



Date: 14th August, 2024

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

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

Dear Sir(s)/Madam(s),

Sub: Transcript of the Conference call for Unaudited Financial Results for the Quarter ended 30th June, 2024

In terms of Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we forward herewith the Transcript of the conference call with Investors and Analysts held on Monday, 12th August, 2024 for Unaudited Standalone & Consolidated Financial Results for the quarter ended 30th June, 2024.

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

This is for your information and record.

Thanking you,
For Star Cement Limited

Debabrata Thakurta
(Company Secretary)



STAR CEMENT LIMITED

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

CIN : L26942ML2001PLC006663



Star Cement Limited

Q1 FY '25 Earnings Conference Call

August 12, 2024



 ICICI Securities



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

MODERATOR: **MR. NAVIN SAHADEO – ICICI SECURITIES**



Moderator:

Ladies and gentlemen, good day, and welcome to Star Cement Limited Q1 FY '25 Earnings Conference Call hosted by ICICI Securities. 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Navin Sahadeo. Thank you, and over to you, sir.

Navin Sahadeo:

Thank you, Liaba. Good afternoon, everyone. On behalf of ICICI Securities, I welcome you all to the Q1 FY '25 Earnings Call of Star Cement. We have with us -- from the management, we have with us Mr. Tushar Bhajanka, Deputy Managing Director; and Mr. Manoj Agarwal, the CFO of Star Cement.

So without any further ado, I hand over the floor to Tusharji for his opening comments. Over to you, sir.

Tushar Bhajanka:

Good afternoon all, my name is Tushar Bhajanka, and I'm the Deputy MD of Star Cement. I would like to welcome you all to the Earnings Call of quarter 1. I have our CFO of the company with me. He will run you through the numbers of quarter 1, and then we can start with the Q&A session. Thank you.

Manoj Agarwal:

This is Manoj Agarwal, CFO of Star Cement. On behalf of Star Cement Limited, welcome you all to our con call for discussing our number of Q1 FY '25. I would just like to clarify that we will be discussing on the historical number, and there is no indication in this. Having said that now, I will just take you through the Q1 number.

Starting from clinker production. During the quarter ended June '24, we have produced 6.86 lakh ton of clinker as against 7.27 lakh ton same quarter last year. So far the cement production is concerned, we have produced 11.80 lakh ton this quarter, which is almost same as compared to the same quarter last year.

Now I will take you through the sale volume. During the quarter, we have sold 11.54 lakh ton of cement and negligible quantity of clinker as against 11.54 lakh ton of cement, 10.11 lakh 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 Northeast, we have sold around 8.50 lakh ton and against 8.36 lakh ton during same quarter last year. And as far as outside Northeast is concerned, we have sold 3.04 lakh ton of cement this quarter as against 3.29 lakh ton same quarter last year. In terms of brand mix, it is almost 9% of OPC and the rest is PPC. These are the quantitative numbers of the quarter.

Now I will take you through financials, the total revenue figure this quarter is around INR736 crores as against INR755 crores same period last year. As far as EBITDA figure is concerned, this quarter, we have done an EBITDA of around INR118 crores as against INR138 crores last year. The decrease in EBITDA is mainly on account of outside clinker purchase during this quarter, which has an impact of approximately INR28 crores. PAT is INR31 crores in this quarter against INR93 crores last year. The decrease impact in PAT is mainly on account of increased



depreciation due to capitalization of company's subsidiary, Cement grinding at unit at Guwahati and company's clinker plant in Lumshnong Meghalaya. On per ton EBITDA plan, it is INR1,018 during this quarter as against INR1,185 per ton, same quarter last year. This is what our quarterly numbers are.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Shravan Shah from Dolat Capital.

Shravan Shah: Sir, first a couple of data points, trade share, premiums share, lead distance and kCal cost during Q1?

Tushar Bhajanka: Yes. So the trade share in Q1 was about 84%. The non-trade cost was 16%. The premium share was at 9.2%. And what was the third one, the?

Shravan Shah: Lead distance and kCal costs?

Tushar Bhajanka: Okay. So the lead distance was about 207 -- 207 kilometers. And the kCal cost was INR1.5, we see.

Shravan Shah: Okay. Sir, now in this quarter, we are seeing just a marginal 1% kind of a decline on the volumes and we were looking at close to 18%, 20% for this year. So the ask rate for 9 months is more than a 27% kind of a number. So how do we now look at in terms of full year volume?

