



Star Cement Limited (SCL)

Investor Presentation

**Cementing growth.
Branding success.**



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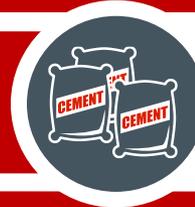
From North East to East



From Growth to Efficiencies



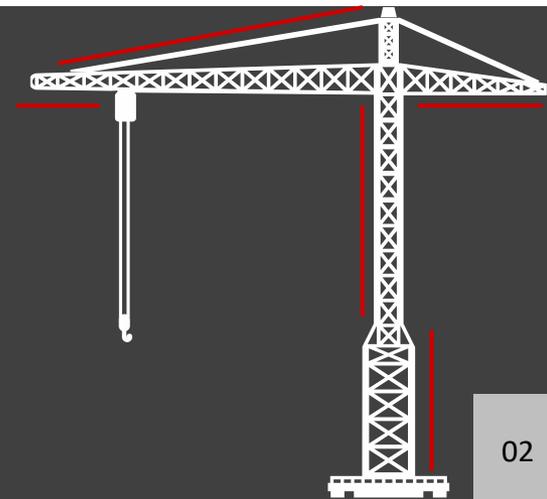
From Commodity to Brand



From Capacities to Capabilities



We are expanding the growth horizon and creating a differential.



The Birth of a Star

- ★ **2001** The Star was **born**
- ★ **2005** Operations commenced
- ★ **Largest** Cement manufacturer in **NER**



- ★ **Emerging market player** in Eastern India (WB & Bihar)
- ★ **Strategically located Cement Manufacturing Facilities**
- ★ **Cement Business operates under SCL & its subsidiaries**



- ★ **Star Anti-Rust Cement** is a **marque product** in the value-added segment – sold in **NER, West Bengal & Bihar**
- ★ **Quality endorsement** ISO 9001:2008, ISO 14001:2004 and OHSAS 18001 certified
- ★ Selling different varieties of cement **OPC, PPC & PSC Cement**



Counting the Stars

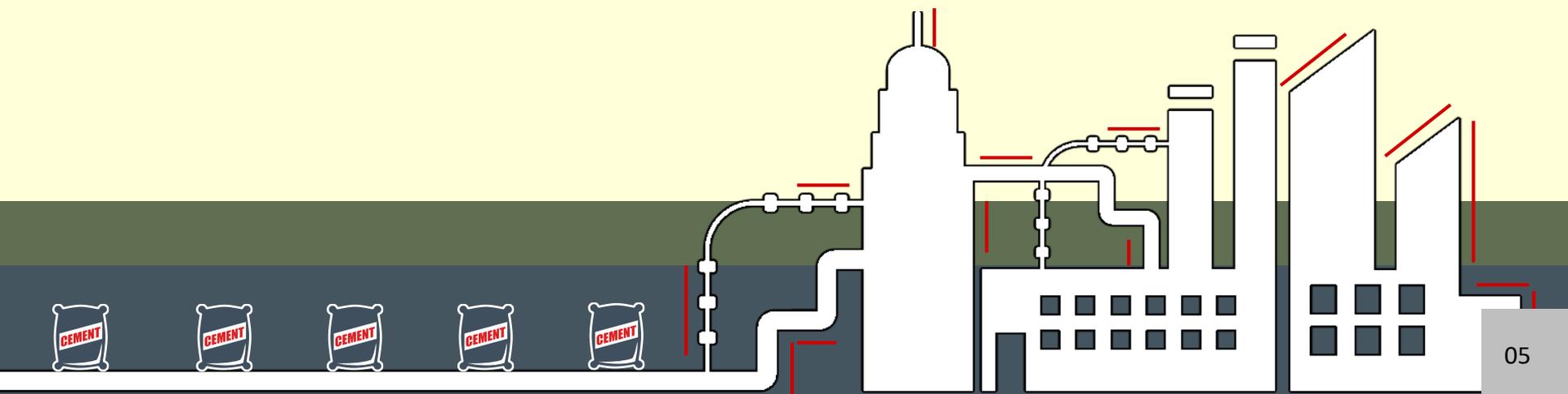
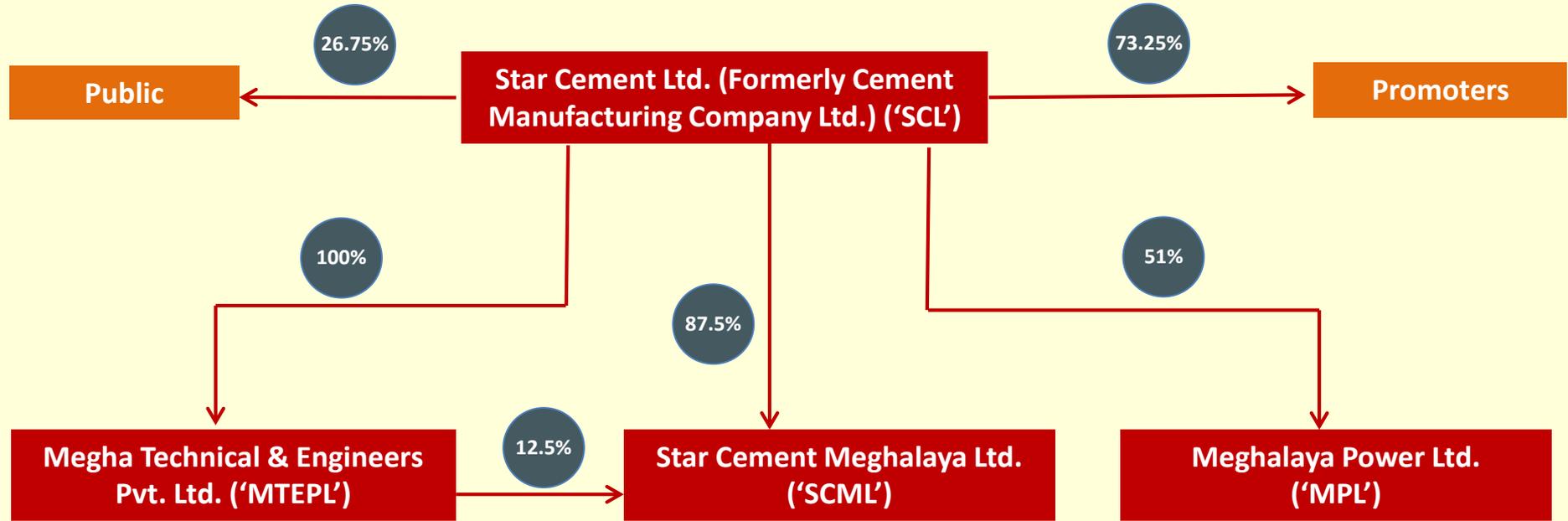


NER – North Eastern Region includes Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim

