28th January, 2025

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Scrip Code: 532538

The Manager
Listing Department
The National Stock Exchange of India Limited
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Scrip Code: ULTRACEMCO

Sub.:
Transcript of Q3 FY-25 Earnings Conference Call of UltraTech Cement Limited ("the Company")

Ref.:

a. Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")
b. ISIN: INE481G01011

In terms of Regulation 30 of the SEBI Listing Regulations 2015, please find attached transcript of the Q3 FY-25 Earnings Conference Call conducted after the meeting of the Board of Directors of the Company held on 23rd January, 2025, for your information and record.

The same is available on the website of the Company viz. www.ultratechcement.com

Thanking you,

Yours faithfully,
For UltraTech Cement Limited
SANJEEB KUMAR CHATTERJEE
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Sanjeeb Kumar Chatterjee
Company Secretary and Compliance Officer

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"UltraTech Cement Limited
Q3 FY25 Earnings Conference Call"

January 23, 2025

MANAGEMENT: MR. ATUL DAGA – CHIEF FINANCIAL OFFICER, ULTRATECH CEMENT LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the UltraTech Cement Limited Q3 FY25 Earnings Conference Call.

We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risk that the Company faces. The Company assumes no responsibility to publicly amend, modify, or revise any forward-looking statement on the basis of any subsequent development, information or events, or otherwise.

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. Atul Daga – Chief Financial Officer of the Company. Thank you and over to you, sir.

Atul Daga: Good afternoon and welcome all of you to our Earnings Call for Q3 FY25.

First and foremost, wishing you all a very successful and a Happy 2025. We often talk about a lull before the storm. Most part of the Calendar '24 was a lull for cement industry for multiple reasons known to all of you, which we have been discussing from time-to-time. The lull ended somewhere in December on a positive note. The storm is a positive storm, and we have benefited from a continuous increase in demand which has also boosted the sentiments on cement prices. We have seen a movement in realizations. Q3 average 1.4% vis-à-vis Q-o-Q. North and West saw the best performance in terms of price improvements, which was more than 3%. January, we have further seen improvement in prices in Central and West. North remains the star performer, as I said, increasing prices and profitability to the highest.

And talking about Star, well, this was an offer on the table which we chose to invest into. I am talking about our investment in Star Cement. As you know, it's only a non-controlling financial investment. We have been trying to identify opportunities to deepen our presence in the Northeastern markets. Hopefully, this investment will help us understand the markets better and what are the opportunities in those markets for us to grow. When we had done the transaction, there were lots of different numbers floating in the market. I want to clarify; we have purchased 8.42% in the Company at a total investment of Rs. 776 crores.

Let me now touch upon India Cements:

Open offer was subscribed 110%, concluded on 21st of Jan at a price of 390 per share. We will now hold about 81.49% equity in the Company and there are regulatory processes to be followed to bring it down to 75%, which we will be doing as per timelines allowed. This will result into our average cost of equity at 359 per share. Net debt in the Company as at 31st December 24 is Rs. 877 crores. Thus, the EV of the Company at our acquisition cost works out to about Rs.

12,075 crores for a capacity of 14.45 million tons. I leave it to your calculators and your exchange rate interpretations to derive the dollar per ton cost of this acquisition, which is certainly not $120, but it's below $100 per ton.

Further added to that, the debt will get reduced with cash generation from non-core assets, which the Company has. We have started engaging with our team at ICL and studying the opportunities that lie before us. And the initial review gives us an opportunity of de-bottlenecking some of the capacities, 2 or 3 plants there is a de-bottlenecking opportunity as well as some brownfield expansion opportunities exist in another set of 2 or 3 plants which will help us in our growth journey in years to come.

Our focus is to turn around the performance of ICL in less than 12 months starting January 25. There will be some return based CAPEX plans which are being worked upon. As you know, we entered the Company only on 25th of December and have not spent even a month studying their operations. Allow us one quarter to revert with our full plan.

Kesoram:

We are awaiting the last of the approvals for transfer of mines in Telangana and Karnataka and we are tracking every step. There are multiple steps within the transfer formalities. We are tracking all these steps, and we expect to consolidate the assets of Kesoram within this financial year.

Organic CAPEX:

All our project sites are progressing well. We target closing this year at 185 million tons of capacity. This includes the two acquisitions of Kesoram as well as India Cements. Let's talk about demand. Demand seems to be opening up, which is good for the industry. We are seeing it across all sectors, pent up IHB demand, infra-growth, urban housing growth. Urban housing growth is maturing or slightly slow but still continues to consume cement. Rural markets are of course driven by the housing demand and continue to grow strong.

A point worth mentioning here is that rural demand should be positive with the good monsoons that we have seen, good crops and good harvest which will generate good cash flows for the rural markets.

