

Strong Operating Performance; Outlook Remains Positive

Est. Vs. Actual for Q3FY26: Revenue – **INLINE**; EBITDA Margin – **BEAT**; PAT – **BEAT**

Change in Estimates post Q3FY26 (Abs)

FY26E/FY27E: Revenue: -2%/-1%; EBITDA: -1%/-1%; PAT: -2%/-1%

Recommendation Rationale

- **Capacity Expansion Progressing Well:** The Silchar Grinding Unit is expected to be commissioned by Q4FY26. These expansions will increase SCL's total capacity to 9.7 mtpa from the existing 7.7 mtpa, providing substantial growth potential. The company is projected to grow its volume at a CAGR of 12% over FY25-27E.
- **Strong Q3FY26 Performance:** The company reported a strong consolidated net profit of Rs 73Cr in Q3FY26, marking a robust 712% YoY increase from Rs 9 Cr in Q3FY25. Consolidated revenue was up 22% YoY to Rs 880 Cr, driven by higher cement volumes and improved margins. Furthermore, consolidated EBITDA surged 94% YoY to Rs 202 Cr, with the EBITDA per tonne for the cement division rising by 68% YoY to Rs 1,562. In this backdrop, we expect the company to report an EBITDA margin in the range of 22-23% and EBITDA/tonne growth of 11% CAGR over FY24-27E. This will be driven by higher volume growth and cement prices.
- **Higher Cement Demand to Support Growth:** Cement demand in East and North-East India is expected to see healthy growth over FY25-28, driven primarily by government-led infrastructure projects and a significant push for housing. The overall demand in the East is projected to grow at a compound annual growth rate (CAGR) of 8-9% during this period. The North-East, despite its weak infrastructural base, is poised for strong demand growth, having previously seen a CAGR of 7.5-8.5%.

Sector Outlook: Positive

Company Outlook & Guidance: The company has guided for 12-15% volume growth in FY26 and expects a similar kind of growth in FY27 also. Current prices are similar to Q3FY26 exit prices in North-East India. Prices are expected to be determined by market forces depending on demand. Both the East and North-East markets are showing strong traction in terms of Cement demand.

Current Valuation: 13x FY27E EV/EBITDA (Earlier Valuation: 13.5x FY27E EV/EBITDA)

Current TP: Rs 320 share (Earlier TP: Rs 335/share)

Recommendation: We maintain our **BUY** rating on the stock.

Alternative BUY Ideas from our Sector Coverage: UltraTech Cement (TP: Rs 14,00/Share), Dalmia Bharat (TP: Rs 2,520/Share), Ambuja Cement (TP: Rs 590/share), JK Cements (TP: Rs 6,570/share), JK Lakshmi (TP: Rs 890/share), Birla Corporation (1365/share)

Financial Performance

SCL reported a strong set of numbers for Q3FY26, driven by higher volumes and lower cement production costs YoY. Volume, revenue, EBITDA, and PAT grew by 16%, 22%, 94%, and 712%, respectively—beating expectations across the board. The company delivered an EBITDA margin of 23%, a sharp improvement from 14.5% in the previous year and ahead of estimates. Quarterly volumes reached 1.30 MnTPA, reflecting 16% YoY growth, supported by the ramp-up of new capacity and better EBITDA per tonne of Rs 1,562—up 68% YoY—surpassing expectations of Rs 1,469. Blended realisation per tonne rose to Rs 6,790, marking a 6% YoY increase. Cost per tonne declined to Rs 5,228, down 5% YoY, driven by lower cost.

Key Financials (Consolidated)

(Rs Cr)	Q3FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	202	9%	22%	886	-0.7%
EBITDA	23.0%	6%	94%	188	8%
EBITDA Margin	73	(160bps)	860bps	21.2%	220bps
Net Profit	202	2%	712%	66	12%
EPS (Rs)	23.0%	2%	712%	1.6	12%

Source: Company, Axis Securities Research

(CMP as of 9th February, 2026)

CMP (Rs)	220
Upside /Downside (%)	45%
High/Low (Rs)	309/197
Market cap (Cr)	8,899
Avg. daily vol. (6m) Shrs.	10,00,000
No. of shares (Cr)	40.4

Shareholding (%)

	Jun-25	Sep-25	Dec-25
Promoter	57.7	57.6	57.6
FII's	2.2	3.0	2.5
MFs / UTI	4.9	4.3	4.3
Banks / FI's	0.0	0.0	0.0
Others	35.2	35.1	35.6

Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	3,163	3,716	4,179
EBITDA	579	903	1,040
Net Profit	169	384	424
EPS (Rs)	4.2	9.2	10.5
PER (x)	53	24	21
P/BV (x)	1.0	0.8	0.7
EV/EBITDA (x)	16	10	9
ROE (%)	6	12	12

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	-2%	-1%
EBITDA	-1%	-1%
PAT	-2%	-1%

Relative Performance


Source: Ace Equity

Results Gallery

[Q2FY26](#)

[Q1FY26](#)

[Q4FY25](#)

[Q3FY25](#)

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Outlook

With its upcoming capacity expansion, the company is well-positioned to capitalise on the rising demand in its operating region, primarily the North-East. We project SCL will achieve a CAGR of 12%/15% in volume and revenue and a 34% /59% CAGR in EBITDA and PAT over FY25-FY27E.

Valuation & Recommendation

The stock is currently trading at 10x/9x FY26E/27E EV/EBITDA. **We maintain our BUY recommendation on the stock** with a TP of Rs 320/share, implying an upside potential of 45% from the CMP.

Key Concall Highlights

- **Capacity Expansion:** The Silchar Grinding Unit is expected to be commissioned by Q4FY26, increasing the company's total capacity to 9.7 mtpa from the existing 7.7 mtpa, providing better growth headroom. The company has deferred its 2 MTPA cement plant in Jorhat and is looking to set up a 2 MTPA cement plant in Begusarai, Bihar, at a capital cost of Rs 500 Cr to avail the attractive SGST benefit of 300% as per the State's Industrial Policy. It is also looking to set up a 5 mtpa Grinding and 3 mtpa Clinker unit in Rajasthan, and details about the same will be revealed in the coming days.
- The AAC block facility in Guwahati is now operational, with revenue for FY26 projected at Rs 75–80 Cr., along with other value-added products like construction chemical and RMC business. It anticipates a further ~20% increase in FY27, driven by improved capacity utilisation and market penetration. In Q3FY26, total revenue generated from the AAC block was 13 Cr.
- **Volume:** The company has guided for 12–15% volume growth in FY26. In the quarter, sales were geographically split at 73% in the North-East and 27% in the East. Cement mix comprised 83% blended cement and 17% OPC. The trade-to-non-trade mix stood at 78%/22%. Premium cement accounted for 17% of trade sales, up from 13% a year ago. The cement demand in the North-East region is expected to remain healthy moving ahead. The capacity utilization of the Siliguri plant stood at 60% during the quarter.
- **Pricing:** Current prices are stable, and improvements in prices were seen during the quarter in the North-East and also in the Eastern region and are expected to remain stable. During the quarter, blended realisation stood at Rs 6,790/tonne, down 2% QoQ and up 6% YoY. Market dynamics will determine prices.
- **Power/Fuel:** The company expects power and fuel costs to remain on a similar line in Q4FY26, as the company has sufficient inventory of coal. The fuel mix comprised 15% Biomass, 7% Auction Coal, and 78% from FSA. On a per Kcal basis, the cost stood at Rs 1.20 and is expected to remain stable as SCL has signed a long-term contract with Coal India for coal supply.
- **Freight:** The lead distance during the quarter was 214 km, compared to 220 km last quarter. Freight cost per tonne was higher by 5% QoQ at Rs 1,934/tonne on the back of logistic issue during the quarter. Freight cost is expected to normalize during Q4FY26.
- **Capex:** The company has guided for a capex of Rs 800 Cr in FY26. For FY 27, capex guidance will be revealed next quarter or so. Capex for putting 3 mtpa clinker and 5 MTPA grinding unit in Rajasthan, Haryana, and 2 MTPA in Bihar is estimated at Rs 4,800 Cr.
- **Cash/Incentives:** The company is set to receive incentives for its grinding units in Guwahati and Silchar through SGST refunds. It aims to receive incentives in the range of Rs 160-170 Cr (Adjusted after cut in GST) annually for these units after adjusting for input tax credit, applicable for the next 5-7 years. The Guwahati and Silchar plants are eligible for a lower tax rate of 17%. Additionally, the clinker unit is expected to receive an incentive of Rs 300/tonne, linked to production. During Q3FY26, the company received Rs 33 Cr in incentives, with quarterly incentives expected at Rs 30-40 Cr going forward.

Key Risks to Our Estimates and TP

- Lower realisation and demand in its key market.
- Higher input costs may impact margins.

