

HSIE Results Daily

Contents

Results Reviews

- **Star Cement:** We maintain BUY on Star Cement with a revised TP of INR 290/share (12x FY28E consolidated EBITDA). Star continues to shine, riding on the benefits of duopolistic position in the lucrative NE region (NER), along with high incentive accruals from recent expansions. In Q4FY26, volume firmed up 13% YoY and unit EBITDA expanded INR 256/MT QoQ to INR 1,818/MT (a 29-quarter high). We estimate Star to continue to deliver a solid margin of ~INR 1,480/MT during FY27-28E despite lower incentives and increased cost pressure, along with 10% volume CAGR during FY26-28E. It expects to complete its planned greenfield plants in Bihar and Rajasthan by H1FY29.

HSIE Research Team

hdfcsec-research@hdfcsec.com

Star Cement

Margin shines further to a 29-quarter high

We maintain BUY on Star Cement with a revised TP of INR 290/share (12x FY28E consolidated EBITDA). Star continues to shine, riding on the benefits of duopolistic position in the lucrative NE region (NER), along with high incentive accruals from recent expansions. In Q4FY26, volume firmed up 13% YoY and unit EBITDA expanded INR 256/MT QoQ to INR 1,818/MT (a 29-quarter high). We estimate Star to continue to deliver a solid margin of ~INR 1,480/MT during FY27-28E despite lower incentives and increased cost pressure, along with 10% volume CAGR during FY26-28E. It expects to complete its planned greenfield plants in Bihar and Rajasthan by H1FY29.

- Q4FY26 performance:** Consol volume rose 13% YoY (Cement +10%, Clinker 100%). Cement sales in NER/outside NER rose 2/32% YoY. Trade sales stood at 78% vs 81/78% YoY/QoQ. NSR stood flattish QoQ due to higher clinker sales and lower incentive accruals (INR 196/MT vs INR 252 QoQ). Unit opex fell 5% QoQ on op-lev gain and higher clinker sales. Green power share stood at 34% during the quarter. Fuel cost stood at INR 1.24/mnCal vs INR 1.20 QoQ. Star incurred INR 60/MT toward donation vs INR 40 QoQ. Unit EBITDA expanded INR 256/103MT QoQ/YoY to INR 1,818/MT, a 29-quarter high. Consol EBITDA rose 20% YoY. Star commissioned 2mnMT SGU at Silchar.
- FY26 performance:** Consol volume rose 16% YoY to 5.5mn MT (cement 11%, clinker up 3.5x). NSR grew 3% YoY on better pricing. Incentives accrual remained flattish YoY ~INR 350/MT YoY. Opex fell 5% YoY on lower fuel cost, overall cost stabilization, op-lev gains and higher share of clinker sales (6% vs 2% YoY). Unit EBITDA jumped +INR 479/MT YoY to an 8-year high of INR 1,702/MT (~2x industry,). Consequently, consol EBITDA grew 62% YoY to INR 9.4bn, driving up OCF to INR 7.7bn (vs INR 3bn YoY). Star spent INR 4.8bn toward capex. Net debt reduced to INR 2.2bn from INR 3.5bn YoY.
- Outlook:** In FY27, Star expects ~10-12% total volume growth and lower incentive accrual of ~INR 250/MT vs ~INR 340/MT in FY26. Despite the west Asia turmoil, Star expects unit EBITDA of ~INR 1,500-1,700/MT in FY27. Its fuel cost has increased by INR 150-200/MT currently, which is partially offset by ~INR 10/bag price hike in Q1FY27. Star gave capex guidance of INR 6-7/15bn for FY27/28E. The 2mn MT Bihar SGU and 4mn MT IU in the north are expected to be operational in H1FY29E. We raise FY27/28E EBITDA estimates by 9/4%, factoring in lower-than-estimated competitive pressure in the NE region.