CAPEX programs have been gaining momentum from the end of Q3, but it is still a long way to go. There are stimulus for mass housing programs which are coming back. Cement demand clocked an improvement in December 24 after being subdued in October and November and is likely to further increase as we speak in the current quarter four FY25 with a pickup in government capex and demand overall. Central government capex which clocked 20% plus YoY growth in 2024 was down about 12% in April to November 24. State government CAPEXes were also down. CAPEXes by PSUs were also not growing very strong. We believe that the government CAPEX will start improving and consequently cement demand shall start improving from January 25 onwards.

Whilst April to November was a slow period for cement industry, cement demand in India, I believe that the demand momentum is picking up and it will remain strong in the years to come. And Indian cement industry is gearing up to meet the surge in demand in the coming years. At UltraTech, work is in full swing for adding additional 10 million tons to 15 million tons of organic capacity in the year 2026. This will take us to 211 million tons-212 million tons of capacity at the end of our expansion program.

Talking about our efficiency improvement programs, which are also on course, clinker conversion ratio of 1.45 for this quarter as compared to 1.44 in Q4 last year. Lead distance is at 377 kilometers this quarter as compared to 400 kilometers when we started this journey on efficiency improvement program. WHRS was at 324 megawatts, up from 278 megawatts at the end of Q424. As far as WHRS is concerned, we had spelt out our targets to reach 450 megawatts for UltraTech capacities. This target will go up to 511 megawatts of capacity, taking into account the additional WHRS expansion which will be done at India Cements and Kesoram. 511 megawatts of the WHRS, which will be completed by FY27, on our 211 million tons of capacity at that point in time, will account for 24% of our power requirement. Similarly, renewable energy is up at 752 megawatt at the end of this quarter from 612 megawatts. And as for targets, we had given out a target of 1.8 gigawatts by the end of FY27. Taking into account the requirements and opportunities thrown up by India Cements and Kesoram. This target is now standing at upwards of 2 gigawatts, about 2.1 gigawatts is what we are looking at to complete. And this will support about 30% of our power requirements on the 211 million metric tons of capacity.

Lastly about fuel, at our size of operations we don't have too much of a choice but to use coal also as a fuel given the overall global supply situation for pet coke. However, we have been continuously increasing our pet coke consumption with the fuel mix reaching about 58% of pet coke this quarter. Our fuel costs have come down accordingly to about 1.76 kcal from 1.84 per kcal in last quarter based on current spot prices. We expect our fuel costs to be around 1.7 kcal in the near future. And to conclude, we achieved an EBITDA per metric ton of 964. This quarter we jumped more than 30% over Q2 and we expect further improvements going forward.

Thank you. Over to you for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take our first question from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.

Sumangal Nevatia: First on the volume growth, is it possible to share what would be the contribution of whatever 6-7 days of India Cements in the results, number one? And if you could give some more regional color as to which other regions, I mean, this 10% growth which region we have grown versus the industry higher or lower? Yes, I mean, that's my first question and ask the second one later.

Atul Daga: Or else I will forget your question. So, we haven't taken into account the volumes of India's segments in those last seven days for reporting our growth numbers. It does not make any sense. This is only the UltraTech organic growth. I've already forgotten your second part of your question.

Sumangal Nevatia: Sir, I just wanted some regional color. Which regions have done better than the other regions? And where we gained local share?

Atul Daga: North and West continue to do well. I would imagine East was at the lowest run as compared to the other regions.

Sumangal Nevatia: And South will be the lowest or the weakest?

Atul Daga: I would imagine would be the lowest. And south, then you climb up to central, north and west.

Sumangal Nevatia: And what is our sense of industry growth in this quarter?

Atul Daga: Industry growth, I think We will have to wait and watch for some more numbers, but my sense is we should be looking at somewhere around 5%.

Sumangal Nevatia: It's quite heartening to see every quarter we manage to beat the industry. So, great work.

Atul Daga: We are the leaders of the pack.

Sumangal Nevatia: Yes, clearly. Sir, my second question is more on the south region. Now we have seen four acquisitions in the last year to where we have been involved. I mean, what would be our strategy? I mean, whatever you can share with respect to south or the coming year with respect to our brand penetration, use of India Cements, Kesoram brands, and then any market share target versus where we are today?

Atul Daga: So, there are no market share targets, that's the easiest one to answer without having a target but yet we would definitely want to keep growing. If I look at the capacity utilization of India Cements, they were at about 57% for the quarter. Certainly, there is an opportunity for improving the capacity utilization from that target entity. Out of their 14.45 million tons, 13 million tons is in the South. About 1.5 is in North and 13 million tons in South. So, there is the opportunity to increase capacity utilization. Second point, Kesoram, yes, they are slightly better off in terms of capacity utilization. They are operating at about 70% more. I don't remember last quarter. 70% is what they were operating at. So, it might not be too much of headroom to improve, but maybe 4% or 5% we could improve capacity utilization in the southern markets for the Kesoram set of operations. As for brands, all are powerful brands, we will wait and watch. It's too early to say how we will look at the various multiple brands of India Cements. Kesoram brand is also equally powerful. So, it's more about, there's no rush to change the brand, but at the same time, brand transitions will happen at the right time.

