STAR CEMENT
Solid Setting

Date: 12th November, 2024

To
The Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block-G
Bandra Kurla Complex, Bandra-East
Mumbai-400 051

Stock Code: STARCEMENT

To
The Listing Department,
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai-400 001

Stock Code: 540575

Dear Sir(s)/Madam(s),

Sub: **Transcript of the Conference call for Unaudited Financial Results for the Quarter and Half Year ended 30th September, 2024**

In terms of Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we forward herewith the Transcript of the conference call with Investors and Analysts held on Monday, 11th November, 2024 for Unaudited Standalone & Consolidated Financial Results for the quarter and Half Year ended 30th September, 2024.

The same shall also be available in website of the Company at https://www.starcement.co.in/earnings-call#main

This is for your information and record.

Thanking you,
For Star Cement Limited

DEBABRATA THAKURTA
Digitally signed by DEBABRATA THAKURTA
Date: 2024.11.12 16:11:40 +05'30'

STAR CEMENT LIMITED KOLKATA

Debabrata Thakurta
Company Secretary
(M. No.: F6554)

"Star Cement Limited Q2 & H1 FY-25 Earnings Conference Call"

November 11, 2024

MANAGEMENT:	**MR. TUSHAR BHAJANKA – DEPUTY MANAGING DIRECTOR, STAR CEMENT LIMITED** **MR. MANOJ AGARWAL – CHIEF FINANCIAL OFFICER, STAR CEMENT LIMITED**
MODERATOR:	**MR. VAIBHAV AGARWAL – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Earnings Conference Call for the Quarter and Half Year Ended 30th September 2024 of Star Cement Limited, hosted by PhillipCapital (India) Private Limited.

As a reminder, all participants' lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*", then "0" on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vaibhav Agarwal from PhillipCapital (India) Private Limited. Thank you and over to you Mr. Agarwal.

Vaibhav Agarwal: Yes. Thank you, Michelle. Good evening, everyone. On behalf of PhillipCapital (India) Private Limited, we welcome you to the Q2 FY '25 and H1 FY '25 of Star Cement.

On the call, we have with us Mr. Tushar Bhajanka – Deputy Managing Director; and Mr. Manoj Agarwal – CFO of the company.

I will handle the floor to Mr. Manoj Agrawal for his "Opening Remarks" and which will be followed by interactive Q&A. Thank you and over to you, Manoj sir.

Management: So, good afternoon, all. My name is Tushar Bhajanka, and I am the Deputy MD of Star Cement. I would like to welcome you all to the Earnings Call of Quarter 2. I have our CFO of the company with me, he will run you through the numbers of Quarter 2, and then we can have a Q&A session. Thank you.

Management: Hi, friends, very good afternoon. On behalf of Star Cements Limited, welcome you all to our concall for discussing our number of Q2 FY '25 and half year ended September 2024. I would like to clarify that we are discussing on the historical numbers, and there is no invitation to invest. Having said that, now I will just take you through the Q2 numbers followed by half yearly numbers.

Starting from clinker production during the quarter ended September 2024:

We have produced 6.58 lakhs tonnes of clinker as against 6.48 lakh tonnes in quarter last year. So, far as cement production is concerned, we have produced 9.55 lakhs tonnes this quarter as against 8.95 lakh tonnes same quarter last year.

Now, I will take you through sales volume:

During the quarter, we have sold 9.62 lakh tonnes of cement as against 8.96 lakh tonnes of cement in the same quarter last year, and we have also sold 0.16 lakh tonnes of clinker during this quarter. This is as far as cement and clinker sale is concerned. As for the geographical distribution of cement is concerned, in the Northeast we have sold around 7.49 lakh tonnes as against 6.72 lakh tonnes during the same quarter last year. And that's why outside Northeast cement is concerned, we have sold 2.13 lakh tonnes of cement this quarter as against 2.24 lakh tonnes same quarter last year. In terms of blend mix, it is almost 10% of OPC and the rest is PPC. These are the quantitative number of the quarter.

Now I will take you through the Financials:

The total revenue figure this quarter is around Rs. 642 crores as against Rs. 585 crores same period last year. As far as EBITDA figure is concerned, this quarter we have done EBITDA of around Rs. 96 crores as against Rs. 104 crores last year. Profit after tax is Rs. 6 crores as against Rs. 41 crores in same period last year. The decrease in PAT on account of increased depreciation due to capitalization of our new 2 million tonnes grinding unit at Guwahati and our clinker plant at Lumshnong, Meghalaya. On per tonne EBITDA front it is Rs. 995 during this quarter, as against Rs. 1,164 per tonne same quarter last year. This is what our quarterly number of 2nd Quarter.

