PhillipCapital
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Star Cement (STRCEM IN)

Continues to deliver commendable performance!

INDIA | CEMENT | Quarterly Update

07 November 2025

BUY (Maintain)
CMP RS 246
TARGET RS 360 (+46%)

SEBI CATEGORY: SMALL CAP

COMPANY DATA

O/S SHARES (MN) :	404
MARKET CAP (RSBN) :	99
MARKET CAP (USDBN) :	1.1
52 - WK HI/LO (RS) :	309 / 172
LIQUIDITY 3M (USDMN) :	3
PAR VALUE (RS) :	1

SHARE HOLDING PATTERN, %

	Sep 25	Jun 25	Mar 25
PROMOTERS :	57.6	57.7	57.7
DII :	4.4	4.9	5.2
FII :	3.4	2.6	2.4
OTHERS :	34.7	34.8	34.8

KEY FINANCIALS

Rs mn	FY25	FY26E	FY27E
Net Sales	31.6	38.2	43.2
EBITDA	5.8	7.9	9.4
Net Profit	1.7	3.2	4.4
EPS, Rs	4.2	7.9	10.9
PER, x	58.8	31.0	22.6
EV/EBITDA, x	18.6	13.8	11.6
PBV, x	3.4	3.1	2.8
ROE, %	5.9	10.2	12.4

CHANGE IN ESTIMATES

	Revised Est.		% Revision	
Rs bn	FY26E	FY27E	FY26E	FY27E
Revenue	38.2	43.2	0%	0%
EBITDA	7.9	9.4	0%	0%
Core PAT	3.2	4.4	0%	0%
EPS (Rs)	7.9	10.9	0%	0%

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Top takeaways from Q2FY26

- Once again, despite robust expectations and projections, STRCEM's Q2FY26 was comfortably ahead of all estimates. Notably, this has been the case with STRCEM over its recent past as well.
- Absolute EBITDA at Rs1.90bn was 3% / 10% better vs. us/consensus. We were 7% higher vs. consensus on EBITDA.
- **To our estimates:** Volumes were in-line, blended realisations in-line, opex/tonne 1% lower and EBITDA/tonne 3% better. Resultantly, EBITDA/tonne at Rs1,624 was 3% better than our estimate of Rs1,581.
- **Vs. consensus (based on our volume estimates):** realisations were 4% better; opex/tonne 2% higher and EBITDA/tonne 10% better.
- **Operating parameters:** Volume growth at +19% yoy%, -10% qoq; blended realisations +6% yoy, -2% qoq; opex/tonne -5% yoy, flat qoq; EBITDA/tonne +67% yoy, -8% qoq.
- All in all, a robust operating performance once again by STRCEM and strong beat to all expectations despite robust estimates**.**

Our take on results:

- *STRCEM's Q2, once again clearly stands out - It is undoubtedly once again industry's best!*
- Like it did in recent past, once again, STRCEM's robust Q2 is an outcome of operational efficiency on all fronts – *cost as well as realisation.*
- On realisation front, STRCEM has done fantastically well once again! Despite we building in robust realisation estimates (vs. consensus), STRCEM has delivered in-line realisation to our estimates and it beats street by 4% – *this is truly commendable!*
- From our industry checks, we as well consistently gather a feedback that its NextGen promoter – Tushar Bhajanka has consistently paid relevant attention to all those areas, which in our view *(and as per inefficiencies highlighted in our Supply-Chain Thesis)*, is a must for any cement company to address. *STRCEM's directional and sustainable realisation uptick (especially since the time he has taken charge) vouches this argument.*
- We maintain our estimates and our Buy view with our previous PO of Rs360.