Sumangal Nevatia: Just a follow up, sir. I mean, last time, I mean, the profitability of these assets are quite low, even in terms of efficiency, etc. So, earlier also when we had merged JPA, there was some dilution on the blended and which eventually got transited to our levels of margins and efficiency. So, what should we expect when we start reporting all these consolidated and blended numbers? What is the transition time we are looking at to bring these assets to our level of efficiency and margins?

Atul Daga: We look at least 12 months to improve the performance of India Cements to bring it up to a reasonable level. And as I mentioned that there are WHRS investments which have to be done for India's cements also, which is a return by itself. So, WHRS investments would typically take, if I am counting work start from January 25, we would start seeing the benefits of that only towards October-December 26 quarter. So, there will be one leg of improvement that you will see towards the end of 25. And then further improvement after, efficiency improvement based CAPEX programs get completed. Similarly, on Kesoram, there are opportunities to improve the cost of production as well as realization. There are a lot of opportunities that exist to improve our logistics cost. On a consolidated basis now from 25, we had how many, we will now reach about 60 million tons of capacity in South from 20 million tons of capacity. So, obviously the density of our network increasing will help us reduce the logistics cost significantly. So, there are lots of opportunities that lie ahead of us.

Moderator: Thank you. The next question is from the line of Amit Murarka from Axis Capital. Please go ahead.

Amit Murarka: My first question is on India Cements. So, is there any thought around like any brand transition or tolling arrangement for India Cements as well or will it be sold in the coromandel?

Atul Daga: I think, give us some time, Amit. We are studying the opportunity. We have just entered the Company from 25th of December. So, perhaps next quarter results we will be in a better position to give more clarity.

Amit Murarka: And like CAPEX, I think you had earlier guided for a number, but including the Kesoram and India Cements, I think you had guided 8,000 crores to 9,000 crores earlier for 2026 as well. So, what would it go to now?

Atul Daga: 8,000 crores to 9,000 crores of CAPEX is on our Ultratech balance sheet. India Cements balance sheet need to be studied, and it has to have its cash flows to meet those CAPEX requirements also. As for Kesoram, I think we were looking at 400 crores-500 crores of CAPEX for Kesoram, which gets baked into my overall numbers of plus minus Rs. 9000 crores for next year because Kesoram will, these are the units which we are acquiring which will get absorbed in UltaTech from day one, India Cements is a separate listed entity.

Amit Murarka: And just lastly on fuel cost, you had earlier mentioned that by December all your higher price contracts will get over. Is that done now?

Atul Daga: Yes, that's done.

Amit Murarka: But I think you said Rs. 1.7 Kcal, that would still be higher than I think market price. I think it's 1.4, 1.5 I think for pet coke.

Atul Daga: That's why I qualified that statement by saying that we will have a fuel mix of coal as well as pet coke. We will not be able to do only pet coke. Had I been in a situation to do only pet coke, the cost could come down dramatically since we will be using a mix, it will remain slightly higher. And if it is 1.7, it could become 1.6, depending upon spot market. My colleagues were telling me between two days, the spot prices of pet coke have gone up by $4. So, this is, it's a continuously moving target.

Amit Murarka: And lastly, for Kesoram, could you provide 9-months financials as well?

Atul Daga: We haven't seen that here. It would be there on their own website.

Amit Murarka: No, I think they're not showing cement business.

Atul Daga: It's there. Anyway, I am asking Ankit to share that with you separately.

Moderator: Thank you. Next question is from the line of Rahul Gupta from Morgan Stanley. Please go ahead.

Rahul Gupta: Atul sir, I understand like you said utilization rates for Kesoram and India cements will improve over a period of time. Can you help us understand how to look at the overall volumes for next year? How does Kesoram and India cements high utilization rate help you gain further market share on volumes. So, that's first question.

Atul Daga: So, we will go in to the next financial year with about 185 million tons of capacity. It's in decimal, but I am just using a rounded number of 185 million tons. We would look at a double-digit growth next year on our expanded availability. And I would assume a capacity utilization of anywhere around 80% to 85%.

Rahul Gupta: That's heartening to hear. Thank you so much. My second and last question is I remember until last quarter you used to give a comparison of fuel cost on a consumption basis and fuel price. So, I see fuel cost has come off by 6% sequentially. Can you help us understand where the price are on a blended basis?

Atul Daga: $125 per ton.

