



“Star Cement  
Q2 FY2020 Earnings Conference Call”

November 07, 2019



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**Moderator:** Ladies and gentlemen good and welcome to Star Cement Q2 FY2020 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 “\*” 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:** Thank you Stanford. Good evening everyone. On behalf of HDFC Securities we welcome you all to Star Cement Q2 FY2020 earnings call. Today we have with us Mr. Sanjay Gupta, CEO and Mr. Manoj Agarwal, CFO from the management side. I now hand over the call to the management for the opening remarks which would be followed by Q&A. Thank you and over to you Sir.

**Sanjay Gupta:** Good evening everyone. I am Sanjay Gupta, CEO of Star Cement Limited. I would like to welcome you all to this earning call for Q2 FY2020. I have with me Mr. Manoj Agarwal, CFO of the company. He will take you through Q2 earnings and half yearly numbers after that we will open the floor for the interactive session where you will be able to ask the questions and we will be happy to reply. I now hand over the floor to Mr. Manoj Agarwal to update you on Q2 numbers. Over to Mr. Manoj Agarwal.

**Manoj Agarwal:** Very good evening. I on behalf of Star Cement Limited welcome you all to the concall for discussing our Q2 FY2020 number. I would like to clarify that we will be discussing more historical number 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 2019, we have produced 4.14 lakh tons of clinker as against 3.04 lakh tons in quarter last year. There is a growth of around 36%. So far as cement production is concerned we have produced 5.64 lakh tons this quarter as against 4.86 lakh tons same quarter last year that is the growth of around 16%.

Now I will take you through the sales volume. During the quarter we have sold 5.99 lakh ton of cement and 0.4 lakh ton of clinker as against 5.48 lakh ton of cement and 0.08 lakh ton of clinker same quarter last year. There is a growth of more than 9% and some degrowth in clinker. This as far as cement and clinker sale volume is concerned. As far as geographical distribution of cement is concerned, in north east we have sold around 4.60



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lakh tons as against 4.21 lakh tons during same quarter last year with a growth of more than 9% and as far as outside north east area is concerned, we have sold 1.38 lakh tons of cement this quarter as against 1.27 lakh tons same quarter last year, this is also with the growth of more than 9%. In terms of blend mix, it is almost 14% in OPC, approx. 2% in PSC and the rest is PPC. These are the contiguous number of this quarter.

Now I will take you through the financial. The total revenue figures this quarter is around Rs.382 Crores as against Rs.361 Crores same period last year. As far as EBITDA figure is concerned, the quarter we have done in EBITDA of around Rs.72 Crores as against Rs.69 Crores last year. PAT after minority interest is Rs.45 Crores as against Rs.36 Crores in the same period last year. On the per ton EBITDA front, it is Rs.1195 during the quarter as against Rs.1249 per ton same quarter last year. This is whatever quarterly number.

Now I will take you through the year-to-date number. The total revenue figure for the half year ended September 2019 is around Rs.842 Crores as against Rs.878 Crores same period last year. As far as EBITDA figure is concerned during half year ended September 2019 we have done an EBITDA of around Rs.191 Crores as against Rs.201 Crores last year. PAT after minority interest is Rs.129 Crores as against Rs.127 Crores in the same period last year. On per ton EBITDA it is Rs.1440 during the half year ended September 2019 as against Rs.1477 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 queries you can ask the same and I will request Rajesh to moderate the query wherever it requires if queries are coming. Thank you.

**Moderator:** Thank you very much Sir. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Manish Agarwal from Edelweiss. Please go ahead.

