PhillipCapital
Your Partner In Finance

Star Cement (STRCEM IN)

Shines bright yet again; Star performer, again and again!

INDIA | CEMENT | Quarterly Update

27 May 2026

BUY (Maintain)
CMP RS 215
TARGET RS 375 (+74%)

SEBI CATEGORY: SMALL CAP

Top takeaways from Q4FY26

- ***Once again (again and again!), STRCEM is industry's topper with a BLOCKBUSTER set!***
- Like we said in our Q3 note too, STRCEM seems to be habituated to report very strong and robust numbers, especially since its NextGen has taken its charge. It once again beats us and street comfortably despite our robust projections ***(we were +10% vs. consensus on EBITDA; we were +4% vs. street in Q3 too)*** and still, *(once again)* it doesn't disappoint.
- Absolute EBITDA at Rs3.15 bn is in-line to us; *10% beat to street*.
- **To our estimates:** Volumes are 1% lower, blended realisations 2% lower but opex/tonne too, 3% lower. Resultantly, EBITDA/tn at Rs 1,818 is 1% higher than our est. at Rs1,803.
- **Operating parameters:** Volume growth is at +13% yoy%, +34% qoq; blended realisations -1% yoy, flat qoq; opex/tonne -4% yoy, -5% qoq; EBITDA/tonne +6% yoy, +16% qoq.
- All in all, STRCEM remains a rare cement manufacturer in the Indian cement industry to report such a strong set, that too, sustainably on recurring basis. **As we see, *it's all thanks to abilities of its NextGen leader – Mr Tushar Bhajanka*** *[(Click here); refer page 4]*. ***With his actions (and resultant STRCEM's outcomes), Tushar (who is among top-4 industry's NextGen promoters, as we see) has proved that 'AGE IS JUST A NUMBER!'; though he is just 29+ (youngest within industry's NextGen promoter community), in our view, it is only and only his agility cum firm (and bold) decision-making ability (as STRCEM's NextGen promoter) that has brought out STRCEM (virtually) from a stage of stagnancy to structural growth; that too with best-in-class profitability on a sustainable basis.***

Our take on results:

- *STRCEM's Q4, once again clearly stands out - It is undoubtedly once again industry's best!*
- Since the time STRCEM's NextGen has taken charge, we hardly recollect any quarter when STRCEM would have disappointed. *In our interview coverage, Mr Tushar Bhajanka has categorically elaborated as to how he changed the course of STRCEM and the same has (also) been consistently visible in STRCEM numbers, especially over past few quarters.*
- In the last 2.5 years, STRCEM has structurally inched up its EBITDA by over Rs250/tn.
- STRCEM is now in-line / ahead of many peers *(in terms of EBITDA/tn, as well as absolute EBITDA)*; rather, it enjoys highest profitability within whole industry on sustainable basis.
- We don't see any risk to our estimates and we maintain Buy with previous PO of Rs375.
- In our view, STRCEM potential QIP remains a valuation drag; *we have a contrarian belief that STRCEM profitability may not be at a material risk despite new entrants in Northeast*.

Management call takeaways (we hosted the Q4 call):

- Volume growth guidance remains at c.12% for FY27; Current Trade-market share at 78%.
- Demand revival visible in May 2026 after subdued demand in April *(Reason: elections)*.
- EBITDA outlook for FY27 remains at c. Rs1,500 levels *(in-line to our estimate)*.
- Capex plans on track; firm announcements like in H2FY27.
- Overall, once again, an extremely confident management commentary reinstating STRCEM's confidence on its execution abilities and ability to sustain better profitability.

COMPANY DATA

O/S SHARES (MN) :	404
MARKET CAP (RSBN) :	87
MARKET CAP (USDBN) :	0.9
52 - WK HI/LO (RS) :	309 / 197
LIQUIDITY 3M (USDMN) :	1
PAR VALUE (RS) :	1

SHARE HOLDING PATTERN, %

	Mar 26	Dec 25	Sep 25
PROMOTERS :	58.1	57.6	57.6
DII :	2.6	4.5	4.4
FII :	2.7	2.9	3.4
OTHERS :	36.6	35.0	34.7

