



“Star Cement Limited Q2 FY22 Earnings Conference  
Call hosted by HDFC Securities Limited”

**November 02, 2021**



**MANAGEMENT: MR. SANJAY GUPTA – CEO, STAR CEMENT LIMITED  
MR. MANOJ AGARWAL – CFO, STAR CEMENT LIMITED**  
**MODERATORS: MR. RAJESH KUMAR RAVI – HDFC SECURITIES**



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**Moderator:** Ladies and gentlemen, Good Day and welcome to Star Cement Limited Q2 FY22 Earnings Conference Call hosted by HDFC Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rajesh Kumar Ravi from HDFC Securities. Thank you and over to you, Sir.

**Rajesh Kumar Ravi:** Thanks, Neerav. Good afternoon everyone. On behalf of HDFC Securities we welcome you all in the Q2 FY22 Conference Call of Star Cement. From the management side we are hosting Mr. Sanjay Gupta – CEO and Mr. Manoj Agarwal – CFO. We now hand over the call to the management for their opening remarks which will be followed by the Q&A session. Over to you, Sanjay sir.

**Sanjay Gupta:** Good afternoon everyone. This is Sanjay Gupta – CEO of Star Cement. I would like to welcome you all to this earning call of Quarter 2 FY22. I have with me Mr. Manoj Agarwal – CFO of the company he will take you through the Q2 numbers and the half yearly numbers after that we will open the floor for an interactive session where you will be able to ask questions and we will be happy to reply. I will request Mr. Manoj Agarwal to brief you on Q2 numbers and the earnings. Over to Manoj.

**Manoj Agarwal:** Hi friends very good afternoon. I on behalf of Star Cement welcome you all on the concall for discussing our Q2 FY22 numbers. 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 Q2 number followed by half year number. Starting from clinker production during the quarter ended September 2021 we have produced 5.49 lakh tons of clinker as against 3.61 lakh ton same quarter last year. So far as cement production is concerned we have produced 6.18 lakh ton this quarter as against 5.76 lakh tons same quarter last year. This quarter we have also taken shutdown in our integrated cement plant Tumsong Meghalaya. Now I will take you through sales volume. During the quarter we have sold 6.17 lakh ton of cement and negligible quantity of clinker as against 6.34 lakh ton of cement and 0.18 lakh metric ton 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 North East we have sold around 4.93 lakh ton as against 4.84 lakh ton during same quarter last year and as far as outside North East is concerned we have sold 1.25 lakh ton of cement this quarter as against 1.68 lakh ton same quarter last year. In terms of blend mix it is almost 9% OPC and rest is PPC. These are the quantitative numbers of the quarter. Now I will take you through to the financial. The total revenue figure this quarter is around 406 crore as against 402 crore same period last year. As far as EBITDA figure is concerned this quarter we have done an EBITDA of around Rs. 80.38 crore as against 85.51 crore last year. Profit after tax is Rs. 46.53 crore as against 60.27 crore in the



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same period last year. This is mainly on account of increased depreciation on account of our Siliguri grinding unit.

On the per ton EBITDA front it is 1,302 during this quarter as against 1,313 per ton same quarter last year. This is what our quarterly numbers of second quarter. Now the total revenue figure for the half year ended September 2021 it is around 917 crore as against 694 crore same period last year. As far as EBITDA is concerned during half year ended September 21 we have done an EBITDA of around 182 crore as against 157 crore last year. PAT is Rs. 116 crore as against 104 crore in the same period last year. On per ton EBITDA front is 1,317 during half year ended September 21 as against 1,424 per ton same period last year. These are the quarterly and half yearly numbers. Now, I request all of you that if you have any query you can ask the same and I will request Rajesh to moderate the query wherever it requires. Thank you. Over to Rajesh.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mangesh Bhadang from Nirmal Bang. Please go ahead.

**Mangesh Bhadang:** So my question is so we have setup our new unit at Siliguri 2 million ton in January of this year and we did face some problems for volumes in the year quarters because of some logistic or COVID related issues, but still our volumes are extremely low. So, what is the reason for that, what has been the reason that we are not able to push the volumes in the Eastern market in fact on a year-on-year basis the volumes are dispatched the addition of new capacity which means that the earlier volume that we were selling through the leased unit we have not been able to duplicate that. So, when do you expect this to change and when do we start looking at it at least some good volume growth given the fact that you are utilization is very close to almost 42%, 43%?

