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SHREE CEMENT LTD.

An ISO 9001, 14001, 50001 & OHS 18001 Certified Company
Regd. Office:
BANGUR NAGAR, POST BOX NO.33, BEAWAR 305901, RAJASTHAN, INDIA

SCL/BWR/SE/2023-24/
6th February, 2024

National Stock Exchange of India Limited,
Exchange Plaza,
Bandra – Kurla Complex, Bandra (East)
MUMBAI – 400 051
SCRIP CODE: SHREECEM EQ
Debt Segment NCD ISIN: INE070A07061

BSE Ltd.
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
MUMBAI – 400 001
SCRIP CODE 500387
Debt Segment NCD ISIN: INE070A07061

Sub:- Transcript of the Conference call

Dear Sirs,

Pursuant to Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirement), Regulations, 2015, the transcript of the Conference Call held on 31st January, 2024 relating to the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and Nine Months ended 31st December, 2023 is enclosed.

Kindly take the same on record.

Thanking you,

For **SHREE CEMENT LIMITED**

SHYAM SUNDER KHANDELWAL
Digitally signed by SHYAM SUNDER KHANDELWAL
Date: 2024.02.06 19:36:40 +05'30'

(**S.S. KHANDELWAL**)
COMPANY SECRETARY

Encl: As above

“Shree Cement Limited

Q3 FY '24 Earnings Conference Call”

January 31, 2024

MANAGEMENT:	**MR. NEERAJ AKHOURY – MANAGING DIRECTOR – SHREE CEMENT LIMITED** **MR. ASHOK BHANDARI - SENIOR ADVISOR - SHREE CEMENT LIMITED** **MR. SUBHASH JAJOO – CHIEF FINANCE OFFICER – SHREE CEMENT LIMITED** **MR. SHYAM SUNDER KHANDELWAL – COMPANY SECRETARY – SHREE CEMENT LIMITED**
MODERATOR:	**MR. NAVIN SAHADEO – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Shree Cement Q3 FY '24 Earnings Conference Call hosted by ICICI Securities. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Navin Sahadeo from ICICI Securities. Thank you, and over to you, sir.

Navin Sahadeo: Thank you, Yousuf. On behalf of ICICI Securities, I welcome you all to the Q3 FY '24 Earnings Call of Shree Cement Limited. From the management, we have with us M.D., Mr. Neeraj Akhoury; Senior Advisor, Mr. Ashok Bhandari and CFO, Mr. Subhash Jajoo. So without any further ado, I hand over the call to Mr. Akhoury for his opening comments. Over to you, sir.

Neeraj Akhoury: Thank you, Navin. Good afternoon or good evening, ladies and gentlemen. Welcome you all to the earnings call of Shree Cement for the quarter ending December 2023. This quarter has been quite exciting for us on many things. We've just started a new plant in Rajasthan, Nawalgarh, which is one of the largest plants in the country and most probably even in the world. Combined with that, we would also like to inform you that Shree Cement has been able to roll out what we call our revamped brand strategy to develop and become a more preferred brand for the markets.

And I would like in the very beginning to take you through what have we done with our new brand strategy and how we believe it will help us to further strengthen our market position. From last 1 year, we have been researching and we have been asking a lot of questions in the market, doing formal and informal research. And we found that there are areas where we need to redefine our business objectives. One of the business objectives was, and as we have said in the past calls as well was to enhance our consumer pull in the market as well as grow our premium product business.

While doing so, we were very convinced that as a brand, we need to become stronger in the IHB business by offering them a superior, innovative and a differentiated product, and that was one of the objectives that we took. All of this required us to review our brand architecture. And based on that, we have revamped our brand strategy with a master brand approach. We have launched in the month of January the master brand for all product categories of Shree, which will be under the master brand of Bangur, this will be across the markets.

There has been a lot of investments to create a new visual identity, to modernize the brand with a new logo as well as with what we do believe is one of the most modern packing designs. In addition, we have now streamlined our premium offering with one premium in the market across the country. We call it Bangur Magna, which is a product with very superior formulation and also a very unique packing design.

