Date: 07th February, 2025

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

To,
The Listing Department,
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai-400 001
Scrip code: 540575

Dear Sir(s)/Madam(s),

Sub: **Transcript of the Conference call for Unaudited Financial Results for the Third Quarter and nine months ended 31st December, 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 Thursday, 06th February, 2025 for Unaudited Financial Results for the third Quarter and nine months ended 31st December, 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: 2025.02.07 15:26:25 +05'30'

STAR CEMENT LIMITED KOLKATA

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

Encl: as above

“Star Cement Limited Q3 & Nine Months FY ’25 Earnings Conference Call”

February 06, 2025

MANAGEMENT:	**MR. DILIP AGARWAL – CHIEF COMMERCIAL AND CORPORATE AFFAIRS OFFICER, 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 Star Cement Limited Earnings Call for Quarter and Nine Months ended 31st December 2024, 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.

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

Vaibhav Agarwal: Yes. Thank you, Mitchell. Good evening, everyone. On behalf of PhillipCapital (India) Private Limited, we welcome you to the Star Cement Q3 and nine-month FY '25 call.

On the call we have with us Mr. Dilip Agarwal, he is the Chief Commercial and Corporate Affairs Officer of Star Cement; and Mr. Manoj Agarwal, who is a CFO of the company. At this point of time, I would hand over the floor to Mr. Dilip Agarwal for his opening remarks, which will be followed by an interactive Q&A. Thank you and over to you, Dilip sir.

Management: So, good evening, everyone. Myself, Dilip Agarwal – Chief Commercial and Corporate Affairs Official for Star Cement. I welcome you all in this conference call for discussing Q3 numbers and YTD numbers of FY '25.

One small clarification that Mr. Tushar Bhajanka was very willing to join, but he has been traveling so he has not been able to join this call. Otherwise, with me my CFO, – Mr. Manoj Agrawal, is there, so he will take you through all the numbers of Q3. And then we will try to answer your questions in the question-and-answer session. Thanks. Over to Manoj.

Management: Yes, hi friends. Very good afternoon. I, on behalf of Star Cement, welcome you all to our concall for discussing our number. Q3 FY '25 and nine months ended 31 December, '24. I would like to clarify that we will be discussing the historical numbers and there is no invitation to invest. Having said that, now I will just take you through the Q3 numbers followed by YTD numbers.

Starting from clinker production. During the quarter ended December '24, we have produced 6.42 lakh tons of clinker as against Rs. 7.37 lakh tons in the same quarter last year. So, far as cement production is concerned, we have produced 10.82 lakh tons this quarter as against 9.81 lakh tons same quarter last year.

Now, I will take you through the sales volume. During the quarter, we have sold 10.60 lakh tons of cement and 0.07 lakh tons of clinker as against 9.70 lakh tons of cement. That means approximately 10% growth is there. This is as far as cement and clinker scale is concerned.

As far as geographical distribution of cement is concerned, in Northeast we have sold around 8.30 lakh tons against 7.32 lakh tons during the same quarter last year. And as far as outside Northeastern is concerned, we have sold 2.31 lakh tons of cement this quarter as against 2.38 lakh tons for the same quarter last year. In terms of blend mix, it is almost 11% of OPC and the rest is PPC. These are the quantities numbers of the quarters.

Now, I will take you through the financials. The total revenue figure this quarter is around Rs. 719 crores as against Rs. 651 crores same period last year. As far as the EBITDA period is concerned, this quarter we have done an EBITDA of around Rs. 107 crores as against Rs. 153 crores last year. PAT is Rs. 9 crores as against Rs. 74 crores in the same period last year. The decrease in PAT on account of increased depreciation due to capitalization of over 2 million tons grinding unit at Guwahati and also the clinker plan at Lumshnong. On per ton EBITDA front, it is Rs. 1,000 during this quarter as against Rs. 1,576 per ton same quarter last year. This is about our quarterly numbers of 3rd Quarter.

The total revenue figure for the nine months ended 31 December, '24, is around Rs. 2,111 crores as against Rs. 1,997 crores same period last year. As far as EBITDA figure is concerned, during the nine months ended December '24, we have done an EBITDA of around Rs. 321 crores as against Rs. 395 crores last year. PAT is Rs. 46 crores as against Rs. 207 crores in same last year, a decrease on account of increased depreciation as explained earlier. On performance ton EBITDA front it is Rs. 1,005 during the nine months ended December '24, as against Rs. 1,304 per ton same period last year. These are the quarterly and year-to-date numbers.

