RESULT REVIEW

BUY
TP: Rs 327 | ⮝ 48%

STAR CEMENT | Cement | 09 February 2026

Growth path modified, structurally healthy; maintain BUY

- **Volume surges 21% YoY, driving revenue up 22% YoY. Realisations remain flat YoY, despite price the uptick in Northeast & Bihar**
- **Cost tailwinds aid EBITDAM expand significantly to 23% vs 14.5% YoY; EBITDA/t at Rs 1,069 vs Rs 574 YoY**
- **Revise FY26E/FY27E/FY28E EBITDA downwards; value STRCEM at 11x vs Dec'27 EV/EBITDA with revised TP of Rs327 (Rs342)**

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Strong volume growth drives revenue: STRCEM reported a robust Q3FY26 performance with revenues up ~22%/9% YoY/QoQ to Rs 8.8bn. Cement volumes grew ~21%/10% YoY/QoQ to 1.29mt, reflecting healthy post-monsoon demand traction, especially in Northeast India (~76% of total sales). Average realisations were largely flat YoY/QoQ, supported by the price uptick in Northeast (~Rs20/bag YoY higher) and Bihar, while there was softness in West Bengal.

Cost tailwinds outweigh inflationary pressures: Overall cost/t fell by ~9%/2% YoY/QoQ. Raw material cost (inventory-adjusted) rose ~8%/16% YoY/QoQ, on higher input prices. However, this was offset by a decline in power & fuel costs, down ~9%/14% YoY/QoQ, aided by benign fuel prices (Rs1.2/kcal vsRs1.5/kcal YoY), a favourable fuel mix (~79% FSA, ~15% biomass). Logistics cost fell ~13% YoY, though it inched up ~5% QoQ due to temporary clinker movement disruptions and strike in Meghalaya, which management expects to normalise from Q4FY26. A one-time labour code-related provision of Rs 55mn was booked in Q3.

Margins surge sharply: EBITDA surged ~94%/6% YoY/QoQ with margin at 23% (vs 14.5% YoY and 23.4% QoQ). Operating leverage and lower power & fuel cost drove the margin expansion. EBITDA/t stood at Rs 1,069 (vs Rs 574 in Q3FY25).

Capacity Expansion Rejig: Silchar 2mnt GU is on track to be on stream by Feb 26. Jorhat remains deferred and priority shifted to 2mnt Bihar GU. Rajasthan Nimbol project (3mnt clinker + grinding + Haryana GU) remains the next major focus.

Growth prospects, though modified, stay intact; value at 11x; maintain BUY: We revise our FY26E/FY27E/FY28E EBITDA estimates down, factoring in the revised capex plans. However, structurally intact with capacity addition plans, market leadership, regional spread and strong niche presence. Our Revenue/EBITDA/PAT 3Y CAGR at 18%/30%/40%, given the healthy topline growth and cost-saving initiatives. We assign an 11x Dec 2027, EV/EBITDA and revise TP to Rs 327(Rs342 earlier) to factor in healthy growth visibility, no. 1 position and regional divergence. Our TP implies replacement of Rs 7.5bn/mt. Maintain BUY.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	STRCEM IN/Rs 222
Market cap	US$ 1.0bn
Free float	33%
3M ADV	US$ 0.6mn
52wk high/low	Rs 309/Rs 197
Promoter/FPI/DII	67%/1%/6%

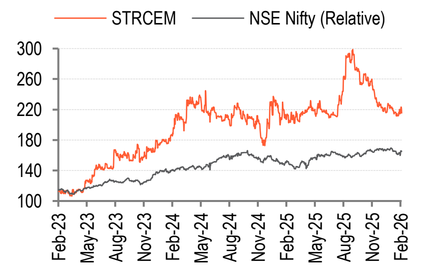
Source: NSE | Price as of 9 Feb 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	31,634	38,019	44,991
EBITDA (Rs mn)	5,786	8,383	11,003
Adj. net profit (Rs mn)	1,688	3,192	4,430
Adj. EPS (Rs)	4.0	7.6	10.6
Consensus EPS (Rs)	4.0	8.5	10.2
Adj. ROAE (%)	6.0	10.4	12.8
Adj. P/E (x)	55.0	29.1	21.0
EV/EBITDA (x)	16.3	11.4	8.7
Adj. EPS growth (%)	(42.6)	89.1	38.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BOBCAPS
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Fig 1 – Earnings Call Highlights

