



**Date:** 19<sup>th</sup> August, 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

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

**Symbol:** STARCEMENT

**Scrip Code:** 540575

Dear Sir(s)/Madam(s),

**Sub: Transcript of the Conference Call for Unaudited Financial Results for the Quarter ended 30<sup>th</sup> June, 2025**

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 Tuesday, 12<sup>th</sup> August, 2025 for Unaudited Standalone & Consolidated Financial Results for the quarter ended 30<sup>th</sup> June, 2025.

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

This is for your information and record.

Thanking you,  
**For Star Cement Limited**

**Debabrata Thakurta**  
**(Company Secretary)**  
**(M.No- F6554)**



**STAR CEMENT LIMITED**

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**ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018 CERTIFIED COMPANY.**

**CIN : L26942ML2001PLC006663**



# “Star Cement Limited Q1 FY '26 Earnings Conference Call”

**August 12, 2025**



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

**MODERATOR:** **MR. HARSH MITTAL – EMKAY GLOBAL**



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**Moderator:** Ladies and gentlemen, good day and welcome to Star Cement Limited Q1 FY '26 Earnings Conference Call hosted by Emkay Global.

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 \*, then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Harsh Mittal from Emkay Global. Thank you and over to you, sir.

**Harsh Mittal:** Hi, thank you. Good afternoon, good evening, everyone for participating in this call. On behalf of Emkay Global, I welcome you to the Q1 FY '26 Results Conference Call of Star Cement.

From the Management, we have with us Tushar Bhajankaji who is the Deputy Managing Director and joined by Mr. Manoj Agarwal who is the company CFO.

So, without any further ado, I hand over the call to the management for their Opening Comments. Over to you, sir.

**Tushar Bhajanka:** Yes, hi, good afternoon all. My name is Tushar Bhajanka and I am the Deputy MD of Star Cement. I welcome you all to the Conference Call of Q1 FY '26. I will hand the reign to our CFO, Mr. Manoj Agarwal who will go through the numbers and then we can start the Q&A. Thank you.

**Manoj Agarwal:** Yes, thank you. Hi friends, very good afternoon. I, on behalf of Star Cement Limited, welcome you to our concall for discussing our number of Q1 FY '26. 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 Q1 number. Starting from clinker production during the quarter ended June '25, we have produced 8.90 lakh ton of clinker as against 6.86 lakh ton same quarter last year. So, far as cement production is concerned, we have produced 12.31 lakh this quarter as against 11.80 lakh ton same quarter last year.

Now, I will take you through the sales volume. During the quarter, we have sold 12.22 lakh ton of cement and 0.74 lakh ton of clinker as against 11.54 lakh ton of cement and negligible quantity 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 8.97 lakh ton as against 8.50 lakh ton during same quarter last year. And as far as outside North East is concerned, we have sold 3.25 lakh ton of cement this quarter as against 3.04 lakh ton same quarter last year. In terms of blend mix, it is almost 15% of OPC and rest is PPC. These are the quantitative numbers of the quarter.



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Now, I will take you through the financials. The total revenue figure this quarter is around Rs. 847 crores as against Rs. 736 crores same period last year. As far as EBITDA figure is concerned, this quarter we have done EBITDA of around Rs. 230 crores as against Rs. 118 crores last year. Profit after tax is Rs. 98 crores in this quarter as against Rs. 31 crores last year. On firsthand EBITDA front, it is Rs. 1,774 crores during this quarter as against Rs. 1,018 crores same quarter last year. This is what our quarterly numbers are.

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

**Moderator:** Thank you very much. We will now begin with the question-and-answer session. The first question comes from the line of Navin Sahadeo from ICICI Securities. Please go ahead.

**Navin Sahadeo:** Good afternoon, sir. Am I audible?

**Manoj Agarwal:** Yes.

**Navin Sahadeo:** Yes. So, congratulations first of all on the very good set of numbers. In fact, sequential increase in EBITDA per ton. So, I just wanted to understand how much has the incentive we have booked in this quarter? And how much we have received?

**Manoj Agarwal:** Yes, it is around Rs. 62 crores we have booked this quarter. And this is because we are going to receive it, we have already filed the claim and it has already been passed in the final stage of receipt of the subsidy.

**Navin Sahadeo:** So, I believe then cumulative, what is the outstanding incentives which are yet to be received while we have already booked?

