

**STAR CEMENT LIMITED**  
(Formerly CEMENT MANUFACTURING COMPANY LTD)

20<sup>th</sup> May, 2022

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

BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai-400 001  
Stock code: 540575

Dear Sir(s),

**Sub: Transcript of the Conference call for Audited Financial Results for the Quarter and year ended 31st March, 2022**

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, 18th May, 2022 for Audited Financial Results for the quarter and year ended 31st March, 2022.

The same shall also be available in website of the Company at [www.starcement.co.in](http://www.starcement.co.in)

This is for your information and record.

Thanking you,  
For Star Cement Limited

20-05-2022

X

Debabrata Thakurta  
Company Secretary  
Signed by: DEBABRATA THAKURTA

**Debabrata Thakurta**  
(Company Secretary)



**STAR CEMENT**  
*Solid Setting*

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**AN ISO 9001, ISO 14001 & OHSAS 18001 CERTIFIED COMPANY**

CIN NO. L26942ML2001PLC006663



**“Star Cement Limited Q4 FY-22 & FY22 Earnings  
Conference Call”**

**May 18, 2022**



**MANAGEMENT: MR. TUSHAR BHAJANKA – CHIEF STRATEGY OFFICER,  
STAR CEMENT LIMITED  
MR. MANOJ AGARWAL – CHIEF FINANCIAL OFFICER,  
STAR CEMENT LIMITED**

**MODERATOR: MR. VAIBHAV AGARWAL – PHILLIPCAPITAL (INDIA)  
PRIVATE LIMITED**



*Star Cement Limited  
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**Moderator:** Ladies and gentlemen, good day and welcome to the Star Cement Q4 FY22 & FY22 conference call 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 this conference call, please signal an operator by pressing '\*' and then '0' on your touchtone telephone. 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, Sir.

**Vaibhav Agarwal:** Thank you. Good afternoon, everyone. On behalf of PhillipCapital (India) Private Limited, we welcome you to the Q4 FY22 & FY22 Call of Star Cement. On the call we have with us Mr. Tushar Bhajanka, who is the part of the promoter family and the next gen promoter of Star Cement. He is also sharing additional responsibility of being the Chief Strategy Officer and rather the CSO of the company. Along with we have Mr. Manoj Agarwal, who is the Chief Financial Officer of the company. At this point of time, I hand over the floor to Mr. Tushar and Mr. Manoj Agarwal for their opening remark which will be followed by interactive Q&A. Thank you and over to you, Sir.

**Management:** Good evening, everyone. My name is Tushar Bhajanka. I'm one of the promoters in Star Cement and as Vaibhav said I'm also handling the CSO position at the moment. I would like to welcome you all to the earnings call of Quarter 4. I have Mr. Manoj Agarwal, who is the CFO of the company. He will take you to the Quarter 4 numbers and also the yearly numbers for FY22. After that you will be able to ask questions and we are happy to answer. So over to Manoj ji.

**Management:** Very good evening. I on behalf of the Star Cement welcome you all to our con call for discussing our number of Q4 FY22 as well as the full year number of FY22. 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 the clinker production; during the quarter ended March '22, we have produced 6.71 lakh tons of clinker as against 6.30 lakh tons same quarter last year. So, for as cement production is concerned, we have produced 11.59 lakh tons this quarter as against 8.99 lakh tons same quarter last year. Now I will take you through Feb volume. During the quarter we have sold 11.52 lakh tons of cement and almost no clinker as against 9.01 lakh tons of cement and 0.05 lakh metric tons of clinker same quarter last year. This is as far as cement and clinker sale is concerned. As far as geographical distribution of cement is concerned, in Northeast we have sold around 8.14 lakh tons as against 7.46 lakh tons during same quarter last year. As far as outside Northeast is concerned, we have sold 3.8 lakh tons of cement this quarter as against 1.55 lakh tons same quarter last year. In terms of grain mix it is almost 12.5% of OPC and the rest is PPC. These are the quantitative number of the quarter.

