

# PASSIONATE. PIONEERING. PERSISTENT. PROACTIVE.

THE FOUR P'S OF THE DYNAMIC STAR CEMENT STORY



# Highlights, FY2016-17

1,752.04	318.73
GROSS REVENUES (₹/crore)	CASH PROFIT (₹/crore)
410.97	23.78
EBITDA (₹/crore)	EBITDA MARGIN (%)
171.63	9.93
PAT (₹/crore)	PAT MARGIN (%)

### Forward-looking statement

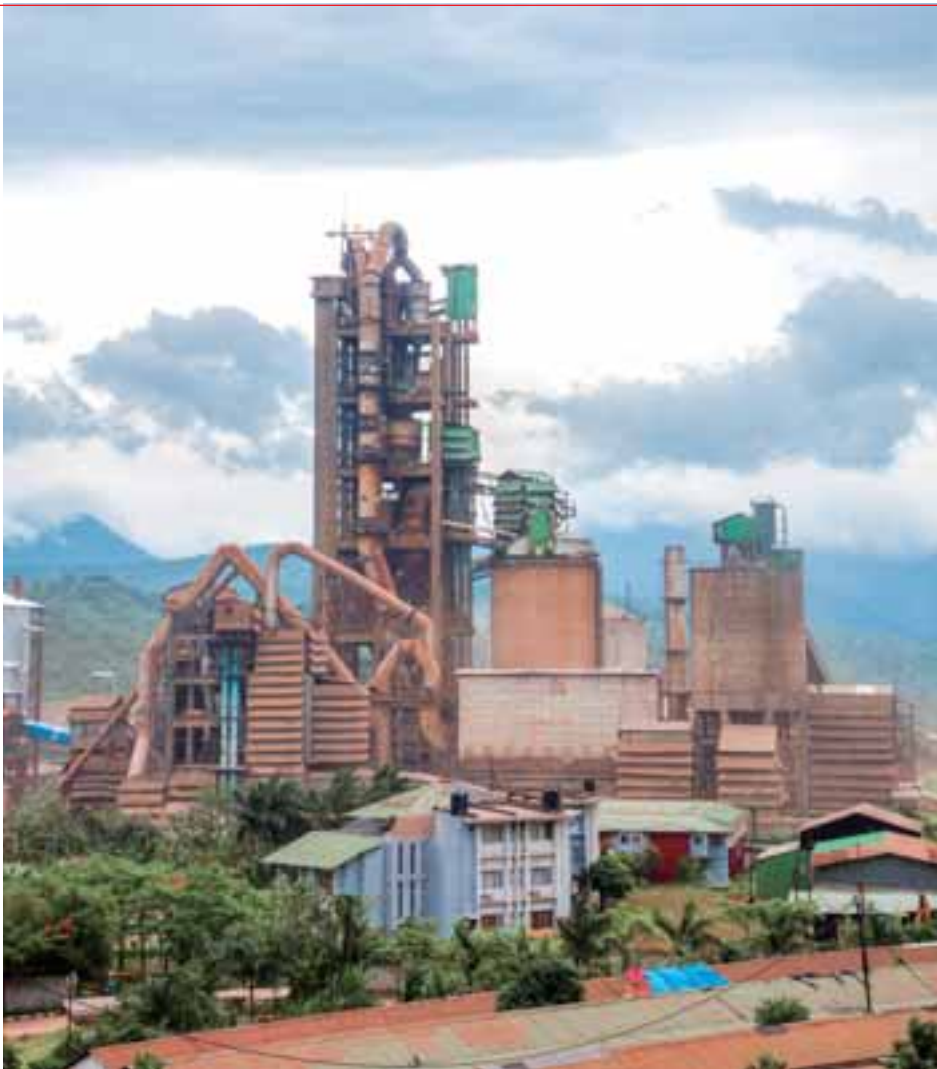
In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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## Biggest takeaways from this annual report

- Investing in sustained efforts to moderate costs
- Investing continuously in innovative marketing to create a distinctive brand recall
- Widening the distribution network, driving business despite macroeconomic disruptions
- Continuing to enjoy undisputed market leadership in North Eastern India

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Star Cement Limited.