Now, I request all of you, if you have any queries you can ask the same and I will request Vaibhav to moderate the query whereas 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 Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Hi, thank you sir. Sir, a couple of data points. Trade share, premium share, lead distance and K-cal for this quarter.

Management: So, share of trade in Q3 was around 51% and rest has been non-trade. And what else, Shravan, you asked for?

Shravan Shah: Premium share, lead distance and K-Cal cost.

Management: Premium share in this quarter is 12%.

Shravan Shah: Lead distance?

Management: Lead distance, 222 kilometers.

Shravan Shah: And K-cal cost?

Management: K-cal cost is the same, around 1.5. That was more or less in the same line as last quarter.

Shravan Shah: Now the basic thing, so how do we now see in terms of the volume growth for the 4th Quarter and for FY '26?

Management: See, Dilip here, we are expecting a volume growth of around 7% to 8% for the full year and around 10% in Q4.

Shravan Shah: Okay. Got it. And for next year, how one can look at?

Management: We must add here that in Northeast market this year demand was flattish kind of thing. If you consider the demand of the industry as a whole, then the demand was flattish. And we are expecting to grow by 6%, 7% this year. And next year also we are expecting to grow by 12% to 15% for next year.

Shravan Shah: Sorry, sir, 12% to 15% you said?

Management: Yes, we are talking about our growth.

Shravan Shah: Yes, yes, 12% to 15%, okay, got it. And sir, in terms of the profitability, we were looking at decent in terms of Rs. 220 crores, Rs. 230 crores odd kind of EBITDA.

Management: Yes, that will remain at the same number that we should be closing around the similar numbers. Given the issues that we faced in Q3 in terms of stabilization time of our new clinkerization unit and then followed by some purchase of clinker from outside, otherwise our Q3 numbers would have been better. But we are expecting that Q4 will pan out much better than earlier quarters, so that is what our EBITDA projection is, around Rs. 225 crores to Rs. 230 crores on the conservative side.

Shravan Shah: Okay, got it. And now, sir, how one can look at in terms of the pricing, so current prices, so January until now versus the 3rd Quarter average for Northeast and outside Northeast?

Management: What I can add here that prices so far as Northeast is concerned, let me take first the Northwest market. So, as I said, the demand was flattish, so far as industry is concerned in this current financial year. And price is looking stable as of now, and it should remain stable or with maybe a bit positive side. We are not expecting a price cut going forward in coming months. So, far as outside Northeast is concerned, so prices has taken a beating and I think volume also there is a degrowth in volume also.

Shravan Shah: Okay. So, broadly if somebody looks at current prices, whatever is for outside Northeast, how much it would be lower versus the 3rd Quarter average?

Management: More or less 3rd Quarter and 4th Quarter, because 3rd Quarter already prices have gone down outside the Northeast. So, we are hopeful that further decrease will not be there. Maybe Bihar we have done an increase, in maybe November, December the increase was there. So, that full impact will come only in this quarter. So, prices from here, even it will be either flat or there will be increase in prices.

Shravan Shah: Okay. Got it. And on the CAPEX front, lastly sir, timeline for both the expansion, Silchar and Jorhat, so is there any change in the timeline?

Management: No, that is fixed, FY '26 we have chosen for Silchar, and for Jorhat FY '27, that will still remain the same.

Shravan Shah: Okay. So, Silchar I think last time we said 3rd Quarter of FY '26.

Management: By December '25 or FY '26.

Shravan Shah: Got it. And in terms of the CAPEX, how much we have done? And for the full year next year how much of the CAPEX we are planning to do, considering everything, the AAC block plus the WHRS, plus all the expansions, AFR, everything?

Management: So, actually, major CAPEX which is left out is not Silchar and Jorhat only. So, Jorhat, full CAPEX to panel in next one, one and a half years, or two years you can say from now. And Silchar, we are hopeful to commission in FY '26, as my colleague rightly said. So, the full projected CAPEX of Silchar should get exhausted during the next financial year. So, far as AAC block project is concerned, it is in advance stage. Except for some tidbits, I think in this quarter the project should be commissioned.