Now I will take you through the financial; the total revenue figure for this quarter is around 748 crores as against Rs. 602 crores same period last year. As far as EBITDA figure is concerned



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this quarter, we have done an EBITDA of around Rs. 122.55 crores as against Rs. 112.70 crores last year. PAT is Rs. 88.42 crores as against 85.29 crores in same period last year. On per ton EBITDA front, it is 1,063 during this quarter as against 1,242 per ton same quarter last year. This is what our quarterly number of fourth quarter. The total revenue figure for the full year ended March '22 is around 2,218.74 crores as against 1,718.61 crores last finance year. As far as EBITDA figure is concerned during FY22, we have done an EBITDA of around Rs. 379 as against 361 crores last year. PAT is 247 crores as against 187 crores in last year. That is on account of the extraordinary item last year of 64 crores. On per ton EBITDA front it is 1,112 during FY22 as against 1,337 per ton in last FY21. These are quarterly and full year numbers. Now I request all of you that if you have any queries, you can ask the same. I will request Vaibhav to moderate the queries wherever it requires. Thank you.

**Moderator:** Thank you very much sir. Ladies and gentlemen, we will now begin the question-and-answer session. We'll take the first question from the line of Shravan Shah from Dolat Capital Markets.

**Shravan Shah:** First just wanted to understand in terms of the demand for the fourth quarter in Northeast and east and at the same time in terms of capacity utilization for Siliguri plant because last time it was around you said 60% was there and 65% likely to be there in fourth quarter.

**Management:** Just a bit correction because last year we have said up to last quarter we have 30% and we have sold that in the next quarter. We'll be achieving around 60% of the capacity utilization, so that we have already achieved in this last quarter.

**Management:** The demand situation in Northeast and also the areas of outside Northeast that we serve has been good this quarter. That of course reflects in our volumes as well. We have done about 11.52 lakh tons in this quarter which when we compare to the last year same quarter, it was about 9.01. Definitely there is an uptake in the demand and also for outside Northeast there has been an uptick in our dealer network as well. So, these are the two reasons why our volumes have grown. As for the utilization of Siliguri the plant has been utilized at about 65% capacity for the Quarter 4 and we do expect similar trends going forward.

**Shravan Shah:** So, in terms of now Siliguri utilization is at 65%, so for the full year what kind of number....so broadly just trying to understand in terms of the volume that we are likely to have in FY23. Including the utilization in terms of the Northeast and east, so the volume growth most likely to come from the east. Just wanted your thought on that. And second is on the pricing.

**Management:** The volume growth I'm very bullish about Northeast and also the areas in east that we serve. So, the utilization of Siliguri for the coming year would be about 60% to 65%. That is what the utilization right now looks like. It will of course definitely increase from the 42% that we had in FY22. About the proportion of east to Northeast sales that we have, so I do expect the Northeast to also kind of show a similar growth in numbers. I do not think that the proportion of Northeast sales to our total sales would be decreasing.



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- Shravan Shah:** In terms of the pricing, post March how much price increase we have taken till now?
- Management:** The price increase, post-March the price increase was of about Rs. 20 to 32 in West Bengal and Bihar and of about Rs. 10 to 15 in Northeast.
- Shravan Shah:** Lastly on update on our expansion plan, so 2 MTPA clinker in Meghalaya and 2 MTPA in Goa because last time we said that TOR has been received for both and we were expecting clearances for that. So, what's the status and is there any change in terms of the overall CAPEX that we were thinking 1,700-1,800 crores?
- Management:** For the 3 million tons clinker plant we have gotten most of the permissions and we should start construction by next month. The date for the plant to be commissioned is by end of next calendar year, so December next year. We have already ordered machinery for the plant. We have ordered for most of the machineries for the plant and also for the cement mill coming up in Guwahati. So, these two projects are going in mainstream. Also, we have now a plan to get another grinding unit in Assam and in the Southern part of Assam, south Assam and the details of that plant and the exact location and the market that it would cater will be addressed in the next quarterly call.
- Shravan Shah:** A grinding unit in Assam, also you said clinker likely to commission by December '23 and the grinding unit will also be by December '23?
- Management:** Yes. The Guwahati grinding unit and the clinker plant, they both would be about the same time. It may be a month here and there but they should be broadly coming in the same time. And the third plant that I was talking about, the grinding unit that may take 2-3 extra months compared to these plants.
- Shravan Shah:** And so, related this new one would be also one of 2 million tons or the details we will be serving in the next quarter?
- Management:** It will be served in the next quarter but the expectation is we are still deciding, we are still doing the market analysis and so that's why we haven't frozen on that capacity number but it would be about 1.5 to 2 million capacity.
- Shravan Shah:** So broadly in terms of the CAPEX now for this year and next year, so for existing ongoing the expansion and the new broader range how much are we likely to spend this year? Total CAPEX and for this plant how much are we likely to spend?
- Management:** The total CAPEX that we expect for that one 3 million tons clinker plant and two grinding units of 2 million tons each would be about 2,000 crores. Approximately I will have to take out the split but approximately it is going to be around 50% of the CAPEX each year. In the next 2 years it will be 1000 and 1000.
- Moderator:** Our next question is from the line of Keshav Lahoti from HDFC Securities.



