

Star Cement | BUY

EBITDA beat on lower-than-estimated cost/t

Star Cement (Star) reported a strong Q4FY26 consolidated performance with EBITDA rising ~20% YoY/56% QoQ to INR 3.15bn, beating our and consensus estimates by 4–10% primarily due to lower-than-estimated cost/t. Blended EBITDA/t rose 6% YoY/16% QoQ to INR 1,818/t, implying a sequential uptick of INR 256/t. Incentive income dipped ~55% YoY/rose 5% QoQ to INR 340mn (~INR 196/t). Management guided for FY27E cement volume growth of 10–12%, whereas clinker volume is expected to remain flat. Cement prices have improved INR 6–7/bag in Northeast India and ~INR 10/bag outside the region (Bihar and West Bengal) in Q1FY27-TD. The company continues to target EBITDA/t of INR 1,500–1,700/t over the next three years (pre-Rajasthan expansion) and sustainable blended EBITDA/t of INR 1,300–1,400/t over longer term. Modelling in the Q4FY26 performance, we are tweaking FY27–28E EBITDA estimates and value the stock on 11x Mar'28E EV/EBITDA, yielding a TP of INR 295 (earlier INR 285); retain BUY.

■ **Q4FY26 result summary:** Star Cement delivered a strong Q4FY26 operating performance on a consolidated basis with EBITDA increasing ~20% YoY/56% QoQ to INR 3.15bn, outperforming our and consensus estimates by 4–10%. Blended EBITDA/t grew 6% YoY/~16% QoQ to INR 1,818 (JMFe: INR 1,735/t), implying a sequential improvement of INR 256/t. Volumes rose ~13% YoY/34% QoQ to ~1.7mt (2Y CAGR: ~12%), broadly in line with our estimates, taking FY26 volume to ~5.5mt (+16% YoY; 2Y CAGR: ~12%). Realisation (including incentives) declined ~1% YoY/flat QoQ to INR 6,772/t (JMFe: INR 6,821/t), a marginal decrease of INR 18/t QoQ. Cement realisation grew ~3% YoY/1% QoQ to INR 6,576/t, which translates to an increase of INR 37/t QoQ. Incentives dipped ~55% YoY/rose 5% QoQ to INR 340mn (~INR 196/t) in Q4FY26. Total cost/t fell ~4% YoY/~5% QoQ to INR 4,954/t. In FY26, the company generated FCF of INR 2.3bn post-working capital blockage of INR 752mn and net capex of INR 4.9bn. At end-Mar'26, gross debt stood at ~INR 5.9bn and cash at INR 3.83bn, implying net debt of ~INR 2bn.

■ **What we like:** Higher-than-estimated profitability.

■ **What we do not like:** Lower-than-estimated realisation.

■ **Earnings call takeaways:** i) Management guided for FY27 cement volume growth of 10–12% in FY27E, whereas clinker volume is expected to remain flat YoY. ii) Targets EBITDA/t of INR 1,500–1,700/t over the next three years (pre-Rajasthan expansion) and sustainable blended EBITDA/t of INR 1,300–1,400/t over longer term. iii) Cement prices have improved by INR 6–7/bag in Northeast India and ~INR 10/bag outside the region (Bihar and West Bengal) in Q1FY27-TD. iv) The company expects fuel cost inflation in Q1/Q2FY27 with coal costs likely to rise 10–15% per GCV due to railway rake diversion towards thermal power plants and temporary coal supply tightness. It expects this to be a short-term issue, potentially normalising by H2FY27E. v) Expansion roadmap: a) Bihar grinding unit is targeted for commissioning by Q1/Q2FY29E and will initially source clinker from existing integrated facilities through railway-linked logistics infrastructure. b) Over the next four to five years, Star plans to execute a multi-phase expansion strategy comprising clinker units in Rajasthan and Assam, along with grinding units in Bihar, Jorhat and Haryana. c) The Rajasthan integrated expansion plan remains intact with proposed capacity of ~3mt clinker and ~5mt cement targeted for commissioning around H1FY29E, subject to timely approvals. vi) For FY27, it expects incentives of INR 1.4bn–1.5bn versus ~INR 1.84bn in FY26. vii) Guided capex of INR 6bn–7bn for FY27E and ~INR 15bn for FY28E. viii) On AAC block & construction materials, it booked revenue of INR 170mn in Q4FY26 and INR 430mn in FY26. It targets revenue of ~INR 1bn in FY27E with an EBITDA margin of 7–8%.

