Date: 27th May, 2024

To,	To,
The Listing Department, **National Stock Exchange of India Limited** **Exchange Plaza, C-1, Block-G** **Bandra Kurla Complex, Bandra-East** **Mumbai-400 051**	**The Listing Department,** **BSE Limited** **Phiroze Jeejeebhoy Towers** **Dalal Street, Mumbai-400 001**
Stock Code: STARCEMENT	**Stock Code:** 540575

Dear Sir(s)/Madam(s),

Sub: **Transcript of the Conference call for Audited Financial Results for the Quarter and Year ended 31st March, 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 Wednesday, 22nd May, 2024 for Audited Financial Results for the quarter and year ended 31st March, 2024.

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

This is for your information and record.

Thanking you,
For Star Cement Limited

DEBABRATA THAKURTA
Digitally signed by DEBABRATA THAKURTA
Date: 2024.05.27 11:51:50 +05'30'

STAR CEMENT LIMITED KOLKATA

Debabrata Thakurta
(Company Secretary)

“Star Cement Limited Q4 FY-24 Earnings Conference Call”

May 22, 2024

MANAGEMENT: **MR. TUSHAR BHAJANKA – DEPUTY MANAGING DIRECTOR, STAR CEMENT LIMITED.**
MR. VINIT KUMAR TIWARI – CHIEF EXECUTIVE 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 the Earnings Conference Call for Quarter and Year Ended 2024 of Star Cement Limited hosted by PhillipCapital (India) Private Limited.

As a reminder, all participant 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 touchtone 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.

Vaibhav Agarwal: Thank you, Yashashree. Good evening everyone. On behalf of PhillipCapital (India) Private Limited we welcome you to the Earnings Call for the Quarter and Year Ended 31st March 2024 for Star Cement Limited.

On the call we have with us Mr. Tushar Bhajanka – Deputy Managing Director; Mr. Vinit Kumar Tiwari – *Chief Executive Officer; and Mr. Manoj Agarwal – Chief Financial Officer of the Company.

At this point of time, I will hand over the floor to Mr. Manoj Agarwal for his opening remarks and which will be followed by interactive Q&A. Thank you and over to you Manoj sir.

Management: Yes, Mr. Tushar Bhajanka will give the opening remarks, then I will provide you the details of the numbers.

Management: Good evening all. My name is Tushar Bhajanka, and I am the Deputy MD of Star Cement. I would like to welcome you all to the Earning Call of Quarter Four. I have the CEO and CFO, of the company with me.

The CFO will give out the numbers of Quarter 4, and then we can have a Q&A session. Thank you.

Management: Hi friends, very good evening. I on behalf of Star Cement Limited welcome you to all our Concall for discussing our number of Q4 FY24 and full year FY23-24.

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 Q4 number followed by the full year number.

Starting from clinker production during the quarter ended March 24 we have produced 6.93 lakhs ton of clinker as against 7.78 lakhs ton same quarter last year. So, far as cement production is concerned we have produced 13.88 lakhs ton this quarter as against 12.51 lakhs ton same quarter last year. As you are aware we have successfully started commercial production from our newly commissioned cement grinding unit of 2 million tonnes per annum capacity in March 24.

Now, I will take you through sales volume:

During the quarter we have sold 13.87 lakh ton of cement as against 12.35 lakh ton of cement and 0.24 lakh ton of quarter there was no clicker sale. There is a growth of 12% in the cement itself. This is as far as cement and clinker sale is concerned.

As far as geographical distribution of cement is concerned, we noticed we have sold around 10.40 lakh ton as against 9.12 lakhs ton during same quarter last year. And as per Northeast is concerned we have sold 3.48 lakh ton of cement this quarter as against 3.23 lakh ton same quarter last year. In terms of blend mix it is almost same 10% OPC and the rest is PPC. These are the quantitative numbers of the quarter.

Now, I will take you through the financial. The total revenue figure this quarter is around Rs.914 crore as against Rs.829 crore same period last year. As far as EBITDA figure is concerned, the quarter we have done an EBITDA of around Rs.188 crore as against Rs.179 crore last year. Profit after tax is Rs.88 crore as against Rs.96 in same period last year. On per ton EBITDA front it is 1329 during this quarter as against 1448 per ton same quarter last year. This is what our quarterly numbers for 4th Quarter.

Now, the total revenue figure for FY24 is around Rs.2911 crore as against Rs.2705 crore last year. As far as EBITDA figure is concerned in FY24 we have done an EBITDA of around Rs.583 crore as against Rs.520 crore last year. Profit after tax is Rs.295 crore as against Rs.248 crore last year. On per ton EBITDA front it is Rs.1312 during FY24 as against Rs.1297 per ton last year. These are the quarterly and yearly numbers.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take our first question from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Sir, just a couple of data points first and then the question. Trade mix, lead distance for this quarter and the fuel mix?

Management: On trade mix, Quarter 4 we were around 84%, 85% trade, in round 15%, 16% in non-trade. As far as lead distance is concerned it was 227 kilometer.

Shravan Shah: And in terms of the fuel mix for this quarter spot contract coal Nagaland and biomass and FSA?