Quarterly/annual financial summary (consolidated)

YE Mar (INR mn)	Q4 FY26	Q4 FY25	YoY (%)	Q3 FY26	QoQ (%)	FY24	FY25	FY26P	FY27E	FY28E
Sales Vol (mn MT)	1.73	1.53	13.1	1.30	33.7	4.44	4.73	5.50	6.05	6.65
NSR (INR/MT)	6,772	6,867	(1.4)	6,790	(0.3)	6,554	6,687	6,868	6,799	6,765
EBITDA (INR/MT)	1,818	1,715	6.0	1,562	16.4	1,253	1,223	1,702	1,480	1,473
Net Sales	11,736	10,521	11.5	8,800	33.4	29,107	31,634	37,765	41,126	45,012
EBITDA	3,151	2,627	19.9	2,025	55.6	5,563	5,786	9,360	8,954	9,798
APAT	1,524	1,232	23.8	791	92.8	2,951	1,690	4,019	3,537	3,787
AEPS (INR)	3.8	3.0	23.8	2.0	92.8	7.3	4.2	9.9	8.8	9.4
EV/EBITDA (x)						14.9	15.5	9.5	9.5	8.9
EV/MT (INR bn)						10.7	11.7	9.2	8.8	7.4
P/E (x)						29.6	51.7	21.7	24.7	23.1
RoE (%)						11.5	6.0	13.2	10.6	10.5

Source: Company, HSIE Research

BUY

CMP (as on 26 May 2026) INR 216

Target Price INR 290

NIFTY 23,914

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 280	INR 290
	FY27E	FY28E
EPS Change %	8.7	3.5

KEY STOCK DATA

Bloomberg code	STRCEM IN
No. of Shares (mn)	404
MCap (INR bn) / (\$ mn)	87/910
6m avg traded value (INR mn)	69
52 Week high / low	INR 309/197

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(0.4)	(6.2)	(2.1)
Relative (%)	7.1	5.0	5.4

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	57.62	58.12
FIs & Local MFs	4.48	2.65
FPIs	2.47	2.26
Public & Others	35.43	36.97
Pledged Shares	1.33	1.33

Source : BSE

Pledged shares as % of total shares

Rajesh Ravi

rajesh.ravi@hdfcsec.com
 +91-22-6171-7352

Keshav Lahoti

keshav.lahoti@hdfcsec.com
 +91-22-6171-7353

Riddhi Shah

riddhi.shah@hdfcsec.com
 +91-22-6171-7359

Mahesh Nagda

mahesh.nagda@hdfcsec.com
 +91-22-6171-7319

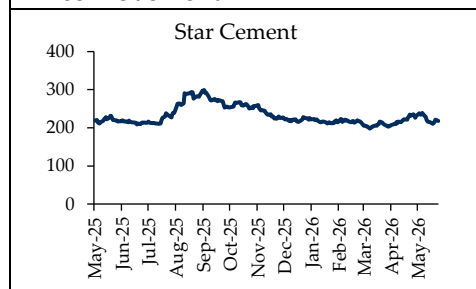
Rating Criteria

BUY: >+15% return potential
 ADD: +5% to +15% return potential
 REDUCE: -10% to +5% return potential
 SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Rajesh Ravi	Star Cement	MBA	NO
Keshav Lahoti	Star Cement	CA, CFA	NO
Mahesh Nagda	Star Cement	CA	NO
Riddhi Shah	Star Cement	MBA	NO

Price movement



Disclosure:

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. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. 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.

Research Analyst or his/her relative or HDFC Securities Ltd. does not have any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate does have/does not have any material conflict of interest.

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

Disclaimer:

This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. This report may have been refined using AI tools to enhance clarity and readability.

Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.

This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report. As regards the associates of HSL please refer the website.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

Please note that HDFC Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: customercare@hdfcsec.com Phone: (022) 3901 9400

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

HDFC Securities

Institutional Equities

Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,

Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

Board: +91-22-6171-7330 www.hdfcsec.com