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<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001 Scrip Code: <b>543334</b> Scrip ID: <b>NUVOCO</b>	<b>National Stock Exchange of India Limited</b> Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Trading Symbol: <b>NUVOCO</b>
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Dear Sir/Madam,

**Sub: Transcript of Investor and Analyst Conference Call pertaining to the Financial Results for the quarter ended December 31, 2021**

Further to our letters Sec/155/2021-22 dated February 4, 2022 and Sec/160/2021-22 dated February 9, 2022, attached herewith is the transcript of the Investor and Analyst Conference Call held on February 10, 2022 pertaining to the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter ended December 31, 2021.

The same is also being made available on the Company's website at [www.nuvoco.com](http://www.nuvoco.com).

This is for your information and records, please.

Thanking you,

Yours faithfully,  
For **Nuvoco Vistas Corporation Limited**



**Shruta Sanghavi**  
**SVP and Company Secretary**



## **Nuvoco Vistas Corporation Limited** **Q3 9M FY22 Earnings Conference Call Transcript** **February 10, 2022**

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**Gavin Desa:** Good day everyone, and thank you for joining us on Nuvoco Vistas Corporation Limited Q3 and nine months FY22 Earnings Conference Call. We have with us today, Ms. Madhumita Basu – the Chief of Strategy & Marketing, who will represent the company on this call.

Before we begin, I would like to point out that some statements made or discussed on the call may be forward-looking in nature and must be viewed in conjunction with the risks that the company faces. The company does not undertake to update them. A statement in this regard is available for reference in the presentation shared with you earlier. We will now begin the call with opening remarks from Ms. Basu who will share perspective of the business model and strategy for the company. Post which, we will have the forum open for an interactive Q&A session.

I now invite Ms. Madhumita Basu to share her views, over to you.

**Madhumita Basu:** Thank you, Gavin. Good afternoon, ladies and gentlemen and welcome to the Q3 earnings call of Nuvoco Vistas. I sincerely hope that you and your family are safe and healthy. Since this is the first time we are meeting in the new year, I have to take the opportunity to wish you and your families all the best for the year 2022.

Let me start with the overall cement industry situation in the country. As you all know this quarter witnessed a double whammy, where on the one side the industry was impacted by weak demand while on the other hand, increase in fuel prices with the industry margins. Cement demand during quarter three is estimated to have shrunk by 4% on a y-o-y basis. But the high demand of cement in East India where we have the major part of our



operating territory. Cement demand is east, estimated to have declined by 16% on y-o-y basis.

We faced a slew of unthinkable challenges. First there was a transportation strike in Chhattisgarh, followed by a delayed withdrawal of monsoon and flood conditions in Bengal and Orissa. Finally, we faced a sand mining issue in Bihar, which got resolved only as we went into the first couple of weeks in the month of December. It was only in late December that we started witnessing a pickup in cement demand.

As we entered the month of October on the pricing front, we saw a visible improvement in sentiment and undertook price hikes in October. However, with the depressed demand condition continuing these price increases we saw rolling back towards the end of November and early December. Due to the late recovery in demand in the Q3 quarter, we did not get an opportunity to reinstate further price increases. Overall, during Q3 FY22, there was an estimated 6% Y-O-Y increase on our pan India basis. Price increases in north and east are slightly muted at 3% and 4% respectively.

Taking a look at the Q4 outlook. Currently, we are witnessing good traction in the market in the seasonally strong quarter. And given the pent-up demand of Q2 & Q3. We believe overall Q4 should witness strong demand recovery compared to last quarter. And with the potential clinker shortage, there will be an opportunity to take price correction. We could take price hike about Rs. 30 to 50 per bag across markets in East in the month of January. Further in February 20 there has been an increase of Rs. 20 which is currently under stabilization. In North which has witnessed a more stable pricing condition, prices have gone up by Rs. 10 per bag in the month of January.

On a more medium-term basis, we are looking positively at the industry. The Union budget has set a very positive scope. The 35% increase in CapEx for FY23 is heartening and will provide the necessary trust or a much-needed infrastructure growth in India. Government's continued focus on schemes like PM Gati Shakti, the necessary impetus to national highways, gramin sadak yojana, metro rail projects and Awas Yojana hover well for the industry demand in the coming quarters.

On the cost front, as you all know, the increase in fuel prices have kicked the industry hard in the last couple of quarters. Average coal price is doubled and pet coke 180% y-o-y increase. While coal supply is now



improving, we do not see much of a net up in the cost units in the coming couple of quarters. Secondly, the high diesel prices and transporters strike in Chhattisgarh led to an upside on freight costs.

Moving on to our key focus areas and our internal lever, I would like to recap that we were looking at an EBITDA improvement of Rs. 250 per ton by FY23. I would like to mention that despite heavy macro headwind, we constantly worked on the levers which were under our control and continue to derive value from there. In the nine-month period of FY22, we achieved an incremental a beta of Rs. 167 per ton on y-o-y basis, which is already ahead of our Rs. 150 target for the year.