Management: Okay. Our FSA was around 4%, biomass was around 10%, Nagaland was around 36% and a spot contract coal was around 50%.

Shravan Shah: And then KKL cost for this quarter was?

Management: Come again please.

Shravan Shah: KKL cost for this quarter Q4?

Management: The weighted average cost for fuel was 1.7.

Shravan Shah: 1.7, so any further reduction possible from here on?

Management: So, we expect for the coming year because we have signed a FSA contract with Coal India for the next 10 years, where we have locked 3.6 lakh tonnes of coal at about Rs.1.5 GCV. So, we do expect that the contract of course reduce our weighted average cost and we will substitute our more expensive coal to now this FSA. So, our target for the coming year is about Rs.1.55 per GCV weighted average.

Shravan Shah: Okay. And then this will start from the Q1 itself?

Management: This should start reflecting from Quarter 1 and, because we just signed our contract beginning of this month, the quarter start coming from May onwards. So, partially in Quarter 1 and then fully see the effect.

Shravan Shah: Okay. Sir, now particularly on the volume front, so previously we say 18%, 20% so now the clinker 3.32 MTPA grinding has also started. So, how are we now looking at the same kind of a 20% kind of volume growth and also if you can help us how far in last one and a half month or two months in this April, May how does in terms of the demand is?

Management: So, the demand has not been very great, I will say it was reasonable demand, but it was not something which we can think about some say that it is great. So, as far as our mix is concerned, you are right. Now, we have clinker with us and as we are going ahead in this year, so obviously we will be focusing on the segments specially the institutional segment, which we had a pretty less percentage. So, that will be a big segment for us as far as volume gain is concerned so, the percentage of institutional sale will surely go up.

Management: And just to add that, we had gotten the clinker plant and in the third week of April, but we had some technical difficulty with the plant they took one or two more weeks to properly, getting finger out of it. So, we had to buy clinker from outside in the month of April and also some part of May. So, that of course in Q1 will have a negative effect and that is also the reason why we did not push as much because we were running on bought clinker but, now that the plant is running and it's picking up we are able to operate it at a good TPH. So, we are building up the stock and the problem of shortage of clinker that we faced in Q1 would not be there in Q2 anyway.

Shravan Shah: Okay. So, just to come back to normal, in terms of the summary so in Q1, if it's possible if you can help for the full year, how, in terms of the volume growth we are looking at. Previously, we say 20% and then maybe if you can help us in terms of the incentives that will be flowing from the Q1?

Management: Yes, so we are still looking year round, we are still looking at a 20% growth. So, that stays the way it is. On the incentive part, first our GST credit that we had spent in a new project will get adjusted. And then from Q2, the GST benefit will start hitting our books, because right now we are just adjusting for the GST that we paid in the CAPEX that will first get adjusted and from Q2, once it's adjusted, it should be adjusted by the first week of July. And then we will start getting the benefit of the GST which should be in quarter two. So, both the benefit of clinker as well as the benefit of subsidies, would start accruing to us from quarter two. We can see it in the books in quarter two, it will clearly start reflecting in quarter two.

Shravan Shah: Okay. So, previously what we said Rs.300 per ton GST benefit, IGST on the clinker and Rs.800 for the grinding unit. So, for the grinding, we were looking at Rs.150, Rs.160 odd crore, so that will remain intact?

Management: Yes. So, that will remain intact it's just that because we will start getting the benefit in Q2. So, it will just start affecting Q2 Results properly. So, from Q2 Results, you should clearly see that there is this jump in the EBITDA per ton because of those reasons.

Shravan Shah: And sir, lastly on the pricing and the cost, so net, net from Q1 can we see any because this clinker starting so in terms of any increase in the OPEX cost in the Q1 and then how it will start reducing from the Q2 particularly cost and So, net, net how much cost reduction are we looking at that is one and in terms of the pricing. So, current prices, versus the 4th Quarter average is how much lower both in Northeast and outside Northeast?

Management: So, in terms of cost, of course the cost has increased, because we were commissioning a plant and consume extra fuel and parameters for heated and all those things kind of take a toll. So, by Q2 we should be able to reduce and stabilize our cost and at the same time operate the new kiln at efficiency of course, the kiln is bigger so, the heat rate and other parameters would be lower in the kiln and so, there should be a long-term saving from operating the kiln. In terms of price, the price at Northeastern has broadly been stable, whereas the price outside Northeast which is Bengal and Bihar has seen a drop which is common across everyone, every player in the East. So, there is a drop of about Rs.300 in prices outside Northeast.

Shravan Shah: So, this 300 is from the average of the 4th Quarter or the March segment you are saying?

Management: This 300 is from the average of the last quarter basically Quarter 4.

Shravan Shah: Okay. And lastly on the CAPEX front. So, how much we have already spent both on clinker and this grinding 2 MTPA and what is left on the 2 MTPA grinding Silchar and net, net total FY25 and 26 CAPEX?

Management: Sorry, can you repeat the question?