Moderator: Thank you. Next in line is Prateek Kumar from Jefferies. Please go ahead.

Prateek Kumar: My first question is on your leverage. We have not been given consolidated net debt that was last quoted for 2Q at Rs. 8,800 crore. Including India Cements now open offer where are we looking at our current net debt?

Atul Daga: Rs. 3,142 crore is the cost of open offer. India net debt was Rs. 12,141 crores December. I will request you to note down the number there, can do the math. Rs. 877 crores is India Cements that takes us to Rs. 13,018 crores. Open offer will be about Rs. 3,142 crores. That would be the consolidated net debt. Rs. 16,160 crores at the end of open offer.

Prateek Kumar: And why do you say India Cements net debt has like Rs. 877 and not like they used to have like Rs. 2500 crore net debt, clarification there?

Atul Daga: They have Rs. 877 crores only, that's the magic of UltraTech Cement. Sorry, that was in a lighter way. As I said, the earlier expectation was that the EV per ton we have paid is $120. It's not $120, it's about $97 or $98 per ton. The debt actually as of December is Rs 877 crores.

Prateek Kumar: So, there will be still publishing their finances, right? So, that will now reflect a lower number versus…

Atul Daga: Two days ago, they had their board meeting. They have published their result They haven't published their balance sheet, but their press release carried. I have seen their press release which carried the debt number.

Prateek Kumar: Okay, I will take that. And just one question on this again India Cements. Is there also evaluation of potential merger between two companies and you like sort of issuing like in case of Kesoram share swap likewise can happen in India Cements?

Atul Daga: Too premature, too early to comment on that. We have to evaluate the assets and how we operate them. What is the profitability that we can bring it up to? There are lots of litigation that need to be resolved from that Company. As I mentioned, there are a lot of non-core assets which we will want to sell. There's no point in transferring those non-core assets onto the UltraTech balance sheet. So, as of now, I think give us some time before we can spell out clear plans.

Prateek Kumar: And the last question on your realization, we reported 1.5% for the quarter average. How is the exit pricing versus the quarter average for third quarter?

Atul Daga: Sorry, exit, there are too many, exit, December.

Prateek Kumar: Exit December pricing?

Atul Daga: Exit December over Q3 average. So, it was marginally up. A percentage up.

Moderator: Thank you. Next in line is Jashandeep from Nomura. Please go ahead.

Jashandeep: My first question is on limestone, especially in Tamil Nadu. Even if you look at India Cements, I think most of their limestone reserves are in Andhra Pradesh, Telangana region. How is both UltraTech and India Cements placed on longevity and brownfield optionality in Tamil Nadu? Is there enough limestone in Tamil Nadu with India Cements?

Atul Daga: Yes, as of now, we have availability of more than 25 years of life on the India Cements capacity. They are old plants, so Sankarnagar and Sankari. The two plants which are old plants, and they have a visibility of more than 25 years of life.

Jashandeep: And my second question is largely on operating cost, I understand that on organic basis, UltraTech has set a target of reducing it by Rs. 300 per ton. But on a consol level, will the FY26 will see a significant increase in operating cost given that India Cements is on the highest end of the cost curve. And since before acquiring this asset also, you would have, this asset you would have studied. So, any idea of how much CAPEX or a ballpark figure would be required to bring it to the efficiency level of UltraTech? That's my second question.

Atul Daga: So, the second part of the question, we entered the assets only on the 25th of December. We are studying where will be CAPEXes. The no-brainer that the WHRS has renewable energy which are return based, but there will be some upgradation CAPEX also which the team is studying and we will revert back on the CAPEX that we want to do. As far as operating costs are concerned, I think we have started seeing reduction in their operating costs in the first month itself. And whilst I don't have an exact date or exact period by which the costs will align, but you will have end 26, October-December 26 is when WHRS implementation, that's a long lead CAPEX project which will get completed. So, by that time you would see an alignment of their costs with our costs.

Jashandeep: And just the last thing on the Sankarnagar plant, if I am not wrong, there was some, I think they had applied for an EC extension or something. Have they sorted on that front? Just a clarity on that.

Atul Daga: I will have to find that out myself. Not aware.

Moderator: Thank you. We will take our next question from the line of Pulkit Patni from Goldman Sachs. Please go ahead.

Pulkit Patni: In the previous acquisition that we have made, rebranding has been a very big kicker in terms of the differential realization that UltraTech gets versus other brands. Now in this case, if rebranding is going to happen over time, at least not immediately, what are the levers where you can see such a significant cost cut that we can be able to improve profitability? So, first of all, what today is the realization differential between UltraTech and India Cements in the same micro market?