Just to recap, under internal focus areas, we are working on five main levers. One is CPP and WHR related possible cost reduction, second price acceleration program, third reduction in fixed cost, fourth project sprint, and fifth incentive. Just to elaborate on our flagship project sprint, which is focused on building synergies between Nuvoco Vistas and NU Vistas operations. We have a project under various buckets like clinker rerouting, procurement strategies, introducing concreteo and PCC and adopting the best practices of both companies.

I would like to take a pause at this moment and share with you our growth plans. I hope this will bring cheer to all of you. We have been regularly engaging with our investors and analysts' community and have received pushback to revisit our northern region plan. It gives me pleasure to share with you our CapEx program. We are in the process of augmenting our cement volume availability by approximately 2.4 million tonnes per annum. To achieve this we are already on track on the ongoing debottlenecking projects in Risda and Nimbol. In addition to this, we are upgrading our blending unit at Bhiwani, Haryana to a grinding unit.

We see the Haryana Government incentive program valid through till 2026 as a strong reason to strengthen our base in Haryana. Also, with the introduction of our double bull brands successfully in the market of North and our existing channels and our dual branch strategy, we are very positive about the opportunity to grow in the northern markets. The debottlenecking and upgradation projects will collectively involve a CapEx of Rs. 400 crore.



Demonstrating our commitment was sustainability and reduction in carbon footprint. We are also setting up alternate fuel material handling facilities at Risda and Nimbol cement plant at an approximate capex of Rs. 50 crore.

Thirdly, an update on the Gulbarga expansion. We will be putting up a 6000 TPD clinker capacity in phase one of the project which architecture for higher capacity upgrade. Gulbarga plans will help us to cater to the Maharashtra market. We already have operational limestone mine to serve the requirement of this facility. The ground-breaking for expansion project is set for FY23 with an approximate capex of Rs. 1500 crore.

I will now move on to give you an overview of our RMC and MBM business. I am happy to announce that both businesses are regaining growth. RMC business has witnessed a healthy volume growth of 34% on y-o-y basis during Q3.

We now have 54 operational plants pan India. We have set up new plants in the last quarter - Numaligarh in Assam, Miyapur in Telangana and Vapi in Gujarat. I am happy to share that we are actively contributing to India's growth by becoming a part of the upcoming high speed railway project. Revenues from MBM business has also shown a healthy growth at 36% on y-o-y basis.

Moving on to an overview of the financial performance of the company, in Q3 FY22 despite severe headwinds, we were able to improve our trade ratio to 75% while premium product share at 32%. While the Q3 FY22 saw a decline in volumes y-o-y by 13%, on a nine-month basis cement sales volume improved by 6%.

We continue to remain focused on our price acceleration program, high trade share and premiumization enable us to beat the price fluctuations in the market. When the market prices in North and East estimated at a 3 to 4% increase in Q3 compared to last year, our blended NODT per ton increased by about 8% y-o-y. Our revenues for the first nine months of FY 22 improved by 17% y-o-y to Rs. 6,388 crore on the backs of higher volume and increased NODT per ton.

On the cost front, I stated earlier that the industry was severely impacted by power and fuel costs. Our power and fuel cost rose up to 1,285 per ton increasing by 50% on y-o-y basis, primarily due to inflated coal and Petcoke prices, which went up by a factor of two and lower availability of



linkage coal in Q3. As you all are aware, we have a unique advantage of up to 30% linkage coal in eastern part of the country against which we were able to source only 12% of linkage coal in Q3. The positive news is our linkage coal has resumed since late December 21, which will have moderating our power and fuel cost in the coming quarter. We shall also be focused on driving our WHR and CPP capacities which were muted in Q3.

The freight costs were impacted primarily with high diesel prices, increase in freight and rake shortage impacting our clinker moment. Our distribution costs did see an impact of 11% y-o-y to Rs. 1,371 per ton. Our consolidated EBIDTA for the quarter stood at Rs. 242 crore, despite being a difficult macro situation in the last couple of quarters and continuous headwinds from inflated cost and weak demand. Our EBIDTA for the first nine months improved by 3% y-o-y to Rs. 1,102 crore.

We remain committed to prioritizing deleveraging by looking at a steady growth. Our net debt has fallen by Rs. 1,235 crore in the nine months period to Rs. 5,495 crore. We are also working towards improving our cost of capital. I am happy to say that our average cost of borrowing has substantially reduced by 165 bps from December 20' to a current running rate of 6.68% in January. We are recently refinance loans of about Rs. 850 crore at a substantially lower interest rates. Our continuous efforts to work with providers a benefit in the subsequent quarters. With regard to IPO proceeds deployment, we have over Rs. 700 crore of proceeds which is intended for debt repayment. These loans will be maturing in March and will be paid as such.

Coming to the sustainability project, which continues to be a key agenda of the company. We expect to get the external validation completed on our carbon footprint baseline in the current quarter Q4 FY22. And a detailed roadmap to reduce carbon emissions is in the process. I would however like to reiterate; we are on an accelerated pace on all key levers for carbon footprint reduction. Firstly, all of our kilns are equipped with WHR and we are one of the best in the industry with around 2:1 power to cement ratio.