KEY FINANCIALS

Rs bn	FY26	FY27E	FY28E
Net Sales	37.8	43.1	48.8
EBITDA	9.4	9.4	10.4
Net Profit	4.0	4.4	4.4
EPS, Rs	9.9	10.8	10.9
PER, x	21.7	19.9	19.7
EV/EBITDA, x	9.8	9.8	9.7
PBV, x	2.7	2.5	2.2
ROE, %	12.6	12.4	11.4

CHANGE IN ESTIMATES

	Revised Est.		% Revision	
Rs bn	FY27E	FY28E	FY27E	FY28E
Revenue	43.1	48.8	0%	0%
EBITDA	9.4	10.4	0%	0%
Core PAT	4.4	4.4	0%	0%
EPS (Rs)	10.8	10.9	0%	0%

Vaibhav Agarwal, Research Analyst
vagarwal@phillipcapital.in

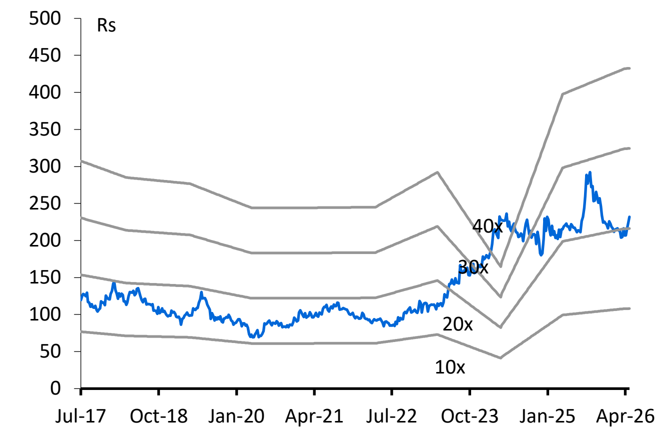
Valuation

- At PO, the stock will trade at c.US$185/tonne FY28 vs. c.115 currently.

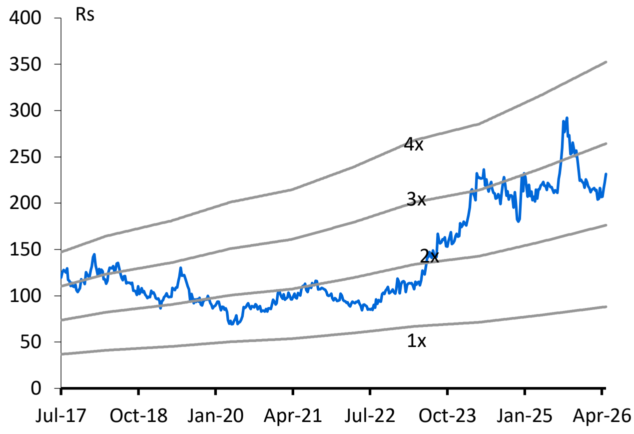
(Rs mn)	Q4FY26	Q4FY25	yoy	Q3FY26	qoq	Comments
Net Sales	11,736	10,521	12%	8,800	33%	Commendable performance once again; in-line to us / beats consensus.
Volumes	1.73	1.53	13%	1.30	34%	
Total Expenditure	8,585	7,894	9%	6,775	27%	
EBITDA	3,151	2,627	20%	2,025	56%	
EBITDA margin	27%	25%		23%		
PAT	1,528	1,231	24%	797	92%	
Net Realisation/tonne	6,772	6,867	-1%	6,790	0%	
Expense/tonne	4,954	5,153	-4%	5,228	-5%	
EBITDA/tonne	1,818	1,715	6%	1,562	16%	

