Axis Annual Analysis 2025

AAA

Star Cement Limited

BUY
Target Price
325

Capacity Expansion, Plant Incentives & Resilient Demand to Propel Growth

Summary

- **Capacity Expansion:** In FY25, Star Cement commissioned a 3.3 mtpa Clinker grinding unit in the State of Meghalaya along with 12 MW WHRS (West Heat Recovery System). Its 2 mtpa grinding unit at Silchar is expected to be commissioned in Q4FY26 and Jorhat (2 mtpa) in FY27, bringing the total capacity to 11.7 mtpa. At the new grinding unit, the company achieved ~90% capacity utilisation — a demonstration of operational excellence. The company also forayed into the Rajasthan Market, a tactical shift to reduce geographical concentration by securing Limestone mines in the state.
- **Increase in Sales of Premium Cement:** During the year under review, the company's sales of premium cement grew by 85% YoY, reaching 11% of total trade sales driven by aggressive marketing and promotional efforts. Additionally, Star Cement launched a new cement brand, Dhalai Master, in the premium category, further strengthening its product portfolio.
- **North-East Market to See Higher Growth:** The proactive investment by the Central government in developing the region's overall infrastructure has contributed to higher cement demand. The North-East region is expected to grow at a faster rate in terms of cement demand compared to pan-India, driven by larger infrastructure investments planned in roads, airports, hydropower, bridges, and flyovers over the next 5-10 years. The company achieved 8.2% revenue growth in the Northeast region, outperforming the industry growth of 4%.

Key Highlights

- **Robust Sales & Volume Growth:** During the year, the company delivered a robust 9% YoY growth in sales to Rs 3,163 Cr, supported by an 8% increase in volumes. The strong performance was largely driven by the commissioning of a 2 MTPA grinding unit in Guwahati, which ramped up quickly to achieve 90% capacity utilisation during the year.
- **Softness in EBITDA Margins:** EBITDA margins declined to 18.3% from 19.1% in the previous year, primarily due to subdued cement prices and additional clinker purchases, as the new clinker line took time to stabilise.
- **Increase in Use of Green Energy:** The company expanded the share of green energy in its power mix. This transition was amplified by a strategic agreement with JSW Energy to supply green energy. Star Cement aims to take the share of green energy to 55% by FY26
- **Key Competitive Strengths:** a) Largest cement producer in the NER region with 27% market share; b) Strong entry barriers created by the regional demography, which support the company in maintaining a healthy market share; c) Robust financial position; and d) Strong dealers and distribution network in its operating regions.
- **Strategies Implemented:** a) Capacity expansion; b) Focus on increasing non-trade sales; c) Focused on cost optimisation and value creation; and d) Continued digitisation processes.
- **Growth Drivers**: a) Increasing overall cement demand in its key operating regions; b) High consumption in the Eastern and North-Eastern regions; c) Augmenting railway infrastructure; and d) Supportive initiatives by the proactive government.
- **Key Focus Areas Moving Forward:** a) Capacity expansion to sustain market share; b) Strengthening the dealer and distribution network; c) Focusing on volume growth; d) Ensuring profitability; e) Brand building; and f) Sustainable operation.

Outlook & Recommendation

With its upcoming capacity expansion, the company is well-positioned to capitalise on the rising demand in its operating region, primarily the North-East. We project SCL will achieve a CAGR of 12%/16% in volume and revenue and a 31% /52% CAGR in EBITDA and PAT over FY25-FY27E. The stock is currently trading at 12x and 11x FY26E/FY27E EV/EBITDA. **We maintain our BUY rating on the stock with a TP of Rs 325/share, implying an upside potential of 27% from the CMP.**

Key Financials (Consolidated)

(Rs Cr)	FY25	FY26E	FY27E
Net Sales	3,163	3,781	4,263
EBITDA	579	876	993
Net Profit	169	359	388
EPS (Rs)	4.2	8.9	9.6
PER (x)	62	29	27
P/BV (x)	1.0	0.9	0.8
EV/EBITDA (x)	19	12	11
RoE (%)	6	12	11

Source: Company, Axis Securities Research

(CMP as of 29th September, 2025)

CMP (Rs)	256
Upside /Downside (%)	27%
High/Lower (Rs)	309/172
Market cap (Cr)	10,331
Avg. daily vol. (6m) Shrs.	10,50,000
No. of shares (Cr)	40.4

Shareholding (%)

	Dec-24	Mar-25	Jun-25
Promoter	57.7	57.7	57.7
FIIs	1.2	2.0	2.2
MFs / UTI	5.0	5.2	4.9
Banks / FIs	0.0	0.0	0.0
Others	36.2	35.2	35.2

Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
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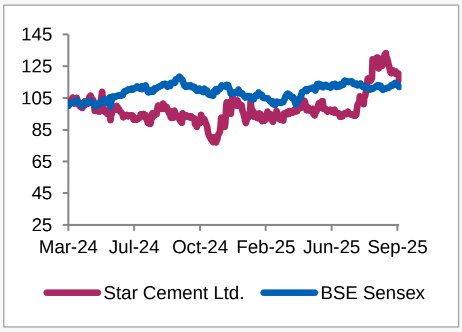
RoE (%)	6	12	11

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	0	0
EBITDA	0	0
PAT	0	0

Relative Performance



Source: Ace Equity

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Company Overview

Star Cement Limited (Star Cement) was established in 2001 and is one of India's leading cement companies with operations in eastern India. The company is the largest cement manufacturer in the northeast Indian region and an emerging player in West Bengal and Bihar. Its 200-hectare Lumshnong plant, strategically located in Meghalaya, ensures easy access to high-grade limestone at competitive prices.

The company's brand, "Star Cement," is one of the most recognised in the region, known for its premium quality and fair prices. Last year, it commissioned a 2 mtpa clinker grinding plant in Sonapur, Assam, to meet the growing cement demand in the North-East region. Its total current capacity stands at 7.7 mtpa, with clinker capacity at 6 mtpa.

Leading Cement company in North East India with an estimated 27% market share.