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**Keshav Lahoti:** When I was seeing your balance sheet, I can see that your long-term other financial assets have increased from 6 crores to 123 crores in this year. So, what exactly it is? Is it balance with bank?

**Management:** Because it is a more than 1 year, all in fixed deposit. It is fixed deposit and bonds which is maturing more than 1 year.

**Keshav Lahoti:** Nothing apart from that, right?

**Management:** Yes.

**Keshav Lahoti:** May I know what is the status of the clinker debottlenecking, sometime back we were planning for 0.2 million type of debottlenecking on clinker side, is it on card?

**Management:** Yes, so we have worked on it. We do expect some, we have worked on some technical aspects in the plant and we do expect earlier our clinker capacity was at about 2.6 million tons. We do expect that we can push it to about 2.7 million tons in this financial year. We have made some changes and we do expect like about a lakh ton more clinker to be produced due to those changes.

**Keshav Lahoti:** And what's the progress on the WHRS front?

**Management:** The WHRS project, there was some delay from the vendor side but we have now taken care of that. They deliver mainly because of the interior steel prices but there was some request for the revision of the contract. However now the plant should be coming in October this year.

**Keshav Lahoti:** Post that also we have a WHRS for our new plant also and when will that commission?

**Management:** That will commission along with the plant, end of next calendar year.

**Keshav Lahoti:** What is the progress on the environmental clearance for the new expansion?

**Management:** Which one?

**Keshav Lahoti:** The new, the Meghalaya expansion environmental clearance.

**Management:** We did have a meeting recently with the ministry. I am very positive about getting the clearance by the end of the month. So, it should be with us. We of course we had already got the public hearing cleared. Now it is with the ministry but I think by the end of the month we should be having the good news.

**Keshav Lahoti:** One last question from my side. How is the coal supply from Coal India now and how should be the power and steel cost in Quarter 1?

**Management:** Can you repeat the first part of your question?



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**Keshav Lahoti:** I just want to get a sense about what should be the power and steel cost in the Quarter 1 and are we facing any supply issue from Coal India?

**Management:** There was some disruption because of the rake availability there were some disruptions in coal but we do maintain a healthy stock. So, I don't think those disruptions are going to be passed on into our cost. I do not think that we will face a very significant rise in our fuel prices going ahead. Of course, the IEX prices have been fluctuating, in the middle they had gone to about Rs. 10. Now they have come back to about 6. That of course our grinding units have to face but I don't think there is any increase in fuel costs or in the clinker plant. I do think that in the next one or two quarters we should be not seeing any steep rise there.

**Keshav Lahoti:** How many months of fuel inventory you have in hand right now?

**Management:** We have about 1.5 to 2 months stock right now.

**Moderator:** Our next question is from the line of Raj Nahar from Milli Consultants and Investments.

**Raj Nahar:** My question is about coal, how are you managing to get the coal, are you getting coal fully from Coal India or are you importing the coal or pet coke?

