BUY

Star Cement

Dominance continues

Your success is our success

Cement ▸ Result Update ▸ **February 11, 2026**

CMP (Rs): 219 | TP (Rs): 300

Star Cement (Star) reported consolidated EBITDA at Rs2bn (surged ~2x YoY), which stands above our estimate (Rs1.8bn or ~11%) due to higher-than-expected realization. The company logged ~22% YoY volume growth, mainly on a low base (Meghalaya clinker line commissioned in Apr-24, albeit stabilized only by Q3FY25). Cement realizations (excluding incentives) improved ~2% QoQ, led by a robust pricing scenario, particularly in the Northeast. Incentives stood at ~Rs330mn (~Rs250/t) vs Rs430mn YoY and Rs560mn QoQ. Unit (RM + Power and Fuel) costs declined 12% YoY owing to 20% YoY reduction in blended fuel consumption cost. Unit freight costs flared up (by 13%/6% YoY/QoQ) due to higher usage of rakes for movement of clinker in the Northeast. Favorable operating leverage added to the cost savings, resulting in total unit operating costs falling 9%/1% YoY/QoQ. Overall, EBITDA/t stood at Rs1,562, and at Rs1,310 ex-incentives (Emkay: Rs1,127), implying the highest profitability in the past three quarters (ex-incentives basis). The management assured of achieving installed capacity of ~18mtpa by FY29/30. Our view: We like Star's regional dominance and endeavor toward stretching its leadership over peers in the northeastern market. Further, entry into Rajasthan is likely to help it shed the tag of a regional player and establish its brand in North India too, along with >2x the existing capacity base. We broadly maintain our estimates and continue to value Star at 12x EV/EBITDA on Q3FY28E (rolled forward by a quarter). We raise TP by ~7% to Rs300 from Rs280; maintain BUY.

Strong realizations in NE drive the earnings surprise

Star reported consolidated EBITDA at Rs2bn, which was ~11% above our estimate. Stabilization of the recently-commissioned Meghalaya kiln ensured i) ~21%/10% YoY/QoQ volume growth, to 1.3mt; and ii) accrual of Rs327mn (~Rs250/t) in incentives, in Q3FY26. Cement realization (excl incentives) grew ~2% (~Rs110/t) due to robust pricing, particularly in the NE. Sharp fall in blended fuel consumption cost (Rs1.2/mn cal vs Rs1.5 YoY) resulted in unit (RM + Power and Fuel) costs falling 12% YoY. The Meghalaya Commercial Truck Owners and Drivers Association strike in Oct-25 caused higher movement of clinker through rakes, resulting in higher unit freight cost on YoY and QoQ basis. Further, strong operating leverage ensured unit fixed costs declining 19%/11% YoY/QoQ. Overall, EBITDA/t stood at Rs1,562 vs Rs977 YoY and Rs1,620 QoQ. Excl incentives, EBITDA/t was Rs1,310 vs Rs574 YoY and Rs1,143 QoQ, which places Star among the top quartile of profitable cement companies for a 4th consecutive quarter. Adjusting for the impact of labor codes, PAT jumped ~9x YoY. Non-cement revenue stood at Rs250mn (including Rs130mn in the AAC block) in Q3, with management guidance of ~Rs1bn (at optimal utilization), at 20% EBITDA margin in FY27.

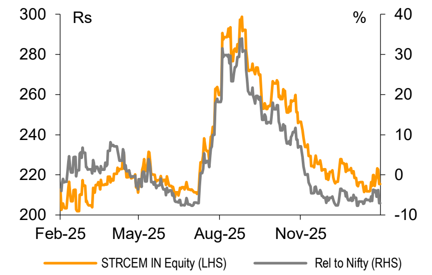
Target Price – 12M	Dec-27
Change in TP (%)	**7.1**
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	37.0