**Manoj Agarwal:** It is almost around Rs. 150 crores.

**Navin Sahadeo:** Understood. And sir, my second question was that while we have done fairly good on the revenue front, ramp up of volumes and also the realization has essentially even excluding incentives has gone up almost 3% Q-o-Q, but I was seeing your variable cost has also inched up. So, I am talking more about power and fuel and raw material combined. That cost seems to have gone up. So, I was under the impression or in general, we were given the impression that Q4 onwards because the kiln has ramped up to its full potential, the cost will rationalize and come down. So, if you could just explain why sequentially there is a further increase in the fuel cost?

**Tushar Bhajanka:** The only major reason I think in the variable cost is the fact that in Q1, depending on the demand, we had to keep operating and shutting the kiln, which of course has its own cost because of the demand. The demand was not as much as it was in Q4 and then there was also a good stock of clinkers. So, I think because we were operating at lower capacities in Q1 compared to Q4 that is



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why I think the fuel cost and all, of course, shot a bit. And that is something that we will of course, work on and reduce in the future.

**Navin Sahadeo:**

Helpful. I will come back in queue for further questions.

**Manoj Agarwal:**

One thing I would like to add, because you are considering also the movement of stock, because as far as raw material cost and power and fuel, both costs have come down as compared to the last time, because the volumes are lower. So, it has come down, but we are still trading in the power and fuel cost. Mainly, the increase and decrease in stock, because the overhead absorption was lower because we are not running on the kiln as per the demand. So, that is why the increase and decrease in stock impact is there. Otherwise, the production cost is more or less the same as that of last time.

**Navin Sahadeo:**

Understood, sir. Thank you so much. I will come back in queue.

**Moderator:**

Thank you. The next question comes from the line of Shravan S from Dolat Capital. Please go ahead.

**Shravan S:**

Hi, sir. Thank you and congratulations on good set of number. A couple of questions. So, first on the volume front. So, last time we said that for this year, FY '26, we are looking at 5.4-5.5 million ton. So, obviously, the 1st quarter was good. But if we want to achieve this, then in the balance 3 quarters, we need to do a 17%-20% kind of a growth. So, just wanted to know whether are we sticking to our volume guidance?

**Tushar Bhajanka:**

The Quarter 1, because of the early monsoon, the volume has taken a bit of a hit. I think in Quarter 2, because now we do not have as much monsoon in northeast, I think the subsequent months are picking up well. So, I think it will take another full quarter to actually see whether volumes will end up. But I do think that it may be realistic to get that kind of a growth.

**Shravan S:**

Great. Second, in terms of the timeline of the ongoing expansion, so 2 million ton in Silchar by this March and 2 million ton in Jorhat, Assam, by Q3 FY '27?

**Tushar Bhajanka:**

So, I think the timeline is broadly the same. We will probably commission Silchar in Jan or Feb of this financial year. And we will be commissioning Jorhat around Jan or Feb of next financial year.

**Shravan S:**

Got it. And till now in Q1, how much CAPEX we have done? And for full year, last time we said close to Rs. 820 crores and Rs. 600 crores for FY '27. So, that number remain intact?

**Tushar Bhajanka:**

Yes, I think it broadly remains intact, I don't think there is much change in numbers.

**Shravan S:**

So, in Q1, how much CAPEX we have done?



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**Manoj Agarwal:** It is around Rs. 62 crores we have done.

**Shravan S:** Got it. And the net debt is how much as on June?

**Manoj Agarwal:** Should not get you, what do you want to know?

**Shravan S:** Net debt as on June is how much, sir?

**Manoj Agarwal:** Net debt is Rs. 320 crores.

**Shravan S:** Rs. 320 crores. Got it. Couple of data points if you can share, sir. So, first is trade, non-trade share, premium share, then lead distance and Kcal cost for this quarter?

**Manoj Agarwal:** Yes. Trade sale this quarter is 81%. And lead distance is 220 kilometers. And premium cost is 1.35.

**Shravan S:** So, it has come down drastically from 1.54 last quarter, it is 1.35. So, is it likely to remain at this level, fuel cost?

**Manoj Agarwal:** More or less, we are hopeful that it will continue like that, maybe in this financial year.

**Shravan S:** And premium share for this quarter was how much?

**Manoj Agarwal:** Premium share was 12%. It is 12.2%. 12%.

**Shravan S:** 12.2%. And the incentive for full year would be the same last time what we said, Rs. 220-Rs. 250 crores for FY '26?

