

August 5, 2025

## Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		REDUCE	
Target Price	30,001		29,516	
Sales (Rs. m)	2,08,689	2,28,725	2,05,824	2,31,088
% Chng.	1.4	(1.0)		
EBITDA (Rs. m)	51,169	58,216	47,186	57,449
% Chng.	8.4	1.3		
EPS (Rs.)	613.6	661.1	511.3	642.4
% Chng.	20.0	2.9		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	2,02,461	1,92,828	2,08,689	2,28,725
EBITDA (Rs. m)	42,385	39,302	51,169	58,216
Margin (%)	20.9	20.4	24.5	25.5
PAT (Rs. m)	23,957	11,227	22,137	23,852
EPS (Rs.)	664.0	311.2	613.6	661.1
Gr. (%)	114.6	(53.1)	97.2	7.7
DPS (Rs.)	105.0	110.0	115.0	120.0
Yield (%)	0.3	0.4	0.4	0.4
RoE (%)	12.2	5.3	9.9	9.8
RoCE (%)	10.8	4.1	8.6	9.4
EV/Sales (x)	5.2	5.3	4.9	4.4
EV/EBITDA (x)	24.7	26.2	19.8	17.1
PE (x)	45.5	97.1	49.2	45.7
P/BV (x)	5.3	5.1	4.7	4.3

### Key Data SHCM.BO | SRCM IN

52-W High / Low	Rs.32,508 / Rs.23,500
Sensex / Nifty	80,710 / 24,650
Market Cap	Rs.1,090bn/ \$ 12,412m
Shares Outstanding	36m
3M Avg. Daily Value	Rs.1267.78m

### Shareholding Pattern (%)

Promoter's	62.55
Foreign	10.07
Domestic Institution	14.89
Public & Others	12.49
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(3.5)	6.3	12.6
Relative	(0.3)	3.1	9.8

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## Value over volume continues

### Quick Pointers:

- Realisations improved on account of better cement prices in East and South.
- SRCM is rapidly expanding its RMC footprint, eyeing 50 plants in FY26 from c. 21. Green energy contributes 65.7% to its total power mix.

**SRCM reported a weak operating standalone performance in Q1FY26, impacted by a 7% YoY decline in volumes impacted by geopolitical issues in May'25. Blended NSR rose 3.8% QoQ, supported by significant price hikes in the East and South regions post Mar'25. Power and fuel costs continued to decline, aided by a higher share of renewable energy, helping SRCM achieve an EBITDA of Rs1,373/t, though other expenses remained elevated. As cement pricing across regions remain sticky aided by relatively better demand, we expect SRCM to deliver strong Q2 on a weak base. With its focus on value over volume, we expect stronger profitability in current market environment.**

**SRCM is on track to achieve 80mtpa capacity by 2028 with planned capacity addition at Rajasthan and Karnataka. However, to outperform the industry volume growth, SRCM may need to recalibrate its value over volume 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 as a cause of concern. We raise our FY26/27E EBITDA estimates by 8.4%/1.3% on account of better pricing assumptions in near term. The stock is trading at EV of 19.8x/17.1x FY26/FY27E EBITDA, which appears full. We upgrade our rating to 'Hold' with revised TP of Rs30,001 (earlier Reduce with TP Rs29,516) valuing at 17x EV of Mar'27E EBITDA.**

- Price improvement cushions volume weakness:** SRCM's std. revenue increased 2.3% YoY to Rs49.5bn (-5.6% QoQ; PLe Rs52.19bn) on weaker than expected volume growth. Cement volumes declined 7% YoY to 8.95mt (-9% QoQ; PLe 9.35mt). Blended realization improved 3.8% QoQ to Rs5,528/t (+10.2% YoY; PLe Rs 5,582/t) due to uptick in cement prices in East and South. Std EBITDA/t works out at Rs1,373 (PLe Rs1,480/t).
- EBITDA supported by decline in Power & Fuel costs:** EBITDA grew 34.1% YoY to Rs12.3bn (-11% QoQ; PLe Rs13.8bn) on lower P&F costs and lower base. P&F costs/t declined 12% YoY to Rs1,281 on softer fuel prices. Freight cost/t increased 4.7% YoY to Rs1,211. RM costs/t increased to Rs626 due to reclassification of royalty & cess on limestone from other expenses to RM. Other expenses grew 13% YoY to Rs753/t. EBITDA/t works out at Rs1,373 (PLe Rs1,480/t). PAT grew 95% YoY to Rs6.2bn (up 11% QoQ, PLe Rs5.3bn) led by lower depreciation expense. Sale of premium products improved to 17.7% of trade sale volume vs 15.6% in Q4FY25.
- Improving subsidiaries' operating performance:** SRCM's subsidiaries are showing signs of improvement aided by UAE's growing demand and Purulia plant ramp up. The subsidiaries' EBITDA grew 9x YoY (+119% QoQ) to Rs1.04bn for Q1FY26. Union Cement Company (UAE) has recently announced its plan to increase its cement capacity by 3mtpa with an investment of AED110mn.