**Sanjay Gupta:** No, definitely you are right when you say that we started this unit in the month of January so three, four months was initial months because of the tethering issues we could not ramp up the volume and as you understand this is a 2 million ton it needs a large territory in terms of selling the product. So, continuing with building the network having the dealer network in place and all that and in April, May COVID has actually impacted in terms of market visits and physical visits to the market and all that has really got impacted. So, we have taken up this exercise of building the network very aggressively from June onward and we have added a significantly almost from June onwards we have almost added more than 200 dealers in our network. So, hopefully in the coming 6 months time we hope that the overall utilization of this unit will be able to ramp up to around 65% to 70% by the end of this year.

**Mangesh Bhadang:** So, any volume guidance you want to give for this year based on what you have done in the first half?

**Sanjay Gupta:** I think I have already said that we are looking at 20% kind of a volume growth in FY22 over FY21.



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**Mangesh Bhadang:** So by the end of this year you mentioned that at most 55% to 70% utilization can be achieved for Siliguri?

**Sanjay Gupta:** Yes.

**Mangesh Bhadang:** And sir can you just highlight also the demand trends in North East and the Eastern region based on what is happening now?

**Sanjay Gupta:** Till September the demand is really weak because of the large scale rainfall which was taking place in Eastern India right that has also largely impacted lot of coal mining also and that is one of the reason of coal scarcity in India because most of the coal mines are actually located out of Eastern India, but that trends have subsided actually in the month of October. October we have seen a healthy demand trend and I think post Puja and all the demand has picked up. We hope that the same thing will continue in the month of November and coming months and we expect that ultimately the entire North East will grow at around 8% on a full year basis and the rest of East should at least go at around 4%, 5% on the full year basis.

**Moderator:** Thank you. The next question is from the line of Vaibhav Agarwal from PhillipCapital. Please go ahead.

**Vaibhav Agarwal:** Sir, I had a question that recently from many of our dealers, etc., which we are doing we are learning that the players from the mainland are coming in a big way to North East and because of which they are selling their products at quite a discounted price versus the existing price in the North East so the discounting in North East is basically going up substantially because of that is what we get at Brownfield that is it true sir and can you offer a comment on this particular aspect what these entry of players on the outside North East?

**Sanjay Gupta:** Vaibhav ji largely what this is has always been the trend during the monsoon season, during the offseason actually the price takes a beating in the rest of India and the prices are more or less stable I will say that only because small negative buyers in North East. So, there is during the rainy season the price gap actually increases right that makes for the player who are there in Eastern India it is actually becomes very lucrative for them to sell in North East. So, that is the trend which I have always been seeing it. Yes, there is some amount of additional volume pushed we have seen that UltraTech has pushed some amount of volumes, but those are largely if you have seen it in last year also they have done, but I think those matters are related largely related to one off items like last year Meghalaya and most of the cement plant in Meghalaya has actually suffered on account of two bridge where were there in Meghalaya have got damaged. There was a load restriction on those bridges hence the grinding units which are setup in Guwahati and these places could not get the required clinker from their mother plants and that is how the supply was restricted and that gap was filled by imports or I will say material from the mainland India. So, that was the reason for last year, but this year I think they are more or less the similar line with what they had last year. I think prices has started moving up. As the gap reduces the overall



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impact also reduces I can only say these are largely a consignment sale kind of businesses and there is no active dealer network which is being created by any of the past players in North East Asia.

**Vaibhav Agarwal:** Actually sir the feedback was that some of the players which you mentioned and some other players are now setting up their own permanent network in North East with their own CNS depos, etc., so that is the reason I was asking with this that do you see this is a permanent threat for the region so that is a concern because this time the commentary was little aggressive from the entry of these players what has happened in the past so that is the reason I was asking this question?

**Sanjay Gupta:** I do not deny that there will be a renewed interest on North East because of the kind of prices which are maintained there, but you can always understand that the nearest plant any of these players have closer to they are in other degree or in Mosedabad and Ambuja and Farakka still there is a lot of freight component which is going to get impacted and if somebody starts making the dealer network definitely we will be apply to watch for.