During FY 17-18
*As on Mar 2018



The Star Bandwidth



Strong NER Roots

Promoters have strong links with NER - a crucial factor behind SFCL's success

Mr. Sajjan Bhajanka, *Chairman & MD*

Experience

- ★ Graduate with 48 years of industry experience in Plywood, Laminates, Ferro-Alloys and Cement Industry

Other Memberships

- ★ Chairman of Century Plyboards (I) Ltd
- ★ Considered as icon of Indian Plywood industry
- ★ President of Federation of Indian Plywood and Panel Industry & All India Veneer Manufacturers Association
- ★ Past President of Bengal Chamber of Commerce, 'Friends of Tribals Society', Bharat Chamber of Commerce

Mr. Rajendra Chamaria, *VC & MD*

Experience

- ★ Rich experience of 33 years in cement and concrete sleepers industry with excellent project execution skill and production knowledge

Other accolades

- ★ Well conversant with all acts, bylaws and procedural matters relating to Environmental and Forest Act, Factories Act and Commercial & Labour Laws

Mr. Sanjay Agarwal, *Managing Director*

Experience

- ★ Graduate with 33 years of industry experience

Other memberships and accolades

- ★ Instrumental in successful marketing and branding of 'Century Ply' and 'Star Cement'
- ★ MD of Century Plyboards (I) Ltd.

Mr. Prem Kumar Bhajanka, *Director*

Experience

- ★ Graduate with 40 years of industry experience

Other accolades

- ★ Excellent site management and project execution skills
- ★ Instrumental in execution of SCL's projects

Professional Management

Key Management personnel running the organization in a very professional manner

Mr. Pankaj Kejriwal, *Executive Director*

Education

- ★ Chemical Engineer with experience of over 18 years

Responsibilities

- ★ Manufacturing operation
- ★ Responsible for erection & commissioning of new projects

Mr. Jyoti S. Agarwal, *President, Sales & Marketing*

Education & Experience

- ★ M. Com with varied experience of over 33 years in cement industry

Other experience

- ★ Worked at senior positions in Aditya Birla Group and Ambuja Cement Limited

Mr. Pradeep Purohit, *VP, Supply Chain*

Education & Experience

- ★ B.Com, Graduate Dip. IIMM with varied experience of over 31 years in Cement & Engg Industry.

Responsibilities

- ★ Responsible for Overall Supply chain planning, Logistics, Materials and commercial functions.

Mr. Sanjay Kr. Gupta, *CEO*

Education & Experience

- ★ FCA with varied experience of over 25 years with 21 years in the cement industry

Responsibilities

- ★ Responsible for overall growth & profitability of the company and meeting company's operating & financial goals

Mr. Manoj Agarwal, *CFO*

Education & Experience

- ★ FCA with varied experience of over 24 years including 10 years in the Cement industry

Responsibilities

- ★ Responsible for F&A, Taxation, Statutory Compliance & Vendor Management

Mr. A.K. Sinha, *Senior Technical Person*

Experience

- ★ 47 years of rich experience in cement industry

Other experience

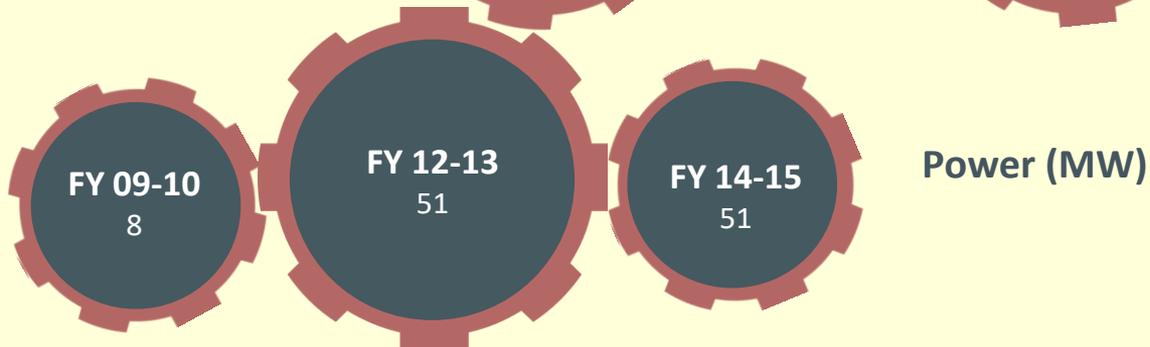
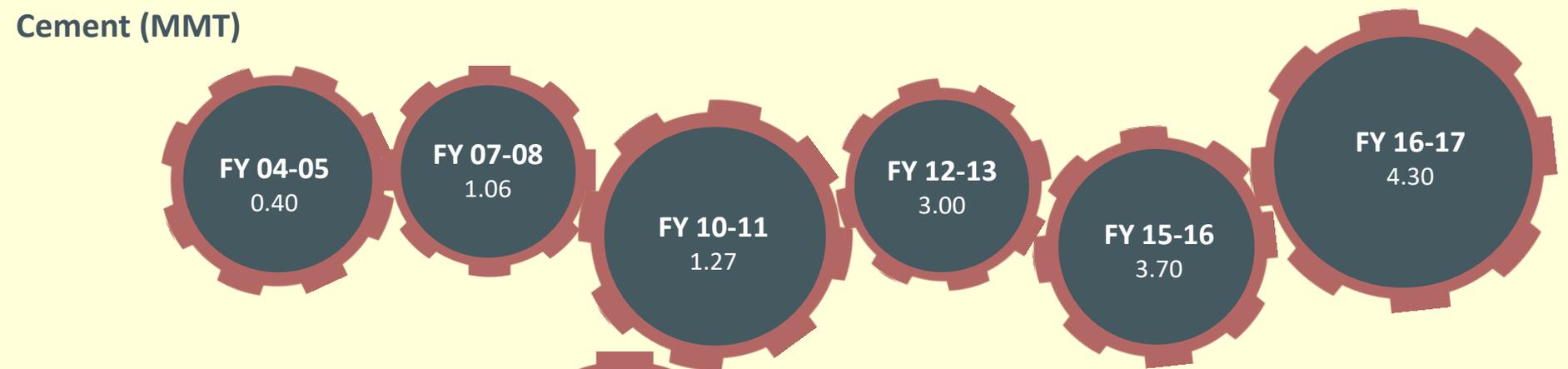
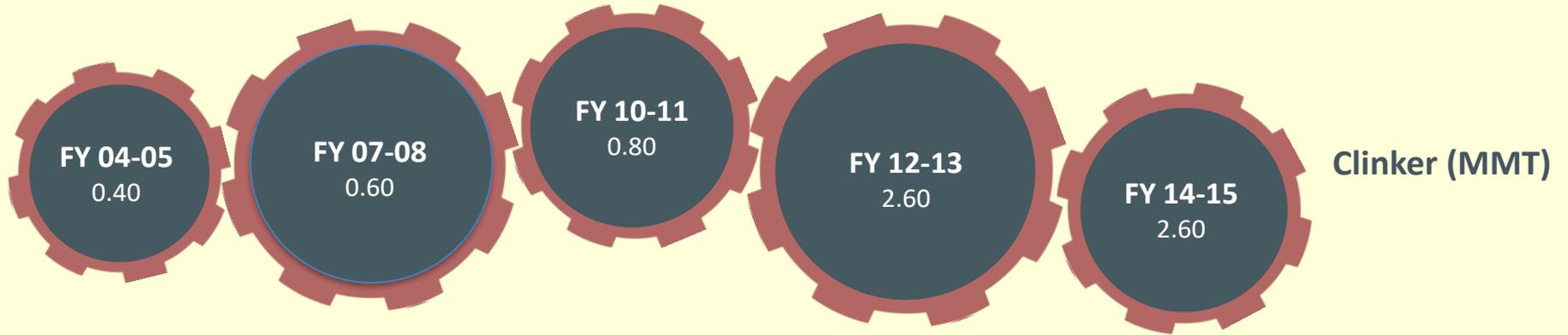
- ★ Worked for 17 years in Birla Corp. and 19 years in CCI