FY25: Financial & Operating Performance Round-up

- **Increase in Sales and Volume:** During the year, the company delivered a robust 9% YoY growth in sales to Rs 3,163 Cr, supported by an 8% increase in volumes. The strong performance was largely driven by the commissioning of a 2 MTPA grinding unit in Guwahati, which ramped up quickly to achieve 90% capacity utilisation during the year.
- **Higher Plant Subsidy to Support Revenue:** The company is entitled to a government subsidy equivalent to 200% of its investment, to be received over 20 years. It aims to accelerate production and sales to earn this subsidy within seven years, generating an incremental annual cash inflow of Rs 140 Cr. The expansion programme generated an attractive subsidy from the government of approximately Rs 167 Cr during the financial year.
- **Softness in EBITDA:** EBITDA margin declined to 18.3% from 19.1% in the previous year, primarily due to lower cement prices and additional clinker purchases, as the new clinker line took time to stabilise.
- **Sale of Blended Cement:** The company's blended cement sales accounted for 88% of its overall sales mix, compared to 90% previous year. Its capacity utilisation in FY25 stood at 61% on a higher base.
- **Premium Cement Sale:** During the year, the company increased its efforts to boost the sales volume of premium cement, which grew by 82% and accounted for 11% of overall trade sales. With ongoing focus and expanded market penetration, the sale of premium cement is expected to continue rising as a proportion of overall trade sales. Furthermore, it launched "Dhalai Master Cement" in the premium category.
- **Marketing Strategies:** The company is continuously developing new marketing strategies to enhance customer recall and foster a positive brand perception. Additionally, it has been actively expanding its reach in West Bengal and Bihar to tap into the deeper pockets of these regions.
- **North-East Market:** The Northeast market remained a key focus area for the company. At NER, Star Cement has grown by 8.2% and the overall industry has grown by just 0.3 % in FY 24-25. Total cement demand in the Northeast was 13 Mn tonnes in FY25, up from 12 Mn tonnes in FY24. As the market leader in the Northeast, the company continued to expand its dealer and sub-dealer network, which now includes 2,000 dealers and 12,000 sub-dealers.
- **Increase in Debt Level:** During the year, the company raised debt to fund ongoing expansion. The debt-to-equity ratio stood at 0.14x, with total debt amounting to Rs 390 Cr.
- **More Use of Green Energy:** The company focused on increasing its use of green energy, with the installation of a 12.3 MW waste heat recovery system (WHRS) capacity. An additional 12.5 MW of WHRS capacity is in the pipeline, along with a proposed 18 MW group captive hybrid energy system (wind and solar). It aims to increase the use of green energy to 55% in FY26.

The company reported robust revenue and Volume growth during the year. EBITDA margins softened owing to higher costs and subdued pricing. Premium Cement sales improved during the year. The NE market is expected to drive future growth.

Key Growth Drivers

Higher focus on infra development, along with affordable housing and real estate development, to keep cement demand elevated and expected to grow at a CAGR of 8%-9% over FY23-FY27E.

- **Increasing Cement Demand**: India is the second-largest cement producer in the world, with significant potential for growth in the sector. The infrastructure and construction sectors are key contributors to the industry's development. The Indian cement industry is projected to add approximately 150-200 Mn tonnes of capacity by FY28, marking the highest expansion in the last decade. Cement demand is expected to grow at a CAGR of 7-8% between FY23-FY27, driven by infrastructure investments and robust housing demand.
- **Increasing Consumption in Eastern and North-Eastern Regions:** Cement demand in East India is expected to grow at a CAGR of 8% during FY25-27. West Bengal and Bihar are the largest consumers in the region, with annual consumption of 24 Mn tonnes and 23 Mn tonnes, respectively, accounting for over a quarter of the region's total demand. Demand in these states has risen significantly over the last five years, driven by the central government's "Housing for All" initiative and rapid infrastructure development in both rural and urban areas. Additionally, the central government has approved Rs 2 Lc Cr for road projects spanning over 14,000 km in Northeast India. In the northeastern states, the Ministry of Road Transport and Highways is overseeing 197 road development projects under various schemes, further boosting cement demand in the region.
- **Railway & Hydro Power Infrastructure:** To further enhance connectivity and promote regional development in the Northeast, the Government of India has allocated Rs 10,376 Cr in the Union Budget 2024–25 towards the improvement of railway infrastructure in the region. As part of this initiative, 60 railway stations in the Northeast are being redeveloped into Amrit Stations Projects, equipped with world-class amenities and modern facilities. In the Union Budget 2024-25, Rs 4,183.69 Cr was allocated to the North-East Frontier Railway, with a strong emphasis on safety, as Rs 1.1 Lc Cr was earmarked for track replacements and signalling upgrades. Additionally, hydropower projects, which require large quantities of cement for the construction of dams, reservoirs, and related infrastructure, are expanding to meet India's renewable energy targets. Star Cement is well-positioned to capitalise on these developments by leveraging its robust production capabilities and extensive distribution networks to supply the necessary cement in both quantity and quality.
- **Proactive Government Initiatives**: Rapid infrastructure development, fueled by government investments and initiatives, has catalysed economic growth. As the government constructs highways, bridges, and public transit systems, cement demand is projected to rise significantly. In the Union Budget 2025-26, increased allocations to the roads, railways, and housing segments are expected to positively impact cement demand. Moreover, the rapid expansion of India's construction industry, particularly in infrastructure and real estate development, presents significant growth opportunities for the cement industry in the coming years.

Key Strategies Moving Forward

Strategies implemented to further enhance market share in its operating region

- **Focus on Volume Growth:** A key element of the company's growth strategy is expanding its volume offtake. To ensure consistent volume growth, the company is increasing its grinding capacity by an additional 4 mtpa. It aims to leverage its robust dealer and distribution network while exploring opportunities in untapped markets. By capitalising on its well-established distribution channels, the company is confident in its ability to capture a larger market share and accelerate its growth trajectory.
- **Strengthening the Dealer and Distribution Network:** Star Cement's success is strongly supported by its robust dealer and distribution network. The company has consistently focused on building and maintaining strong relationships with its partners, ensuring exceptional customer service and competitive pricing. By continuing to expand this network, it aims to further leverage its existing market presence, driving sustainable growth and reinforcing its leadership in key regions.
- **Ensuring Profitability:** Star Cement places significant emphasis on maintaining a strong level of profitability. To achieve this, the company focuses on operational efficiency and effectively utilises its pricing power to maximise returns. By consistently optimising operations, controlling costs, and delivering value-added products, it aims to sustain profitability and enhance shareholder value, reinforcing its commitment to long-term growth.
- **Continuing Innovation:** Star Cement recognises the critical role of innovation in sustaining its competitive advantage. The company has dedicated substantial resources to research and development, focusing on creating new products and enhancing its existing portfolio. By fostering a culture of innovation, it aims to stay ahead in the marketplace, meet evolving customer demands, and contribute to the overall development of the cement industry.
- **Focus on Brand-building:** Star Cement places a strong emphasis on brand building as a key strategic pillar for growth. Through targeted advertising, strategic sponsorships, and other impactful marketing initiatives, the company seeks to strengthen its brand image and expand its market share. By effectively communicating its value proposition and unique offerings, Star Cement aims to build trust and loyalty among customers, fostering long-term relationships and driving deeper market penetration across its operating regions.
- **Strive for Sustainability**: Star Cement remains committed to sustainability, integrating eco-friendly practices across its operations. By actively reducing its environmental footprint, adopting sustainable technologies, and implementing greener processes, the company aims to minimise its impact on the environment and contribute to a more sustainable future. This commitment aligns with global environmental goals and positions Star Cement as a responsible business, appealing to environmentally conscious customers and investors who prioritise sustainability. This focus on sustainability enhances the company's long-term value and competitiveness.

