PICK OF THE WEEK

18th July, 2026

Star Cement Ltd

Sector: Cement

BUY

CMP	Target Price	Upside
205	226	10%

CMP as on 17th July, 2026 | Time horizon: 6-9 Months

Why Star Cement Ltd.

- Capacity Expansion to Fuel Growth
- Higher Cement Demand to Support Growth
- Strong Balance Sheet

About the Company

Star Cement Ltd is engaged in the manufacturing and selling of cement. The company operates across the North-Eastern and Eastern states of India and is the largest cement manufacturer in North-East India, with an estimated market share of 27%. It currently has a cement grinding capacity of 9.7 MTPA.

Investment Rational

A. Capacity Expansion to Fuel Growth

- With the commissioning of the Silchar grinding unit (2 MTPA), the company's total cement manufacturing capacity has increased to 9.7 MTPA, creating significant growth opportunities.
- Backed by this capacity expansion, the company is expected to deliver volume growth at a CAGR of 11% over FY25–28E.

B. Higher Cement Demand to Support Growth

- Cement demand in East and North-East India is expected to see healthy growth over FY25-28, driven primarily by Government-led infrastructure projects and a significant push for housing.
- The overall demand in the East is projected to grow at a compound annual growth rate (CAGR) of 8-9% during this period.

C. Strong Balance Sheet

- The company maintains a healthy balance sheet with low leverage and robust cash generation.
- Financial flexibility enables funding of expansion without materially stressing the balance sheet.

Outlook & Valuation

- Robust demand from infrastructure, housing, and commercial sectors is expected, with growth supported by strategic investments in roads, railways, and urban development.
- The company is well positioned in its key operating regions to capitalise on rising demand.

Valuation: Trading at 8.5x FY28E EV/EBITDA, the company's valuation appears attractive.

Analyst Insights

We recommend a **BUY** with a target price of Rs 226 implying an upside of ~10% from the current market price (CMP).

Research Analysts

Uttam K Srimal
Sr. Research Analyst
uttamkumar.srimal@axissecurities.in

Financial Summary

	FY26	FY27E	FY28E
Net Sales (Rs Cr)	3,776	4,195	4,586
EBITDA (Rs Cr)	936	974	1,056
Net Profit (Rs Cr)	399	397	416
EPS (Rs)	9.3	9.8	10.3
PER (x)	23	22	21
EV/EBITDA (x)	0.9	0.8	0.7
P/BV (x)	9.8	9.5	8.7
RoE (%)	12	12	11

Market Data

No. of Shares	40.4 Cr
Market Cap (Rs Cr)	8,282
52-week High	309
52-week Low	197
PER(x)	21
BSE Code	540575
NSE Code	STARCEMENT

Source: Axis Securities Research

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Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aurum Q Parć, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

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