We have given good thrust to the alternate fuel projects and I have already mentioned to you our investment plans in this regard. This quarter we witnessed a further improvement in AFR from 4% to 6%. I am happy to mention that our Chittor cement plant has achieved 20% alternate fuel rate during this quarter. On the green footprint, our PCC volumes have



increased eight times on q-o-q basis. This has enabled us to improve our C by K ratio to 1.8x.

With this, I would just like to summarize that we remain focused on factors which are under our control. Despite the heavy macro headwinds that the industry has been facing, we remain committed to our premiumization program. We continue to improve our trade share. We were able to deliver Rs. 167 per ton incremental EBITDA of beating our internal levers budgeted programs. Our alternate fuel rates improved to 6%, with Chittor cement plant achieving 20% AFR. Net debt declined by Rs. 1,235 crore since March 21. A substantial reduction in our cost of borrowings with refinancing of loans. While the benefit of these initiatives is getting offset by some of the cost increases, with the improvement in demand in Q4, we remain bullish on the performance. Further in line with our expectations, we have announced expansion projects primarily targeting Northern and Western markets. We are continuing to invest in sustainability programs and committed to reducing our carbon footprint.

With this, I would like to end the contents from my part and open the floor for questions. Wishing you all the best, stay safe.

**Moderator:** Thank you very much. Ladies and gentlemen. We will now begin the question-and-answer session. First question is from the line of Amit Murarka from Axis Capital. Please go ahead.

**Amit Murarka:** What are the kinds of covenants that you would be having in place for the debt? I mean in terms of net debt, EBITDA and those kinds of would there be some covenants in place?

**Madhumita Basu:** Could we take this question one on one with you at a later time?

**Amit Murarka:** Okay. Sure. And in terms of the synergy benefit, you mentioned that 167 per ton in the synergy that you have kind of unlocked so far. So, the reported EBITDA per ton is close to around 530 - 540. So, like, if you exclude the number of actual EBITDA excluding synergy comes to let 360, 370. So, is there a right way to read that?

**Madhumita Basu:** So, we would like to focus on the two parts to our EBITDA Improvement Program. We had mentioned internal lever through which we were looking at it to Rs. 250 per ton improvement by FY22. These internal levers are all specifically driven projects. And we have already realized Rs. 167 per ton against the target of Rs. 150 per ton for the current year. Part 2 of the



EBITDA improvement is the part we have found challenged in Q2 and Q3, that is, we have budgeted for a 5% increase y-o-y on cost front. Cost increases have been above this factor. Further given the market conditions in Q3, we were not able to recover the cost impact from the market. So, these are additional levers which we see improvement in some measure with the demand improving in Q4 of this year.

**Amit Murarka:** No, I appreciate that. I understand it was a tough market in Q3. Just looking to tally the numbers, you mentioned that 157/t has been to synergy gained so far. But if we exclude that when we're actually from the reported numbers, and the number comes to over 370 odd in terms of excluding synergy EBITDA, so I was just checking, is that the right way to look at it? Or am I missing something here from that front?

**Madhumita Basu:** I think you're making a fundamental mismatch here, Rs. 570 is the Q3, EBIDTA per ton. So, if you're netting on 167, you should be netting it off from the running EBIDTA per ton of 895.

**Amit Murarka:** Okay, okay. 167 is the run rate, right, what you mentioned.

**Madhumita Basu:** Yes, absolutely. 167 is the nine-month cumulative rate.

**Amit Murarka:** Okay, okay. Fine, thank you. That's all.

**Moderator:** Thank you. Next question is from Girish Choudhary from Spark Capital Advisors. Please go ahead.

**Girish Choudhary:** Hi, thanks for the opportunity. Couple of questions. Firstly, on the CapEx, what we are seeing that in light of the special in the East Market, pricing and profitability and with more capacities slated to come in the region. What would be your stance on the Greenfield CapEx? Are you thinking of deferring this? Just wanted to understand the risk management on the balance sheet side. Does it make sense to pause, de-lever the balance sheet and then maybe restart the capex?

**Madhumita Basu:** In FY23 all CapEx will be advanced, but for Gulbarga which will get activated in Q3, Q4, of FY23.

**Girish Choudhary:** So, what would be the breakup of CapEx let's say in FY23 and FY24?

**Madhumita Basu:** FY 23 the capex breakout will be roughly Rs. 500 crore for Gulbarga. We will be taking this Rs. 400 crore investment in debottlenecking Risda, Nimbol and Rs. 50 crore in our AFR project. Apart from this we would be





having our regular maintenance CapEx, which would be off the order of Rs. 300 crore, typically kept about Rs. 1000 crore for maintenance CapEx over a four-year period.

**Girish Choudhary:** So, if I add on this, it's around Rs. 1200 crore for FY23.

**Madhumita Basu:** Right.

***Offering a clarification with regards to the capex spend: While the Gulbarga expansion ground-breaking is planned in FY23, the mentioned capital expenditure of Rs.500 crores will start from FY24.***

**Girish Choudhary:** So, which is what I was sort of trying to ask, does it make sense to pause the Gulbarga CapEx and maybe look at delivering the balance sheet and then maybe start or restart the capex?

**Madhumita Basu:** Actually, our original plan for Gulbarga was Rs. 3,000 crore. We have now announced phase one of the project. So, the Gulbarga project is being phased out with an extended outlook as of now probably of two more years.