Tushar Bhajanka: So this quarter was exceptionally bad. The reason being the monsoon and the election, right, which, of course, drove the momentum of the market. Even right now, the monsoon in Northeast is pretty hard, it is much worse than last year in Northeast, the monsoon. So I think that is why the revenue numbers look subdued. So our expectation of the volume that we would be able to do this year would definitely get to rise because of bad quarter 1 that we had in terms of the revenue growth. Though despite the bad monsoon in Northeast, we have grown in Northeast by about 3%, but we have degrown outside Northeast by about 8%. So in Northeast, we did see a marginal increase in the volume on the revenue, but it was a -- It got diluted a because of the degrowth outside.

Shravan Shah: So for full year now, how we look at in terms of volume growth?

Tushar Bhajanka: So in terms of volume growth in the coming within 3 quarters, we can expect a volume growth of about 14% to 15%, that is what our expectation is. So we're bringing it down our volume growth target from 18%, 20% towards 15% for the coming 3 quarters.

Shravan Shah: Okay, okay. And in terms of the profitability, particularly so last time, we were looking at INR1,550 kind of EBITDA per ton for this year. So obviously, this quarter is close to INR1,000-odd. So 2 things to understand that. So one is what was the EBITDA per ton outside Northeast. And now in terms of the pricing, how are the pricing both in Northeast and outside Northeast. And given the cost is there particular cost, there are 2, 3 line items where the cost actually has



gone up maybe because of the new clinker unit. So particularly, the RM cost has gone up, so if you can help us understand how now the cost one can look at as the utilization fix up. So -- and finally, then how we look at it in terms of the EBITDA per ton hopefully.

Tushar Bhajanka:

Yes. So I mean, if I take the question in 2 different halves, right? First, I think the pricing, of course, in East is declining outside Northeast pricing was declining. It has fallen even after quarter 1, it has fallen by about INR12 to INR13 on the EBITDA level. The NPR has fallen by about INR12 to INR13 that is for East which includes West Bengal and Bihar and also Northeast. And I think that is a trend throughout other areas of East as well.

In terms of the target for INR1,500, there were 2, 3 factors, which led to us believing that we will be able to achieve INR1,500 EBITDA per ton, which we still maintain. The reason why the profitability this quarter is low for Star Cement is because we got INR30 crores worth of clinker from outside because our clinker plant that we commissioned in April had some technical difficulties due to which it was not able to produce clinker till end of May. So we had to buy clinker from outside.

And that is the main reason why Star Cement's profitability has declined. So the impact was roughly about INR30 crores to INR32 crores. That is almost about INR250 piece per ton impact, right? If we add that to the EBITDA per ton, which is about INR120 this quarter 1. We add the INR250 per ton, then with these our efforts coming closer to INR1,300. On top of that, there was a INR6 crores political donation this quarter, which I did not see as repeating in the coming quarters. So that again had an impact.

The second impact -- the third impact was of the manpower cost because we have capitalized some of the project costs are coming into the operations now. So we are taking steps to control our manpower cost. And with that, I do see a positive uptick in the EBITDA. The main factor is that the GST benefit that we are supposed to get in Assam because in the quarter 1, the input credits are getting adjusted. So only in June 15, we will be actually start getting our SGST benefit from Assam. And from quarter 2 onwards, we will see the full effect of the SGST benefit. So despite the price that the market prices are going down, we do still anticipate that in the year round figure, we would be able to kind of close it at about INR1,500 per ton EBITDA.

Shravan Shah:

Okay. That's great. So broadly just trying to further half on the costing front. Obviously, you mentioned INR30 crores, INR32 crores kind of clinker that we bought and the staff cost. So if you can help us in terms of both on in terms of the staff cost also this INR62 crores kind of a quarterly run rate, how much reduction can we look at from the Q2. And now have we now stopped the clinker of purchasing so that the costs will start coming in. So broadly, whatever the increase now we are looking at to reach a INR1,500-odd kind of EBITDA per ton. Is it mainly entirely from the cost reduction that we are looking at?