Parameter	Q3FY26	Q2FY26	Our view
Volume and realisation	Cement production during Q3YF26 was 1.26mt vs 1.08mt YoY while clinker production was 0.89mt vs 0.64mt. Cement sales volume was at 1.23mt vs 1.06mt YoY. Northeast contributed ~0.94mt (~76% of total) vs 0.84mt YoY and outside Northeast contributed ~0.3mt vs 0.22mt YoY. Clinker sales were ~0.07mt (vs ~0.01mt YoY). OPC mix increased to 18%; PPC at 82%. Premium cement constituted ~17.1% of trade sales vs ~12% YoY. Non-trade share increased to ~22% vs 19% YoY. Lead distance reduced to ~212km vs ~220km YoY. There has been a ~Rs 20/bag YoY price hike in Northeast; Bihar prices improved while West Bengal saw softness, resulting in a neutral East impact. Prices in Northeast have remained stable post-Dec'25 exit levels. FY26 cement volume guidance maintained at ~5.3mt, with cement volumes in Q4FY26 expected to grow ~8–10% YoY and overall growth of 10-12% YoY.	Cement sales volume was 1.07mt vs 0.96mt YoY. Northeast contributed 0.76mt (71% of total) vs 0.75mt YoY and outside Northeast contributed 0.31mt vs 0.21mt YoY. Clinker sales 0.10mt (vs 0.02mt YoY). STRCEM sold 16% of OPC and 84% of PPC. Premium mix at 13.1% vs ~12% QoQ with target of 18% by FY26-end. Trade sales 80%. Lead distance 230km vs 218km YoY. Current prices are stable vs Q2FY26 average; Northeast up Rs 8/bag QoQ, Bihar/West Bengal stable after Rs 5 decline in Q1FY26. Northeast accounts for ~71% of sales with expected growth ~8-9%. FY26 volume guidance 5.4-5.5mt unchanged.	We expect volumes to be in a healthy recovery mode, given the govt's focus on building up infrastructure in the Northeast and the resolution of clinkerisation unit issues. Further, with the price softening, overall demand is expected to be healthy from here on.
Margins	EBITDA (ex-exceptional Rs 55mn labour code cost) rose to ~Rs 2.1bn vs Rs1.1bn YoY. Fuel cost softened to ~Rs1.2/kcal vs ~Rs1.5/kcal YoY, aided by favourable fuel mix (~79% FSA, ~15% biomass, ~5% spot). Freight & handling costs increased QoQ due to one-off October strike in Meghalaya, forcing clinker movement via rakes; management expects normalisation from Q4FY26. Incentive income declined to ~Rs33cr vs Rs43cr YoY, reflecting GST rate cut to 18%. No other material one-offs reported. Depreciation to remain at current run-rate ~Rs 300mn/month (Rs900mn/quarter). Expected to remain broadly similar in FY27, Silchar addition should be offset by decline in depreciation on older assets. Subsidy benefit from Silchar GU should start post utilizing GST input credit (7-8 months).	Fuel mix predominantly FSA; fuel cost at Rs 1.25/kcal (vs Rs 1.5/kcal YoY) due to a better fuel mix expected to remain similar in Q3. Share of AFR was at 3-4%. Annual shutdown in Q2FY26 had an impact of Rs 13-14cr, reducing EBITDA/t by ~Rs 100; non-recurring for Q3FY26. Incentives booked in Q2FY26 were Rs 560mn; GST rate cut is expected to impact by Rs 130-150/t annually.	Focus on cost efficiencies will only help guard margins in case of increase in competitive intensity that may put pressure on prices in the interim phase. However, we feel competition will only be in the medium term as STRCEM will continue dominance in the region cost effectively.
Capacity	Silchar 2mt GU commissioning expected by Feb-end. Bihar 2mt GU (Jorhat deferred) land acquisition is underway; to be fed by existing Northeast clinker initially, improving clinker utilisation. Rajasthan capacity remain priority: 3mt clinker + 3mt GU at Nimbol, plus 2mt GU in Haryana; EC expected by Sep–Oct CY26. Assam (Umrangshu) clinker expansion under EC process. Expect machinery orders to be placed by Q3FY27. AAC block plant at ~45% utilisation, Q3 revenue ~Rs130mn, with peak potential Rs900–1,000mn annually.	Clinker production 0.92mt vs 0.66mt YoY. Silchar 2mt GU scheduled for commissioning by Jan-2026. Bihar 2mt GU (Begusarai) land acquired, capex ~Rs 5bn, commissioning targeted by H1FY28. Umrangshu clinker (Assam) land/mines secured, permissions are in progress. Rajasthan: Nimbol and Jaisalmer mines are secured though Nimbol will take priority over Jaisalmer, 3mt clinker + 4mt grinding planned (~Rs 24bn) in 3 years. AAC blocks ramped to 60% utilisation. Revenue Rs 130-140mn in Q2FY26, FY26 target Rs 700-800mn. 32mw solar capacity in Assam land acquired. Northeast market ~14mt, ~8-9% growth, STRCEM ~28% MS.	Capacity expansion is modified with Jorhat postponement and will be replaced by 2mnt Bihar GU. In Rajasthan, Nimbol will be the priority over Jaisalmer for more central location This will help STRCEM stay on the growth trajectory. Additionally, cost saving efforts will only aid in improving earnings.
Capex	Capex incurred ~Rs 4.3bn in 9MFY26, further ~Rs 1.5bn planned in Q4FY26. Total planned capex pipeline ~Rs 48bn (Bihar, Rajasthan, Assam clinker), with phased commissioning by FY29.	H1FY26 capex was at Rs 2.1bn; FY26 guidance ~Rs 7.1-7.2bn (Silchar completion, 32MW solar, land in Umrangshu/Bihar/Jorhat). Bihar GU ~Rs	STRCEM has managed capex well with the minimum burden on balance sheet. It has targeted growth with new