Shravan Shah: I am saying how much we have spent on 3.3 MTPA clinker, what was previously we were looking at Rs.1250 odd crore and for Meghalaya 2 MTPA granting unit Rs.385 crores. So, how much out of that we have already spent and what is left to be spent in this year and the remaining 2 MTPA Silchar grinding how much we have spent and how much is left to be spent in FY25 so, put together everything the solar CAPEX net, net FY25 CAPEX is how much?

Management: So, we were supposed to spend about Rs.1250, till date we have spent about Rs.1035 crores. There is another Rs.150 crores, Rs.200 crores which will be spent on the clinker plant. So, in total we will be around the Rs.1250 crore number because there is still some CAPEX in terms of silos and all those things which are left in the clinker plant. So, the overall number would be about Rs.1250 crores as we had indicated. In Silchar grinding unit we have till date only spent Rs.22 crores, in FY25 we plan to spend Rs.300 crores in this Silchar grinding unit. So, most of the CAPEX for the grinding unit will take place in FY25. And some part of it will take place in FY26. Today in the Board we had also discussed and decided that we want to put a plant in Jorhat which is upper Assam. So, that would be a fresh CAPEX and the CAPEX could be of about Rs.450 crores which will be spent in the next two and half years and we expect to commission Jorhat plant in the next two years, as we have just started buying the land for it. So, for FY25, the overall CAPEX is expected to be about Rs.1000 crores. This also includes a lot of operational CAPEX, it includes the group captive solar, it includes AAC Block and the BTAP and it also includes our own fleet that we are expanding now. So, it includes a lot of CAPEX, which will of course give us their own returns. So, in FY25 we expect Rs.1000 crores investment.

Shravan Shah: Sorry, sir I need a clarification both on this the new expansion Jorhat Rs.450 odd crore, so what's the grinding capacity of that and this Rs.1000 crore if you can split it where we are likely to spend that would be helpful sir.

Management: So, the Rs.1000 crores if I give a split of it. So, in the Rs.10,000 crores about 220 crores would be spent in the clinker plant, just for starting the silo with another immunities that we need to create in the clinker plant. About Rs.300 crores will be spent in Silchar grinding unit, about Rs.65 crore would be spent on AAC Block and adjacent construction chemical plant about Rs.30 crores will be spent in Jorhat for acquiring the land for the grinding unit. The BTAP, we will be spending about Rs.68 crores that will be to set up BTAP systems in Guwahati as well as in Siliguri. Group captive we will be spending about 30 crores and for operational CAPEX which are related to plant we will be spending about Rs150 crores.

Shravan Shah: And the Jorhat capacity will be sir how much?

Management: Sorry?

Shravan Shah: Jorhat, Assam new plant capacity?

Management: That will be 2 million.

Shravan Shah: 2 million and that will be in FY27 will come?

Management: Yes.

Moderator: Thank you. The next question is from the line of Jyoti Gupta from Nirmal Bang. Please go ahead.

Jyoti Gupta: I would like to understand what is the demand environment now in the Northeast. And the pricing as well, mechanism how is it playing out and how do you think substantial capacity addition is coming out**.** How do you see the market dynamics changing for you with competition intensifying in the next two to three years in the Northeast as well as the markets where you are coming up new capacity?

Management: So, the demand right now a decent Q1 is a bit subdued, that is mainly because of the election and Eid which happened in April. And also, even the election which is now also carrying on in May. So, demand is a bit subdued because of those reasons, the price is broadly stable. And the competition in the next one or two years so for the one year we are the only one who actually are getting a clinker plant in Northeast. So, for the one, one and a half years there would be some stability in terms of the profitability, and it will be growing. And there will also be a good margin in selling clinker for the next one, one and a half years. And then, how the competition behaves after two years would just depend on how the demand is and how is the supply demand situation in Northeast.

Jyoti Gupta: I am talking about organic expansion, I am talking about acquisitions which would likely, which would happen by other players who might be buying our plants because there is enough supply in the Northeast market, so obviously this competition will intensify doesn't mean when I took over the greenfield project, acquisitions can also happen and plus with you increasing your share in the non-trade segment, will that not impact your margin, your realizations as well going forward?

Management: So, first of all on the expansion part sorry, on the inorganic mergers acquisitions and all those things, there's nothing really Northeast to acquire, there's nothing really available. So, I don't know what acquisition are you talking about. Because I don't think there is anything available in Northeast, which is materially sizable and which is ready for sale. So, for a hypothetical situation where they may be a merger and acquisition, then the situation will be different. We haven't studied that situation yet. So, we can't really comment and what was the other point sorry?

Jyoti Gupta: Other point was your….

Management: Non trade margin right?

Jyoti Gupta: Yes.