Financial Summary						(INR mn)
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E	
Net Sales	28,882	29,975	35,922	39,668	43,585	
Sales Growth (%)	6.8	3.8	19.8	10.4	9.9	
EBITDA	5,563	5,786	9,360	9,823	10,907	
EBITDA Margin (%)	19.1	18.3	24.8	23.9	24.2	
Adjusted Net Profit	2,951	1,690	4,047	4,189	5,035	
Diluted EPS (INR)	7.3	4.2	10.0	10.4	12.5	
Diluted EPS Growth (%)	19.2	-42.7	139.5	3.5	20.2	
ROIC (%)	12.1	6.2	12.8	12.4	13.7	
ROE (%)	11.5	6.0	13.3	12.4	13.3	
P/E (x)	29.5	51.5	22.1	20.8	17.3	
P/B (x)	3.2	3.0	2.7	2.4	2.2	
EV/EBITDA (x)	15.7	15.6	9.5	8.9	7.8	
Dividend Yield (x)	-	-	-	0.5	0.6	

Source: Company data, JM Financial. Note: Valuations as of May 26, 2026



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	295
Upside/(Downside)	37.1%
Previous Price Target	285
Change	3.6%

Key Data – STRCEM IN

Current Market Price	INR215
Market cap (bn)	INR87.0/US\$0.9
Free Float (%)	20.4
Shares in issue (mn)	404.2
Diluted share (mn)	404.2
3-mon avg daily val (mn)	INR57.6/US\$0.7
52-week range	INR309/197
Sensex/Nifty	76,010/23,914
INR/US\$	95.7

Price Performance

%	1M	6M	12M
Absolute	-7.1	-6.2	-2.2
Relative*	-5.5	5.8	5.0

*To the NSE Nifty 50

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1: Actuals versus estimates (Q4FY26)

(INR mn)	Actuals	Estimates		% Variation		Comments
		JMF	Consensus	JMF	Consensus	
Net sales	11,736	11,959	7,787	(1.9)	50.7	Lower-than-estimated cost/t led to EBITDA beat
EBITDA	3,151	3,042	1,730	3.6	82.1	
PAT	1,539	1,571	581	(2.0)	164.7	
Volumes (mt)	1.7	1.8		(1.2)		
Blended Realisation (INR/t)	6,772	6,821		(0.7)		
Blended EBITDA (INR/t)	1,818	1,735		4.8		

Source: Company, JM Financial

Exhibit 2: Quarterly analysis – Consolidated

INR mn	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (%)	QoQ (%)	FY25	FY26	YoY (%)
Revenue	10,521	9,120	8,109	8,800	11,736	11.5	33.4	31,634	37,765	19.4
Expenditure	7,894	6,838	6,208	6,775	8,585	8.8	26.7	25,848	28,405	9.9
Total RM	1,035	1,169	878	1,196	1,718	65.9	43.6	5,191	4,961	(4.4)
Power & Fuel	1,829	1,414	1,330	1,258	1,577	(13.8)	25.4	5,288	5,579	5.5
Freight	3,070	2,497	2,148	2,506	3,203	4.3	27.8	8,283	10,354	25.0
Staff cost	601	668	715	699	690	14.8	(1.3)	2,475	2,772	12.0
Other expenditure	1,358	1,090	1,137	1,116	1,397	2.9	25.2	4,611	4,739	2.8
EBITDA	2,627	2,282	1,902	2,025	3,151	19.9	55.6	5,786	9,360	61.7
Depreciation	875	852	902	912	987	12.8	8.2	3,319	3,653	10.1
EBIT	1,752	1,430	999	1,113	2,164	23.5	94.4	2,467	5,707	131.3
Other Income	50	18	35	49	91	81.4	87.0	106	193	82.3
Interest	88	102	111	121	129	46.8	6.4	316	463	46.4
PBT	1,714	1,347	924	1,040	2,126	24.0	104.3	2,257	5,436	140.9
Total Tax	483	365	213	243	597	23.7	145.7	569	1,418	149.5
Adjusted PAT	1,231	982	711	797	1,528	24.1	91.7	1,688	4,018	138.0
(Profit)/loss from JV's/Ass/MI	0	3	9	7	11	2,203.2	49.2	2	30	1,548.1
PAT after MI	1,232	985	719	804	1,539	25.0	91.3	1,690	4,047	139.5
Extra ordinary items	-	-	-	(55)	(58)	NA	NA	-	(113)	NA
Reported PAT	1,232	985	719	749	1,481	20.2	97.7	1,690	3,934	132.8
Adjusted EPS (INR)	3.0	2.4	1.8	2.0	3.8	25.0	91.3	4.2	10.0	139.5
Margins (%)	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (bps)	QoQ (bps)	FY25	FY26	YoY (bps)
EBIDTA	25.0	25.0	23.4	23.0	26.8	188	384	18.3	24.8	649
EBIT	16.7	15.7	12.3	12.6	18.4	178	579	7.8	15.1	731
EBT	16.3	14.8	11.4	11.8	18.1	182	629	7.1	14.4	726
PAT	11.7	10.8	8.8	9.1	13.0	132	396	5.3	10.6	530
Effective Tax rate	28.2	27.1	23.1	23.4	28.1			25.2	26.1	