**Manoj Agarwal:** Yes.

**Shravan S:** And AAC block, how much revenue and EBITDA now because it has started, how much we can see? So, AAC and construction chemical both put together?

**Tushar Bhajanka:** So, right now, it is just ramping up. The AAC block plant that we set up was of about 20,000 CBM a month. We have already started operating the plant at about 40% capacity commissioning just 1-1/2 months back. So, I think for the first year, I do not see a very significant EBITDA coming from there. But I think we will be able to ramp it up in a year's time for us to start getting EBITDA from there.

**Shravan S:** But at revenue level, how one can look at for this year and next year if we ramp up next year?

**Tushar Bhajanka:** I think about this year, we should not expect more than Rs. 70-Rs. 80 crores of revenue coming from there.



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**Shravan S:** And next year, it will ramp up to?

**Tushar Bhajanka:** Next year, it may ramp up to 20%-30% higher.

**Shravan S:** Great. Thank you and all the best.

**Moderator:** Thank you. The next question comes from the line of Vishal Dudhwala from Trinetra Asset Managers. Please go ahead.

**Vishal Dudhwala:** Thank you for the opportunity, sir. I have a couple of questions. So, first question, what was the clinker to cement ratio in Q1 and what percentage of your thermal energy in Q1 came from alternative fuel?

**Manoj Agarwal:** You want to clinker sector?

**Tushar Bhajanka:** Hello? Yes, can you repeat the question?

**Vishal Dudhwala:** Let me repeat. What was the clinker to cement ratio in Q1 and percentage of captive clinker and what percentage of your thermal energy in Q1 came from alternative fuels versus coal?

**Tushar Bhajanka:** It is 1.44. The clinker to cement is 1.44. And the cement, the clinker factor is 1.44. Is 1.44 clear? Because there is also another way of measuring or suggesting clinker factor. So, it is 1.44. And besides that, the fuel cost in the overall fuel mix, 18% was substituted to non-conventional sources of fuel.

**Vishal Dudhwala:** And the second one is like, can you give your consolidated trade receivable days and inventory days as of 30 June 25?

**Manoj Agarwal:** But I should not hear you. Just speak loudly.

**Vishal Dudhwala:** Should I repeat the question?

**Manoj Agarwal:** Yes.

**Vishal Dudhwala:** So, can you give your consolidated trade receivable days and inventory days as of 30 June 25?

**Manoj Agarwal:** Trade receivable is around Rs. 183 Cr. Hello, you got your number?

**Tushar Bhajanka:** So, I think let us do one thing. On this question, we will get back to you. Because we don't have it in days. We have it in Cr. I think we will have to divide by the revenue.

**Vishal Dudhwala:** Just give me the Cr number of trade receivable and inventory?



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- Manoj Agarwal:** Trade receivable is Rs. 183 Cr and inventory is Rs. 492 Cr.
- Vishal Dudhwala:** Just a follow-up question. Like, are you seeing any conversion pressure during the year or any working capital?
- Tushar Bhajanka:** No, we are not.
- Vishal Dudhwala:** Got your point. Thank you.
- Moderator:** Thank you. The next question comes from the line of Milind S. Raginwar from BOB Capital Markets Limited. Please go ahead.
- Milind S. Raginwar:** Thank you, sir, for this opportunity. Just a confirmation. The net debt number is 3.2 billion?
- Manoj Agarwal:** Yes.
- Milind S. Raginwar:** Was this 2.3 billion in the 4th Quarter?
- Manoj Agarwal:** No. It was in the March quarter. Also, it was there around 300.
- Milind S. Raginwar:** And sir, can you just please share the number for the fuel breakup that is the fuel that comes from FSA, from spot and advance fuel?
- Manoj Agarwal:** Yes. FSA is around 79% from FSA.
- Milind S. Raginwar:** 79%?
- Manoj Agarwal:** And 18% approximately from PFR. And 3% is almost at the coal PFR coal.
- Milind S. Raginwar:** And, sir, regarding our grinding units in terms of clearances, where should we be?
- Tushar Bhajanka:** So, for Silchar, we have already started construction. We have got all the permissions. And for Jorhat grinding unit, we have selected land. We mine the land. And we will then apply for EC in a month's time. And we should be through the EC in 3-4 months.
- Milind S. Raginwar:** So, that means that 4th Quarter FY '27 is still gettable, right?
- Tushar Bhajanka:** Yes. I think for Jorhat, it is still achievable. And 4th Quarter for Silchar is definitely happening.
- Milind S. Raginwar:** Understood. Right.
- Tushar Bhajanka:** 4th Quarter of FY '26, it will be definitely happening for Silchar.