Responsibilities

- ★ Contribution in project planning, process and machinery, techno-economic evaluation etc.

Journey of a Star

Cumulative capacities at the end of financial years



What Makes Star Cement Tick?

Strategic Location,
Proximity to Raw
Materials & Market

Adequate plant
capacities to cater
to the market

Dependable
raw material
source and easy
availability of
power

Beneficiaries of
fiscal incentives

Well-established
brand in NER with
strong consumer
focus

Superior Brand
mix and innovative
marketing
strategies

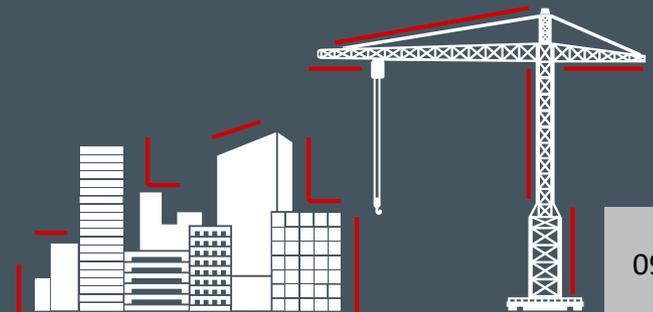
Market
dominance steered
by strong network
and retail-centric
business model

Strong NER roots

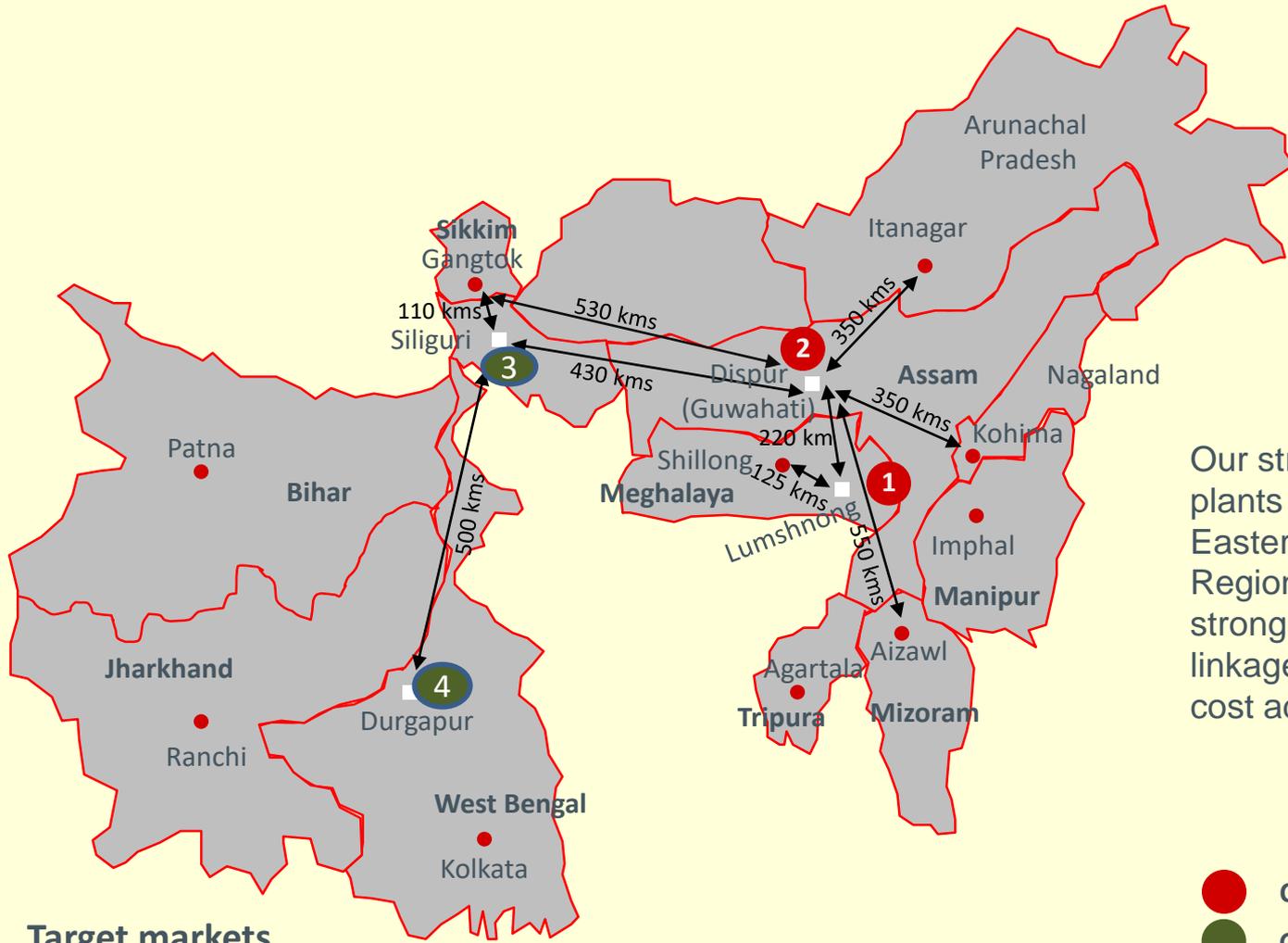
Successful
Financial Track
record - Highest
EBITDA margins in
the industry

Eyes on replicating
the success of NER
to Eastern India

A look at each of our trigger strengths.....



Location Advantage: The Game Changer



Our strategically located plants cater to the Eastern & North Eastern Regions, giving us strong customer linkages and competitive cost advantage

- Company's plants
- Grinding Arrangement
- ↔ Distance to markets

Target markets

Assam, Meghalaya, Arunachal Pradesh, Manipur, Tripura, Nagaland, Sikkim, Mizoram, West Bengal, Bihar

The Star Logistics Edge

- ★ Limestone mines are located within 2-3 kms of our plants, providing strong raw material linkage, easy accessibility and uninterrupted supply of raw material
- ★ Coal is available in close proximity, ensuring cost and operational efficiencies
- ★ Availability of coal also provides strong back-up for the Company's 51 MW power plant
- ★ When compared to peers, our strategically located plants cater to the Eastern & North Eastern Regions, helping us optimise and rationalise costs.