Stock Data	**STRCEM IN**
52-week High (Rs)	309
52-week Low (Rs)	197
Shares outstanding (mn)	404.2
Market-cap (Rs bn)	88
Market-cap (USD mn)	975
Net-debt, FY26E (Rs mn)	1,924.7
ADTV-3M (mn shares)	0.5
ADTV-3M (Rs mn)	59.1
ADTV-3M (USD mn)	0.7
Free float (%)	42.3
Nifty-50	25,935.2
INR/USD	90.6
Shareholding,Dec-25	
Promoters (%)	57.6
FPIs/MFs (%)	2.5/4.5

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	0.0	(10.7)	7.9
Rel. to Nifty	(0.9)	(11.5)	(4.0)

1-Year share price trend (Rs)



Star Cement: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Revenue	29,107	31,634	37,572	43,221	46,102
EBITDA	5,563	5,786	9,011	10,429	10,797
Adj. PAT	2,951	1,688	3,817	4,748	4,815
Adj. EPS (Rs)	7.3	4.2	9.4	11.7	11.9
EBITDA margin (%)	19.1	18.3	24.0	24.1	23.4
EBITDA growth (%)	18.8	4.0	55.7	15.7	3.5
Adj. EPS growth (%)	19.2	(42.8)	126.1	24.4	1.4
RoE (%)	11.5	6.0	12.4	13.6	12.1
RoIC (%)	23.6	9.4	16.1	20.1	20.6
P/E (x)	29.9	52.3	23.1	18.6	18.3
EV/EBITDA (x)	15.9	15.9	10.0	8.7	9.0
P/B (x)	3.3	3.1	2.7	2.4	2.1
FCFF yield (%)	(6.2)	(3.0)	2.1	(0.3)	(5.2)

Source: Company, Emkay Research

Harsh Mittal
harsh.mittal@emkayglobal.com
+91-22-66242446

Omkar Rane
omkar.rane@emkayglobal.com
+91-22-66242414

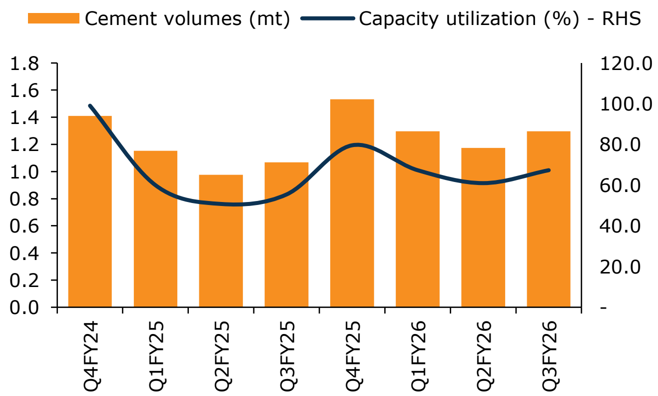
Key charts

Exhibit 1: Consolidated result snapshot

Particulars (Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Emkay est	Var (%)
Volume, incl clinker (mt)	1.3	1.1	21.5	1.2	10.4	1.3	-
Cement realization (Rs/t)	6,538	6,333	3.2	6,430	1.7	6,366	2.7
Net sales	**8,800**	**7,188**	**22.4**	**8,109**	**8.5**	**8,611**	**2.2**
Raw material cost	2,026	1,925	5.2	1,588	27.6	1,753	15.5
Power and fuel cost	699	606	15.4	715	(2.2)	661	5.9
Freight cost	1,258	1,148	9.6	1,330	(5.4)	1,468	(14.3)
Employee cost	1,676	1,221	37.3	1,438	16.6	1,587	5.6
Other expenses	1,116	1,245	(10.4)	1,137	(1.8)	1,320	(15.5)
Total expenses	**6,775**	**6,145**	**10.2**	**6,208**	**9.1**	**6,790**	**(0.2)**
EBITDA	**2,025**	**1,042**	**94.3**	**1,902**	**6.5**	**1,821**	**11.2**
EBITDA/t (Rs)	**1,562**	**977**	**60.0**	**1,620**	**(3.5)**	**1,405**	**11.2**
Interest	121	98	24.0	111	9.8	111	9.8
Depreciation	912	893	2.1	902	1.1	880	3.6
Other income	49	25	93.3	35	40.3	30	62.5
Recurring pre-tax income	**1,040**	**76**	**1,267.4**	**924**	**12.7**	**860**	**20.9**
Extraordinary income/(expense)	(55)	-	NA	-	NA	-	NA
Taxation	243	(14)	NM	213	14.2	198	22.6
Reported Net Income	**742**	**90**	**720.3**	**711**	**4.4**	**662**	**12.1**
Recurring Net Income	**797**	**90**	**781.4**	**711**	**12.2**	**662**	**20.4**

