BROKER'S CALL.

SBI Securities

STAR CEMENT (BUY)
Target: ₹295
CMP: ₹219.20

Star Cement reported healthy growth across financial parameters led by robust year-on-year volume growth of 21.5 per cent. Revenue/EBITDA/PAT grew 22.4 per cent/94.3 per cent/720.3 per cent to ₹880 crore/₹203 crore/₹74 crore respectively. PAT saw significant jump, primarily on low base, from about ₹9 crore to ₹74 crore. The company's capex plans remain intact. Silchar grinding unit of 2 mtpa is expected to commission by February-end, 2026. Star Cement has plans to set up units in Bihar, Assam, Rajasthan and Haryana. The overall capex for four major projects is estimated at ₹4,800 crore with commissioning targeted by H2FY29 or early-FY30. With the current capex plans, Star Cement's total cement and clinker capacities are expected to increase to 16.7/9.1 mtpa from 7.7/6.1 mtpa respectively by FY30. This excludes its plan to add 2-mtpa cement capacity and clinker capacity in Assam, which is currently deferred.

The company is expected to raise funds through QIP in order to meet the capex needs with an aim to maintain Debt/EBITDA ratio of <1.5x.

Star Cement's new business verticals, part of its forward integration plans, will be additional growth driver. Due to improved demand and operating leverage, we upgrade our FY26E/FY27E EPS estimates by 16.9 per cent/2.1 per cent to ₹7.9/8.4, respectively. We value the stock at 13.9x of its rolling one-year forward EV/EBITDA and keep our target price unchanged at ₹295.

JM Financial

LEMON TREE HOTELS (BUY)
Target: ₹165
CMP: ₹134.10

Lemon Tree Hotels reported in-line revenue of ₹410 crore (+14 per cent on year), largely led by ARR, which grew 11 per cent to ₹7,487; occupancy was 73.4 per cent (down 82 bps). EBITDA increased 11 per cent to ₹200 crore (5 per cent above on JMFe) as margin dropped 147 bps driven by accelerated refurbishment activity, technology investments and GST-related impacts. The management expects these headwinds to gradually moderate.

The company has renovated 65 per cent of its owned and leased inventory, and the balance will be completed by FY27. As refurbishment costs normalise and renovated hotels ramp up occupancy and pricing, margins are expected to improve meaningfully.

During the quarter, Lemon Tree signed 17 new management and franchise contracts, which added 1,855 rooms to the pipeline, and operationalised nine hotels, adding 816 rooms to its portfolio. Lemon Tree is actively evaluating acquisitions and greenfield developments in urban markets such as Mumbai, Bengaluru and Pune.

The stock has corrected meaningfully in the last month; thus, we change our rating to Buy from Add, whereas we reduce our March 27 TP to ₹165 (from ₹175 earlier).