Management: Yes, so non-trade definitely as we ramp up the non-trade sales, the margins in non-trade may reduce naturally, but at the same time, what we are expecting is to grow in trade as well, because we are 85% trade. So, if you want to show a 20% growth we will have to show a good growth in trade as well. So, what we are really trying to do a 360-degree push where we are also pushing outside Northeast, we are also pushing in non-trade, but at the same time, we have to be very central to our core which is trade in Northeast. So, we are of course going to make sure that we are first pushing on trade the second, that on an absolute level we are able to earn much more profit and then also maintain the margin per ton basis, we will be able to maintain the margin because there are a lot of benefits and subsidies and other benefits of operating a bigger kiln, of not deviating L1, not having logistic deviations because of shortage of grinding availability. So, all those problems that we used to face earlier we will not face this year. So, there are also some benefits that will come and the margin should broadly be increasing only it should not be decreasing.

Moderator: Thank you. The next question is from the line of Giriraj from MDM Tradecom. Please go ahead.

Giriraj: So, firstly you just pointed out where there is a expansion of about Rs.1000 crores in the current year. So, can you have a break up on how this would be funded, because already the company has started taking about 82 odd crores of loan in the current year So, how do you plan to fund this Rs.1000 crore?

Management: Yes, so what we expect is that, this year we think about 750 crores would be our own cash profit generation that we will have so, that will broadly fund majority of the Rs.1000 crore and then rest would be a bit of debt. So, this is just a loan that we will take So, we have about Rs.70 crores of debt, and we will probably take about Rs.200 crores of more debt by the end of the year so maybe about Rs.300 crores debt.

Giriraj: Okay. And as far as benefit part is concerned for the GST benefits, what is the kind of expected the number that we can expect, benefit in the current year for FY25, what is the kind of benefit that the company has to realize?

Management: In terms of per ton or in terms of absolute number?

Giriraj: In terms of absolute number.

Management: In terms of absolute number, it would be about 150 to 160 crores.

Giriraj: Okay. And as far as Silchar plant is concerned, so the land acquisition has been completed if I am not wrong?

Management: Silchar plant?

Giriraj: Yes.

Management: So, for Silchar plant the land acquisition is almost 90% complete, we just need to buy some parcels here and there. We have already got the TOR from the MOS, we will be having a public hearing in one and half months, we will hopefully get it cleared. And after that we will start commissioning the plant from September, October onwards. And by November and December next year, we should be able to get the plant running.

Giriraj: So, Q3 FY26 we should be operational right?

Management: Q3 FY26, yes we should be operational.

Giriraj: Okay. Sir, what's the overall situation as far as the Siliguri plant is concerned and what is there been the company has been speaking for the last two, three quarters on cost cutting measures out there. So, what's the update on that?

Management: So, the Siliguri plant has grown in terms of cost efficiency, it has reached it's, it has become much more efficient than it was. It's stabilized very well, but the prices outside Northeast are low and they have actually decreased, which I am sure is clear from other investor calls of other companies as well. So, from that perspective the profitability of Siliguri is of course, it's profitable but at the same time, it really depends on the prices as well, which are not in our control. And the utilization, we do plan to ramp up Siliguri now, because we have clinker earlier we were not ramping it up because it was not, because we had shortage of clinker and we didn't want to buy clinker for Siliguri. Now that, we have clinker we plan to operate it at about 16 lakh tonnes like about 80% capacity around.

Giriraj: So, in the last two calls, we were told that there have been cost cutting measures as far as wagons would be ordered and logistics cost and all could be saved. So, have we moved on that particular part or there is no significant development on that?

Management: So, basically, we were talking about BTAP basically, like a wagon that will help us transport fly ash at a cheaper rate. So, that wagon we are going to lock it in a week's time. We are going on a leave model on that and that will help us reduce the cost in terms of the raw material cost.

Giriraj: Okay. And sir one last question, so what is the current capacity utilization, what we are running in the Q1 on an average?

Management: Of what, of Siliguri?

Giriraj: The capacity utilization?

Management: Overall capacity utilization?

Giriraj: Yes, overall capacity utilization.

Management: So, we have just commissioned the clinker plant, so it's just stabilizing so, I can tell you about the grinding unit. We are, it would be about 65% around.

Giriraj: So, the demand being very tepid right now in Q1, and you see that.

Management: In terms of grinding we will be operating at about 78%, that is also till mid operating low also because we have just commissioned the grinding unit in Guwahati.

Giriraj: Okay. And how do you see the demand in Q2 or Q3 going forward since Q1 has been very tepid, as far as we have been informed?

Management: It just depends on how the election happens, what the results are, how the market behaves, looking at the results.

Giriraj: Okay. And sir what is the kind of drop so, institutional sales coming in so what is the kind of EBITDA per ton that would?

Management: How the market behaves, how the money flows, after the government has been formed in the rural areas, to a MGNREGA or any other scheme that they have, that will really decide how things go.

Giriraj: And sir, as the company has been focusing on increasing institutional sales. So, what is the kind of EBITDA per ton impact that could happen?

Management: So, we said about 15% in non-trade. So, if it dropped by about Rs.200 on an average, then we can have a Rs.30 per ton impact on EBITDA per ton. But, I would just say that we should not be so fixated on EBITDA per ton because the EBITDA per ton. Sorry, so I was just saying that we should not be too fixated number per ton, because the non-trade margin in the Northeast are still healthy, they are 1200 so even if it goes down from 1200 to 1000 it's still Rs.1000 of EBITDA. So, we shouldn't only be looking at numbers in per ton basis and we should also be looking at the growth numbers. So, it will have to be a combination of both, but I don't think non-trade prices going little bit, falling up a little bit will have a significant impact on the overall EBITDA per ton.