Shravan Shah: Sir, in terms of the absolute number, if you can help us how much we have already done CAPEX in nine months? And for 4th Quarter, how much? And for FY '26 and '27, in terms of the absolute value, if you can specify the CAPEX?

Management: So, nine months we have already done around Rs. 440 crores kind of. And the rest of the period in this quarter, I think it should be between Rs. 200 crores to Rs. 250 crores.

Shravan Shah: Okay, next year, sir? FY '26 and '27, sir?

Management: FY '26 should be around Rs. 600 crores. And say, another Rs. 300 crores to Rs. 400 crores you can take for FY '27.

Shravan Shah: Okay. Lastly, the incentive for 3rd Quarter, and then I will be in queue.

Management: Yes, Manoj, please share.

Management: Yes, what do you want to know, Shravan?

Management: Incentive for 3rd Quarter.

Management: Third quarter total incentive is Rs. 43 crores.

Shravan Shah: Okay. Thank you and all the best, sir.

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

Rajesh Ravi: Hi, sir. Good evening to Manoj sir and Dilip sir. Sir, my first question pertains to this quarter. You mentioned that this quarter you mentioned that there was impact of one-off clinker purchase because of the new line getting stabilized. However, could you explain what led to sharp jump in the other expenses? And what would be the normalized run rate? Because earlier it was close to Rs. 800 to Rs. 900, this quarter it is almost close to Rs. 1,170.

Management: Rajesh, the other expenses, because the shutdown cost was there, the one off kind of thing is Rs. 10 crores is the one off thing, okay, that will not be there in the next quarter.

Management: What happens, Rajesh, let me explain, that whenever you take a maintenance shutdown for any reason, whether for stabilization or a normal shutdown, two things which happen. One, we have to incur some cost for maintenance. On the other side, because of lower production on account of maintenance shutdown, your fixed cost does not get spread over the volume. Thirdly, since it was normally after October the season starts of cement in Northeast, so you have a demand growth also during that time as compared to second quarter. So, just to maintain the market share and all we had to purchase some outside clinker also. So, outside clinker is always costly. So, everything taken together, it has a beating on the bottom lines.

Rajesh Ravi: So, if we want to strip out the one-off cost, including maintenance and the one-off clinker purchases --

Management: Can you speak a bit loudly, Rajesh, please.

Rajesh Ravi: Okay. So, I am saying, if we strip out this Rs. 10 crores and the clinker purchase cost, how much would be the impact in the Q3?

Management: Because 1.5 lakh tons we have purchased clinker, that is almost about Rs. 30 crores. At Rs. 30 plus crores is the shutdown cost, then Rs. 40 crores is the one-off kind of thing in this quarter.

Rajesh Ravi: Which will not be recurring in subsequent quarters?

Management: Yes, yes.

Rajesh Ravi: Okay. So, almost Rs. 400-odd impact because of these two.

Management: There will be two things in Q4 which were there in Q3 and will not be there in Q4. One is, no purchase cost of clinker. And another is, additional shut down cost.

Rajesh Ravi: Okay. And this logistics cost in Q4, will it remain at similar elevated level or will it again come down to --

Management: That normally happens because everybody has the volume pressure. So, Q4 there is always some price increase as credit cost is there. So, there may be a mild thing.

Management: On the gap of seasonality, otherwise there is no long term or any such kind of cost.

Rajesh Ravi: Okay. And this WHR you would be commissioning, this would become operational in Q4, 12 megawatts?

Management: Yes, yes. WHR will be operational in this quarter.

Rajesh Ravi: Okay. And sir, lastly on the competitive landscape, we believe that the Dalmia project is still far away. But once that kiln gets started early next year, what sort of scenario would that lead to pricing erosion in your market?

Management: Rajesh, I do not think that.

Management: Yes, this can happen. Theoretically yes, but I do not think that there should be any call on price discipline. So, we do not expect much of prices getting down. And we can discuss it at appropriate time when Dalmia is already there in the market.

Rajesh Ravi: Okay. And sir, one last question, if I see the trend for your trade sales, at the start of FY ’24 we were close to almost 89%, 90% was the trade sale volume which has come down to 81%. So, is there any change aggressiveness in the non-trade market or it is just a one-off that we are close to 81% in Q3?