The total revenue figure for the Half Year Ended September '24 is around Rs. 1,393 crores as against Rs. 1,346 crores same period last year. As far as EBITDA figure is concerned, during half year ended September '24, we have done an EBITDA of around Rs. 215 crores as against 242 crores last year. PAT is Rs. 37 crores as against Rs. 134 crores in same period last year. The decrease is on account of increased depression, as explained earlier.

On per tonne EBITDA front, it is Rs. 1,007 during the half year ended September '24 as against Rs. 1,176 per tonne same period last year.

These are the quarterly and half yearly numbers.

Now I request all of you that if you have any queries you can ask the same, and I will request Vaibhav to moderate the query wherever it requires. Thank you.

Moderator: Thank you very much, sir. We will now begin with a question-and-answer session. The first question is from the line of Keshav Lahoti from HDFC Securities. Please go ahead.

Keshav Lahoti: I wanted to know the status of Meghalaya clinker SGST benefit, have they recorded in this quarter and how much?

Management: So, for the Meghalaya clinker plant, the GST benefit that we are supposed to get, we have recorded some part of it. But because of Line-3, the new clinker plant, we were having some problem with the clinker plant, so it did not manufacture much. So, because it did not manufacture a lot, the overall benefit was very small compared to what we expected.

Keshav Lahoti: And how much incentive has been recorded for this quarter, overall?

Management: So, overall incentive this quarter Rs. 37 crores is the incentive which has been booked in the books for this quarter.

Keshav Lahoti: And lastly on the CAPEX, what is the CAPEX for this year and how are your expansion at Silchar and Jorhat working, is it running on track?

Management: Yes. So, the CAPEX for this year, in the H1 '25 was about Rs. 337 crores. In which a large question went in completing our new clinker plant and also the WHRS. For the H2 of this year, we plan to spend about Rs. 377 crores. Out of which, a major part is going in the Silchar project and some part of it is going and the clinker plant, the new clinker plant WHRS.

Keshav Lahoti: So, there is a overall cut in CAPEX, earlier the total year CAPEX was Rs. 835 crores, now it is broadly Rs. 720 crores types.

Management: Yes, you are right, it's at about Rs. 720 crores, yes.

Keshav Lahoti: So, is the timeline delayed for either of the Silchar plant or be it Jorhat plant?

Management: So, I think the Silchar plant, earlier we were expecting it to be commissioned by September, October '26. Now we are expecting it to commission by December '26. So, there is a two, three months delay. But besides that there's no significant delay. In Jorhat plant we are expecting by FY '27 and.

Moderator: Thank you. The next question is from the line of Pratik Shah from Climb Capital. Please go ahead.

Pratik Shah: I have two questions. First is, what is the difference between Northeast cement market versus rest of the India cement market? And second is, how much incentive do you expect to get in balance two quarters and for next full year on a consolidated basis?

Management: The Northeast markets are basically the seven states in the Northeast, right, that is what constitutes the Northeast market. The outside Northeast market is basically West Bengal and Bihar for us. So, that's how we differentiate, I think, in our results as well. And the subsidy that we expect, in quarter three we are again having some problem with the new clinker plant. It was having some problems stabilizing, and by 20th or 21st of November we finally expect to light up the kiln again and be able to run. So, because of that, the generation of subsidy till now has been quite poor. But in whatever is left of Q3 and in Q4, we do expect a good generation of GST. The exact numbers I will quantify, and I will let you know. I will probably ask my CFO to get back to you. But I think about Rs. 50 crores to Rs. 60 crores quarterly is what we expect in the coming quarters.

Moderator: Thank you. The next question is from the line of Sahil Solanki from Dialwealth Securities. Please go ahead.

Sahil Solanki: My first question is, what capacity utilization do you expect for Q3 and Q4 of current year? And what is your expectation for FY '26?

Management: So, in Q3 and Q4, I expect to go at about 11% to 12%, that is what the expectation is, right. So, I think with that, of course, in Q4 we do expect the utilization to significantly improve because Q4 in Northeast is the season time, right, when the rainfall is the lowest, so we do expect to operate at about 85%, 90% capacity during season time in Q4. In Q3, I think the capacity utilization will be at about 70%.

Pratik Shah: And for FY '26?

Management: FY '26, I think on a year average I think our capacity utilization will be at about 75%.

Pratik Shah: And my second question was, how much EBITDA do you expect for balance part of the year and for FY '26?

Management: So, I mean, as I told, we are having some problems in Q3 because of the clinker plant. There has been some technical difficulties that we have been facing and because of which there is a problem in production of the new line. But in Q4, our expectation is good, I think it should definitely be much higher than last year, there should be about Rs. 220 crores to Rs. 230 crores in Q4.

Moderator: Thank you. The next question is from the line of Uttam Kumar Srimal from Axis Securities Limited. Please go ahead.