Tushar Bhajanka:

I mean, there again, 2 major factors. I mean they are smaller ones. The 1 major factor is that we don't have to buy clinker anymore, right? So the INR32 crores or INR30, INR32 crores expenditure that we made right, is now not to be incurred anymore, right? That in itself increases your EBITDA per ton by INR250. Then the other factor is the SGST benefit, right? That SGST benefit would have an effect of about INR300 per ton weighted average on the overall volume,



right? So that INR300 again is a significant chunk, right, which will be added in quarter 2 onwards. So these 2 factors, of course, take you to the number of about INR1,500, then there are additional savings that we can make, right? Like for the kiln that we put right now, the bigger kiln. It will take another 3, 4 months to fully stabilize and for us to get the cost benefits -- variable cost benefit -- benefits from it.

So we will be shutting our inefficient kiln and operating the bigger one. So there will be cheap rate benefits that we expect -- we expect power consumption benefits. We expect some reduction in the fixed cost, which includes the manpower cost. We do -- like how you mentioned, INR52 crores run rate. We do expect that run rate to reduce, right? So I do expect that run rate increase in the manpower cost could be about at -- running at a run rate of about INR45 crores, out of INR52 crores. So there would be a saving from there as well. So we do see savings from between different avenues. So the 2 main avenues is that we don't have to buy clinker and the second one is that we will get the SGST benefit.

Shravan Shah: Okay. That's great. Lastly, in terms of how much capex we have done in Q1 and for full year, we are looking at INR1,000-odd crores. So that still remains? And what's the net debt level? And how do we look at by end of FY '25.

Tushar Bhajanka: Yes. So in Q1, we did about INR110 crores of capex. Our estimate for the year remains to be about INR835 crores in which we have already done INR110 crores. Our debt right now is about -- is about INR240 crores, which by the end of the financial year, FY '25, we expect it to be about minus INR350 crores.

Shravan Shah: Okay. This is a gross debt and not the net debt we are seeing?

Tushar Bhajanka: Yes, this is a total debt position will be end of the March around will be around INR350 crores, [inaudible 0:14:22] estimating right now.

Moderator: The next question is from the line of Shravan Shah from Dolat Capital.

Shravan Shah: Maybe somebody else will ask. I had more questions. So just continuing. So in terms of the incentive, we were looking at INR150 crores, INR160-odd crores for this year and next year INR200-odd crores SGST benefit. So in Q1, how much we have booked, as you mentioned, from only 15 June and for full year, will that number remains the same?

Tushar Bhajanka: Yes. So the GST benefit that we got overall in Q1 was about INR10.9 crores price, which, of course, from Q2 onwards will increase significantly as mentioned, I think this number of INR10.9 crores in Q1, what is that touching [inaudible 0:15:47] from Q2.

Shravan Shah: Okay, great. And in terms of our 12-megawatt WHRS, which was supposed to start by August, September. So what's the status for that? And also recently, I think we have done some tie-up for the solar. So if you can explain on that part.

Tushar Bhajanka: Yes. So WHRS, we are expecting to get from October onwards. So there are 2 phases of the WHRS. The first one would be -- will be commissioned in October. The second one will be commissioned by end of December. So this is for WHRS...