Giriraj: Sir one last question, actually, I had missed the kind of benefit that a company could see from the 10-year lock in that you have with Coal India as far as Coal supply is concerned. So, please can you give a highlight on that, because I missed that?

Management: Yes, so we are doing about one point, like last year average was about Rs.1.85 GCV for coal. We lost the FSA at now for 3.6 lakh tonnes at Rs.1.5, GCV. So, that is almost about 40% of our coal requirement for 10 years. So, it's just the difference between the GCV into the calorific value into the tonnage. So, it would be about Rs.70 odd crores in a year.

Moderator: Thank you. The next question is from the line of Girija from Asit C Mehta. Please go ahead.

Girija: So, you mentioned Rs.70 crore of savings from that FSA, you said something?

Management: Yes.

Girija: That Rs.70 crore you mentioned that is a savings per year from the coal you said right, if I am not wrong?

Management: Yes.

Girija: So, my first question is with regards to premium product sales. So, what is the percentage for the 4th Quarter?

Management: Percentage in 4th Quarter is around 6.7%, around 7%.

Girija: Okay. And the incentive you mentioned it is Rs.150 to Rs.160 crore per year. So, that is including our clinker unit as well right, clinker and grinding unit both?

Management: Yes, so that is about 150 for this year, it would be higher for next year, because we will not be missing out in Quarter 1 because right now our GST credit has been adjusted for the CAPEX that we did. So, next year, the same thing will not happen in Quarter 1. So, next year expectation of the GST benefit is about Rs.200 crore because we are missing Quarter 1. So, this year's benefit is about 150 crore.

Girija: So, FY26 we can expect Rs.200 crore of GST benefit you are saying right?

Management: Yes, additional benefit, still we are getting about 27 crores, this is on top of that 27 crores that we are expecting.

Girija: Okay. Sir this time freight cost, I can see there is a significant increase in freight cost per ton. So, what leads us this kind of increase?

Management: So, in Q4 mainly it was the deviation because in Q4, in March we were just settling our grinding unit in Guwahati. And there was very good demand in February and March in Guwahati. Sorry, in Assam and Northeast. So, what we had to do at that point is to get cement from Siliguri to Northeast and because of that there was movement, we are of course it led to an increase in the outward freight. And we started using brick also which was a bit more expensive than the usual transport. So, we loaded right from Siliguri to serve Northeast, so that also lead to additional cost. So, that was mainly because our grinding unit came in March and the demands that picking up from January, February and we needed extra grinding capacity in those two months and we had to then get it from Siliguri.

Girija: Fair enough. Is there any plan of expansion outside the Northeast as like, we are well established in Northeast region. So, are we looking any kind of expansion in outside Northeast, like Uttarakhand, Chhattisgarh, Bihar somewhere? Because why I am saying, like previous someone was asking about the competition, like even UltraTech is coming up with bulk terminal by FY27 and Dalmia is also a very big competitor of Star Cement. So, that's like any kind of inorganic expansion or acquisition so, that may lead some kind of threat to Star Cement and most of the companies are also coming up with a lot of premium segment sales, where realization is better than the other cement. So, what is our future plan sir?

Management: So, we are right now looking at another area, which is in Rajasthan. We are looking at Jaisalmer Nagaur region, and there we are in the process of acquiring a mine, that is where we think the profitability outside Northeast is there because we don't see much profitability in South or in East or availability of mines in East. So, the natural place to go now is to go to Rajasthan. So, that is where we think we would be wanting to expand outside the Northeast. So, our plans of course for the next three, four years is to make a 12 million kiln capacity in Northeast including Siliguri and then try to put up a 4 to 5 million kind of a setup in Rajasthan and start serving the Delhi NCR, Haryana, Punjab market, along with Rajasthan. So, this is where we be right and about UltraTech, of course they may be making a bulk terminal. There were also news about other companies, acting upon in Northeast, but we haven't seen any movement in their such, the only moment we see is Dalmia, which is already there in Northeast, and they have announced a project in Northeast which is significant and that will be coming in the next one and a half years. So, that is what it is.

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 you said in Quarter 1, the demand is subdued. So, does that mean we will de-grow this year from last year or we will be in the same level what we had done last year around 1.16 million ton?

Management: I don't think in the April month, yes, because of a lot of festivities and the election. So, the demand was negative, there was negative industry growth, which we saw. But in the month of May after this elections and things have got over we are seeing some positive growth coming in. And if we finish the quarter, we will definitely finish it in a growth that's what the expectation is, maybe in the lower single digit, but there should be a growth.

Uttam Kumar Srimal: Okay. Since we have guided for 20% volume growth so balance we will meet in next three quarters?

Management: Yes.

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

Shravan Shah: Sir, I couldn't hear the previous participant. So, did we per say anything growth number for the Q1 that it will be, any number on the growth part for the Q1?