Source: Company, JM Financial

Exhibit 3: Quarterly analysis on a per tonne basis – Consolidated

INR/tonne	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (%)	QoQ (%)	FY25	FY26	YoY (%)
Volumes (mt)	1.53	1.30	1.17	1.30	1.73	13.1	33.7	4.73	5.50	16.2
Blended Realisation	6,867	7,037	6,925	6,790	6,772	(1.4)	(0.3)	6,687	6,871	2.8
Raw Material	676	902	750	923	991	46.7	7.4	1,097	903	(17.7)
Power & Fuel	1,194	1,091	1,136	971	910	(23.8)	(6.2)	1,118	1,015	(9.2)
Freight	2,004	1,927	1,834	1,934	1,848	(7.8)	(4.4)	1,751	1,884	7.6
Staff cost	392	515	611	540	398	1.5	(26.2)	523	504	(3.6)
Other expenditure	887	841	971	861	806	(9.1)	(6.4)	975	862	(11.5)
Total OpEx	5,153	5,276	5,301	5,228	4,954	(3.9)	(5.2)	5,463	5,168	(5.4)
Blended EBITDA	1,715	1,761	1,624	1,562	1,818	6.0	16.4	1,223	1,703	39.2

Source: Company, JM Financial

Exhibit 4: Annual analysis – Consolidated

Key Assumptions	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	CAGR (%)	
										FY20-26	FY26-28E
Capacity (mt)	4.3	5.7	5.7	5.7	7.7	7.7	9.7	11.7	11.7	14.5	9.8
Volumes (mt)	2.9	2.6	3.4	4.0	4.4	4.7	5.5	6.0	6.5	11.4	9.0
Utilisation (%)	67	46	60	70	57	61	57	51	56		
Blended Realisation (INR/t)	6,389	6,500	6,523	6,735	6,546	6,336	6,536	6,622	6,675	0.4	1.1
EBITDA/tn (INR/t)	1,369	1,258	1,014	1,167	1,261	1,223	1,703	1,640	1,670	3.7	(1.0)
P&L (INR bn)											
Revenue	18	17	22	27	29	32	38	41	45	12.7	9.2
EBITDA	4	3	3	5	6	6	9	10	11	15.5	8.0
Adj. Net Profit	3	3	2	2	3	2	4	4	5	6.0	11.5
Balance Sheet (INR bn)											
Equity	19	21	22	24	27	29	32	36	40		
Net Debt	(3)	(5)	(5)	(5)	0	3	2	1	(2)		
Net Debt/EBITDA (x)	(0.7)	(1.4)	(1.6)	(1.0)	0.1	0.6	0.2	0.1	(0.2)		
Net Debt/Equity (x)	(0.1)	(0.2)	(0.2)	(0.2)	0.0	0.1	0.1	0.0	(0.0)		
Cash Flow (INR bn)											
OCF before NWC change	3.4	2.4	3.3	4.5	5.0	4.9	7.8	8.0	8.9		
Change in NWC	1.4	1.1	1.1	(0.4)	0.0	(2.2)	(0.8)	(0.3)	(0.3)		
Capex	(2.3)	(1.1)	(2.0)	(5.7)	(10.4)	(5.8)	(4.9)	(6.0)	(6.0)		
FCF	2.5	2.4	2.4	(1.6)	(5.3)	(3.1)	2.2	1.7	2.6		
Return ratios (%)											
RoE	15.9	12.8	11.6	10.8	11.5	6.0	13.3	12.4	13.3		
RoCE	15.4	12.8	12.2	11.0	11.5	6.3	12.5	11.6	12.5		
RoIC	18.0	15.8	15.2	15.1	18.4	7.9	13.4	13.0	14.3		
Valuations (x)											
PE							21.5	20.8	17.3		
EV/EBITDA							9.7	9.1	8.0		
EV/tn (USD)							97	80	78		