**Management:** To answer that question of course we do have a very good SFA contract with Coal India, so most of our coal comes from Coal India and then we have been able to substitute some of our power requirements and energy requirements to biomass. That has also been giving us some breathing space in the last 4-5 months. These are the two sources where we are basically getting our coal from.

**Raj Nahar:** How much percentage of biofuel you are using in power and also are you using biofuel or any other waste material in your kiln?

**Management:** We are substituting about 10% of our total energy requirements from biomass at the moment. We haven't started AFR in our kiln but that is the project that we are now taking up. I think in the next 6-7 months we should have a mechanism to kind of feed our kiln 5% of the AFR. We have been in touch with the municipal corporations around and we have had some tie-ups with them. I think in the next 6-7 months there should be a substitution to about 15% to 17% of our energy requirement should be coming from renewable or green sources.

**Raj Nahar:** That means you have installed the feeding system for the kiln also or are you going to install?

**Management:** We have placed the order to be able to install. I think in the next 6 months we will be able to install the AFR system. The system that we are installing is not a 15% substitution in the kiln, it will only 5%. The system is very basic. So, in the next 6 months we plan to execute that and to set it up. Then probably from Quarter 3 onward we would see that we have started substituting even in a kiln some AFR.



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- Raj Nahar:** So, in this quarter or in the subsequent quarter the price of fuel basically is likely to remain same unless Coal India increases?
- Management:** Yes, unless we face any shortage from Coal India on their agreements the prices may increase but the increase will not be significant.
- Raj Nahar:** The last question is what is your WHRS capacity for your existing plant and what will be for your expansion?
- Management:** The WHRS capacity that we are setting up at the moment is about the 3.3 megawatt. The one that we are going to come up with a new line is going to be about the same, will be 11 to 12 megawatts.
- Raj Nahar:** Existing 11 megawatt and the expansion also 11 megawatts?
- Management:** No, existing is 12.3 megawatts and the one which is coming up with the new line is going to be about 11 to 12. I'm not very sure because we haven't locked the WHRS part of the project but it's going to be 11 to 12 megawatts.
- Raj Nahar:** What will be the capacity of clinker from this plant?
- Management:** The current capacity that we have is about 2.6 which can be extended to about 2.7 and for the new plant, it will be 3 million tons.
- Raj Nahar:** The clinker capacity?
- Management:** Yes.
- Moderator:** Our next question is from the line of Uttam Kumar Srimal from Axis Securities.
- Uttam Kumar Srimal:** My question pertains to your CAPEX plan, as you said that company will be incurring 1,000 crores of CAPEX in next few years. How do you go for CAPEX, so you will be taking a debt for the CAPEX in next 2 years?
- Management:** The CAPEX that we plan for the next 2 years is about 2,000 crores. We have about 750 crores as cash reserves in the company at the moment. We do expect healthy cash inflows for the next 2 years. So, we will of course have to take some debt but just how the promoters are we don't like to keep very long-term debts in the book. The debt will be in a 2-3-year horizon we may have some debt so we'll pay it off as soon as possible. I don't think that debt situation would be something of a concern going forward.
- Uttam Kumar Srimal:** You can quantify the debt number if you can.



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**Management:** It will be maybe somewhere between 500 to 600 crores at a time and then it can be repaid into 2-3 years.

**Management:** We don't exactly have the numbers. It will be broadly about 500 to 650 crores about because it will take us the CAPEX outlay is not at once, it keeps on happening throughout the 2 years. The expectation is that most of it will be paid by our own cash inflows that we expect in the next 1 or 2 years. Some amount of debt about 600 crores would be taken which should be paid in the first year of commissioning of the plant.

**Uttam Kumar Srimal:** Also, some of data points, what has been about trade and non-trade mix during this quarter?

**Management:** It's about the same as last quarter. It is about an 84% and 16%. The 16% has been non-trade and 84% is trade.