Business Outlook

India occupies a significant position as the second-largest producer of cement globally, contributing over 8% of the world's total installed capacity. This highlights the country's considerable role in addressing global cementdemand.

Outlook remains positive driven by housing and infra development. Industry is expected to deliver CAGR growth of 7-8% over FY 25-27

- **Domestic Growth Drivers:** The domestic infrastructure and construction sectors are poised for substantial expansion, supported by government-led initiatives such as the Smart Cities Mission, Housing for All, AMRUT and PMGAY, etc. These developments are anticipated to drive sustained growth in cement consumption. Additionally, the increasing demand for rural housing and the steady resurgence of the industrial sector continue to serve as key drivers of cement demand, reflecting the broader recovery of the Indian economy.
- **Raw Material Availability and Cost Advantages:** The industry's growth is further underpinned by the abundant availability of essential raw materials, including limestone and coal. This accessibility facilitates a stable supply chain, lowers production costs and enhances the overall competitiveness of the sector.
- **Capacity Additions and Utilisation Challenges:** Despite these positive trends, significant capacity additions—estimated at 35 to 40 Mn tonnes, particularly in eastern and southern regions—are expected to moderate volume growth. Consequently, pan-India average capacity utilisation levels are projected to be constrained at approximately 72% over the medium term.
- **Recent Performance and Sector Momentum:** In recent years, the cement industry has experienced robust volume growth, largely driven by strong demand from the housing sector and numerous large-scale infrastructure initiatives, including the construction of roads, expressways, airports, metro rail systems and rural development projects.
- However, going forward, cement volume growth is expected to moderate to a compound annual growth rate (CAGR) of approximately 7–8% over FY5-26. This moderation is attributed to the high base of growth recorded in the preceding three fiscal years. In particular, demand from rural housing is expected to soften, following a period of accelerated growth supported by the Pradhan Mantri Awas Yojana – Gramin (PMAY-G) scheme.
- **Demand Outlook:** Over the next three fiscal years, cement demand from the housing construction segment is anticipated to moderate to approximately 4–5%, whereas demand from the infrastructure segment is expected to exhibit stronger growth.
- Continued Government support through budgetary allocations and industry-friendly policies is expected to further catalyse this growth, making the cement industry an attractive avenue for long-term investment.

Risks & Mitigation

The company is exposed to many risks, and it takes appropriate measures to deal with them.

The company has established an extensive and well-designed risk management framework to identify, assess, and mitigate key risks that may hamper its operating continuity, growth and/or profitability. The Board of Directors has formed a Risk Management Committee to stringently oversee its risk assessment and mitigation process and advise the management as required.

- **Domestic Sales Risk:** The company's dependence on the domestic market and the concentration of its business on the regional market over a longer period may affect growth prospects. Less than optimal demand growth in the region may reduce its revenues as well as its overall profitability.
- **Mitigation:** The company plans to further expand its operations to the central region by building a cement plant there, which will reduce its dependence on the northeast market.

- **Competition Risk:** Multiple large players, along with many small players operating in the cement industry, make it an extremely competitive market. Furthermore, the foreign players may further intensify the competition in the domestic market where the company predominantly operates. This allows for a limited market share in the industry.
- **Mitigation:** The company expanded its operations in Eastern Indian regions and has planned aggressive brand promotion initiatives to further strengthen its brand presence there.

- **Transportation Risk:** Constant increase in fuel costs leads to high transportation costs. The cement Industry is highly fragmented as well as highly regionalised, making transportation of low volumes of cement over long distances uneconomical.
- **Mitigation:** The company has initiated "Stock on Wheels" services and a warehouse optimisation process, enabling it to reduce transportation costs.

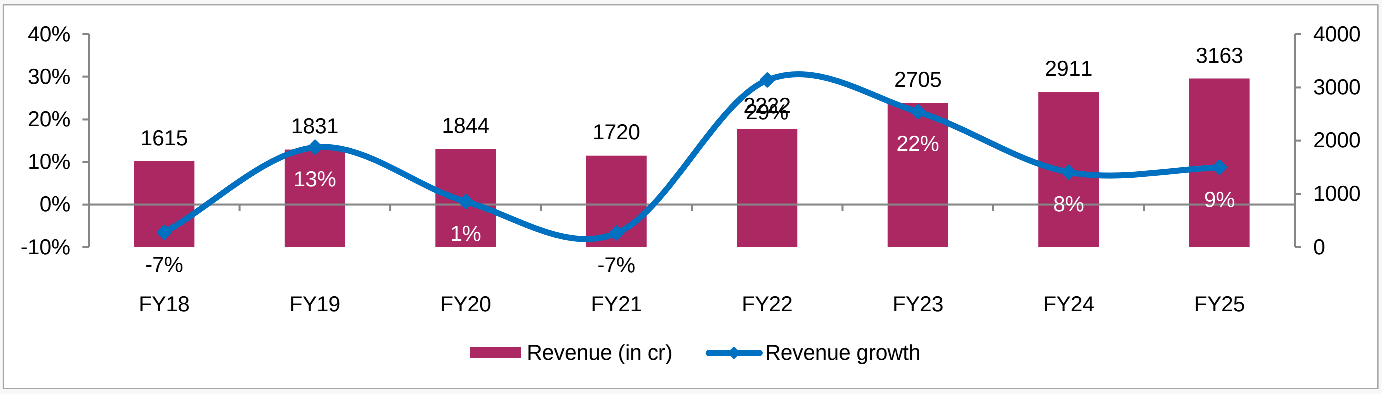
- **Higher Input Cost Risk:** The cement and power industry depends mainly upon the availability of raw materials at affordable costs. Policies of the government, as well as Central and State Laws, may adversely affect the availability of limestone and coal, among others. Any major changes in the government's Environmental and Forest regulations may also impact limestone and coal availability at cement plants.
- **Mitigation:** The company sources raw materials from alternative sources so that the availability risks are mitigated.