- Shravan Shah:** Okay. So this will be 6, 6-megawatt that we will be adding in Phase I, Phase II?
- Tushar Bhajanka:** Yes. So it'll be 6 megawatts in Phase 1 and 6 megawatts in Phase 2. The total WHRS is at 12-megawatt. The new -- phase that we are adding up at 12-megawatt.
- Shravan Shah:** Okay. And the solar that we have done, so how that will have, so what's the total...
- Moderator:** We will request you to return for the question to your follow-up questions as there are several participants waiting for their turn. The next question is from the line of Uttam Kumar Srimal from Axis Securities Limited.
- Uttam Kumar Srimal:** Sir, what is the current status of Jorhat and Silchar plant?
- Tushar Bhajanka:** So for the Silchar plant, we have acquired the land. We have applied for -- we have gotten the ToR from the MOF. We have a public hearing in a month's time. By October, we plan to start the erection of the plant. By next year, October, we plan to consume the plant. So that is for Silchar.
- For Jorhat, we have applied for the MOU with the Assam government. We are in 2 weeks' time going to lock the land at on the which will put a plant. And we will then apply for EC. So of course, Jorhat is going to take almost a year more than Silchar. So if we are expecting Silchar to be commissioned by October next year, we expect Jorhat to be commissioned by October 2026.
- Uttam Kumar Srimal:** Okay. And sir, what is the current status of AAC blocks that's where putting in what at a capital cost to INR50 crores?
- Tushar Bhajanka:** So that we should be able to commission by October this year.
- Uttam Kumar Srimal:** Okay. So we will also be getting some incentive by expecting AAC blocks?
- Tushar Bhajanka:** Yes. So there is a central benefit of GST. And also, there is an SGST benefit from Assam. So we'll be getting benefits from both the center and the state governments in AAC blocks.
- Uttam Kumar Srimal:** Okay. Okay. And sir, what has been our fuel mix this quarter?
- Tushar Bhajanka:** The fuel mix -- majority of the fuel has come from SSA and spot contracts from Coal India. So about 60% has come from there, about 20% for biomass and about 20% for Nagaland coal.
- Moderator:** The next question is from the line of Rajesh Kumar Ravi from HDFC Securities.
- Rajesh Kumar Ravi:** Yes, this is Rajesh here. Good afternoon. First question on the demand front volumes, you mentioned that it will be the 9 months, the full year volume growth probably lower than 20%. How is the demand currently in the September quarter?
- Tushar Bhajanka:** The demand honestly is very subdued even in quarter 2. Again, that is mainly because of monsoon. In Northeast, the monsoon has hit -- monsoon will be early than in other case and compared to last year. So -- but we do expect that as soon as monsoon subsides we should see an uptick in demand because, of course, the effect of monsoon, which is -- which damages



infrastructure. So we do see a demand from that side and also the general demand, which has been pent up. From September onwards, we do see an uptick in the demand. That is what we're anticipating. But in terms of the growth in the market, the market has degrown actually in quarter 1 for Northeast. It has degrown that of 8%, but we still managed to grow by 3%. So there is definitely an increase in the market share that we see in Northeast market for us.

Rajesh Kumar Ravi: So Q2 also, you're looking at the market to degrow and for you, are you looking at July, at least, the volume should have been positive or the monsoon would have impacted it negatively?

Tushar Bhajanka: No, in July, we do expect a positive growth. And I do not expect the market to degrow in a similar trend in Q2 as well. But there will not be a very good growth rate in the market for Q2 as well. So I do not see it degrowing by 8%, but I also do not see it growing by 10%.

Rajesh Kumar Ravi: Okay. And you mentioned that around INR30 crores was incremental costing on account of clinker purchase. So you were mentioning the cost differential versus your own production?

Tushar Bhajanka: Yes. The cost differential was from my own production.

Rajesh Kumar Ravi: Okay. So this you're expecting with the ramp-up of your own capacities or this cost to get nullified.

Tushar Bhajanka: Yes. So this -- in nature, it is like a one time cost that I'm correct. So -- and also, there is about INR6 crores of political donation, which is also onetime. And there is also about INR4 crores of incentives in projects and project-related expenditures on top of the INR30 shares, which is also onetime. So overall, if you ask I see about INR40 crores of cost, which is in nature one time.

Rajesh Kumar Ravi: Okay. And incentives also, which was around INR10.11 crores which you have booked in Q1. Now this quarter, it will be available for the full quarter, right?

Tushar Bhajanka: Yes, it will be available for the full quarter, and we should see that the INR10.9 crores would roughly are touching a number of INR40 crores.

Rajesh Kumar Ravi: Yes. Okay. And that would be the run rate for subsequent quarters from the Assam unit?

Tushar Bhajanka: Yes. I think it -- yes, it will. It will -- this number of course depend on the sale also. So quarter 2, we do not expect almost same. That's why we're expecting INR40 crores in quarter 3 and quarter 4, which normally tend to be higher sales in quarter 2. So once that happens, then this number could also increase.

Rajesh Kumar Ravi: And you mentioned that in terms of this old kiln, you will be retiring or not be using. So how much is the capacity? Are you looking to scrap it or just use it when the demand is close to peak or when you utilize it is close to peak?

Tushar Bhajanka: No, we don't plan to scrap any of the kiln because the plant is -- I mean, it's not as efficient as a new kiln, so it's still -- but I mean still meets the basic parameters of -- in the cement industry. And if not that old, it's 18 year old. So in cement there are kilns which are operating for almost 50 years also. So...