Management: In April, there was a slight de-growth, in May it seemed like an 8% to 9% kind of growth, in June, we expect that we can get about 10% growth so on a weighted average in Quarter 1, compared to last year Quarter 1, we can expect a growth of about 6% to 7%.

Shravan Shah: Okay, 6% to 7%. And despite that, in the remaining three quarters we will be able to catch up to reach a 20% growth.

Management: So, the election would be over by then and all the facilities in Northeast so, all those facilities are now done. And also, the election would be done. So, from June onwards, we should start seeing a positive thing in demand. And also, we have got a clinker plant now, we are ramping it up now. So, we had dropped our sales outside Northeast, we have pushed our sales in non-trade, because we were get delayed in the clinker. And now that we are building up our stock of clicker, we should be able to push for sale and we should be getting higher growth.

Shravan Shah: Okay. So, I am trying to understand both profitability and outside Northeast and the non-trade part, so help me with that. So, currently broadly we have 65% in Northeast, 80%-84% in the trade. And as you mentioned that the non-trade margin in Northeast is Rs.1200 odd. So, now onwards they are on the line how are we looking at this trade share where it will come down and also at the same time in terms of outside Northeast, how much are we planning to increase our share and ultimately, in terms of the or from the profitability perspective, if I let's say, remove the pricing part, let's say it is stable what it is currently, then how the increase in the non-trade and increase in the share in the Northeast, how it will reduce the profitability, I understand the Rs.150, Rs.160 crore incentive is a beneficial, but if we ignore that then how that will pan out?

Management: Our non-trade sale is about 3%, we can expect it to be pushed to 20%. Northeast sale is about 25% we can expect it to be pushed to 28%, 29%, our trade we of course definitely want to grow. In terms of benefits is not only the clinker, some of the subsidy benefits are also the freight benefit like the L1, deviation will not be there, also the coal benefit, it's also the production efficiency benefit. Those are all benefits that will also be factored in. So, with all those things we kept in mind, really needs to be seen how the profitability works out. I can't give you an approximate number to that right now. But, it should be broadly offset in terms of operational numbers and if there is be it on the EBITDA margins, then there will be an increase in the volume proportionate to that side, so we should just be focusing on the volumes.

Shravan Shah: I got the point sir. Sir, I was trying to understand that first part is outside Northeast in the 4th Quarter, how was the profitability because in the third quarter it was around Rs.300 odd so given the prices were lower. So, what is the kind of, flattish kind of profitability in the 4th Quarter outside Northeast. And second is the bigger one is now we are looking at Rs.1000 crore CAPEX and also as you mentioned we want to grow outside Northeast particularly Rajasthan. So, broadly from '26-27 onwards can we see a kind of a Rs.800 kind of Rs.1000 crore kind of a CAPEX can be there. So, ultimately how one can look at the net debt going forward for next three, four years down the line. Sir, I am repeating, what was the profitability EBITDA per ton outside Northeast in the 4th Quarter, because in third quarter it was Rs.300 odd, just trying to understand given the pricing were much lower, was it a negative or a flattish for the 4th Quarter?

Management: It was about Rs.260 compared to Rs.500 last year same quarter.

Shravan Shah: Okay. And now sir given the kind of expansion that we are looking at, so both Jorhat Rs.450 plus, Rajasthan so, how one can look at in terms of the CAPEX for next three, four years broadly, what's the thought and ultimately, the net debt how one can look at three, four year down the line?

Management: We are looking at if you do the Rajasthan project it will take us three years to put up the plan**.** We would have to spend about Rs.2500 crores to set up 4.5 to 5 million tons capacity during the clicker plant. We will have about Rs.1500 crores including the Rs.1000 jus4.5-to-5-million-toneast. So, that will be about Rs.4000 crores of CAPEX. So, this 4000 crores of CAPEX in the next three years will be financed through our own accrual, it will also be financed through, some part of it will be financed through debt and some part, we still have to decide how we want to get financed, would it be a QIP or any other source of financing.

Shravan Shah: But just trying to understand, even if we let's say to our profitability will definitely will be much lower versus the Northeast, which is the case with even other players also. Will it make sense to go in the lower profitability or still we can squeeze whatever reduces left in the Northeast?

Management: No, we have already set up a 3.3-million-ton clinker plant, it is increasing from a 2.6 million tonnes to a 6 million ton capacity of clinker, so the natural step is of course to go outside. So, anything, whatever juice needs to be extracted out of Northeast is any which way the clinker is good enough for Northeast for the next three, four years. So, from that perspective we are going outside and the profitability is much lower, but the ROI are still descent for good players. So, we should not look at only EBITDA per ton, but we should also be looking at the volume that one get being a mainland player and that is what we will be focusing on that such as capacity utilization, the volume and also the profitability outside is of course lower than Northeast but the volume is more than compensated, the absolute return the money is much faster than in Northeast. So, there's an entire calculation to it right. So, we are just of course, going to do a project which gives us a good IRR on our investment, and that's why we would take it.

Shravan Shah: Okay. And lastly sir this 12-megawatt WHRS with clinker has it also started or will it be starting in maybe one or two months?

