

“Star Cement Limited 4QFY2017 Earnings Conference Call”

# May 31, 2017

  

**Management: Mr. Sanjay Kumar Gupta -- Chief Executive Officer**

**Mr. Dilip Agarwal -- Chief Financial Officer**

**Moderator: Ms. Parita Ashar -- Ambit Capital Private Limited**

**Moderator:** Ladies and Gentlemen, Good Day and Welcome to the Star Cement’s Limited 4QFY2017 Earnings Conference Callhosted by Ambit Capital. 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 would like to hand the conference over to Ms. Parita Ashar from Ambit Capital. Thank you and over to you, Ma’am!

**Parita Ashar:** Thank you, Inba. Good afternoon, everyone. On behalf of Ambit Capital, I welcome you all to the 4QFY2017 Results Conference Call of Star Cement.

From the management, we have Mr. Sanjay Kumar Gupta -- Chief Executive Officer; and Mr. Dilip Agarwal -- Chief Financial Officer.

 If I could please handover the call to the management for opening remarks.

**Sanjay Kumar Gupta:** Yes, good evening. I am Sanjay Gupta -- Chief Executive Officer of Star Cement Limited. I would like to welcome you all to this earnings call for 4QFY2017.

Let me first tell you that the earlier company which was listed was Star Ferro & Cement Limited which has got merged with Star Cement Limited. The company Star Cement now will get listed in the Exchanges, all the required formality has been completed. We are just awaiting SEBI approval. Once, the SEBI approval is there the listing and the trading will start and that, we are expecting in next 15 days to complete.

I have with me, Mr. Dilip Agarwal -- CFO of the company. He will take you through the quarter four numbers and the full year number for FY2017. After that, the floor will be open for an interactive session, where you can ask question and we will be happy to reply. I will request Mr. Dilip Agarwal to brief you about the numbers for FY2017 as well as 4Q. Over to Mr. Dilip Agarwal!

**Dilip Agarwal:** Thank you, sir. Hi, gentlemen. This is Dilip Agarwal -- CFO for Star Cement Limited. Good evening to all of you. I welcome all of you in this Earnings Call of Star Cement Limited, 4QFY2017 and then I will take you through YTD FY2017 numbers. We will be more discussing historic numbers and this is not an invitation to invest.

I will start through 4Q numbers. During the quarter ended 31st March, the Cement production was 7.26 lakh tonne and Clinker production was 5.64 lakh tonne. We have sold 7.46 lakh tonne of Cement during the quarter. And we have sold around 31% of OPC and rest is Blended Cement comprising mainly of PPC. So, this is on the volume side.

On the revenue side, the total revenue for the quarter was Rs519 crore. And EBITDA is Rs171 crore. Profit after tax is Rs118 crore and PAT is Rs104 crore. So, this on the financial side, the broader numbers. EBITDA per tonne is 2,176 on the per metric tonne side.

If I take you through full year numbers, we have produced 27.08 lakh tonne of Cement during FY2017 and Clinker production was 21.5 lakh tonne. So, this was on the production side. We have sold 27.37 lakh tonne of Cement during the whole year FY2017 and out of that OPC was around 27%.

 And the revenue side, the total revenue was Rs1,728 crore. And the full year EBITDA is Rs411 crore. Profit after tax is Rs192 crore and PAT is Rs172 crore. So, these are full year numbers.

Now, I will request Ambit Capital to open the floor for interactive session. Thank you.

**Moderator:** Thank you very much, sir. Ladies and gentlemen, we will now begin the Question-and-Answer Session. We have the first question from the line of Pratik Kumar of Antique Broking. Please go ahead.

**Pratik Kumar:** Sir, a few questions. Sir, first of all, your status on subsidy receipt assets from the Central Government and outlook on the same?

**Sanjay Kumar Gupta:** Pratik, we have already informed the Exchanges. In the last financial year, I think we have only received around Rs25 crore. But in the start of this financial year in the month of May, we have received another installment of around Rs61 crore, okay? This is what we have received in the month of May. We are still hoping that in FY2018 full year, we definitely will receive somewhere around Rs250 crore to Rs300 crore that is what our expectation is.

