

February 7, 2026

Q3FY26 Result Update

☒ Change in Estimates | ☒ Target | ☒ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		ACCUMULATE	
Target Price	27,770		29,242	
Sales (Rs. m)	2,27,400	2,49,192	2,34,089	2,57,792
% Chng.	(2.9)	(3.3)		
EBITDA (Rs. m)	51,201	55,273	54,371	59,666
% Chng.	(5.8)	(7.4)		
EPS (Rs.)	527.1	447.1	552.1	477.4
% Chng.	(4.5)	(6.4)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	1,91,685	2,04,411	2,27,400	2,49,192
EBITDA (Rs. m)	38,159	45,161	51,201	55,273
Margin (%)	19.9	22.1	22.5	22.2
PAT (Rs. m)	11,227	15,692	19,016	16,130
EPS (Rs.)	311.2	434.9	527.1	447.1
Gr. (%)	(50.7)	39.8	21.2	(15.2)
DPS (Rs.)	110.0	140.0	160.0	180.0
Yield (%)	0.4	0.5	0.6	0.7
RoE (%)	5.3	7.1	8.2	6.6
RoCE (%)	3.6	7.2	8.5	7.2
EV/Sales (x)	4.8	4.5	3.9	3.5
EV/EBITDA (x)	24.3	20.2	17.5	16.0
PE (x)	87.9	62.9	51.9	61.2
P/BV (x)	4.6	4.4	4.1	4.0

Key Data SHCM.BO | SRCM IN

52-W High / Low	Rs.32,508 / Rs.25,360
Sensex / Nifty	83,580 / 25,694
Market Cap	Rs.987bn / \$ 10,884m
Shares Outstanding	36m
3M Avg. Daily Value	Rs.916.92m

Shareholding Pattern (%)

Promoter's	62.55
Foreign	10.08
Domestic Institution	14.84
Public & Others	12.53
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(1.2)	(10.5)	(1.7)
Relative	0.6	(13.8)	(8.2)

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EBITDA miss on flattish volumes again

Quick Pointers:

- Mgmt. expects Q4FY26 volumes to be in the range of 9-9.5mt; which is surprising despite strengthening cement demand across regions.
- Value over volume strategy has narrowed the gap in trade pricing w.r.t. leader.

We downgrade our rating to 'Hold' from 'Accumulate' with a revised TP of Rs27,770 (earlier Rs29,242) valuing at same 17x EV of Sep'27E EBITDA as we cut FY27/28E EBITDA estimates by 6%/7% on weaker than expected volume growth. SRCM reported disappointing std operating performance in Q3FY26 on flattish volume growth (0.8% YoY). Blended NSR declined 7.1% QoQ due to weakness in cement prices in the East and South. As per mgmt. pure cement NSR stood at Rs4,652/t vs Rs4,554/t YoY, led by value over volume strategy. Costs were largely constrained during Q3 as P&F costs declined 7% QoQ which led to EBITDA/t of Rs1,049 (PLe of Rs1,169). With the commissioning of a 3mtpa unit at Jaitaran and upcoming 3mt at Kodla, SRCM remains on track to reach ~69mt by FY26, while next phase of expansion to reach 80mtpa is under consideration due to lower utilisation at the current plants.

Over the past few quarters, SRCM has lost market share to peers, which remains a cause for concern. While the company's value over volume strategy has supported margins, it has come at the cost of volume growth and utilisation, raising questions around its ability to grow in line with the industry. Going ahead, a recalibration towards volumes may be necessary to protect market positioning amid rising competitive intensity. That said, SRCM's robust balance sheet and strong cost leadership should continue to support margins and provide flexibility to execute its long-term growth plans. The stock is trading at EV of 17.5x/16x FY27/FY28E EBITDA. Hold.