Parameter	Q3FY26	Q2FY26	Our view
	STRCEM highlighted that target Net Debt/EBITDA will be <1.5x; post the threshold there will be equity raise (QIP of Rs 15bn).	5bn. Rajasthan 3+4mt ~Rs 24bn split over 3 years. Enabling resolution passed for Rs 15bn fund raise (form TBD).	additions in lucrative markets like Assam. Entry in the North markets with capacity plans in Rajasthan in the medium term will increase presence but will be margin-dilutive.
Other key points	Coal inventory ~0.28mt (~4 months) at Rs 1.2/kcal level. Non-cement businesses (AAC, RMC, chemicals) revenue ~Rs350mn in 9MFY26, expected ~Rs450mn in FY26 and ~Rs1bn in FY27 with ~20% EBITDA margin. Management reiterated pricing stability in Northeast despite new capacity additions. The 50MW green power in Assam in under discussion and given power availability in Rajasthan capacity might be put up in Rajasthan instead.	Net debt ~Rs 3.2bn. Incentives annual run-rate ~Rs 1.8-1.9bn post-GST impact. AAC + construction chemicals + RMC targeted Rs 800-900mn revenue in FY27. EBITDA/t guidance Rs 1,500-1,550. No immediate pricing pressure from Dalmia ramp-up; Ambuja mine won but 2-3 years for plant setup. 18% cement from outside Northeast.	Accrual of higher incentives will keep the borrowings in check, even in capex mode, and that will be a key positive.

Source: Company, BOBCAPS Research | OPC: Ordinary Portland Cement; PPC: Portland Pozzolana Cement; FSA: Fuel Supply Agreement; WHRS: Waste heat recovery system; AAC: Autoclaved Aerated Concrete

Fig 2 – Key metrics

	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Q3FY26E	Deviation (%)
Volumes (million tonnes)	1.3	1.1	21.0	1.2	10.3	1.07	20.7
Cement realisations (Rs/t)	6,317	6,333	(0.3)	6,376	(0.9)	6,424	(1.7)
Operating costs (Rs/t)	5,248	5,759	(8.9)	5,306	(1.1)	5,501	(4.6)
EBITDA/t (Rs)	1,069	574	86.3	1,070	(0.1)	1,502	(28.8)