**Manish Agarwal:** What is the clinker production number for the quarter?

**Manoj Agarwal:** Clinker production number is Rs.4.14 lakh.

**Manish Agarwal:** Sorry I miss on the cement production and sales number if you could please?

**Manoj Agarwal:** Cement production is Rs.5.64 lakh and cement sale is Rs.5.99 lakhs.

**Manish Agarwal:** And clinker sale Sir?



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- Manoj Agarwal:** It is Rs.0.04 lakhs.
- Manish Agarwal:** What is the status of the EC on the clinker plant we are talking about getting it by October November this year, so have you receive the EC on that?
- Sanjay Gupta:** No, we have not received the EC as of now, although we have received single window clearance from the state government.
- Manish Agarwal:** So we were saying around ground 24 to 36 months post receiving the EC right?
- Sanjay Gupta:** Yes.
- Manish Agarwal:** And Sir, could you plant online for commissioning like timeline per se?
- Sanjay Gupta:** Yes, we have always been mentioning that the Siliguri plant we will start in Q4 and that is online for achieving that Q4 operations.
- Manish Agarwal:** Also what was the sales volume in the north eastern region and outside the region?
- Manoj Agarwal:** North east is Rs.4.60 lakhs and outside is Rs.1.39 lakhs.
- Manish Agarwal:** Okay, like realizations in a way has stayed flat quarter-on-quarter whereas we actually saw huge decline in the east region, so how are we managing our dispatches like how are we managing to hold onto the prices out there?
- Sanjay Gupta:** The northeast dispatches have grown by around 9% plus currently, northeast market has also grown in this particular quarter at around 6% as compared to the last quarter which was there where the growth was approximately only 2% and as against that we have done 9% volume growth, we have also done around 10% kind of a volume growth in outside northeast also. Since the demand in this quarter we have seen a robust demand in northeast, outside northeast there is a decline in overall demand, but since we are having small volumes, we have been able to sell our product and we are operating.
- Manish Agarwal:** Okay, you are saying that since we grow 6% the northeastern region grew by 6% this quarter, so you basically do not see any risk to your full year guidance of around 7% to 8% growth?
- Sanjay Gupta:** We were still looking at double digit kind of a full year volume growth for the company.



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**Manish Agarwal:** Okay, one more last question on the cost side, there is a sharp increase quarter-on-quarter if I look at it both power and fuel and freight cost have seemed to increase sharply so what is the reason for that?

**Sanjay Gupta:** The coal cost has largely got up because of the fact that in this particular quarter we have used largely almost completely the imported coal, we have not used the stock inventory of what we had because we are just trying to understand that what is the behavior of the equipments on the 100% imported coal, so that was one because these are largely dull season for us, so any experiment that we would like to do in the season and there was a shutdown also we have taken and we wanted to check the behavior on 100% imported coal. So that has resulted in a little bit of cost increase. As far as the fuel is concerned, there has been some increase also on the overall fuel consumption as well on this account, but our understanding is that these are one of thing. Over a full year thing we still maintain that whatever switch we have done from the local coal to imported coal that overall impact will still be within Rs.7.5 to Rs.10 for the company.

**Manish Agarwal:** Because the last quarter also you guided something like 100 per ton increase that could come, but we see around almost 200, 250 level increase quarter-on-quarter only.

**Sanjay Gupta:** That is what I said. This will definitely get moderated over a period of time in the next two quarters, so for a full year I have always been saying even if we go into imported coal, the impact that is going to have it will have an impact of around anything between Rs.7 and Rs.10 per bag, that we are still holding onto that thing and this is one-off for this quarter we hope that will moderate in next two quarters.

**Manish Agarwal:** Okay and Sir on the freight cost?

**Sanjay Gupta:** I do not see any increase in freight cost, because freight cost per ton remains largely the same as it was corresponding quarter last year.

**Manish Agarwal:** If you can give me the breakup again on the freight and power and fuel?

**Manoj Agarwal:** Power and fuel is Rs.82.71 Crores and freight outward was Rs.68.95 Crores.

**Manish Agarwal:** Thank you Sir. That is all from my side.

**Moderator:** Thank you. The next question is from the line of Pritesh Seth from CRISIL. Please go ahead.



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**Pritesh Seth:** Thank you for taking my question. On the demand outlook side specifically for your east market, so how are you seeing demand for the second half panning out especially in Kolkata, Bihar and Jharkand?

**Sanjay Gupta:** Largely the demand in the eastern market this quarter it has actually declined, but the declined has been arrested I think last quarter the demand has come down by around 8%, 9%, this quarter it has only down by around 2%. We hope that for Q3 and Q4, the second half should be better than whatever contraction we have been seen in first half, but we definitely are not looking that even if whatever improvement we are expecting because of this season which is going to come in. Our view is that on an full year basis, we will still be able to see a growth of around 4%, 5% as far as the east is concerned.

**Pritesh Seth:** Okay and on the pricing front, so how has the October been for your markets, the prices are stable or there has been declined?

**Sanjay Gupta:** There is a decline in prices, in northeast there is a Rs.7 to Rs.10 decline in price in northeast and there is around Rs.10 decline also in rest of east as compared to the September, in the month of October.