- **Capex: 1)** SRCM's ongoing projects of integrated cement unit in Jaitaran, Rajasthan (3mtpa) and Kodla, Karnataka (3mtpa) are progressing as per schedule. The company aims to take its total capacity to 80mtpa by 2028. **2)** With addition of 6 RMC plants in Q1FY26, SRCM has been rapidly ramping up its RMC business footprints, taking the total number to 21. **3)** SRCM's share of green electricity in total electricity consumption stood at 65.65% in Q1FY26 as SRCM is consistently ramping up its green power generation capacity which stood at 586MW.

**Exhibit 1: Q1FY26 Result Overview (standalone)**

Y/e March (Rs mn)	Q1FY26	Q1FY25	YoY gr. (%)	Q1FY26E	% Var.	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
<b>Net Sales</b>	<b>49,480</b>	<b>48,347</b>	<b>2.3</b>	<b>52,192</b>	<b>(5.2)</b>	<b>52,402</b>	<b>(5.6)</b>	<b>2,03,690</b>	<b>1,80,373</b>	<b>12.9</b>
Raw Material	5,599	5,106	9.7	5,533	1.2	5,598	0.0	23,261	20,208	15.1
% of Net Sales	11.3	10.6		10.6		10.7		11.4	11.2	
Staff Costs	2,545	2,446	4.0	2,610	(2.5)	2,594	(1.9)	11,112	9,906	12.2
% of Net Sales	5.1	5.1		5.0		4.9		5.5	5.5	
Power & Fuel	11,461	14,052	(18.4)	11,834	(3.2)	11,531	(0.6)	47,682	44,730	6.6
% of Net Sales	23.2	29.1		22.7		22.0		23.4	24.8	
Freight and selling expenses	10,840	11,151	(2.8)	11,203	(3.2)	11,558	(6.2)	46,005	41,545	10.7
% of Net Sales	21.9	23.1		21.5		22.1		22.6	23.0	
Other Expenses	6,744	6,428	4.9	7,170	(5.9)	7,307	(7.7)	26,940	25,617	5.2
% of Net Sales	13.6	13.3		13.7		13.9		13.2	14.2	
Total Expenditure	37,189	39,183	(5.1)	38,351	(3.0)	38,589	(3.6)	1,55,000	1,42,006	9.2
<b>EBITDA</b>	<b>12,291</b>	<b>9,164</b>	<b>34.1</b>	<b>13,841</b>	<b>(11.2)</b>	<b>13,813</b>	<b>(11.0)</b>	<b>48,690</b>	<b>38,368</b>	<b>26.9</b>
Margin (%)	24.8	19.0		26.5		26.4		23.9	21.3	
Depreciation	5,524	6,428	(14.1)	7,619	(27.5)	7,470	(26.0)	22,769	28,080	(18.9)
<b>EBIT</b>	<b>6,767</b>	<b>2,736</b>	<b>147.4</b>	<b>6,223</b>	<b>8.7</b>	<b>6,343</b>	<b>6.7</b>	<b>25,922</b>	<b>10,288</b>	<b>152.0</b>
Other income	2,011	1,346	49.4	1,400	43.6	1,501	33.9	6,525	5,772	13.0
Interest	446	573	(22.2)	579	(23.0)	417	6.9	1,973	2,086	(5.4)
<b>PBT</b>	<b>8,331</b>	<b>3,508</b>	<b>137.5</b>	<b>7,044</b>	<b>18.3</b>	<b>7,428</b>	<b>12.2</b>	<b>30,473</b>	<b>13,974</b>	<b>118.1</b>
Extraordinary income/(expense)	-	-		-		-		-	-	
PBT (After EO)	8,331	3,508	137.5	7,044	18.3	7,428	12.2	30,473	13,974	118.1
Tax	2,146	331	547.8	1,761	21.9	1,868	14.9	7,682	2,011	281.9
% PBT	25.8	9.4		25.0		25.1		25.2	14.4	
<b>Reported PAT</b>	<b>6,185</b>	<b>3,177</b>	<b>94.7</b>	<b>5,283</b>	<b>17.1</b>	<b>5,560</b>	<b>11.2</b>	<b>22,792</b>	<b>11,962</b>	<b>90.5</b>