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- Milind S. Raginwar:** All right. And Manoj sir, can you please, I just missed that number of Northeast and East breakup. Can you please share that again?
- Manoj Agarwal:** Just a moment. I think it is 73% and 27% outside India.
- Milind S. Raginwar:** Thank you, sir. That is it from my side.
- Moderator:** Thank you. The next question comes from the line of Uttam Kumar Srimal from Axis Securities Limited. Please go ahead.
- Uttam Kumar Srimal:** Yes. Good afternoon, sir. Congratulations on a very good set of numbers. My question pertains to Rajasthan expansion, sir. Last time you spoke about expanding in Rajasthan. So, any update on the same?
- Tushar Bhajanka:** Yes. So, I think we have bought some mines in Nimbol and we are also participating in auction in Jaisalmer, right? So, I think we should have some news in a week's time regarding how it went and we will also make it public. So, I think we are definitely looking at Rajasthan as a potential market to expand.
- Uttam Kumar Srimal:** And sir, how much CAPEX we will do for this for 3 million?
- Tushar Bhajanka:** Right now, we are trying to just secure a mine. But if you are able to secure a mine, then we plan to do a CAPEX of, we plan to put up about 3-million-ton clinker plant along with 4 million ton grinding in Rajasthan, which would basically be about Rs. 2,400-Rs. 2,500 crores CAPEX overall.
- Uttam Kumar Srimal:** And, sir, how is the pricing right now compared to Quarter 1 FY '26 estate prices in both Northeast and East region?
- Tushar Bhajanka:** So, compared to Quarter 1, I think the prices right now are still maintaining. They have not fallen by as much or anything. So, I think we should not see a very big dip in the price due to off-season.
- Uttam Kumar Srimal:** And, sir, sales prices have improved, so Siliguri unit might also be producing more cement compared to what it was doing earlier. So, how do you see Siliguri unit's capacity inflation this year because prices have improved compared to last year?
- Tushar Bhajanka:** So, definitely, we are pushing more outside Northeast to West Bengal and Bihar markets because the prices have improved. So, I think we will see in the Quarter 2 Results that I think that has really helped us in achieving a higher volume.



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- Uttam Kumar Simal:** And now coming to, sir, this premium cement sale, this is around 12% and last quarter also it was around 12%. So, it has remained on the same level. So, what we are doing to increase the sale of premium cement?
- Tushar Bhajanka:** So, if you compare it to a year back, we have definitely improved it from 6%-7% to 12%. And I think we have taken target to be more aggressive, to be pushing up even sales more. So, we have taken a target to make it reach about 18% by end of the year.
- Uttam Kumar Simal:** That is all from my side and wish you all the best.
- Tushar Bhajanka:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Jayesh Shah from OHM Portfolio Equity Research. Please go ahead.
- Jayesh Shah:** Thanks for the opportunity. I just had one question on these incentives and subsidies. There are some media reports of certain state governments including West Bengal looking to withdraw these incentives and subsidies. So, where are we on this? And how long does it take to collect the subsidy amount once you are eligible?
- Tushar Bhajanka:** So, good question. So, we, unlike other states that you mentioned, right, I don't think Assam has a history of taking away the subsidies, right, because we have completed all our documentation. We have gotten an eligibility certificate from the government of Assam, which is also approved by the GST department, the finance department of the state. So, it is more of a binding agreement that one has with the state, right. And then we have already filed for getting the subsidy for the last year that we had booked about Rs. 150 crores. And I think that should be with us before the Quarter 2 end. So, we will see that whatever we are booking in terms of subsidy in our books is also received in our cash flows every quarter from now on.
- Jayesh Shah:** So, are there any timetable of disbursement as per what has been promised to you?
- Tushar Bhajanka:** Yes. So, basically, there is no timetable as such. But what normally happens is that right now there is a backlog, right, because we were filing all our documents and all. So, there is a backlog of last year as well, which we are supposed to get, which I think we will get the entire 150 or major part of the Rs. 150 crores by Quarter 2 end. So, that will finish the backlog till Quarter 1, right. And then, for each subsequent quarter that passes, we should be able to get the subsidy amount by end of the next quarter. So, suppose the subsidy amount for Quarter 2 will be accrued to us and received by us by end of Quarter 3. That is how normally it should follow, and this is how we have seen in the past also that it has followed. So, the subsidy does not remain an amount which is just showing in the books and never received by the company. So, in our case, it has never happened like that. And we hope to maintain this.