**Girish Choudhary:** Okay. So, what is the timeline for commissioning them for the phase one.

**Madhumita Basu:** The timelines for commissioning earlier was FY25. We stay committed to FY25 commissioning, but only of the IU piece of the operation.

**Girish Choudhary:** Got it. And what would be the CapEx breakup, let us say to the capex budget in FY24?

**Madhumita Basu:** FY24, we will just align the number but as of now, if I were to take a view about Rs. 500 crore is what we are seeing in the year, which would be primarily the Gulbarga phase of investment.

**Girish Choudhary:** So, my second question is - as part of your initial remarks, you did mention about some key growth initiatives we plan to augment volumes by 2.4 million ton. So, what is this about if you can just break up the state of these 2.4 million tons and also the timeline.

**Madhumita Basu:** So, 2.4 million tons is the volume of augmentation that we are looking at in north and east. This is primarily going to come from the debottlenecking improvements in our clinker availability and also an improvement in our C by K cement clinker ratio with our thrust on PPC, that's composite cement.



Roughly this 2.4 is 1.5 million tons is North, and 0.9 million tons East. Some of the projects are already under commissioning, we announced in Q2, that we have started the debottlenecking in Risda and we also had a ground-breaking in Q3 of Nimbol facility. These facilities will come into operation progressively from H2 of FY23, roughly 50% in FY23, 50% In FY24.

**Girish Choudhary:** Got it. Thank you and all the very best.

**Moderator:** Thank you. Next question is from Rajesh Ravi from HDFC Securities. Please go ahead.

**Rajesh Ravi:** I have a few questions. First is, on the realization which you mentioned that you have seen Rs. 30 realization improvement in East and Rs. 10 in north. So, we look at your January average realization how do they stack against Q3 average realization like July?

**Madhumita Basu:** If I were to paraphrase your question, you said that we spoke about Rs. 30 to 50 realization improvement in East. This is in our context; we have seen this Rs 30 to 50 realisation improvement.

**Rajesh Ravi:** No, no I'm asking from company's perspective itself your Rs. 30 jump, which you have taken in East and Rs. 10 in North, how do on an average for your Q3 what is the improvement or is it still below your Q3 average realization, in January average prices which you have realized?

**Madhumita Basu:** We have seen about Rs. 400 per ton realization improvement.

**Rajesh Ravi:** This is versus Q3 average or versus Q3 exit?

**Madhumita Basu:** This is versus Q3 average.

**Rajesh Ravi:** Okay. Coming to the cost item you mentioned that because linkage coal was disrupted. So, two questions, first, how was your per kilo Cal costing in Q3 and where do they stand now? And second, has this linkage coal supply normalized?

**Madhumita Basu:** As I mentioned linkage coal supply has started improving since the second part of December.

**Rajesh Ravi:** Okay.



**Madhumita Basu:** We have gone down to 12%. We are inching upwards again towards 27, 30% not fully realized at the end. And with regard to your coal 1.1 going up to 2.5.

**Rajesh Ravi:** Sorry, this is your blended total cost, 1.12 In third quarter?

**Madhumita Basu:** Yes.

**Rajesh Ravi:** And this has gone to?

**Madhumita Basu:** 1.12 Q3 FY21, 2.05 Q3 FY22.

**Rajesh Ravi:** No, no, I am asking for Q3 and Q4 of this financial year?

**Madhumita Basu:** Q4, on a total power fuel cost, we do not see a substantial improvement or change. You may assume that the Q3 power fuel cost will hold for the next two quarters. While we will continue to work on our internal lever, but it might go to offset the increasing cost.

**Rajesh Ravi:** Okay. Great. And on the synergy, when you mention this Rs. 167 per ton the nine months numbers, which if I multiply with the volume numbers, it comes to around Rs. 60 crore savings or Rs. 60 crore additional incremental total EBITDA here accumulated in the first nine months, is that understanding right?

**Madhumita Basu:** Yes, it is. Right. Perfect.

**Rajesh Ravi:** Okay. And so in the fourth quarter, this extra improvement, the current run rate which could be to the tune of Rs. 20 crore worth whether that would continue.

**Madhumita Basu:** Yes. We had budgeted Rs.150, Rajesh. The indication as of now is we might inch better than that.

**Rajesh Ravi:** Correct. So, because you have already achieved Rs. 167 crore. So for this year, at least this Rs. 20 crore quarterly, run rate should continue fourth quarter onwards.

**Madhumita Basu:** Absolutely we are optimistic about being able to drive higher CPP and WHR benefits. CPP is the only line item in which we took a little beating because of the non-availability of linkage core and of course the higher code prices. Okay. So that should be an initial improvement side.

**Rajesh Ravi:** Great. And two questions on the CapEx front, first, is on this lending unit where you're converting into a grinding unit. What is the CapEx for that unit strictly and how much grinding capacity it will lead into?

**Madhumita Basu:** So rough, it'll be our Rs. 200 crore CapEx. Just to give you the perspective on Northern operations. We are working on clinker debottle necking with this clinker debottle necking our capability to manufacture cement would go up to 6.5 million tons. At the moment we are selling roughly 4 million tons in North India. So we are going to make available for sales, another 2.5 million tons of cement in North.