**Pratik Kumar:** Okay, sir. But there is a resolution in terms of whatever was the conflict in terms of State Government and Central Government earlier do you see that resolving with time?

**Dilip Agarwal:** I do not think there is conflict. The only problem with the subsidy disbursement was that the Central Government because of the change from erstwhile planning commission and then to NITI Aayog and then dismantling and then formation of NITI Aayog took time. And then, there was no provision towards these subsidies into the central budget, right? So, in last year the budget allocations are already there, so I think that must have informed in the last earnings calls also that this year the total provisions of approximately Rs900 crore have already been provided for towards the subsidies. So, the total outstanding of the entire Northeast towards subsidies is approximately Rs1,800 crore to Rs1,900 crore. So, Rs900 crore have already been provided. We expect the entire Rs900 crore to be disbursed.

**Pratik Kumar:** Sure, sir. And sir, I mean, how do you see volume outlook like now in FY2018? We hear that specifically during the month of May like there is some tapering down in terms of the growth versus what we saw like in April and March. So, sir, your comments on volume in your region?

**Dilip Agarwal:** See, I think if you look at this FY2017, we have only grown by around 4.5% - 5%, okay? That is lower than our expectation of growth but. But think last two quarters the demonetization had an impact in Northeast, there were slower off-takes as far as the retail is concerned. But I think, whatever we have seen in the month of say November, December, January, slowly it has picked-up in the month of February and March. But I will say, we have still not got into the trajectory where we start seeing a double-digit growth. So, we will still see, our expectation is that since things have started picking-up, we have seen good growth in the month of April also. May is looking good. So, we will go into may be a higher double-digit kind of thing. And I think to come back to 20% kind of growth trajectory in terms of volume which we had been doing from last so many quarters that will take a little more time. I think it will take at least two quarters - three more quarters to come back.

**Pratik Kumar:** Sir, so in current quarter, you had like a 16% decline year-on-year, if I am correct?

**Dilip Agarwal:** Yes, we had a 16% decline year-on-year.

**Pratik Kumar:** Okay. And sir, in terms of prices what would be like your quarter average price and where do the price stands in May? In like let us say in Guwahati and then Bengal, Bihar, markets?

**Dilip Agarwal:** I think, there the prices have moved up as far as the Northeast is concerned and also, in Bengal and Bihar. Overall, I think in terms of if you look at it the total sales we must have seen around Rs35 increase in prices as far as Northeast, I am talking of this blended, so a little bit Northeast will be around Rs40 and outside Northeast will be somewhere around Rs30 that is the impact which we have seen as of now.

**Pratik Kumar:** So, this is May versus average of 4Q?

**Dilip Agarwal:** No, I am saying 4Q. So, there have been some price increases in the month of April and also been the some price decreases in the month of May in some markets like in Bengal and Bihar markets. The pressure also comes off a little bit. So, it will be hard to predict anything on price side for April and May and maybe how the quarter looks like. But we still hope that the prices which you are prevailing as far as the quarter four is concerned this would prevail.

**Pratik Kumar:** Okay. So, the Rs30-35 you were saying that is 4Q versus 3Q?

**Dilip Agarwal:** Correct.

**Moderator:** Thank you. Our next question is from the line of Sanjay Bagrodia from SuryaChambal Power. Please go ahead.

**Sanjay Bagrodia:** If I heard correctly, your EBITDA is 2,100 per metric tonne? Is it what you said?

**Sanjay Kumar Gupta:** Yes.

**Sanjay Bagrodia:** How come is it so much, sir because most of the people have the highest EBITDA at around Rs1,000 a tonne, what is this extra Rs1,000 that you are able to get?

**Sanjay Kumar Gupta:** See, this total EBITDA includes everything. We have excise exemption is the region, we also have a transport subsidy which is there that excise and transport subsidy approximately account for around Rs700 a tonne and the balance is from the a normal you can say from selling activity, right? So, again subsidies are also a part and parcel of the same selling activity but that adds to the EBITDA. So, that is where the EBITDA comes from.