**Vaibhav Agarwal:** And sir also any of these players do you think that they are looking at setting up their own capacities and we are also gearing up some potential transactions of M&A which can happen any comments on those front if you can offer would be helpful?

**Sanjay Gupta:** Honestly I do not have any information as such of any potential transaction undergoing as a background, but if those kind of situations do appear we will have a look at that at that point of time.

**Vaibhav Agarwal:** Lastly I also wanted to ask you that we also had plans in the longer term to become a East India player as well, so any development on that front or any further roadmap which you can share it will be helpful?

**Sanjay Gupta:** So at this point of time we are looking at setting up a 3 million ton. So, we need clinker to expand any further because Siliguri also needs extra amount of clinker. So, we are putting up this clinker plant we will also be having another pending plant in Guwahati. East India plant will definitely actively start taking step as soon as we get hold of some Clinkerization facility either in Chhattisgarh or in MP.

**Vaibhav Agarwal:** So, there is no problem on Chhattisgarh Clinkerization even as of now, is it the things?

**Sanjay Gupta:** As of now there are no progress.

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



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- Uttam Kumar Srimal:** So, sir my question is related to CAPEX plan of the company during this year and the next year, so what kind of CAPEX you are looking for this year and next year and sir what is the current status of Clinkerization plan that you spoke about?
- Sanjay Gupta:** See the CAPEX expenditure for this year we had planned around 300 crores and that were largely driven by WHR plant of 12 megawatt which we were setting up in Meghalaya that plant is on track I would say of implementation. We hope to commence that operation in the month of July FY22. So that CAPEX is continuing and we have already spent out of till out of till September we have spent around 125 crore largely on the midcap and some amount we have spent on the clinkerization plant and we are on track to spent this 300 crores on CAPEX and this clinkerization plant it is a 3 million ton capacity which we were setting up in Meghalaya. The overall CAPEX for this particular plant is going to be around 1,100 crores to 1,200 crores there and that is the amount we are going to spent in next three years.
- Uttam Kumar Srimal:** That would be on a clinkerization itself?
- Sanjay Gupta:** That is going to be in clinkerization itself.
- Uttam Kumar Srimal:** And sir regarding price hike sir have we taken any price hike during the month of October East and North East region?
- Sanjay Gupta:** There is a small price hike of Rs. 5, Rs. 7 in North East and there is a small hike of around Rs. 10 in Eastern India that is the hike which was there in the month of October, but we do hope that coming forward in months to come as the demand picks up there will be a pressure on the price largely on account of full price increases and the full price increase which has happened in past three years. So, definitely there will be a pass through which will happen.
- Uttam Kumar Srimal:** And sir what has been on a trade and nontrade mix this quarter?
- Sanjay Gupta:** Trade and nontrade mix still remains I think we were operating at around 80-20 kind of a perio and at this quarter we will be having I will ask Manoj to give you the number.
- Manoj Agarwal:** It is 88-12 same thing.
- Uttam Kumar Srimal:** And sir what has been our lead distance during this quarter?
- Sanjay Gupta:** It will be around 300 kilometers.
- Uttam Kumar Srimal:** It has been reduced so last time it was around 325 kilometer?
- Sanjay Gupta:** It will come down because as you understand that now there is another plant of Siliguri which had come up so it will definitely have a reduction is lead distance.



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**Uttam Kumar Srimal:** And sir lastly one on power and fuel, so how is the current cost of inventory which is right now?

**Sanjay Gupta:** See as of now we had good amount of inventory with us. So, we are managing till now we have almost around 2,000 tons of coal which we have already purchased Coal India that material is going to come to us hopefully the Coal India will start loading rakes from maybe of course Diwali that is the feedback we have and most of our coal sourcing has always been the coal options which we have been picking in. We have also participated in certain fuel supply agreements which has happened in branch 4 and branch 5 thing we have taken now 125,000 tons per year end of participation there and that has been allotted to us for next five years and so we are hoping that the Coal India actually resumes the coal supplies to cement plant.