What we are doing today is heavy multimedia ad campaign, showcasing the new brand, Bangur Master brand. And very happy to say that our brand ambassador for the first phase is Sunny Deol. And with him, we have been able to bring some clutter-breaking advertisement campaign in the market.

The first level response, though it's too early, has been encouraging. We have exposed our ad campaign to about 50% of the target group within the first week itself and received very positive feedback through our follow-up research in terms of the creative quality as well as in terms of interest of the consumers in our brand. In addition, we are doing a lot of parallel activities. We have connected to over 1.5 lakh contractors within 3 weeks and received encouraging report from them in terms of our product and packing quality.

And very happy to say that as we are moving, Magna's share in our total sales which is also going up sharply. And we believe that we will be able to meet our objectives in the coming months. Going back to, I will be very happy to take more questions on our brand when we start the Q&A.

Going in the results, the broad features of the financial results, both Y-o-Y and Q-o-Q basis. This is how we would like to summarize this. So December '23 was one of the better quarters, if not the best quarters in last 2, 3 years. This was a quarter where we fired all cylinders, volumes was up, realization was up and cost was down. Sales have increased from about 8 million tons in December '22 to about 8.9 million tons in December '23, achieving a growth rate of roughly about 11%.

But more importantly, our utilization rates are now increasing from 72% last year to 77% this December. Also, the sales realization was up by about 3% from INR 4,854 to roughly about INR 5,006 per ton. Very encouraging to see that the average fuel cost is reduced by about 28% from about INR 2.46 per CV last year to about INR 1.78 per CV in the last quarter.

This contributed to increasing the total EBITDA from INR 708 crores in December '22, to INR 1,234 crores, growth of roughly about 74%, while EBITDA per ton was recorded at INR 1,387 per ton against INR 881 in the last year same quarter. Even on a sequential basis, we see improvement. Volumes were up by about 9% from 8.2 million tons to about 8.9 million tons in December '23.

Realizations improved from INR 4,843 per ton to again INR 5,006 per ton, up by 3%. And fuel prices continued their downward trend and were at INR 1.78 per CV compared to INR 2.05 in the September '23 quarter. Total EBITDA increased from

INR 870 crores to INR 1,234 crores, registering a growth of roughly about 42% on a sequential basis. EBITDA per ton also increased from INR 1,062 per ton to what I said, INR 1,387 per ton.

Very happy to say we've already commissioned our 3.5 million tons Nawalgarh plant. Another plant of 3 million tons at Guntur is likely to be commissioned by this quarter end. We have ordered one more cement mill of 3 million tons at our Pali, Rajasthan plant. Accordingly, we are on a target to achieve a capacity of about 75 million tons by March '27, a further step to reach over 80 million tons cement capacity by March 2028.

On energy front, our capacity stands at 977 megawatt very close to 1 gigawatt now, and green power capacity of 73 megawatts has been commissioned in January '24, and another 133-megawatt is likely to be commissioned in the phases over '24, '25. This shall take our total power capacity to 1110-megawatt giving us a power sufficiency of about 65% from the current levels of 61%. It is another step towards a sustainable business model.

I have Mr. Ashok Bhandari and Mr. Subhash Jajoo with me, along with Mr. Khandelwal, our Company Secretary, and I would request them to take you through our financial performance.

Ashok Bhandari: Good afternoon, everyone. I suggest that if you have any questions on the brand strategy or brand thought process, you may please go ahead and ask any question directly to MD. Otherwise, if you may want to go into the financial nitty-gritty, we can start it now itself.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Mr. Navin Sahadeo from ICICI Securities.

Navin Sahadeo: Congratulations on a great set of numbers. On the branding part of it, revamping this entire brand exercises have been done, I had two questions. One is, do we have milestone or target to reduce the price gap of Shree or now, of course, Bangur versus a benchmark, let's say, any particular benchmark large company or an average, do we have a target in mind to narrow the price gap?