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- Jayesh Shah:** That is very comforting. Thank you. And my second question is, given the state that Ultratech has in your company, which is a financial investment, is there any business relationship, trade arrangements, or do you benefit due to Ultratech taking stake in your company in terms of dealer distribution, logistics or cost?
- Tushar Bhajanka:** No, not really. So, Ultratech definitely bought a stake in the company, but that was a non, I think it was just an investment that they made from a long-term perspective, I guess. But I don't think that affects our business negatively or positively, either way, right? Both the companies are operating at an arm's length. There is no synergy that we are benefiting from right now.
- Jayesh Shah:** Thank you. And lastly, in terms of demand outlook for Assam, given, all the political uncertainties and media articles that we keep hearing, what is your outlook on overall demand scenario in Assam? And how much you sell exactly in Assam?
- Tushar Bhajanka:** Sorry?
- Jayesh Shah:** Yes, Assam and Meghalaya, basically?
- Tushar Bhajanka:** Yes, so if I talk about Northeast overall, then I think, just a second. In Northeast overall, we sell almost about 75% of our sales is happening in Northeast right now, right? And I think the market growth in Assam and other states in Northeast are going to be good only, because there is just so much more scope to grow, right, which you can also see in the sales numbers that we normally forecast, right? The way Star Cement's turnover has grown the last 4-5 years, I don't think that kind of growth has been seen in outside Northeast, right? So, definitely, there is more potential to grow and there are also a lot of hydro projects which are coming up, there is also a lot of infrastructure projects which are coming up. And I think the demand will be basically led by that.
- Jayesh Shah:** Thank you very much and best of luck.
- Tushar Bhajanka:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Harsh Mittal. Please go ahead.
- Harsh Mittal:** Hi, thank you, Shubham. So, I have two questions. So as per media articles, there has been trial runs conducted for the first freight train to Nagaland and Tripura a quarter ago, roughly a year ago. So, how do you see this as a benefit to Star Cement in terms of capturing higher market share in these states, or reduce freight cost? So, that will be my first question, sir?
- Tushar Bhajanka:** Sorry, could you please repeat the question?



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- Harsh Mittal:** So, my question being that Northeast Frontier Railway, they have started trial runs for their first freight train, cement cargo freight train to be transported to the states of Nagaland and Tripura, roughly a quarter ago. So, how do you see this as a benefit to Star Cement in terms of higher market share or reduced freight cost?
- Tushar Bhajanka:** So, I think it can give an advantage in terms of serviceability, right, in terms of the freight, but also poses a risk because now cement players from outside can also send the cement to Nagaland directly, right, to the rail. So, it has both elements of, like, benefit and disadvantage. But definitely, I have not worked out the math of how cheaper it would make it if we send it through rail now. But we will definitely do that working. I think in busy season it will help us serve it better.
- Harsh Mittal:** Sure, sir. And the second question being, as per your market intelligence, besides Star Cement and Dalmia Bharat, what is the tentative expected supply, which we are going to see in the next 4-5 years?
- Tushar Bhajanka:** I think in the next 3-4 years, I do not expect any other plan to come, though, of course, major cement companies in India are definitely looking at this market now, right. They may be also talking in their own investor calls. But I think for 4 years, I do not see any of the capacities really coming in. So, for 4 years, I do think that this market would probably be dominated by 2 players. And probably there is a chance that third one probably comes in 3-4 years. And then it is very hard to predict, but of course, then we will see how the scenario changes. But I think the market will become big enough for the market to even absorb a third player in like 4-5 years' time. I don't think that that should be a challenge, right, because the market is also growing, right.
- Harsh Mittal:** So, what is the current market size for Northeast?
- Tushar Bhajanka:** About 14 million would be the current market size.
- Harsh Mittal:** And the expected growth rate you expect for the next 3-4 years, CAGR, any guidance on that market growth?
- Tushar Bhajanka:** It is anyone's guess, but I think it should be about 10%.
- Harsh Mittal:** Sure. We can take the next question.
- Moderator:** Thank you. The next question comes from the line of Navin Sahadeo from ICICI Securities. Please go ahead.
- Navin Sahadeo:** Thank you for the repeat opportunity. So, two follow up questions. If you could, like, please talk about the efficiency, because green power share, I think in the previous quarter was around 20%, but the target is to take it to almost 55% by 2026 itself. So, where are we, in terms of green



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power efficiency or other initiatives as well, be it the FSA coal or any other thing that can help us reduce cost in the coming quarters?