**Rajesh Ravi:** Okay. So North capacity from current level will increase by 2.5 million ton.



**Madhumita Basu:** Yes. From current capacity it will increase by 1.5 million ton, but from current sales level, we will make another 2.5 million tons.

**Rajesh Ravi:** Okay.

**Madhumita Basu:** So this should be a very good volume to meet our aspirations with the launch of the Double Bull brand and our growth objectives for the Northern market.

**Rajesh Ravi:** Okay, great. And last question on the leverage mid debt to EBITDA, what is your target for March this year?

**Madhumita Basu:** So December we ended with roughly Rs. 5,495 crore roughly Rs. 5,500 crore of net debt. We see us holding at this level with 31st of March. We will continue to work. As I mentioned before on the financing cost piece, which we see going down our recent refinancing has been something at the 5.7% level. So they should keep bringing an improvement in our financing cost. And as I already shared with you in the coming two years, we will be phasing out some of our CapEx plan which we discussed in a fair bit of detail prior to this, but in no way impacting our availability or volume or appetite to grow.

**Rajesh Ravi:** Okay. So where I was coming from, because you are close to 3.5 net debt to EBITDA ratio in December, and this number remains stable around 3.5, 3.6. So what is the target on the debt side? Because you also have ongoing CapEX which you indicate, so you need meaningful correction on this leverage front, net debt to EBITDA numbers?

**Madhumita Basu:** Rajesh, we are staying on track with our plans to be debt free by early at FY '25\*.

**Rajesh Ravi:** Okay. And so in the interim, there are no such like these numbers should come down to below 2x and FY '23.

**Madhumita Basu:** We have not taken an out outlook for below 2, the guidance for a FY '23 was of that nature.

**Rajesh Ravi:** Okay, great. Ma'am I'll come back. Thank you.

**Moderator:** Thank you. Next question is from Shalini Vasanta from DSP Mutual Fund. Please go ahead.

**Shalini Vasanta:** So on the CapEx and leveraging front right now the debt is about Rs. 5,500 crore. So, and with the balance IPO proceed, we expect it to come down to Rs. 4,800 crore and with the new CapEx, where do you expect this number to peak in the coming years '23 and '24?

**Madhumita Basu:** Shalini, actually we are scaling down on our CapEx program. The whole idea is to stay with our plan to be debt free. So if you are moving to a medium to long term, I just confirmed to Rajesh that we are staying on track with our plans to be debt free by early FY '25\*.

**Shalini Vasanta:** Sure. Thank you. That was my only question.

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



- Satyadeep Jain:** Just a couple of questions. One on the 2.4-million-ton capacity growth you outlined, you're increasing clinker, this clinker debottlenecks of 1000 ton per day there -- 0.5 million tons due, but still saying 1.5 million ton increase in capacity in north, that's largely assuming higher blending. What exactly are you thinking, of basically launching new products there, and same thing is implied the capacity growth for you. Is it you just assuming higher blending. And how do you plan to achieve that higher blending in, in both the region?
- Madhumita Basu:** Satyadeep a very good question. So let me clarify. The first step we are taking is debottleneck the whole operation. This will make available 4 million tons of clinker and at a running capacity of 1.6, from improvement in non-trade trade, because we have plans to go -- increase our trade volumes. And that is why we have launched the Double Bull brand. We see a 1.6, 1.7 blended ratio, which is a fair assumption taking our cement capability to 6.5 million tons. And as I mentioned, current capability is 5 million tons. So that is the gap to 1.5 million tons, just to clarify, when we are moving cement for blending, from an IU to Bhiwani it is OPC, but when I set up a fresh capacity, I will retain this OPC for PKC blending in the parent plant. So we would be setting up grinding capability of about 1.2 million tons, 0.5 million tons, which we will hold back in the existing IUs at PPC would give us 0.3 million tons. So that's 1.2 million plus 0.3 million tons. Does that explain the numbers in north then I'll move to east.
- Satyadeep Jain:** I didn't understand fully. So you're saying the current capacity is 5 million and in north, the GU will give you another 0.5 million tons. So that takes you to 5.5 million and then the blending would mean lower use of clinker, you're saying you be able to send more than 5.5 million tons cement in north India?
- Madhumita Basu:** No, Satyadeep let me just clarify. Nimbol is firstly going to be a debottlenecking project, which is going to increase my clinker throughput to 4 million tons. So 4 million tons of clinker at current C/K would give cement capability of 6.4 million tons. I currently have 5 million tons capability, and that is where the additional 1.4 million, 1.5 million tons is coming. The 0.5 million you are adding for Bhiwani is openly transfer currently from IU to Bhiwani.
- Satyadeep Jain:** Okay.
- Madhumita Basu:** So that capacity, when I convert to PPC it is grinding capability, which I currently have in my existing unit, but because I'm transferring the OPC upstream to my Bhiwani unit, I am not fully realizing the capability in my IUs in Nimbol and Chittor.
- Satyadeep Jain:** Okay.
- Madhumita Basu:** So what we can do, Satyadeep I still see you have a little doubt of this. We can definitely connect may be tomorrow or so. And surely, I'll clarify this.
- Satyadeep Jain:** Okay. And the second question is on the synergy front. The company has already realized Rs. 167 of synergy. The incremental synergies are largely from the higher utilization of WHRS, volumes and maybe incentives, but have you hit the cap on minimization, in terms of



increasing concrete in the overall volume mix or increasing some other products, where are the incremental synergy going to come from here on?