**Uttam Kumar Srimal:** What have you been our lead distance during this quarter?

**Management:** This year is 219 km and last quarter also it is around 222, so 3 years more or less same lead distance.

**Moderator:** Our next question is from the line of Mangesh Bhadang from Nirmal Bang.

**Mangesh Bhadang:** My question is on the overall demand scenario in Northeast. If we look at our volumes, overall volumes even from 2015 all the way up to 2021, we have not seen so much of a growth despite having a very high market share in Northeast. Now we are adding 3 million tons of clinker and almost 4 million tons of grinding which would probably be more than 30% of the total demand in that region. What gives us confidence that such a large capacity in the Northeast region should be able to ramp up or get utilized faster and what kind of demand trends we are seeing which we have to take? So that's the first question.

**Management:** We are very positive about the growth that we see in Northeast. In this year also the market has probably grown about 17% but that may be true for other markets as well. But the kind of investment, which is coming from the government at the moment, it is really going to drive up the aggregate demand around that area. A lot of the growth story which is going to come out in the next 4-5 years or probably like the decade in Northeast would be, the government intervention in that area and the infrastructure development which takes place. Of course, cement being away a critical element of that we do see a direct increase in demand for cement. I think this is truly the reason what really motivates us to kind of put up a higher kiln. The second reason to put up a 3 million tons versus a 2 million tons is the efficiencies that the larger size gives us. So, in terms of utilization, it may take us only 1 or 2 extra years to utilize the plant but in terms of the cost savings that it gives it's significant. Those elements were also considered while taking the decision and the market that is effective, so the target that we have right now is of course to focus in Northeast to grow in the trade market but also the non-trade market. At the same time, it is also to grow in the North Bengal market, it is also to grow in the east Bihar market. The



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third reason why we are bullish, the first is of course the government expenditure in that area and the aggregate demand increasing, the second one is of course that we are also increasing the geographical size of market that we are trying to capture. The third one is there's no new capacity that we know of which is coming in that areas because lot of reasons why the earlier capacities had come up are not there anymore relating to the subsidies of course. So, I do not expect that it will be really possible for some of these players to kind of expand. So that is also one reason that we think that we'll be able to do a justice to our utilization.

**Mangesh Bhadang:** On your CAPEX cost because of the increase in various input cost like steel, what kind of cost inflation you have seen in your CAPEX costs? You mentioned 2,000 crores on this setup, so does that factoring the increased prices or you are saying that there could be some upside to this CAPEX cost?

**Management:** Of course, till now we have been able to lock most of the machinery for the clinker plant and the grinding unit. So, we've already factored in that and then sign the orders that we had to and the number of 2,000 crores of course account for the orders that we've already made. So, to say that yes, the 2,000 crores we have factored in the cost which have increased and it is the most revised number that we have.

**Mangesh Bhadang:** And one more question regarding coal. Recently we heard that North Eastern Coalfields which is based out of Assam and subsidiary of CIAL that has started production after some time. Just wanted to check if is it possible for us to benefit from it for where we are purchasing coal right now compared to that if we purchase it from Assam whether it would give any cost benefit to us?

**Management:** I was just saying that one is of course the quality of the coal, so the coal quality that comes from Assam has high sulfur which becomes very hard for a clinker plant to operate on. Second is the volume. I don't think the North Eastern Coalfields, Margherita mines do not have that kind of a volume to supply it to the size of cement industry which is there in Meghalaya. Of course, we have explored and we can explore it further but I do not think that anything very significant would come out from there because of the quality and also the volumes of it. So, I think that's probably that.

**Moderator:** Our next question is from the line of Parth Bhavsar from Investec.

**Parth Bhavsar:** I just wanted to understand that what was the fuel mix during the quarter? Like how much was from coal and how much was from other sources?