And over what period of time you're looking at? That's my first question. And second is, apart from this brand revamp, are we also looking to touch upon some of the other technical aspects such as, let's say, setting strength of the product or even the blaine kind of things? Are we looking to do some changes with that as well?

Neeraj Akhoury: Navin, as we said, this is the first phase of the exercise in which the objective is to improve our brand awareness. This is technically what we call the top-of-mind awareness, or TOM, where we have a very definite range that we should go above 50 in the top-of-mind awareness of our brands in the market. Price is a subsequent topic. We believe as we have now established very firm standards on quality of our product. Combined this with marketing, we should be able to improve our price position.

Having said that, our first target is to make sure that our premium product, Magna, sells at a better price in the market, in line with the quality which we are offering, in line with the differentiation that we are offering, in lines of initial strength or be it final strength that we are offering in the market. So that is the first level goal, Navin.

And I'm sure brand development is a long-term topic in fact. Many brands have invested over the years and to create the kind of position that they today command internationally as well as in India. We will also continue to invest in our brands with the objective that our brand should get a position in the market, which is in line with the quality that we offer and in line with the products and differentiation that we are offering.

Moderator: The next question is from the line of Parth Bhavsar from Investec.

Parth Bhavsar: Congratulations on the good set of numbers Sir, I have 2 questions. One is on power and fuel, which has improved significantly quarter-on-quarter basis. And you also mentioned that your consumption cost has declined to INR 1.78 per kCal. So wanted to know like if there's any further room of improvement and if this number would sustain going ahead in coming quarters?

Neeraj Akhoury: I'm requesting my colleague Mr. Bhandari to answer your question.

Ashok Bhandari: Look, you have to appreciate two things. Number one is that the consumption is based on weighted average cost of inventory we carry. The decline from INR 2.05 to INR 1.78 quarter-on-quarter is because the weighted average inventory carry cost has come down. Though the pet coke prices yesterday showed a declining trend from $120 to $110, yet as per our contracts and in pipeline, the fuel cost for this quarter on a weighted average basis, based on the inventory and pipeline inventory, would remain almost the same at about INR 1.78 per kCal. Am I clear to you?

Parth Bhavsar: Okay, okay. So it wouldn't go down further at least in Q4, it is...

Ashok Bhandari: That is what I wanted to caution you. If the pet coke prices have come down, our procurement prices in future will also come down. However, as I explained, the consumption is based on weighted average cost of inventory. So my inventory in last quarter was at about INR 1.78. And based on the inventory which we have and the pipeline we have, it remains the same for this quarter.

Next quarter, it will come down, but that will move in tandem with how the international prices of coal and pet coke changes. Another very interesting development is that the South Africans because of the Red Sea turmoil are not being able to ship it to Europe. So like Russia, they have started offering South African coal at a discount to international price to Indian consumers. So that may also play out, but this will all be next quarter. For this quarter, you please take our fuel cost at about INR 1.78 per kilo calorie.

Parth Bhavsar: So the reason I asked this is, I just wanted to know if we won't again see like 1,650 burden of power and fuel cost and I understand the inventory thing and will come down...

Ashok Bhandari: Yes. That's what I'm saying. There are 2, 3 levers in that. Please understand that increase in capacity utilization from 72% to 77% has its whole cascading benefits and operating efficiencies, right? So saying that it will go to 1,650 or 1,540 or 1,450, I can't say that. I can say the general trend of a declining fuel cost because of increasing operating efficiency, which is linked to capacity utilization. And as MD was suggesting, we are just confident that 77% should go up only. It cannot come down.

So what kind of efficiency benefit we get by uptick in capacity utilization is very difficult to determine as of now. I can only assure you that 2 things will help in Q4: One is the fuel cost, but the consumption may decline because of increasing operating efficiency. And the power cost will go down because the 73 megawatts of green power commissioning in January will start giving us benefit in next 2 months.

So I must have better operating efficiency, better capacity utilization and lower fuel and power costs. Now how it will play out, what will be the plant load factors of the renewables, it's very difficult to ascertain. But I'm fairly confident that at least this quarter performance should not deteriorate. It may only improve.