- Poor revenue growth on flattish volumes:** Std. revenue increased 4.3% YoY to Rs44.1bn (2.6% QoQ; PLe Rs49.15bn) on flattish volumes and weaker cement prices. Cement volumes grew just 0.8% YoY to 8.74mt (+10.5% QoQ; PLe 9.21mt) due to its value over volume strategy and loss of production on account of employee strike at Baloda Bazar plant. Blended realization declined 7.1% QoQ to Rs5,053/t (+3.4% YoY; PLe Rs 5,338/t) due to decline in cement prices in East and South. Pure cement realisation stood at Rs4,652/t vs Rs4,554/t YoY.
- EBITDA impacted on lower volume and higher costs:** Blended EBITDA/t works out at Rs1,049 (-4% YoY/ -5.2% QoQ) vs PLe Rs1,169/t adjusting for Rs0.56bn one-off expenses due to notification of new labour codes. Adj. EBITDA declined 3% YoY to Rs9.2bn (+4.7% QoQ; PLe Rs10.8bn) on lower volumes and weak pricing. P&F costs/t grew 4.7% YoY to Rs1,103 on higher pet coke prices. Freight cost/t grew 2.5% YoY to Rs1,172. RM costs/t increased 13.8% to Rs1,103 due to reclassification of royalty & cess on limestone from other expenses to RM. Other expense/t grew 0.7% YoY to Rs704/t on lower volumes. Reported PAT grew 21% YoY to Rs2.8bn (-0.5% QoQ, PLe Rs3.5bn) on lower tax rate.

Conference Call Highlights Q3FY26:

Volumes & Pricing

- Mgmt. reiterated its focus on value over volume, deliberately sacrificing volumes to narrow the pricing gap with leader from ~Rs30/bag to ~Rs15/bag.
- Volumes improved in Dec'25 with dispatches rising from ~2.7mt run rate to ~3.3mt, while Jan'26 remain in line with Dec'25.
- Higher NSR and improving demand are expected to support better capacity utilisation, further aided by expansion of the RMC network. Targets 70% utilisation over time.
- Cement realisation stood at Rs4,652/t vs Rs4,554/t YoY. Management expects Q4 volumes of ~9-9.5mt, supported by government spending.

Operational

- Lead distance stood at 446km with 88% road and 12% rail mix. Trade share was 65%, while blended cement accounted for ~65%.
- Regional mix: North: ~5.3mt (61%), East: ~2.3mt (26%) and South: ~1.1mt (13%)
- Fuel mix comprised ~76% petcoke, ~6% coal, with the balance from alternative fuels.
- Employee costs were elevated due to provisioning related to the new labour code, along with manpower additions for newly commissioned plants.
- RMC revenue for the quarter stood at ~Rs0.71bn from 19 plants, with ~45% captive cement consumption.
- The company plans to scale the network to ~45 plants within 6-8 months (by Sept'26), significantly improving geographic reach and utilisation.
- Fuel cost stands at ~Rs1.56/kcal, among the lowest in the industry, supported higher RE capacity to 61%.
- Fuel Mix for the quarter: 76% pet coke, 6% coal and balance is alternative.
- Total power capacity is 1,137MW which includes 503MW Thermal, 265MW WHRS, 314MW solar and 56MW wind.

Capex

- Spent Rs15bn in 9MFY26 and another Rs4-5bn in Q4FY26.
- FY27 capex is expected to be Rs5bn which includes ~Rs1.5-2bn towards ~30 RMC plants, ~Rs2bn for railway sidings and ~Rs0.5-1bn maintenance capex. incremental investments contingent on future capacity additions.
- The company has already spent ~Rs20bn on the Kodla plant, expected to be commissioned by Mar'26.

Exhibit 1: Q3FY26 Result Overview (Standalone)

