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THE RAMCO CEMENTS LIMITED

16 February 2024

National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051. Symbol : RAMCOCEM	
BSE Limited, Floor 25, "P.J.Towers", Dalal Street, Mumbai – 400 001. Scrip Code: 500260	

Dear Sir,

Sub: Transcript of the Audio Recording of Q3FY2024 Earnings Conference Call

Ref: Disclosure under Clause 15(b) of Para A, Part A of Schedule III, read with Regulation 30 of SEBI (LODR) Regulations, 2015.

In continuation of our letter dated 9th February 2024, providing you the weblink of the Audio Recording of Q3FY2024 Earnings Conference Call, held on 09.02.2024, organised by B & K Securities, we attach the transcript of the conference call and the same is also made available at –

https://ramcocements.in/cms/uploads/Earnings_call_transcript_for_Q3_FY_24_d6752f9fc0.pdf

Thanking you,

Yours faithfully,
For **THE RAMCO CEMENTS LIMITED,**

KUNJITHAPADHAM SELVANAYAGAM
Digitally signed by KUNJITHAPADHAM SELVANAYAGAM
Date: 2024.02.16 14:48:45 +05'30'

K.SELVANAYAGAM
SECRETARY

"Ramco Cements Limited
Q3FY2024 Earnings Conference Call"

February 09, 2024

ANALYST: **MR. AMIT SRIVASTAVA – BATLIVALA & KARANI SECURITIES INDIA PRIVATE LIMITED**

MANAGEMENT: **MR. M F FAROOQUI – CHAIRMAN - RAMCO CEMENTS LIMITED**
MR. A. V. DHARMAKRISHNAN – CHIEF EXECUTIVE OFFICER - RAMCO CEMENTS LIMITED
MR. S. VAITHIYANATHAN - CHIEF FINANCIAL OFFICER - RAMCO CEMENTS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Ramco Cements' Q3 FY2024 Earnings Conference Call hosted by Batlivala & Karani Securities India Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Amit Srivastava from B&K Securities India Private Limited. Thank you and over to you Sir!

Amit Srivastava: Thank you Manav. Good afternoon everyone. On behalf of B&K Securities, welcome you all to the Q3 FY2024 Earnings Conference Call of the Ramco Cements. We would like to thank the management for giving us the opportunity to host the call. We have with us from the management Mr. M F Farooqui, Chairman, Mr. A. V. Dharmakrishnan, CEO; and Mr. S. Vaithiyanathan, CFO. We will start the call with the opening remarks from the Chairman, Mr. M F Farooqui which will be followed by the Q&A. Over to you Sir!

M F Farooqui: Thank you very much. A very good afternoon to all of you. On behalf of Ramco Cements, I very warmly welcome you all to the earnings call of the Ramco Cements to discuss the unaudited results for third quarter for the year 2023-24. We hope you would have seen our results and updates by this time.

The cement demand was affected due to heavy rain in Tamil Nadu and Andhra Pradesh due to cyclone in December 2023. The cement prices have been under pressure during this quarter. The key highlights of our performance for the current quarter is sale of cement has improved by 10%, the share of premium products have improved to 27% from 26% in the corresponding period. The cement utilization rate for the current quarter is 74% as against 70% in the corresponding period. Net revenue for the current quarter has grown by 5%; EBITDA for the current quarter is Rs.402 Crores as against Rs.294 Crores in the corresponding period. EBITDA margin for the current quarter is 19% as against 15% in the corresponding period. Blended EBITDA per ton for the current quarter is Rs.1007 as against Rs.808 in the corresponding period with a growth of 25%.

Coming to fuel prices, the current spot CIF price of pet coke is $118 to $120 and the pet coke prices are key to watch. Our pet coke consumption for the current quarter stands at 51% for the current quarter. The reduction in fuel prices and change in utility of sale of wind power to captive use has helped us to reduce the overall power cost. During the quarter, the company had increased the clinker capacity by 0.65 MTPA at Kolimigundla and 0.35 MTPA at Ariyalur through pyro process optimization. With this, the installed capacity of clinker stands at 16 MTPA. Our in-house team had carried out the de-bottlenecking activities that included design, engineering and execution. The company has identified the opportunities for debottlenecking of cement capacity aggregating to one MTPA. The company proposes to establish a WHRS of 10 MW capacity at its RR Nagar plant at a cost of Rs.153 Crores, which is to be commissioned by March 2025. The company is in the process of getting necessary statutory permissions. With establishment of WHRS at RR Nagar, the aggregate installed capacity of the company's WHRS would increase from 43 MW to 53 MW by FY2025.