**Sanjay Bagrodia:** And so, what is your Coal cost? You get local Coal or you have to transport it from West Bengal?

**Sanjay Kumar Gupta:** No, we are getting a local Coal. Meghalaya has got local Coal available.

**Sanjay Bagrodia:** So, this is also controlled by Coal India pricing or you have a special pricing on that also?

**Sanjay Kumar Gupta:** No, this is not a Coal India control. It is a separate state. This is a fixed schedule state, where most of the land and everything belongs to the local people. So, the Coal is available in open market.

**Sanjay Bagrodia:** So, what will be the price of Coal, sir like last month in May?

**Sanjay Kumar Gupta:** See, the Coal prices are hovering around somewhere around I will say Rs4,500 to Rs5,000 for a GCB of around Rs5,500.

**Sanjay Bagrodia:** This is delivered or this is Ex for you only?

**Sanjay Kumar Gupta:** This is delivered.

**Sanjay Bagrodia:** This is delivered. So, will this have any impact with this new bridge which has come up will this reduce your cost?

**Sanjay Kumar Gupta:** See, the Meghalaya is a separate state. It is between Arunachal and it is quite far from the factory. So, it has got no impact.

**Sanjay Bagrodia:** Sir, the subsidy which you received like Rs61 crore, this is shown in profit and loss or this is reduced on the capital cost?

**Sanjay Kumar Gupta:** It is there in profit and loss account.

**Sanjay Bagrodia:** It there in and today our total existing debt is around Rs600 crore?

**Sanjay Kumar Gupta:** As of now the total long-term and short-term debt put together is going to be somewhere around Rs800 crore.

**Sanjay Bagrodia:** So, much of that is long-term debt sir?

**Sanjay Kumar Gupta:** Long-term is going to be around Rs500 crore.

**Sanjay Bagrodia:** So, this Rs61 crore go straight to repay the long-term debt or this is used for working capital?

**Sanjay Kumar Gupta:** It already has been used towards the repayment of debt.

**Sanjay Bagrodia:** You said, sir, out of the total Rs1,800 crore, Rs900 crore is a budget provision and you expect it to get to Rs250 crore. So, what is our total claim requirement for subsidy? Is it Rs500 crore that we are getting 50% or we expect to get our full Rs250 crore?

**Sanjay Kumar Gupta:** See, as of March, we had a total outstanding of around Rs700 crore out of which we just got Rs61 crore.

**Sanjay Bagrodia:** Okay. So, you are expecting 50% subsidy that will be Rs250 crore?

**Sanjay Kumar Gupta:** Correct.

**Moderator:** Thank you. Our next question is from the line of Devang Bhatt of ICICI Securities. Please go ahead.

**Devang Bhatt:** Just two questions. Why there was a decline in other expenses and raw material expenses?

**Sanjay Kumar Gupta:** I will request Dilip to reply this.

**Dilip Agarwal:** Yes. Other expenses have declined mainly on account of our outward freight. So, that has impacted. What is your other question?

**Devang Bhatt:** There is a significant decline in raw material expenses also.

**Dilip Agarwal:** Raw material expenses decline?

**Devang Bhatt:** Yes. Sir, and my second question was that right now you have made this Rs2,000 per tonne EBITDA. Is this sustainable in the next year or so or this is just a one-off?

**Dilip Agarwal:** First, I take your first question of material consumed. You are looking at quarter number or Y-T-D numbers?

**Devang Bhatt:** And, quarter numbers, Y-o-Y quarter numbers, Q4**.**

**Dilip Agarwal:** So, YoY quarter is Rs75 crore as against Rs76 crore. So, it is almost flat.

**Devang Bhatt:** Okay. And sir, the margins part. Is it sustainable for this quarter, this…

**Sanjay Kumar Gupta:** See, Devang, we think that they are sustainable margins because the subsidies are all there, okay? The prices have come back to this level. The margins were under pressure only because there has been a considerable decline in the prices, right? They have not come back to the levels which they should have actually. But they have improved, so we have no reasons to believe that the prices are going to go down. So, we expect this kind of margins may be at least repeated in FY2017 - FY2018.