Uttam Kumar Srimal: Sir, last time you had guided for 11% volume growth for FY '25. So, are we sticking with that volume growth?

Management: Sorry, how much did I suggest, 11%?

Uttam Kumar Srimal: 11% for this year, yes.

Management: Okay. So, this year also we grew in the Northeast by about 11%. In the outside Northeast we grew by about minus 5%, so that's why the weighted average is about 7%. And in Q3 and Q4 we do intend to grow by 11% overall. So, I think for the coming two quarters we do expect to grow by about 10%, 11%, that will still be our estimate. But we are focusing more in Northeast, so the growth rate in more Northeast is going to be higher. And growth rate in outside Northeast, which is basically West Bengal and Bihar for us, will be a bit lower.

Uttam Kumar Srimal: And sir, how is the current pricing and demand scenario in both Northeast as well as in this region?

Management: So, in the Northeast, the pricing scenario is definitely much better than outside Northeast. In Bihar and West Bengal, the prices have seriously crashed, and compared to the earlier two quarters I think in Bengal and Bihar the prices have not improved. So, whatever the average was of Q2 still remains the price currently. In the Northeast, the prices have increased by about Rs. 10 compared to the quarter too. So, in the Northeast the prices are a bit more stable than outside the Northeast.

Uttam Kumar Srimal: And sir, how is the capacity utilization for your new grinding unit in Guwahati? And where we see the capacity utilization by the end of this year?

Management: So, the capacity utilization for Guwahati is at about 77%, that is also primarily because we are utilizing our old line a bit lesser, and we are focusing on a new line. Overall, between the two plants in Guwahati, Line-1 and Line-2, the overall utilization will be at about 70%. By the end of quarter three and in quarter four we do expect full utilization of both lines.

Uttam Kumar Srimal: Sir, a couple of data points, trade mix and non-trade mix, premium cement sale, lead distance and fuel mix.

Management: So, the trade percentage was 85% compared to Q1 '25's 84%. That of course means that non-trade was 15% as to 16% in Q1. The lead distance is about 218 kilometers versus 207 kilometers in Q1.

Uttam Kumar Srimal: The lead distance has increased from earlier quarters?

Management: Yes. So, the lead distance was 218 kilometers this quarter, right. And last quarter in 2025 Q1 it was 207 kilometers. The share of premium is about 10.6% this Q2 compared to 9.1% in Q1.

Uttam Kumar Srimal: And sir lastly, fuel mix for this quarter?

Management: Fuel mix, so fuel mix, most of our coal has come from FSA, so about 55% of the coal has come from FSA Coal India coal agreement. Then about 18% has come from biomass, and the rest of it has come from spot contracts in Nagaland.

Uttam Kumar Srimal: And sir, what is the CAPEX guidance for FY '26, we have given for FY '25, and for FY '2 6 if you can quantify?

Management: Yes. So, for FY '26, we basically intend to complete our Silchar plant, which will be the main CAPEX. And besides that there will be operational CAPEX. So, I think in total we estimate overall CAPEX of about Rs. 450 crores.

Moderator: Thank you. The next question is from the line of Amit Murarka from Axis Capital. Please go ahead.

Amit Murarka: Just wanted to check, like you mentioned that the Line-3 faced some issues, could you just help better understand like what issues and like after the resumption will it be on a normal run rate or will it take time to kind of ramp up the unit?

Management: Yes. So, I think there were some incidents in the plant where there were some faults in the panel. So, because of that we had to replace the panel in the electrical room. And so it was just taking time for the panels to come. So, now on the 17th those panels will be received, and on the 22nd we will erect those panels. And I think after that we should have smooth functioning. So, this is broadly what it is.

Amit Murarka: And what kind of ramp up is expected on this unit?

Management: I mean, ideally it has the capability of producing about 10,000 tonnes a day, which is almost about 2.8 lakh tonnes to 3 lakh tonnes a month, which is actually more than our current clinker capacity of the Line-1 and Line-2. So, we expect that in November, whatever teething problems there would be, will rest out. And by end of November, we are able to at least operate it at 7,000, 7500 TPD, tonnes per day, and from there on we can stabilize it to 8,000 - 9,000 tonnes a day. So, I think once it ramps up, we should not have any problem of clinker. And we will also be in a position to self-clinker to rest of the plants in Northeast and also players in North Bengal because there will be a very acute shortage of clinker in Northeast in the coming season and there will be huge demand for it.

Amit Murarka: And just generally understanding like SC has seen so much consolidation in the last year or so, generally what are your thoughts about it, like how does it impact the industry? I know in the Northeast there has not been much, like JK Lakshmi I believe is trying to enter the market and even UltraTech is trying to do that. So, what is your outlook on these new entrants? And as well as what you thought on this wave of consolidation in the industry?