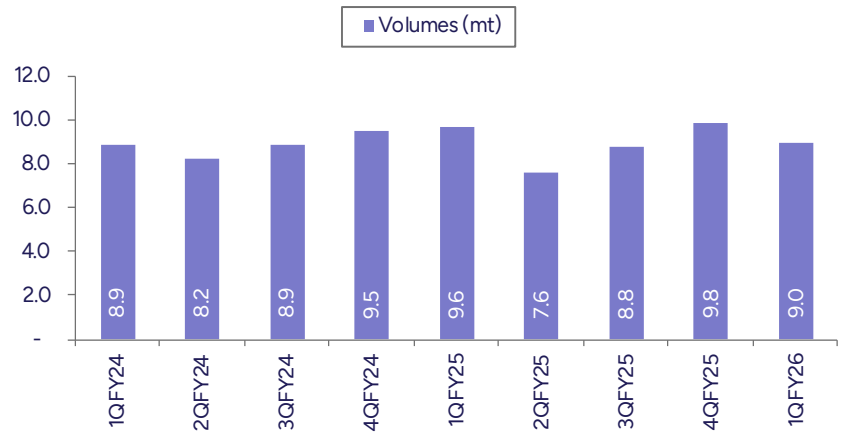
Source: Company, PL

**Exhibit 2: Operating Parameters**

Y/e March (Rs mn)	Q1FY26	Q1FY25	YoY gr. (%)	Q1FY26E	% Var.	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Volume (mnt)	8.95	9.64	(7.2)	9.35	(4.3)	9.84	(9.0)	37.82	36.06	4.9
Net Realisations (Rs/te)	5,528	5,015	10.2	5,582	(1.0)	5,325	3.8	5,386	5,001	7.7
Blended EBITDA/t	1,373	951	44.5	1,480	(7.2)	1,404	(2.2)	1,288	1,064	21.0