- Rajesh Kumar Ravi:** This is 9 old, right around 0.8, 0.9...
- Tushar Bhajanka:** It's a 9 one basically, so we are just going to close it for -- we will just close it for like 15 months. We just wanted to fix it, to do some on capex on it? Fix the cooler, heater and all those things just to make sure that we are making it efficient and making it to the current standards of how the things should be for the last 3, 4 years, we do not get a chance to do that because we always were in shortage of clinker. Now that we have an opportunity where we have purchased clinker. So we want to take this opportunity to kind of make our older place more efficient.
- Rajesh Kumar Ravi:** Okay. Okay. And is it the rains only that the AAC blocks are now you mentioned it is to be operational end of this financial year? Did I hear it right?
- Tushar Bhajanka:** No, it was in October, I said.
- Rajesh Kumar Ravi:** October AAC blocks. So this is at the last conversation which is on track. Okay. And there will be -- what sort of revenue you're looking at from this investment?
- Tushar Bhajanka:** I don't see the revenue numbers are that much. I mean I haven't taken a tower price about 750 CVM per day capacity selling at INR4,000. So I don't assume that lot of revenue is particularly expected out of this especially at the start. It would be roughly about INR80 crores, INR70 crores to INR80 crores. But I think the profitability in AAC in Northeast and given the synergies with Star Cement, and the branding and the distribution channel. I think that works out very well.
- And particularly, the market for AAC in Northeast is very good because red bricks are not evenly available in Northeast, very costly -- cost of red bricks is costly. So this is a very good product environmentally friendly product and also product which in Northeast situation work very well. So with that, we do expect that we'll be able to make a good EBITDA margin on that INR80 crores turnover that we make basically.
- And we take the project as -- honestly, we take this project as a -- not as a trial project, but we are just trying to venture into it. If it turned out well as we expect it to, then we will set the plant in other areas in Northeast as well. So however the distribution of AAC blocks across Northeast.
- Rajesh Kumar Ravi:** Okay. And to ask two questions. First on the clinker plant, why -- when do you expect the incentives to start kicking and fuel cost, INR1.5, which is already lower by around 15%, 20% Q-on-Q. Are there further savings possible on the conventional basis, fuel cost?
- Tushar Bhajanka:** Sir, I don't think right now we can see a further decrease in the fuel cost. I don't see a further increase also. So I think it's going to broadly be the same only, INR1.5. And the incurred subsidy would also start partially kicking in Q2? And then fully kicking in, in Q3 and full.
- Rajesh Kumar Ravi:** So could you quantify how much would that be Q3, Q4 onwards?
- Tushar Bhajanka:** Yes, I expect it to be about INR13 crores to INR14 crores.
- Moderator:** The next question is from the line of Navin Sahadeo from ICICI Securities.



Navin Sahadeo: Sir, a couple of questions. Does any of our markets get impacted with, I mean, positive or negative because of the turmoil in Bangladesh?

Tushar Bhajanka: No, not really. We haven't experienced it till now. I don't think our markets are very connected to Bangladesh. The some cement which comes from Bangladesh to Northeast nothing goes from Northeast to Bangladesh. Something comes from Bangladesh Northeast and Tripura markets and Agartala markets, some of those markets. So I mean, is there any positive impact, the positive impact could be that the cement not coming.

Navin Sahadeo: Yes. I mean that's what I was asking, positive or negative.

Tushar Bhajanka: Yes. So like very miniscule amount comes in a year, it's partly like 1 or 2 lakhs. So it doesn't really make a difference that way. But -- and I can't predict it still not coming because Bangladesh may also stabilize in the coming weeks. So I don't know about that. But I don't see any -- but I don't see a significant impact.

Navin Sahadeo: Understood. Second question was about the capex. So I think you mentioned that the capex that you plan to spend is about INR835 crores for FY '25. Is that correct?

Tushar Bhajanka: Yes.

Navin Sahadeo: So if you can just help get us a broad breakup of this INR835 crores capex and also guide with some indication for FY '26?

Tushar Bhajanka: So the INR835 crores, I have to break it up. Out of that, we've already spent about INR110 crores in quarter 1. So the breakup is that we had to complete the silo and the pressure of Line 2 -- sorry, of the new clinker plant, which is of about INR100 crores. We have to complete the WHRS, which is about INR37 crores.