Proximity to raw material leads to lower logistics costs, which otherwise constitute a significant component of the overall cost of production. This, coupled with the ability to supply at the doorstep of customers and end-users through a well-established dealer-distributor network, gives us a distinct advantage compared to our peers.

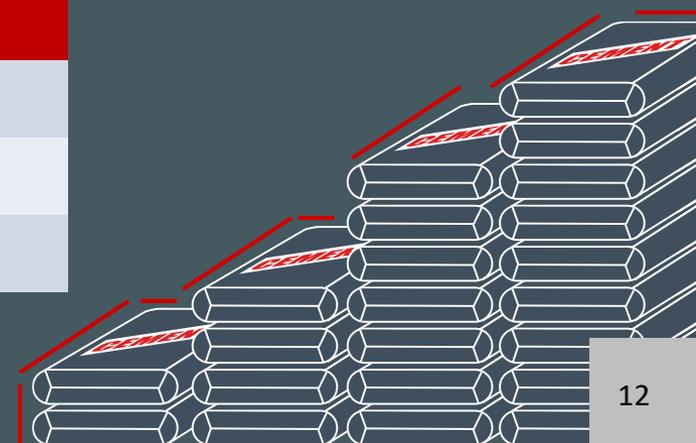


The Star Logistics Edge

- ★ Untapped NER and Eastern markets have strong potential for further growth
- ★ Over the last few years, cement arrivals in NER from mainland players has come down to 10% from 30% - owing to strong location advantage for the existing players in NER
- ★ Strong entry barriers for new players in these regions
- ★ No new significant capacities in pipeline in NER
- ★ Captive mines that are home to high quality limestone having calcium oxide content greater than 49% (higher than rest of India), having limestone reserves of more than 80 years
- ★ Availability of high quality coal in proximity
- ★ Star's established presence, extensive distribution network and high brand recall

Star enjoys the highest volume growth in NER and has adequate capacities to cater to growth targets over medium to long term , allowing it to serve the high potential market

Manufacturing	Units	Capacity	
Meghalaya	4	Cement (Mn Ton)	4.3
Assam - Guwahati	1	Clinker (Mn Ton)	2.6
WB (Hired Units)	2	Power (MW)	51



The Star Fiscal Edge: Financial Incentives

SCL's plants enjoy many fiscal benefits granted by Central / State Governments

Exemption	Balance Exemption period**			
	SCML	SCL-GGU	SCL-LMS	
Income Tax	100% under Section 80 IE, subject to MAT	5 years	5 years	-
IGST / CGST on				
	Clinker	29% / 58%	5 years	-
Cement	29% / 58%	-	5years	9 Years
SGST Cement	100%	2 years ~	₹ 70CrS	-

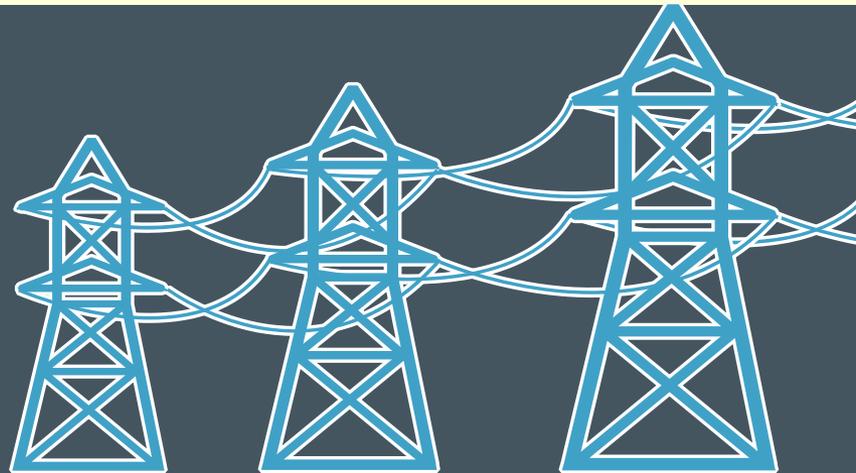
^^At GGU unit, SGST Refund is 100% up to 200% of FCI

** As on 31.03.2018

Powering Growth

Power

- ★ Availability of best quality low cost coal ensures increased benefits for power plant
- ★ Captive power ensures non-dependency on grid power
- ★ Fly ash generated from power plant is used in cement plants at almost nil cost

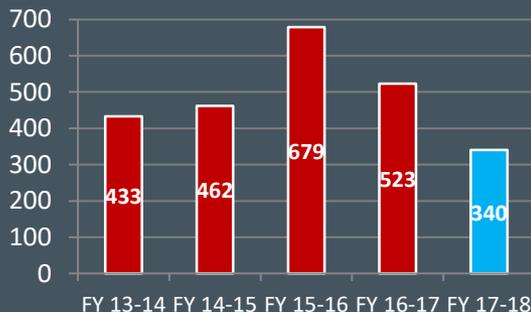


The Mark of a Star: Branding Success

- ★ For Star, cement is not merely a commodity and therefore, we do not sell cement, rather we build and sell brands
- ★ Star as a Brand have a very high recall value, enabling repeat customers
- ★ STAR CEMENT is the most preferred brand in NER and is witnessing consistent growth in the markets of Bengal & Bihar

Concentrated launches in select markets backed by strong budgets, innovative aggressive marketing and sufficient plant capacities

Advertising and Brand Promotion spends annually (₹ Mn)



Regular Brand Investment

- ★ Aggregate Brand investment of ~ ₹ 2,800 Mn in the last decade
- ★ Very aggressive campaign for Brand Launch in WB & BH

Celebrity endorsements

Bipasha Basu, Debojit Saha, Saurabhee Debbarma, Lou Majaw, Mami Varte, Late Bhupen Hazarika, Pranjal Saikia, Simanta Sekhar

- ★ Star Cement organized North East's first International half marathon in which more than 20000 people united for a single cause 'Run to support a clean India'
- ★ Very aggressive and comprehensive 360° campaign in NER, WB & BH involving masses in OOH, TVC, Radio & Press
- ★ Huge increase in brand awareness in outside North East, making Star Cement a household name even in markets where it is relatively new

Awards and Accolades

Gold award (Alternative Media – Any single execution on non-conventional OOH) and Silver award (Outdoor Media Plan of the Year - Local) at OAA 2016

Transport Excellence Award 2016 - National Award in Mining as well as in the Construction segment.