The company proposes to double the clinker capacity in Kolimigundla to 6.30 MTPA and double the cement capacity to 3 MTPA with 15 MW of WHRS at an estimated project cost of Rs.1,250 Crores. This expansion is scheduled to be commissioned in FY2026. Consequently, the aggregate installed capacity of the company would reach 19 MTPA for clinker and 26 MTPA for cement. The aggregate WHRS capacity would further increase to 68 MW by FY2026. In Kolimigundla TPP of 18 MW will be commissioned in March 2024 and railway siding will be commissioned in June 2024. The capacity of dry mix products in AP and Odisha will be commissioned during March 2024. Expansion of grinding plant from 0.9 MTPA to 1.8 MTPA in Odisha will be commissioned in March 2024.

During Q3 FY2024, the company has incurred Rs.385 Crores towards ongoing capex, earlier we had guided Rs.900 Crores for FY2024 which was subsequently revised to Rs.1,600 Crores consequent to the acquisition of mining lands from Prism Cement among other capex. Now, the guidance is further revised to Rs.2,000 Crores for FY2024 given the capex incurred for de-bottlenecking and increased momentum of land acquisition for Bommanahalli project. The capex guidance for FY2025 will be Rs.1,700 Crores which will be funded predominantly through internal accruals.

The net debt is as on December 31, 2023, is Rs.4,993 Crores including working capital borrowings and the net debt to EBITDA is at 3.22 times. The average cost of debt for the nine months FY2024 is at Rs.7.82% as against 6.16% in nine months of FY2023 due to increase in the market rates. With these opening remarks, I hand over to my other colleagues to take you further on the details of the current quarter's performance. Thank you very much!

Management: Hello everyone. This is Vaithiyanathan here. I would like to give a brief on borrowings for the benefit of all. Our peak borrowing was around Rs.3,000 Crores in the year FY14. At the time, our capacity was 12 MTPA. Our sale was 9 million ton per annum. Our average EBITDA for the five years period that is from FY10 to FY14 was Rs.840 Crores. Our average net debt to EBITDA was 3.5 times for said five-year period. From FY19 to FY24 we started spending capex for the capacity additions. We have spent so far about Rs.9,800 Crores towards that. Now our Cement capacity is 22 million ton an increase of about 83% from the level of 2014. Our annual sale volume now is to reach 17 million ton an increase of 88% from the year 2014. Our average EBITDA for five-year period that is FY20 to FY24 is Rs.1,400 Crores. Our average net debt to EBITDA is still 3.5 times only, which has not, increased. To increase the capacity from 12 million ton to 22 million ton we have spent about Rs.9,800 Crores so far, out of which Rs.7,800 Crores were from free cash flow from operations for the said period whereas our borrowings have increased only by Rs.2,000 Crores since 2013-14. This I would like to bring to your notice of all. Over to question and answers please.

Moderator: Thank you very much. We will now begin the question and answer session. We have our first question from the line of Parth Bhavsar from Investec. Please go ahead.

Parth Bhavsar: I have two questions. Considering the capex that you announced in Kurnool taking that into consideration what would be a peak net debt going ahead?

Management: The peak debt will continue to remain same because we have planned to meet the capex through internal accruals predominantly.

Parth Bhavsar: So it would be Rs.5,000 Crores?

Management: Yes.

Parth Bhavsar: Okay.

Management: Because we expect free cash flow of around Rs.1,700 Crores in the FY25.

Parth Bhavsar: The other thing is on volumes, what is your volume guidance for Q4 and FY2025?

Management: Q4 will be around 5 million ton, so 17.5 million ton for the full year.

Parth Bhavsar: How much?

Management: 17.5 million ton for the full year and 5 million ton for Q4.

Parth Bhavsar: FY2025?

Management: For FY25, it will be around 19 to 20 million ton.

Parth Bhavsar: I guess our Kcal cost has declined to 1.64 so how do we see that going ahead in Q4?

Management: Q4, it will remain same or may come down marginally, so for all practical purposes you can assume the same cost per ton.

Parth Bhavsar: There would not be any benefit coming from PLF 25%? Would that increase not going ahead?