We are investing in Silchar so about INR300 crores, we expect to go in Silchar this year. We are investing in the AAC blocks, about INR55 crores for the AAC blocks. About INR100 crores for the land filling, land acquisition and for basic service in Jorhat. About INR70 crores for the BTAP wagon, which is basically to get cheaper fly ash and containers than in open rake. So the INR70 crores is going there. And for group captive, which we have recently signed which we had also notified was about INR23 crores. And in general operations, it was about INR100 crores to INR150 crores.

This is a break up of INR835 crores. So basically out of the INR835 crores, INR300 crores is going in Silchar, INR100 crores is going in Jorhat and then INR100 crores is going in the clinker plant that we have installed in like completing like some section of it and about INR37 crores is going in WHRS. And then the AAC block and BTAP wagon and so on so forth.

Navin Sahadeo: Yes, got it. And how much of a...

Tushar Bhajanka: So we are anticipating about INR172 crores in Silchar to complete the project. So we expect it to come -- be completed in INR472 crores in total, INR300 crores this year, INR172 crores next year. At Jorhat about INR350 crores. So INR100 crores this year, INR350 crores next year. And



about INR48 crores in Beta for wagons and about INR100 crores in operational capex. So overall, it would be about INR670 crores.

Navin Sahadeo: Understood. INR630 crores for FY '26.

Tushar Bhajanka: Yes. Yes, INR670 crores FY '26.

Navin Sahadeo: Yes. Understood. Understood. That's helpful. Lastly, regarding this group captive process, the group captive capex that you gave and INR23 crores is being spent there. So if you can just give more details about what is the tie-up. What is the megawatt capacity contracted, how much power will we get? And also in the same breath, what savings can potentially be expected there?

Tushar Bhajanka: So I mean the -- in the group captive model, we have a gone for 18-megawatt group captive, which has about 70% CUF. In terms of the capacity, we are proposing to set up about 15-megawatt of solar capacity and about 32-megawatt of wind capacity. This is, of course, tie-up with JSW. In this, we have -- in the FTV, we have gotten about 30% ownership in the FTV, which makes it a group captive because the ownership has to be more than 26% for it to be an eligible for group captive for subsidy.

So this is broadly what we has done. As for the power that we generate, 18-megawatt is the capacity. 70% of that is expected on an average, right per hour. So that power would be going through majorly to Guwahati in our grinding unit because the power rates in Guwahati right now are very high. It is almost at about INR7 to INR7.5 per unit, which has increased over the last 1 year.

So we do expect a saving of about INR2.5 coming from in power through that. And the overall saving that we expect of this INR23 crores investment is about INR22 crores per year. So the return on investment on this INR23 crores is largely a year.

Navin Sahadeo: Understood. So INR23 crores remains a onetime capex? Or is there more capex required during pipeline?

Tushar Bhajanka: No. So I think INR23 crores is the only capex that is required from our side as per the contract that we signed. And the savings that we expect and this rate whatever rate we have fixed is fixed for the next 25 years. And the saving that we expect each year would be about INR22 crores to INR24 crores. .

Navin Sahadeo: Understood. And by when can we start factoring in these numbers, please.

Tushar Bhajanka: So I think it is in contractually. It should be before 18 months. But we expect solar to come before because solar plants are easier to set up and they're also quicker -- panels are easily available. Wind would take about 18 months and solar would be before so we expect the savings to come between 1 year to 1.5 years.

Navin Sahadeo: So second half '26 is where you are seeing these numbers will start picking up, right?

Tushar Bhajanka: Yes, yes.