Management: So, I mean, particularly to Northeast, I think JK Lakshmi is attempting, they have also bought something in Northeast to put up a plant. So, I think the process is a bit more complicated in the Northeast, right, because of the land acquisition, the possession, the local, and even the legality of the mines, right, it is a bit more complicated than in other areas. So, I think anyone who attempts to put up a plant will at least take four, five years to put up a plant. Given that they have now finalized the land and finalized the mine. So, I think UltraTech and other players, I would not want to like to name, but they are I think all looking for something. But they are not really being able to put a finger to a particular site or to a particular mine. So, given that, at least whoever comes will take four, five years to come. And so, I do not see the situation like rest of India repeating in Northeast anytime soon. In terms of consolidation in other parts of the country, I think it's good for industry overall because, I mean, most of these areas were highly fragmented. And for any pricing discipline and for decent profitability I think there was a need for a consolidation, which is happening.

Amit Murarka: And you are not in any way into the M&A market in terms of either thinking or acquiring something or anything like that.

Management: No, we are not in the M&M market right now because we were earlier looking at the South, but South, for the size of the company that we are and the kind of margin there is in South and the variability in the margins, it did not look like the right kind of market. We have acquired mines in Rajasthan in auction recently, about 65 million tonnes of reserves. So, we are conducting geological survey. It is in Nimbol, it is very close to Nuvoco's Nimbol plant in Rajasthan. And we are conducting surveys there and we are awaiting the geological reserve and the quality. And once we are sure of the quality, then we will start the land acquisition in that area and put up a clinker plant, look to put up a clinker plant there. But that I will confirm in the next quarter, but there are already details, I think we had also submitted in SEBI the details of mine that we had part operated.

Moderator: Thank you. We will take the next question from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Sir, fuel cost on KSL for Q2 was how much?

Management: So, the fuel cost is at about Rs. 1.5 per GCV.

Shravan Shah: And likely to remain similar in the third and fourth quarter?

Management: Yes, I think it probably will remain the same only. So, I think in Q1 also it was Rs. 1.5, right now also it's about Rs. 1.5. And I think it should remain Rs. 1.5 in the coming quarters as well. I think there could be some reduction but no increase.

Shravan Shah: And sir, this 12 megawatts WHRS which was supposed to start in October and November, has it started?

Management: So, it should start by the end of November. So, we have phased it out in two sets, so one part of it which will produce about 6 megawatts will start by the end of November, the second one will start by December end.

Shravan Shah: And in terms of the CAPEX, so you obviously for FY '25 and for '26 also previously we were saying the Rs. 670 and now Rs. 450 crores. So, for both the years we are reducing the CAPEX. So, just trying to understand the delay what you have mentioned in the Silchar plant by December we will be starting, and Jorhat will start by end of FY '27?

Management: Yes. So, the Silchar plant, we should come be able to commission by December, January next year. And the Jorhat plant will be a year after that year, year or fifteen months after that.

Shravan Shah: So, both is kind of delayed by three to six months delay is there on that part?

Management: Yes, because we are also trying to time it with the market. because we are just making sure that we are timing it with the pace of the market, right, as the market demand. So, we are buying land, we are taking out permission, right. Like for example, we have already done public hearing and we are in the process of taking the environmental clearance for Silchar, the same we will do for Jorhat. And we are just trying to pace it depending on how the demand situation is.

Shravan Shah: And then in terms of the volume also you mentioned that in the second-half we are looking at 10%, 11% of growth in the second-half. So, once this clinker will restart in November and then for the next year, broadly just trying to understand, how one can look at on the volume front. So, try to understand how the Northeast would be growing in the next year and how we will be growing in the next '26?

Management: So, basically the main problem at least in the North East was that the government expenditure in Northeast in the first half was a bit low, right, and because of that the demand was a bit subdued. Even despite that we had grown at about 11% in Q2 of this year in Northeast, right. So, we do expect the demand to pick up because there is signs of the government releasing its scheme in Northeast at least from December January onwards. So, I think that will definitely positively affect the demand, right, for the coming two, three quarters, and we have to see what kind of schemes they bring in to boost up housing and all. So, in case the schemes are lucrative and they are effective, then I think there could be a surge in demand again. In next year it's hard to predict right now because there's a lot of fluctuation at the macro level, right. But I think by the next quarter, I think we will be better placed in giving a forecast about next year.

Shravan Shah: And you mentioned that in the third quarter our profitability will be lower, so just trying to understand, given that as you mentioned the Northeast prices are Rs. 10 off and outside Northeast is flattish on QoQ basis, so just trying to understand on QoQ basis, given the incentive, how the incentive is, as you mentioned Rs. 50 crores, Rs. 60 crores. So, still there will be a decent QoQ improvement that should be there in the third quarter on the profitability front.