**Tushar Bhajanka:**

Thank you so much. And the FSA cost, of course, the FSA, we have tied up for the long run, if you see that 78% of our requirement of fuel was met through FSA. So, definitely, we are doing a decent job at managing our cost of fuel, right. And I do think that Quarter 1 was slightly better in terms of fuel cost, Kcal, rupees per Kcal, then Quarter 4. And it was also better than last year, same quarter. So, we have definitely pulled up our socks on the fuel cost and reducing. On the green energy, we have currently hired EY to make entire plan of how we can substitute more of a power requirement to green energy. So, on that plan, we are putting up about 40 megawatts of solar in Assam itself. That will help us serve the Guwahati units, and we are also probably going to draw some power to Meghalaya from that solar farm. And then we are also looking at wind options, not in Assam, of course, but in other states that we can kind of get a captive wind farm that we can probably use to provide power to us. So, I think in a month's time, we will have a clear roadmap. Of course, some of the roadmaps we have already started implementing with regards to solar, but then, the wind and other sources of renewable energy we are tapping, we will only be clear after the entire EY project is done. So, I think by next investor call, you will have a clear roadmap of how we are reaching 55%-60%.

**Navin Sahadeo:**

And the PPA we had signed last year, JSW green energy stage, right? That starts contributing by end of this fiscal, is that correct?

**Tushar Bhajanka:**

Yes, that should start contributing by end of fiscal year, though there was some delay of 3-4 months in that. But we are just talking to them as well as to how we can bind them to kind of give us as soon as possible. We are also evaluating other options to that agreement in case we want to have our own generation, because that in the long run reduces your fixed cost. Because when you tie up with JSW or any other developer like that you are buying power at a fixed cost, which may be 3.5 or 3.6, whatever the rate you may decide, right? But that 3.5-3.6 becomes your base cost, right, whereas if you put up your own plants, then your base cost is only the cost of the O&M of the plant, solar or wind. So, your variable cost falls to 0.6-0.7. So, I think in the long run, it makes much more sense for them and companies if they want to be competitive to kind of put up their own plants, because they effectively reduce the variable cost by Rs. 3.

**Navin Sahadeo:**

Yes, that is very helpful. And sir, my last question was on our preparedness for foraying into Rajasthan. You said that, of course, we have more, like participated in some more options and maybe in a couple of weeks, there will be a formal update on the outcome of the same. But what I wanted to broadly understand is, typically, how far are we in terms of actually having a plant in place? Will you say it is 3 years away? Will you say it is 4 years away? How should one look at foraying into North?

**Tushar Bhajanka:**

I think it is about 3-1/2 years away. I think that is the timeline because for us to acquire mine and land and then put up a plant will take us 3 years, right. So, in 3 years' time, unless we go for



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acquisition, right, which I don't think is really available in Rajasthan, but probably in areas of South, I don't think there is any other way, but to spend 3 years and put up a plant there.

**Navin Sahadeo:** Correct. That is very clear and helpful. Thank you so much.

**Tushar Bhajanka:** Thank you.

**Moderator:** Thank you. The next question comes from the line of Shravan S from Dolat Capital. Please go ahead.

**Shravan S:** Hi, sir. Sir, just continuing this part. So, currently, the 4 million ton that we will be ongoing expansion. So, we will be reaching close to 11.7 odd million tons. And this Rajasthan would be a maybe a 4-4.5 million tons in terms of cement level. So, around 16 odd million tons. But we target to reach 20 million tons by FY '30. So, where else we will be? Will it be in the northeast, maybe 2-3 years down the line we can add because we already got more mines there?

**Tushar Bhajanka:** We are honestly evaluating because I think that was just, the 20 million was just an aspirational target of where we think our long-term vision should align. But in the short run, we will of course have to find opportunities, right? So, I don't think I have a clear answer. We are evaluating to put up a plant of 2 million tons in Bihar, for example, right because our Siliguri plant, I expect in the next few years, we will reach full utilization of the plant. So, we will have to put another grand unit for us to grow in outside northeast, right? So, we may put up a plant in Bihar, it looks like a favorable place with good thermal plants around it, with the market, which is growing, of course, competitive, but growing. So, we do think that that 3-4 million extra capacity that we want to build up, we are evaluating it, which area it should be. And I think we will have an answer in a quarter or 2, because I don't think it is very easy for us to forecast the entire 5 years from now. But I think definitely we are working on 2-3 more opportunities, so that we can probably ramp up to the 20 million capacity as soon as possible.