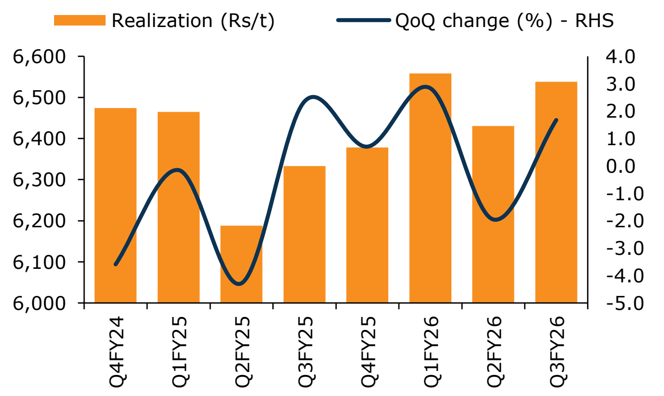
Source: Company, Emkay Research

Exhibit 2: Quarterly cement volume trend



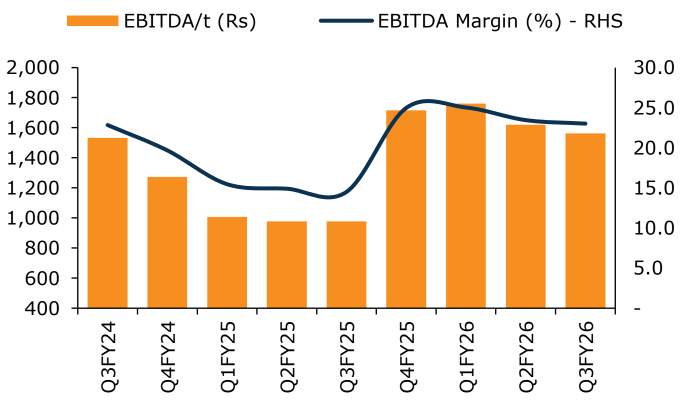
Source: Company, Emkay Research

Exhibit 3: Quarterly cement realization trend



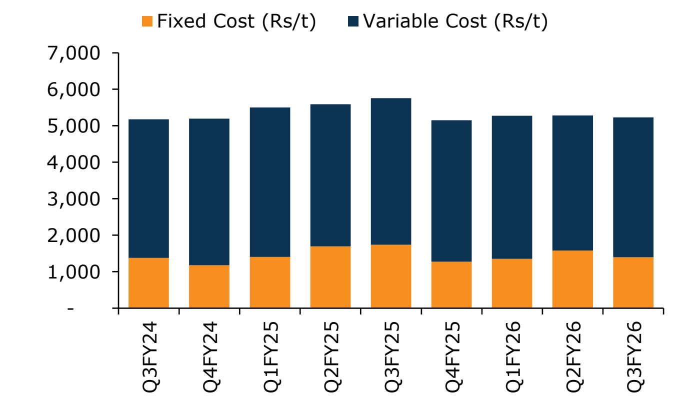
Source: Company, Emkay Research

Exhibit 4: Quarterly EBITDA/t and margin trends



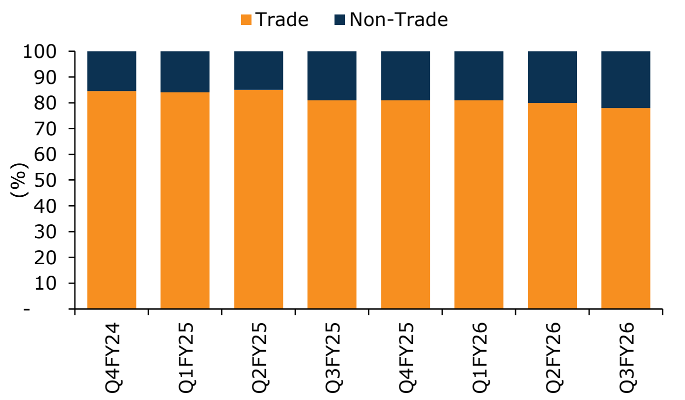
Source: Company, Emkay Research

Exhibit 5: Quarterly cost break-up per ton



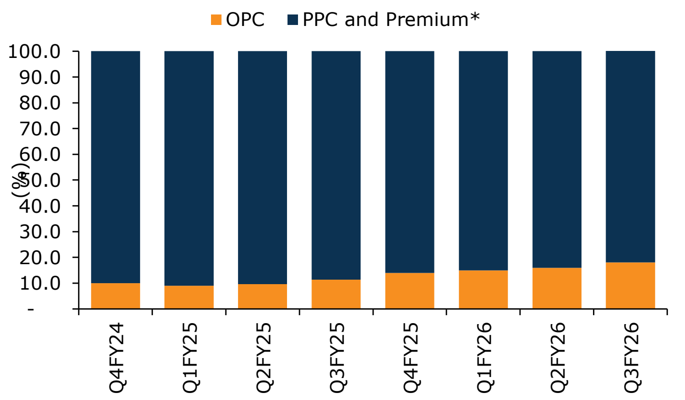
Source: Company, Emkay Research

Exhibit 6: Channel mix trend



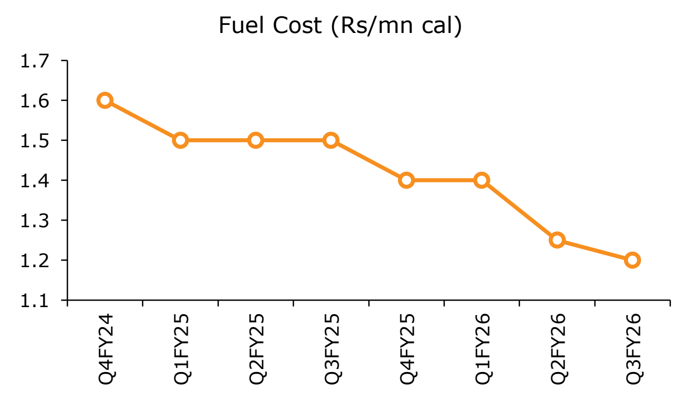
Source: Company, Emkay Research

Exhibit 7: Product mix trend



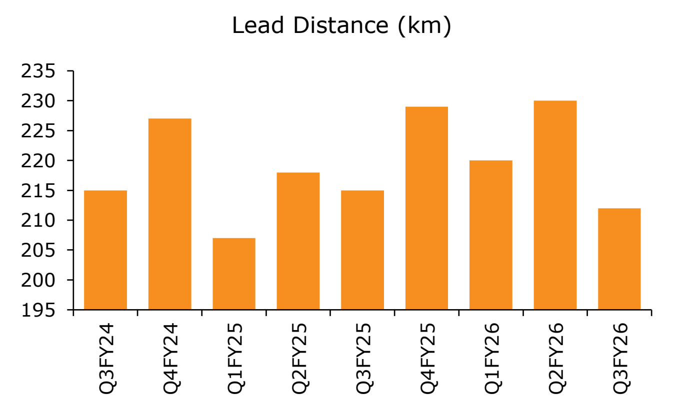
*Source: Company, Emkay Research; Note: *Premium, incl WSC and DM*

Exhibit 8: Fuel cost trend



Source: Company, Emkay Research

Exhibit 9: Lead distance trend



Source: Company, Emkay Research

Exhibit 10: Historical quarterly analysis

(Rs/t)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Sales volume (mt)	**1.1**	**1.5**	**1.3**	**1.2**	**1.3**
Blended realization	**6,736**	**6,867**	**7,037**	**6,907**	**6,790**
Growth QoQ (%)	*2.6*	*1.9*	*2.5*	*(1.8)*	*(1.7)*
Raw material cost	1,805	1,399	1,595	1,353	1,563
Power and fuel cost	1,076	1,194	1,091	1,133	971
Freight cost	1,144	1,280	1,234	1,225	1,293
Employee cost	568	392	515	609	540
Other Expenses	1,167	887	841	968	861
EBITDA	**977**	**1,715**	**1,761**	**1,620**	**1,562**