Management: The wind power PLF of 25% is the normal, so that will not increase. So, the 25% PLF is only for wind power capacity.

Parth Bhavsar: So this would not increase going ahead?

Management: That remains the same because the wind pattern for over a long period of time the average PLF is coming only at 25%.

Parth Bhavsar: Thank you. Those are my questions. Thank you for answering.

Moderator: Thank you. We have a next question from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Thank you, sir. Again coming back on the capex front I listen to your opening remarks that you mentioned about the historical numbers I just wanted to add my numbers to that, so in last seven years from FY19 to FY25 if I look at the capex we spend 12,173 odd Crores and the capacity that we will be adding by FY2025 would be 7.2 million ton so that is close to 1,700 Crores per year and 1,700 Crores per million ton and this will be the third year where we are increasing our capex guidance, so if you can help us in terms of why this is happening so in FY2022-2023 and this 2024 and what gives us the confidence that for whatever the capex we have said for FY2025 also will not further increase?

Management: See the increase in capex for the current year is mainly due to the addition of mining land and we also started buying lands for the Bommanahalli project.

Shravan Shah: Sir my point was that the kind of capex we are doing per year or per million ton is one of the highest in the entire industry and I understand the pricing and the volume is not in our control it is the market driven, but in terms of the cost efficiencies if somebody has to look at that if we are spending so much then our efficiency or the opex per ton should be much, much lower, which is not the case if we look at the historical numbers our cost have rather increased definitely because of the power and fuel cost that is the case, but despite that also it is not reflected, so just trying to understand why we are doing a such a high capex and compared to the states, so in terms of the per ton if you look at is a $200 per ton versus all other players are putting at $70 to $80 per ton, so at least it should result in a better efficiency and our profitability has to be a much better which is not the case, so that is the point I just wanted to put forward?

Management: No, whether $200 or $70 you have to see what are the facilities that are created at day number one. See in earlier cases if you see our capacity is much lower because the railway siding, the colony as well as the waste heat recoveries, thermal plants, all these things are added over a period of time. Whereas for Kurnool plant, all the facilities are created day number one. That is why the initial capex seems to be high compared to others. Normally the companies will add all these capacities over a period of time and not the day number one. Now the trend is for green energy. unless I invest that I cannot be competitive so you should understand that, that is why even though for first phase we spend over 3,000 Crores, for the same capacity second phase is going to be only 1,250 Crores because already all the infrastructures we have created. Most of the benefits we can see in the coming years

Shravan Shah: Got it Sir. Thank you. All the best.

Moderator: Thank you Sir. We have our next question from the line of Navin Sahadeo from ICICI Securities. Please go ahead.

Navin Sahadeo: Thank you for the opportunity. Sir I would request if you can give the breakup of the capex like this year the revision I can understand as you said is for the land that you are buying so 1,600 Crores becomes 2,000 Crores, but next year what is the breakup for 1,700 Crores because if the capex is 1,400 odd Crores 1,250 for Kurnool line two which is again spread over two years which is 2025-2026, so broadly let us say 700 Crores each year then what is the extra 1,000 Crores that you are budgeting for if you can just help me understand that? Thank you.

Management: See next year, the major capex for FY25 include Kurnool second line we have budgeted 750 Crores, land for Bommanahalli we have budgeted for around 200 Crores, maintenance capex 300 Crores, balance left over Kurnool line one project 200 Crores, RR Nagar WHRS 150 Crores.

Navin Sahadeo: Understood that is helpful. So that one important point, which you said, is that the net debt has peaked out at 5,000 Crores is that a commentary that you are firm on that net debt is peaking out at 5,000 Crores.

Management: Yes.

Navin Sahadeo: Can I request your comment on this same thing sustaining even if we were to look at Bommanahalli project because there if the land acquisition is at a blazing pace would it also mean that we are looking at that project announcement in the coming one to two quarters or it could be keeping in mind that net debt does not really go beyond this, how is the thought process on that?

Management: First, we will complete the land acquisition for Bommanahalli, that the announcement with regard to plant thing we will come after the Board approval is done. It will take minimum 18 months and announcement will come at minimum 12 to 18 months.

Navin Sahadeo: So in that case there is fair amount of certainty that net debt will remain in this range and as the company improves on EBITDA net debt to EBITDA will only improve from here on is that a correct understanding?