Change in Estimates

	New		Old		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	3,716	4,179	3776	4223	-2%	-1%
EBITDA	903	1,040	911	1045	-1%	-1%
PAT	378	424	387	427	-2%	-1%

Source: Company, Axis Securities Research

Result Review Q3FY26

(Rs Cr)	Quarterly Performance				
	Q3FY26	Q2FY26	Q3FY25	% Chg QoQ	% Chg YoY
Net sales	880	811	719	9%	22%
Expenditure	678	621	615	9%	10%
EBITDA	202	190	104	6%	94%
Other income	5	3	3	40%	93%
Interest	12	11	10	10%	24%
Depreciation	91	90	89	1%	2%
PBT	104	92	8	13%	1267%
Tax	24	21	(1)	14%	-1793%
Adjusted PAT	73	72	9	2%	712%
EBITDA margin (%)	23.0%	23.4%	14.5%	(160bps)	860bps
EPS (Rs)	1.82	1.78	0.22	2%	712%

Source: Company, Axis Securities Research

Volume/Realisation/ Cost Analyses

	Quarterly Performance				
	Q3FY26	Q2FY26	Q3FY25	% Chg QoQ	% Chg YoY
Volume/mnt	1.30	1.17	1.12	11%	16%
Realisation/tonne (Rs)	6790	6925	6,406	-2%	6.0%
Cost/tonne (Rs)	5228	5301	5,477	-1%	-5%
Raw material/tonne (Rs)	923	750	1,382	23%	-33%
Staff Cost/tonne (Rs)	540	611	540	-12%	0%
Power & Fuel/tonne (Rs)	971	1136	1,023	-15%	-5%
Freight/tonne (Rs)	1934	1834	1,422	5%	36%
Other Expenses /tonne (Rs)	861	971	1,110	-11%	-22%
EBITDA/tonne (Rs)	1562	1624	929	-4%	68%

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Net sales	2911	3163	3716	4179
Other operating income	0	0	0	0
Total income	2911	3163	3716	4179
Raw Material	654	519	456	506
Power & Fuel	555	529	562	624
Freight & forwarding	567	828	1031	1155
Employee benefit expenses	217	247	277	305
Other Expenses	361	461	486	550
EBITDA	556	579	903	1040
Other income	26	11	12	8
PBITD	583	589	915	1048
Depreciation	147	332	357	430
Interest & Fin Chg.	13	32	46	44
E/o income / (Expense)	0	0	0	0
Pre-tax profit	424	226	513	573
Tax provision	128	57	129	149
RPAT	295	169	384	424
Minority Interests	0.0	0.0	0.0	0.0
Associates	0	0	0	0
APAT after EO item	295	169	384	424

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Total assets	3602	4107	4698	5144
Net Block	2418	2628	3126	3531
CWIP	1019	220	220	220
Investments	0	0	0	0
Wkg. cap. (excl cash)	266	413	343	384
Cash / Bank balance	97	52	195	165
Misc. Assets	-20	79	81	84
Capital employed	3602	4107	4698	5144
Equity capital	40	40	40	40
Reserves	2670	2839	3209	3625
Minority Interests	0	0	0	0
Borrowings	130	390	590	590
DefTax Liabilities	0	0	0	0
Other Liabilities and Provision	76	84	86	89

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Profit before tax	424	226	508	573
Depreciation	142	327	357	430
Interest Expenses	13	32	46	44
Non-operating/ EO item	-16	7	-12	-8
Change in W/C	4	-50	71	-41
Income Tax	76	69	129	149
Operating Cash Flow	490	473	839	849
Capital Expenditure	-1036	-581	-855	-836
Investments	184	0	0	0
Others	202	13	12	8
Investing Cash Flow	-650	-568	-843	-827
Borrowings	104	242	200	0
Interest Expenses	-11	-29	-46	-44
Dividend paid	0	0	-8	-8
Others	-7	0	0	0
Financing Cash Flow	86	213	146	-52
Change in Cash	-74	118	143	-31
Opening Cash	122	48	165	308
Closing Cash	48	165	308	278