Source: Company, Emkay Research

Exhibit 11: Performance trends and assumptions

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Capacity (mtpa)	7.7	7.7	9.7	9.7	11.7
Volume (mt)	4.4	4.7	5.5	6.3	6.8
Capacity utilization (%)	**57.9**	**61.7**	**56.4**	**65.3**	**58.5**
Growth (%)	10.7	6.5	15.2	15.9	8.0
Blended realization (Rs/t)	**6,554**	**6,688**	**6,892**	**6,840**	**6,754**
Growth (%)	(2.8)	2.0	3.1	(0.8)	(1.3)

Source: Company, Emkay Research

Exhibit 12: Per-ton estimate – Consolidated

(Rs/t)	FY24	FY25	FY26E	FY27E	FY28E
Net sales	**6,554**	**6,688**	**6,892**	**6,840**	**6,754**
Raw material cost	1,647	1,675	1,525	1,563	1,563
Employee cost	484	523	510	478	480
Power and fuel cost	1,250	1,118	1,059	1,050	1,050
Freight cost	1,103	1,174	1,260	1,256	1,256
Other expenses	819	975	885	843	823
Total expenses	**5,301**	**5,465**	**5,239**	**5,189**	**5,172**
EBITDA	**1,253**	**1,223**	**1,653**	**1,650**	**1,582**
Core EBITDA/t (ex- incentives)	**1,178**	**885**	**1,315**	**1,373**	**1,347**

Source: Company, Emkay Research

Exhibit 13: Valuation Snapshot

Particulars	Q3FY28E
Target EV/EBITDA (x)	12.0
Total EBITDA (Rs mn)	9,066
EV (Rs mn)	**108,796**
Less: Net debt (Rs mn)	788
Net Present Value (NPV) of incentives (Rs mn)	11,432
Market Cap (Rs mn)	**119,441**
Shares o/s (mn)	404.2
Value per share (Rs)	**300**

Source: Company, Emkay Research

- **Key risks:** Sharp fall/rise in cement prices/input costs.

Exhibit 14: Change in estimates

(Rs mn)	FY26E				FY27E				FY28E			
	Revised	**Earlier**	**Var (%)**	**YoY (%)**	**Revised**	**Earlier**	**Var (%)**	**YoY (%)**	**Revised**	**Earlier**	**Var (%)**	**YoY (%)**
Revenue	37,572	37,032	1.5	18.8	43,221	41,741	3.5	15.0	46,102	44,982	2.5	6.7
EBITDA	9,011	8,837	2.0	55.7	10,429	9,883	5.5	15.7	10,797	10,626	1.6	3.5
PAT	3,817	3,754	1.7	126.1	4,748	4,279	11.0	24.4	4,815	4,662	3.3	1.4