**Devang Bhatt:** So, you would be able to make Rs2,000 EBITDA per tonne for FY2018?

**Sanjay Kumar Gupta:** Maybe somewhere around, I will say one thing that the full year EBITDA is still Rs1,450. So, if you look at it FY2016 we had EBITDA of Rs1,450. Now, we had an EBITDA of again Rs1,450 - 1,460, okay? The best EBITDA which we have reported was somewhere around Rs1,850, right on a full year basis. So, I will expect that we will come back to the best EBITDA level of Rs1,800 somewhere around Rs1,890.

**Devang Bhatt:** Okay. And sir, your transport subsidies will be over this year, right?

**Sanjay Kumar Gupta:** Correct.

**Devang Bhatt:** So, will there be a renewal of the subsidy?

**Sanjay Kumar Gupta:** No, there is no renewal of subsidy. The subsidy is going to expire. We are going to go out of the subsidy at the end of this year, and there is no renewal of subsidy.

**Devang Bhatt:** So, FY2019 your EBITDA per tonne might taper down to Rs1,100 since Rs700 is the transport subsidy?

**Sanjay Kumar Gupta:** No, Rs700 is entirely not transport subsidy. Transport is only available for five years. This year FY2017 - FY2018 is last year. Out of which around Rs300 is transport and around you can say Rs400 is excise. Excise is for the period of ten years, right? So, it is going to expire only in the month of in 2023 and some of our plants are going to expire only in 2027, okay? So, it is only having an impact of Rs300 which we expect that with the increase in because there will be a realignment of volume because of the subsidies, the dispatch pattern is a little skewed towards the subsidy. But once, that is there I think that will cope up a little bit from that and may be the volume growth will take care of it.

**Moderator:** Thank you. Our next question is from the line of Varun Khandelwal from Bullero Capital. Please go ahead.

**Varun Khandelwal:** Just wanted to check how long are these subsidies going to be available?

**Sanjay Kumar Gupta:** Varun, as I said transport subsidies is going to get expire next year Marchit is going to expire. For us, it will expire in the month of January 2018, okay? Excise subsidy is going to continue for some of our plant, the bigger plants we are going to continue till 2023 and we have in the capacity which we have is 3.8 million tonne, so 2 million tonne I will say 2023 and the balance 1.3 million is going to be 2027.

**Varun Khandelwal:** Okay. So, just a follow-up question on that. So, these subsidies I guess are depending on the time of you are starting the plant at that particular location, right? So, your earlier plants which will subsidy that will lapsesooner and new one will have subsidies

**Sanjay Kumar Gupta:** Correct.

**Moderator:** Thank you. We have the next question is from the line of Kaushal Maroo of DSP BlackRock. Please go ahead.

**Kaushal Maroo:** Sir, your 4Q volume drop is significantly higher even higher than 3Q. Is there anything else apart from demonetisation due to our, you will attribute it entirely to demonetization?

**Sanjay Kumar Gupta:** So, I will tell you. See, in the Northeast, right the growth has actually not happened, right? If you look at it till 2Q we have the entire Northeast growing at around 10%, right and we have been growing at around 20% that is that the thing was there and post demonetization the things which are supposed to come back and even from I will say the institution side of it that has not come back and it has impacted. See, only the quarter two is always the best quarter. Quarter three and quarter four, second-half of the financial year has always been the best quarter in terms of dispatches. Now, that has taken a good amount of hit. So, I will say that we are seeing good signs of improvement as far as April is concerned or May is concerned, there is no decline as such but there is not significant improvement. But we will still see that we will at least come back to double-digits.

**Kaushal Maroo:** Okay. Sir, can you again, confirm what is the long-term debt at the end of the year?

**Sanjay Kumar Gupta:** At the end of the year, the long-term debt is around Rs500 crore. Long term is Rs500 crore.

**Kaushal Maroo:** And short term our working?

**Sanjay Kumar Gupta:** Short term is around Rs300 crore.

**Kaushal Maroo:** Okay. Sir, and your realizations, did you say your realizations in April May are very similar to the levels of 4Q?

**Sanjay Kumar Gupta:** Yes.

**Moderator:** Thank you. Our next question is from the line of Sanjay Bagrodia from SuryaChambal Power. Please go ahead.