Source: Company, Axis Securities Research

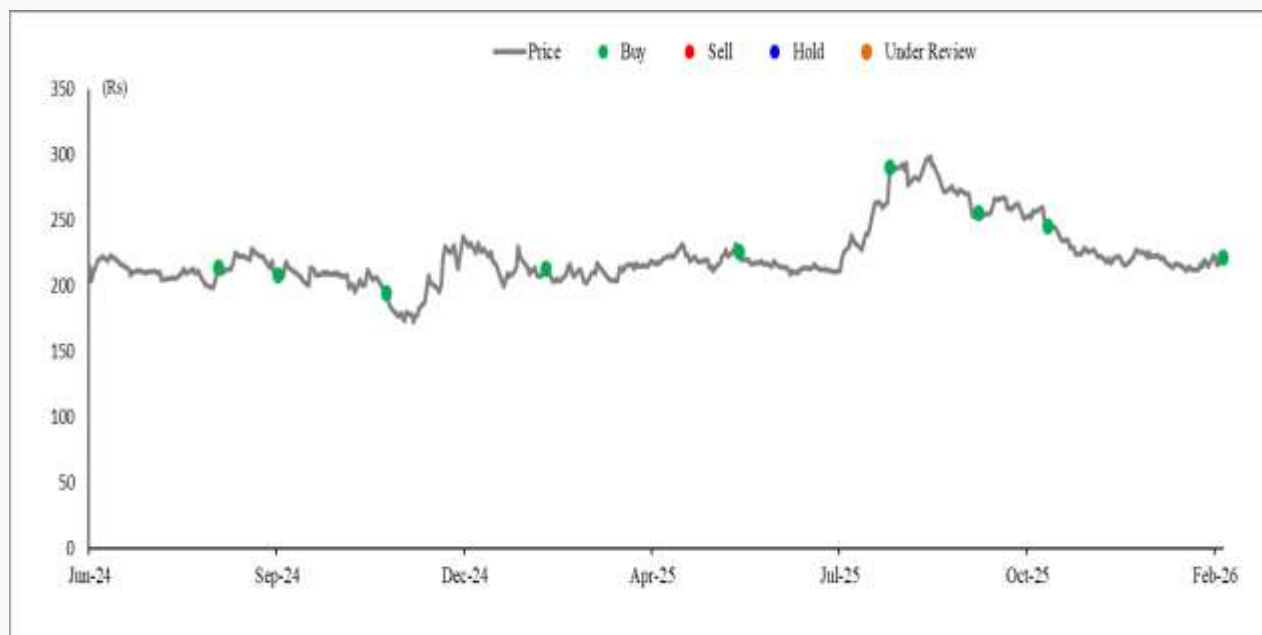
Ratio Analysis

(%)

Y/E March	FY24	FY25	FY26E	FY27E
Operational Ratios				
Sales growth	8%	9%	17%	12%
OPM	19.1%	18.3%	24.3%	24.9%
Op. profit growth	19%	4%	56%	15%
COGS / Net sales	61%	59%	55%	55%
Overheads/Net sales	20%	22%	21%	20%
Depreciation / G. block	6%	9%	8%	8%
Efficiency Ratios				
Total Asset Turnover (x)	0.81	0.77	0.79	0.81
Sales/Gross block (x)	1.24	0.86	0.82	0.78
Sales/Net block(x)	1.21	1.21	1.19	1.19
Working capital/Sales (x)	-0.04	0.03	0.00	0.01
Valuation Ratios				
P/E	29	53	24	21
P/BV (x)	1.0	1.0	0.8	0.7
EV/Ebitda (x)	15.7	16.2	10.4	9.1
EV/Sales (x)	3.0	3.0	2.5	2.3
EV/Tonne \$ (x)	132	141	113	113
Return Ratios				
ROE	12	6	12	12
ROCE	16	9	16	15
ROIC	17	9	17	16
Leverage Ratios				
Debt/equity (x)	0.05	0.14	0.18	0.16
Net debt/ Equity (x)	0.01	0.12	0.12	0.12
Interest Coverage ratio (x)	35	8	12	14
Cash Flow Ratios				
OCF/Sales	0.17	0.09	0.23	0.20
OCF/Ebitda	0.88	0.51	0.93	0.82
OCF/Capital Employed	0.17	0.09	0.22	0.20
FCF/Sales	-0.39	-0.17	-0.23	-0.20
Payout ratio (Div/NP)	0.0	4.8	2.1	1.9
AEPS (Rs.)	7.3	4.2	9.2	10.5
AEPS Growth	19.2	-42.8	120.8	13.8
CEPS (Rs.)	11	12	18	21
DPS (Rs.)	0.0	0.0	0.0	0.0

Source: Company, Axis Securities Research

Star Cement Price Chart and Recommendation History



Date	Reco	TP	Research
13-Aug-24	BUY	250	Result Update
16-Sep-24	BUY	250	AAA
12-Nov-24	BUY	235	Result Update
07-Feb-25	BUY	235	Result Update
23-May-25	BUY	270	Result Update
13-Aug-25	BUY	325	Result Update
30-Sep-25	BUY	325	AAA
07-Nov-25	BUY	335	Result Update
10-Feb-26	BUY	320	Result Update

Source: Axis Securities Research

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