**Madhumita Basu:** So firstly at 32% premiumization in Q3, we are talking about a market condition, which was depressed. Our appetite for premiumization in our plan is up to 38%. So there is scope for improvement in premiumization, what we have done from a synergy point of view, we had earlier taken a perspective of manufacturing, Concreto cement, only in the Jujpur plant, but we saw an opportunity and have made a very successful entry of Concreto to in the Panaghar unit in November, in the middle of a difficult quarter and Q3 quarter. So we are going full ramp up of Concreto volume in the Q4 and quarters to come. So on premiumization, there is still a lot of head room. Our premiumization program is also very bullish in the Northern part of the country, where we are currently operating at a 7% to 8%. And, we see capability of driving this to almost a 12% to 15% level, the third area in which we have revised our plans looking at the positiveness in the market. We have earlier looked at a 1 million to 1.5 million tons of PCC, but we have made a successful launch of composite cement from Jajpur Panaghar as well as Jojobera plant. In fact, in all these three plants, we have practically taken up 100% PPC to PCC shift. So composite cement is going to be a trust area in the coming year. The other areas in which we will be delivering further synergy benefits as you rightly pointed out - WHR and CPP, CPP particularly was depressed in Q3. That is going to be a strong operating lever in the quarters to come. As we ramp up our volume in Jojobera, Panaghar, we will see better incentive deliverables. We'll continue to work on the procurement synergies, full benefit of procurement synergies has not accrued given the highly cost inflationary condition in the market. So this is another area we see improve in the quarters to come.

**Satyadeep Jain:** Okay. Just one last quick question, on the incentive part, are you factoring in higher incentives in Jojobera, and I think part of the decision on Bhiwani is also predictive on incentives, given what is happening in Panagarh and the entire Eastern region on incentives, is incentives only a small portion of your overall decision, maybe Harayana also. And are you fully confident of realizing these synergies, both in Harayana and Jharkhand?

**Madhumita Basu:** Harayana, the primary reason for going to Bhiwani and making it a grinding unit is speed to market. You will appreciate that we already have facilities in that market. We are already selling with a strong brand equity, full volumes from Bhiwani plant. So ramp up in market, go to market will gather a lot of momentum. Additionally, the Harayana Government active policy on incentives was a good incentive in for us to fast track this project. But the primary consideration for going in north comes from a successful launch of Double Bull, our appetite for growth in that market, better pricing conditions. So a strong reason company capability, as well as marketwise.

**Satyadeep Jain:** Thank you so much. Thank you.

**Madhumita Basu:** Thank you.

**Moderator:** Next question is from Shravan Shah from Dolat Capital Markets. Please go ahead.



**Shravan Shah:** Ma'am first of all last time we have talked about 20-million-ton volume target for this year, we have done 12.23 million ton. So here also humble request if you can say the last seven quarter, two decimal cement volume numbers, to exchanges would be great. It is very difficult to tally the number, because last time, the 3.8-million-ton volume, you mentioned in the presentation, and now you are saying this quarter it is 10% declined, but it actually comes at 11.1 million. So there is a mismatch and we keep on uh mentioning the Emami volume from the 1<sup>st</sup> April, which is not the case. So it's the simple question against the revenue, what's the realized or the sold volume for last seven quarters, if you can share on the exchanges, it would be great. Or if you can mention the nine-month volume number. So this is a suggestion in the fourth quarter, can we see 20 million definitely will not be able to achieve so how much we can see the growth in the fourth quarter on the volume front first. So that's the first question. And also if you can share the RMC volume numbers for third quarter and nine month both '22 and '21.

**Madhumita Basu:** I appreciate the suggestion you have made, any clarification that you can require on data one on one, you can always reach out to us. Now coming to the question of the outlook for the last quarter. So as I mentioned that we are seeing favourable market conditions in Q4, last year we did about 5.6 million in the last quarter. And we surely see that we will end at this or a slightly improve figure.

**Shravan Shah:** Okay. And the in terms of the touching base with IR team, is already done post the results but haven't got the proper number. So that's what I wanted to say on the investor forum. Secondly, just one second, coming back to the normal thing, as you mentioned, Rs. 400 realization average increase in this quarter on the cost front are we expecting any further increase from the third quarter average? Because the, I can see the change in inventory is also supported in terms of the EBITDA this time. So, that number is also significantly higher, Rs. 330. So if that effect will be nullifying in the fourth quarter, we can again, have a pressure on the EBITDA per ton. So just trying to understand on realization, you said but on the cost front and ultimately the EBITDA per ton how do we see, because last time, what we promised in terms of the power and fuel cost we say that Rs. 150 increase we can see in the fourth quarter, but we have with a significant Rs. 400 kind of increase in the power and fuel. So just trying to understand where we are going wrong in terms of the giving the guidance?