Profitability Analysis (Rs Cr)

Particulars	FY24	FY25	Change	Comments/Analysis
Sales	2910	3163	9%	• Revenue growth was supported by higher volume due to better demand in the Northeast market. • The company expects to register a revenue CAGR of 16% over FY25-27E, which would be driven by higher demand in the East and North-East markets and ramp-up of new capacity.
Raw Materials/Others	1776	1876	6%	• Higher owing to the higher production of cement sold.
Gross Profits	1135	1287	13%	• Higher owing to higher sales and volume during the year.
Operating Expenses	578	708	23%	• Higher owing to increased volume, sales, promotion costs and staff costs during the year.
EBITDA	556	578	4%	• EBITDA is higher owing to higher volume sold during the year. The company expects to register a CAGR of 31% in EBITDA over FY25-27E, and would be led by better revenue and stable realisation moving forward.
Depreciation	147	332	126%	• Higher owing to capitalisation of the new unit during the year.
Other Income	26	11	-60%	• Lower owing to a decrease in cash & cash equivalents owing to ongoing capex.
EBIT	436	257	12%	• EBIT was lower owing to a contraction in margin and higher depreciation during the year.
Interest	13	32	151%	• Higher owing to an increase in the finance charge and new debt raised.
Tax	129	57	-56%	• Lower owing to a tax adjustment.
PAT	295	169	-43%	• PAT reduced on account of higher cost, depreciation and finance charge. • The company expects to report a PAT CAGR of 52% over FY25-FY27E.
EPS	7.3	4.2	-43%	• EPS growth is in line with the PAT.
Volume (mtpa)	4.41	4.79	8%	• Volume growth was supported by new capacity ramp-up and higher demand during the year in the North-East region.

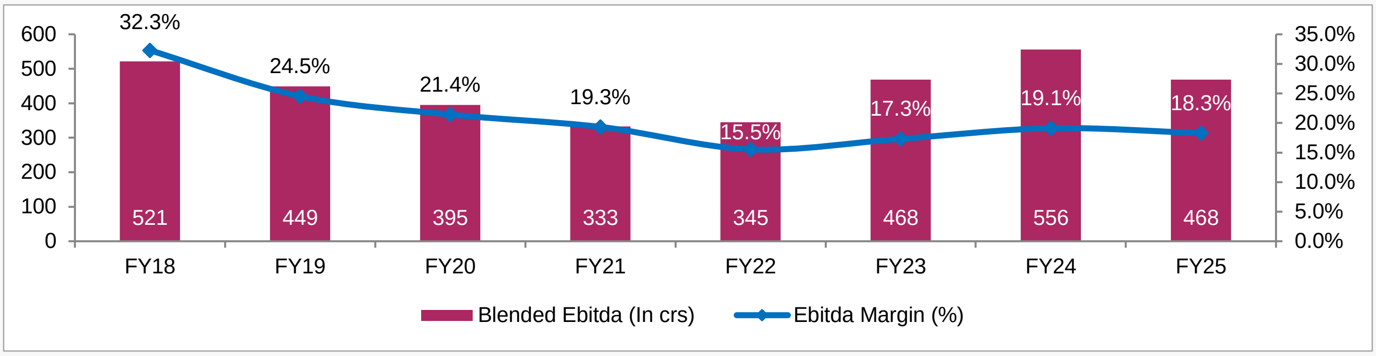
Source: Company; Axis Securities Research

Exhibit 1: Revenue & Growth Trend



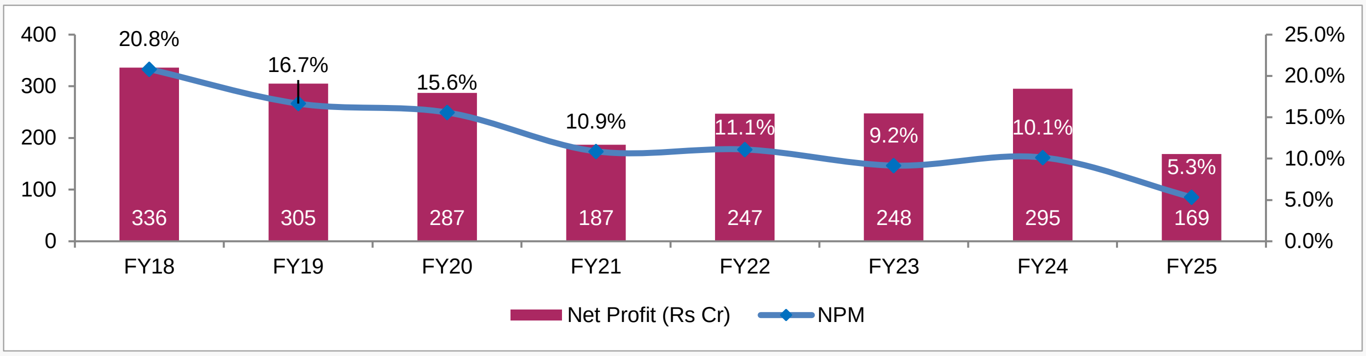
Source: Company, Axis Securities Research