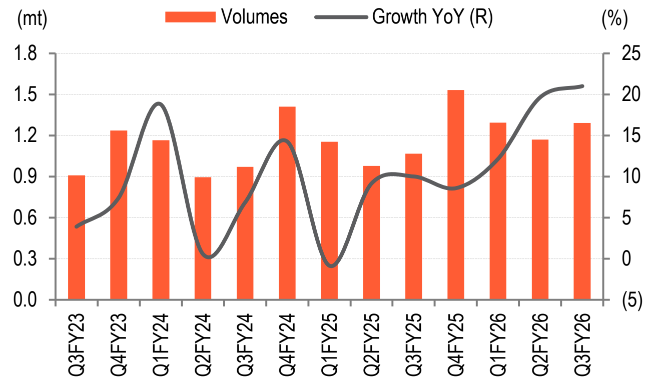
Source: Company, BOBCAPS Research

Fig 3 – Quarterly performance

(Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Q3FY26E	Deviation (%)
Net Sales	**8,800**	**7,188**	**22.4**	**8,109**	**8.5**	**8,261**	**6.5**
Expenditure							
Change in stock	(172)	(104)	64.5	(177)	(3.3)	91	(288.6)
Raw material	2,197	1,655	32.8	1,766	24.5	2,045	7.5
Purchased products							
Power & fuel	1,258	1,148	9.6	1,330	(5.4)	1,324	(5.0)
Freight	1,676	1,595	5.1	1,438	16.6	1,416	18.4
Employee costs	699	606	15.4	715	(2.2)	701	(0.2)
Other exp	1,116	1,245	(10.4)	1,137	(1.8)	1,330	(16.1)
Total Operating Expenses	**6,775**	**6,145**	**10.2**	**6,208**	**9.1**	**6,906**	**(1.9)**
EBITDA	**2,025**	**1,042**	**94.3**	**1,902**	**6.5**	**1,355**	**49.4**
EBITDA margin (%)	**23.0**	**14.5**	**850.9**	**23.4**	**(43.9)**	**16.4**	**660.4**
Other Income	49	25	93.3	35	40.3	29	68.1
Interest	122	98	24.4	111	10.2	115	6.0
Depreciation	912	893	2.1	902	1.1	911	0.1
PBT	1,040	76	1,265.2	924	12.6	358	190.2
Non-recurring items			0.0		0.0		
PBT (after non recurring items)	1,040	76	1,265.2	924	12.6	358	190.2
Tax	243	(14)	(1,792.9)	213	14.2	97	151.4
Reported PAT	797	91	780	711	12.1	262	204.6
Adjusted PAT	**797**	**91**	**780**	**711**	**12.1**	**262**	**204.6**
NPM (%)	**9.1**	**1.3**	**779bps**	**8.8**	**29bps**	**3.2**	**589bps**
Adjusted EPS (Rs)	**1.9**	**0.2**	**780.0**	**1.7**	**12.1**	**0.6**	**204.6**

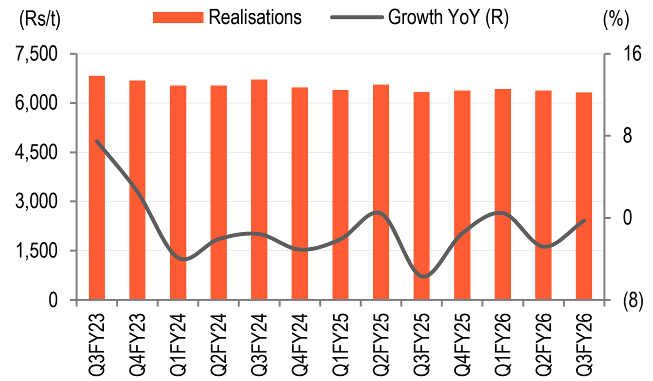
Source: Company, BOBCAPS Research

Fig 4 – Overall demand uptick awaited and expected from H2FY26 and beyond



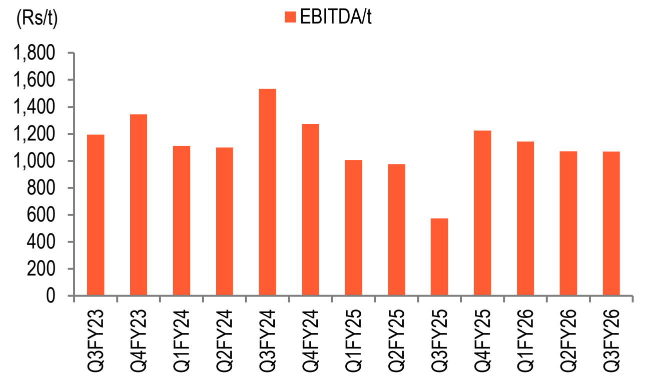
Source: Company, BOBCAPS Research

Fig 5 – Realisations focus dims as cost efficiencies help guard margins and will be continued