Management: No, there is no change. The only change is that you are aware that we have commissioned a 2 million grinding unit also in this current financial year. And we have also commissioned the clinker unit. So, earlier our production was just matching the market requirement. Now, with the increased capacity, we are testing waters so far as non-trade infrastructure market is concerned. So, right now our clinker production is going to be almost stabilized. So, yes, on a day-to-day basis we are utilizing around 70% of the capacity of the new clinker unit. Similarly is the case with new grinding unit at Guwahati. So, we are exploring, since earlier we were not focusing too much on non-trade market because of lower realization on non-trade as compared to trade. Now, with increased volume, we will definitely look for some share in non-trade markets also. So, that is why the pie of non-trade is looking a bit higher this time against 10%, 11% to 18%, but with volume I think it should again go down.

Rajesh Ravi: Okay. Great. That's all from my end. I will come back in queue. Thank you. All the best.

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

Uttam Kumar Srimal: Yes. Good afternoon, sir. Thanks for the opportunity. Sir, your premium cement share has improved to 12% from 9% last year, so where do you see this premium sale moving?

Management: Because whatever growth we are doing, whatever growth was there in the Northeast market. Because as we told that the Northeast markets have not grown, nine months is a flattish kind of thing, but still we have grown more around 10%. So, whatever growth was there is from Northeast. And outside Northeast, you know prices were lower and also we have a clinker constant. So, we have not put much of the effort for keeping the volume outside Northeast. But now everything is streamlined, now we will see the prices will improve, then we will also focus on the outside Northeast.

Uttam Kumar Srimal: Okay. And sir, what has been the capacity utilization of our Siliguri plant during this quarter?

Management: Siliguri plant, because last year also it was around 45% till now, but we are hopeful that it will be 50%.

Management: Siliguri plant mainly caters the markets of West Bengal and Bihar. So, as we said earlier that markets of outside the Northeast have not grown that way, and we had some clinker constraint also and we had to buy from outside, too. So, we were not focusing upon Siliguri grinding unity. And realization wise also Northeast markets are much, much better than Bengal and Bihar markets. That is why capacity utilization has not increased as compared to last year. But during this current quarter, we are expecting some improvement in rest of eastern, Siliguri capacity utilization. But in any case, our prime focus will still remain with the Northeast market so far as overall pie is concerned.

Uttam Kumar Srimal: And sir, what has been our folio mix during this quarter, pet coke, biomass and coal?

Management: If you take the CSR budget, this quarter is around 13% kind of a thing.

Uttam Kumar Srimal: Okay. So, overall sir, fuel mix, last time it was 20% was Nagaland coal, 20% biomass, and 60% --

Management: 77% from the fuel supply arrangement. And 13% is biomass, and 20% around is Nagaland coal. So, this is the mix for this quarter.

Uttam Kumar Srimal: Okay, sir. That's all from my side. And I wish you all the best.

Management: Thank you.

Moderator: Thank you. The next question is from the line of Nihar Dave from IIFL Capital. Please go ahead.

Nihar Dave: Yes. Hi, sir. Thank you for the opportunity. So, sir, like you said, you purchased Rs. 30 crores of clinker from outside. So, we had no clinker production at all or what is the clinker production for this quarter?

Management: No, the clinker production during the quarter I have already given the number. This quarter we have produced 6.42 lakh clinker we have produced. But two things are there, one is that new plant little bit took more time to stabilize. And second thing is that because the road was also problem –

Management: There were two constraints actually. One was, as we already elaborated that our new clinker line was under stabilization. And the second was that there were some issues so far as Silchar, Khliehriat road highway is concerned, there is some long-time repair work which was due for long time. Now the government has released funds, and the work is going on full-fledged. So, there were issues of availability of vehicles transport also. So, that is why this passage was a bit low. We are expecting this road to complete in the next months' time. But we are trying some alternate way of dispatching in terms of alternate routes and all. So, both the cases taken together, our number is looking like that.

Nihar Dave: Okay. So, even for the most part of this quarter also that road is not completed, so we should see a similar sort of scenario for this quarter?

Management: No, clinker purchase will not be there. I mean, dispatch of cement from our Lumshnong plant, that's it. We have two plants, one is at Lumshnong where capacity is very minimal as compared to rest of the plant like Guwahati and Siliguri. But whatever dispatches which were supposed to take place from Lumshnong because of this road issue, it cannot pan out like that as expected. And it is a one-off issue, I think in this quarter it should get resolved. And we are already doing good numbers this quarter, so I do not think there should be an issue this quarter so far as road is concerned. And clinker production is already now in line with our expectation. So, both the things as of now looks addressed.