Exhibit 2: Blended EBITDA & Margin



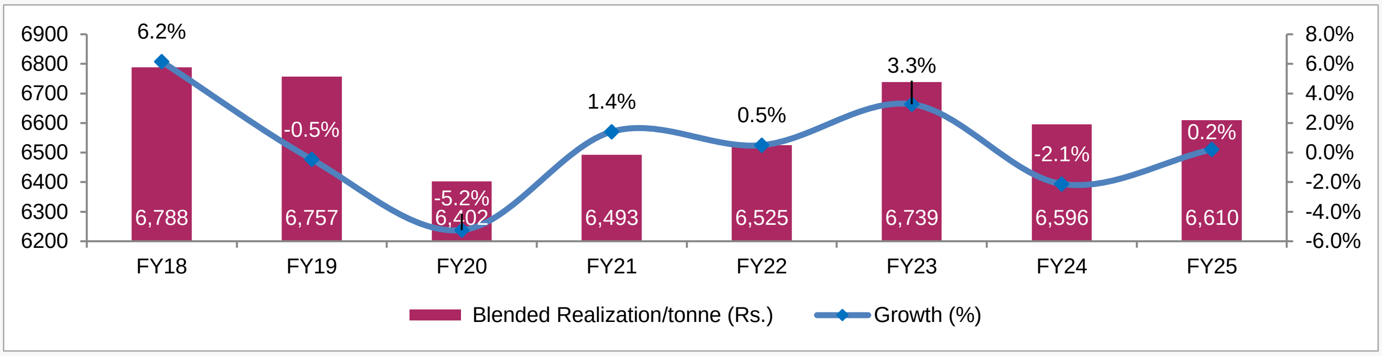
Source: Company, Axis Securities Research

Exhibit 3: Net profit & NPM trend



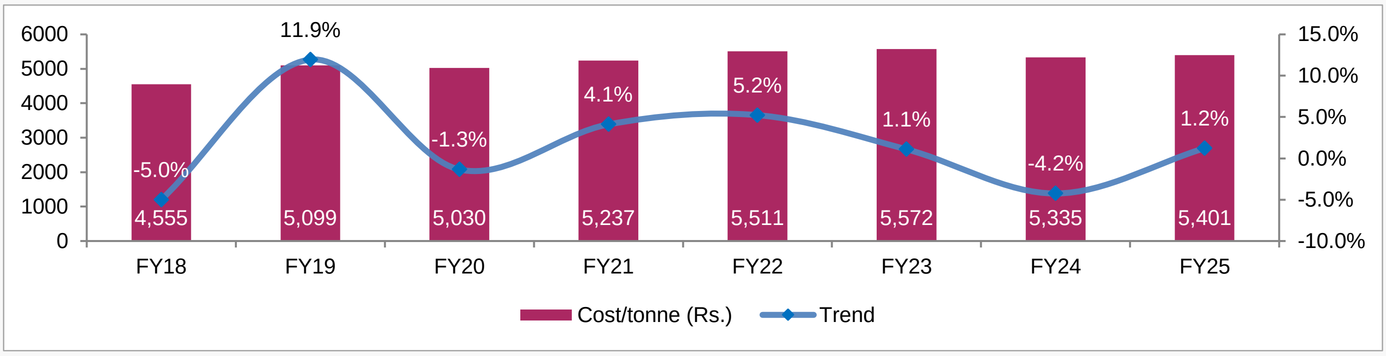
Source: Company, Axis Securities Research

Exhibit 4: Blended Realisation & Growth Trend



Source: Company, Axis Securities Research

Exhibit 5: Cost/tonne & Trend



Source: Company, Axis Securities Research

Profitability Margins

Particulars	FY24	FY25	Change	Comments/Analysis
GPM	39%	41%	200bps	Higher owing to lower p/f cost during the year.
EBITDAM	19.1%	18.3%	-80bps	EBITDA margin contracted owing to lower prices and higher operating expenses
PATM	10%	5%	500bps	PATM was lower due to higher depreciation, finance charge and contraction in EBITDA margin

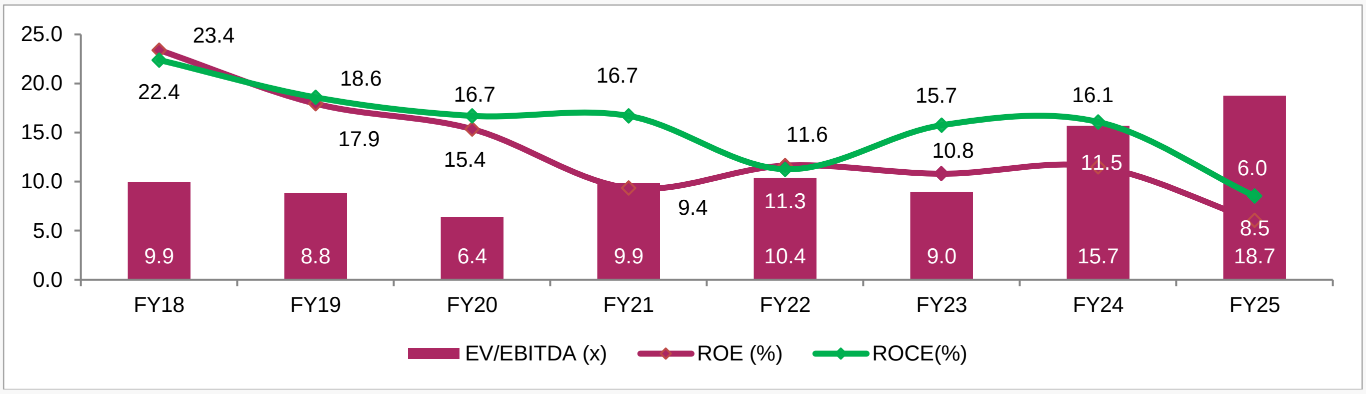
Source: Company; Axis Securities Research

Financial Ratios

Particulars	FY24	FY25	Change	Comments/Analysis
ROE	11.5%	7%	-450 bps	ROE declined due to lower profitability.
ROCE	16.1%	8.5	- 760 bps	Lower EBIT impacted the ROCE
Asset Turn	1.1x	0.9x	-20x	Asset Turnover was lower due to the addition of new capacity during the year.
Net Debt/Equity	0.1x	0.12x	0.11x	Slightly higher owing to borrowing to fund the ongoing capex program.
EV/EBITDA	16x	21x	5x	Higher owing to an increase in m/cap during the year.