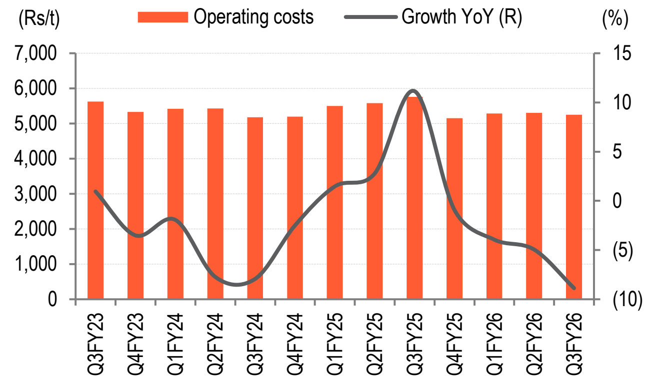
Source: Company, BOBCAPS Research

Fig 6 – EBITDA/t leaves scope for further improvement



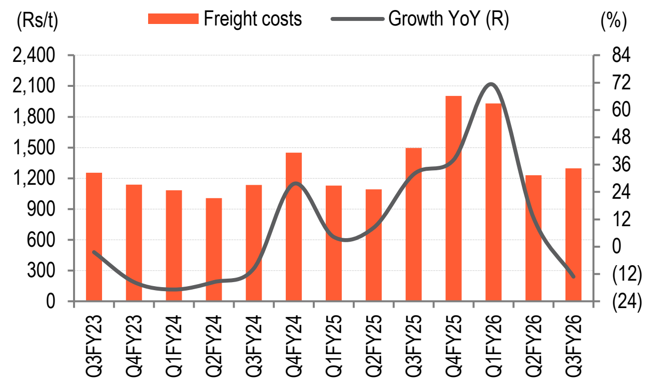
Source: Company, BOBCAPS Research

Fig 7 – Expenses check to drive a better show



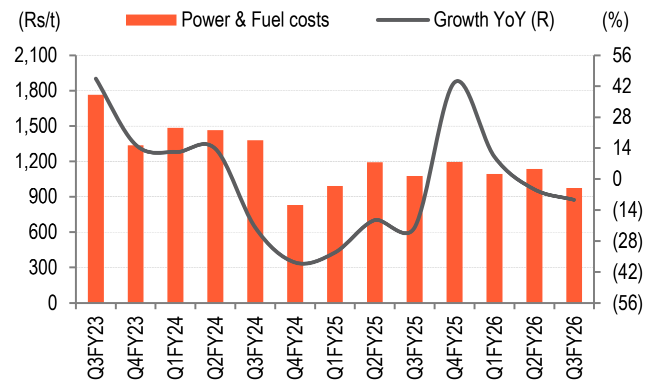
Source: Company, BOBCAPS Research

Fig 8 – Higher logistic cost offset by sharp decline in raw material cost due to no clinker purchases



Source: Company, BOBCAPS Research

Fig 9 – Power cost savings remain a focus area and major lever of efficiency improvement



Source: Company, BOBCAPS Research

Valuation Methodology

We revise our FY26E/FY27E/FY28E EBITDA estimates down, factoring in the revised capex plans. However, structurally intact healthy growth with capacity addition plans, market leadership, regional spread and strong niche presence. Additionally, government's focus on infrastructure in STRCEM's core Northeast India market will boost volumes in the medium term in core markets. Our Revenue/EBITDA/PAT 3Y CAGR at 18%/30%/40%, given the healthy topline growth and cost-saving initiatives.

However, capacity expansion is modified with Jorhat postponement and will be replaced by 2mnt Bihar GU. In Rajasthan, Nimbol will be the priority over Jaisalmer for a more central location This is following the internal assessment of the demand scenario in the respective regions and diversification will help STRCEM stay on the growth trajectory.

We also believe the cost will normalise with the company gaining higher operating leverage, as demand recovers in the regions. Focus on expanding footprint over the medium term (till FY31 plans to gain a size of 20 mn tonnes capacity). Despite being in a capex phase, healthy balance sheet management only adds comfort.