**Moderator:** Thank you. The next question is from the line of Ritesh Shah from Investec India. Please go ahead.

**Ritesh Shah:** I just continue with the par question sir can you broadly indicate what is our fuel mix right now basically local coal if you can segregate it between local-local Coal India imported petcoke for broad understanding?

**Sanjay Gupta:** I think as of now there is no local coal which is being used. It is largely the Coal India coal I will say it is to the extent of 95% will be Coal India and only some small quantity of imported coal. We are not using any petcoke there.

**Ritesh Shah:** And sir you indicated 125,000 tons per annum, sir how does the pricing work over here like is it fixed price for the full year or also to understand it versus the normal [20:35] that we do on auction basis if you can give some numbers on rupees per Kcal basis I think that would be very useful the prior quarter and basically how should one understand this 200,000 the coal that we have purchased so far and 125 KT what you indicated sir?

**Sanjay Gupta:** See at this point of time I do not have that number of per kilo calorie cost, but I am saying that yes definitely this long-term fuel FSA. So, the cost is actually competitive than what was there in the auction which is available and this had recently been done. So, there is no past FSA which we had, we have just participated in these FSA and we have been allotted this quantity and yes as far as the FSA pricing is concerned mostly the price is stable until and unless Coal India actually revises its base price. For FSA actually being a longer term, it has nearly been seen that on the very rare occasion the Coal India has actually revised the base prices that is there. Auction coal cost depends on whenever these auctions are available, whenever those auctions are done and what is the prevailing price at that point of time definitely Coal India do benchmark their prices with the international coal availability and the price.

**Ritesh Shah:** Sir, would it be possible for you to help us understand what is the calorific value and the coal cost because I think this is the inherent advantage that the company has and our cost will be



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actually lower than the competition which is a good thing, so just trying to understand the numbers over here?

**Sanjay Gupta:**

No see the calorific value is somewhere around 5,000 to 5,500 depending on which grade of coal you are actually bidding for which all grade you are taking in the auction and as far as the FSA are concerned the calorific value is somewhere around 5,000 to 4,500 which have been offered on the tranches actually we do not decide on what calorific values it is actually based on Coal India gradation of coal which goes by either you go into a higher grades or somewhere around G4, G5, G6 and lower grades will be somewhere around G10, G11, G12. So, it all depends on which grade is under offer and you have to bid for it depending on what cost landed cost you are going to incur on it.

**Ritesh Shah:**

Sir, if I have to put it the other way round how should one understand the power and fuel cost on a per ton basis from Q2 to Q3 and into Q4 most of the companies they have indicated a stiff cost increase, so sir can you put some number over here?

**Sanjay Gupta:**

At this point of time it is very difficult to give you a number, but I can only share with you this that the coal prices has actually been more than doubled so you can understand that from whatever foreign fuel cost the companies are importing yes because each company have it own different take because we have also been now have also started we have also started and looking at the various auctions taking place even in central coal field and South Eastern coal field, northern coal field. So, just to understand and keep ourselves deleverage from the Eastern coal field. So, all these cost are really variable and will also depend on how the international coal prices actually behave. So, putting a number to it yes there is a cost increase I think we have been every cement players has been talking about at least an increase of 8% to 10% or 10% to 12% depending on who is looking at the price increase and just to pass through the coal and the diesel price hikes which has happened.

**Ritesh Shah:**

Sir, just to put this question the other way round you indicated that the price increases so far I think in North East you indicated Rs. 5 to Rs. 7 in the month of October is that correct and for East it is Rs. 10 did I hear it right sir?

**Sanjay Gupta:**

Yes.

**Ritesh Shah:**

And sir how much has been the increase in the month of November or any anticipated increases because the sighted price increase number is significantly lower than the broad cost inflation that we are looking at on bit imported thermal coal or bit even on petcoke or in Reliance also just increase prices I think yesterday today?

**Sanjay Gupta:**

That is correct I think what happens is see the price increase has to happen along with the demand which picks up right. There is a volume pressure on each other cement players which operates in this region. So, looking at that I think the prices were there is a 2%, 3% increase already and



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we hope that post Diwali there is no increase as far the November is concerned, but post Diwali as the demand starts picking up you will see sharper increase in prices.

**Ritesh Shah:** Sir, if I may just squeeze in one more question sir on the clinker debottlenecking site I think there was some Gram Panchayat or some hearings which were due, is it something which is done with or is there any particular other reason why there is a delay over there?