Award for "Best Practices in Employee Engagement"- National HRD Network (NHRDN) in 2016

Award for "Fastest Growing Company" above Rs. 1000 Crs at Economic Times Bengal Corporate Awards 2016

Award for 'Most preferred Cement brand' for 5 years consecutively at the North East Consumer Awards in 2015

Most preferred cement brand by AREIDA from 2010 to 2013

ICC Environment Excellence Award 2012 (Category: Large Business Organization)

Awarded first prize in the Thermal Power Station Sector - National Energy Conservation Award, 2015 & 2014

Silver awards (Cement sector) at Greentech Environment Awards, 2010 & 2011

Silver award at The Economic Times India Manufacturing Excellence Awards 2011 (Manufacturing and Supply Chain excellence)

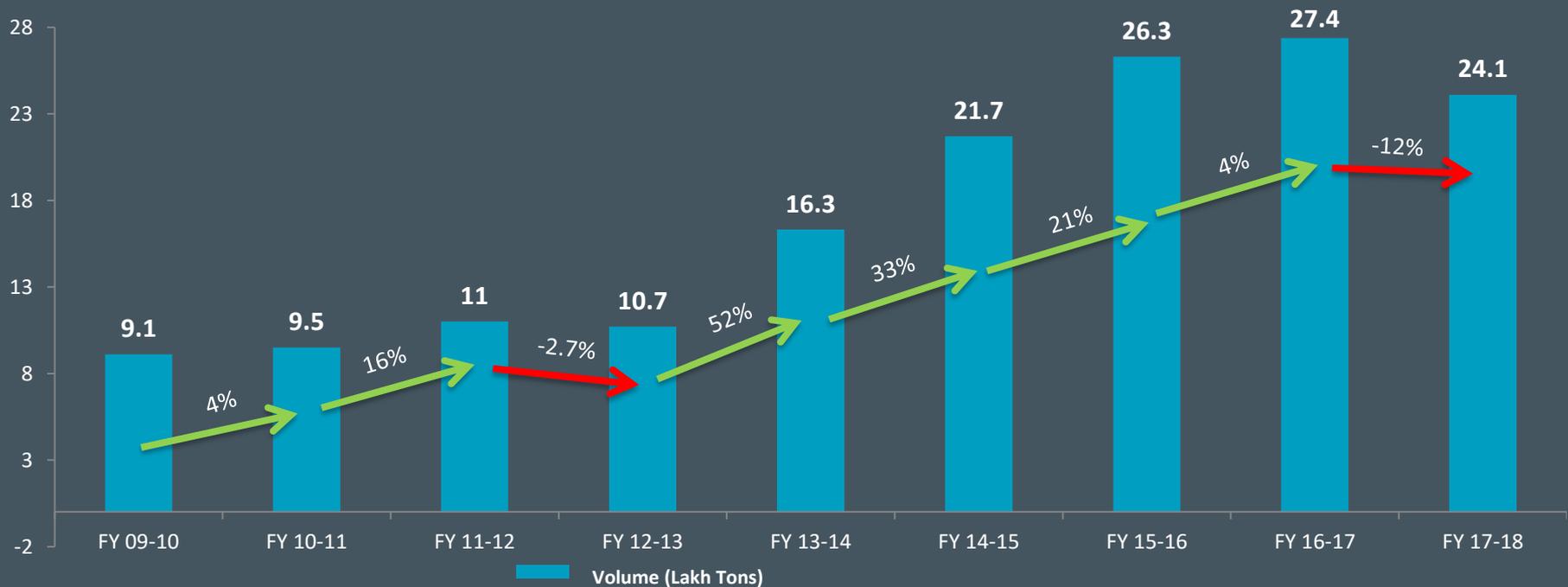
Limestone Mines in Khub stood 'First' in the category of Overall performance during North East Metalliferous Mines Safety Week in 2011-12

Greentech HR Silver Award 2012, for Outstanding Achievement in Best Strategy



The Star Shines Bright and Strong

- ★ Enjoys a leadership position in the North East with market share of 23%
- ★ Gradually increasing share in the Eastern region through concerted efforts
- ★ Strong dealer and distributor network built over the years, steering year-on-year growth, enabling leadership position in market



Highest Volume in NER and adequate capacities for catering demand growth over next few years.

Marketing the Star Brand

Innovative strategy, large distribution network, pioneering initiatives

- ★ Pioneers in initiating distribution through direct network, i.e. Dealers rather than C&F agents in NER
- ★ Building the Brand aggressively and innovatively in the markets of West Bengal & Bihar
- ★ Consumer-centric strategic approach - initiated attractive schemes like 'Kismat ki Bori' offer, 'Bag Me Chandi' offer, 'Dhan Varsha', Gifts to dealers, masons, customers etc.
- ★ An out-of-the box marketing strategy to build highest recall and positive brand perception through innovation in communication and media - advertisements at important road crossings, 'Pan' Shops, local TV, in addition to the traditional billboard/hoarding advertisements
- ★ Increasing visibility through focus at Block level, Haats and village congregation points etc.

Complete Portfolio of Grey Cement



Marketing the Star Brand

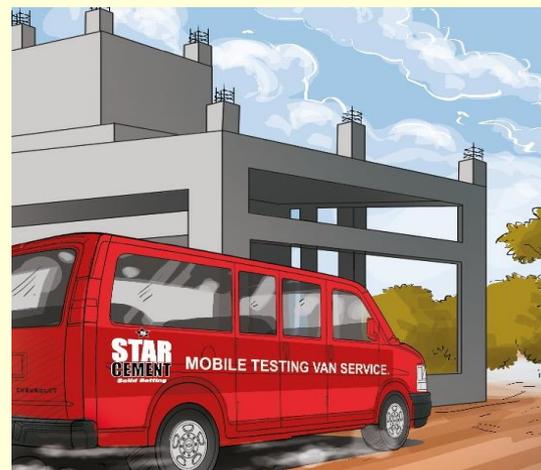
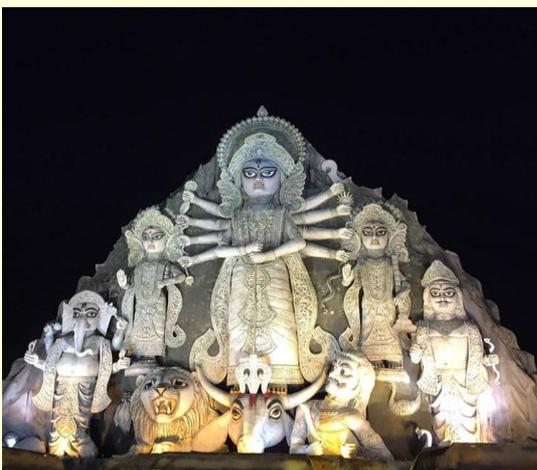
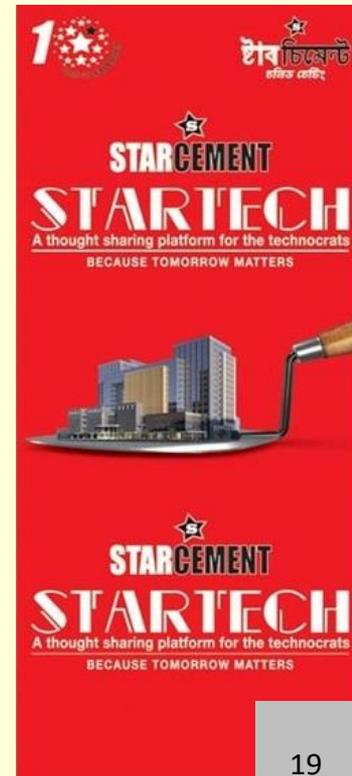
Innovative strategy, large distribution network, pioneering initiatives