**Management:** Like I said that we had substituted about 10% of biomass. The rest of it was coal.

**Parth Bhavsar:** Out of that 90 how much did come from it, came from Coal India?

**Management:** Almost all of it was from there.



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- Parth Bhavsar:** On this purchase, what was the per kcal cost for the quarter?
- Management:** We have a long-term fuel agreement at about Rs. 1.35 per GCV landed. So, the other purchases that we have made are basically falling around that price.
- Management:** Parth we have already told because we had the stock also previous and because we have purchased in auction that stock has started coming in during this quarter. That is also one of the reasons.
- Parth Bhavsar:** This would continue for another month or two, right?
- Management:** Another quarter.
- Management:** The SFA contracts that we have are in place for 5 years and it started last year and the prices are fixed for 5 years. So, this benefit, we should be accruing in the years coming ahead as well.
- Moderator:** Our next question is from the line of Mudit Agarwal from Motilal Oswal.
- Mudit Agarwal:** My first question is related to the flood kind of situation in the Northeast states like there's a heavy rain. Could you please some put your highlights on the how the current situation over the demand in these markets?
- Management:** That's a good question, I guess. Since a week there have been floods in Northeast and it has been more than the usual. Till a week back the demand situation was good but of course because of so much flooding, the cement demand for this week has fallen. I do not think it just really depends on how long the situation carries on. Right now, it is really actually flooding. Of course, the cement demand would take a hit but that the forecast suggests that in a week's time it should be all clear. So, then we do expect the demand to pick. Yes, in a week, in this week we have observed that the demand is going down. It will naturally go down if the state is covered with water. But I do expect that as soon as the flooding subdues, our demand should be back.
- Mudit Agarwal:** The second question is related to the outstanding freight subsidy. How much it is outstanding in both current and non-current and how much have received in the full year FY22?
- Management:** Which subsidy you are talking about?
- Mudit Agarwal:** Freight.
- Management:** Freight subsidy hardly we have only Rs. 12 crores outstanding is there by because one is the outstanding is there we have received in April. We have Rs. 37 crores odd we have received this in the April month. So only outstanding is Rs. 12 crores or so in the freight subsidy and all.
- Mudit Agarwal:** Can you repeat the number actually. I didn't hear that.



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- Management:** Because we have total outstanding around Rs. 37 crores and Rs. 25 crores we have already received in this April month or this fiscal year. So, it is only right now it is outstanding about Rs. 8-12 crores.
- Moderator:** We'll take our next question from the line of Shravan Shah from Dolat Capital.
- Shravan Shah:** First in terms of the other current assets which has reduced from Rs. 326 crores odd in FY21 to Rs. 200 crores. So, what's the reason for that?
- Management:** Mainly because we have received was GST refund, we have received almost up to last quarter we have received all the GST refunds. That is because the government has released a lot of funds. All the GST dues, refund receivable is getting cleared this year. That is the reason that has come down around Rs. 100 crores. That is a major reason for reduction in other current assets.
- Shravan Shah:** Second, just wanted to clarify. Sir has mentioned that currently we are having a Rs. 750 crores odd cash level. Even if as you previously mentioned that Rs. 123 crores odd, other financial asset is a fixed deposit, if I also include that then the number comes at Rs. 670 crores odd. So will you please help me so Rs. 750 crores odd?
- Management:** As on March it is around Rs. 670 crores but now he's talking about the current position but by April means by the April end it is more than Rs. 750 crores.
- Shravan Shah:** You mentioned 219 our lead distance for FY22 or for fourth quarter of FY22?
- Management:** This quarter FY22 as a whole.
- Shravan Shah:** For the fourth quarter how much it was?
- Management:** Fourth quarter is similar because up to last quarter it is 222. Now it has come down to 219. This quarter it is maybe 218 or 217 kinds of thing, this quarter.
- Shravan Shah:** Just wanted to know despite our lead distance has remained or it has reduced by 2-4 kilometers. The freight cost has increased 4.5%. Last quarter in terms of the diesel hasn't moved much. 4.5% increase in freight cost, any specific reason? Q2 I'm talking about, Q2 increase?
- Management:** March is because availability of the truck because you know that the entire Northeast, we are moving maximum because more than 82% is by road only. During the March closure, year closure everywhere truck availability is an issue. Every time it happens in the month of this Q4 March capacity **(Inaudible) 37.00** is definitely getting increased.
- Shravan Shah:** Second just to clarify that the upcoming grinding unit is 2 MTPA, clinker is 3 and grinding is to 2 MTPA?