**Sanjay Gupta:** I do not think this is anything which is related to any clearances on Gram Panchayat or anything like that. The only point was that see from the CAPEX point of view we have already completed everything and there is a small changes which is required, their process change which is we are hoping to do once that happens we will be able to achieve that number also and till now we have never tested that kind of we have never because Siliguri plant has just now come up. This is the first season for the Siliguri plant and our capacities will get tested now. Hopefully we will be able to achieve the capacities which we have built in.

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

**Shravan Shah:** Sir, couple of clarification or the data points sir Siliguri plant this quarter how much clinkers we produce and what was the capacity utilization for this quarter and how it was in October?

**Sanjay Gupta:** Siliguri plant we do not produce any clinker we only produce cement. So, cement capacity that is on 30%.

**Shravan Shah:** So, 30% for the Q2 utilization was there?

**Sanjay Gupta:** Half year. It was for the half year Q2 number I will request Manoj to share with you.

**Manoj Agarwal:** Okay I will share it later on Shravan.

**Shravan Shah:** So, in October has the utilization increase?

**Sanjay Gupta:** October definitely company has seen a volume growth of around 8%. So, yes definitely there will be some increase in the overall utilization.

**Shravan Shah:** Just continuing with the previous question so you mentioned that in terms of the power and fuel cost on a per ton basis considering all the sectors you are mentioning 8% to 12% all the companies are seeing so we can also expect the similar QoQ per ton increase in power and fuel in the third quarter 8% to 12%?

**Sanjay Gupta:** I think I have not said about 8% to 12% fuel price increase thing. I have said that the cement prices has to move up at least anything between 8% to 12% depending on which company you



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take and to have pass through of coal and the fuel price increase which has happened. As far as the coal cost is concerned and the impact on the companies is concerned it will all depend on I think some of the impact has already been reflected in the Quarter 2 numbers and I think the last part of the impact on the balance sheets of the company will definitely come Quarter 3 and because in Quarter 2 the people were carrying some amount of inventory so that has helped them to keep at least impact of that on the cost were lower, but going forward definitely that impact will be seen more visibly and that is how I think that is there the same price increase to pass through this cost impact is going to come from.

**Shravan Shah:** So, we mentioned that we have already have a 2,000 tons of inventory and we have already participated in 125,000 FSA on yearly basis, so this 2,000 in terms of will it last for the third quarter how many months this 2,000 coal will null so based on that broadly how much we expect the per ton basis power and fuel cost can go up?

**Sanjay Gupta:** See basically this 200,000 tons of coal which we have purchased from Coal India the problem is the delivery. Even if the cost of that particular coal and we have bought that coal a little earlier, but the deliveries is a problem at this point of time we are not getting deliveries from Coal India. If we get the deliveries this coal is sufficient for almost more than three to four months of company requirement, but only question is getting this deliveries on time and till such time the delivery position stabilizes you have to get into the spot coal purchases which are much higher than the prices which we have purchased this 200,000 tons of coal.

**Shravan Shah:** Secondly sir we said that our lead distance has decreased from 325 kilometer to 300 kilometer QoQ, but in terms of the freight cost per ton basis it has increased 4%, 5%, so definitely it will be because of the diesel cost increase and price increase, so how much more increase you can see in the freight cost also?

**Sanjay Gupta:** No, I think the freight cost increase is a continuous process you have been seeing it everyday the prices are going up and it will definitely have an impact on freight cost of the companies going forward in coming next two quarters also. How much it will be there it will be very hard to predict at this point of time, but definitely we are looking at it that the price of freight cost will definitely go up.

**Shravan Shah:** Lastly sir on the finance cost it has increased significantly though it is a small number so this quarter we have close to 68 million versus the last quarter it was 18 million, will you please help me what is the reason?

**Manoj Agarwal:** Yes because whatever is there I have already told that because we have some export obligation and the [32:39] but now there is exporting of clinker to Nepal is not economically viable. So, that is why we have paid that custom duty what is the obligation against the proportionate custom duty on those obligation. So, on that custom duty we need to pay the interest of around 3.5 crores so that has been included in the interest cost that is why this is one of item for this quarter.