Y/e March (Rs mn)	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	% Var.	Q2FY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Net Sales	44,164	42,355	4.3	49,156	(10.2)	43,032	2.6	1,36,676	1,27,972	6.8
Raw Material	6,200	5,404	14.7	6,355	(2.4)	5,398	14.9	17,197	14,609	17.7
% of Net Sales	14.0	12.8		12.9		12.5		12.6	11.4	
Staff Costs	2,763	2,371	16.5	2,689	2.8	2,570	7.5	7,877	7,312	7.7
% of Net Sales	6.3	5.6		5.5		6.0		5.8	5.7	
Power & Fuel	9,641	9,134	5.6	11,756	(18.0)	10,397	(7.3)	31,500	33,198	(5.1)
% of Net Sales	21.8	21.6		23.9		24.2		23.0	25.9	
Freight and selling expenses	10,244	9,918	3.3	11,095	(7.7)	9,424	8.7	30,509	29,987	1.7
% of Net Sales	23.2	23.4		22.6		21.9		22.3	23.4	
Other Expenses	6,151	6,062	1.5	6,493	(5.3)	6,493	(5.3)	19,387	18,310	5.9
% of Net Sales	13.9	14.3		13.2		15.1		14.2	14.3	
Total Expenditure	34,999	32,889	6.4	38,387	(8.8)	34,282	2.1	1,06,470	1,03,417	3.0
EBITDA	9,165	9,466	(3.2)	10,769	(14.9)	8,750	4.7	30,206	24,555	23.0
Margin (%)	20.8	22.3		21.9		20.3		22.1	19.2	
Depreciation	5,870	7,496	(21.7)	6,746	(13.0)	5,549	5.8	16,943	20,610	(17.8)
EBIT	3,295	1,970	67.3	4,023	(18.1)	3,202	2.9	13,264	3,944	236.3
Other income	1,266	1,149	10.2	1,172	8.1	1,570	(19.3)	4,846	4,270	13.5
Interest	577	529	9.1	534	8.0	507	13.7	1,529	1,669	(8.3)
PBT	3,985	2,590	53.9	4,661	(14.5)	4,264	(6.6)	16,580	6,546	153.3
Extraordinary income/(expense)	(560)	-		-		(237)		(797)	-	
PBT (After EO)	3,425	2,590	32.2	4,661	(26.5)	4,027	(15.0)	15,784	6,546	141.1
Tax	639	296	115.9	1,165	(45.2)	1,256	(49.1)	3,244	144	2,160.8
% PBT	18.7	11.4		25.0		31.2		20.6	2.2	
Reported PAT	2,786	2,294	21.4	3,496	(20.3)	2,771	0.5	12,539	6,402	95.9

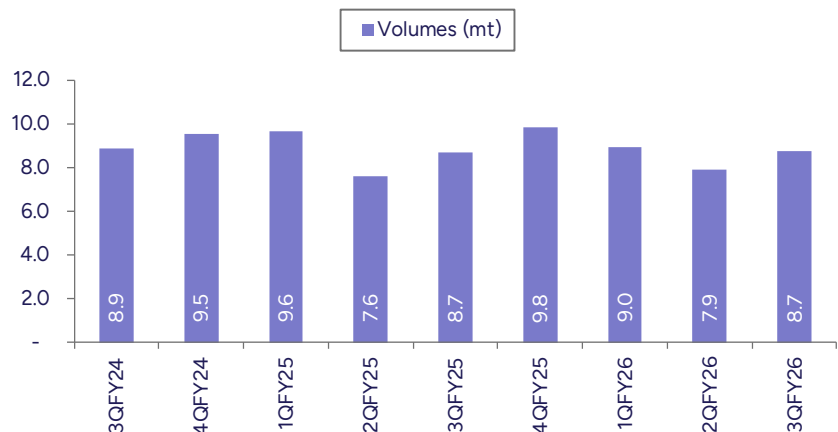
Source: Company, PL

Exhibit 2: Operating Parameters

Y/e March (Rs mn)	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	% Var.	Q2FY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Volume (mnt)	8.7	8.7	0.8	9.2	(5.1)	7.9	10.5	25.6	25.9	(1.2)
Net Realisations (Rs/te)	5,053	4,885	3.4	5,338	(5.3)	5,440	(7.1)	5,339	4,939	8.1
Blended EBITDA/t	1,049	1,092	(4.0)	1,169	(10.3)	1,106	(5.2)	1,180	948	24.5