Nihar Dave: Okay, perfect. And sir, just one last question, in our regional mix in northeastern and east, so what was our sales in the eastern region?

Management: So, Northwest was around 79% of the total sales and around 20%, 21% was outside, last quarter.

Nihar Dave: Got it, got it. Alright. Thank you very much, sir.

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

Shravan Shah: Hi. Sir, just needed clarity in terms of the UltraTech stake from the existing promoter. Any comment in terms of the future plan or is there a possibility that they can have a higher stake?

Management: I think we have already clarified this issue in past also when this issue had come up. Our rest of the promoters stand committed about the future plan of Start Cement. There is no such plan of further dilution so far as the rest of the promoters are concerned. So, whatever we have told earlier in this issue, I think we reiterate the same thing.

Shravan Shah: Okay. And Manoj sir, for this quarter, 3rd Quarter in terms of the Northeast EBITDA per ton and outside Northeast would be how much?

Management: I think those numbers are not bifurcated over here. Northeast ROE and EBITDA are not separated, so as of now we will not be in a position to comment upon EBITDA in Northeast and rest of Northeast.

Shravan Shah: Okay, no issues, sir. Second in terms of our future expansion in Rajasthan. So, to reach a 20 million tons capacity by FY '30, so that stand still remains intact? Any update there in terms of land acquisition or anything?

Management: Yes, I said in earlier calls that we have already won the bid for Rajasthan mines, deposit was around 65 millions. The exploration for testing is going on. And side by side this land acquisition process is also going on. So, we stand committed to the Rajasthan project. And at an appropriate time, we will definitely discuss the timeline, etc., also. But yet, as of now Rajasthan is on.

Shravan Shah: Yes. So, sir, just broadly looking at sir post both Silchar and Jorhat, we will be reaching to close to 11.67 million tons capacity at cement level, and also to reach 20 million tons so that is kind of 8 million, 8.3 million tons kind of additional capacity we need. And in terms of the timeline post FY '27 it will be just three years. So, obviously we need to start doing CAPEX. So, just trying to understand, broader level if somebody wants to understand how much CAPEX we would be needing to reach 20 million tons capacity?

Management: See, as of now, so far as cement is concerned, we are already close to 7.7 mtpa precisely. Another 4 million will get added in Jorhat and Silchar, so it will give us number of around 12 million. So, far as 20 million by 2030 is concerned, so still we are left with 6 full years to conceive, start and complete the project. And with our experience of rolling out the projects, we do not find any issue in reaching that projected capacity. So, far as CAPEX is concerned, so you can calculate it the way cost of cement is coming so far as rolling of a greenfield project is concerned. So, the number should be around that only.

Shravan Shah: So, is it fair to assume a Rs. 900 crores to Rs. 1,000-odd crores for greenfield kind of 1 million tons kind of a CAPEX, that's the way one can look at? Or it would be a Rs. 700 crores, Rs. 800 crores?

Management: Yes, you can consider. Because 1 million capacity is bigger than the average will come down, that we can say.

Management: I think for a 3 million tons grinding unit, the last project which we have commissioned, this is only clinker, 3.3 million. So, the cost was around Rs. 1,300 crores. And if you add cement of similar capacity, then maybe say another Rs. 600 crores. So, Rs. 2,000 crores you can consider for around 3 million tons of capacity. So, you can calculate the number accordingly. So, around Rs. 4,000 crores you can assume.

Shravan Shah: Got it. But just trying to structurally, so obviously Northeast is the highest in terms of profitability. So, now I assume the entire new capacity would be coming outside Northeast, including the Rajasthan one. So, should we not think that in terms of ROE, ROCE that would be kind of lower versus what right now we would be getting at the Northeast?

Management: As you know that cement is a business of volume. And if you are getting a good EBITDA in Northeast, and not fairly that kind of EBITDA in the rest of Northeast or rest of east also, but on a blended basis you will find that, if you consider Northeast also, then we should pan out better than what is happening today in the cement industry.

Management: And because Rajasthan will take three years' time, and then who will know what happens in the market in two, three years, because the prices will still go. Because obviously prices are going to increase from here, because everybody's cost will increase after 2030. So, prices nobody knows, predict what will be the market demand in prices. That is one.