Management call takeaways (we hosted the Q2 call):

- Silchar project to be commissioned in Q4FY26; land at Bihar identified for next phase of grinding expansion; Rajasthan / Bihar projects to go construction mode soon.
- Capacity guidance stands at 18-20 mtpa by FY30.
- Volume guidance for FY26 remains unchanged at c. 5.5 mn tonnes.
- Demand and pricing guidance was directionally optimistic
- STRCEM now active in allied segments like AAC blocks, RMX and construction chemicals.
- Overall, an extremely confident management commentary reinstating execution abilities of STRCEM – *as we see, this change at STRCEM is largely driven by its NextGen Promoter – Mr Tushar Bhajanka (one of the best NextGen in our view in the whole industry).*

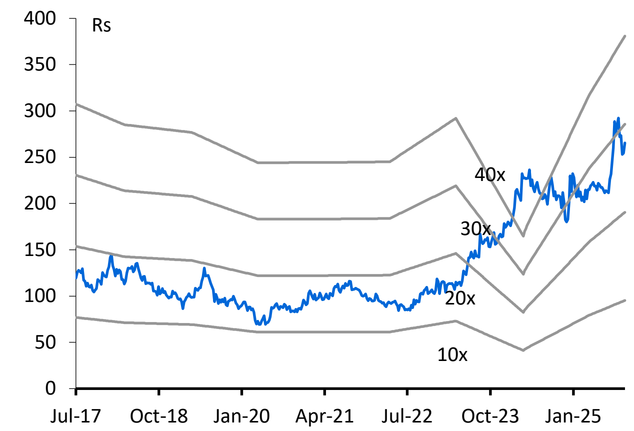
Valuation

- At PO, the stock will trade at c.US$170/tonne FY27 vs. c.120 currently.

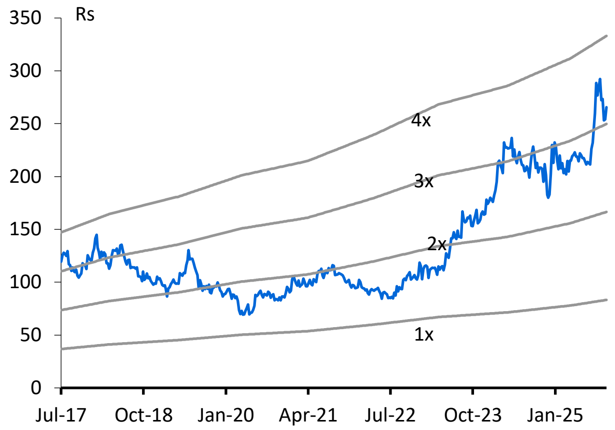
(Rs mn)	Q2FY26	Q2FY25	yoy	Q1FY26	qoq	Comments
Net Sales	8,109	6,415	26%	9,120	-11%	Commendable performance once again; beats us / consensus
Volumes	1.17	0.98	19%	1.30	-10%	
Total Expenditure	6,208	5,460	14%	6,838	-9%	
EBITDA	1,902	956	99%	2,282	-17%	
EBITDA margin	23%	15%		25%		
PAT	711	57	1154%	982	-28%	
Reported PAT	711	57	1154%	982	-28%	
Net Realisation/tonne	6,925	6,546	6%	7,037	-2%	
Expense/tonne	5,301	5,571	-5%	5,276	0%	
EBITDA/tonne	1,624	975	67%	1,761	-8%	