Parth Bhavsar: Okay. Perfect. Got it, sir. And just wanted to know the capex guidance for '25 and '26.

Ashok Bhandari: Listen. Let us put it like this, post Guntur commissioning, I'm not considering Guntur in this plan, we should be having a capex about INR 12,500 crores up to '27. And I have INR 6,000 crores cash in my hand. So I will be needing about INR 6,000 crores to INR 6,500 crores, which should come from internal accruals only.

Moderator: Next question is from the line of Shravan Shah from Dolat Capital.

Shravan Shah: Congratulations on a great set of numbers. Sir, is it possible this way we have shared the power revenue and EBITDA for the last quarter, can you share for this quarter?

Ashok Bhandari: Yes, the revenue is at about INR 350 crores, and the EBITDA is about 10%. This is power only.

Shravan Shah: Okay. And for 9 months?

Ashok Bhandari: I need to take it out. I have it. Just give me a second. The power revenue is INR 1,173 crores. And the EBITDA will be in the range of 9% to 10%. Last quarter, it was about 9%, but some benefit has come up because of lower fuel costs. So it should be at about 10%. You can take 10% as a benchmark.

Shravan Shah: Okay. Got it. And sir, cement realization, you mentioned 3% up for Q2. So it should be INR 4,988 for this quarter, cement realization.

Ashok Bhandari: My dear friend, what is happening is because you did not have the power revenue numbers you must have used the consolidated revenue divided by cement only. You knock off 350 from there and then see the numbers are INR 5,006.

Shravan Shah: Okay. Okay. Got it. And if you can help us in terms of the time line for all the ongoing expansion. So Guntur, will it be starting this March- April?

Ashok Bhandari: Yes, this March itself, not April. I'll take you broadly through the numbers. We should be 56 million tons by March '24; 62 million by March '25; 65 million by September '25; and March '27, it should be 75 million.

Shravan Shah: Okay. Okay. Got it. So in terms of -- the latest 3MTPA Ras expansion, sir, what would be the capex for that?

Ashok Bhandari: The capex for 3 million tons Ras will be about INR 600 crores because it's a brownfield.

Shravan Shah: Got it. Got it. So 9 months, how much capex we have done in...

Moderator: Sir, may we please request you to rejoin in the queue as there are several participants waiting for their turn.

Ashok Bhandari: Hello.

Shravan Shah: Yes sir.

Ashok Bhandari: Yes. It is INR 2,600 crores.

Moderator: Next question is from the line of Prateek Kumar from Jefferies.

Prateek Kumar: Sir, congratulations for great set of results.

Ashok Bhandari: I'm happy you liked it.

Prateek Kumar: Yes. So on volume growth, we have like clearly outperformed the industry growth in this quarter at 11%.

Ashok Bhandari: One second, my dear friend, if you have a doubt on that number, please ask so or we are the best.

Prateek Kumar: Yes, so you are the best. So how do we look at -- like next year is expected to be relatively dull year for the volume growth because of 1 or 2 quarters of impact of demand because of elections. How do we look at demand growth for next year?

Ashok Bhandari: Let me put it like this. March '24, we should be certainly 35 million-plus. March '25, we expect to touch the magic number of 40 million tons. The industry should grow between 8% to 10%. So if I'm 35.2 or something, I may be hardly 1% higher than the industry average growth rate.

Prateek Kumar: Okay. 8% to 10% for this year, you...

Ashok Bhandari: No, 8% to 10% next year. This year is gone, whatever. You want the number of this year, I can give you, add 9 million to the number we have already published and you will understand what the growth is, it will be 35 plus. So we will be at about 11% to 12%.

Prateek Kumar: Okay. And next year, 40 million tons, okay. So we'll be growing at higher than the industry, if industry growth are 8% to 10%.

Neeraj Akhoury: We are in line with the industry. In fact, we should be about 12% this year yes. Hopefully.

Prateek Kumar: And just on profitability. So we understand there is some price rollback in the current quarter of Q4. So...