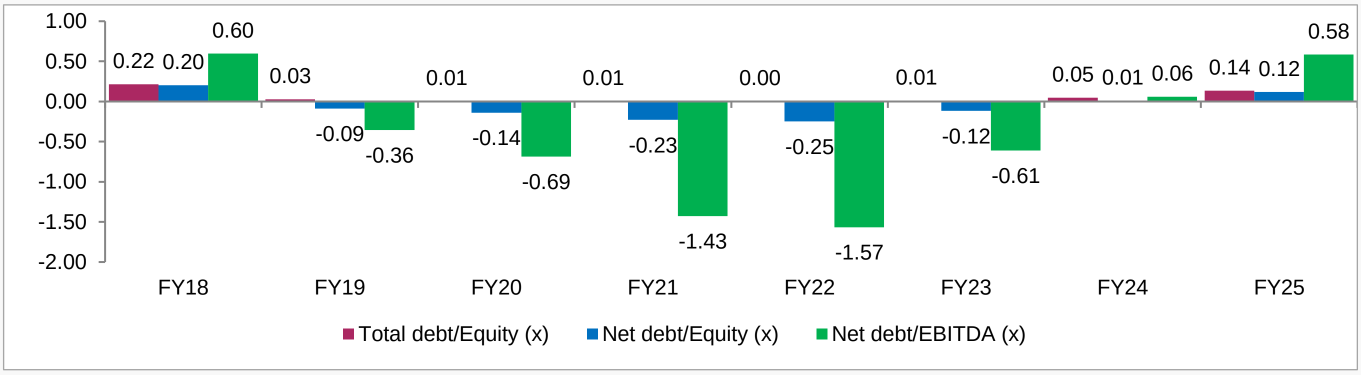
Source: Company; Axis Securities Research

Exhibit 6: EV/EBITDA, ROE & ROCE Trend



Source: Company, Axis Securities Research

Exhibit 7: Leverage Ratio



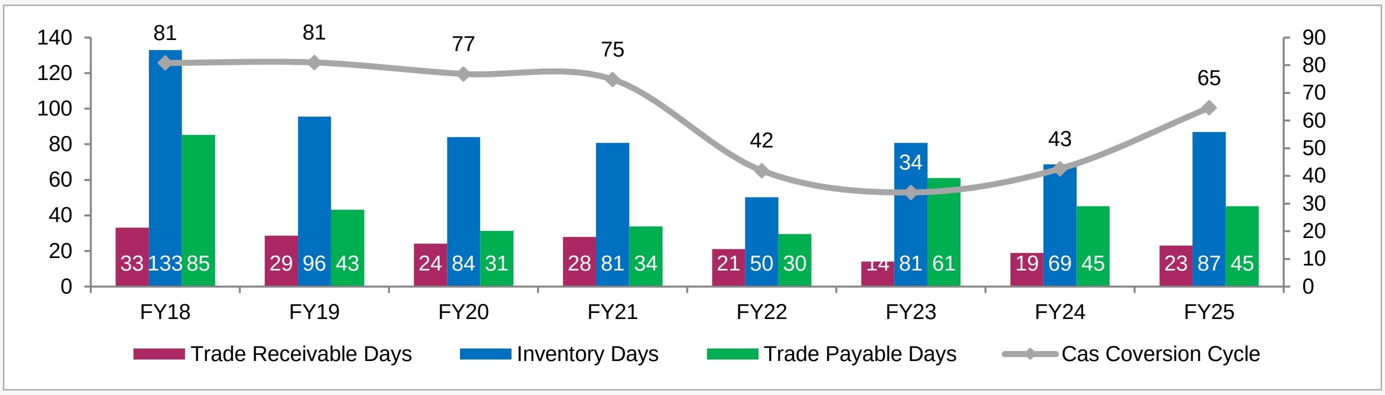
Source: Company, Axis Securities Research

Cash Conversion Cycle

Particulars	FY24	FY25	Change	Comments/Analysis
Inventory Days	69	87	18	Inventory days increased owing to higher clinker procurement during the year.
Trade Receivables	19	23	4	Increased owing to higher credit sales during the year.
Trade Payables	45	45	0	Remained unchanged due to prevailing market conditions.
Cash Conversion Cycle	43	65	22	