More than just the largest cement manufacturer in North Eastern India.

One of the most competitive cement manufacturers in North Eastern India as well.

Driven by passion. Focused on the pioneering.

Catalysed by persistence. Always proactive.

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Our vision

- To become the fastest growing and the most competitive cement company in Eastern India
- To be respected for a high level of integrity and value

Our mission

- Provide utmost satisfaction to the consumer by providing the best quality of cement and after-sales customer care support
- Continuous upgradation of the product through innovation and convergence of new technology to produce the best quality at the lowest cost





- Safeguard and enhance shareholder value
- Utilise surpluses for the welfare of all stakeholders

### About us

Star Cement Limited is the largest cement manufacturer in North East India. Our brand ‘Star Cement’ has established itself as the most accredited brand in the region on grounds of quality and fair pricing.

### Our manufacturing facilities

The Company has four manufacturing units in Meghalaya, one in Assam and three outsourced units in West Bengal. Our total cement capacity stands at 4.4 million metric tonnes, 2.6 million metric tonnes for clinker and 51 megawatts of power.

Star Cement’s integrated cement plant at Lumshnong (Meghalaya) is proximate to key sources of raw material, viz., limestone, coal and shale. The Company’s grinding unit at

Guwahati and other outsourcing units in Bengal enjoy a locational advantage of being near to the market.

### Our market presence

Star Cement Ltd. is one of the pre-eminent producers of cement in the East and the most reputed brand in North-East India.

Star Cement ventured out of North East in 2013 to Bihar, Jharkhand and West Bengal. Continuing with its success story, the Company has already made its mark in these States and is poised to become a distinguished player in Eastern India.

Star Cement markets superior quality clinker to different grinding units in North East India and parts of Eastern India. The Company enjoys the highest volume growth in North Eastern India with adequate capacities likely to translate into 10-15% growth over the next two years. The Company also exports clinker to neighbouring countries like Nepal and Bhutan.

### Our brand

Star Cement is the most renowned brand in North-Eastern India with a market share of ~24%.

### Our customers

The Company’s institutional customers comprise L&T, NHPC, Public Works Departments, Indian Railways and the Ministry of Defence, among others.

### Our product range

Star Cement’s product range comprises Ordinary Portland Cement (43 and 53 grades), Portland Pozzolana Cement Part-I fly ash-based, Portland Pozzolana Cement Part-II and Portland Slag Cement.





# The Award Winning Brand



.....  
**Awarded Fastest Growing Company**  
at the Economic Times Bengal Corporate Awards 2016  
.....

**Outdoor Advertising Awards 2016**  
Gold Award Alternate Media Silver Award Outdoor Media Plan of the Year



### Our distribution network

Our distribution network is spread across 11 states in Eastern India. While our peers adopted the wholesaler-driven model, we invested in a strong retail network comprising more than 2,700 dealers and 9,300 retailers.