One-year forward band chart

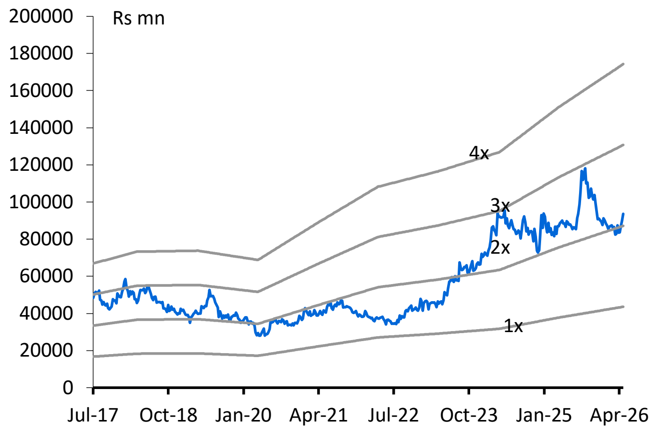
PE band



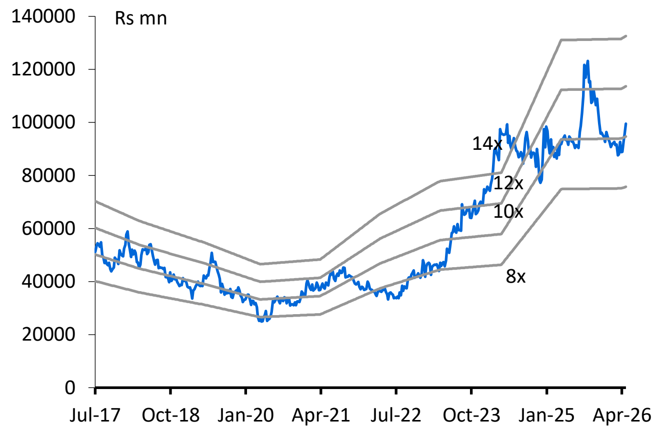
PBV band



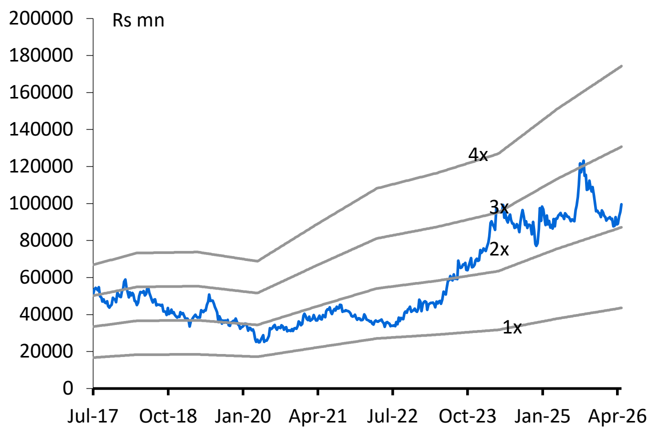
M-cap/sales band



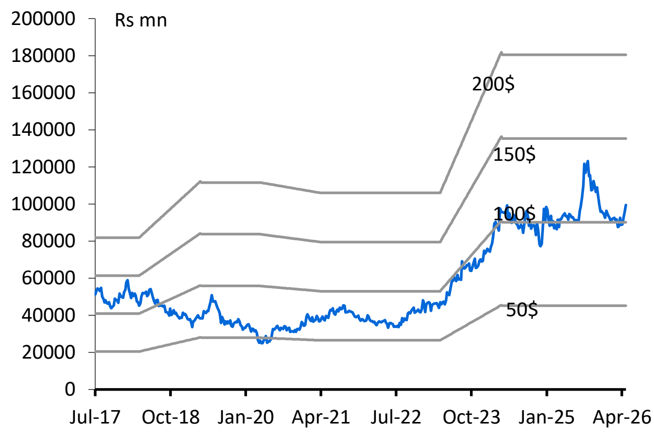
EV/EBIDTA band



EV/sales band



EV/tonne



Source: PhillipCapital India Research Estimates

Coverage Universe

Company	Size	Fw c.EV/tonne (FY28)	Reco/Upside	
Ambuja Cements	L	85	Neutral	9%
UltraTech Cement	L	170	Buy	22%
Shree Cement	M	120	Buy	27%
JK Cement	M	115	Buy	36%
Dalmia Bharat	M	75	Buy	18%
The India Cement Ltd	S	95	Buy	38%
JK Lakshmi Cement Limited	S	50	Buy	65%
Star Cement	S	115	Buy	74%
Mangalam Cement	S	55	Neutral	-13%
HeidelbergCement India Ltd	S	45	Neutral	25%
JSW Cement	S	80	Buy	35%
The Ramco Cements	S	85	Neutral	10%