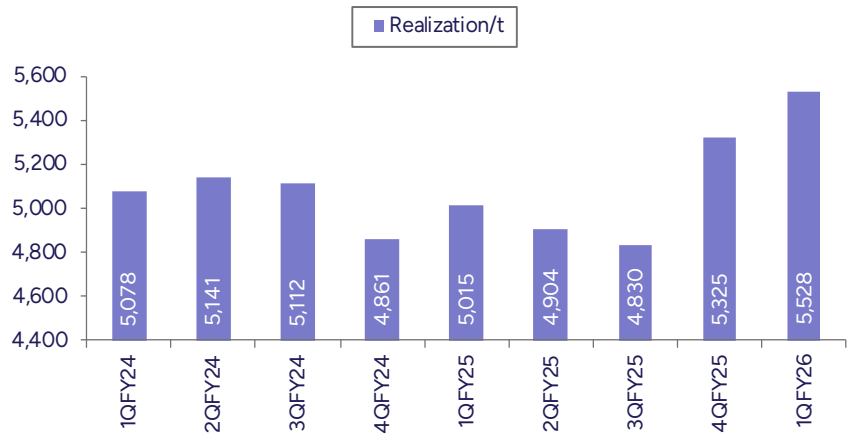
Source: Company, PL

**Exhibit 3: Volumes declined 7.2% YoY due to value over volumes strategy**



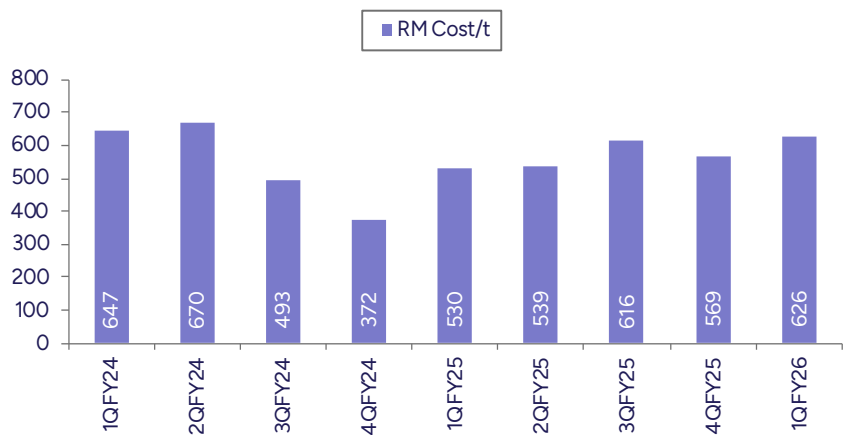
Source: Company, PL

**Exhibit 4: Blended NSR improved 3.8% QoQ on price hikes in East & South**



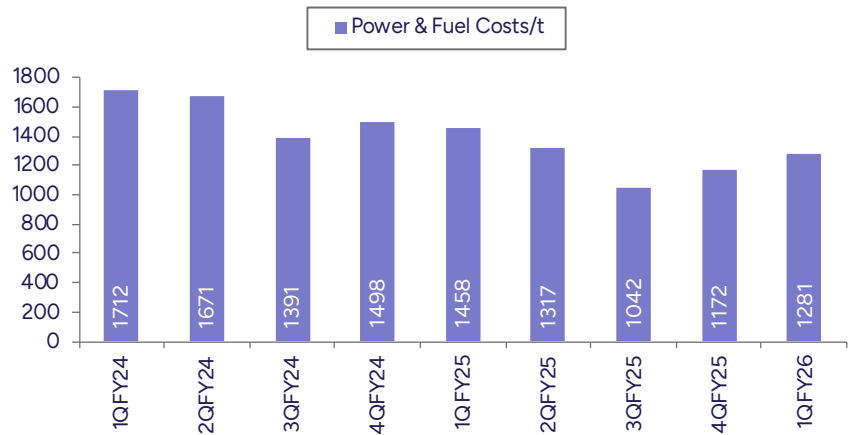
Source: Company, PL

**Exhibit 5: RM costs/t increased 18% YoY due to reclassification of royalty**



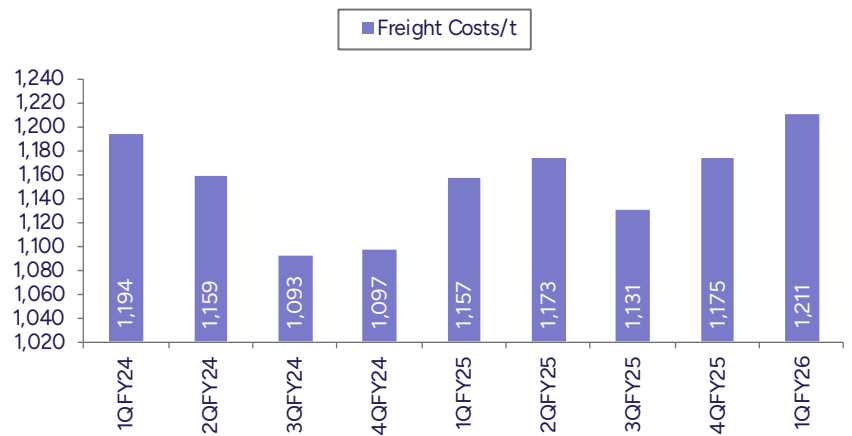
Source: Company, PL

**Exhibit 6: P&F costs/t declined 12% YoY on lower pet coke & high RE share**



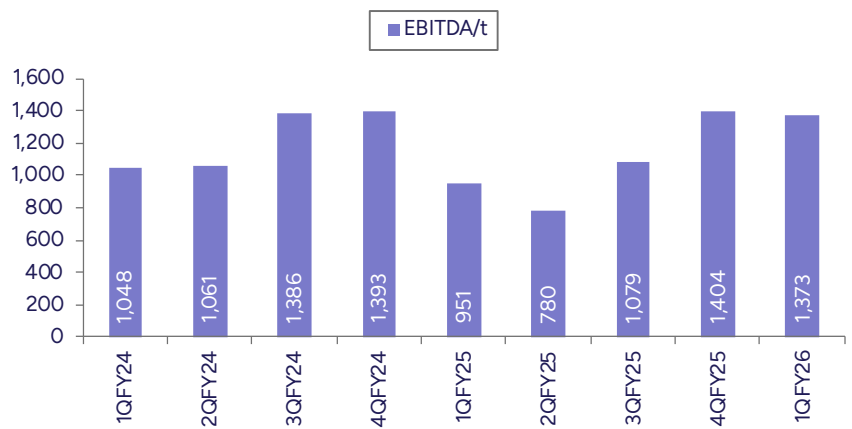
Source: Company, PL

**Exhibit 7: Freight costs/t inched up 5% YoY**



Source: Company, PL

**Exhibit 8: Blended EBITDA/t grew 44% YoY to Rs1,373 on lower base**



Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>2,02,461</b>	<b>1,92,828</b>	<b>2,08,689</b>	<b>2,28,725</b>
YoY gr. (%)	15.3	(4.8)	8.2	9.6
Cost of Goods Sold	15,698	20,080	20,070	22,305
Gross Profit	1,86,763	1,72,749	1,88,619	2,06,420
Margin (%)	92.2	89.6	90.4	90.2
Employee Cost	10,644	11,478	11,928	12,627
Other Expenses	1,33,734	1,21,968	1,25,521	1,35,576
<b>EBITDA</b>	<b>42,385</b>	<b>39,302</b>	<b>51,169</b>	<b>58,216</b>
YoY gr. (%)	58.8	(7.3)	30.2	13.8
Margin (%)	20.9	20.4	24.5	25.5
Depreciation and Amortization	18,973	30,068	31,246	34,966
<b>EBIT</b>	<b>23,412</b>	<b>9,235</b>	<b>19,923</b>	<b>23,250</b>
Margin (%)	11.6	4.8	9.5	10.2
Net Interest	2,549	2,012	918	543
Other Income	8,730	5,892	7,856	8,556
<b>Profit Before Tax</b>	<b>29,592</b>	<b>13,115</b>	<b>26,862</b>	<b>31,264</b>
Margin (%)	14.6	6.8	12.9	13.7
Total Tax	5,630	1,877	4,734	7,418
Effective tax rate (%)	19.0	14.3	17.6	23.7