**Madhumita Basu:** Power and fuel cost has gone up for the entire industry. In fact the positive manners, to look at it is we at least have some operating lever which as I mentioned that we will be focusing on for Q4. On power and fuel costs, I did mention that we would, at this point of time look at holding these kind of cost levels. Again, to reiterate, action plan being that we see our linkage coal supply going up, as well as being able to operate our CPP given that linkage coal supplies will continue. So standing where we are, we see both in a favour of light. So unless there's a change in these two conditions, the rest of it in whatever manner it impact us as a company, will impact the industry as a whole.

**Shravan Shah:** Okay. The data points, just to clarify in terms of the capacity, you tried to explain to the previous participant, but once again, I'm just trying to



understand, the current capacity of cement is 23.8 million ton where it will be by end of FY '22, '23, '24. I'm not asking them our ability to sell the cement volume. I'm just asking that cement capacity.

**Madhumita Basu:** Yes. We will share this with you. You're talking about a build year on year?

**Shravan Shah:** No, no, because you mentioned debottlenecking clinker debottlenecking, 2.4 MTPA including the Bhiwani you can sell extra. So first, I'm trying to understand where our capacity will be by end of this year, next year, '23, '24 from current 23.82 million. That's the first thing second in terms of the CapEx, you said this year Rs. 1,251 crore, next year only you have talk about the Rs. 500 crore on the Gulberga. So when will we start spending on the Gulberga grinding or only we will be spending Rs. 1,500 crore on the clinker. So if you can help me on that.

**Madhumita Basu:** So as now we have made announcement for the Gulberga IU, which comprises 6,000 TPD, scalable to 10,000 TPD and as an engineering design with the 1.5 million tons cement capability in the IU.

**Moderator:** Thank you, our next question is from the line of Urmik Chhaya from Asian market Securities. Please go ahead.

**Urmik Chhaya:** Ma'am can I have the cash flow from operations for the period April - December?

**Madhumita Basu:** So I have here the cash from operating activities YTD December '21 that stands at Rs. 527 crore.

**Urmik Chhaya:** And Mam, my simple point is you have raised Rs. 1,350 crore through IPO and your principle recommend plus interest for the current year should be in excess of Rs. 2,200 crore. So you think in the Q4, you will be able to generate sufficient cash to our debt repayment.

**Madhumita Basu:** So Rs. 700 crore is set aside from my IPO funds for paying off debts, which are going to mature in the month of March. On a net debt position, I gave a guidance that we see ourselves holding it level of roughly Rs. 5,500 crore.

**Urmik Chhaya:** Ma'am. I understand that what I'm saying is, as per your annual report, current maturity of long-term debt in '22, Rs. 1,883 crore, the interest out go would be in the range of Rs. 400 crore. So principle plus interest repayment would be in the range of Rs. 2,300 crore, against that new of IPO was Rs. 1,350 crore and cash of first nine months. You think Q4 cashflow will be sufficient to meet the entire debt repayment requirement from cashflow, or you will need to raise debt to repay debt.

**Madhumita Basu:** No, we will not have any requirement to raise further debt.

**Urmik Chhaya:** Okay. Thanks.

**Moderator:** Thank you. Our next question is from Pavas Pethia from Enam AMC. Please go ahead.

**Pavas Pethia:** Hi, ma'am just want to understand your working for FY '25\* leverage being zero. What kind of assumptions you have taken for profitability? And is there a component of working capital release in that?





**Madhumita Basu:** We will revert to you on this question,

**Pavas Pethia:** But still Ma'am it is very difficult to understand how you will be debt free considering the Rs. 5,400 crore odd debt, in next three years, whatever the CapEx you have. Is there a significant profitability increase you are building in. Just on a broader label can you guide something?

**Madhumita Basu:** See you are asking for a perspective on FY '25. That is what I said year-on-year, we will revert to you. We have an outlook on better EBITDA, lower interest cost, I have been emphasizing our actions in that direction, and I just shared with you a phase CapEX program.

**Pavas Pethia:** Okay. Thanks for that.

**Moderator:** Thank you. My next question is from the line of Utkarsh Nopany from Haitong. Please go ahead.

**Utkarsh Nopany:** Hi, good evening, Madam. Madam, I just need one data point. What is our RMC sales volume in December quarter? And are we on track to reach a 6 lakh cubic meter RMC volume in the current March quarter period?

**Madhumita Basu:** The volume Q3 FY '22 was 420 cubic meters. Revenue from the operation was Rs. 183 crore.

**Utkarsh Nopany:** And Madam, are we on track to increase the volume to 6 lakh cubic meter in Q4?

**Madhumita Basu:** Yes, we are working towards that program, 200 a month.

**Utkarsh Nopany:** Okay. Thanks a lot.

**Moderator:** Thank you. Our next question is from Saket Kapoor from Kapoor and Company. Please go ahead.

**Saket Kapoor:** Yes, ma'am firstly about this interest rate. What is our blended cost of funds currently for the working capital as well as for the long term and what is our current working capital requirement in absolute terms? if you could give the requirement money in rupee term.

**Madhumita Basu:** So total financing cost is 6.68 period ended December '21^. I will request my finance team to revert to you on the working capital and fixed cost.