Ashok Bhandari: Prateek, let us understand like this. After all, it's a cyclical business, and it is completely dependent on the demand and supply in the market. And you might not have interacted with me earlier. We have never given any price guidance because price is not in the control of any manufacturer.

We have always given cost guidance, I have already stated that my cost should tend to be lower because of the rational explained on fuel and other things. Now it is your call completely as an equity analyst or a cement industry analyst to take a call on where the prices will go. We have never given any EBITDA guidance.

We have never given any price guidance because EBITDA is a result of price minus cost. We'll give you cost guidance and we'll give you the general trend of cost. So please excuse me, I will not be in a position to give you a top line or a bottom line number. I can tell you how my cost should be.

Prateek Kumar: Certainly. And just on -- while this question was discussed slightly earlier, on your premium product mix, how is that expected to flow into your EBITDA per ton...

Ashok Bhandari: Let us understand. The incremental revenue reflected in this quarter is because of a better product mix, lower logistic costs and higher capacity utilization. The same factors should play out because whatever game we have learned in the last 6 to 9 months should only get improved, isn't it? Learning is a long learning curve.

So it should improve. And we feel that on the cost front, there is no reason for us to believe that we will let you guys down. On the revenue, let the market take a call.

Moderator: The next question is from the line of Jashandeep Singh Chadha from Nomura.

Ashok Bhandari: Mr. Chadha, get well soon. You can get the conference call transcript.

Jashandeep Chadha: Congratulations on a great set of numbers, sir. Sir, you have explained the power and fuel cost. I just wanted to understand the logistics cost, I think a couple of quarters back, a lot of initiatives were told to us that will be taking to reduce the logistical costs, one being putting up railway siding at various plants. So how is the progress on that if we can get an update...

Ashok Bhandari: First, all of you have to appreciate that when there is a churn in the organization, it takes its own time to settle down and become stable. On logistics front, what has really happened is that because of induction of professional managers, we have been able to cut on lead distance, and we have been able to optimize the cost also to some extent.

As far as railway siding is concerned, we are progressing on it. I'm on record with you that by March '27, we should be 80% to 90% dependent on our own railway siding. We are working on it. The progress is going on.

Railway siding, the biggest hassle is acquiring that particular parcel of land, which becomes pricey because people know that you need that land so we are working on it. Purulia we should be able to, which is in East India. We should be able to complete it before September this year. And balance, I'll keep you updated. This is a quarter-on-quarter progress kind of a number. You can't pin me down, please. March '27 is the target.

Jashandeep Chadha: Right. And sir, one clarification I want. So by FY' 26, 75 million ton capacity, you should have around 20 million to 20.5 million tons in East. And on back of that, you have around...

Ashok Bhandari: Ok 21 million tons.

Jashandeep Chadha: Right, sir. And on back of that, the backing up clinker is around 9.2 million to 9.5 million tons. So will we have a situation of clinker shortage given 1.8 Clinker factor.

Ashok Bhandari: You have to understand. Is world is going to end? Right. So 80 million is my target.

Jashandeep Chadha: And is there any preferred pecking order on that or you are still there on...

Ashok Bhandari: Pecking order is clear. Kodla is number one. And second is, of course, Ras, my north plant. For another grinding unit, we will reassess the position. The grinding unit addition in the East is happening between '25 and '26. So, we have time for that. That is a brownfield. There is no shortage of limestone. A kiln can be set up in 18 months, what is the problem my friend?

Moderator: Next question is from the line of Rajesh Kumar Ravi from HDFC Securities.

Ashok Bhandari: Rajesh, how did you like the numbers?

Rajesh Kumar Ravi: Fantastic numbers, sir. That is what I was trying to start with, is a great set of numbers. Congratulations to the team. And sir, could you share what was the trade mix and blended cement production in this quarter?

Ashok Bhandari: It was about 76:24, if I remember correctly.

Rajesh Kumar Ravi: Trade mix, okay. And blended?

Ashok Bhandari: Blended cement.