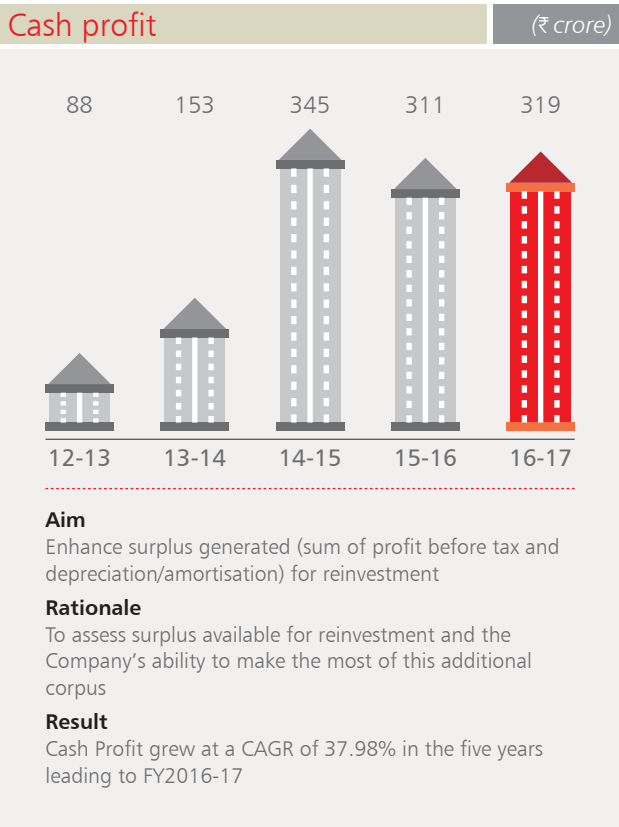
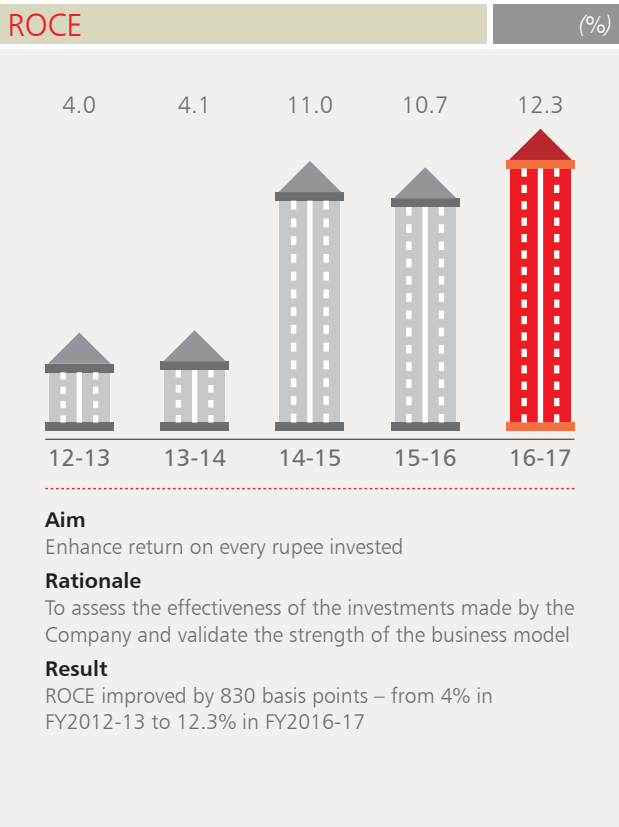
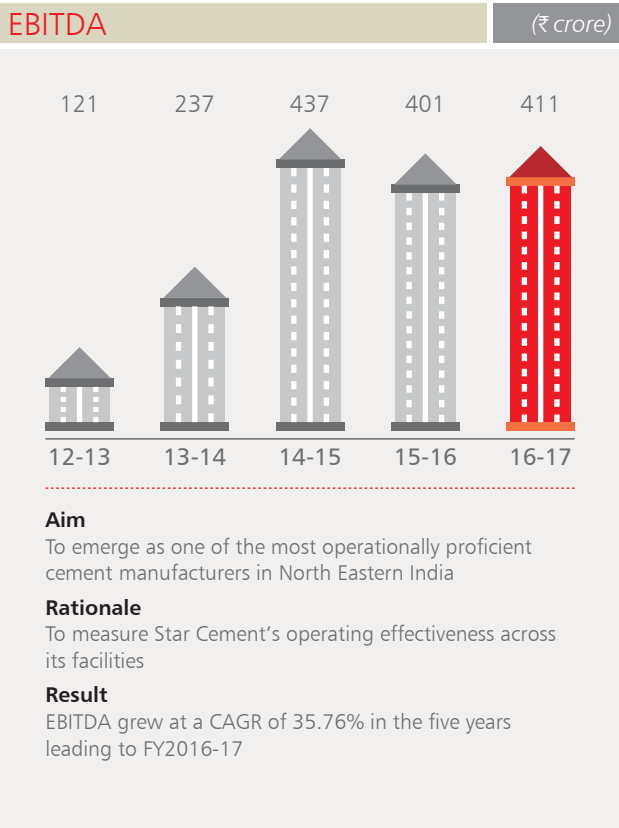
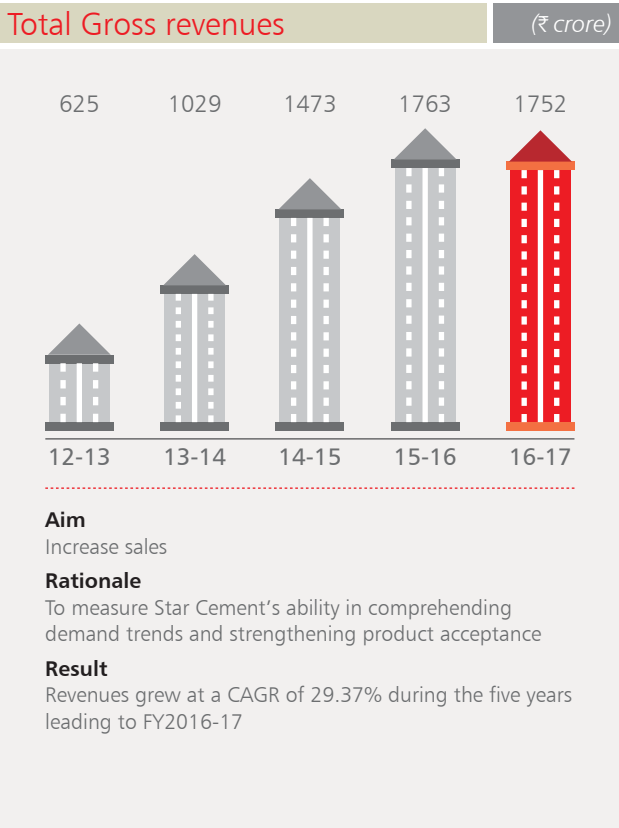
### Our awards and accreditations