Management: See Navin, our plan is to make sure that our free cash flow from operations will be used for capex, so we do not propose to add more borrowings for capex that is the idea that we are carrying on.

Navin apart from that, we told you a number of times there are certain non-core assets we want to monetize, see already we identified certain noncore assets, but because of political situation, we do not have the right value. If I get the right value definitely, we can monetize to the extent of 500-600 Crores. If necessary, I will use that for my projects, so with that we are very confident the net debt will not go beyond 5,000 Crores.

Navin Sahadeo: Yes, sure and I think the Kurnool line two will also have some more efficiency because of the mines that we are trying to utilize further.

Management: Yes, you are right that is why we are very confident that free cash flow will meet the capex requirements.

Navin Sahadeo: Just one last question. This shift from windmill to captive purpose, so are all the benefits captured into the base for the quarter or there is some amount?

Management: This year three quarters benefit only we got because we started doing it from July. Next financial year we will get a full benefit.

Navin Sahadeo: I appreciate that, I was only checking because it is seasonal I believe that business is seasonal it is Q2 and Q3 heavy or how should one look at it?

Management: See any way it is whatever power generated is banked so as and when it is required it is used.

Management: The power generation normally is between May 15th and September 15th.

Navin Sahadeo: Fair point so we can expect better performance, but great. Thank you so much for the clarification on capex that will really help. Thank you.

Moderator: Thank you Sir. We have our next question from the line of Amit Murarka from Axis Capital. Please go ahead.

Amit Murarka: Good afternoon. Sir just on the question of the peak debt and capex so while I see that your EBITDA is about close to quarterly EBITDA is about 400 Crores so like if I just take analyze of that 1,600 Crores plus and out of that you have to pay about 400 Crores in interest about another 100 Crores in dividend and 500-550 has actually gone, so we have actually left with like 1,000 odd Crores, so how will we manage with same level of debt then are we either expecting prices to go up or like we can think of like big non-core assets is as you said of maybe 400-500 Crores?

Management: Of course next year volume will also go up definitely, we would like to increase volume by another 2 to 2.5 million tons of volume.

Amit Murarka: But you do not have capacity to do that. Your clinker utilization is 90%?

Management: We have capacity. We can go up to 22 million tons serving capacity so this year we will reach 17.5 another 2-3 million tons capacity is still available.

Amit Murarka: What is your clinker utilization for nine months clinker volumes production?

Management: Clinker volume production is around 10.5 million.

Amit Murarka: Also, could you quantify the impact due to the flooding in Tamil Nadu how much volume was lost because of that?

Management: Around 3 lac tons not necessarily only flood alone because there was flood and Diwali holidays, Pooja holidays, see all these things come together coupled with monsoon. See if you take first six months we have done almost 4.5, 4.5 each and third quarter we have done 4. So the difference is only because the floods, also holidays, monsoon, and the next quarter we are confident that we will do 5 million.

Amit Murarka: Generally like what we have been hearing is that prices have corrected very sharply actually so like what is exactly the problem there like now we are in the peak demand period actually so any sense you can give on that?

Management: The prices are depending upon players. We are confident that the prices will come back.

Amit Murarka: Sure. I will come back in the queue. Thanks.

Moderator: Thank you Sir. We have our next question from the line of Satyadeep Jain from Ambit Capital. Please go ahead.

Satyadeep Jain: Thank you. The first question is on the capex. You have outlined the details for FY25. As we look at FY26 given you would not have any pending capex from Kurnool one the land acquisition should be more or less be complete so do we see a steep drop in capex in 2026 do you have continued land acquisition and any other pending capex?

Management: We have given guidance for 2025. For 2026 we will discuss later.

Satyadeep Jain: The timeline for completion I think in the previous call you had mentioned that the new line can come in 12 to 15 months we will be looking at now about two years is it may be possible?

Management: Because we are yet to get environmental clearance, now it will be taking little more time than before given the elections in three months and other practical aspects, we are providing the outer limit now.

Management: We are also planning to align our capex to our cash generation that is also to keep it in mind if we speed up the capex the borrowing will go up.

Satyadeep Jain: Just lastly, on the volume that you have seen in January have you been able to recoup some of that loss in, how is the trajectory is being so far?

Management: I told you know we will do 5 million tons then you can understand whether you can recoup or not.

Satyadeep Jain: Thank you so much Sir and wish you all the best.