- Moderator:** Next question is from the line of Uttam Kumar Srimal from Axis Securities Limited.
- Uttam Kumar Srimal:** Yes, Manoj, this time our tax rate has been around 21%. And since this Guwahati grinding unit is eligible for lower tax rate. So this tax rate will -- we will have a 21% tax or it will go higher right from here?
- Tushar Bhajanka:** As far as because the SCL will be because of the subsidy and all these things still we have in a subsidy. So that will -- the major portion of the profit will be remain in the lower tax rate. So I think that is the rate of 22% approx every 22% will continue maybe for next 5, 6 years till we exhaust all our subsidy.
- Moderator:** The next question is from the line of Shravan Shah from Dolat Capital.
- Shravan Shah:** Sir, just 2, 3 things. First, this quarter outside Northeast, the EBITDA per ton was how much?
- Tushar Bhajanka:** This quarter outside Northeast, the EBITDA per ton was about INR250.
- Shravan Shah:** INR250. Okay. And you mentioned the INR12 crores to INR13 post June the prices are declining in East and in Northeast, how much it has declined?
- Tushar Bhajanka:** It has decline similar to Northeast as well.
- Shravan Shah:** Okay. Northeast all we show it has declined. Okay. And this clinker subsidy of INR13 crores to INR14 crores, this is for quarter or for the year? That we will be getting GST?
- Tushar Bhajanka:** Per quarter.
- Shravan Shah:** Okay. And our plan to reach 20 MTPA by FY '30, that remains intact. And in terms of the Rajasthan, we were looking at 4.5, 5 MTPA that we are planning by spending INR2,500-odd crores capex over the next 3, 4 years. So that remains the same. So broadly, why I'm asking this, the overall -- we were looking at INR4,000-odd crores kind of capex in the next 3, 4 years, so that remains the same.
- Tushar Bhajanka:** Yes. So I think that Rajasthan we are still -- that is still work in progress. We are close to getting a mine there once we do we will inform and accordingly, we will then span out the capex for Rajasthan and inform accordingly.
- Shravan Shah:** Okay. Okay. And in terms of the -- for this year now -- last time, we were looking at to sell a clinker of 0.4, 0.5 million tons, so I think this quarter, I think it was kind of a mill clinker. So in the remaining quarters, are we looking to sell some clinker?
- Tushar Bhajanka:** Yes. So we are -- from Q2 onwards, we will see that there are some clinkers sold from Q2 onwards. In quarter 1, so we were in the other position where we're buying clinkers. We've got about INR1.5 lakh tons of clinker. So from now onwards, definitely, we will see the other trend where we are selling clinker. And that's a trend in Q2 will carry to Q3 and Q4, you'll see a good uptick in clinker sales as well.



Shravan Shah: Okay. And then in terms of structurally, once the Dalmia capacity will come up and also for even the JK Lakshmi is also looking to set up a plant there. So structurally for 3, 4, 5 years perspective, don't you think that, that can have a kind of or the way that we are -- across India, we are seeing the pricing pressure. Will that kind of extra volume can have an impact on the pricing?

Tushar Bhajanka: I don't see that happening honestly. And I don't see about JK Lakshmi, I do not see any moment on ground. I think it takes at least 4, 5 years in Northeast to put up a plant. It's not that easy. Dalmia's plant is definitely coming. I think it will take a year or more from what I have understood. And whenever it does come, of course, there will be some pressure right. So then we also to realize that there will be only 2 players who were expanding, rest of the players in Northeast are smaller, and they don't have any plans of expanding as of now they've on ground.

So from that perspective, the competition will of course increase because they also will get the plant, they will also want the share of the market, right? But overall, the competition is between 2 to 3 players for the expanded capacity, right? And for the increasing market. So I don't -- but I do think that for the competition scenario will become more intense, but it should not be remotely as intense as it is right now in East or in South.

Shravan Shah: Okay. And lastly, Manoj, sir, this depreciation INR70 crores to INR73 crores, will this continue? Or it will start declining from Q2?

Tushar Bhajanka: We have capitalized the assets just because during the full year because of Phase 1 and also the Guwahati unit has stabilized a full quarter depreciation was there. Maybe -- so this year maybe second phase will stabilize this depreciation will go up for leaving this year. But after that, because we are in definitely -- we are reaching down value by that and from next year onwards it will get decreasing. But this year, it will go up maybe quarter 2, quarter 3 it will go up a little bit, but from Q2 next year onwards it will decrease -- it was on a decreasing side.

Moderator: The next question is from the line of Navin Sahadeo from ICICI Securities.

Navin Sahadeo: Yes, 2 questions, apart from JK Lakshmi. I think sometime that UltraTech also had done some I think signed up for an entity project in their name, but there was some development from or intent from UltraTech to tie-up with a local player there for a plant? And also, as per the info available on the environment industry website, another player called megatop or Meghatop, were they had applied for a clinker expansion? So if you can just throw some light if these players seeing -- are doing or any activity, any buzz that you are aware of from these 2 players?

