valuation(x)				
PER	91.9	48.4	45.6	50.4
P/B	4.8	4.5	4.1	3.9
P/CEPS	25.0	19.6	17.9	17.5
EV/EBITDA	25.5	18.8	16.4	14.0
EV/Sales	5.1	4.6	4.1	3.6
Dividend Yield (%)	0.4	0.5	0.5	0.5

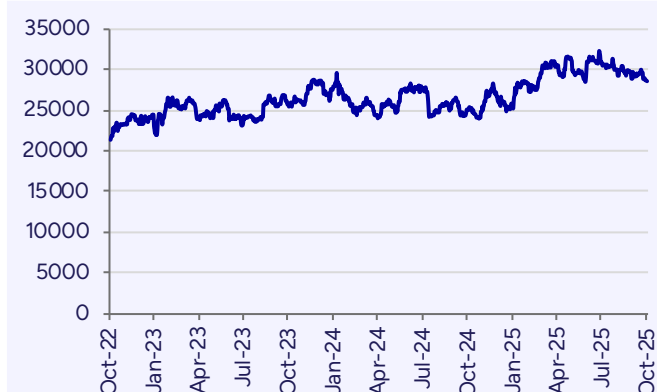
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Domestic volumes (mt)	36	38	41	45
Net Realisations (Rs/t)	4,554	4,736	4,831	4,951
Cement EBITDA (Rs/te)	1,034	1,316	1,357	1,408

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-25	Accumulate	32,410	29,555
2	05-Aug-25	Hold	30,001	30,205
3	07-Jul-25	Reduce	29,516	31,170
4	07-Apr-25	Reduce	28,336	30,788
5	01-Feb-25	Hold	26,190	27,796
6	08-Jan-25	Hold	24,838	26,027
7	12-Nov-24	Accumulate	25,815	24,424

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,311	1,858
2	Adani Port & SEZ	BUY	1,777	1,400
3	Ambuja Cement	BUY	701	570
4	Dalmia Bharat	Accumulate	2,372	2,250
5	Hindalco Industries	BUY	883	768
6	Jindal Stainless	Hold	759	758
7	Jindal Steel	Accumulate	1,170	1,034
8	JSW Infrastructure	Accumulate	338	309
9	JSW Steel	Hold	1,118	1,166
10	National Aluminium Co.	BUY	280	217
11	NMDC	Accumulate	87	76
12	Nuvoco Vistas Corporation	Accumulate	459	412
13	Shree Cement	Accumulate	32,410	29,555
14	Steel Authority of India	Hold	139	133
15	Tata Steel	Accumulate	196	171
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

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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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