Management: It will be starting in August September.

Shravan Shah: Okay and this 24-megawatt solar plant will be starting?

Management: No. So, we are now going for a group captive model. So, we will be adopting that in a week's time. And that will be a hybrid model, where we will be setting up 26 megawatts of solar plus wind, with the company in the middle. And so we are going for that now.

Shravan Shah: Okay, So, currently our green share is how much and with this 24-megawatt WHRS and this, when this will come, this 24-megawatt group captive when we will start using it and our green share will increase to how much by so, in **(Inaudible) 50:14** by FY26, so if you can help us?

Management: We haven't logged the contract so, I can't comment about it, as soon as we will lock it we will let you know.

Moderator: Thank you. Ladies and gentlemen due to time constraints we will take the last two questions. The next question is from the line of Naitik Mohata from Sequent Investments. Please go ahead.

Naitik Mohata: Most of my questions have been answered just one, what were the volumes when we are expecting out of the Guwahati grinding unit and Meghalaya clinker unit for FY25 respectively?

Management: So, the target that the company has taken it has grown from 4.4 million tonnes to 5.5 million tonnes. So, that would be a 1.1-million-ton increase in sales will at least 80% of that or 90% of that will be coming from the new Guwahati plant, so the utilization would be about 2% of the new Guwahati plant. And for the clinker, we would require about to produce about 5.5 million tonnes we will require about 3.9 million tonnes, so about 1 million ton of clinker will be produced using the new clinker plant. And then also we will be producing about 4, 5 lakh tonnes of clinker that we plan to sell, because Northeast right now is also very good market for clinker.

So, what we plan to do is that we plan to shut our old line, line one which is inefficient and operate line three and take some repairs and improvements in line one.

Moderator: Thank you. We will take our next question from the line of Hemaant Soni and Individual Investor. Please go ahead.

Hemaant Soni: Sir, I have few questions. First question is, as per a media interview in June 2023, we had initially guided for 18% to 20% volume growth in FY24. But the same was missing, sir any specific reason for that, I am new to this company that is why I am asking you sir.

Management: So, we had shown a growth of 14% in Northeast and that is mainly because of clinker, because we thought that the clinker plant would come sooner, it did not. We have shown a 14% growth in Northeast, our growth outside Northeast was only minus 1%. So, if we would have ramped up on outside Northeast, as well as grown in Northeast aggressively with the new clinker if we had gotten in time, then we could have had a higher growth rate. What really led to having a lower growth rate is one month delay in the grinding unit, in Guwahati and delay in the clinker plant.

Hemaant Soni: So, what is the total sales volume for FY24?

Management: FY24 4.4 million ton.

Hemaant Soni: Okay. Sir one more thing I wanted to ask you is, since we have a subdued Q1. But you told us that there will be a lower single digit growth in Q1. So, how confident are we for 18% to 20% volume growth in FY25, because Q2 will again be a lean season due to monsoon?

Management: No, it's just that is what our team is aiming at. I cannot give you a probability of easing it. We are sure that we will be able to ramp up in the next two, three quarters, and from that perspective as well I think we will be looking at quarter-on-quarter growth. Year growth is one benchmark, in case there is a miss in Quarter 1, because we are settling our clinker capacity and bringing in to action. We of course will try to make up in quarter two but irrespective you will see a better growth rate in quarter two, and you will see that's Y-o-Y from quarter two onwards we are growing healthily, that number could be 15%, that could be 20%, that could be 25% as well. That is to be seen, that depends on how the market plays.

Hemaant Soni: But our internal target is 18% to 20% kind of volume growth in FY25 right?

Management: Yes, it is about 18% to 20.

Hemaant Soni: Okay. And what I understand from our conversation is, Q2 should be better than Q1, there will be a quarter-on-quarter recovery?

Management: Yes.

Hemaant Soni: And one more thing sir, what is the EBITDA per ton on a blended basis we are targeting for FY25?

Management: So, on a blended basis, we are targeting about 1550.

Hemaant Soni: Sir, what is the EBITDA per ton?

Management: 1550.

Hemaant Soni: 1550 right?

Management: Yes.

Hemaant Soni: And sir what is the 800 TPD AAC Block?

Management: AAC Block is basically it produces AAC, it's a plant that we have commissioned which produces AAC Block, AAC Block is a kind of bricks that we use for construction, that's basically sells at the same channel as the non-trade cement, and user cement as a raw material and also fly ash and pan. So, it has a lot of synergy with cement. And the market in Northeast is growing very fast, it is growing at about 20% for ACC Block. So, that's why we wanted to get into this industry and to see, and see how it works out for us, and also leverage our brand name in to this industry as well, because this is also a very close construction material.

Hemaant Soni: So, this unit has already been commissioned?

Management: No, it will be commissioned in August.

Hemaant Soni: In August, so it will fetch some sort of additional revenue sir. So, what kind of additional revenue we are expecting in FY25 from this unit, and in FY26 as well?

Management: So, the revenue because it's a very low value product, so the revenue will not be too high. It should be about Rs.35 crores or Rs.40 crores and it will just give, and the profitability is decent, it's about 20% margin. So, the profitability will be about Rs.10 crores.