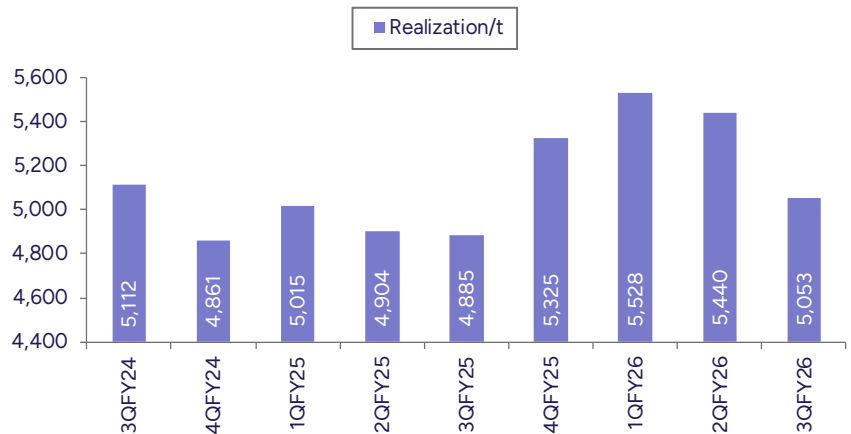
Source: Company, PL

Exhibit 3: Volumes grew just 0.8% YoY on value over volume strategy



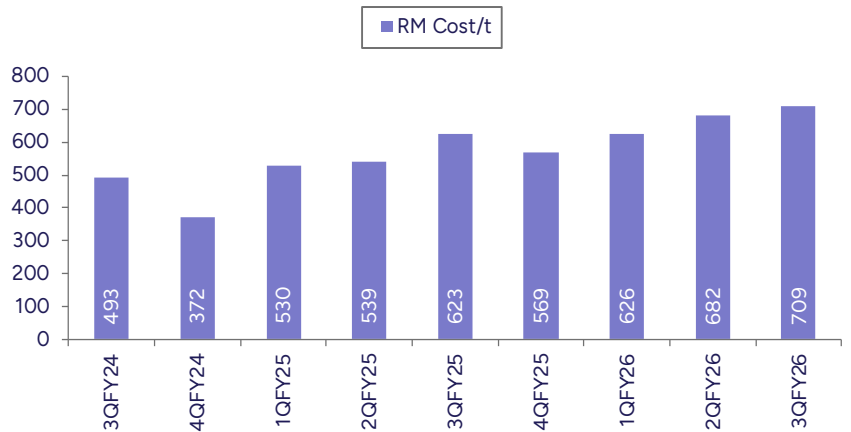
Source: Company, PL

Exhibit 4: Blended NSR declined 7.1% QoQ on price decline in East & South



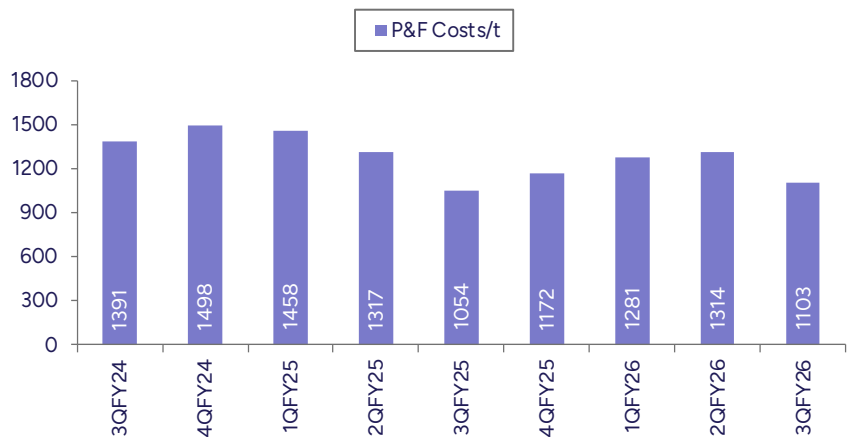
Source: Company, PL

Exhibit 5: RM costs/t increased 14% YoY due to reclassification of royalty



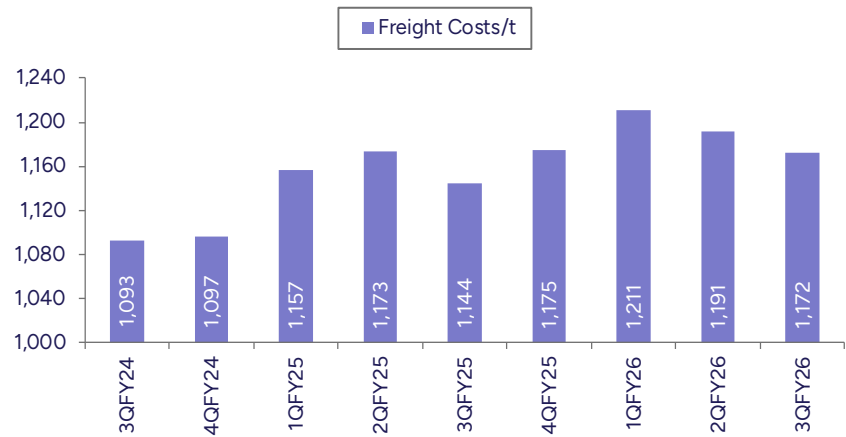
Source: Company, PL

Exhibit 6: P&F costs/t grew 5% YoY on higher pet coke



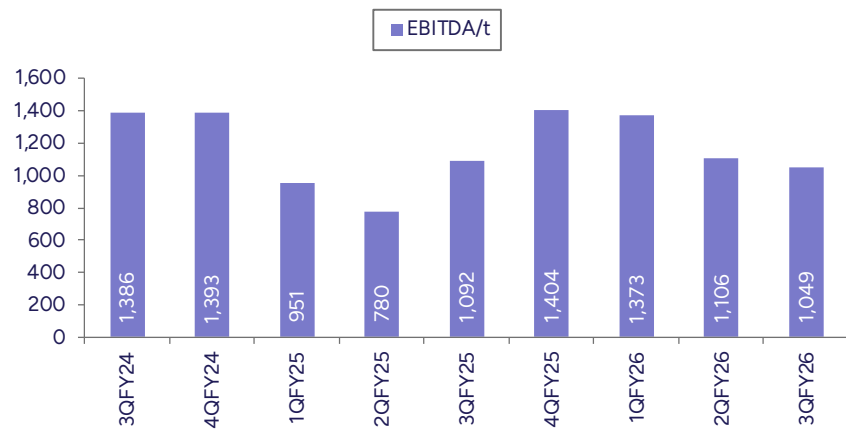
Source: Company, PL

Exhibit 7: Freight costs/t increased 2.5% YoY despite declining lead distance



Source: Company, PL

Exhibit 8: Blended EBITDA/t de-grew 4% YoY to Rs1,049



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	1,91,685	2,04,411	2,27,400	2,49,192
YoY gr. (%)	(5.3)	6.6	11.2	9.6
Cost of Goods Sold	20,080	24,930	28,427	31,865
Gross Profit	1,71,606	1,79,481	1,98,973	2,17,327
Margin (%)	89.5	87.8	87.5	87.2