We assign an 11x Dec 2027, EV/EBITDA and revise TP to Rs 327 (Rs342 earlier) to factor in healthy growth visibility, no. 1 position and regional diversification. Our TP implies replacement cost valuation is in line with the industry average of Rs 7.5bn/mt. Maintain BUY.

Fig 10 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	38,019	44,991	52,242	38,019	45,729	53,970	0.0	(1.6)	(3.2)
EBITDA	8,383	11,003	13,032	8,383	11,240	13,694	0.0	(2.1)	(4.8)
Adj PAT	3,192	4,430	5,146	3,192	4,600	5,622	0.0	(3.7)	(8.5)
Adj EPS (Rs)	7.6	10.6	12.3	7.6	11	13.4	0.2	(3.9)	(8.4)

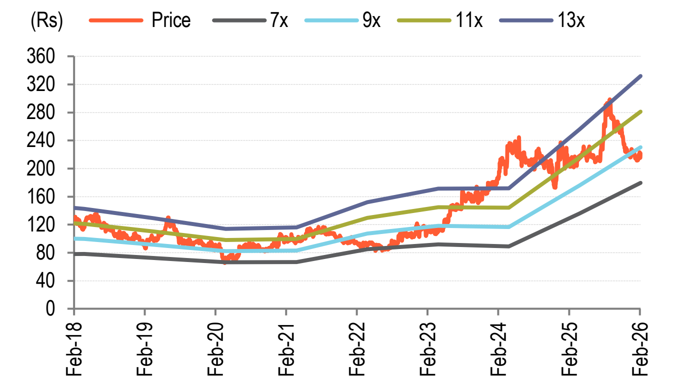
Source: BOBCAPS Research

Fig 11 – Key assumptions

	FY25A	FY26E	FY27E	FY28E
Volumes (mt)	4.6	4.8	5.5	6.3
Realisations (Rs/t)	6,970	6,489	6,489	6,684
Operating costs (Rs/t)	5,166	5,340	5,434	5,464
EBITDA/t (Rs/t)	1,217	1,195	1,455	1,688