Atul Daga: Selling price basis about Rs. 20 to Rs. 25 a bag is the difference. As I said, we are evaluating. There are low-hanging fruits in rebranding at the ICL units. We will start seeing rebranding as we progress. So, day one, you will not have 100% rebranding, but in due course of time, maybe 9 months, 12 months, you will have a rebranding effort. But first quarter, also, we will start seeing some plants doing rebranding.

Pulkit Patni: And also, Sanghi, you used to give a quarterly roadmap of when your EBITDA per ton would actually merge with the main brand. Any sense on how that will be for Kesoram and India Cements? 8 quarters, 10 quarters?

Atul Daga: It is the call on UltraTech Cement.

Pulkit Patni: Yes, sir. We are trying to project profitability of UltraTech Cement only.

Atul Daga: No, no. But don't ask me questions about Sanghi Cement.

Pulkit Patni: No, I am just saying that in terms of projecting that improvement in EBITDA per ton, is there a roadmap whether We will be able to do it in 6 quarters, 8 quarters, 10 quarters earlier? I mean, just a sense of that.

Atul Daga: I don't know why you mentioned Sanghi Cement in our call. That's why.

Pulkit Patni: Sorry, I meant Binani.

Atul Daga: We are looking at, at least 12 months to turn around the performance of the India cements assets.

Pulkit Patni: And when you said turn around, you mean the same profitability that our mother brand gets or…

Atul Daga: No, not the same maybe Rs. 200-Rs. 300 lower.

Moderator: Thank you. We will take our next question from the line of Ritesh Shah from Investec Capital. Please go ahead.

Ritesh Shah: Sir, first one, are we looking at any contingent liabilities specifically after the Supreme Court judgment which has allowed states to levy taxes on minerals, including limestone?

Atul Daga: So, first and foremost, that we also hear that there is thinking within the central government to do something about this judgment because there are a lot of PSUs getting impacted in a far significant way. Secondly, we are impacted by the levy only in the state of Chhattisgarh and Rajasthan. We are not impacted. However, India Cements had a liability. No, we are not looking at any adverse liability. However, now you would have read about Tamil Nadu wanting to levy a new tax, Karnataka wanting to levy a new tax. So, these things will surface for the future periods.

Ritesh Shah: Okay, so nothing adverse.

Atul Daga: No, nothing adverse.

Ritesh Shah: So, second is that industry level, what is the sort of supply that we are looking at based on your estimates for say FY25, FY26, FY27, broad numbers would be quite useful.

Atul Daga: So, as I mentioned, we would do about 15 million tons of capacity and taking other bigger players we would see about 50 million tons of capacity getting added in FY26.

Ritesh Shah: And sir, you have given separately a revenue number for UBS on slide number 26, is it possible you quantify the number for nine months and also EBITDA and PAT numbers? And if there's an incremental game plan over here?

Atul Daga: Don't have it immediately, I will share it with you Ritesh, later on please.

Ritesh Shah: Sure, and sir, what's the game plan on UBS stores? The count has increased, I think one of the slides mentioned the significant contribution of grey cement sales by UBS. So, are we looking to monetize this? How should one understand it?

Atul Daga: This is the way we are monetizing it. It is helping us sell big volumes of cement in the retail market. If you're talking about listing it as a separate entity, no, there's no plan like that.

Moderator: Thank you. We will take our next question from the line of Naveen Sahdev from ICICI Securities. Please go ahead.

Naveen Sahadev: My question was first on this Northeast plant. So, I think a year back we had floated this or incorporated this Company by the name Letein Valley if I am not wrong. So, what is the progress there? Is there like, I mean, since you incorporated, I believe could have been with the local partner and land and like, you know, the location is identified, but we haven't heard anything there.

Atul Daga: Yes, so because mines is required and Northeast is seemingly a complicated market with involvement of tribals in land ownership, mines ownership. So, we haven't been able to identify a clean mine land as yet. And as soon as we do that, we could, you will hear from us.

Naveen Sahadev: My second question was then on the outlook for pricing in South. One of your peers in South mentioned of expectation of huge, like intense competition or competition further rising with the ramp up of Penna and India Cements, even Kesoram to some extent. So, would you concur with that that rising in South could continue to remain subdued despite demand picking up or how should one look at it?

Atul Daga: If demand picks up my guess is prices will also improve.

Naveen Sahadev: And the last question, sir, can you just mention what is the consol net debt?

Atul Daga: I just gave that number a minute ago. I will go back to it again.

Naveen Sahadev: It was the enterprise value calculation I am saying.

Atul Daga: Rs. 16,160 crores after taking into account the money required for open offer.

Naveen Sahadev: Rs. 16,000 is the current net debt, understood.

Moderator: Thank you. We will take our next question from the line of Pathanjali Srinivasan from Sundaram Mutual Fund. Please go ahead.