Employee Cost	11,478	12,616	13,671	14,391
Other Expenses	1,21,968	1,21,704	1,34,102	1,47,663
EBITDA	38,159	45,161	51,201	55,273
YoY gr. (%)	(10.0)	18.3	13.4	8.0
Margin (%)	19.9	22.1	22.5	22.2
Depreciation and Amortization	30,068	28,642	30,596	36,959
EBIT	8,092	16,519	20,605	18,314
Margin (%)	4.2	8.1	9.1	7.3
Net Interest	2,012	2,068	1,724	1,551
Other Income	7,035	7,225	7,560	7,863
Profit Before Tax	13,115	20,878	26,442	24,626
Margin (%)	6.8	10.2	11.6	9.9
Total Tax	1,877	5,746	7,398	8,461
Effective tax rate (%)	14.3	27.5	28.0	34.4
Profit after tax	11,238	15,133	19,044	16,164
Minority interest	10	18	28	34
Share Profit from Associate	-	-	-	-
Adjusted PAT	11,227	15,692	19,016	16,130
YoY gr. (%)	(50.7)	39.8	21.2	(15.2)
Margin (%)	5.9	7.7	8.4	6.5
Extra Ord. Income / (Exp)	1	(577)	-	-
Reported PAT	11,228	15,115	19,016	16,130
YoY gr. (%)	(50.7)	34.6	25.8	(15.2)
Margin (%)	5.9	7.4	8.4	6.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	11,228	15,115	19,016	16,130
Equity Shares O/s (m)	36	36	36	36
EPS (Rs)	311.2	434.9	527.1	447.1