One-year forward band chart

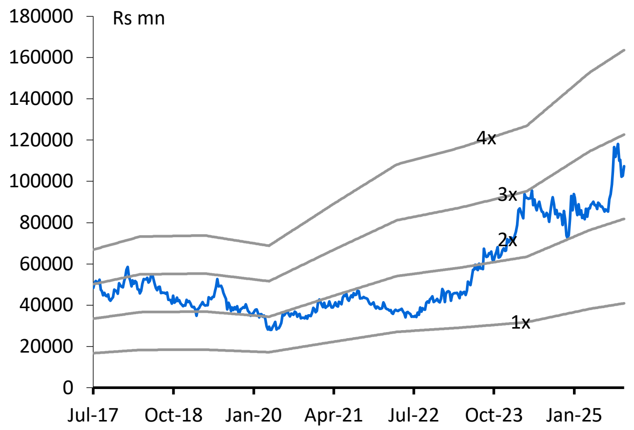
PE band



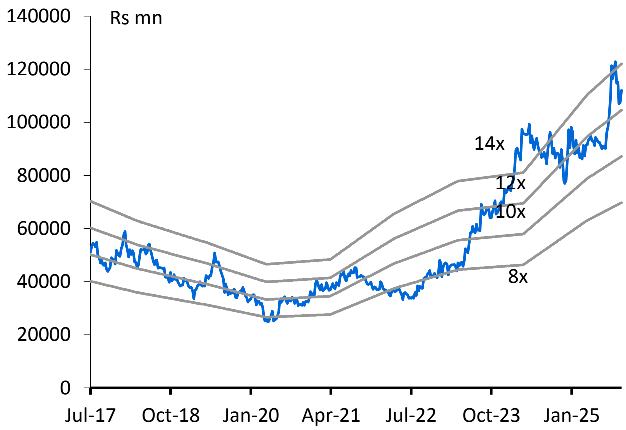
PBV band



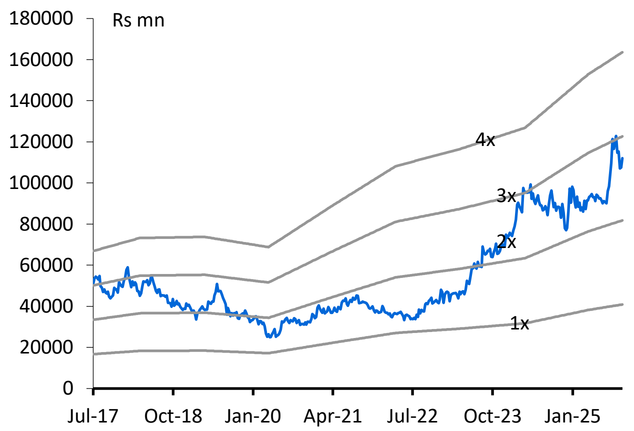
M-cap/sales band



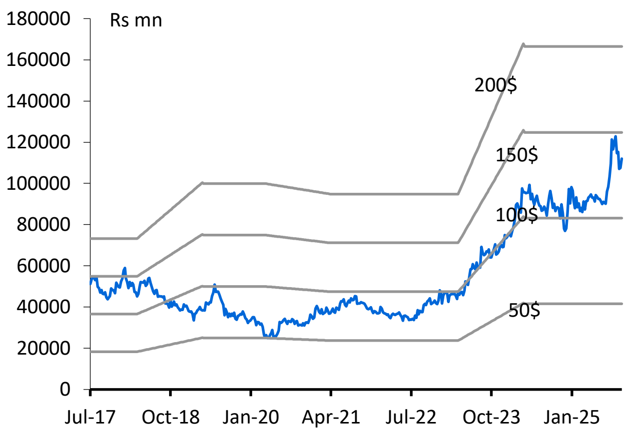
EV/EBIDTA band



EV/sales band



EV/tonne



Source: PhillipCapital India Research Estimates

Coverage Universe

Company	Size	Fw c.EV/tonne (FY27)	Reco/Upside	
Ambuja Cements	L	140	Buy	20%
UltraTech Cement	L	205	Buy	20%
Shree Cement	L	145	Buy	18%
JK Cement	M	160	Buy	25%
Dalmia Bharat	M	95	Buy	18%
ACC Ltd	M	70	Neutral	-1%
The India Cement Ltd	S	95	Buy	15%
JK Lakshmi Cement Limited	S	70	Buy	56%
Star Cement	S	120	Buy	46%
Mangalam Cement	S	55	Neutral	14%
HeidelbergCement India Ltd	S	65	Buy	25%

Source: Company, PhillipCapital India Research (Note: L/M/S = Large/Mid/Small Cap)

Financials

Income Statement

Y/E Mar, Rs mn	FY24	FY25	FY26E	FY27E
Net sales	**29.1**	**31.6**	**38.2**	**43.2**
Growth, %	7.6	8.7	20.7	13.1
EBITDA (Core)	**5.6**	**5.8**	**7.9**	**9.4**
Growth, %	18.8	4.0	36.2	19.7
Margin, %	19.1	18.3	20.6	21.8
Depreciation	1.5	3.3	3.3	3.3
EBIT	**4.1**	**2.5**	**4.5**	**6.1**
Growth, %	21.5	(39.8)	83.8	35.3
Margin, %	14.1	7.8	11.9	14.2
Interest paid	0.1	0.3	0.4	0.4
Other Income	**0.3**	**0.1**	**0.2**	**0.1**
Pre tax profit	**4.2**	**2.3**	**4.3**	**5.9**
Tax provided	1.3	0.6	1.1	1.5
Profit after tax	**3.0**	**1.7**	**3.2**	**4.4**
Net Profit	**3.0**	**1.7**	**3.2**	**4.4**
Growth, %	**19.2**	**(42.8)**	**90.0**	**37.1**
Net Profit (adjusted)	**3.0**	**1.7**	**3.2**	**4.4**
Wtd avg shares (m)	**404.2**	**404.2**	**404.2**	**404.2**