Pathanjali Srinivasan: Sir, one thing I noticed in our presentation, so our power cost per ton has actually stayed more or less flat like in over a year, whereas a share of green energy has gone up from 24% to 33%. Can you tell me why the drop in cost has not really happened here?

Atul Daga: From 424 to 402, that's the drop that has happened and if I were to, I think index it with the coal cost, coal cost might have gone up. The delta will be small between solar power generation cost versus landed cost. There is about 35% to 40% difference between renewable energy and the thermal power cost. So, this is what it is. I will in any case deep dive and revert to you.

Pathanjali Srinivasan: And just one last question, our CAPEX numbers for 26 and 27?

Atul Daga: So, 26 will be around Rs. 9,000 crores, and 27 will taper down, maybe Rs. 6,000 crores, Rs. 7,000 crores to complete our expansion program.

Moderator: Thank you. Next question is from the line of Bhavin Chheda from Enam Holdings. Please go ahead.

Bhavin Chheda: A few questions. One on the consolidated debt which you mentioned, 16,160, that includes the number of what you said, India cements, 877 crores?

Atul Daga: Yes, please. And the open offer money which will get paid on the 4th or 5th of February.

Bhavin Chheda: But sir, when I am seeing the India cements numbers which were available for September 24, their debt was roughly above Rs. 2000 crores. So, what has happened in the last three months or is there some different calculation what must have happened between these 3 months? How could India cements debt come down so sharply in 3 months?

Atul Daga: So, they have announced December number. I don’t know what was their September number.

Bhavin Chheda: December, the balance sheet was not disclosed.

Atul Daga: They have mentioned it in their press release. And we have taken over a debt of Rs. 877 crores.

Bhavin Chheda: That's roughly a net debt number.

Atul Daga: Yes, net debt number.

Bhavin Chheda: Any additional questions on that press release itself is what I was going to the press release with the revalued assets which you would be consolidating. So, there is a revaluation of roughly 5,300 odd crores where the land, mining land and plant and machinery was revalued before the

UltraTech taking over consolidation. So, can we assume that the large part of revaluation has happened on the land part?

Atul Daga: Mainly on land.

Bhavin Chheda: So, we should assume that could be the unlocking potential when it comes under our fold?

Atul Daga: As I mentioned, there are lots of assets, non-core, which I count. So, a large part of the land is required, because that's the mine land and the plant land. Besides those, they have lots of land which are not fit for a cement grinding unit or an integrated plant or a bulk terminal. So, those we would want to monetize.

Bhavin Chheda: And there's a last question on the lead distance. Very good to see a reduced lead distance in the quarter, which was, I think you mentioned the number of 377 kilometers. And now with new acquisition coming into fold, so you have much more capacity where you can service the market from nearby plants. So, would there be enough space to again reduce this lead distance when you look at your overall portfolio?

Atul Daga: Certainly, we would look at this number dropping down further 5%-6%. Before we take the next question, I wanted to clarify about the question which was asked previously on the power cost. There was a one-time charge which was levied by Andhra Pradesh government which amounted to about 48 crores which we had to account for in the December quarter. And that is why the December quarter number is looking slightly higher. The impact of Rs. 15/t, so 402 would drop down to 387.

Moderator: Thank you. We will take our next question from the line of Rashi Chopra from Citigroup. Please go ahead.

Rashi Chopra: Just continuing on the cost, so from here on, how much more improvement can we see? I think earlier on you were mentioning about Rs. 300 by September-26, so how much of that is already done and how much can come?

Atul Daga: So, let me complete it in the March quarter, Rashi, we will revert, We will give it in the presentation.

Rashi Chopra: Then on the realization you mentioned that the December exit is about 1% higher than the pre-Q average, right?

Atul Daga: Yes, please.

Rashi Chopra: And January, there were further increases in Central and Western India.

Atul Daga: Roughly 1.5%, yes.

Rashi Chopra: In January, 1.5%.

Atul Daga: Yes, as of now.

Rashi Chopra: And what are the expectations for the remaining quota?

Atul Daga: Yes, we definitely want prices to go up further. That's our expectation.

Rashi Chopra: And then lastly, on the CAPEX, so this year, what will be the full year CAPEX? Next year, you said it was 9,000 for FY'25.

Atul Daga: Also, we should cross 9000, touch and go, it should be 9000. We are already at Rs. 6300 crores. We have already completed Rs. 6300 crores. January, March should be doing Rs. 3000 crores more.

Rashi Chopra: This doesn't include Kesoram, right? This 9,000?

Atul Daga: Yes, this does not include Kesoram.

Moderator: Thank you. Next question is from the line of Satyadeep Jain from Ambit Capital. Please go ahead.