Management: And secondly, in industry, a lot of consolidations are happening as you know, so I do not think there should be much of a beating on prices.

Shravan Shah: Got it. And in terms of the incentive now for this quarter 43, we were previously looking at Rs. 200-odd crores annual. So, from this quarter, 4th Quarter onwards kind of Rs. 50 crores quarter run rate?

Management: Yes, yes. See, everything is related with volume. As we said earlier that we had a volume constraint because of our stabilization of the clinkerization unit, so that is why this Rs. 43 crores you are looking at. But in the coming quarter it should be Rs. 50 crores plus.

Shravan Shah: Got it. So, that's what I am just trying to. So, even let's say in the 4th Quarter if you would be doing whatever you said kind of a 10% kind of a growth, so would be a 1.5 million, 1.6 million odd tons. So, even if I just do the math, so next year we should be out doing a minimum 5.5 million to 5.7 million tons, which should be a kind of closer to 20% growth, but we were saying just 12% kind of a growth.

Management: Because we will be considering, maybe at least whatever we are collecting 12% to 15% growth over the next year we are projecting we will be targeting. As the market grows bigger than this, then obviously then it may increase, but we are targeting 12% to 15% for the next year. Maybe this year we will close down to 4.7 million tons, then you can take it 15% from here, so 5.4 million, 5.5 million tons.

Shravan Shah: Yes, got it, sir. Thank you, sir. All the best.

Moderator: Thank you. The next question is from the line of Milind Raginwar from BOB Capital Markets Limited. Please go ahead.

Milind Raginwar: Yes, hi sir. Thanks for the opportunity. So, essentially, the headroom that we have around --

Management: Can you speak loudly.

Moderator: Your voice is very low. Sir, please proceed. You are audible now.

Milind Raginwar: Yes. So, for 4.7 million, 4.8 million tons of the kind of capacity utilization at that level would be still much lower than what our capacity currently is for FY '25, at around 7.7 million tons. Now we are taking two big leaps in FY '26 and '27, we will move to around 2 million tons each in FY '26 and '27. So, can you just call out on the kind of the growth scenario, demand scenario, or major CAPEX program of the government as well as some private CAPEX that's happening so that we can get some fair idea on how the demand would be in the region?

Management: Yes. Actually, you might have seen that the kind of budget allocation the central government is doing for Northeast infrastructure development, very recently I had a meeting in government last week only. And we have been given to understand that their infrastructure projection for the Northeast is Rs. 1 lakh crores. And the kind of development, it's not only the numbers what they are saying, we are also witnessing on the ground projects coming out and getting rolled out. So, we are expecting a good growth in infrastructure sector. And that is why we have planned two grinding units, looking at the growth prospect, one in Silchar and one in Jorhat.

Let me add here that Jorhat is a kind of location, it is called Upper Assam. So, Upper Assam, Jorhat, the lead distance from Guwahati to Jorhat is around 300 kilometers. So, that will give us an added advantage in the catchment area of Jorhat market where we can push directly our brand to the catchment area of Jorhat. And a lot of infrastructure projects are coming in Jorhat side also, and in this proposed grinding unit at Silchar side also. So, we are expecting a good growth in non-trade segment, and that is why these two projects have been flagged and now in the process of getting rolled out one after another.

So, coming to your question that sudden jump in capacity, so we are expecting that we should be able to utilize the capacity of both the plants gradually. And in three, four years I think from now, and by the time this capacity will be commissioned, Silchar in FY '26 and Jorhat in FY '27, by that time some growth will always be coming. And then after that, in next two, three years we will be able to utilize the capacity fully, that is what we expected as of now.

Management: And one thing to add, because cement kind of seasonality is there, so at times you can use 100% because even if you are yearly utilizing 70% capacity, but in the season time we are using it 100%. So, that is the thing, in capacity we are working only 70%.

Management: Unless you have, I mean, surplus capacity, you would not be able to serve the increased demand during the season time post October or from early November till April. So, to take care of those demands, you have to have the capacity.

Milind Raginwar: Okay, that was quite helpful, sir. The second thing I wanted to understand was, you had called out on the other expenditure one-offs, and also on. RM cost. Similarly, the anything that you would like to call out on the savings that you would be having in the 4th Quarter over 3rd Quarter?