Source: Company; Axis Securities Research

Exhibit 8: Cash Conversion Cycle

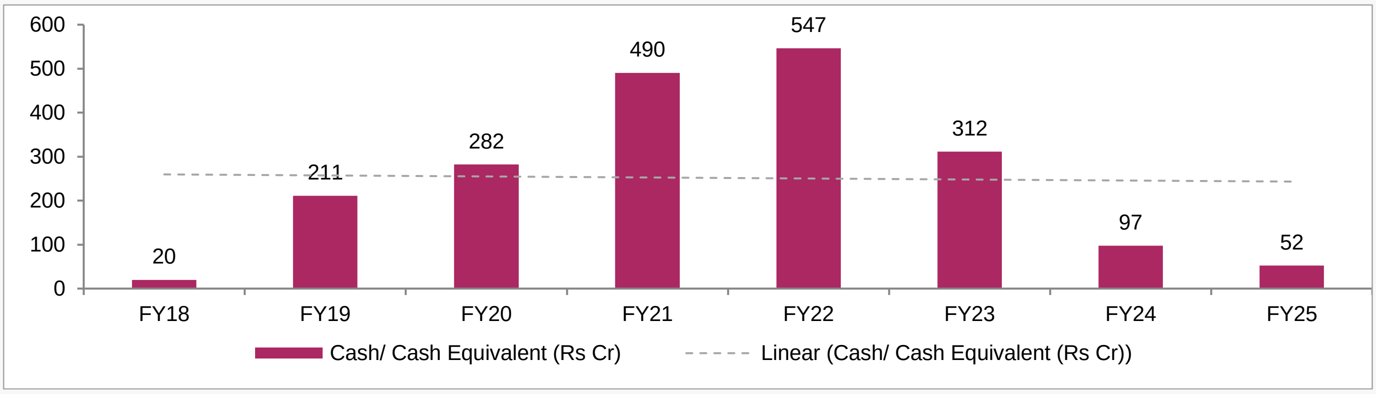


Source: Company, Axis Securities Research

Key Balance Sheet Takeaways

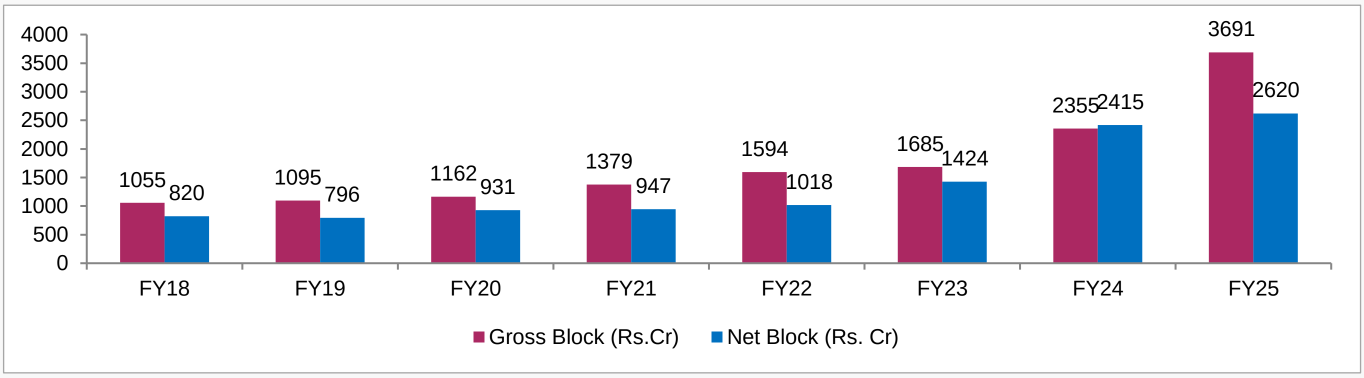
- **Working Capital Management*:*** In FY25, working capital intensity increased as the cash conversion cycle deteriorated to 65 days from 43 days in FY24. This was primarily due to higher debtor and inventory days and unchanged payable days. Operating cash flow (OCF) to EBITDA conversion also deteriorated to 51% from 88% in FY24, driven by lower operating cash flow. From FY20 to FY25, the company generated a total OCF of Rs 2,413 Cr, with 100% of this amount (Rs 2,496 Cr) allocated towards its Capex program, reflecting a high Capex intensity. While cash flow from operations (CFO) remained the major source of funding, the company generated a negative free cash flow (FCF) of Rs 388 Cr during FY20-FY25.
- **Debt:** The company's debt-to-equity ratio stood at 0.12x during the year. It raised long-term debt of Rs 242 Cr for the ongoing capex program.
- **Fixed Capital Formation:** Gross Fixed Capital Formation improved to Rs 3,690 Cr in FY25 from Rs 2,355 Cr, an improvement of 57% as the company incurred Capex to set up a 3-mtpa clinkerization unit, 12 MW WHRS unit and 2 mtpa grinding unit.
- **Capex Plans:** With the rising cement demand in India, the company is advancing its Capex projects to enhance cement capacities, particularly in the highly profitable North-East and East regions. To address the expanding demand, it plans to establish a 4 mtpa grinding unit in Assam (2 mtpa each). During the year, it invested Rs 580 Cr in Capex. Ongoing Capex is anticipated to be Rs 1,750 Cr.
- **Cash and Liquidity Position:** The company's liquidity position has weakened due to ongoing Capex in FY25. Cash and cash equivalents, including bank balances, stood at Rs 52 Cr in FY25, compared to Rs 97 Cr in FY24, reflecting a decrease of 46% YoY.

Exhibit 9: Cash & Cash Equivalent (Rs Cr)



Source: Company, Axis Securities Research

Exhibit 10: Gross & Net Block



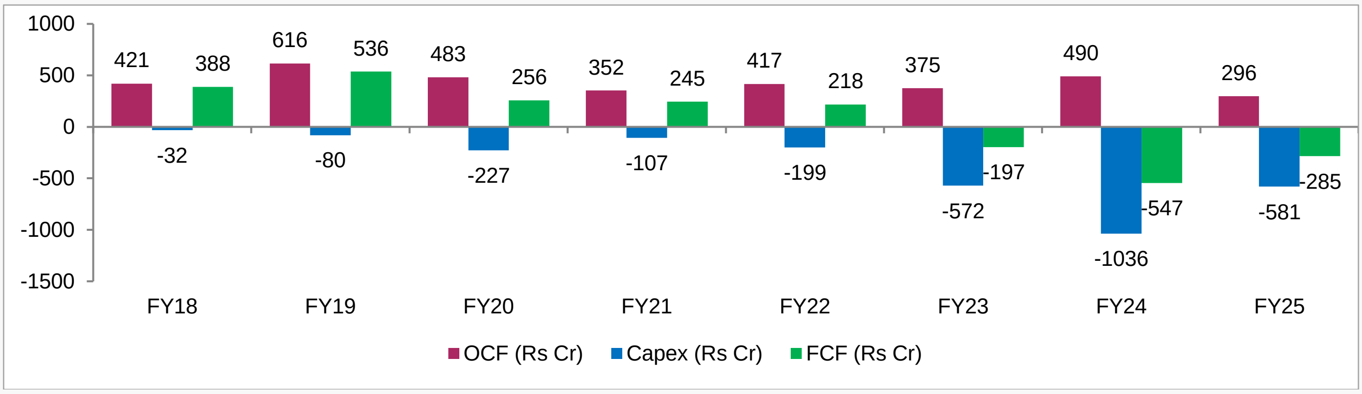
Source: Company, Axis Securities Research

Key Cash Flow Takeaways

Particulars (Rs Cr)	FY24	FY25	Change	Comments/Analysis
PBT	424	226	-47%	PBT was lower on account of margin contraction, higher depreciation, and Finance charge during the year.
Non-cash expenses				
Depreciation	142	327	131%	Depreciation increased as new capacity was commissioned in FY25
Finance Cost	12.6	31.6.	151%	Increased owing to debt raised during the year to fund the expansion program.
Others	-16	4	NA	Declined owing to lower interest income
Working Capital Adjustments	4	223	5475%	Elevated WC requirement during the year led by higher clinker purchase
CFO	490	297	-39%	Lower on account of lower profit and higher WC requirement
CFI	-650	-528	-19%	Lower owing to the lower ongoing Capex during the year.
CFF	87	224	159%	Increased owing to debt raised during the year
Capex	-1036	-581	-44%	Lower as the majority of ongoing capex has been completed.
FCF	-558	-313	-44%	Decreased owing to lower Capex during the year

Source: Company; Axis Securities Research

Exhibit 11: OCF, Capex and FCF (in Cr)



Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar	FY25	FY26E	FY27E
Net sales	3163	3781	4263
Other operating income	0	0	0
Total income	3163	3781	4263
Raw Material	519	472	528
Power & Fuel	529	590	661
Freight & forwarding	828	1042	1167
Employee benefit expenses	247	267	294
Other Expenses	461	535	620
EBITDA	**579**	**876**	**993**
Other income	11	8	9
PBIDT	589	884	1002
Depreciation	332	355	433
Interest & Fin Chg.	32	41	44
E/o income / (Expense)	0	0	0
Pre-tax profit	226	487	525
Tax provision	57	128	136
RPAT	169	359	388
Minority Interests	0.0	0.0	0.0
Associates	0	0	0
APAT after EO item	**169**	**359**	**388**