**Shravan S:** Got it. But in whatever way, whether we will reach to 18 million ton or a 20 million ton, but in terms of the net debt EBITDA level, what is in our mind that we will obviously right now we are at much comfortable level, only 300 around kind of a net debt. So, till what level are we comfortable to keep on increasing net debt?

**Tushar Bhajanka:** So, that honestly depends on the EBITDA that we achieve, right, and the cash flow that we get. So, I do assume that we should be able to start touching levels of Rs. 850-Rs. 900 crores of EBITDA from this year onwards, right, and probably do better next year. So, if that is the case, then I do think that we should be comfortable with about Rs. 1,500 crores of debt in the worst-case situation, worst case scenario, right. So, I think that is something that, depending on how our cash flows are seeming this year and next year. We should be able to ramp up our comfort of taking debt to about Rs. 1,500 crores at max, right, which I think it is in line with other companies, right, debt to EBITDA ratio is 1.5x, which is fine, I guess.



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- Shravan S:** True. No, that is fine. Because currently obviously we are having a Rs. 1,700 plus EBITDA per ton, and hopefully if you can help us, given as you are mentioning, the prices are stable, and maybe we can start seeing some cost benefit also. So, this kind of a run rate likely to be maintained, that is first part. And second is, once we have up Rajasthan, obviously, that we will not be having a, maybe a half of the profitability what right now we are enjoying. So, that also we are watchful, despite that fact of, we should not be kind of a worst case, Rs. 1,500 crores kind of a debt is manageable?
- Tushar Bhajanka:** Yes that is what we always thought that if the cash flow in the next 3-4 years in North East is stable, and even if you have Rs. 1,500 crores debt, which you of course will start reducing as soon as your plants are commissioned, then I don't think it is bad. And also, the company will of course think of doing a QIP as well, right, if we do go in Rajasthan and do all those things. So, I think from that perspective, also, we will definitely maintain our debt levels in control, because as a company, we don't like to pay too much for debt as it is clear with our history, right?
- Shravan S:** Got it. Understood. And then, now onwards from Q2, the current OPEX per ton and so that is the way what we calculate in terms of revenue minus EBITDA, whatever the cost divided by volume, so that number should not be rising, rather it should be seeing one should start seeing given the volume uptake will be there. So, we should start seeing the declining trend there. And if the prices remain stable, then this kind of EBITDA per ton, Rs. 1,700 is manageable at least for next couple of quarters?
- Tushar Bhajanka:** Yes, I think that is true. But it also happens that every quarter is a bit different in terms of volume, right? So, if I compare my OPEX cost compared to last year, same quarter, Q2, then it will definitely be lower. If I compare it to Q4, where the volumes are very high, then my fixed costs are divided by a higher volume, right? So, I think then it is very hard to like be it Q4, because the volumes were higher. So, I think, it should be fair for variable costs to pass that statement, but not overall cost.
- Shravan S:** Got it. And if you can help us currently trade, non-trade price gap in Northeast and East would be how much?
- Tushar Bhajanka:** Trade, non-trade, I think it is about Rs. 60-Rs. 70.
- Shravan S:** In Northeast?
- Tushar Bhajanka:** Yes, in the Northeast.
- Shravan S:** And in East?
- Tushar Bhajanka:** East, we actually don't sell that much of non-trade. So, I don't think we will be able to give a good benchmark.



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**Shravan S:** Got it. Thank you, sir.

**Tushar Bhajanka:** Thank you.

**Shravan S:** And sir, lastly, this Silchar, how much already we have done the CAPEX and what is balance for Silchar? Because that is going to start by this January, February?

**Tushar Bhajanka:** So, in Silchar till date, we have done only about Rs. 105 crores, right. Because a lot of payment will now start going in Quarter 2 and Quarter 3, right. But our timeline is quite certain that by Quarter 4, we should be able to commission and there will be some aspects of the plant which may be getting commissioned after Q4. So, we may see that even after commissioning the plant, there are some CAPEX's which are ongoing. Yes, that answers the question.