Balance Sheet

Y/E Mar, Rs mn	FY24	FY25	FY26E	FY27E
Cash & bank	1.0	0.5	0.5	0.5
Debtors	1.5	2.0	2.7	3.3
Inventory	3.3	4.5	5.9	7.4
Other current assets	1.8	3.4	4.1	4.6
Total current assets	7.8	10.5	13.4	16.1
Net fixed assets	24.4	26.4	28.0	30.2
Non - current assets	3.8	4.1	5.0	5.7
Total assets	**36.0**	**41.1**	**46.4**	**52.0**
Non - current liabilities	**8.9**	**12.3**	**14.9**	**16.5**
Total liabilities	8.9	12.3	14.9	16.5
Paid - up capital	0.4	0.4	0.4	0.4
Reserves & surplus	**26.7**	**28.4**	**31.1**	**35.1**
Shareholders' equity	**27.1**	**28.8**	**31.5**	**35.5**
Total equity & liabilities	**36.0**	**41.1**	**46.4**	**52.0**

Cash Flow

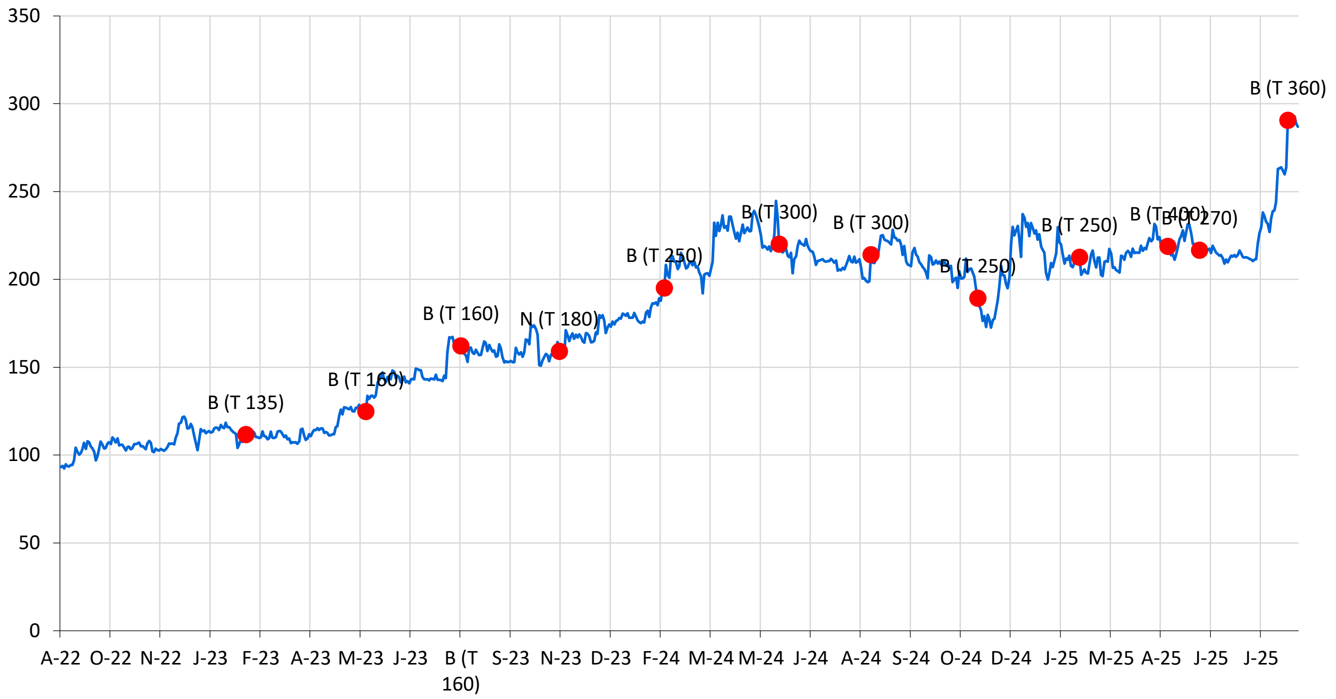
Y/E Mar, Rs mn	FY24	FY25	FY26E	FY27E
Pre-tax profit	4.2	2.3	4.3	5.9
Depreciation	1.5	3.3	3.3	3.3
Total tax paid	(1.3)	(0.6)	(1.1)	(1.5)
Cash flow from operating activities	**4.4**	**5.0**	**6.6**	**7.7**
Capital expenditure	**(11.4)**	**(5.3)**	**(5.0)**	**(5.5)**
Cash flow from investing activities	**(6.2)**	**(8.3)**	**(7.4)**	**(8.0)**
Free cash flow	(1.7)	(3.1)	(0.6)	0.0
Equity raised/(repaid)	-	-	-	-
Debt raised/(repaid)	**(0.5)**	**2.6**	**0.9**	**0.3**
Dividend (incl. tax)	-	-	(0.5)	(0.5)
Cash flow from financing activities	**(0.4)**	**2.9**	**0.9**	**0.3**
Net chg in cash	(2.1)	(0.4)	0.0	0.0