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E Mar	FY25	FY26E	FY27E
Total assets	4107	4686	5097
Net Block	2628	3142	3562
CWIP	220	220	220
Investments	0	0	0
Wkg. cap. (excl cash)	413	350	393
Cash / Bank balance	52	153	70
Misc. Assets	79	82	85
Capital employed	4107	4686	5097
Equity capital	40	40	40
Reserves	2839	3190	3570
Minority Interests	0	0	0
Borrowings	390	590	590
DefTax Liabilities	0	0	0
Other Liabilities and Provision	84	87	90

Source: Company, Axis Securities Research

Cash Flow **(Rs Cr)**

Y/E Mar	FY25	FY26E	FY27E
Profit before tax	226	487	525
Depreciation	327	355	433
Interest Expenses	32	41	44
Non-operating/ EO item	7	-8	-9
Change in W/C	-50	63	-44
Income Tax	69	128	136
Operating Cash Flow	473	811	813
Capital Expenditure	-581	-870	-853
Investments	0	0	0
Others	13	8	9
Investing Cash Flow	-568	-862	-844
Borrowings	242	200	0
Interest Expenses	-29	-41	-44
Dividend paid	0	-8	-8
Others	0	0	0
Financing Cash Flow	213	151	-52
Change in Cash	118	100	-83
Opening Cash	48	165	265
Closing Cash	165	265	183

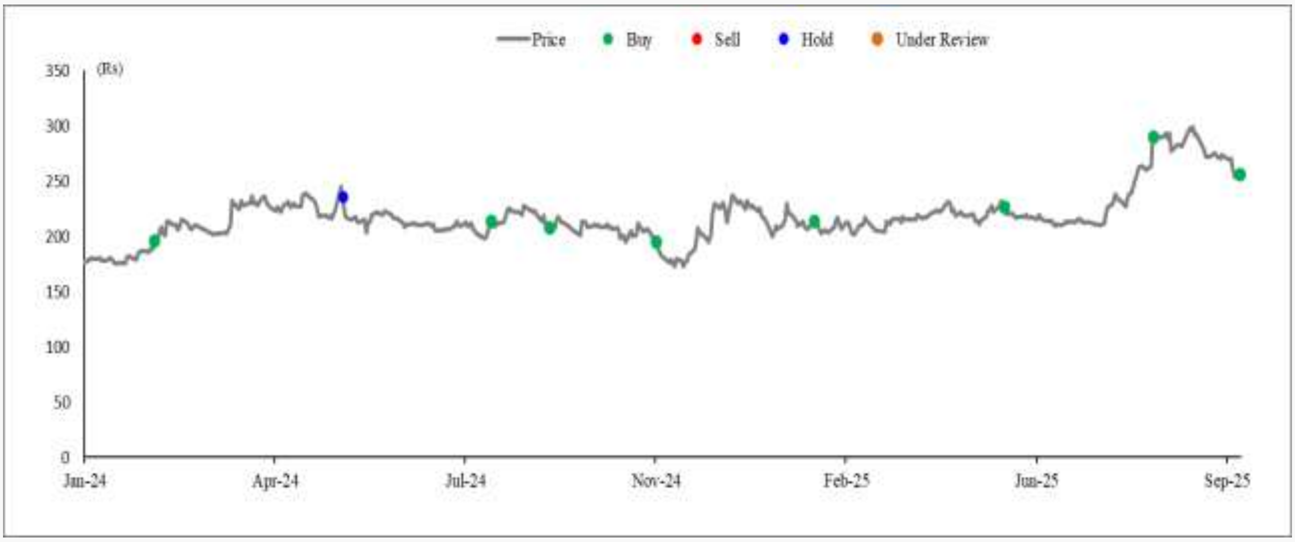
Source: Company, Axis Securities Research

Ratio Analysis **(%)**

Y/E Mar	FY25	FY26E	FY27E
Operational Ratios			
Sales growth	9%	20%	13%
OPM	18.3%	23.2%	23.3%
Op. profit growth	4%	51%	13%
COGS / Net sales	59%	56%	55%
Overheads/Net sales	22%	21%	21%
Depreciation / G. block	9%	8%	8%
Efficiency Ratios			
Total Asset Turnover (x)	0.77	0.81	0.84
Sales/Gross block (x)	0.86	0.83	0.79
Sales/Net block(x)	1.21	1.21	1.20
Working capital/Sales (x)	0.03	0.01	0.02
Valuation Ratios			
P/E	62	29	27
P/BV (x)	1.0	0.9	0.8
EV/EBITDA (x)	18.7	12.5	11.1
EV/Sales (x)	3.4	2.9	2.6
EV/Tonne $ (x)	164	131	110
Return Ratios			
ROE	6	12	11
ROCE	9	15	14
ROIC	9	16	15
Leverage Ratios			
Debt/equity (x)	0.14	0.18	0.16
Net debt/ Equity (x)	0.12	0.14	0.14
Interest Coverage ratio (x)	8	13	13
Cash Flow Ratios			
OCF/Sales	0.09	0.21	0.19
OCF/EBITDA	0.51	0.93	0.82
OCF/Capital Employed	0.09	0.22	0.20
FCF/Sales	-0.17	-0.23	-0.20
Payout ratio (Div/NP)	4.8	2.3	2.1
AEPS (Rs)	4.2	8.9	9.6
AEPS Growth	-42.8	112.7	8.1
CEPS (Rs)	12	18	20
DPS (Rs)	0.0	0.0	0.0

Source: Company, Axis Securities Research

Star Cement Price Chart and Recommendation History



Date	Reco	TP	Research
09-Feb-24	BUY	225	Result Update
23-May-24	HOLD	240	Result Update
13-Aug-24	BUY	250	Result Update
16-Sep-24	BUY	250	AAA
12-Nov-24	BUY	235	Result Update
07-Feb-25	BUY	235	Result Update
23-May-25	BUY	270	Result Update
13-Aug-25	BUY	325	Result Update
30-Sep-25	BUY	325	AAA

Source: Axis Securities Research

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