Management: Yes. So, I think they should be, but it also depends on the price. And that Rs. 40 crores, Rs. 50 crores we have not been able to get, because our new clinker plant was not producing, right. So, we will only get some part of quarter three will get that benefit. But the entire benefit should be visible in the books from quarter four onwards, right? So, because of the Line-3 the new clinker plant problem, we also had to buy clinker from outside, right, so that will also affect the profitable. But from end of November onwards we should start building up the clinker stock. And then I think by quarter four we should have enough stock for ourselves. Also at the same time we should have stock to sell, right. So, Q4 I see should be a drastic improvement in the profitability compared to last year Q4.

Shravan Shah: And lastly, Manoj sir, in terms of the depreciations, so this quarter Rs. 82 crores, Rs. 83 crores, so how one can look at the second half and even what kind of a reduction one can look at in FY '26?

Management: Reduction, because we are on the WDV method, okay, so the depreciation will keep on decreasing on the year-to-year basis, because the first year it is the highest one and then the second year onwards it will start getting decreased. So, this quarter whatever depreciation has come, because you know, because last year in March we had stabilized our Guwahati unit and April we have capitalized this clinker plan. And part of WHRS will also be get supplied in the Q3. So, this year depreciation will be higher, but next year onwards it will start diminishing.

Shravan Shah: And lastly, what was the PPC share in the 2nd Quarter?

Management: PPC sale?

Shravan Shah: Yes, PPC and OPC share.

Management: 10% is OPC, balance all OPC.

Moderator: Thank you. We will take the next question from the line of Prateek Kumar from Jefferies. Please go ahead.

Prateek Kumar: Good evening, sir. My couple of questions. Firstly, this starting of this large clinker unit, does it have like any major startup cost which can also hit your performance in next quarter? Or is this only related to like the other factor which you have mentioned on the profitability for Q3?

Management: I am sorry, can you please repeat that, it wasn't too clear.

Prateek Kumar: Is there any specific one-off startup cost which also like is going to hit the cost performance or like any specific marketing cost over next two quarters which can have an impact on your profitability?

Management: No. So, I think those kind of marketing campaigns we have already undertaken, and so that already has hit the profitability in the Q1 and Q2, and unfortunately we had this technical problem of panels in our plant, due to which we were not able to support the sales team in doing the best, right. So, I do not think there should be any hit in terms of the marketing cost or startup cost or startup of the kiln cost, right. I think there should be no cost as such. Of course, the first one or two months when they can operate, it is still trying to reach sufficiency. So, I think there will be not surge in the fuel or power cost, but there will definitely be over time a decline in these costs as we stabilize the kiln three, and we are able to operate our new and the latest more efficient kilns.

Prateek Kumar: And on demand, you talked about the East demand (-5) for last quarter, in October has the things improved like in terms of demand because we have a low base overall for East in the month of October?

Management: So, the demand has been subdued in the east, but in the Northeast I think overall our volumes may have been growing in single digit and Northeast we have seen an uptick, but in East we have not seen really an uptick. And we have not been also focusing that much in East because right now the pricing is such and there's so much work that we have in Northeast itself, and the profitability in itself is so high in Northeast that our focus is normally in Northeast and we do not focus on East as much.

Prateek Kumar: Particularly on Northeast, with your commissioning of plant and Dalmia Bharat's also commissioning of plant later in this initial year, do you see any specific pricing pressure into next year?

Management: So, I mean, there could be pricing pressure, but I think Dalmia, from what they have announced, is coming in the next financial year, not this financial year, according to their investor presentation, right. So, I do not think that we should be facing a pricing pressure, at least in quarter four. Probably there could be pricing pressure in Q1 to next year, but quarter four should be quite smooth because I think in Northeast no one really has a clinker to serve the demand, right, which comes in quarter four, this time. So, I think the pricing should be higher because of the demand-supply gap.

Moderator: Thank you. We will take the next question from the line of Uttam Kumar Srimal from Axis Securities Limited. Please go ahead.

Uttam Kumar Srimal: Sir, what is the current status of our AAC block in Guwahati?

Management: AAC block in Guwahati should be commissioned by December, in the first two weeks of December. And with that, we are also launching construction chemicals, right, so we will be getting into motor, waterproofing chemical and all these items. So, I think that should start and we have already started with advertising, and I think by the first two weeks of December we should be able to launch it.

Uttam Kumar Srimal: So, we will also receive incentive for this AAC block?

Management: I am sorry?

Uttam Kumar Srimal: Are we also going to receive incentives for stabilizing this AAC block?

Management: Yes, we will be receiving incentives for the AAC block as well. I think it is eligible in both the central subsidy and also the state subsidy.

Uttam Kumar Srimal: And sir, what was the cost of linker purchased during this quarter?