Hemaant Soni: Okay. And sir this 18% to 20% volume growth, it excludes the products from the AAC Block, right?

Management: Yes, it exclude the production of AAC Block.

Hemaant Soni: Thank you. As there are no further questions, I now hand the conference over to Mr. Vaibhav Agarwal for closing comments. Over to you, sir.

Vaibhav Agarwal: Thank you Tushar. I was going to ask you one question from my end. It's basically about the Northeast market. So, in the recent past, we have been hearing quite a lot of new regional players are applying for mines in Northeast or scouting for land in Northeast, you have been born and brought up in Northeast, your family belongs in Northeast. So, I just wanted to understand from you, your perspective about the ground reality as to, do you think that all these players, serious players in long term or we are just coming in Northeast with an announcement, and it may not be very serious in the long term as far as their plans are concerned. Just wanted to take your view on that?

Management: It will be very hard for Vaibhav for me to say if these players will in the long run, long run means about five to 10 years be able to come to Northeastern or not. I just think, right now what we have done in Star Cement, is preempted the demand which should have been coming in Northeast and what we have achieved is that, in a market which is about 11 to 12 million, we have been able to set up about 3.3 million tonnes clinker. So, about 5 million tonnes of additional grinding capacity.

Vaibhav Agarwal: Tushar, I am sorry, actually I lost your audio, can you repeat what you said please if you don’t mind?

Management: I was just saying that, in Northeast it will be very hard for me to comment, if there are any players in the long run who would be able to come or not, what I can say is that in Star Cement, we have been able to preempt the demand which is coming in Northeast, we are well equipped in the sense that we are getting about 3.3 million tonnes of clinker in a market, which is of 12 million tonnes of cement. And even Dalmia, after one and a half years, will be getting a capacity similar to this. So, both Dalmia and Star Cement, together are actually serving the capacity that is required for Northeast, any other player who comes in Northeast, I don't see how his economics would work out. Because the market, right now with that capacity, and also the coming capacity will be saturated. And to kind of, any benefit that we see in Northeast, of SGST, of any other benefit, comes when you sell if that has a kind of a revenue base. If you don't have that kind of a revenue base, then those benefits are not that significant. So, because we have been here for 20 years, we can see those benefits. So, the overall costing and the timeline of putting up a greenfield in Northeast for a outside player is long, because the area has it’s own problems, Northeast has been a market since the last 20 years, so if the players had to come, they could have come anytime, because it’s not that easy to enter, because the dynamics here works differently. It's not Rajasthan or it’s not Jaisalmer or Nagaur where you have a flat piece of land where you just buy a piece of land and put up a plant. It's, a different dynamics, there's a lot of forest area, there's a lot of tribal areas, a lot of its own dynamics, which I don't think a main players are spending enough time to understand. So, I, from my perspective, do not see a plant coming from any other mainland player areas in five year, that's what I can see. Rest, of course after five years anything can happen. Anyone can come anyways. So, that forecast I can't give, but from my perspective honest feedback, I don't see any plant coming up in four, five years, because it's also a long gestation period of acquiring land, applying for mining lease, getting a plant ready, setting up a plant here, it's not as easy as setting it up in Gujarat or Rajasthan or Andhra, because everything is just harder here in terms of logistics, in terms of the job and everything.

Vaibhav Agarwal: Right Tushar, I completely get your point, actually I was asking more from the perspective of some of the players have started announcing that they have acquired land, mines, et cetera. So, I remember there was a disconnect between your ground section, the announcements which are being made. So, from that perspective I am asking.

Management: Sorry, for cutting you but just for example, JK Lakshmi announced that they have acquired a mine, everyone knows that just buying a plot of land doesn't give you the mineral reserve, it has to come in auction as well. So, I don't think there's any auction which has happened of their mine. So, we won't be able to, so I don't feel, how some of the players which have announced, how they are setting up a clinker plant and not visible to me honestly, they could be buying a piece of plot, but that piece of plot needs to also have the mining, which is an auction process, and then everyone is going to participate. So, any auction which comes in Assam again will have to go through the auction option. So, that auction everyone is going to participate, everyone is interested in Northeast. So, what are the premium is going to look like. Right, will there be 200, 250%, can we get 200%, 250% of premium will they be able to compete effectively. These are the questions which someone looking in Northeast will have to answer. And that will be the deterrent. So, that is what my feedback is and making a terminal in Northeast, that of course gives them some kind of advantage but **(Inaudible) 1:04:33** clinker in Northeast. So, how we are going to have clinker in Northeast.

Vaibhav Agarwal: Understood sir. Thanks a lot Tushar on behalf of PhillipCapital (India) Private Limited we would like to thank the management of Star Cement for the call and many thanks to participants joining the call. Yashashree, you may now conclude the call. Thank you very much, everyone. Thank you.

Management: Thank you.

Moderator: Thank you. On behalf of PhillipCapital (India) Private Limited, that concludes the conference call. Thank you for joining us, and you may now disconnect your lines.