Source: Company, JM Financial

Exhibit 5: Annual analysis on a per tonne basis – Consolidated

INR/tonne	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	CAGR (%)	
										FY20-26	FY26-28E
Blended Realisation	6,389	6,500	6,523	6,735	6,546	6,336	6,536	6,622	6,675	0.4	1.1
% YoY	(5.3)	1.7	0.3	3.2	(2.8)	(3.2)	3.2	1.3	0.8		
Raw materials consumed	1,396	1,525	1,685	1,559	1,087	1,097	903	913	929		
Power & fuel costs	1,257	1,280	1,225	1,419	1,258	1,118	1,015	1,061	1,055		
Freight costs	1,226	1,202	1,255	1,262	1,680	1,751	1,884	1,897	1,908		
Staff cost	439	497	468	488	487	523	504	495	486		
Other expenses	713	743	880	843	824	975	862	856	852		
Total OpEx	5,031	5,247	5,513	5,572	5,336	5,463	5,168	5,222	5,231	0.5	0.6
Blended EBITDA	1,369	1,258	1,014	1,167	1,261	1,223	1,703	1,640	1,670	3.7	(1.0)
% YoY	(17.5)	(8.1)	(19.4)	15.1	8.1	(3.0)	39.2	(3.7)	1.9		

Source: Company, JM Financial

Exhibit 6: Estimates revisions: We tweak FY27E–28E EBITDA estimates

INR bn	FY27E			FY28E		
	Old	New	% Chg	Old	New	% Chg
Revenue	41.5	41.1	(1.1)	45.9	45.1	(1.7)
EBITDA	9.6	9.8	2.3	10.7	10.9	2.3
Adj. PAT	4.4	4.2	(4.6)	5.1	5.0	(0.5)

Source: JM Financial

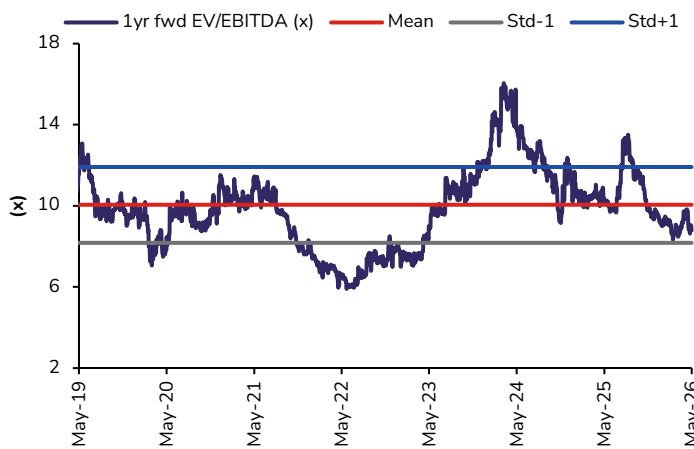
Exhibit 7: Maintain BUY with a revised TP of INR 295 based on 11x Mar'28E EV/EBITDA

EV/E method

Mar'28E EBITDA (INR bn)	11
EV/E multiple (x)	11
EV (INR bn)	120
Mar'27E net debt (INR bn)	1
Equity value (INR bn)	119
No. of shares (mn)	404
Mar'27 Target Price (INR)	295