Moderator: Thank you Sir. We have our next question from the line of Vikram from Vikram Securities. Please go ahead.

Vikram: Good afternoon, gentlemen and congratulations again on a great set of margins at least.

Management: Thank you. You are the first person to congratulate before asking about capex and borrowings. Thank you very much.

Vikram: I saw some things, which were very nice to me. Sir, all these questions were answered about the volume. Only one thing then is I noticed that you have introduced ESOP program is that a first for the company or is it first for the year?

Management: We had ESOP program already in place in the earlier years. We have 12 lakh options reserved and out of that to my knowledge we have already granted around 7 lakh options.

Vikram: Thank you sir. Thank you very much.

Moderator: Thank you Sir. We have our next question from the line of Hrishikesh Bhagat from Kotak Mutual Funds. Please go ahead.

Hrishikesh Bhagat: Good afternoon. Thank you for this opportunity. Just want management sense was that we ever consider probably pushing back this capex in the sense the sense of urgency I just wanted to understand the sense of urgency because if I take your earlier comment we have reasonable runway to reach 22 million ton volume, if you can help me understand why this so urgency in this capex in the sense that had we done it one year down the line the deal if balance sheet would have been much better so if you can help me understand that will be helpful? Thank you.

Management: No, that is why we are very clear, and we told we are not going to complete it in one year, we told we would complete in two years. Now, I have to make an application for environmental clearance. If I had to make application for environmental clearance, Board resolution is necessary. If I pass the Board resolution, I have to intimate to stock exchanges. So unless I pass the Board resolution announced today even I cannot complete the project in 2 years time. So I am not rushing in fact these things are necessary today because the environment clearances take lot more time than used to be before. So that is why clearly we told it should be completed by 2026. So till 2026 we have enough capacity to cater the market needs. So from 2026 onwards we should be ready now so that is why. In fact it is not that we are rushing in, it is well planned, well organized only.

Hrishikesh Bhagat: No I just feel that probably considering Brownfield, the gestation period should be shorter?

Management: Only land purchase is not there but in fact the environmental clearances, the public hearing, all the procedures are same and no less for brown field.

Hrishikesh Bhagat: Sure thank you.

Moderator: Thank you Sir. We have our next question from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.

Sumangal Nevatia: Yes, good afternoon. Thank you Sir. Just few clarifications. With regards to the timeline we are expecting end of FY2026 for this expansion completion?

Management: Yes.

Sumangal Nevatia: In this 1,700 Crores capex for next year which you have guided how much of this 1,250 Crores will be included in that?

Management: I have already mentioned that Rs.750 Crores was included for next financial year for Kurnool Line-2.

Sumangal Nevatia: Generally for our asset base, what sort of maintenance capex should we expect on an ongoing basis?

Management: 200 to 250 Crores per annum.

Sumangal Nevatia: Understood, all right. Thank you. That is all from my end.

Management: Last year the maintenance capex also little bit more because we have de-bottlenecked and we created capacity almost 1 million ton, we have proposed to create another 1 million ton also. That is why even capex and Opex whatever mentioning is high.

Sumangal Nevatia: Got it. Thank you.

Moderator: Thank you Sir. We have our next question from the line of Raghav Malik from Jefferies. Please go ahead.

Raghav Malik: Thank you for the opportunity Sir. Just wanted some color, if you could be a bit specific on what we are seeing on pricing maybe overall as well as specifically to the South and the East, if you could give us some color on that?

Management: The prices are volatile. So I cannot give a proper guidance on the prices. In fact, we are one of the last to give the concall so whatever guidance given by my colleagues in different companies that will me my guidance; it cannot be different from others.

Moderator: We have our next question from the line of Parth Bhavsar from Investec. Please go ahead.

Parth Bhavsar: Thank you for the opportunity. Sir, I did not catch the number that you mentioned on the sales volume lost during the quarter, the potential sales volume was it 3000 tons?

Management: Sorry, I could not understand your question.

Parth Bhavsar: You mentioned a number potential volume lost during Q3 because of cyclone and rain?

Management: First quarter we have done 4.3, second quarter we have done 4.6, normally third quarter also we should have done 4.5 that was our plan. We could not do that because rains in Chennai also entire Southern districts which is our core market that was under water almost for 15 days, so that is one of the reasons then general monsoon across our markets, third is number of holidays in East as well as South Pooja holidays and Diwali. These things affected our sales, but if you see the corresponding year of last year definitely we have grown, in spite of rains and holidays, all these things if you see year-on-year definitely we have grown even though the monsoon was very vigorous, and our core market has affected.