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

**Amit Murarka:** Yes, hi, good afternoon. Just on the Northeastern market, like we have been hearing about other companies also wanting to set up capacity, latest being JK Lakshmi having won some limestone leases over there. And they are talking about starting a plant in roughly 2 years' time. So, do you see the competitive intensity going up over the next 2-3 years as these new players enter the market? Like it has usually been seen as a duopoly market, but Ultratech wants to get into the market and now even JK Lakshmi wants to get into the market. So, what is your thought or view on that?

**Tushar Bhajanka:** I think for anyone who is coming fresh to Northeast, it will take at least 3-4 years to put up a plant. And I do think that, of course, as the market becomes bigger, people will come in and they will like to get a share of the market. So, it is quite natural. But I do not think that Northeast has that kind of space where you can accommodate a lot of people. So, people, when they are doing their working, after, like, suppose a competitor comes in, they will have to really question that for the fourth one or the fifth one, is the market big enough to absorb the capacity. So, I do think that in 4 years that probably the competitive landscape will be more aggressive. But then I do think it will settle down. Because I don't think people will just keep on entering Northeast. There is a limit to it because there is only a very small market that they can address.

**Amit Murarka:** Yes, but as people enter, won't it spoil, let us say, the pricing because Northeast has been having really strong and consistently good pricing and margin?

**Tushar Bhajanka:** Yes, I think it may spoil it for a year. It may spoil it for 2. But I think eventually, everything settles down, I guess, in some way.



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- Amit Murarka:** Sure. Got it. And generally, like, is my understanding, right, that the market is operating at 65%-70% capacity utilization right now after you expanded and then even Dalmia is going to kind of get that clinker commission soon enough?
- Tushar Bhajanka:** So, yes, I think it is operating at about 65%-70% utilization.
- Amit Murarka:** But what will be the size of the market? If you can just let us know in terms of million tons?
- Tushar Bhajanka:** It is about 14 million tons.
- Amit Murarka:** Got it. And you would be having, what, 25% market share or less?
- Tushar Bhajanka:** Yes. So, we have about 27%-28% market share.
- Amit Murarka:** And Dalmia would be having a similar number?
- Tushar Bhajanka:** Yes, like something a little bit lesser than us.
- Amit Murarka:** Got it. Sure. Thank you so much. Yes, that is all from my side.
- Moderator:** Thank you. The next question comes from the line of Navin Sahadeo from ICICI Securities. Please go ahead.
- Navin Sahadeo:** Yes. Thank you for the repeat opportunity. I just had one follow up. The incentive we booked in Q1 was Rs. 62 crores and it was almost Rs. 75-Rs. 76 crores in Q4. Just wanted to know, is it fair to assume that this year as a whole, we will receive in upwards of, let us say, Rs. 250 crores, of course, assuming volume momentum stays intact, but I believe with your ramp up of scale and overall it should. So, is it fair to assume that incentives can continue at this run rate of Rs. 475 per ton or Rs. 500 per ton for the full year or that could be a little stretched?
- Tushar Bhajanka:** Yes, it is fair to assume that we probably should be able to get incentives about Rs. 230-Rs. 250 crores.
- Navin Sahadeo:** Very helpful. Thank you so much.
- Tushar Bhajanka:** Thank you.
- Moderator:** Thank you. The last question for the day comes from the line of Harsh Mittal. Please go ahead.
- Harsh Mittal:** Thank you. Sir, my question is, what will be the tentative capacity for the Rajasthan on the drawing board, if any?
- Tushar Bhajanka:** Tentative capacity?



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- Harsh Mittal:** What have you planned, the expansion size?
- Tushar Bhajanka:** So, I think it will be, wherever we put up a plant, it will be about 3 million tons of clinker and about 4 million tons of grinding.
- Harsh Mittal:** Right. And the tentative budget for the same?
- Tushar Bhajanka:** So, the budget will be about Rs. 2,400 crores. Yes. I think we have already answered this question.
- Harsh Mittal:** Sure. Thank you. Thank you, sir.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Tushar Bhajanka for closing comments. Thank you and over to you, sir.
- Tushar Bhajanka:** Thank you so much, everyone, for your questions. And if anyone has any remaining questions, they can always email us and we are happy to answer those questions. And if there is any further interest, you can get in touch with the CFO. And if you want to visit the plant, we are happy to organize something. So, thank you so much.
- Tushar Bhajanka:** Thank you.
- Moderator:** Thank you. On behalf of Emkay Global, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.