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- Management:** The upcoming clinker plant is about 3 million tons and the grinding unit is, there are two grinding units coming up of 2 million tons each. Approximately 2 million tons each, one would be, one is definitely 2 million tons. The other one maybe 1.5 to 2 million.
- Shravan Shah:** The second one you are talking 1.5 to 2 which is in the South, some that you said will share the details in the next quarter?
- Management:** Yes, we will definitely share it in next quarter. We are just in like in the middle of locking some things, we will share it after we've done that.
- Shravan Shah:** On that Rs. 2,000 crores CAPEX that is for the new expansion but on the ongoing WHRS 12 MW, how much we have already spent and how much is supposed to be spent this year?
- Management:** Almost we have spent because total around is Rs. 150 crores. We have spent around Rs. 80 crores up to March fiscal, Rs. 78 to 80 crores and Rs. 60 to 70 crores further requirement is there. This will be by October we need to spend.
- Shravan Shah:** In terms of the other expenses that is particularly on the advertisement and everything for the Siliguri plant. So now that the run rates for this quarter in terms of the other expenses which is Rs. 93 crores odd. So, anything was specifically in terms of the extra that we have spent which going forward can reduce or this is the normal run rate. If this is the volume that we want to achieve, this is the normal run rate that is needed?
- Management:** No, we of course spent more this year, what I mean this year FY22 mainly because our Siliguri plant was coming up and we wanted to promote the plant. However, we have now curbed our branding expenditure and advertisement expenditure and I don't think even on absolute amount this expenditure is going to be increasing going ahead. So, we have marketed and we were successful. We have been able to make the dealer network that we wanted and we are building upon that dealer network so we don't need to spend that much on marketing going ahead to kind of take it to a stable place.
- Shravan Shah:** Roughly, if I just want to quantify so in terms of the full year basis or maybe on the fourth quarter; how much was spent for this extra effort for Siliguri plant which may not be there? Just trying to understand how much reduction we can see.
- Management:** I think that's fair enough.
- Management:** This quarter is around 12, we have spent around Rs. 12 crores.
- Management:** If we talk about the year round so, we may have spent about and these are very loose numbers, I have to of course check. But these other numbers which are coming on top of my mind. So, which is around Rs. 43 to 45 crores is what we spent on branding this year. This year I meant FY22. The going ahead I don't think we're going to spend more than Rs. 32 to 33 crores. There's



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a significant drop in the branding expenditure that we incurred this year which we're not going to incur in the coming year.

- Moderator:** Our next question is from the line of Raj Nahar from Mili Consultants and Investments.
- Raj Nahar:** Just wanted to know on this Meghalaya clinker unit and also for grinding unit. Are you going to get the income tax incentive or any this GST, IGST related incentive?
- Management:** For the Meghalaya plant, there are some incentives but those are very small. Nothing very significant but in the plants coming up in Assam, we do expect good SGST benefits. There are two grinding units coming up in Assam and they both should be eligible for SGST benefit.
- Raj Nahar:** What are the limits? Is it the full cost or it is for certain period or how its run?
- Management:** These are in the current state policies in Assam. It is valid for around 15 years and it depends on the CAPEX and if you consider a large project or a mega project or a medium one but it ranges from about 100% to 150% of the fixed investment that you make in the project.
- Raj Nahar:** Two questions on the expansion side. Are you going to add a power plant, captive power plant for your clinker plant?
- Management:** No. We basically will have for the WHRS plant coming up with the clinker plant and we also of course are coming up with the WHRS for the current plant. We don't have any plans of coming up with a power plant because we already have about 43 plus 8. We have about 50 MW power plant in Meghalaya. There's no need for more power plants there.
- Raj Nahar:** The last question is about this grinding unit. Since in Assam fly ash availability is almost zero. Would it be mostly the OPC or you will bring the fly ash from Bihar or Bengal?
- Management:** Which plant in Assam are you talking about?
- Raj Nahar:** Plants which you are setting up in Guwahati and also planning to set up in South Assam. Those plants will be operated on OPC or you will bring the fly ash from Bihar or Bengal or somewhere?
- Management:** Our idea was that the plant, the grinding unit that we have in Lumshnong we will shift that to completely OPC and we'll be operating the two grinding units that we come up with in Assam like it will be PPC and it will of course use fly ash. The fly ash would be coming from rakes from outside.
- Moderator:** Our next question is from the line of Uttam Kumar Srimal from Axis Securities.
- Uttam Kumar Srimal:** My question pertains to volume growth guidance this year. Last year we have grown our volume by 29%. Any volume growth guidance for this year FY23, if you can give?