<b>Profit after tax</b>	<b>23,962</b>	<b>11,238</b>	<b>22,127</b>	<b>23,846</b>
Minority interest	5	10	(10)	(6)
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>23,957</b>	<b>11,227</b>	<b>22,137</b>	<b>23,852</b>
YoY gr. (%)	114.6	(53.1)	97.2	7.7
Margin (%)	11.8	5.8	10.6	10.4
Extra Ord. Income / (Exp)	-	1	-	-
<b>Reported PAT</b>	<b>23,957</b>	<b>11,228</b>	<b>22,137</b>	<b>23,852</b>
YoY gr. (%)	88.5	(53.1)	97.2	7.7
Margin (%)	11.8	5.8	10.6	10.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	23,957	11,228	22,137	23,852
<b>Equity Shares O/s (m)</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>
<b>EPS (Rs)</b>	<b>664.0</b>	<b>311.2</b>	<b>613.6</b>	<b>661.1</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>2,17,858</b>	<b>2,44,386</b>	<b>2,76,386</b>	<b>3,06,386</b>
Tangibles	2,17,858	2,44,386	2,76,386	3,06,386
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>1,21,949</b>	<b>1,51,239</b>	<b>1,82,485</b>	<b>2,17,452</b>
Tangibles	1,21,949	1,51,239	1,82,485	2,17,452
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>95,909</b>	<b>93,147</b>	<b>93,901</b>	<b>88,935</b>
Tangibles	95,909	93,147	93,901	88,935
Intangibles	-	-	-	-
Capital Work In Progress	26,982	42,593	40,593	45,593
Goodwill	-	-	-	-
Non-Current Investments	24,090	15,437	15,437	15,437
Net Deferred tax assets	6,293	7,764	7,764	7,764
Other Non-Current Assets	3,850	4,679	4,679	4,679
<b>Current Assets</b>				
Investments	52,640	64,526	64,526	64,526
Inventories	35,551	24,436	27,444	30,079
Trade receivables	12,865	14,015	14,294	15,666
Cash & Bank Balance	4,218	2,936	14,993	31,882
Other Current Assets	14,402	13,621	13,621	13,621
<b>Total Assets</b>	<b>2,79,535</b>	<b>2,84,918</b>	<b>2,99,015</b>	<b>3,19,945</b>