Source: Emkay Research

Star Cement: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	**29,107**	**31,634**	**37,572**	**43,221**	**46,102**
Revenue growth (%)	7.6	8.7	18.8	15.0	6.7
EBITDA	**5,563**	**5,786**	**9,011**	**10,429**	**10,797**
EBITDA growth (%)	18.8	4.0	55.7	15.7	3.5
Depreciation & Amortization	1,466	3,319	3,603	3,683	3,729
EBIT	**4,097**	**2,467**	**5,408**	**6,746**	**7,068**
EBIT growth (%)	21.5	(39.8)	119.2	24.7	4.8
Other operating income	-	-	-	-	-
Other income	265	106	150	150	150
Financial expense	126	316	456	549	781
PBT	**4,236**	**2,257**	**5,102**	**6,347**	**6,437**
Extraordinary items	0	0	0	0	0
Taxes	1,285	569	1,285	1,599	1,621
Minority interest	0	0	0	0	0
Income from JV/Associates	-	-	-	-	-
Reported PAT	**2,951**	**1,688**	**3,817**	**4,748**	**4,815**
PAT growth (%)	19.2	(42.8)	126.1	24.4	1.4
Adjusted PAT	**2,951**	**1,688**	**3,817**	**4,748**	**4,815**
Diluted EPS (Rs)	**7.3**	**4.2**	**9.4**	**11.7**	**11.9**
Diluted EPS growth (%)	19.2	(42.8)	126.1	24.4	1.4
DPS (Rs)	**0**	**0**	**0**	**0**	**0**
Dividend payout (%)	**0**	**0**	**0**	**0**	**0**
EBITDA margin (%)	19.1	18.3	24.0	24.1	23.4
EBIT margin (%)	14.1	7.8	14.4	15.6	15.3
Effective tax rate (%)	30.3	25.2	25.2	25.2	25.2
NOPLAT (pre-IndAS)	**2,855**	**1,846**	**4,046**	**5,046**	**5,287**
Shares outstanding (mn)	404	404	404	404	404

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	404	404	404	404	404
Reserves & Surplus	26,697	28,388	32,205	36,953	41,768
Net worth	**27,101**	**28,792**	**32,609**	**37,357**	**42,172**
Minority interests	0	(3)	(3)	(3)	(3)
Non-current liab. & prov.	0	0	0	0	0
Total debt	**1,298**	**3,901**	**5,901**	**5,901**	**10,901**
Total liabilities & equity	**28,658**	**32,948**	**38,765**	**43,513**	**53,328**
Net tangible fixed assets	14,135	24,130	22,528	22,844	23,116
Net intangible assets	50	75	75	75	75
Net ROU assets	-	-	-	-	-
Capital WIP	10,190	2,199	6,199	10,199	21,199
Goodwill	-	-	-	-	-
Investments [JV/Associates]	20	20	20	20	20
Cash & equivalents	**973**	**524**	**3,976**	**3,137**	**2,320**
Current assets (ex-cash)	6,684	9,822	10,080	11,803	11,091
Current Liab. & Prov.	7,366	8,121	8,411	8,864	8,790
NWC (ex-cash)	**(682)**	**1,702**	**1,669**	**2,940**	**2,301**
Total assets	**28,658**	**32,948**	**38,765**	**43,513**	**53,328**
Net debt	325	3,377	1,925	2,764	8,581
Capital employed	28,658	32,948	38,765	43,513	53,328
Invested capital	**13,502**	**25,907**	**24,272**	**25,859**	**25,492**
BVPS (Rs)	67.1	71.2	80.7	92.4	104.3
Net Debt/Equity (x)	-	0.1	0.1	0.1	0.2
Net Debt/EBITDA (x)	0.1	0.6	0.2	0.3	0.8
Interest coverage (x)	34.6	8.1	12.2	12.6	9.2
RoCE (%)	**16.5**	**8.4**	**15.6**	**16.9**	**15.0**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	4,236	2,257	5,102	6,347	6,437
Others (non-cash items)	(161)	37	0	0	0
Taxes paid	(762)	(689)	(1,285)	(1,599)	(1,621)
Change in NWC	41	(2,226)	32	(1,270)	639
Operating cash flow	**4,897**	**2,965**	**7,908**	**7,710**	**9,964**
Capital expenditure	(10,361)	(5,757)	(6,000)	(8,000)	(15,000)
Acquisition of business	-	-	-	-	-
Interest & dividend income	-	-	-	-	-
Investing cash flow	**(6,501)**	**(5,285)**	**(6,000)**	**(8,000)**	**(15,000)**
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	1,037	2,588	2,000	0	5,000
Payment of lease liabilities	0	0	0	0	0
Interest paid	-	-	-	-	-
Dividend paid (incl tax)	0	0	0	0	0
Others	(172)	(347)	(456)	(549)	(781)
Financing cash flow	**865**	**2,241**	**1,544**	**(549)**	**4,219**
Net chg in Cash	(738)	(79)	3,452	(839)	(818)
OCF	4,897	2,965	7,908	7,710	9,964
Adj. OCF (w/o NWC chg.)	4,857	5,190	7,876	8,980	9,325
FCFF	(5,463)	(2,792)	1,908	(290)	(5,036)
FCFE	(5,463)	(2,792)	1,908	(290)	(5,036)
OCF/EBITDA (%)	88.0	51.2	87.8	73.9	92.3
FCFE/PAT (%)	(185.1)	(165.4)	50.0	(6.1)	(104.6)
FCFF/NOPLAT (%)	**(191.4)**	**(151.3)**	**47.2**	**(5.7)**	**(95.3)**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	29.9	52.3	23.1	18.6	18.3
EV/CE(x)	3.1	2.8	2.3	2.1	1.8
P/B (x)	3.3	3.1	2.7	2.4	2.1
EV/Sales (x)	3.0	2.9	2.4	2.1	2.1
EV/EBITDA (x)	15.9	15.9	10.0	8.7	9.0
EV/EBIT(x)	21.6	37.2	16.7	13.5	13.7
EV/IC (x)	6.6	3.5	3.7	3.5	3.8
FCFF yield (%)	(6.2)	(3.0)	2.1	(0.3)	(5.2)
FCFE yield (%)	(6.2)	(3.2)	2.2	(0.3)	(5.7)
Dividend yield (%)	0	0	0	0	0
DuPont-RoE split					
Net profit margin (%)	10.1	5.3	10.2	11.0	10.4
Total asset turnover (x)	1.1	1.0	1.0	1.1	1.0
Assets/Equity (x)	1.1	1.1	1.2	1.2	1.2
RoE (%)	**11.5**	**6.0**	**12.4**	**13.6**	**12.1**
DuPont-RoIC					
NOPLAT margin (%)	9.8	5.8	10.8	11.7	11.5
IC turnover (x)	2.4	1.6	1.5	1.7	1.8
RoIC (%)	**23.6**	**9.4**	**16.1**	**20.1**	**20.6**
Operating metrics					
Core NWC days	(8.6)	19.6	16.2	24.8	18.2
Total NWC days	**(8.6)**	**19.6**	**16.2**	**24.8**	**18.2**
Fixed asset turnover	1.4	1.0	1.0	1.1	1.0
Opex-to-revenue (%)	55.8	56.7	53.9	53.0	53.4