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- Shravan Shah:** And same in terms of the raw material cost so even if I exclude the change in inventories which is close to Rs. 324 so raw material cost has declined significantly will you please help me how one should look at even the further third quarter also?
- Manoj Agarwal:** See that because of cement production has come down drastically this quarter production of cement is lower as compared to you can see this 7-lakh last quarter you are comparing with the last quarter or the YoY.
- Shravan Shah:** On a per ton basis I am looking at?
- Manoj Agarwal:** Last quarter we have produced 7,72,000 as against this quarter only we have produced 6.17 lakhs. So, cement production was lower that is why the raw material cost is in absolute number it has been decreased.
- Shravan Shah:** No, I am talking on a per ton basis I understand on absolute basis because of the lower production, but on a per ton basis it has significantly decline so even if I remove the change in inventories so last quarter it was Rs. 1,639 per ton and this quarter it is 1,400 so close to Rs. 230 kind of a decline on QoQ so how we look at so be this sustainable or something one off is there?
- Manoj Agarwal:** I think we do not have the ready numbers available with me in terms of QoQ with us. I will come back to you on that.
- Moderator:** Thank you. The next question is from the line of Simran from SKP Securities. Please go ahead.
- Simran:** Sir, can you please repeat the cement sales volume number for this quarter?
- Sanjay Gupta:** It is 6.17 lakh ton.
- Simran:** That is the cement production?
- Sanjay Gupta:** Both are same 6.17 production.
- Simran:** And sir how much is for the North Eastern region?
- Sanjay Gupta:** In North East region it is 4.93 lakh.
- Moderator:** Thank you. The next question is from the line of Rajesh Kumar Ravi. Please go ahead.
- Rajesh Kumar Ravi:** I have few questions first of all on the costing side if I look at employee cost sequentially has gone up significantly versus the previous quarter run rate, so could you explain what is that leading to?



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**Sanjay Gupta:** Largely last year if you look at it because due to pandemic the increments were not done and they have been done only I will say small increment were done at the end of fag end of the year in the month of January or February or March. In this year the increment impacts has already come in and also there are certain bonuses which have been handed out which was kept last year that is a per ton impact.

**Rajesh Kumar Ravi:** So, the Q2 number would be new run rate or the H1 would be a new run rate?

**Sanjay Gupta:** No Q2 will be normal that is a normal thing I think if you look at 19, 20 also that is how it used to be. So, this will be a new run rate.

**Rajesh Kumar Ravi:** So, subsequent quarters 42 crore would continue or will back to 35 odd crore quarterly run rate that was the point?

**Sanjay Gupta:** No, that will not come because Q2 the increment impact of last two quarters impact was there. So, that is there and bonus last time now it has come to Q2 so Q3 it will not come bonus figure will not come the ex-gratia amount and also that is the one quarter salaries increment that impact is also there so that will not be there. So, you have to recalculate the things.

**Rajesh Kumar Ravi:** And secondly if I look at the input cost on a per ton basis what sort of benefit there is one thing which you have been talking about this fuel cost inflation impact, but if I look at the input cost numbers sequentially adding on fuel and power cost together and if I look at the number then I see this number have come off versus Rs. 2,900 per ton in last two quarters it is close to 2,600 so where is this savings coming in from?

**Sanjay Gupta:** The saving we will say last quarter we have also purchase clinker exactly because I do not have the number right now, but there is a purchase clinker in the last quarter so that has impacted raw material cost in the last quarter has been in the Q4.

**Manoj Agarwal:** If you look at its corresponding quarter last year if you know that from the October onward we were already looking at a problem of this the bridges which were there in Meghalaya so as we have resorted to certain bought out clinker at that point of time. So, that must got inbuilt into when you are looking at sequentially you are finding it that actually the raw material cost have actually come off it has not like that it is one of further clinker subsidiary in those quarters.

**Rajesh Kumar Ravi:** From Siliguri plant which all market you are seeing currently?

**Manoj Agarwal:** We will be largely doing North Bengal market and up to Central Bihar that is the market we are looking at.