Management: In Quarter 2?

Uttam Kumar Srimal: Quarter 2, yes.

Management: In Quarter 2, I do not think we have purchased that much clinker, but I will get back to you. In Quarter 2 we did not purchase much clinker, I think it is only in quarter three that we purchased clinker. In Quarter 2, we may have purchased like less than 5,000, 6,000 tonnes of clinker.

Moderator: Thank you. The next question is from the line of Keshav Lahoti from HDFC Securities. Please go ahead.

Keshav Lahoti: Your employee cost run rate will remain at this level, Rs. 60 crores, in the upcoming quarter also, Rs. 60 crores, Rs. 65 crores?

Management: This quarter there is an extentia payment of around Rs. 3 crores, so that will be in the coming quarters. The rest will remain the same. Only the extentia payment will not be there in the quarter three and quarter four.

Keshav Lahoti: And Jorhat land is acquired for this expansion?

Management: The Jorhat land has been identified and we still have to buy the land, but I think it has been identified and the team is working to acquire it. And the cost of manpower on a running rate basis should be on an average about, the increase should be about Rs. 42 crores to Rs. 43 crores.

Keshav Lahoti: One last question on CAPEX side, can you give a broad break up for CAPEX for FY '25 and '26 for which project how much you are allocating?

Management: Yes. So, in FY '25, the H2, we are allocating about Rs. 60 crores to the clinker plant and the WHRS.

Keshav Lahoti: So, preferably by FY '25 only, rather than H1 and H2?

Management: So, in FY '25 we are almost spending Rs. 170 crores in clinker and WHRS, out of which a lot has already been spent. In Silchar we are spending about Rs. 110 crores. In AAC and the construction chemical we will be spending about Rs. 67 crores. In Jorhat we are spending about Rs. 26 crores to acquire the land. We have bought about 120 trucks of our own fleet which costed us about Rs. 52 crores. We have put up a system which should be commissioning in November, which has costed us about Rs. 32 crores. And we have gone for a group captive project with JSW energy, which we had also notified with SEBI, that will cost us about Rs. 12 crores. And the operational CAPEX should be about Rs. 170 crores. So, in total it is coming to about Rs. 600 crores.

Keshav Lahoti: Coming around, sorry?

Management: It's coming to about I think Rs. 650 crores around.

Keshav Lahoti: Okay, because the CAPEX guidance is Rs. 720 crores for this year, and the remaining part?

Management: The remaining part, for example in Silchar we had actually, I think I will have to devise these numbers, so I think in Silchar we had reduced some of the CAPEX because it will be getting postponed by two, three months. And I think in Jorhat I think there's some CAPEX which is due.

So, I think the CAPEX sheet, I think I will add it in the Investor Presentation, and it will be submitted.

Keshav Lahoti: Do you have CAPEX for FY '26.

Management: Yes, I have a tentative CAPEX ready for FY '26, which I will also ask the CFO to kind of put in the presentation. So, in Silchar it is about Rs. 300 crores, Jorhat it is about Rs. 100 crores, and operational CAPEX is about Rs. 100 crores. So, in total it is about Rs. 500 crores. And then there's group captives which is Rs. 12 crores. So, in total it is about Rs. 480 crores to Rs. 500 crores.

Moderator: Thank you. The next question is from the line of Hemant, an individual investor. Please go ahead.

Hemant: I have couple of questions. First question from my side is regarding the recent promoter stake sale, especially it comes at a time when the plan of the company is very, very robust. We are finally moving towards, I mean, 2 million tonnes of capacity by FY '30. So, there have been a couple of stake sales by Suchita Agarwal and Gayatri Chamaria. Can you please elaborate on that? I mean, this is I think considered a negative sign, and especially at a time when the plans are very, very robust, the growth plans are very, very strong.

Management: Yes. So, I think that, honestly, in Star Cement there are about four families with the promoter group, right. And out of that one family is actually the one who's selling the stake. And the other three families normally are seen as picking up shares in the market rather than selling, right. So, I think it is just a personal situation for them to sell their state, and not a situation which is reflective of the future of the company. And you would also notice that in the last one and a half, two years, the other promoters have also increased the stake, right. So, I think that is also there. So, I think it's not necessarily something related to something, but they are just personal requirement and personal preference.

Hemant: So, sir, the Agarwal family and the Chamaria family, they are not the promoters of the company right now? Because I saw it in the, I mean, I saw their name in the promoter list.

Management: So, the Chamaria family and the Agarwal family, so Chamaria family mainly is the one which is selling, I think the Agarwal family is just part of the Chamaria family in some ways, right. So, I think the Chamaria family is selling the stake right now and they are part of the promoter group, but they are one of the four families in the promoter group, right. So, what I am trying to say is that maybe that Chamaria family is selling the stake for their own personal reasons, but it is not reflective of the overall promoter group, right.