Technical assistance to retail consumers to ensure better connect - drives demand and builds brand confidence

- ★ Value-enhancing technical marketing for customers
- ★ On-site technical support to customers through unique concept of mobile vans manned by experts

Star Technopedia

- ★ STARTECH - a unique forum to bring together architect, engineers, professors and experts for knowledge sharing & value enriching discussions
- ★ Star Technopedia : Monthly e-newsletter to informed influencers covering new initiatives & development in construction industry
- ★ Toll-free Customer care number - 180034534500

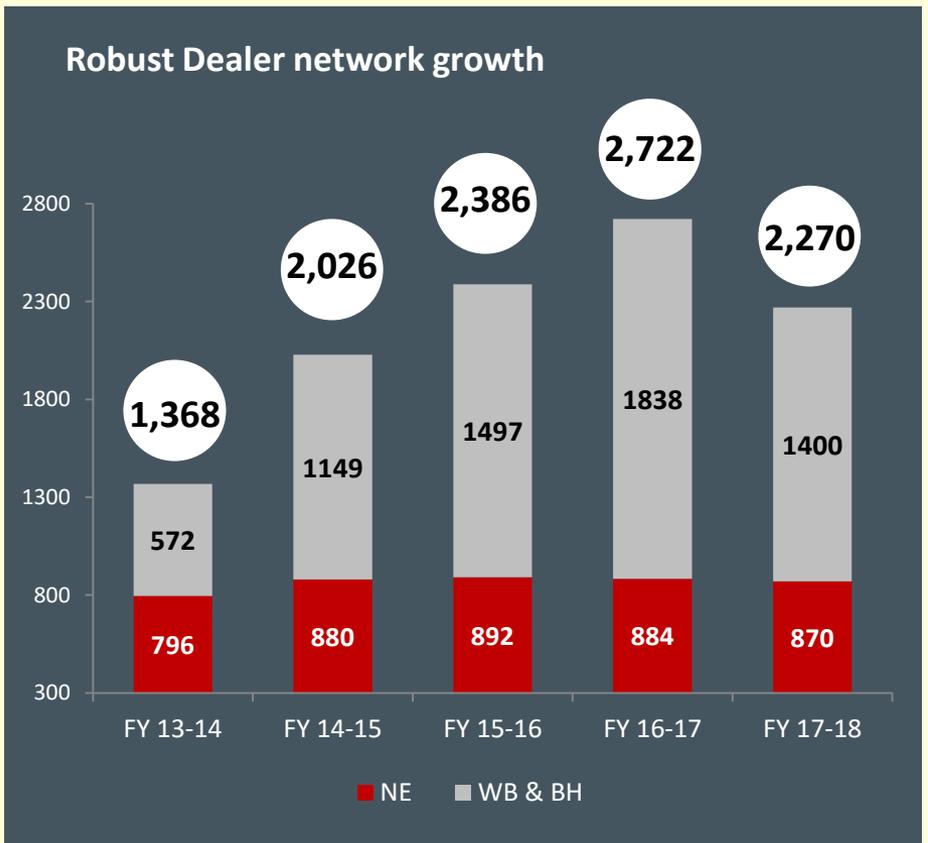


Retail-driven Marketing strategy

Distribution Network

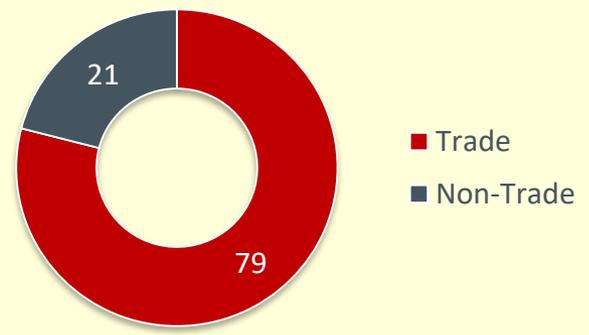
Retailers	~9,000
Dealers	~2,270

- ★ Distribution network spread across 11 states
- ★ While our peers adopted the wholesaler model, we have built on our strong network of partners over the last decade
- ★ The result – Deeper penetration, greater reach, higher market share



Higher proportion of trade sales resulting into higher Cement realization per ton

Sales mix (%)



CSR-Sonapur, Assam

HEALTH & SANITATION

- ❖ Construction of 204 household toilets
- ❖ Provided preventive and curative health care services to community people
- ❖ Drinking water supply to the nearby villages through pipeline benefitting 800 households
- ❖ Construction of 25 toilets in Jorhat district



Tailoring & Embroidery Training Institute for enhancing the skill of around 250 Women in a year.



LIVELIHOOD DEVELOPMENT

- ❖ Bee Keeping program for 100 marginalized farmers with market linked solution
- ❖ Eri silk project to enhance earning of 65 farmers with assured market
- ❖ Support 65 Fish Farmers by pond renovation, supply of fish seed and training to enhance fish production
- ❖ Introduced piggery project to enhance livelihood of 60 farmers
- ❖ Collaboration with scientist Dr. Uddhab kr. Bharali for enhancement of livelihood



EDUCATION

- ❖ Construction of new school & renovation of school building
- ❖ Provided 1000 Anglo Assamese dictionaries, 10000 exercise books, study material, umbrella, water filter, play kit and class room kit to the students
- ❖ Remedial classes for HSLC appearing students



CSR-Lumshnong, Meghalaya

EDUCATION

- ❖ A school for children of migrant workers covering 75 students
- ❖ Induction of teachers in schools
- ❖ Scholarship program for student
- ❖ Supported 4 schools for regular maintenance
 - ❖ Supported 600 students with text book, school bag, umbrella dictionary



HEALTH & SANITATION

- ❖ Provided preventive and curative health care services to community round the year
- ❖ Awareness programs on family planning, Use of toilet, hand washing, etc.
- ❖ Around 500 households and commercial places are covered under cleanliness drive
- ❖ Around 800 women and girls are being supported through menstrual hygiene program

LIVELIHOOD DEVELOPMENT

- ❖ Pig rearing program for 60 marginalized farmers to enhance their secondary source of income
- ❖ 15 Bee farmers of the region are being supported with training, instruments at free of cost
- ❖ Tailoring school was set up to upgrade the skill set of 60 rural women in a year
- ❖ 9 women were trained on fruit processing and supported Self entrepreneurship