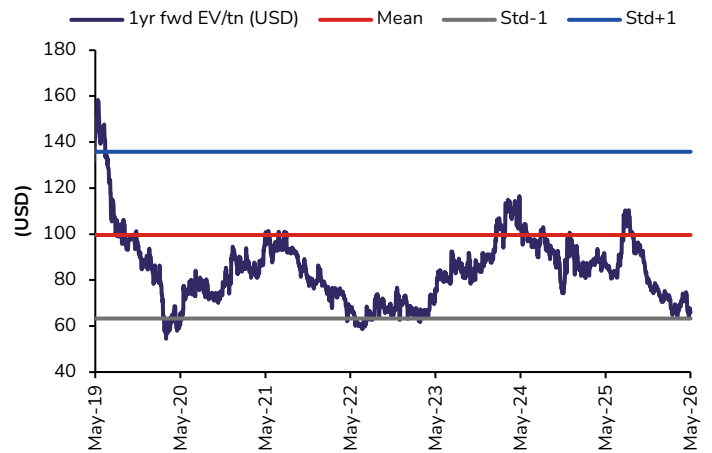
Source: JM Financial

Exhibit 8: One-year forward EV/EBITDA



Source: Bloomberg, Company

Exhibit 9: One-year forward EV/tonne



Source: Bloomberg, Company

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E	
Net Sales	28,882	29,975	35,922	39,668	43,585	
Sales Growth (%)	6.8	3.8	19.8	10.4	9.9	
Other Operating Income	225	1,659	1,842	1,437	1,480	
Total Revenue	29,107	31,634	37,765	41,106	45,065	
Cost of Goods Sold/Op. Exp	4,795	5,191	4,961	5,467	6,066	
Personnel Cost	2,148	2,475	2,772	2,966	3,174	
Other Expenses	16,600	18,182	20,672	22,849	24,917	
EBITDA	5,563	5,786	9,360	9,823	10,907	
EBITDA Margin (%)	19.1	18.3	24.8	23.9	24.2	
EBITDA Growth (%)	18.8	4.0	61.7	5.0	11.0	
Depn. & Amort.	1,466	3,319	3,653	4,005	4,072	
EBIT	4,097	2,467	5,707	5,818	6,836	
Other Income	265	106	193	212	233	
Finance Cost	126	316	463	443	343	
PBT before Excep. & Forex	4,236	2,257	5,436	5,588	6,726	
Excp. & Forex Inc./Loss(-)	-	-	-	-	-	
PBT	4,236	2,257	5,436	5,588	6,726	
Taxes	1,285	569	1,418	1,425	1,715	
Extraordinary Inc./Loss(-)	-	-	-113	-	-	
Assoc. Profit/Min. Int.(-)	-	-2	-30	-27	-24	
Reported Net Profit	2,951	1,690	3,934	4,189	5,035	
Adjusted Net Profit	2,951	1,690	4,047	4,189	5,035	
Net Margin (%)	10.1	5.3	10.7	10.2	11.2	
Diluted Share Cap. (mn)	404	404	404	404	404	
Diluted EPS (INR)	7.3	4.2	10.0	10.4	12.5	
Diluted EPS Growth (%)	19.2	-42.7	139.5	3.5	20.2	
Total Dividend + Tax	-	-	-	419	503	
Dividend Per Share (INR)	-	-	-	1.0	1.2	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E	
Profit before Tax	4,236	2,257	5,436	5,588	6,726	
Depn. & Amort.	1,466	3,319	3,653	4,005	4,072	
Net Interest Exp. / Inc. (-)	126	316	463	443	343	
Inc (-) / Dec in WCap.	2,135	-2,711	-1,105	-268	-315	
Others	-265	-106	-192	-185	-209	
Taxes Paid	-1,285	-569	-1,418	-1,425	-1,715	
Operating Cash Flow	6,414	2,507	6,837	8,157	8,901	
Capex	-11,392	-5,394	-4,263	-6,000	-6,000	
Free Cash Flow	-4,978	-2,887	2,574	2,157	2,901	
Inc (-) / Dec in Investments	1,706	0	-2,563	-	-	
Others	265	106	193	212	233	
Investing Cash Flow	-9,422	-5,289	-6,634	-5,788	-5,767	
Inc / Dec (-) in Capital	-	-	-	-	-	
Dividend + Tax thereon	-	-	-	-419	-503	
Inc / Dec (-) in Loans	1,037	2,603	1,961	-1,000	-1,000	
Others	-173	-270	-1,442	-443	-343	
Financing Cash Flow	864	2,333	519	-1,862	-1,846	
Inc / Dec (-) in Cash	-2,144	-449	722	507	1,288	
Opening Cash Balance	3,117	973	524	1,247	1,754	
Closing Cash Balance	973	524	1,247	1,754	3,042	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E	
Shareholders Fund	27,101	28,789	31,881	35,651	40,183	
Share Capital	404	404	404	404	404	
Reserves & Surplus	26,697	28,388	31,508	35,278	39,810	
Preference Share Capital	-	-	-	-	-	
Minority Interest	-	-3	-31	-31	-31	
Total Loans	1,298	3,901	5,862	4,862	3,862	
Def. Tax Liab. / Assets (-)	-	-	-	-	-	
Other non-current liabilities / Lease Liabilities	-	-	-	-	-	
Total - Equity & Liab.	28,399	32,690	37,743	40,513	44,044	
Net Fixed Assets	24,205	26,280	26,890	28,885	30,813	
Gross Fixed Assets	23,597	36,983	42,497	47,497	54,297	
Intangible Assets	-	-	-	-	-	
Less: Depn. & Amort.	9,583	12,902	16,555	20,559	24,631	
Capital WIP	10,190	2,199	948	1,948	1,148	
Investments	20	20	2,584	2,584	2,584	
Current Assets	11,799	14,769	16,995	18,698	21,231	
Inventories	3,350	4,464	4,656	6,146	6,367	
Sundry Debtors	1,508	1,995	2,416	2,401	2,632	
Cash & Bank Balances	973	524	1,247	1,754	3,042	
Loans & Advances	5,798	7,661	8,500	8,221	9,013	
Other Current Assets	170	125	176	176	176	
Current Liab. & Prov.	7,624	8,378	8,726	9,653	10,583	
Current Liabilities	2,197	2,325	2,572	2,665	2,922	
Provisions & Others	5,427	6,053	6,154	6,988	7,661	
Net Current Assets	4,175	6,390	8,269	9,044	10,647	
Other Non Current Assets/ROU Assets	-	-	-	-	-	
Total - Assets	28,399	32,690	37,743	40,513	44,044	