**Pritesh Seth:** Rs.10 would be across market like Bihar, Kolkata, Jharkhand everywhere or?

**Sanjay Gupta:** Yes, across markets. I am talking of the net impact on will be around Rs.10, in some market, the prices has gone down by around Rs.15 also, but net impact will be somewhere around Rs.10.

**Pritesh Seth:** Right, so on an average around Rs.5 to Rs.15 decline?

**Sanjay Gupta:** Correct.

**Pritesh Seth:** So average impact would be Rs.10.

**Sanjay Gupta:** Yes.

**Pritesh Seth:** Okay and going forward how do you see it like do we expect it to further decline?

**Sanjay Gupta:** In northeast, we do not expect any further decline in prices, in east market we also with the demand picking up, the prices will be stable from here on, because the October was largely a festive season, where all the festivals were in one month only, so there has been a pressure



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on the volumes as well as in the pressure on prices, but going forward we do not expect further decline in prices also in east.

**Pritesh Seth:** I also understand that there would be additional supply which would be kicking in Q3 or Q4 specifically I am talking about Ramco unit which is going to commission in Bengal market, so where that will create any additional pricing pressure for the eastern market?

**Sanjay Gupta:** Capacity is pretty insignificant as compared to the overall demand of the eastern market I do not think that is going to have any impact, that standalone unit, it is not going to have any impact on overall prices of the market.

**Pritesh Seth:** Okay Sir, thank you. I will get back in queue if any followup.

**Moderator:** Thank you. The next question is from the line of Siddarth Jain from Anvil Research. Please go ahead.

**Siddarth Jain:** Good evening Sir I understood your breakup of other expenses into power and fuel and freight is Rs.82.71 Crores and Rs.68.95 Crores, can I also have your year-on-year and Q-on-Q numbers for the same?

**Sanjay Gupta:** Later on I will give you. We cannot give the number directly, you can send us an mail, we will be happy to reply those numbers.

**Siddarth Jain:** Alright, sure. Thank you.

**Moderator:** Thank you. The next question is from the line of Indrajeet Agarwal from Goldman Sachs. Please go ahead.

**Indrajeet Agarwal:** Thank you for the opportunity. Two questions. First, how are the sand availability in your eastern markets currently, are there still issues on sand availability or those are now kind of passed?

**Sanjay Gupta:** There is some sand availability issue as far as the Western Bihar, some part of central Bihar is concerned and there was some sand availability issue in North Bengal also, we have faced during the quarter, but largely what happens is what we have seen over a period of time that as soon as the monsoon is over, in monsoon, the riverbeds are largely full, the problems get resolved when the season kicks in, so our expectation is that going forward



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definitely these issues will subside. November till now we have not heard any major shortage of sand in this region, hopefully that will also continue for the second half.

**Indrajeet Agarwal:** Thanks that is helpful. Second question is on the post festive season, are you seeing any kind of pickup in demand over the last week 10 days or is it too early to comment?

**Sanjay Gupta:** I think it is too early to comment, but definitely since all the festivals were falling in one month October, November, but our view is that that November, December will come strongly that is what our view is.

**Indrajeet Agarwal:** That is very helpful. Thank you again.

**Moderator:** Thank you. The next question is from the line of Chirag Jain from Goldman Sachs. Please go ahead.

**Chirag Jain:** Thank you for the opportunity. Could you please highlight on the slag and fly ash prices how they have been?

**Sanjay Gupta:** Now as compared to the previous quarter it is now on a lower side, fly ash cost is flat what was the previous quarter is the same, there is no change as such in the fly ash cost.

**Chirag Jain:** In this Q2 and prices front, so east prices would have declined right, so what would have Q2 average northeast prices growth would be?

**Sanjay Gupta:** There was no growth in northeast prices also, the prices in northeast have also declined, so the range could be in northeast the prices would have declined by Rs.7 to Rs.10, in east it has declined by Rs.5 or Rs.15 kind of a thing, but these declines largely has taken place in the month of October, not so much in September and Q2.

**Chirag Jain:** Q2 average how they would have moved, because the realizations Q-o-Q has been flattish?

**Sanjay Gupta:** In Q2, I will say the overall there has been you can say a flattish kind of a price behaviour as far as the northeast is concerned, but still there was some declined in Q2 in east market, the prices has fallen in Q2 also.