Parth Bhavsar: Second question is on the debottlenecking we have debottlenecked approximately 1 million ton of clinker so what would be the cost like what have we spent on this?

Management: It will be difficult to quantify to tell because we have spent it in different factories.

Parth Bhavsar: Correct me if I am wrong, I just pulled this one presentation from Q2 FY2023 so there we had spelled out like our capex plans and that included approximately 250 Crores of towards Bommanahalli land acquisition so when we revised our capex to 1,600 did not that include Bommanahalli land acquisition am I missing something?

Management: See, sometimes you may have to quickly buy the lands when it is offered. Sometimes if the lands are offered in bulk you have to quickly act and complete the buying, otherwise it may turn to be difficult later. See land purchases sometimes even two months, three months we may not be able to buy. Sometimes we may have to accommodate the request of land sellers to meet their urgent financial commitments. Land acquisition is the most difficult job in setting up of a manufacturing unit. So exact guidance it is difficult because we have to buy huge land parcel, so the efforts are continuous and whenever the opportunity comes, we need to act fast to complete the land purchase activity depending upon the situation.

Parth Bhavsar: This 500 Crores of incremental spend that is towards Bommanahalli land acquisition is this over and above your 250 Crores mentioned earlier?

Management: Sorry, I do not correlate the earlier numbers right now.

Parth Bhavsar: Done Sir. Thank you so much.

Moderator: Thank you Sir. We have our next question from the line of Rajesh Ravi from HDFC Securities. Please go ahead.

Rajesh Ravi: This is Rajesh Ravi here from HDFC Securities. Sir my question pertains to your clinker utilization. Clinker utilization you mentioned 10 million ton production which is 9 months works out to be 90% utilization and this year you are targeting around 17.5 ton cement production right full year so next year at what sort of volume number you are looking at, is it 20 million ton so around 15%-20% volume growth?

Management: 19 to 20 million ton we have projected.

Rajesh Ravi: So there you would be close to 100% clinker utilization is this understanding correct because for 9 months the blend…

Management: It depends on the blending ratio.

Rajesh Ravi: Correct, so 9 month it is coming out close to 1.38 so how do you plan to take your blending ratio up?

Management: It depends on the market condition. Debottlenecked capacity is 1 million ton is coming up now which we have completed only now that is available for us.

Rajesh Ravi: So for next two years we will be having the 16 million ton clinker to rely upon?

Management: See this until 2026 this 19 million ton will be good enough to meet the market demand.

Rajesh Ravi: This premium cement share ratio came down to 20% in this quarter any specifics?

Management: Not came down. It is increased.

Rajesh Ravi: I think in the preceding quarters you have given 28% number June and September quarters?

Management: Please go through my presentation everything I have clearly covered.

Rajesh Ravi: Because I have noted down 28% for June and September that is why I was surprised maybe I will recheck my numbers.

Management: The premium products have improved to 27% for the third quarter as well as for 9 months.

Rajesh Ravi: Lastly on the balance sheet you are comfortable with this net debt to EBITDA for 5,000 Crores because why I am looking at see you said in 12 months it will be coming up 12 to 18 months it will be coming up for the Karnataka expansions, so that is I assume somewhere in FY2026 this project may start so that year also you may have major capex coming through so this net debt to EBITDA number may not meaningfully come down is that understand, you may be comfortable close to 2.5-3x?

Management: Net debt to EBITDA in percentage terms to come down but absolute borrowing numbers will remain same.

Rajesh Ravi: Understood.

Management: Last 50 years not even single day there was a delay in repayment of loan.

Rajesh Ravi: No, that is for sure right.

Management: We are fully conscious of our leverage, so we will maintain, that is why I was telling to you again, and again we have such non-core assets necessary I can monetize that if required.

Rajesh Ravi: What is the potential of those non-core asset monetization Sir, which you are able to do that?

Management: If necessary I can monetize non-core assets like wind power assets by selling upto 74% stake.

Rajesh Ravi: If you sell out the 74% stake will this not increase your green power costing then?