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

Financials

Income Statement

Y/E Mar, Rs bn	FY25	FY26	FY27E	FY28E
Net sales	**31.6**	**37.8**	**43.1**	**48.8**
Growth, %	8.7	19.4	14.2	13.1
EBITDA (Core)	**5.8**	**9.4**	**9.4**	**10.4**
Growth, %	4.0	61.7	0.4	10.6
Margin, %	18.3	24.8	21.8	21.3
Depreciation	3.3	3.7	3.2	3.7
EBIT	**2.5**	**5.7**	**6.2**	**6.7**
Growth, %	(39.8)	131.3	8.1	8.9
Margin, %	7.8	15.1	14.3	13.8
Interest paid	0.3	0.5	0.5	1.0
Other Income	**0.1**	**0.2**	**0.2**	**0.1**
Pre tax profit	**2.3**	**5.4**	**5.8**	**5.9**
Tax provided	0.6	1.4	1.5	1.5
Profit after tax	**1.7**	**4.0**	**4.4**	**4.4**
Net Profit	**1.7**	**4.0**	**4.4**	**4.4**
Growth, %	**(42.8)**	**138.0**	**8.7**	**1.2**
Net Profit (adjusted)	**1.7**	**4.0**	**4.4**	**4.4**
Wtd avg shares (m)	**404.2**	**404.2**	**404.2**	**404.2**

Balance Sheet

Y/E Mar, Rs bn	FY25	FY26	FY27E	FY28E
Cash & bank	0.5	1.2	1.2	1.2
Debtors	2.0	2.4	3.0	3.8
Inventory	4.5	4.7	5.9	7.3
Other current assets	3.4	3.7	4.2	4.8
Total current assets	10.5	12.0	14.4	17.1
Net fixed assets	26.4	27.1	29.0	39.0
Non - current assets	4.1	4.8	5.5	6.2
Total assets	**41.1**	**46.5**	**51.4**	**64.8**
Non - current liabilities	**12.3**	**14.6**	**16.1**	**26.0**
Total liabilities	12.3	14.6	16.1	26.0
Paid - up capital	0.4	0.4	0.4	0.4
Reserves & surplus	**28.4**	**31.5**	**34.9**	**38.4**
Shareholders' equity	**28.8**	**31.9**	**35.3**	**38.8**
Total equity & liabilities	**41.1**	**46.5**	**51.4**	**64.8**

Cash Flow

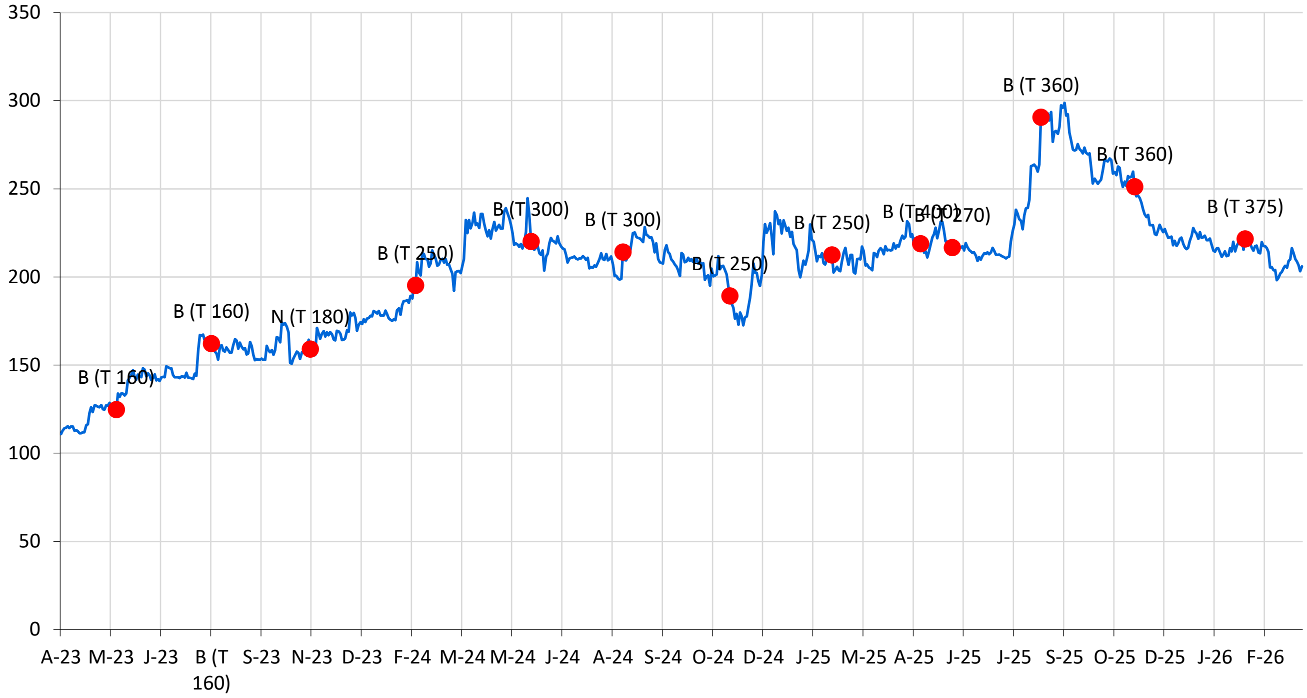
Y/E Mar, Rs bn	FY25	FY26	FY27E	FY28E
Pre-tax profit	2.3	5.4	5.8	5.9
Depreciation	3.3	3.7	3.2	3.7
Total tax paid	(0.6)	(1.4)	(1.5)	(1.5)
Cash flow from operating activities	**5.0**	**7.7**	**7.6**	**8.1**
Capital expenditure	**(5.3)**	**(4.3)**	**(5.1)**	**(13.7)**
Cash flow from investing activities	**(8.3)**	**(8.5)**	**(7.4)**	**(16.8)**
Free cash flow	(3.1)	(0.5)	0.5	(8.0)
Debt raised/(repaid)	**2.6**	**2.0**	**0.3**	**8.7**
Dividend (incl. tax)	-	(0.9)	(0.9)	(0.9)
Cash flow from financing activities	**2.9**	**1.5**	**(0.2)**	**8.7**
Net chg in cash	(0.4)	0.7	0.0	0.0