- ABP News HR & Leadership Awards for Excellence in Employee Engagement in February 2016
- Transport Excellence Award 2016 - National Award in Mining and in the Construction segment
- Gold Award (Alternative Media - Any single execution on non-conventional OOH) and Silver Award (Outdoor Media Plan of the Year - Local) at OAA 2016
- Award for Best practices in Employee Engagement - National HRD Network in 2016
- Awarded first prize in the Thermal Power Station sector - National Energy Conservation Award, 2015 and 2014
- Award for Most Preferred Cement Brand for five years consecutively at the North East Consumer Awards in 2015

### Our subsidiaries

Megha Technical and Engineers Private Limited  
Meghalaya Power Limited  
Star Cement Meghalaya Limited  
NE Hills Hydro Limited  
Star Century Global Cement Private Limited

# Key performance indicators

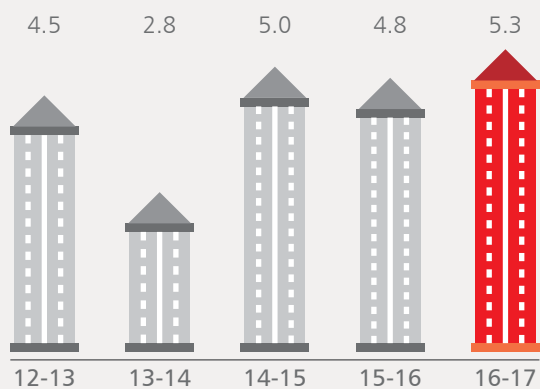






## Interest cover

(x)



### Aim

Improve the Company's ability to pay back arrears (calculated as EBITDA divided by interest outflow)