Hemant: So, it does not affect the, I mean, the future growth of the company, right, they are quite intact?

Management: Hello, can you repeat that?

Hemant: So, I mean, it is just a personal thing and it has nothing to do with the future road map of the company and the growth?

Management: No, I do not think it affects the future road map with the company, it is just a personal choice that they feel that they need to sell.

Hemant: Sir, there has been a recent pledge by Chamaria family as well, Amritansh Chamaria, the stake pledge created by him.

Management: So, again, all these things are, again, their personal things. Because you have to understand that in Chamaria family also the share equity is quite divided, right, because they are also having like four brothers and four brothers are now having their children and so on so forth. I really do not know what is going on. And they together constitute a family which may be owning about 14%, 15% of the company. So, I do not know what goes around in that 14%, 15% really. So, my point was that if they 60%, 70% is the promoter holding, the rest 52% is actually not the ones who are buying or selling, there is this 15% which is actually selling and buying. So, I think it should just be looked at as their personal choice rather than something which is a bit more serious.

Hemant: One more thing I wanted to ask you is, in the previous quarter, I mean, in Q1 we had some issues like clinker we had to buy from outside, and we were supposed to get the benefit of GST, then the FSA benefit. So, ideally Q2 should have been much better, right, because I think we were also expecting the logistics cost to get reduced as we were introducing 100 new trucks. And power and fuel costs also must be going down, as we had decided earlier. So, I do not think that Q2 should have been much better.

Management: No, our expectation honestly was also that the Q2 should have been better, and that is mainly the unfortunate part was the clinker, right, that we were not able to stabilize the clinker plant till now, and that was giving us the hiccup. And it has kind of given us the hiccup for the last five, six months, and that is where we have kind of suffered. But having said that, I am confident that by end of the month, right, we will be able to stabilize the plant and we should be able to get the benefits of having a new setup in terms of the GST also in terms of the availability of clinker as well, and in terms of the heat rate, power and all those other aspects, right. And the freight and all, you are completely right that we also expect a reduction in freight, so that the freight cost and all those things could not reduce as much and have increased, because there was a lack of availability of clinker. So, the entire logistics and the entire movement of clinker just changes, and it increases and puts pressure on the logistics, right. So, I think that is what we were struggling with in the last Quarter 2, and I completely respect and agree to the fact that, yes, we were expecting better results, and we should see it, right, given the price supports us, right, because price is something which is not in our control. And given how East prices have been behaving, it's not great, right.

Hemant: Sorry to cut you, sorry, it's the same clinker plant, which is I mean troubling us, right, from Q2, right?

Management: Yes, the clinker plant is basically something which we are looking to stabilize, by end of the month it should stabilize. There's nothing long term wrong with the plant. It is just that some parts of the plant, like the crusher and the static claimer, we are waiting for it to come, right. So, now that the plant is completely ready in the sense that some aspects of the plant which needed to be completed are also completed, I think we will be able to stabilize it in a much better way, right, and it is just a hiccup of running the plant now, right. So, I think that we should be able to do and we should be able to come up with better results is the expectation.

Hemant: It is the same clinker plant, right?

Management: Sorry?

Hemant: It's the same clinker plant, right, which was travelling us in Q2, right?

Management: Yes, it is the same clinker plant.

Hemant: So, sir, shall we expect a sequential recovery from Q3 or Q4? Because I think the dispatches will also, plus because of monsoon season and all, so shall we expect a sequential recovery from Q3 or Q4?

Management: I think a better recovery in at least the profitability would be from Q4, right, because I mean I am talking about November end to kind of stabilize the plant, right. We have already crossed October and November, right. So, the recovery of getting up a new plant and be able to sell clinker and all those things will actually start coming. And the GST also, because the GST will also come for the clinker plant when you produce clinker, right. So, that benefit. I think will be from Q4, right. Q3 will still be a struggle, but Q 4 is where we actually see the benefit coming.

Hemant: And sir, as per the annual report of 2024, you were guiding was 20% growth in revenue with higher EBITDA in FY '25. So, are we some sort of lowering guidance for FY '25 given the kind of problem we are facing for the clinker unit?

Management: No, I think the problem is not only of the capacity, the problem is also of demand, right? Like as we have seen for other cement companies also, some of them have degrown, right, and some of them have actually grown in only single-digits, right. So, entire India I think there is a problem of demand, right, that we are facing. So, my expectation would still be double-digits, right, that we should be able to do Q3 and Q4 well. But I do not think that the number will be touching 20%, right, because the demand also needs to support for that to happen.

Hemant: So, maybe early double-digits you can say, right?