**Sanjay Bagrodia:** This subsidy amount is percentage of it is per tonne, how is the subsidy amount calculated?

**Sanjay Kumar Gupta:** See, I think it is a complex calculation process. It is based on the mode of transportation which we take, okay? It is dependent on, it is not available on movement intrastate movement, it is available on interstate movement within Northeast, outside Northeast it is complex calculation. So, there is nothing state forward that okay, you should transport from a dimension to y dimension you get x per tonne basis that is not done. So, there is a railway transport, there is a roadway transport both together and then you get certain percentage of that, right? And it is different for each location, right?

**Sanjay Bagrodia:** Sir, I was asking for excise duty, sir.

**Sanjay Kumar Gupta:** Excise is absolutely calculated on and whatever we are paying from the PLA we get a refund of that.

**Sanjay Bagrodia:** So, now sir this excise duty merged with sales tax. So, the total duty is 28%, so you will get the full refund instead of earlier excise duty which was 16% or 15% and 13% was sales tax. So, you will get 28% full excise duty refund now?

**Dilip Agarwal:** No, it is not like that because excise it is considered that the CGST will be the central part, right? So, we will get that is CGST is going to get reflected into the central excise part. So, we will get refund of central excise. State, whatever taxes everybody is paying because we are paying VAT also, right that will continue.

**Sanjay Bagrodia:** So, now what is the present refund you are getting on excise duty?

**Dilip Agarwal:** See, as I said, on a global basis it is around Rs350 a tonne to Rs400 a tonne and we will continue to get even in GST regime.

**Sanjay Bagrodia:** So, this will not increase. GST regime from Rs400 a tonne to some more?

**Dilip Agarwal:** See, I cannot be exactly sure on what the calculation is going to be because I think 28% is a little higher than what we were expecting because the overall duty of now is around 26% - 27% as far as Cement is concerned but if some portion of may be 1% or 2% but that is going to be very meager I suppose.

**Sanjay Bagrodia:** Okay. So, you expect that after GST also the refund will be in the range of Rs350 a tonne to Rs400 a tonne only?

**Dilip Agarwal:** Right.

**Moderator:** Thank you. Our next question is from the line of Rajesh Ravi from Centrum Broking. Please go ahead.

**Rajesh Ravi:** Just wanted to understand two things on how is the competitive land escape currently in terms of new expansions happening in that market Northeast? And second, the fuel price outlook because outside Northeast, we are seeing that the fuel cost has been on an inflationary trend, whereas in Northeast you are seeing the reverse windfall gain of that.

**Dilip Agarwal:** See, Rajesh, let me take your first question. As far as the competitive land escape is there I think there is not much of capacity which is coming up. There is no capacity which has been planned also. We have just added pre-grinder which is about 0.85 million tonne. So, that is the only thing which has come up. There is no capacity in pipeline by anybody else. So, last year I think is a bit of aberration, it has only grown I think 3% - 4%. But it has been growing at 7% - 8%. I hope that once everything goes well, I think next year it should grow in the same level of 7% - 8% or a little better than that. So, I think since there is no capacity coming-up and the government commitment of whatever projects they are talking about and even if some portion of that starts happening it will come back soon. So, growth is we are not worried much about the growth. The second question about fuel cost, I understand, the fuel cost in the mainland’s the people have also enjoyed the benefit of lower fuel prices in the past year, right? We did not have that opportunity. So, I think now we have the opportunity of the similar prices. So, our prices are stable and we are getting some benefit there. But I think, that is a trend, so we are not impacted by either increase or decrease in the international fuel price.

**Moderator:** Thank you. Our next question is from the line of Pratik Kumar of Antique Stock Broking. Please go ahead.

**Pratik Kumar:** Sir, my question is again on volume growth. Sir, so is the 16% decline restricted to your Northeast market or you have like retrace from specific East markets which has impacted growth in outside East market also.

**Dilip Agarwal:** No, I think, we have not retracted from any of the markets. The only question is that there has been an impact of that in all the markets, right? If you look at the overall growth in Bihar and Bengal also, the markets have not grown actually they have de-grown, right? So, there is an impact I think even Bihar market and Bengal market in the quarter also are down. So, overall, they are contributing on the de-growth. But we still hope that I think April is looking okay, may was looking better. So, we hope that these things will come back. I think there were maybe one or two quarters, but we have always expected this to happen because in quarter three also we have seen the impact being there and the quarter four was no different. But we are hoping that in next coming two quarters - three quarters things will come back.