RURAL DEVELOPMENT

- ❖ Construction of roads, Community Hall, drains, footsteps, bus stand, installation of 45 solar street lights
- ❖ Emergency relief to thunderstorm affected people

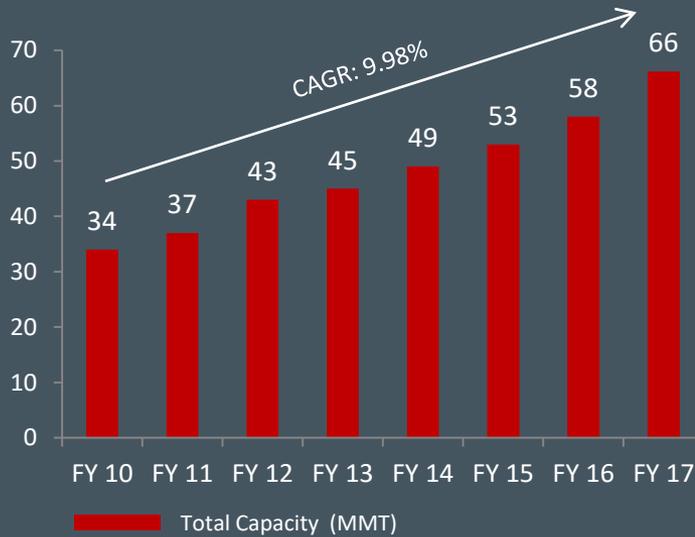


Opportunities Beckon... and Star's Journey Continues

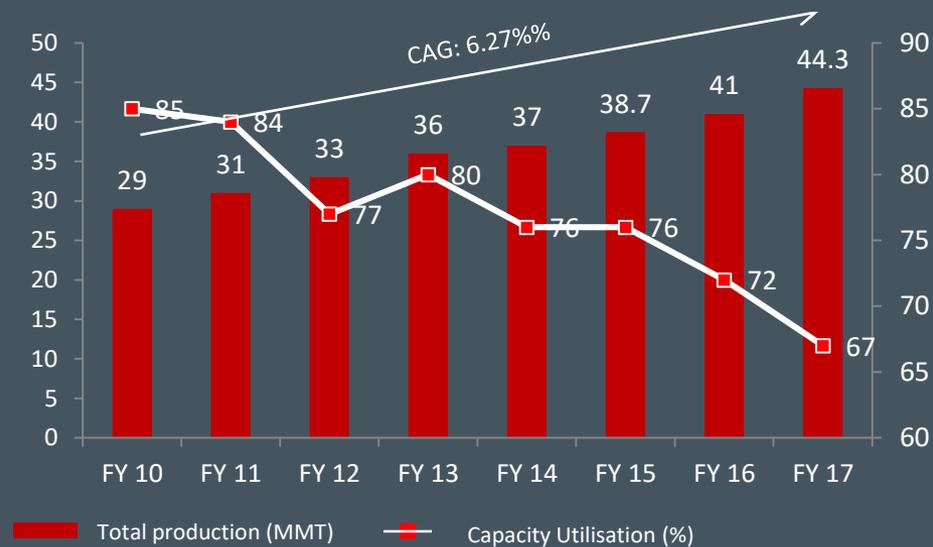


East India: Huge Untapped Potential

Total Capacity (MMT)

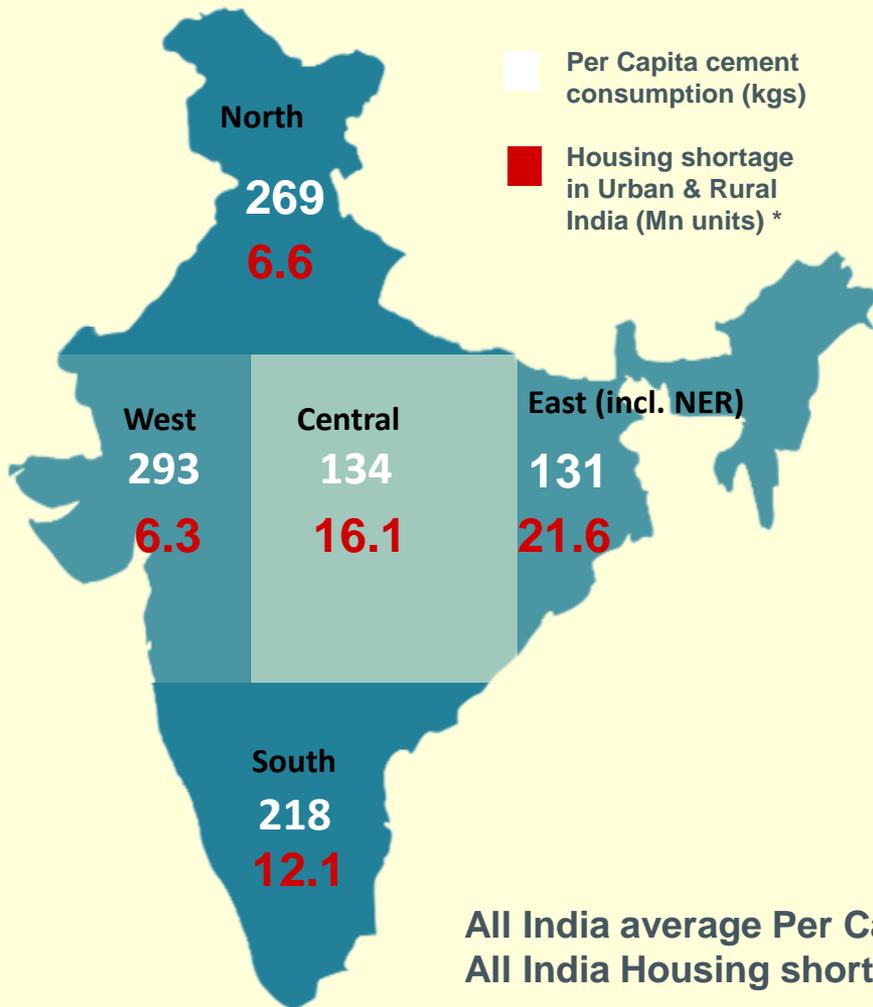


Total Capacity (MMT) and capacity utilization (%)



- ★ Cement production in the Eastern regions has grown at a CAGR of 6.27% and is expected to grow at a CAGR of 9-10% in the next 5 years
- ★ Demand is expected to grow at a steady pace through increased allocation
- ★ Government focus on infrastructure to boost growth through increased allocation in housing, infrastructure and commercial real estate segments will drive the cement demand
- ★ Special focus on rural and semi-urban areas through large infrastructure and housing development projects

East India: Huge Untapped Potential



Per capita cement consumption in East is the lowest, thus underlining huge potential for growth

Housing shortage in Urban India - Of the total housing shortages in urban India, East alone contributes to 35%. East and Central put together contributes ~60% of all India urban & rural housing shortages

At 131 kg, per capita consumption is among the lowest in East (national average – 225 kg per year)