Satyadeep Jain: Just one question on coastal transport. You already have Sewagram. I just wanted to understand, there was obviously another asset in play in the vicinity. But I didn't see UltraTech, maybe competition with CCI since you're already there. I just wanted to understand what's your experience being, is that plant would be similar in utilization and profitability to other plants you have? And when you look at the overall mix in transport, for you going forward, do you see a higher share of coastal transport in the mix?

Atul Daga: Yes, we will see an increase but in the overall ratio, today it's about 3%, will not go beyond 5% of the overall mix. As far as the Sewagram plant, the Kutch plant is concerned, it's a low draft area which has made it challenging for berthing bigger vessels. So, my belief is, rail is becoming available in that market very soon. So, rail network will start improving the capacity utilization from that market.

Satyadeep Jain: Even for Sewagram, you would see... So, currently, utilization level, you're indicating for that plant would be lower, but with the railway line coming up, utilization...

Atul Daga: It will pick up. It's a hot market; it will pick up.

Moderator: Thank you. We will take our next question from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Just a couple of things, sir. In the fourth quarter, how much demand at India level we are looking at? And if possible, for FY26, how much are we looking at cement demand growth?

Atul Daga: FY26 it will definitely be a double-digit growth and quarter four generally it's a very high quarter. What is the base that you are comparing it with? Over Q3 obviously it will be a growth over Q3 easily.

Shravan Shah: Sir, I am looking from an industry perspective and not from your, definitely you will say that you will be growing double digits.

Atul Daga: Industry would do about 6%-7% growth. We will do about 10% plus growth, is what our game plan is for next year also.

Shravan Shah: And for this quarter, fourth quarter at industry level, 6%, 7%, that's the number one can look at, or it could be much ahead?

Atul Daga: Easily. It should be higher, I think. The way January, March quarter is, it should be higher.

Shravan Shah: And sir, what was the clinker utilization in the third quarter, and is it possible how much clinker capacity we would have added in this nine months? And what is more are we planning to add?

Atul Daga: So, clinker added during this period is 6.7 million tons of clinker was added. Another 3.35 million tons is about to get launched in this quarter, clinker capacity. And the next question that you asked was about 76% is the capacity utilization.

Shravan Shah: And in FY26 also, would be a close to 10 million tons kind of clinker capacity will be adding?

Atul Daga: 10 million tons, exactly 10 million tons.

Shravan Shah: And sir, you mentioned that the cost reduction plan previously you said Rs. 300 odd that we were looking at by FY27. That now we will be disclosing this number after the fourth quarter result. That's what you mentioned?

Atul Daga: Yes, sir.

Moderator: Thank you. We will take our next question from the line of Anuj Jain from Globe Capital. Please go ahead.

Anuj Jain: Just want to understand, I mean in today's presentation you have mentioned that for the merger of Kesoram will take, require additional approvals for those two mines, Telangana and Karnataka. And in opening remarks you have said that by financial year end you will integrate Kesoram with UltraTech. Just want to understand generally these states, you know, take much longer time than we anticipated. So, how much delay one can expect for the integration?

Atul Daga: So, I have kept sufficient buffer in my hands before telling you the end of the year. So, as I mentioned, these are at the last stages, towards the approval spending within the authorities, which should get completed very soon. And we are very confident there will be no slippages beyond March 25.

Moderator: Thank you. Next question is from the line of Rajveer Tandon from Ventura Securities. Please go ahead.

Rajveer Tandon: So, the first question I had was for the Rs. 8,000 crore to Rs. 9,000 crore CAPEX, that you are planning, will you be taking any additional debt for that?

Atul Daga: No, this can be funded by internal accruals. We expect our debt to start going down from next financial year in small steps. Next year, because CAPEX plan is big, so you will not see too much of debt reduction, but it will not go up.

Rajveer Tandon: So, this Rs. 8,000 crores to Rs. 9,000 crore figure is for how many years?

Atul Daga: For next year. The CAPEX, if you're asking, Rs. 8,000 crore- Rs. 9,000 crore is next year and the year 27 will be much lesser. There will be the remaining elements of our organic growth plans which has to be the completion stages. So, 6,000 crores plus minus is what we are looking at.

Rajveer Tandon: So, my second question was, do you see the EBITDA per ton figures for India Cements and Kesoram to reach the levels of UltraTech by FY27?

Atul Daga: Yes, please.

Moderator: Thank you. Next question is from the line of Sanjay Nandi from Vt Capital. Please go ahead.

Sanjay Nandi: Most of the questions are answered, sir, can you please help us with the regional utilization levels, if possible, sir?

Atul Daga: I think I had answered that question, and we had East which was below 70% and other regions were in the plus minus 75%.

Moderator: Thank you. Next question is from the line of Prateek Kumar from Jeffreys. Please go ahead.

Prateek Kumar: I have just a couple of clarifications. Firstly, on FY27 CAPEX of 7,000 crores. So, that would be excluding India Cements-related upgradation of...