Management: Freight cost two things are there, one is there because we have again 120 vehicles, okay, because the new clinker plant, because we have a requirement of more trucks, so we have been using our own plate for carrying a clinker. So, not only we have a flexibility of using our plates for utilizing, but still because we can take on the competitors so that we cannot increase much of the freight, we can bargain negotiation with the transporter. So, that is a one plus advantage. And the thing is that we are getting very good, what you can say, setting when we are operating our plate. So, that is the one thing which would be, because clinker would be, because now the roads are okay and all this, so we will be getting that advantage from this using the entire fleet. In addition to that, because in March we will know, because January to March quarter generally there some increase in the freight will be there, because everybody has been year-end pressure. But we think that there may be might be some increase in our overall numbers there would be some increase, but it is not so significant, it will be a nominal thing.

Milind Raginwar: That means we have about five weeks inventory in the quarter? What would be the pricing over the average of the 3rd Quarter?

Management: Average price was, what, annuity prices?

Milind Raginwar: Yes. So, I was just coming to, now that we are under about five weeks in the 4th Quarter, what would be the pricing scenario over the average of 3rd Quarter?

Management: As I said, in the markets of Northeast, prices are more or less stable. From here, there should not be any beating, rather we are expecting some growth in prices. Similar is the kind of story there in rest of east also. From here now in rest of east, I mean, Bihar and Bengal market where we are there, we are expecting a stable kind of prices.

Milind Raginwar: Okay. Thank you so much, sir. Thank you so much. That's it from my side.

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

Uttam Kumar Srimal: Manoj ji, what would be our gross and net debt currently?

Management: Gross and net?

Uttam Kumar Srimal: Yes, debt.

Management: Sorry?

Uttam Kumar Srimal: Gross and net debt in the books.

Management: Okay, net debt. So, we have total Rs. 420 crores, currently December is I think around Rs. 420 crores, and net debt is around Rs. 400 crores.

Uttam Kumar Srimal: Net debt is around Rs. 400 crores?

Management: Yes.

Uttam Kumar Srimal: Okay. And sir, in terms of, how much specifically Assam region would be contributing to the Northeast revenue?

Management: It should be around 55% or so.

Uttam Kumar Srimal: 55%, okay. That's all from my side. Thanks.

Moderator: Thank you. Ladies and gentlemen, this will be the last question for today, which is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Sir, last two things. So, first, currently or maybe for the 3rd Quarter average, just if you can tell us in terms of the trade and non-trade price gap in the Northeast?

Management: Northeast trade prices generally Rs. 25 to Rs. 30 gap is there.

Management: See, as of now trade to non-trade gap is Rs. 25, Rs. 30, or maybe a bit more also. But with the coming increased capacity of ours, the cap may further increase, but not much. But on a normative basis it is around Rs. 25 to Rs. 30 only.

Shravan Shah: Got it. And secondly, sir, if you can just help us with the new clinker that we have started, 3.3, for 3rd Quarter how much we would have produced or entire production that we have mentioned 6,42,000, so how much from that the new plant?

Management: I think we should be able to utilize around, because this quarter stabilization issue was there, but we have been utilizing 70%, this quarter we are hopeful that it will be 70%, 75% we would be utilizing this quarter.

Shravan Shah: No, that I understood that now the stabilization has happened so the utilization will increase. Sir just trying to understand, for 3rd Quarter how much we would have produced, so was it some production was there or there was nothing?

Management: Yes, the production was obviously there. Line-3 was actually not much number so far as 3rd Quarter is concerned.

Management: See, right now we do not have the number, okay.

Management: But 3rd Quarter actually in the first month itself this issue came up. And this lingered upon almost two months, I believe. So, 3rd Quarter Line-3 number is not, we do not have separately that number as of now.

Shravan Shah: No, directionally just wanted to understand, but going forward now as we say that we will be using --

Management: Going forward 70% this quarter we are expecting.

Shravan Shah: No, no what I am trying to –

Management: The plant is performing well now and we are witnessing a good performance as of now. So, we do not foresee any issue here on now so far as capacity utilization is concerned of Line-3.

Shravan Shah: Yes, got it, sir. But what I am trying to understand is that the old one, the 2.8 million tons cleaner at the old plant. So, once we use this new one 70%, 75%, so are we also significantly reducing the utilization of the old plant?

Management: No, because clinker is always in demand, okay.