Eastern India (including NER) account for urban housing shortage of 4.6 million units & 17 million units for rural housing shortage

Demand for cement is expected to grow in high single digits in East India

A pick-up in infrastructure development will trigger cement consumption demand in these states

All India average Per Capita cement consumption - 225 kg
All India Housing shortage in Urban (19 mn) + Rural India (44 mn)- 63 mn units

North East Region: An Expanding Opportunity Landscape

8 states with abundant **Natural Resources**

Limestone, Coal, Dolomite, Quartz, Granite, Sandstone, Shale



Special Category **States** with **NEIIP**, 2007 & State Policies supporting Industrial Investments



Separate **Ministry for the Region** – Doner (Development of North Eastern Region) to **boost development**



Central government's infrastructure development thrust



Roads - Special Accelerated Road Development for North East (SARDP-NE) and National Highway Development Programmes (NHDP) in NER for 10,141 kms at est. Cost ₹ 33,500 Crores.* Out of this, approval for 5532 kms (Rs. 24524 crore) has already been executed. Bharatmala project would construct 7000 kms in NER



Airports - 5 sanctioned, 8 in pipeline, ₹ 5,000 Crores Investment is expected during next 10 years



Railways - Indian Railways has lined up several projects worth at least Rs 40,000 crore to connect capital cities of five North Eastern states which includes laying over 1,500 km of rail lines and several engineering marvels such as India's longest double decker rail-cum-road bridge, one of the longest tunnels in the country and the world's tallest pillar-based rail bridge.



Hydro Power - Largest Hydro power potential in India is in NER with 98% still untapped, 63000 MW of Hydro Power capacity identified; 14000 MW already allotted to Pvt. Players which will result in ~14 Mn Tons of Cement Demand

Smart Cities – One city from each of the 7 states in NE named in the projected smart cities list.

Non-Lapsing Central Pool of Resources – Unspent amount of **10%** Budgetary allocation for **NER Infrastructural Development**

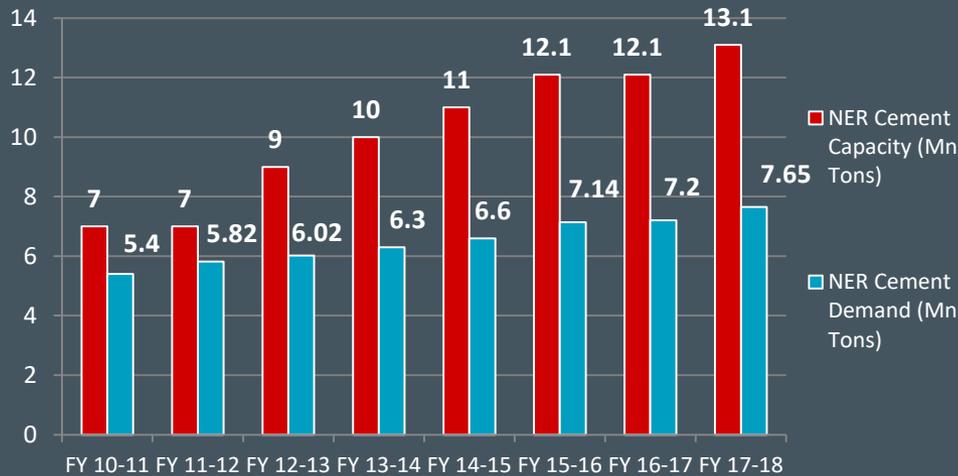


Increased Allocation to Rural Low cost housing under **Pradhan Mantri Awaas Yojana – Gramin Scheme** to Rs **23000 Crs**



*Four-lane concrete roads are expected to shore up cement demand– 2,000 tonnes of building material goes into creating every 1 km of road (Source: The Hindu Business Line, January 27, 2015)

North East Region: Opportunities Galore



Five-year Plans	2007-2012	2012-2017	2017-2022
NER GDP Growth	10%	13.7%	16.4%
NER Per Capita growth	8.6%	12.4%	15.2%

- ★ 7-8 % p.a. projected growth of cement industry (CAGR of 7% in last 5 years)
- ★ Potential for growth - current per capita cement consumption is 142 kg in NER
- ★ Major players - Star Cement and two others - catering to 55-60% of cement demand and deriving benefit of economies of scale
- ★ Consolidation on the cards as small players expected to be edged out eventually
- ★ No new major capacities in pipeline in the region
- ★ Cement arrivals in NER from mainland players have come down from 30% to 14% - gives advantage to players in NER

The Star is Set to Shine Brighter: More Frontiers of Growth

- ★ Further growth in high potential areas by leveraging operational and financial efficiencies
- ★ Seize the growth opportunities in NER, Eastern Region – partner the government's initiatives to boost infrastructure
- ★ Strengthen and expand dealer/distribution network to capture Eastern markets and deepen penetration into NER
- ★ Explore and tap new markets to boost margins
- ★ Grow product portfolio with new, niche and quality brands
- ★ Set-up capacities to cater to incremental demands of the region
- ★ Focus on retail services
- ★ Expand technical services to enhance customer service and brand building
- ★ Enhance brand recall through innovative marketing strategies, more CSR initiatives



The Numbers Speak: Successful Financial Track Record

CONSOLIDATED FINANCIALS
Star Cement Ltd

In ₹ Crores	2014-15	2015-16	Q4 FY 18	Q4 FY 17	2017-18	2016-17
Gross Sales	1,473	1,763	523	466	1,629	1,552
Net Sales	1,430	1,715	519	473	1,606	1,522
EBIDTA	437	401	147	171	526	411
EBIDTA Margin (%)	31%	23%	28.38%	36.15%	32.73%	27.00%
Cash Profit	345	311	133	140	457	319
EBIT	213	229	123	159	405	293
PBT	126	145	114	141	353	215
PAT	119	134	108	126	331	195
PAT Margin (%)	8%	8%	20.79%	26.61%	20.58%	12.80%
Net Fixed Asset	1,069	968	820	918	820	918
Total Capital Employed	1,935	2,144	1,963	1,973	1,963	1,973
Long Term Debt	691	575	199	372	199	372
Share Capital	42	42	42	42	42	42
Net Worth	921	1,055	1,477	1,146	1,477	1,146
ROE (%)	12.9%	12.7%	29.2%	44.0%	22.4%	17.0%
ROCE (%)	11.0%	10.7%	25.1%	32.2%	20.6%	14.8%
Debt Equity Ratio	0.75	0.54	0.13	0.32	0.13	0.32
EPS	2.83	3.20	2.57	3.00	7.88	4.64

* FY 2017-18 and FY 2016-17 financial results are stated as per IndAS standard



**BHAAG
NORTH EAST
BHAAG**

**NORTH EAST'S
1ST INTERNATIONAL
HALF MARATHON**

APRIL 1, 2018 • GUWAHATI

IN SUPPORT OF A CLEAN INDIA



Thank You

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