<b>Equity</b>				
Equity Share Capital	361	361	361	361
Other Equity	2,06,668	2,15,017	2,33,004	2,52,527
<b>Total Networth</b>	<b>2,07,029</b>	<b>2,15,378</b>	<b>2,33,365</b>	<b>2,52,888</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	15,139	8,618	3,618	3,618
Provisions	307	341	341	341
Other non current liabilities	246	603	603	603
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	12,142	13,610	14,730	16,144
Other current liabilities	41,128	42,599	42,599	42,599
<b>Total Equity &amp; Liabilities</b>	<b>2,79,535</b>	<b>2,84,918</b>	<b>2,99,015</b>	<b>3,19,945</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	29,592	13,115	26,862	31,264
Add. Depreciation	18,973	30,068	31,246	34,966
Add. Interest	2,583	2,050	918	543
Less Financial Other Income	8,730	5,892	7,856	8,556
Add. Other	(5,979)	(5,732)	(7,856)	(8,556)
Op. profit before WC changes	45,170	39,500	51,169	58,216
Net Changes-WC	(7,253)	14,058	(2,167)	(2,593)
Direct tax	(4,442)	(4,355)	(4,734)	(7,418)
<b>Net cash from Op. activities</b>	<b>33,475</b>	<b>49,203</b>	<b>44,268</b>	<b>48,206</b>
Capital expenditures	(31,695)	(40,834)	(30,000)	(35,000)
Interest / Dividend Income	3,497	2,420	-	-
Others	14,014	1,137	7,856	8,556
<b>Net Cash from Invt. activities</b>	<b>(14,185)</b>	<b>(37,276)</b>	<b>(22,144)</b>	<b>(26,444)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	(11,111)	(7,251)	(5,000)	-
Dividend paid	(3,790)	(3,799)	(4,149)	(4,330)
Interest paid	(2,197)	(1,904)	(918)	(543)
Others	(2)	(9)	-	-
<b>Net cash from Fin. activities</b>	<b>(17,101)</b>	<b>(12,963)</b>	<b>(10,067)</b>	<b>(4,872)</b>
<b>Net change in cash</b>	<b>2,190</b>	<b>(1,036)</b>	<b>12,057</b>	<b>16,889</b>
Free Cash Flow	1,471	8,156	14,268	13,206