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	1,79,881	2,10,477	2,47,436
Tangibles	1,51,239	1,79,881	2,10,477	2,47,436
Intangibles	-	-	-	-
Net fixed assets	93,147	96,505	95,909	88,950
Tangibles	93,147	96,505	95,909	88,950
Intangibles	-	-	-	-
Capital Work In Progress	42,593	33,093	28,093	28,093
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	26,881	29,905	32,770
Trade receivables	14,015	14,001	15,575	17,068
Cash & Bank Balance	2,936	18,209	34,110	47,928
Other Current Assets	13,621	13,621	13,621	13,621
Total Assets	2,84,918	2,96,480	3,11,383	3,22,600
Equity				
Equity Share Capital	361	361	361	361
Other Equity	2,15,017	2,25,658	2,38,901	2,48,536
Total Network	2,15,378	2,26,018	2,39,262	2,48,897
Non-Current Liabilities				
Long Term borrowings	8,618	8,618	8,618	8,618
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	14,514	16,146	17,693
Other current liabilities	42,599	42,599	42,599	42,599
Total Equity & Liabilities	2,84,918	2,96,480	3,11,383	3,22,600

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	13,115	20,878	26,442	24,626
Add. Depreciation	30,068	28,642	30,596	36,959
Add. Interest	2,050	2,068	1,724	1,551
Less Financial Other Income	7,035	7,225	7,560	7,863
Add. Other	(5,732)	(7,225)	(7,560)	(7,863)
Op. profit before WC changes	39,500	44,364	51,201	55,273
Net Changes-WC	14,058	(1,528)	(2,966)	(2,811)
Direct tax	(4,355)	(5,746)	(7,398)	(8,461)
Net cash from Op. activities	49,203	37,091	40,838	44,001
Capital expenditures	(40,834)	(22,500)	(25,000)	(30,000)
Interest / Dividend Income	2,420	-	-	-
Others	1,137	7,225	7,560	7,863
Net Cash from Invt. activities	(37,276)	(15,275)	(17,440)	(22,137)
Issue of share cap. / premium	-	-	-	-
Debt changes	(7,251)	-	-	-
Dividend paid	(3,799)	(5,051)	(5,773)	(6,495)
Interest paid	(1,904)	(2,068)	(1,724)	(1,551)
Others	(9)	-	-	-
Net cash from Fin. activities	(12,963)	(7,120)	(7,497)	(8,046)
Net change in cash	(1,036)	14,696	15,901	13,818
Free Cash Flow	8,156	14,591	15,838	14,001

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	52,402	49,480	43,032	44,164
YoY gr. (%)	3.3	2.3	15.5	4.3
Raw Material Expenses	5,598	5,599	5,398	6,200
Gross Profit	46,803	43,881	37,634	37,964
Margin (%)	89.3	88.7	87.5	86.0
EBITDA	13,813	12,291	8,750	9,165
YoY gr. (%)	4.1	34.1	47.7	(3.2)
Margin (%)	26.4	24.8	20.3	20.8
Depreciation / Depletion	7,470	5,524	5,549	5,870
EBIT	6,343	6,767	3,202	3,295
Margin (%)	12.1	13.7	7.4	7.5
Net Interest	417	446	507	577
Other Income	1,501	2,011	1,570	1,266
Profit before Tax	7,428	8,331	4,027	3,425
Margin (%)	14.2	16.8	9.4	7.8
Total Tax	1,868	2,146	1,256	639
Effective tax rate (%)	25.1	25.8	31.2	18.7
Profit after Tax	5,560	6,185	2,771	2,786
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	5,560	6,185	2,938	3,256
YoY gr. (%)	(16.0)	94.7	215.5	41.9
Margin (%)	10.6	12.5	6.8	7.4
Extra Ord. Income / (Exp)	-	-	(167)	(470)
Reported PAT	5,560	6,185	2,771	2,786
YoY gr. (%)	(16.0)	94.7	197.6	21.4
Margin (%)	10.6	12.5	6.4	6.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,560	6,185	2,771	2,786
Avg. Shares O/s (m)	36	36	36	36
EPS (Rs)	154.1	171.4	81.4	90.3