Valuation Ratios

	FY24	FY25	FY26E	FY27E
Per Share data				
EPS (INR)	7.3	4.2	7.9	10.9
Growth, %	19.2	(42.8)	90.0	37.1
Book NAV/share (INR)	67.1	71.2	78.0	87.8
FDEPS (INR)	7.3	4.2	7.9	10.9
CEPS (INR)	10.9	12.4	16.2	19.0
CFPS (INR)	10.9	12.4	16.2	19.0
DPS (INR)	-	-	1.0	1.0
Return ratios				
Return on assets (%)	9.1	5.2	8.3	9.8
Return on equity (%)	10.9	5.9	10.2	12.4
Return on capital employed (%)	11.1	6.5	10.4	12.3
ROIC (%)	11.2	6.1	9.9	12.0
Turnover ratios				
Asset turnover (x)	1.2	1.2	1.4	1.4
Sales/Net FA (x)	1.2	1.2	1.4	1.4
Working capital/Sales (x)	3.7	3.0	2.9	2.7
Receivable days	18.9	23.0	25.3	27.9
Inventory days	42.0	51.5	56.7	62.3
Payable days	34.1	32.8	33.8	34.3
Working capital days	98.4	121.4	128.0	135.8
Liquidity ratios				
Quick ratio (x)	0.5	0.5	0.5	0.5
Interest cover (x)	32.5	7.8	10.6	15.1
Total debt/Equity (x)	32.9	42.7	47.2	46.5
Net debt/Equity (x)	29.3	40.8	45.6	45.0
Valuation				
PER (x)	**33.7**	**58.8**	**31.0**	**22.6**
PEG (x) yoy growth	1.8	(1.4)	0.3	0.6
Price/Book (x)	3.7	3.4	3.1	2.8
EV/Net sales (x)	3.7	3.5	3.0	2.7
EV/EBITDA (x)	18.8	18.6	13.8	11.6
EV/EBIT (x)	25.6	43.7	24.0	17.8

Source: Company, PhillipCapital India Research

Stock Price, Price Target and Rating History



Source: PhillipCapital India Research

Rating Methodology

We rate stock on absolute return basis. Our target price for the stocks has an investment horizon of one year. We have different threshold for large market capitalisation stock and Mid/small market capitalisation stock. The categorisation of stock based on market capitalisation is as per the SEBI requirement.

Large cap stocks

Rating	Criteria	Definition
BUY	>= +10%	Target price is equal to or more than 10% of current market price
NEUTRAL	-10% > to < +10%	Target price is less than +10% but more than -10%
SELL	<= -10%	Target price is less than or equal to -10%.

Mid cap and Small cap stocks

Rating	Criteria	Definition
BUY	>= +15%	Target price is equal to or more than 15% of current market price
NEUTRAL	-15% > to < +15%	Target price is less than +15% but more than -15%
SELL	<= -15%	Target price is less than or equal to -15%.

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