Management: As of now, we are operating all the three lines. So, we are not expecting, we cannot say about the off-season time of rainy season as of now, but so far as season time is concerned, all three plants will run.

Shravan Shah: Okay, thank you.

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, Mitchell. Sir, I have one question, especially for Dilip sir. Dilip sir, I believe you have spawned very long years in the summer industry and you were at Star Cement in your past also, and then you joined some other cement company and then you came back to Star Cement. And this is your first public appearance after joining Star Cement. So, you have categorically clarified on this call that UltraTech buyout of 8% in Star Cement is nothing that calls for anything more to think over at this point of time.

But I want to know from you that because you have spent so many long years in Northeast cement industry, how do you foresee the Northeast industry in terms of consolidation? Do you see that there are other smaller players in the industry who have been targeted by larger players? Or do you think that their promoters might exit or there is something on the cards in the consolidation of Northeast India? What is your say about broader Northeast market, not just about Star Cement?

Management: See, so far as consolidation is concerned, Vaibhav, you are aware that most of the capacities are there so far as cement is concerned in Meghalaya only, because of proximity of raw material. And if you take Star and Dalmia, both taken together in the complete capacity of Northeast, they fit in around 60% of the total capacity. And there are around eight or nine operating plants, rest all are very smaller one. So, I do not think if anybody goes for consolidation, first of all, I do not think there is any opportunity of buying out or consolidating so far as the smaller. All of them, most of them are less than 1 million ton plant, right. So, that is one. So, that kind of opportunity I do not think that it exists, number one.

Number two, putting a new plant for a new company or outside company, you know that as compared to rest of India Northeast projects a lot of challenges in terms of land acquisition, local issues and all. So, things are not on the brighter side so far as consolidation or putting a new plant is concerned. If you go and put a new plant, if you are able to do it considering all the hurdles also, then also minimum four to five years is the minimum timeline. So, I do not think that in the immediate future or near future something big is going to happen in Northeast.

So, far as capacity or consolidation is concerned, Dalmia is already you know expanding. We have expanded and we are also expanding in the Northeast. There is some more little expansions coming up in the existing plan, but not of that great capacities. So, I do not foresee any challenge so far as surplus capacity is concerned.

As I told you that infrastructure, there's a lot of infrastructure activity going on and Government of India is focusing upon Northeast so far as infrastructure growth and budget allocation is. And it's not just for the sake of saying, it's happening also on the ground and we are able to see the way it is being panning out in Northeast. So, on the demand side also we are expecting a good number to roll out in coming years, good growth in the demand. So, that is what I foresee. I have been working in the Northeast market from last 14, 15 years, as you know. So, the kind of growth we are able to see now as compared to previous years, it keeps a very promising future so far as the cement industry is concerned.

Vaibhav Agarwal: Sir, I take your point that capacities in Northeast were quite small in terms of the size, they are mostly 1 million to 2 million tons, or maybe 0.5 million tons kind of capacity also. But having said so, related to the size of the market, the size of the market itself is quite small versus the rest of India. So, from that perspective, do not you think that even if 1 million or 2 million tons capacity is available, larger players might be interested in taking them over, do not you think so?

Management: See, I do not know whether the larger players would be interested in adding up 0.5 or 0.7 million tons or even 1 million tons. There is no cement plant, except us and Dalmia there is only one that is Meghalaya Cement, they are having around 1.1 million or 1.2 million tons capacity, rest all are less than 0.7 or 0.8 million tons. So, I do not think even if larger player comes and they consolidate also, then the capacity will remain the same, installed capacity will remain the same. If you are going to start a new cement plant of say 2 million tons, 3 million tons, it will take four, five, six years of time, not less than four, five years. If you start event today from scratch, then there are issues related to mining etc., getting mining clearances. So, these are very long time taking issues. And honestly, I do not see any that kind of growth opportunity so far as capacity addition by some outside player is concerned.

Vaibhav Agarwal: Got it, sir. Thank you very much, Dilip sir. And on behalf of PhillipCapital, I would like to thank all the participants for joining the call. And also thank the management of Star Cement for the call. Thank you very much, sir. Mitchell, you may now conclude the call. Thank you.

Management: So, thanks to all the participants from Star Cement side also, thanks Vaibhav for moderating and coordinating the call.

Moderator: Thank you so much, 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.