Management: Yes, early double-digits. Like I think 11%, 12% would be a good estimate.

Hemant: Sir one more thing I have a concern, and it is very, very disheartening. We as an investor and we are also doing equity research, and no one picks up the call. I mean, the number which is there on the website and the number, which was there in the investor presentation, we were unable to reach the investor relations department. No one picks up the call, neither the sales team, nor any replies to emails. So, this is very, very disheartening. And numbers are not working also, sir. Like the Guwahati number or something, I just got a chance to connect with the Delhi team and they were something from the sales department or someone else. They took the call, and they were unable to get me connected to the investor relations department. So, it is very, very disheartening. Please note this as a concern, sir?

Management: Which fund are we speaking from?

Hemant: No, I am an individual investor, sir. I do my own research, and I invest in most of the companies. This is very, very disheartening, sir.

Management: No, I get it. So, I will do one thing, in the investor presentation that there is, I will make sure that all the numbers are working, and you do not have this problem. And I will also ask the team to be a bit more responsive to such queries.

Moderator: Thank you. The next question is from the line of Jinesh Shah, an individual investor. Please go ahead.

Jinesh Shah: First of all, thank you for the opportunity. Once our clinker plan will be established by the end of November, how much cost saving in terms of operation cost saving we are expecting on monthly basis, if you can elaborate on this please?

Management: So, once the clinker plant does come, end of November, then we expect to shut our Line-1, the first line that we have of clinker, where the heat rate is almost touching 780 Kcal, and the power is 65, to a bigger kiln which has a power consumption of about 50 unit and a heat rate of about 710. So, there will be substantial saving of about, I am expecting a saving of, just from the operations perspective I think we should be saving about Rs. 50, right, from operating the new kiln. And then also the SGST benefit, the GST benefit of the central subsidy that we will get, right, which should be another about another weighted average should be about Rs. 100 a benefit on cement. So, I expect about a Rs. 100 to Rs. 150 of benefit from operating the new kiln. And then of course the new kiln will also give us the benefit of selling clinker and availability of clinker, which is a huge benefit, right. Because as I said, the demand in Northeast for clinker is also going to be very high. It's still high and going to be very high, especially in the season’s time. And at that position if you are able to sell clinker, then I think that will generate additional income for us.

Jinesh Shah: And what is current market price of cement, OPC PPC there in Northeast? And how do you see trend in Q3, Q4?

Management: Sorry, can you repeat the question?

Jinesh Shah: What is the current cement price in Northeast and how do you see the cement price trend in Q3, Q4 in Northeast?

Management: The current price in Northeast is about Rs. 460 per bag. And in November I do not see an increase in the pricing. But I think going ahead, hopefully, I think we should be, I think by December I think normally the prices do increase. So, we do see like a Rs. 15 to Rs. 20 scope of increasing prices. But that we do not know, it depends on how the demand behaves and how the pricing behaves. So, I think, the experience from last years' is that normally the prices increase by about Rs. 15 to Rs. 20 in December leading to the season.

Jinesh Shah: Sir, we have a production plant in Northeast and if the demand in Northeast is not increasing and if we are selling our products outside the Northeast, are we still entitled for the central subsidy?

Management: In clinker, yes. So, basically there are two benefits, one is the SGST benefit, that is of course the state of Assam benefit, and that you only get for sales in Assam. Then there's the GST benefit that we get from the clinker, that is for overall GST. That is a central subsidy benefit, right. So, the central subsidy in clinker we get for all our sales, but for the sales uh from grinding unit, the benefit is only for Assam.

Moderator: Thank you, sir. Ladies and gentlemen, due to time constraint, we will take the last question for today, which is from the line of Prachi Kadam from Dolat Capital. Please go ahead.

Prachi Kadam: Sir, can you help me with the EBITDA per tonne for Northeast and outside Northeast?

Management: Yes. So, EBITDA per tonne for Northeast was about Rs. 1,300 per tonne, and the EBITDA per tonne for outside Northeast was about minus Rs. 200.

Prachi Kadam: Sorry sir, minus Rs. 200?

Management: Yes, rupees per tonne would be EBITDA for outside Northeast, and for Northeast it was about Rs. 1,300.

Moderator: Thank you. As that was the last question for today, I would now like to hand the conference over to Mr. Vaibhav Agarwal for closing comments. Over to you, sir.

Vaibhav Agarwal: Yes. Thank you. On behalf of PhillipCapital, we would like to thank the management of Star Cement for the call. And many thanks for joining the call. Thank you very much, sir. Michelle, you can now conclude the call. Thank you.

Moderator: Thank you, sir. Thank you, members of the Management. Ladies and gentlemen, on behalf of PhillipCapital (India) Private Limited, that concludes this conference. We thank you for joining us. And you may now disconnect your lines. Thank you.