Rajesh Kumar Ravi: Yes, blended cement share?

Ashok Bhandari: One second.

Rajesh Kumar Ravi: And also fuel mix?

Ashok Bhandari: See, the thing is that I have the fuel mix paper. Yes, I'll ask Mr. Jajoo to reply.

Subhash Jajoo: Yes. So blending ratio was around 72%. And our fuel mix for this quarter is 73% pet coke; coal 15%; and alternative fuel around 12%.

Rajesh Kumar Ravi: Sir, this year, 9 months of total capex you mentioned?

Ashok Bhandari: I said INR 2,600 crores.

Rajesh Kumar Ravi: And full year, how much will we spend, sir, this year?

Ashok Bhandari: I didn't understand, say it again.

Rajesh Kumar Ravi: The remaining 3 months, how much capex we are charging and this INR 12,500 crores, which will be subsequent for next 2, 3 years, how will that...

Ashok Bhandari: In this quarter, we expect about INR 600 crores to INR 700 crores of capex.

Rajesh Kumar Ravi: Okay. And this INR12,500 crores for next 3 years?

Ashok Bhandari: You understand. I am adding 6 million next year. We do simple math.

Rajesh Kumar Ravi: Okay.

Ashok Bhandari: Total 56 by March'24 and 75 by March'27, So roughly 18 million tonne capacity addition will be there.

Rajesh Kumar Ravi: Right.

Ashok Bhandari: In 18 Million, Greenfield is only one. Let it be, we don't get into the Greenfield-Brownfield issue. Simply divide12,500 by 18.

Rajesh Kumar Ravi: Okay.

Ashok Bhandari: Multiply 6 million ton next year.

Rajesh Kumar Ravi: Okay.

Ashok Bhandari: 6 million tonne in 25-26 and 6 million tonne in 26-27. So, take one third for each year. It will come to around INR 4,500 crores.

Rajesh Kumar Ravi: INR 4,500 crores. Okay. And sir, this logistics cost, which you mentioned, you already addressed that this is now because of your various initiatives. And this number should remain steady?

Ashok Bhandari: For this quarter, yes, I'm telling you that this number should remain steady. It's not improving.

Rajesh Kumar Ravi: Incrementally, it can only go down. Is that understanding right?

Ashok Bhandari: Look at it. What are the elements in my cost, brother? The most important element is fuel, power and logistics. Fuel, now we are seeing a declining trend. In power, green energy or renewable energy share is increasing, logistic we are working on, and railway siding expected shortly at Purulia plant. So it should be declining.

Rajesh Kumar Ravi: Great, sir. And lastly, could you share what has been the demand trend in these East market and North markets during the quarter, your assessment of demand, industry demand?

Ashok Bhandari: Mr. Jajoo will address this.

Subhash Jajoo: The demand trend in the last quarter, it was best in the North India. East was a bit weak. So our sales grew by around more than 10% in North. And in East, it was around 2% to 3%. South, the growth was around 10%.

Ashok Bhandari: South including West.

Subhash Jajoo: South and West is combined.

Rajesh Kumar Ravi: Okay. South and west together, okay.

Subhash Jajoo: Yes. So this is on a sequential basis. And if you consider on a year-on-year basis also, North was the best-performing market with around 12% to 13% growth, similar about South. And East was a bit down at around 7% to 8%. Overall, the growth was around 11%.

Rajesh Kumar Ravi: Great. Great. So East also you witness 7% to 8% growth?

Subhash Jajoo: Yes.

Rajesh Kumar Ravi: Okay. And industry, what would have been the numbers are broadly? Is there any understanding on the industry for East?

Subhash Jajoo: I don't have the individual region-wise number, but I think the overall, the growth is around 8% or so.

Moderator: Next question is from the line of Satyadeep Jain from AMBIT Capital.

Satyadeep Jain: A couple of questions. One on just I'm not sure if I missed it, but any comments on the income tax demand that we saw the notification. Can you provide any comments on your side?