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- Management:** I can tell you what we are targeting and I hope that we are able to achieve it. The volume growth that we are targeting is of about 17%. That is what we are targeting this year. We are trying to reach 4 million this year. We have made about 3.4 million in FY22 and our target for this year is about 4 million.
- Moderator:** We'll take our last question from the line of Akanksha Goel, a retail investor.
- Akanksha Goel:** I just wanted to know that generally why is your raw material cost higher than the other cement players?
- Management:** The raw material cost is higher because, are you comparing it to other main line players?
- Akanksha Goel:** Yes, the All-India Company East?
- Management:** Of course, Northeast has its own dynamics because fly ash and coal usually Northeast needs to come from outside and cement is the raw material cost is mainly dependent on the fly ash cost and the clinker cost and the clinker cost is dependent on the coal cost. If your coal and your fly ash is of course more expensive then your cost of production would be higher.
- Akanksha Goel:** Do you have any clinker purchases included in those costs?
- Management:** No. We have not purchased any clinker from outside. Little bit about 10,000 tons maybe but not significantly.
- Moderator:** We have a question in queue that's from Keshav Lahoti from HDFC Securities.
- Keshav Lahoti:** I just have a small follow-up. Your clinker capacity as per initial presentation is 2.8 million tons. In the call you mentioned it is 2.6 will increase to 2.7?
- Management:** On paper it is 2.8 but our experience in the past few years was that we can manufacture about 2.6. We have made some changes to take it to 2.7 to 2.75. That is what our capacity stands at. We are making some changes to further push our capacity upwards. But till now the anticipation is that we can make about 2.7 to 2.75.
- Moderator:** Our next question is from the line of Tanay Shah from DAM Capital.
- Tanay Shah:** I just wanted to ask one follow-up question on the price hikes. What would be the price hikes taken YTD right now over the average Q4 price which we had?
- Management:** You mean like the price hikes in the last 2 months basically, 1.5 months?
- Tanay Shah:** Yes. In the last 1.5 months over the average Q4 price which we had?



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- Management:** The prices have increased in West Bengal and Bihar by about Rs. 20-30 since Quarter 4 and in Northeast they have increased by about Rs. 7 to 10 since Quarter 4.
- Moderator:** Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to Mr. Vaibhav Agarwal for closing comments. Over to you sir.
- Vaibhav Agarwal:** Thank you Inba. Tushar before we conclude the call, I have one small question for you. Since it's a first interaction with the investors also. Just wanted to ask to being the next-gen promoter of Star Cement what are the areas of improvements which you have identified and what are your thoughts about taking Star Cement forward? Any color on that would be really helpful.
- Management:** Thank you so much. We do have a for this company our size; we are right now about 2.6 million tons clinker and 5.6 million tons cement and what we have planned in the next 2 years and we do want to take our deadlines absolutely seriously is that we are going to execute a 3-million-ton clinker plant and a 4-million-ton grinding unit. We want to be about more than double our clinker capacity and almost double our cement capacity. That is the aspiration that we have for the next 2 years. We are looking at more opportunities in main land to put up a clinker plant. Those will of course be evaluated while we are setting up these plants. The aspiration is to be as large as we can of course and that's what we are heading towards. Thank you.
- Vaibhav Agarwal:** Thank you Tushar. On behalf of PhillipCapital (India) Private Limited we would like to thank the management of Star Cement for the call and also many thanks to the participants joining the call. Thank you, Inba, and thank you Tushar, thank you Manoj sir. You may now conclude the call.
- Moderator:** Thank you. On behalf of PhillipCapital (India) Private Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.