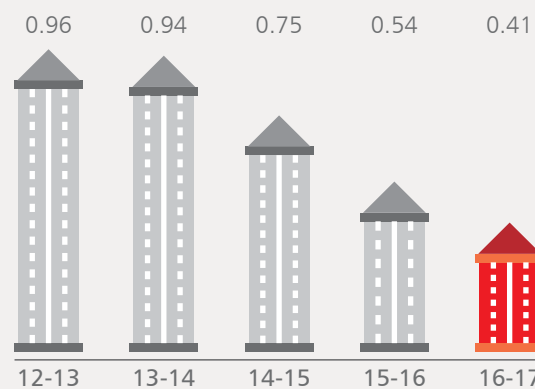
### Rationale

To measure the Company's financial strength and ability to pay interest with ease

### Result

The Company's interest cover improved from 4.5 in FY2012-13 to 5.3 in FY2016-17

## Net-debt equity ratio



### Aim

To moderate the net debt-equity ratio, increasing borrowing room and strengthen the Balance Sheet

### Rationale

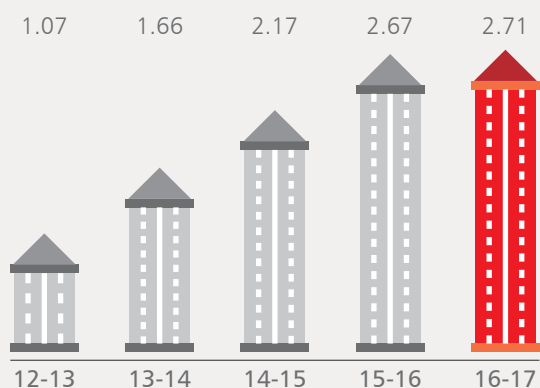
To measure the extent of the Company's indebtedness

### Result

The Company's net gearing improved from 0.96 in FY2012-13 to 0.41 in FY2016-17

## Cement production

(million metric tonnes)



### Aim

Improvement in capacity utilisation

### Rationale

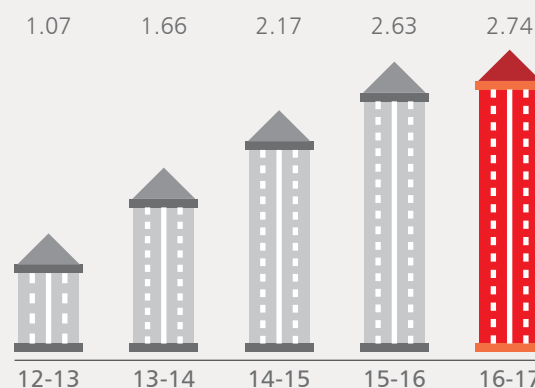
To measure the Company's performance with respect to output

### Result

Production volumes improved from 10,67,465 metric tonnes in FY2012-13 to 27,09,318 metric tonnes in FY2016-17

## Cement sales

(million metric tonnes)



### Aim

Improvement in offtake

### Rationale

To measure the Company's performance with respect to sales

### Result

Sales volumes improved from 1.07 million metric tonnes in FY2012-13 to 2.74 million metric tonnes in FY2016-17

# 1 Pioneering

At Star Cement, we initiated pioneering initiatives when we entered North East India, a vast region with promising avenues and resources, but devoid of significant manufacturers. Our Company was the first to undertake a large number of business-strengthening initiatives in this neglected market.

## Our initiatives

- Commissioned the first integrated cement plant in the region
- Embarked on backward integration by way of a captive power plant
- Emerged as one of the first cement companies in North East to provide technical assistance to customers on-site through experts in mobile vans
- Became among the first cement companies in North East to converge architects, engineers, masons, industry experts and academia to share ideas, best practices and technical insights
- Emerged among the first cement companies in North East India to engage regional celebrities (Bhupen

Hazarika, Debjit Saha, Lou Majaw, Saurabhee Debbarma and Mami Varte, among others) to endorse our brands

Our pioneering initiatives enhanced the Star Cement recall in North East India, accelerating offtake.

~24%

Star Cement's market share in North Eastern India