Ashok Bhandari: Mr. Jain, you will appreciate that we are covered under LODR. Any development on that part legally requires me to send a disclosure within 24 hours to stock exchanges. If we have not sent a disclosure, then obviously, we don't know and no development has taken place to the best of our knowledge.

Satyadeep Jain: Okay. Secondly, on the cash position, can you give us...

Ashok Bhandari: INR 6,000 crores as on 31st December.

Moderator: Next question is from the line of Rangan V., an individual investor.

Ashok Bhandari: Yes, please.

Rangan V.: Hello, Rangan here.

Ashok Bhandari: Please tell, Mr. Ranjan

Rangan V.: A very good set of numbers, sir. I'm a very long-term investor about 33 years in your company. I appreciate the company because due to capacity increase, the sales should grow not due to the price increase. And I find the depreciation was about 1,104 Cr in the 9M FY23, and it has decreased for the 9 months FY 24 from 1,104 Cr to 986 Cr what is the reason?

Like what is the cost per unit of the cement produced, started reducing like that and what will be the current year, current next quarter also will be much better than the present on that is what I believe. And I appreciate the dividend aspect of it. A company like ours it should be difficult when I ask for the split something like that.

See, okay. On the dividend front, you have given a good dividend. I appreciate that. I wish you all the best, sir. I don't have any questions. Cash conversion cycle also how many number of days can you tell me that?

Ashok Bhandari: Just give me. Let me address one question at a time. As far as depreciation is concerned, please note that Nawalgarh's commercial production started on 22 January. No depreciation has been reflected in the 9-month period. In this quarter, you will have a much lumpier depreciation number because of Nawalgarh and commissioning of Guntur.

Okay. This is one part of the story. The second one was -- can you please repeat your questions because I tend to forget what all you had asked.

Rangan V.: Per tonn of cement, how much electricity units are consumed.

Ashok Bhandari: Units,you mean to say power units?

Rangan V.: Yes. Power units.

Ashok Bhandari: About 68.

Rangan V.: About?

Ashok Bhandari: 68.

Rangan V.: 68, very good, very good. Fantastic. No doubt. And what about the cash conversion cycle? I mean, how many number of days?

Ashok Bhandari: We should be at about 72.

Rangan V.: That is the industry standard or...

Ashok Bhandari: Well, we have not compared. And we'll get back to you, Mr. Gagandeep if you can send a mail to the CFO of the company.

Rangan V.: I'm not Gagandeep, I am Rangan from shareholders. I'm not Gagandeep, okay.

Ashok Bhandari: I'm sorry, Mr. Rangan because we had introduced somebody as Gagandeep. Never mind...

Rangan V.: Yes, look, I'm Rangan R-A-N-G-A-N. Okay, I'm a shareholder.

Ashok Bhandari: yes, Mr. Rangan. Because I was also wondering, Gagandeep is a North Indian name and your accent was South Indian. So I was kind of confused but I can -- Mr. Rangan, the cash conversion, please send a mail to CFO. And we'll see that it gets replied tomorrow because you want me the industry norms also, which I don't have ready.

Moderator: Next question is from the line of Devesh Agarwal from IIFL Securities.

Devesh Agarwal: Sir, a couple of questions. First on the branding. If you could share, are we kind of holding some of our brands into this new brand strategy that we have of Bangur and Bangur Magna. So some of our premium brand, are we holding into that?

Ashok Bhandari: First of all, please be clear. MD sirhas explained that earlier our brands were Jangrodhak, Rockstrong, and Bangur, something like this. Now, from class I mean, all the sub products are the same but instead of the name Shree, we are using Bangur as the generic name and then we are classifying all these products. Magna is a new introduction. Magna is only for premium quality cement.

Devesh Agarwal: So Roofon will continue, sir?

Neeraj Akhoury: No. At the moment, we have 3 variants at one price point, which is Jungrodhak, Powermax and Rockstrong. We have the premium as Magna.

Devesh Agarwal: Understood. And sir, second question, if you could share the geo mix in the quarter, that will be helpful.

Ashok Bhandari: Yes, Mr. Jajoo will give it to you.