**Chirag Jain:** Okay, thank you Sir.



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

**Ritesh Shah:** Sir my first question is we have adequate cash on the balance sheet right now, how should we look at the deployment going forward that is one and secondly the Capex I think at the start of the year we had indicated around Rs.350 Crores if you can highlight how much has already been done and what is the left over if you could just give a breakup project wise something like debottlenecking or Siliguri or anything else for material which has something that we should be aware of?

**Sanjay Gupta:** So as far as the entire capex is concerned Siliguri is going on stream, we have spent almost close to Rs.200 Crores to Rs.225 Crores, I will request Manoj Agarwal to give exact numbers by the end of Q2 and the debottlenecking which we were doing in this shut down, we have completed that debottlenecking and that cost is not very high I think it is somewhere in the range of Rs.7 Crores and so largely these are overall expenses, which we have done in this year. We were expecting some expenditure to come in further clinker projects and WHR projects, which have been talking about. Since we have not received the environment clearance as of now, we have not gone ahead with order booking for the plant, once we received it may be Q3 definitely that expenditure will happen in Q3 and Q4.

**Ritesh Shah:** Sir how much has been incurred for the first-half?

**Manoj Agarwal:** I will let you know okay at this figure is not with me, I will let you know about this okay.

**Ritesh Shah:** Okay and Sir how should we look at incremental capital allocation so I understand we have clinker project I do not remember how much is the potential Capex it would attract I think WHR is around Rs.125 Crores and we have strong cash flows and then Sir how should we look at the capital allocation incrementally, are we looking at more dividends or will be open to look at certain small or large assets in the region, Sir what is our thought process over here?

**Sanjay Gupta:** Ritesh I think we had just completed buyback on November 5, 2019 that is involved the capital outlet on Rs.100 Crores so as we say we have been always saying that we are committed to distribute 30% of profit for the company in whatever form it is dividend or any other form that we will continue to do, other capital as I said 2 million tonne clinkerization project is going to cost it around Rs.800 Crores and talked about in the previous concall is about WHR projects which is going to cost us around Rs.125 Crores so we are looking at capex of around Rs.900 Crores going forward and we would like largely



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this projects to be completed with the internal accruals without any borrowing so the future cash generation the cash flow we will be utilizing towards the capex.

**Ritesh Shah:** Right Sir my second question was pricing you indicated that in eastern India it has come down by Rs.5 to Rs.15, Sir can you give some regional split specifically Bihar, West Bengal, Chhattisgarh at least for the states where we have a presence?

**Sanjay Gupta:** Bengal prices have definitely down Rs.15 and Bihar is down by somewhere around Rs.5 to Rs.7, there is Rs.7 to Rs.10 decrease in Jharkhand, we do not have much significant presence for us whatever market information we could gather some Jharkhand if I say at least Rs.7 to Rs.10 less in that market.

**Ritesh Shah:** Okay and Sir what will be the trade and non-trade gap in this regions?

**Sanjay Gupta:** Overall the trade and non-trade split if you look at that the entire market it is somewhere around 60:40 that is split of the market.

**Ritesh Shah:** Sir I am referring to the pricing gap so is it like Rs.40 or Rs.60 per bag?

**Sanjay Gupta:** What happens is this gaps keeps on varying during the off season definitely the gap increases to even around Rs.50, Rs.60 a bag but during the season time, the gap gets reduced and because of the supply constrain and more demand from the trade segment the gap comes down to around Rs.30, Rs.40 so these are all variable things which is there in the market and we respond to the market as they come.

**Ritesh Shah:** I am specifically asking just because there is a lot of capacity I think Ramco is adding, Sri is adding, Dalmia is also adding in Eastern India like six to nine months and the demand conditions remain a bit muted then there could be some pressure specifically on the non-trade prices so how we should look at Sir?

**Sanjay Gupta:** Our take on this is that overall if I look at it the cement demand and the supply gap, as per our understanding is there was already a gap of 5 million, 6 million tonne in this market, the capacity which we see coming, even our capacity of 2 million tonne is coming, which is largely for the Bengal and for east India. Whatever I think there are not more than 5 million, 6 million tonne of capacity is getting added but whatever is there, even if we are still thinking in whatever contraction in demand we have seen in first half, our expectation is that full year we will still end at least 4% or 5% on 50 million, 60 million tonne market, 5% is still a few million tonne addition and this is only this year, I think last year also the region



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has grown at around 6% to 7%, 6% and 7% growth will take care of whatever addition which is happening but if the capacity addition outplays growth in demand definitely we will see pressure on prices.