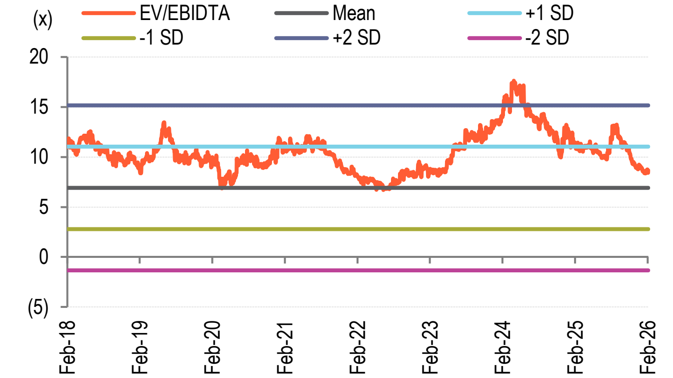
Source: Company, BOBCAPS Research

Fig 12 – EV/EBITDA band: Valuations to follow earnings pace



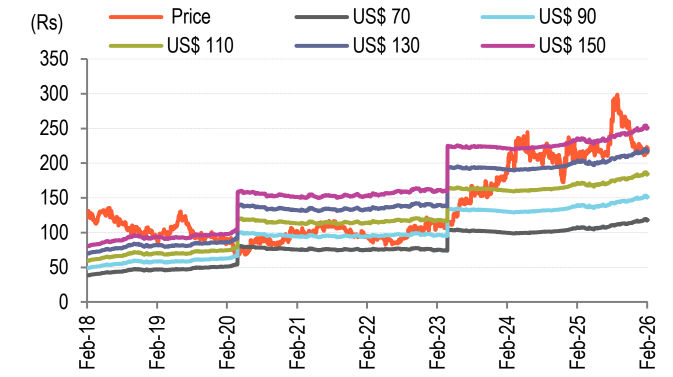
Source: Bloomberg, BOBCAPS Research

Fig 13 – EV/EBITDA 1YF: Moderation is healthy for the next leap



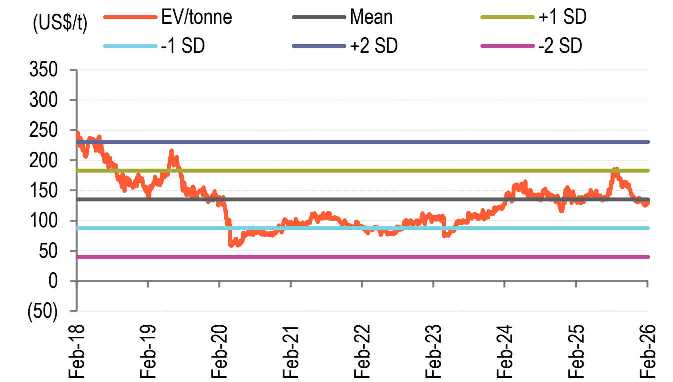
Source: Bloomberg, BOBCAPS Research

Fig 14 – EV/tonne: Replacement cost will stay inflated for efficient companies in the sector



Source: Company, Bloomberg, BOBCAPS Research

Fig 15 – EV/tonne: 1YF valuations follows path



Source: Company, Bloomberg, BOBCAPS Research

Key Risks

Key downside risks to our estimates:

- Slower-than-expected demand revival in Northeast India could lead to downward risk to earnings.
- Fierce competitive pressure from companies in eastern India could strain pricing, representing a downside risk to our estimates.
- Any cost reversal upwards poses a risk to earnings.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**28,882**	**31,634**	**38,019**	**44,991**	**52,242**
EBITDA	5,552	5,786	8,383	11,003	13,032
Depreciation	(1,466)	(3,319)	(4,047)	(4,967)	(6,000)
EBIT	4,350	2,573	4,683	6,425	7,462
Net interest inc./(exp.)	(126)	(316)	(386)	(423)	(481)
Other inc./(exp.)	265	106	347	390	430
Exceptional items	0	0	0	0	0
EBT	4,224	2,257	4,297	6,002	6,982
Income taxes	(1,285)	(569)	(1,105)	(1,573)	(1,836)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**2,940**	**1,688**	**3,192**	**4,430**	**5,146**
Adjustments	0	0	0	0	0
Adjusted net profit	**2,940**	**1,688**	**3,192**	**4,430**	**5,146**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	2,197	2,620	3,040	3,485	3,909
Other current liabilities	5,269	5,563	6,964	7,034	7,104
Provisions	158	195	170	187	206
Debt funds	1,298	3,901	4,807	4,907	5,009
Other liabilities	0	0	0	0	0
Equity capital	404	404	404	404	404
Reserves & surplus	26,697	28,804	31,997	36,427	41,572
Shareholders' fund	27,101	29,211	32,404	36,833	41,979
Total liab. and equities	**36,024**	**41,488**	**47,382**	**52,444**	**58,205**
Cash and cash eq.	973	944	1,624	3,248	6,204
Accounts receivables	1,508	1,995	2,135	2,589	3,113
Inventories	3,350	4,464	5,416	6,286	7,156
Other current assets	3,397	5,230	3,780	4,287	4,930
Investments	20	20	20	20	20
Net fixed assets	14,096	26,123	26,781	26,519	25,390
CWIP	10,190	190	4,859	6,459	8,059
Intangible assets	88	91	93	95	98
Deferred tax assets, net	2,401	2,431	2,674	2,941	3,235
Other assets	0	0	0	0	0
Total assets	**36,024**	**41,488**	**47,382**	**52,444**	**58,205**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**6,447**	**2,297**	**9,150**	**7,831**	**9,328**
Capital expenditures	(11,332)	(5,348)	(9,376)	(6,307)	(6,474)
Change in investments	1,706	0	1	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(9,626)**	**(5,349)**	**(9,375)**	**(6,307)**	**(6,474)**
Equities issued/Others	(1,260)	419	0	0	0
Debt raised/repaid	1,037	2,603	906	100	102
Interest expenses	9	10	10	10	10
Dividends paid	(419)	0	0	0	0
Other financing cash flows	1,677	0	0	0	0
Cash flow from financing	**1,035**	**3,022**	**906**	**100**	**102**
Chg in cash & cash eq.	**(2,144)**	**(30)**	**680**	**1,624**	**2,956**
Closing cash & cash eq.	**973**	**944**	**1,624**	**3,248**	**6,204**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	7.0	4.0	7.6	10.6	12.3
Adjusted EPS	7.0	4.0	7.6	10.6	12.3
Dividend per share	1.0	0.0	0.0	0.0	0.0
Book value per share	64.6	69.7	77.3	87.9	100.1