Valuation Ratios

	FY25	FY26	FY27E	FY28E
Per Share data				
EPS (INR)	4.2	9.9	10.8	10.9
Growth, %	(42.8)	138.0	8.7	1.2
Book NAV/share (INR)	71.2	79.0	87.5	96.1
FDEPS (INR)	4.2	9.9	10.8	10.9
CEPS (INR)	12.4	19.0	18.8	20.0
CFPS (INR)	12.4	19.0	18.8	20.0
DPS (INR)	-	2.0	2.0	2.0
Return ratios				
Return on assets (%)	5.2	10.2	9.9	9.2
Return on equity (%)	5.9	12.6	12.4	11.4
Return on capital employed (%)	6.5	12.5	12.1	11.1
ROIC (%)	6.1	12.6	12.7	11.4
Turnover ratios				
Asset turnover (x)	1.2	1.4	1.5	1.3
Sales/Net FA (x)	1.2	1.4	1.5	1.3
Working capital/Sales (x)	3.0	3.1	3.0	2.9
Receivable days	23.0	23.4	25.7	28.3
Inventory days	51.5	45.0	49.5	54.5
Payable days	32.8	33.1	31.8	31.6
Liquidity ratios				
Quick ratio (x)	**0.5**	**0.5**	**0.5**	**0.4**
Interest cover (x)	7.8	12.3	12.3	7.1
Total debt/Equity (x)	0.4	0.5	0.5	0.7
Net debt/Equity (x)	0.4	0.4	0.4	0.6
Valuation				
PER (x)	**51.6**	**21.7**	**19.9**	**19.7**
PEG (x) yoy growth	**(1.2)**	**0.2**	**2.3**	**16.8**
Price/Book (x)	3.0	2.7	2.5	2.2
EV/Net sales (x)	3.1	2.7	2.4	2.3
EV/EBITDA (x)	15.7	9.8	9.8	9.7
EV/EBIT (x)	36.8	16.1	14.9	15.0

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%.

Disclosures and Disclaimers

PhillipCapital (India) Pvt. Ltd. has three independent equity research groups: Institutional Equities, Institutional Equity Derivatives, and Private Client Group. This report has been prepared by Institutional Equities Group. The views and opinions expressed in this document may, may not match, or may be contrary at times with the views, estimates, rating, and target price of the other equity research groups of PhillipCapital (India) Pvt. Ltd.