Source: Company, JM Financial

Dupont Analysis		FY24A	FY25A	FY26A	FY27E	FY28E
Y/E Mar						
Net Margin (%)		10.1	5.3	10.7	10.2	11.2
Asset Turnover (x)		1.1	1.0	1.1	1.1	1.1
Leverage Factor (x)		1.0	1.1	1.2	1.2	1.1
RoE (%)		11.5	6.0	13.3	12.4	13.3

Source: Company, JM Financial

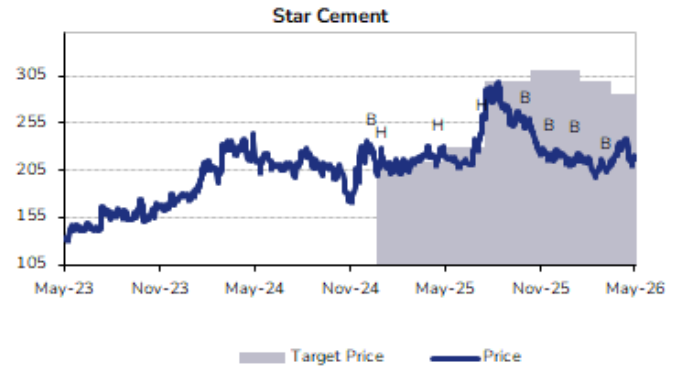
Key Ratios		FY24A	FY25A	FY26A	FY27E	FY28E
Y/E Mar						
BV/Share (INR)		67.1	71.2	79.0	88.3	99.5
ROIC (%)		12.1	6.2	12.8	12.4	13.7
ROE (%)		11.5	6.0	13.3	12.4	13.3
Net Debt/Equity (x)		0.0	0.1	0.1	0.0	0.0
P/E (x)		29.5	51.5	22.1	20.8	17.3
P/B (x)		3.2	3.0	2.7	2.4	2.2
EV/EBITDA (x)		15.7	15.6	9.5	8.9	7.8
EV/Sales (x)		3.0	2.9	2.4	2.1	1.9
Debtor days		19	23	23	21	21
Inventory days		42	52	45	55	52
Creditor days		34	33	33	31	31

Source: Company, JM Financial

Recommendation History Table

Date	Recommendation	Target Price	% Chg.
8-Apr-26	Buy	285	-5.0
9-Feb-26	Buy	300	-3.4
21-Dec-25	Buy	310	0.0
6-Nov-25	Buy	310	3.5
12-Aug-25	Hold	300	30.7
22-May-25	Hold	230	6.9
30-Jan-25	Hold	215	0.0
14-Jan-25	Buy	215	

Recommendation History Chart



APPENDIX I

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

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Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

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