Management: I have seen the opportunity cost; suppose I am selling to the grid I used to get Rs.3. Even otherwise, see the windmill what we are managing before I have thermal plant. Even today 100% of production capacity is backed by thermal plant because at wind power even I have shut down some of my thermal plants. Necessary with wind power also if the coal price comes down see before 2021-2022 my cost of generation was less than Rs.3 that is why we were selling to the Board and making some profit, now the cost of generation gone up because the coal prices gone up. See these are all opportunities already we created enough assets, so I am qualifying if necessary we do not mind monetizing some of the assets, noncore assets.

Rajesh Ravi: Thank you Sir. I will come back in queue. All the best.

Moderator: Thank you Sir. We have our next question from the line of Aditya Chheda from InCred Asset Management. Please go ahead.

Aditya Chheda: If I understood correctly, monetization of these noncore assets will not be a priority will do it only if you feel the requirement to do so?

Management: You are right.

Aditya Chheda: Got it and next one we have seen a sharp bump in other expenses, so is there any one-off there or if you could highlight what led to this?

Management: There are no one-off items. If you look at the absolute numbers, it is about 30 Crores for Q3 YoY; for Sequential quarter, it is only Rs.11 Crores. In some quarters, certain expenses will be there, in some quarters such expenses may not be there. So on a per ton basis if you look at because of the lower volume in the current quarter it looks little higher whereas if you look at the absolute value there may not be big variations.

Aditya Chheda: Got it thanks. That is it from me.

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

Shravan Shah: Yes, thank you for the opportunity again. Sir this 1 million ton debottlenecking so will it be at any one or two plants specifically or across the plants?

Management: We have mentioned in the investor update that it is done in two plants.

Shravan Shah: No Sir I am not asking about clinker I am saying grinding we said 1 million ton grinding debottlenecking we are looking at, so this will be across the plants or any specific plant?

Management: The de-bottlenecking opportunities of cement capacity are identified in both grinding and integrate plants as well.

Shravan Shah: In the presentation we have said, currently we have a 22 million, Odisha 1 million ton will take up to 23 then 1 million ton will be a debottlenecking and then in FY2026 we have return a 2 million ton, but Kurnool we have mentioned 1.5?

Management: We have rounded it up. I am also saying even with some blending ratio changes, not even 0.5 million, we can also increase it by 1 million.

Shravan Shah: Yes, I got the point. Sir I just have one clarification you said 3,000 acres you need to buy for Bommanahalli land so total how much we have already spent on that and what would be the likely total cost or how many acres we have already acquired?

Management: The cost per acre details cannot be given. Please appreciate that. I can tell you the total number of acres required.

Shravan Shah: Got it and then lastly on the in terms of the prices so currently in January until now February broadly if I have to look at in South and is where we operate how much prices would have declined versus the average of the third quarter broader range would be a fine?

Management: The price drop is around Rs.5 to Rs.10 per bag across the market different markets

Management: What is drop or what has gone up depends upon relative terms see sometimes we have to increase the invoices that method also affect us, that is also called as drop. See that is why I told you it is very difficult to give the guidance for cement prices and even tomorrow, the prices can go up depending upon the demand and supply, depending upon different markets. In some markets, prices have gone up; in some markets, it has come down.

Shravan Shah: Got it Sir, thank you, all the best.

Moderator: Thank you, sir. We have our next question from the line of Navin Sahadeo from ICICI Securities. Please go ahead.

Navin Sahadeo: Yes, thank you for the followup. First on the volumes, the mix between South and East has broadly remained same at about 75:25 and the overall volume growth is 10%, so does this imply that we are gaining market share in East because that region I think is not showing a positive trend at least for Q3 I think there was a dip?

Management: For Q3 the volume growth is 10% wheras for 9MFY24 it is 25%. We have grown in all markets except West Bengal. To add that, please do not look at one quarter to see the market share.

Navin Sahadeo: Yes, helpful and just last question, sorry, I did not follow the previous participant's question very clearly. My point just to ask was the 16 million ton clinker that we are saying so does it has more scope of de-bottlenecking over a period?

Management: There is no big scope, but we can try another 0.5 to 1 million at the best.

Navin Sahadeo: That is good enough, great. Thank you. Thank you so much.

Moderator: Thank you. That was the last question for today and I now hand the conference over to management for the closing remarks. Over to you!

Management: Thank you very much for all the participants for their active participation and we hope that we would have given our reply clearly and transparently. I wish you all the very best. Thank you very much.

Moderator: Thank you! On behalf of Batlivala & Karani Securities, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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