**Ritesh Shah:** Okay and Sir lastly can we expect any major cost savings so my specific question was on petcoke and coal sourcing for us, is there any other initiatives that we are doing which could actually benefit our cost going forward?

**Sanjay Gupta:** So imported as I said institute of imported coal we are also forcing some imported petcoke, which is a little lower than cost of import of coal and so that will help going forward. We have procured good amount of petcoke also in this quarter, which is going to get utilized in Q3 and Q4, the project of WHR which we are investing and which will be implementing in the next 18 to 24 months that is going to help us a lot in terms of moderating our power and fuel cost.

**Ritesh Shah:** Can you quantify on rupees per kg basis, basically for local coal versus imported coal versus petcoke prices what is the prices for this quarter and how it will be for the next quarter and I am just trying to understand that there should be some cost savings, which could accrue to us and it should benefit our numbers going forward?

**Sanjay Gupta:** When I made this comment that going forward power and fuel cost which has gone up in this quarter is going to get moderated, I have already factored the cost savings, which is going to come in from purchase of petcoke and utilization of already available local coal with the company so all that we have factored in, I am still maintaining our guidance on the broad basis and I am still maintaining my guidance saying that the shift in coal procurement which we have done because of the coal mining issues there at Meghalaya it is not going to impact more than Rs.7.5 to Rs.10 a bag that we still maintain. Hopefully with the initiative which we are taking will be able to reduce that impact going forward may be in FY2021.

**Ritesh Shah:** Thank you so much for the detailed answers. Thank you.

**Moderator:** Thank you. The next question is from the line of Pritesh Seth from CRISIL. Please go ahead.

**Pritesh Seth:** Hi just one followup on your demand prediction for east market so you said you expected to grow by 4% to 5% for the full year and for the first half, if I do my calculation is declined by around 4% to 5% now for the second half that means East market should grow by around 8% to 10% so what gives you that confidence that we can see that growth, is it largely



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because of pent up demand which has come yet in the first half that would come in second half or there are any additional tailwinds you are seeing that totally let us growth?

**Sanjay Gupta:** First of all I agree with you there will be pent up demand because you see the Bengal and Bihar markets where largely impacted by serious flood situation, which have been widely reported on various media so I think in September the demand was pretty good and it was picking up, but due to festive season it was a little dull, our view is that the demand will continue and continue for the good. Secondly what our hope for the better demand for around 10% in east is coming from the fact that we have seen good monsoon all across the region. We hope that the rural demand and the semi-urban demand will definitely pick up on the back of good monsoon and traditionally it is government trust on infra projects and it is always better in second half so all these things are actually give us confidence that the second half will definitely report at least 8% to 10% of volume growth in the season.

**Pritesh Seth:** Okay thank you.

**Moderator:** Thank you. The next question is from the line of Prem Thakur, an Individual Investor. Please go ahead.

**Prem Thakur:** Sir I have two questions, first question is that as we know our subsidiary has expired, but I want to know that how much that numbers we will receive the subsidiary during FY2019 on annual basis?

**Sanjay Gupta:** FY2019 do not have the numbers with us, if you send us e-mail will definitely be happy to reply to this.

**Prem Thakur:** Second question was the EBITDA margin, EBITDA margin yes of course down quarter-on-quarter basis so I want to know there is guideline for the second half about EBITDA margin annual basis what it is supposed to be?

**Sanjay Gupta:** I have been always guiding that EBITDA margins is going to be somewhere around 1600 to 1650, we still maintain that this year EBITDA margin is down by around Rs.50 per tonne and we hope that going forward the kind of demand expectation which we have in the market, it will definitely have impact on overall pricing in the region and will also help us in EBITDA so our view we still hold the same view of reporting a full year EBITDA 1600 to 1650.

**Prem Thakur:** Okay Sir. Thank you.



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**Moderator:** Thank you. The next question is from the line of Rajesh Kumar Ravi from HDFC Securities. Please go ahead.

**Rajesh Kumar Ravi:** Few questions on the WHR I remember earlier you are saying that it may be implemented in parts so does it still hold or it will all be one single unit?