**Pratik Kumar:** And sir, if you can have this sales mix in Northeast outside Northeast?

**Dilip Agarwal:** See, we continue to sell on the full year basis. I think if you look at it on a quarter basis also we sold. Around 65:35 is the ratio I am maintaining. So, Northeast is 65% outside Northeast is 35%. On a full year basis, it is around 63% and 37%.

**Pratik Kumar:** Okay. And sir, your capex you mentioned you did that debottlenecking. So, that Rs50 crore debottlenecking is over?

**Dilip Agarwal:** That is over. That is over in March 2017.

**Pratik Kumar:** And sir, any other capex plans we have? Marginal capex plans?

**Dilip Agarwal:** See, whatever is there as per the maintenance capex can be there but beyond that we do not have any other capex plan.

**Pratik Kumar:** And sir, one just book keeping question, what is your Rail Road mix at this point?

**Dilip Agarwal:** Say, if you look at it is around 75% - 25% only.

**Pratik Kumar:** 75% by Road?

**Dilip Agarwal:** Yes, 75% by Road.

**Moderator:** Thank you. Our next question is from the line of Abhishek Ghosh from Motilal Oswal Securities. Please go ahead.

**Abhishek Ghosh:** You mentioned that in the month of April-May you are seeing some amount of growth coming back or at least better volumes in terms of Bihar, Bengal market. Could you just throw some light in terms of is it driven by Housing for All or is it driven by infra projects. Just some sense and flavour, it will be great help, sir.

**Sanjay Kumar Gupta:** Overall, the retail demand is definitely better than the earlier previous months, that is what we are clearly seeing. So, I think the largely driven by retail demand. So, we yet to see whether this demand is more of seasonal thing or it is going to continue for a little longer period of time because actually if you look at it in this part in Bihar and Bengal the monsoon actually starts within the July and in Northeast it actually starts a little early right. So, we still have not been able to make out why this retail demand is over but we are seeing that. And as far as the institution is concerned, we have not seen any run-away projects coming up and then demand coming up from that. They are still maintaining at the same level, I will say Roads are a little looking better. The demand from the road is a little better than the other. Other demands are more or less on the same levels.

**Abhishek Ghosh:** Okay. But retail is what is driving the demand at the moment?

**Sanjay Kumar Gupta:** Yes, at the moment the retail is driving.

**Abhishek Ghosh:** Okay. But do you see a situation sir in FY2018 wherein the East and Northeast could show you that double-digit kind of a volume growth is that you see that thing happening?

**Sanjay Kumar Gupta:** Northeast had always been reporting at 7.8 - 8, right so we hope that and we have been hoping to go back to at least a double-digit kind of thing. But in last six months yes, those thoughts and whatever we have been expecting had not come true. But, I think overall, ultimately whatever the government is trying to push infra in some big way as far as Northeast is also concerned. So, we hope that okay that should be at least if it is not in double-digit, it should be 8% - 9%.

**Abhishek Ghosh:** Okay. And sir, in East we see a lot of supply additions that are coming through next 12 months to 18 months. So, any view on the pricing front in the medium-term how do you see that part?

**Sanjay Kumar Gupta:** So, East yes, a few of capacities are coming up, Emami had already come up and there are others also coming up, right. So, there is a pressure on prices, that is why I said that there has been an increase in price in month of April. But it has not been able to sustain in the month of May, so the prices have come off in May. But I think still they have not gone below the levels which they were there in the month of March I will say. I hope that maybe quarter four increase which are there they are getting protected and they remained the same. But I think, there can be some price correction when the off-season kicks-in. in quarter two there may be a price correction. But if the demand comes back even in Jharkhand and in Bihar and Bengal where Bihar was growing at around 10% - 11% and Bengal was growing at 6%. So, ultimately overcapacity, still I think East is not in an overcapacity situation even if these plants come up even a 4 million tonnes - 5 million tonnes gets added. Because the markets always had Bihar is a 12 million tonnes - 13 million tonnes market, Bengal was 15 million tonnes, and Jharkhand taking 5 million tonnes. I think you do not see that kind of capacity being there. So, we still hope that even the prices will be maintained.