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	311.2	434.9	527.1	447.1
CEPS	1,144.5	1,228.8	1,375.0	1,471.4
BVPS	5,969.4	6,264.4	6,631.4	6,898.5
FCF	226.1	404.4	439.0	388.1
DPS	110.0	140.0	160.0	180.0
Return Ratio(%)				
RoCE	3.6	7.2	8.5	7.2
ROIC	4.5	8.2	10.4	8.6
RoE	5.3	7.1	8.2	6.6
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	87.9	62.9	51.9	61.2
P/B	4.6	4.4	4.1	4.0
P/CEPS	23.9	22.3	19.9	18.6
EV/EBITDA	24.3	20.2	17.5	16.0
EV/Sales	4.8	4.5	3.9	3.5
Dividend Yield (%)	0.4	0.5	0.6	0.7

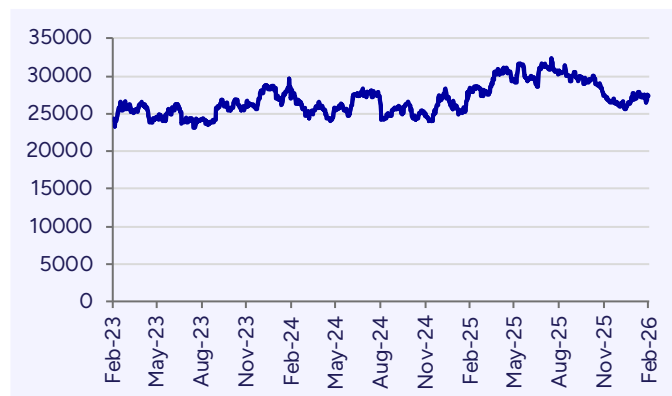
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Domestic volumes (mt)	36	36	38	42
Net Realisations (Rs/t)	4,554	4,804	4,996	5,121
Cement EBITDA (Rs/te)	1,034	1,197	1,260	1,253

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-26	Accumulate	29,242	27,325
2	05-Dec-25	Accumulate	29,850	26,100
3	29-Oct-25	Accumulate	31,769	28,585
4	08-Oct-25	Accumulate	32,410	29,555
5	05-Aug-25	Hold	30,001	30,205
6	07-Jul-25	Reduce	29,516	31,170
7	07-Apr-25	Reduce	28,336	30,788

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,163	1,755
2	Adani Port & SEZ	BUY	1,900	1,531
3	Ambuja Cement	BUY	640	510
4	Dalmia Bharat	Hold	2,302	2,232
5	Hindalco Industries	Accumulate	962	904
6	Jindal Stainless	Hold	784	756
7	Jindal Steel	Accumulate	1,171	1,102
8	JK Cement	Accumulate	6,199	5,790
9	JK Lakshmi Cement	BUY	881	761
10	JSW Cement	BUY	145	124
11	JSW Infrastructure	BUY	339	273
12	JSW Steel	Accumulate	1,292	1,170
13	National Aluminium Co.	Hold	356	385
14	NMDC	Hold	87	86
15	Nuvoco Vistas Corporation	BUY	443	350
16	Shree Cement	Accumulate	29,242	27,325
17	Steel Authority of India	Hold	151	149
18	Tata Steel	Accumulate	204	180
19	Ultratech Cement	BUY	14,168	12,369

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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(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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