**Saket Kapoor:** Maam on this 6.68. Are this fixed or the floating rate with a rising interest rate scenario going forward? Are we at any risk of revision in interest rate or these are fixed and what is the tenure then?

**Madhumita Basu:** Floating rates#.

**Saket Kapoor:** Okay. What is our total WHRS capacity and what are we planning going forward for say FY '23 and '24,

**Madhumita Basu:** WHRS I'd like to confirm, facilities have up in all launch, totalling to 45 megawatts. New facilities that we will need WHRS. At this capacity we are at a two is to one power to cement capacity ratio.

**Saket Kapoor:** Correct. And what is our trade and non-trade mix for this quarter and as well as for the nine months

**Madhumita Basu:** Q3 we improved our trade share ending the quarter at 75%.



- Saket Kapoor:** Okay. And what are we eying ma'am? Say one year down the line, how is this mix going to change or is it in this within this bracket only?
- Madhumita Basu:** See outlook on trade share as we shared, we have an appetite to increase trade share to about 80% of our business, which will not be a one-step activity will be primarily driven by building the Double Bull brand and improving our trade volumes in North. In East, as you know, we are already a very strong trade here, so it would be a phased program and at 75% we are on track with our plans in this regard.
- Saket Kapoor:** And what is our current market here in the Eastern market where we have the major capacity?
- Madhumita Basu:** So as you know, by capacity, we are the market leader, but this market also sees the material availability into the market from other spaces. Our market share trends around 17% to 17.2%.
- Moderator:** Thank you. Our next question is the line of Abul Fateh from Baroda MF. Please go ahead.
- Abul Fateh:** So this is the follow up on an earlier question on the net debt free EBITDA FY '25\*. So just needed all assumptions that you would've given volumes for FY '23 and '24 in your numbers. And also the EBITDA percent that would've assumed. So these calculations would be based on volume exempt and profitability, because you are already falling behind the target in FY '22 versus 20 million tons volume and profitability also taking a hit. So all the calculations that have gone haywire in this point in time. So what is the assumptions that you are working with if you can share that?
- Madhumita Basu:** So firstly I would like to bring to the notice of everyone on this call, that what we saw in Q3 -- we cannot have a quarter in which there is a transporter strike in one state simultaneously, there is a flood issue in two states and Bihar which as an industry contributes to 22% of the demand sees a sand mining crisis, bringing demand practically to a grinding halt, right up to the middle of December. These are markets typically in the east revival happens immediately post the festival period. There has been no release in the market till practically 20th of December. So the Q3 cannot be indicated of where we are going to move ahead in the coming quarter. I am not at this moment, additionally, mentioning the cost impact. I know gentleman, you all have been asking for the plan up to FY '25 as an organization, we are in the process of growing up our AOP, you in the midst of that exercise currently. I mentioned to you that directionally, we will keep to our commitment of being debt free by FY '25\*, we are working on the financing cost. We are working on improving prices and profitability, leveraging fully the benefit of our internal lever, and finally looking at an improvement in the market condition. You will also need to keep in mind that I have shared with you a phased CapEx program by not bringing down our growth appetite in the identified up to FY '26 period.
- Abul Fateh:** Okay.
- Madhumita Basu:** Roughly speaking up to FY '26, we had given capability capacity of the order of 28 million tons of cement with the restructuring we are doing prioritizing on our stronger Northern markets. We are still keeping to that number.



- Abul Fateh:** Okay. Thank you. Thank you so much.
- Moderator:** Thank you, ladies, and gentlemen, that will be our last question for today. I now hand the conference over to the management for the closing comments. Thank you. And over to you.
- Madhumita Basu:** Thank you so much for your patience and very important questions. I'd like to start by confirming please do reach out to us for any further clarifications and we'll be more than happy to connect with you. Since our going public, we have been meeting on this call, this is the third call we are taking, and I believe the feedback has come from most of you. We have also tried to remain available and within easy reach for any further data clarification and post call conversations. I just like to, again repeat, Q3 platform even if I were to give it a description, we remained focused on premiumization, improving our trade share, delivering on our internal levers Rs. 167 per ton, ramping up our alternate fuel to 6%, which per plants at 20%. We are investing in Nimbol and Risda plant and will be exiting year FY '23 in these two plants with also an AFR target of 20%. Net debt declined by Rs. 1,235 crore since March '21 and a substantial reduction in our cost of borrowing with refinancing of loans. I take the opportunity again to wish you, your family as safe and happy 2022. Thank you.
- Moderator:** Thank you very much, ladies and gentlemen, on behalf of Nuvoco Vistas Corporation Limited, that concludes this conference. Thank you all for joining us.

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*Disclaimer: This is a transcription extract and may contain transcription errors. The transcript has been edited for clarity. The Company takes no responsibility of such errors, although an effort has been made to ensure high level of accuracy.*

*Clarifications/Corrections:*

*\*Debt free by 'early FY '25' should be read as 'FY' 26'*

*^Total financing cost is 6.68 period ended December '21 should be read as Total financing cost is 6.68 period ended January '22*

*#The total debt of the company includes securities such as debentures and term loans are at both fixed (largely) and floating rates.*