This report is issued by PhillipCapital (India) Pvt. Ltd., which is regulated by the SEBI. PhillipCapital (India) Pvt. Ltd. is a subsidiary of Phillip (Mauritius) Pvt. Ltd. References to "PCIPL" in this report shall mean PhillipCapital (India) Pvt. Ltd unless otherwise stated. This report is prepared and distributed by PCIPL for information purposes only, and neither the information contained herein, nor any opinion expressed should be construed or deemed to be construed as solicitation or as offering advice for the purposes of the purchase or sale of any security, investment, or derivatives. The information and opinions contained in the report were considered by PCIPL to be valid when published. The report also contains information provided to PCIPL by third parties. The source of such information will usually be disclosed in the report. Whilst PCIPL has taken all reasonable steps to ensure that this information is correct, PCIPL does not offer any warranty as to the accuracy or completeness of such information. Any person placing reliance on the report to undertake trading does so entirely at his or her own risk and PCIPL does not accept any liability as a result. Securities and Derivatives markets may be subject to rapid and unexpected price movements and past performance is not necessarily an indication of future performance.

This report does not regard the specific investment objectives, financial situation, and the particular needs of any specific person who may receive this report. Investors must undertake independent analysis with their own legal, tax, and financial advisors and reach their own conclusions regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realised. Under no circumstances can it be used or considered as an offer to sell or as a solicitation of any offer to buy or sell the securities mentioned within it. The information contained in the research reports may have been taken from trade and statistical services and other sources, which PCIL believe is reliable. PhillipCapital (India) Pvt. Ltd. or any of its group/associate/affiliate companies do not guarantee that such information is accurate or complete and it should not be relied upon as such. Any opinions expressed reflect judgments at this date and are subject to change without notice.

Important: These disclosures and disclaimers must be read in conjunction with the research report of which it forms part. Receipt and use of the research report is subject to all aspects of these disclosures and disclaimers. Additional information about the issuers and securities discussed in this research report is available on request.

Certifications: The research analyst(s) who prepared this research report hereby certifies that the views expressed in this research report accurately reflect the research analyst’s personal views about all of the subject issuers and/or securities, that the analyst(s) have no known conflict of interest and no part of the research analyst’s compensation was, is, or will be, directly or indirectly, related to the specific views or recommendations contained in this research report.

Additional Disclosures of Interest:
Unless specifically mentioned in Point No. 9 below:

1. The Research Analyst(s), PCIL, or its associates or relatives of the Research Analyst does not have any financial interest in the company(ies) covered in this report.
2. The Research Analyst, PCIL or its associates or relatives of the Research Analyst affiliates collectively do not hold more than 1% of the securities of the company (ies)covered in this report as of the end of the month immediately preceding the distribution of the research report.
3. The Research Analyst, his/her associate, his/her relative, and PCIL, do not have any other material conflict of interest at the time of publication of this research report.
4. The Research Analyst, PCIL, and its associates have not received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company(ies) covered in this report, in the past twelve months.
5. The Research Analyst, PCIL or its associates have not managed or co(managed in the previous twelve months, a private or public offering of securities for the company (ies) covered in this report.
6. PCIL or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party, in connection with the research report.
7. The Research Analyst has not served as an Officer, Director, or employee of the company (ies) covered in the Research report.
8. The Research Analyst and PCIL has not been engaged in market making activity for the company(ies) covered in the Research report.
9. Details of PCIL, Research Analyst and its associates pertaining to the companies covered in the Research report:

Sr. no.	Particulars	Yes/No
1	**Whether compensation has been received from the company(ies) covered in the Research report in the past 12 months for investment banking transaction by PCIL**	**No**
2	**Whether Research Analyst, PCIL or its associates or relatives of the Research Analyst affiliates collectively hold more than 1% of the company(ies) covered in the Research report**	**No**
3	Whether compensation has been received by PCIL or its associates from the company(ies) covered in the Research report	No
4	PCIL or its affiliates have managed or co(managed in the previous twelve months a private or public offering of securities for the company(ies) covered in the Research report	No
5	Research Analyst, his associate, PCIL or its associates have received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company(ies) covered in the Research report, in the last twelve months	No

Independence: PhillipCapital (India) Pvt. Ltd. has not had an investment banking relationship with, and has not received any compensation for investment banking services from, the subject issuers in the past twelve (12) months, and PhillipCapital (India) Pvt. Ltd does not anticipate receiving or intend to seek compensation for investment banking services from the subject issuers in the next three (3) months. PhillipCapital (India) Pvt. Ltd is not a market maker in the securities mentioned in this research report, although it, or its affiliates/employees, may have positions in, purchase or sell, or be materially interested in any of the securities covered in the report.