**Abhishek Ghosh:** Okay. So, utilisation for East would be largely about 75-odd percent presently?

**Sanjay Kumar Gupta:** At this point of time it should be somewhere around 70%.

**Abhishek Ghosh:** Okay. Sir, just one last thing, if you can help us with GST coming through, what kind of impact it can have for our freight cost in the next you know going forward and in the implications of GST for us.

**Sanjay Kumar Gupta:** See, whatever we have been able to understand out of what the little information is there. I think the taxation are more or less at the same level may be about a 2%, about 1% - 2%. So, that is there. But I think the cascading effects needs to be seen that what are the kind of cascading effect which where earlier, we may not be calculating those cascading effect at this point of time. Because we had some state for having Entry Taxes and these things, right? So, we will add everything put together, I think it may have a little bit of a possibly lowering impact, right? So, may be if I add everything it will go to 30% and which is now 28%, right? So, may be possibly that. But we still not having been able to figure out exactly how it is going to impact. But I do not see had it been that we are in the bracket of from 28% we came to 18% and then there could have been some reduction there. So, that has not happened largely for any commodity and it will not happen for Cement also. So, we are not seeing much of impact of GST coming up.

**Abhishek Ghosh:** Okay. But in terms of freight cost, do you see any reduction going forward because of the state transfers and other things?

**Sanjay Kumar Gupta:** Honestly, I think it will be very difficult for me to quantify at this point of time. We will take a call at an appropriate time.

**Abhishek Ghosh:** No, problem. Okay.

**Moderator:** Thank you. We have the next question from the line of Parita Ashar from Ambit Capital. Please go ahead.

**Parita Ashar:** Sir, we have been reading a lot of news reports recently about the Northeast Council focusing a lot more on infra projects in the coming one or two years specifically on the Roads and Airports. I thought if you could just help us give some colour as to what sort of projects these could be so that we can better track or understand the development on that side as we move into FY 2018?

**Sanjay Kumar Gupta:** No, I think there is a focus on Road. Not only NEC, I think the entire Road Ministry is actually focusing on building up Road. So, we have seen some demand coming up from Road sector for Cement. And there has been two - three works which things are happening. There is an Airport modernization projects are also coming up. So, that may be another thing which can come up and a lot many Airports are getting there is a proposal to modernize them. There is a dredginghappening for Brahmaputra, dredging is being planned. So, that may reduce a lot of transportation cost for the peopleoperating the reason because they have been trying to address that thing. If that happens, I think Bangladesh as a market will become very attractive for the Northeastern player to source so to say of it because Bangladesh is a 15 million tonne market, right and because of the logistical problems and we are unable to export Cement there, right? So, that is the possibility. And Road is definitelyin the forefront of entire development because in Northeast actually the entire 90% of material moves only on Roadways, right. And there has been four-lining happening. Arunachal there are a lot of around 3,000 kilometer road projects are getting awarded, we will see some demand coming from there also. So, there is a progress on that front. So, that will add, that is what our expectation is that that will put may be growth to around to a double-digit trajectory of 10%.

**Parita Ashar:** Okay. As you are saying apart from these projects, we could see a 7-8% sort of growth otherwise we could move into a double-digit if we see a big push on infra?

**Sanjay Kumar Gupta:** Correct.

**Moderator:** Thank you. Our next question is a follow-up from the line of Rajesh Ravi of Centrum Broking. Please go ahead.

**Rajesh Ravi:** Sir, just wanted to cross check, is there any dividend payout for this financial year, sir?

**Dilip Agarwal:** No, Rajesh, no. There is no dividend payout.

**Moderator:** Thank you. As there are no further questions from the participants, I now hand the floor back to the management for closing comments. Over to you, sir!

**Dilip Agarwal:** Dilip Agarwal here. Thanks everybody for participating in Earning Call of Star Cement Limited 4QFY2017. And we look forward for such kind of interactive session in time to come. Thanks a lot.

**Sanjay Kumar Gupta:** Thank you, everybody. Thank you.

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