**Sanjay Gupta:** Definitely it will be implemented in parts but I think the exiting plant can always (**audio break 34:32**) that I said in the parts that you will get the new clinkers sitting up right. We are not holding back on WHR projects and we are going ahead with the projects for the existing units and implemented in phases and scope further WHR and further to complete 2 million tonne additional clinkers projects, so that is still there.

**Rajesh Kumar Ravi:** Okay and Sir in terms of this employee cost if we see are there any plans to sweat it better so that our employee cost falls lower in line with the industry trend of Rs.300 per tonne?

**Sanjay Gupta:** Our feeling is that overall we are a small company right. There is a minimum requirement of people which has to be there in any company once we go ahead and ramp up our capacity after the Siliguri unit definitely our view is that overall employee cost will definitely get moderated because addition of manpower is not going to in the same proportion as in addition to capacity, over a period of time and we actually some kind of size definitely moderate to the industry level.

**Rajesh Kumar Ravi:** Yes and lastly when you said that for the full year you expect margins can still remain hold onto around Rs.1600 as against first half when the company has done around Rs.1350-odd per tonne so second half we would be doing 1800 to 1900 per tonne?

**Sanjay Gupta:** That has been always the trend so half-yearly EBITDA margin is about Rs.1450 in first half, which is last year corresponding is Rs.1478 right, we are in the same line of doing things and we do not see any major difference which are going to happen second half and we hope to repeat the similar numbers.

**Rajesh Kumar Ravi:** Okay so second half the profitability should be stronger and opposite to the weaker margins in first half?

**Sanjay Gupta:** Yes definitely.

**Rajesh Kumar Ravi:** On the tax front what is the thought, moving onto the new tax system or would continue with the old corporate tax rates?



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**Sanjay Gupta:** As of now we are still evaluating the proposal and as of now we are operating, there are certain exemptions which is able to us as far as the income tax is concerned and that is lot of **inaudible 37:47**) available in books of the company so we are evaluating we still have time before we take that call whether we want to continue with existing tax structures, we want to go to 22% and these calls we will be definitely taking it quarters to come.

**Rajesh Kumar Ravi:** Okay Sir that is all from my side. I will come back in queue. Thank you.

**Moderator:** Thank you. The next question is from the line of Prem Thakur, an Individual Investor. Please go ahead.

**Prem Thakur:** Sir I want to repeat my second question once again, I wanted to know EBITDA margins guideline for the whole year FY2020 in percentage terms, can we have it?

**Sanjay Gupta:** I have said that I have always been telling not on percentage, but per ton basis, so I will still hold on to that per tonne basis even it is pretty difficult in terms of predicting (**inaudible 3:58**) EBITDA and what percentage is going to come that is derived number for us so I have said that EBITDA margins somewhere around Rs.1600 to Rs.1650 on full-year basis and we will still hold on to that.

**Prem Thakur:** Okay Sir thank you very much.

**Moderator:** Thank you. The next question is from the line of Anupam Goswami from Stewart & Mackertich. Please go ahead.

**Anupam Goswami:** Sir my question is you mentioned that Northeast market is growing at around 7% to 8% and I just wanted to know that whatever drivers or factors that is there in this growth as and from the trade inventory or any infra projects right going on?

**Sanjay Gupta:** Breakup of Northeast demand actually is largely it is still coming from trade segment again from May onwards and June onwards Northeast was under severe flood this time Assam, which is the largest state, out of 33 districts, 30 districts were under flood in this time hopefully so there will be a lot of demand that will come in the second half that is what our understanding. That infra still continues to support and so the growth of around anything between 2% to 3% but most of the demand will largely coming up from the retail segment.

**Anupam Goswami:** Okay Sir that is all.



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**Moderator:** Thank you. Ladies and gentlemen as there are no further questions from the participants. I would now like to hand the conference over to Mr. Rajesh Kumar Ravi for closing comments.

**Rajesh Kumar Ravi:** Thanks everyone for participating, Sanjay Sir would you have any closing comments?

**Sanjay Gupta:** That will be okay.

**Rajesh Kumar Ravi:** Yes then we should conclude the call thanks everyone for joining this call, Stanford we may now conclude the call.

**Moderator:** Thank you. Ladies and gentlemen on behalf of HDFC Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.