Tushar Bhajanka: So UltraTech, of course, maybe on a lookout to get a mine. I don't think from our -- I -- no I do not think that they have been able to identify a mine. And I think there is a long process even after your identify a mine before you setting up a plant and after your acquired a mine. So I think there is a lot of time. I don't think there's -- this structural location, just like the mine, they bought the mine, I don't think all those things have happened.

Meghatop is definitely a local player who is attempting to put up the plant. From what I understood that they're also having some difficulties from the MOS and from getting the public hearing here. And I do not expect that plant to be some -- either commissioned or coming up in



the next 3 years. So that is my expectation. Of course, if there is any other development which happens over time, then I will communicate accordingly.

Navin Sahadeo: Helpful. My last question was on the receipt of the incentive. So you said for this quarter, our benefits were just around 10.9%. And next quarter, we could see a significant ramp-up. So these are -- I just wanted to understand how do we plan to account them in sense these are on the actual receipt basis? Or these are accrued and then they come with a lag?

Tushar Bhajanka: No, no. It is always been accounted for accrual basis only. And there is no time lag because we have got a part also we have received the SGST benefit. Maximum, 3 months is the maximum time is time that is there. Okay. So there is no such timeline because SGST once the entire fleet, the entire procedure every months we'll file and maybe in a month we will get back the money. And for IGST clinker plant also we will get quarterly return and in the next quarter, the filing within 1 month we are getting there. So there is no such timeline, maximum of 3 months' timeline is there.

Navin Sahadeo: Understood. Helpful. Just one more question if I could slip in. You mentioned about the AAC block, could you just -- can I please request you to please repeat that? What is the revenue and EBITDA potential that you are looking at? I think you mentioned capex is more like INR155 crores there, right?

Tushar Bhajanka: Yes. No, no. I think I mentioned that the capex is about INR65 crores.

Navin Sahadeo: Okay, INR65 crores.

Tushar Bhajanka: Yes. So capex is about INR65 crores. And capex is about INR65 crores, the revenue I expect at about 80% utilization or 70% utilization revenue to be close to INR60 to INR70 crores per annum. I expect the EBITDA to be about 20% of the revenue. So to give INR14 crores, INR15 crores, INR16 crores, right. And yes, so I think the payback looks healthy let's say.

Navin Sahadeo: Yes, yes Okay, very good. Great. Great. All the very best for the quarter.

Moderator: Next question is from the line of Milind Raginwar from BOB Capital Markets Limited.

Milind Raginwar: One thing is on the logistic cost, how would this mean from here on this -- will it just be at the run rate level? Or we see some kind of an improvement in that once the new plant stabilizes, how should we look at this going forward?

Tushar Bhajanka: So I think the logistics costs in Q1 was, of course, a bit unstructured because of clinker coming from outside and the movement was not usual, right? So I think logistics costs should stabilize, plus we are also getting more fleet. So earlier, our return on our fleet was very good because our fleet we were able to provide both in -- and backward return also we could provide. So we have seen that the fleet to have our own fleet has worked very well.

And of course, first to pay costs directly also to have a tap on the overall logistics cost, right, to have a control of site keeping on how the logistics cost behave. So we have got more trucks, which will be operational in Q2, and we will see the full benefit of it from Q3. So I do see that



those things should have an impact on the logistics cost especially the inward cost -- the inward logistics cost, which is basically fly ash and clinker.

Milind Raginwar: Okay. And did I hear that you overall EBITDA from the -- other than Northeast, can you just please confirm that? I was probably missed it.

Tushar Bhajanka: Overall EBITDA was the Northeast -- sorry, could you repeat the question?

Milind Raginwar: Yes, I was just thinking that you said that it's about INR250 something other than Northeast EBITDA? In the earlier question when you are answering somebody.

Tushar Bhajanka: Yes, EBITDA per ton is INR250.

Milind Raginwar: INR250. Okay. Just confirming that.

Moderator: Thank you very much. Ladies and gentlemen, that was the last question for today's call. I would now like to hand the conference over to the management for closing comments.

Tushar Bhajanka: So thank you so much for joining the call. And thank you for the questions, they were very detailed. And they definitely help us for the company in the right perspective for the investors. And we do look forward to better and more detailed calls in the future and calls where the company has done better than what it has in Q1.

Moderator: On behalf of ICICI Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.