Suitability and Risks: This research report is for informational purposes only and is not tailored to the specific investment objectives, financial situation or particular requirements of any individual recipient hereof. Certain securities may give rise to substantial risks and may not be suitable for certain investors. Each investor must make its own determination as to the appropriateness of any securities referred to in this research report based upon the legal, tax and accounting considerations applicable to such investor and its own investment objectives or strategy, its financial situation and its investing experience. The value of any security may be positively or adversely affected by changes in foreign exchange or interest rates, as well as by other financial, economic, or political factors. Past performance is not necessarily indicative of future performance or results.

Sources, Completeness and Accuracy: The material herein is based upon information obtained from sources that PCIPL and the research analyst believe to be reliable, but neither PCIPL nor the research analyst represents or guarantees that the information contained herein is accurate or complete and it should not be relied upon as such. Opinions expressed herein are current opinions as of the date appearing on this material, and are subject to change without notice. Furthermore, PCIPL is under no obligation to update or keep the information current. Without limiting any of the foregoing, in no event shall PCIL, any of its affiliates/employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind including but not limited to any direct or consequential loss or damage, however arising, from the use of this document.

Caution: Risk of loss in trading/investment can be substantial and even more than the amount / margin given by you. Investment in securities market are subject to market risks, you are requested to read all the related documents carefully before investing. You should carefully consider whether trading/investment is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. PhillipCapital and any of its employees, directors, associates, group entities, or affiliates shall not be liable for losses, if any, incurred by you. You are further cautioned that trading/investments in financial markets are subject to market risks and are advised to seek independent third party trading/investment advice outside PhillipCapital/ group/ associates/ affiliates/ directors/ employees before and during your trading/investment. There is no guarantee/assurance as to returns or profits or capital protection or appreciation. PhillipCapital and any of its employees, directors, associates, and/or employees, directors, associates of PhillipCapital's group entities or affiliates is not inducing you for trading/investing in the financial market(s). Trading/Investment decision is your sole responsibility. You must also read the Risk Disclosure Document and Do's and Don'ts before investing.

Kindly note that past performance is not necessarily a guide to future performance.

For Detailed Disclaimer: Please visit our website www.phillipcapital.in

Registration granted by SEBI, enlistment of RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

IMPORTANT DISCLOSURES FOR U.S. PERSONS

For U.S. persons only: This research report is a product of PhillipCapital (India) Pvt. Ltd., **under Marco Polo Securities 15a-6 chaperone service,** which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, PhillipCapital (India) Pvt. Ltd. has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be affected through Marco Polo or another U.S. registered broker dealer.

PhillipCapital (India) Pvt. Ltd.
Registered office: 18th floor, Urmi Estate, Ganpatrao Kadam Marg, Lower Parel (West), Mumbai – 400013 India. (T) 022 24831919
SEBI registered No:- INH000001345
Compliance Officer: Mr. Rohan Raut, rraut@phillipcapital.in (T) 022 24831919. Client Grievances customeraffairs@phillipcapital.in (T) 022 24831848

VAIBHAV
KISHOR
AGARWAL

Digitally signed by VAIBHAV KISHOR AGARWAL
DN: c=IN, o=PHILLIPCAPITAL (INDIA) PRIVATE LIMITED, ou=EMPLOYEE, 2.5.4.20=fb10c6cca3374e261c8aeac9401967918a2b7326defa446cf31cf61a4d822803, postalCode=400013, st=Maharashtra, serialNumber=6eb06903aae258f21d222bfd15aed40e7b30dc310c44aca7771155a543ba7a9a, cn=VAIBHAV KISHOR AGARWAL
Date: 2026.05.27 13:05:59 +05'30'