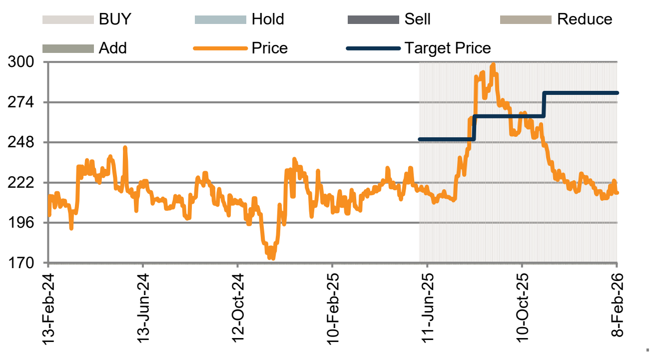
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
03-Feb-26	219	280	Buy	Harsh Mittal
14-Jan-26	216	280	Buy	Harsh Mittal
06-Jan-26	221	280	Buy	Harsh Mittal
01-Jan-26	222	280	Buy	Harsh Mittal
02-Dec-25	225	280	Buy	Harsh Mittal
24-Nov-25	224	280	Buy	Harsh Mittal
07-Nov-25	246	280	Buy	Harsh Mittal
01-Nov-25	257	265	Buy	Harsh Mittal
08-Oct-25	267	265	Buy	Harsh Mittal
02-Oct-25	253	265	Buy	Harsh Mittal
12-Sep-25	272	265	Buy	Harsh Mittal
10-Aug-25	260	265	Buy	Harsh Mittal
10-Aug-25	260	265	Buy	Harsh Mittal
01-Jun-25	217	250	Buy	Harsh Mittal

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research