**Rajesh Kumar Ravi:** No why I ask this because for the first half as I said the plant operated at 30% utilization so 2 million ton, 1 million ton capacity, but if on 1 million ton 30% utilization, but if you look at the



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volumes for the outside North East numbers they are close to around 0.28 million ton, so is this totally being serviced now from Siliguri?

**Sanjay Gupta:** Yes it is 100% serviced from Siliguri.

**Rajesh Kumar Ravi:** And that is why you are getting some benefit on the freight cost also?

**Sanjay Gupta:** Yes there will be some because the lead distance actually reduces so some advantage there.

**Rajesh Kumar Ravi:** And lastly on the fuel cost which you said that versus your blended per ton cost how has that move so between June and September?

**Sanjay Gupta:** Blended cost of?

**Rajesh Kumar Ravi:** Fuel your coal purchases across different grades on an average basis how has that moved between the two quarters June and September?

**Sanjay Gupta:** I will say June and September has largely remained unmoved I will say there is only an impact of 5%, 7% only, but that was because of the fact that we already have lot of coal stocks with us because any company and we are sitting in Meghalaya and we have to get coal from Eastern coal field. So, there is always a lead distance which is there. So, the stocks are built depending on the lead distance which we have. So, when the coal prices started moving up we did have good amount of stock as I have also mentioned that at present also we have around 200,000 tons of coal which has already been bought from the Coal India and it is the Coal India is yet to deliver that and that is also the part of the planning which we do because during the off season normally the coal cost was actually lower and then we build up the stock to serve us in the season, but the whole problem started with Coal India because they are just not giving any rates to non-power players. So, we are in touch with the government for talking to them about starting coal supplies to actually the infrastructure which is largely the cement and steel and these sectors. So, hopefully we have been given to understand that the coal inventories at the power plant have actually gone up from one or two days stock to five, seven day stock and I think they will become comfortable in some time and will get us getting from Coal India.

**Rajesh Kumar Ravi:** Lastly sir amid all these crisis Meghalaya is seated with the coal which is coal files which got cleared from Supreme Court, but is there no movement happening over there to sell off that stock of coal which is lying?

**Sanjay Gupta:** I think they had given a trial at one particular coal option, but that option could not succeed because of certain technical issues which were raised by Coal India. We are also putting our efforts in terms of making the government understand to carry on that coal auction. Hopefully when that happens it will also ease out lot of cost pressures on us, but we are still awaiting that



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still the government is still working on it and has not been able to come out with clear guideline of auctioning that coal.

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

**Shравan Shah:** Sir this Meghalaya clinker unit 3 MTPA so environment clearance when is expected?

**Sanjay Gupta:** We have made the applications for environment clearance we expect to get the environment clearance within 5 to 6 months' time.

**Shравan Shah:** So by March it would be there in from there it will be a three years to start the plant?

**Sanjay Gupta:** Correct.

**Shравan Shah:** So, in FY25 the other clinker unit will come?

**Sanjay Gupta:** Correct.

**Shравan Shah:** And second sir you said that you are expecting a kind of a 20% kind of a volume growth for this year, so in the first half we have already done 25%, so are we expecting the second half YoY decline in volume despite the Siliguri plant would be there?

**Sanjay Gupta:** No, I do not think so, but I think that is the number we are comfortable actually definitely we will be happy to surpass our own targets.

**Shравan Shah:** And secondly sir maybe previously the same request would have come just once again requesting is it possible to now add the power and fuel and freight line in the P&L when we release the result and is it also possible to release the volume along with the result so we do not have to keep on falling up with you so it is a request if you can do?

**Sanjay Gupta:** We will have a look at definitely we will have a look at it.

**Moderator:** Thank you. As there are no further questions I will now hand the conference over to Mr. Rajesh Kumar Ravi for closing comments.

**Rajesh Kumar Ravi:** Thanks everyone for joining in the call. Wishing you all Happy Dhanteras and Happy Diwali in advance. Manoj sir, Sanjay sir would you have any closing remarks after that we will conclude.

**Sanjay Gupta:** Thank you all for joining this conference call and from Star Cement management we wish all the participant and everybody in your family a very Happy Dhanteras and Happy Diwali.



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**Moderator:** Thank you very much. On behalf of HDFC Securities Limited that concludes this conference.  
Thank you for joining us and you may now disconnect your lines. Thank you.