Atul Daga: Yes, Prateek. Yes, this is only on our expansion program, which is going on.

Prateek Kumar: So, including CAPEX on, which you said Kesoram is like not so material, but India Cements CAPEX included your CAPEX may again like sort of still be 8000 crores–9000 crores kind of.

Atul Daga: Yes, if you have to count the CAPEX of India Cements, I don't know how much will it be. It will be certainly more than Rs. 500 crores. The Rs. 500 crores was what is being earmarked for Kesoram.

Prateek Kumar: And one clarification on branding. So, India Cements has like host of brands and then obviously there are associations like IPL etc. So, when we integrate these brands, so these will like migrate to UltraTech. You said that there is Rs. 20-Rs. 25 gap there and then all these other associations like IPL also like sort of moves to you or there is some royalties there? How does that work?

Atul Daga: IPL? No, there is no cricket with us. So, that Company CSK has already been hived off long ago and there's no IPL, as in cricket IPL, right?

Prateek Kumar: No, that was the branding partner, right? India Cements is used as a branding partner for CSK.

Atul Daga: No. We will not be branding partners for cricket, that is one. And you asked something else also.

Prateek Kumar: And the various brands of India Cements move to UltraTech?

Atul Daga: All the various brands are part of India Cements owned by the brands, are owned by India Cements as a legal entity. They continue with to be with that Company. So, CSK as a cement brand exists which will be owned by us, but there's no association with cricket.

Moderator: Thank you. Next question is from the line of Kamlesh Jain from Lotus Asset Managers. Please go ahead.

Kamlesh Jain: Just one question on the part of, sir, are there any loans and advances which have been given to India Cements which have resulted in lower net debt, just a bookkeeping question?

Atul Daga: No. UltraTech has not given any loans and advances.

Kamlesh Jain: So, can you summarize like what was the reason for the debt to go down? Has there been land sales there? Because I believe in such a short period such things can't happen at like say...

Atul Daga: They have monetized assets which has helped release cash flows to reduce debt.

Moderator: Thank you. Next question is from the line of Eshwar Arumugam from ithought PMS. Please go ahead.

Eshwar Arumugam: So, the first question I had was the South side cement prices sir. It has been very dull this quarter of the price increases have not been here in the six months. Moreover, there used to be a disparity between the team Kerala prices and Andhra and Karnataka prices. But team Kerala used to be better priced than Andhra and Karnataka. But the prices are converging now. Is it because players are fighting to gain market share? Or is it just because of the demand?

Atul Daga: I really won't be able to comment on that micro analysis that you are doing. But my belief is Andhra Pradesh is going to improve demand sentiment, and it will help, it will benefit the entire South which will help improve prices in the respective markets.

Eshwar Arumugam: You said that you have grown from 20 million tons to 60 million tons in South. So, what would be the approximate market share gain for the Company in terms of volumes?

Atul Daga: In terms of capacity, I believe South is 180 million tons, 196 million tons of capacity. So, we are very close to 30% capacity share.

Eshwar Arumugam: And what is your outlook and future plan for UBS? Is there an increasing trend you see of people in urban areas prefer building material solutions instead of cement? What is the outlook there?

Atul Daga: Outlook is very bright, especially in Tier-2 towns and Tier-3 towns. UBS as a platform is convenient for individual home builders. It becomes a one-stop shop for the home builder to get all his needs and our interest obviously remains wide to service the customer as also to increase the throughput of our sales.

Eshwar Arumugam: And one question I had was, the inland waterways used for the grinding unit in Patliputra project, is there any plan to ramp up the capacity and if we do ramp up, how much logistics cost can we look at?

Atul Daga: So, it's too early, I think we will definitely want to ramp it up. It is eco-friendly, cost effective, a high-volume opportunity, it will be definitely of big benefit.

Eshwar Arumugam: So, this was more of a test run?

Atul Daga: Yes, please. And you know, there were a couple of questions asked about how much have we completed on our Efficiency Improvement Program and the reason I am not able to comment on that because quarter to quarter it will vary. The monsoon quarter is a depressed quarter. January, March will throw up another number and hence it is better to look at the efficiency improvement program deliveries at the end of the year. Having said that, we have already quantified the lead distance, the implementation of renewable energy and implementation of WHRS, which are very, very measurable and from 400 that we started, and we reached 377, 23 kilometers, 23 kilometers is almost 60 bucks. 23 is almost Rs. 70 benefit which is available as part of the efficiency program. Similarly, WHRS implementation on the increase in the capacity of WHRS, the power cost keeps dropping by almost 90% on the incremental capacity. These are measurable numbers, but I would still want to reserve my comments for the end of the year.

Moderator: Ladies and gentlemen, we will take that as the last question for today. On behalf of UltraTech Cement Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.