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	3.1	3.0	2.5	2.1	1.8
EV/EBITDA	16.2	16.3	11.4	8.7	7.1
Adjusted P/E	31.6	55.0	29.1	21.0	18.1
P/BV	3.4	3.2	2.9	2.5	2.2

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	69.6	74.8	74.3	73.8	73.7
Interest burden (PBT/EBIT)	97.1	87.7	91.8	93.4	93.6
EBIT margin (EBIT/Revenue)	15.1	8.1	12.3	14.3	14.3
Asset turnover (Rev./Avg TA)	85.8	81.6	85.6	90.1	94.4
Leverage (Avg TA/Avg Equity)	1.3	1.4	1.4	1.4	1.4
Adjusted ROAE	11.5	6.0	10.4	12.8	13.1

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	12.1	9.5	20.2	18.3	16.1
EBITDA	18.5	4.2	44.9	31.3	18.4
Adjusted EPS	18.7	(42.6)	89.1	38.8	16.2
Profitability & Return ratios (%)					
EBITDA margin	19.1	18.3	21.8	24.2	24.7
EBIT margin	14.9	8.1	12.2	14.2	14.2
Adjusted profit margin	10.2	5.3	8.4	9.8	9.8
Adjusted ROAE	11.5	6.0	10.4	12.8	13.1
ROCE	16.5	8.4	13.3	16.3	16.8
Working capital days (days)					
Receivables	19	23	21	21	22
Inventory	42	52	52	51	50
Payables	34	37	37	37	36
Ratios (x)					
Gross asset turnover	1.2	0.8	0.9	0.9	1.0
Current ratio	1.2	1.5	1.3	1.5	1.9
Net interest coverage ratio	34.5	8.1	12.1	15.2	15.5
Adjusted debt/equity	0.0	0.1	0.1	0.1	0.1

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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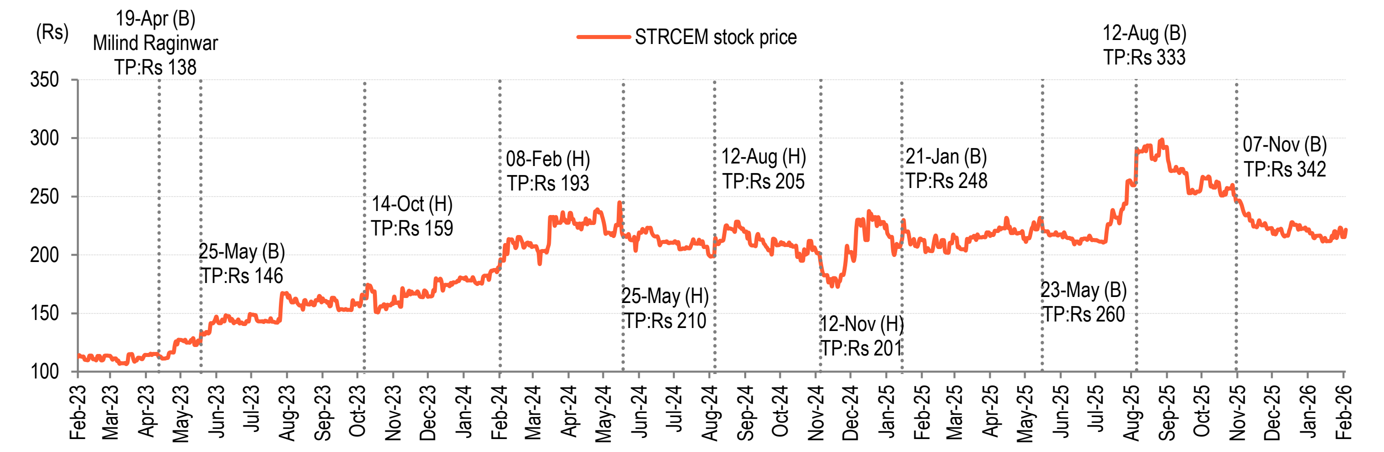
Ratings and Target Price (3-year history): STAR CEMENT (STRCEM IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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