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	664.0	311.2	613.6	661.1
CEPS	1,189.9	1,144.5	1,479.6	1,630.2
BVPS	5,738.1	5,969.4	6,468.0	7,009.1
FCF	40.8	226.1	395.4	366.0
DPS	105.0	110.0	115.0	120.0
<b>Return Ratio(%)</b>				
RoCE	10.8	4.1	8.6	9.4
ROIC	11.8	5.1	10.9	11.8
RoE	12.2	5.3	9.9	9.8
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.2)	(0.3)	(0.3)	(0.4)
Net Working Capital (Days)	65	47	47	47
<b>Valuation(x)</b>				
PER	45.5	97.1	49.2	45.7
P/B	5.3	5.1	4.7	4.3
P/CEPS	25.4	26.4	20.4	18.5
EV/EBITDA	24.7	26.2	19.8	17.1
EV/Sales	5.2	5.3	4.9	4.4
Dividend Yield (%)	0.3	0.4	0.4	0.4

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
<b>Net Revenue</b>	<b>37,270</b>	<b>42,355</b>	<b>52,402</b>	<b>49,480</b>
YoY gr. (%)	(18.3)	(13.6)	3.3	2.3
Raw Material Expenses	4,099	5,404	5,598	5,599
Gross Profit	33,171	36,951	46,803	43,881
Margin (%)	89.0	87.2	89.3	88.7
<b>EBITDA</b>	<b>5,925</b>	<b>9,466</b>	<b>13,813</b>	<b>12,291</b>
YoY gr. (%)	(31.9)	(23.3)	4.1	34.1
Margin (%)	15.9	22.3	26.4	24.8
Depreciation / Depletion	6,687	7,496	7,470	5,524
<b>EBIT</b>	<b>(761)</b>	<b>1,970</b>	<b>6,343</b>	<b>6,767</b>
Margin (%)	(2.0)	4.7	12.1	13.7
Net Interest	567	529	417	446
Other Income	1,776	1,149	1,501	2,011
<b>Profit before Tax</b>	<b>448</b>	<b>2,590</b>	<b>7,428</b>	<b>8,331</b>
Margin (%)	1.2	6.1	14.2	16.8
Total Tax	(484)	296	1,868	2,146
Effective tax rate (%)	(108.1)	11.4	25.1	25.8
<b>Profit after Tax</b>	<b>931</b>	<b>2,294</b>	<b>5,560</b>	<b>6,185</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>931</b>	<b>2,294</b>	<b>5,560</b>	<b>6,185</b>
YoY gr. (%)	(81.0)	(68.8)	(16.0)	94.7
Margin (%)	2.5	5.4	10.6	12.5
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>931</b>	<b>2,294</b>	<b>5,560</b>	<b>6,185</b>
YoY gr. (%)	(81.0)	(68.8)	(16.0)	94.7
Margin (%)	2.5	5.4	10.6	12.5
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>931</b>	<b>2,294</b>	<b>5,560</b>	<b>6,185</b>
Avg. Shares O/s (m)	36	36	36	36
<b>EPS (Rs)</b>	<b>25.8</b>	<b>63.6</b>	<b>154.1</b>	<b>171.4</b>

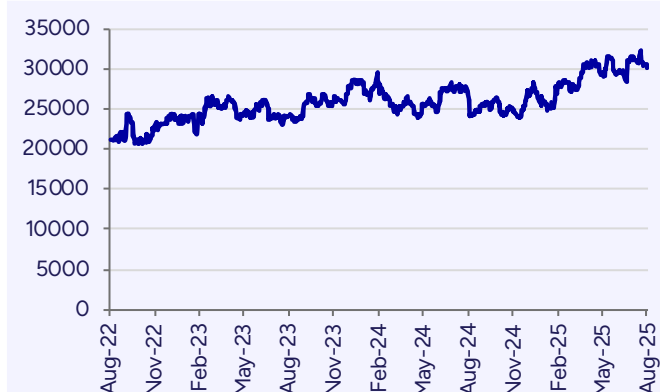
Source: Company Data, PL Research

**Key Operating Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
Domestic volumes (mt)	36	36	38	41
Net Realisations (Rs/t)	4,862	4,554	4,781	4,877
Cement EBITDA (Rs/te)	1,164	1,265	1,309	1,363

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jul-25	Reduce	29,516	31,170
2	07-Apr-25	Reduce	28,336	30,788
3	01-Feb-25	Hold	26,190	27,796
4	08-Jan-25	Hold	24,838	26,027
5	12-Nov-24	Accumulate	25,815	24,424
6	07-Oct-24	Accumulate	27,481	26,034
7	08-Aug-24	Accumulate	27,524	24,143

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,543	1,890
2	Adani Port & SEZ	BUY	1,777	1,453
3	Ambuja Cement	BUY	685	593
4	Dalmia Bharat	Accumulate	2,395	2,270
5	Hindalco Industries	Accumulate	738	692
6	Jindal Stainless	Hold	678	675
7	Jindal Steel & Power	Accumulate	1,008	954
8	JSW Infrastructure	Accumulate	344	322
9	JSW Steel	Hold	1,068	1,034
10	National Aluminium Co.	BUY	218	189
11	NMDC	Accumulate	73	68
12	Nuvoco Vistas Corporation	Accumulate	422	390
13	Shree Cement	Reduce	29,516	31,170
14	Steel Authority of India	Hold	133	126
15	Tata Steel	Accumulate	177	158
16	Ultratech Cement	Accumulate	13,634	12,561

**PL's Recommendation Nomenclature (Absolute Performance)**

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



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