Subhash Jajoo: Yes. The geo mix for the current quarter is roughly 60% is from North, around 28% to 29% is from East and roughly 12% is from South.

Devesh Agarwal: Okay, sir. And lastly, sir, we see this stock in purchase of INR 50-odd crores in the quarter. So in the past, you had told us that there are some coal shipments that we have sold, which gets reflected in this line item. So what was this in this quarter?

Subhash Jajoo: Yes. For last quarter, it was pertaining to some coal sales. But this time, the INR 52 crores, yes, it is for some clinker purchase.

Moderator: Next question is from the line of Amit Murarka from Axis Capital.

Amit Murarka: So on the cost per se, there is obviously a big decline in freight. You mentioned that it is because of the distance. What was the lead distance in the quarter? And what would have been in previous quarter or last year?

Ashok Bhandari: Look, I think previous quarter was about 472. And this quarter, it has come to about 448.

Amit Murarka: Okay. And is there any expectation of it to come down further?

Ashok Bhandari: Obviously, everybody is working on that my friend. And the biggest advantage will be when we commission our grinding units in diverse geographic locations. Grinding units are wheel and folk only. So the number of folks you increase your lead distances go down.

Amit Murarka: Right. Got it. And also on this power as well as the coal trading that has happened. So on coal, like we believe it was a one-off, right, so going ahead...

Ashok Bhandari: We belong to the philosophy that money doesn't make anybody's pocket. We got an opportunity, we did it. If we get another opportunity, we'll try to do it. But that is not the focus area.

Amit Murarka: Okay, sure. And power, what was the sale in this quarter number of units?

Ashok Bhandari: I don't know about the number of units. It's 350 crores. I'll send you the data.

Amit Murarka: Okay. Okay. And lastly, South, the plants that are coming up Dachepalli and all. So like what will be the target market? Why I ask that is generally like those markets in Andhra and all have been earning lower margin per se, what would be the pricing of branding strategy when you go into those markets?

Ashok Bhandari: Amit, you have to understand two things. One is Guntur. So draw a circle of 450-500 kilometer on all sides of Guntur. With a dia of 500 km. That is the natural market. My lead distance is 448, on average it will be 450, it won't make much difference. But the idea is that when you try to assess the market of any cement plant, then 450 to 500 is the maximum lead distance you can transport economically. Am I clear to you?

Amit Murarka: Yes, I get it. Yes.25

Ashok Bhandari: So, according to that, that market is defined. Now if you want specific details state wise then I will ask the marketing people and tell you. We know that there can't be a lead distance of more than 500, because then cost economics deteriorate. So the plant is there to make money, what to do.

Amit Murarka: Sure. And just last question so that you are close to reaching 80 million tons now. So based on your current limestone reserves and all, like what is the further scope for brownfield left now like in all these...

Ashok Bhandari: Have you visited Ras, Amit?

Amit Murarka: No.

Ashok Bhandari: So if you come and see, assume that we don't work without 50 years reserve of limestone. 50 years is the minimum benchmark to set up a plant. Because you make much more money by multiplying at the same site. That becomes a brownfield expansion. So, if I have a reserve of 50 years then I have to work accordingly. Like in Guntur, we have put up 1.5 million clinker unit and 3 million is cement. So, depending on the limestone reserve, we can expand by1 million or 2 million. I haven't calculated it specifically. So generally ,we don't work without a 50-year reserve.

Moderator: Next question is from the line of Rashi Chopra from Citi Group.

Rashi Chopra: Most of my questions are answered. Just on the green power, what was the percentage in this quarter?

Ashok Bhandari: We are at about 58%.

Rashi Chopra: 58%. And the 73 megawatts that you added is, how is...

Ashok Bhandari: This is in January only, Raashi.

Rashi Chopra: So this is waste heat or...

Ashok Bhandari: No, no. These are renewables -- sorry, Nawalgarh is there. So Nawalgarh waste heat is there, which is 33 -- no, 33-megawatt is the solar. Okay 33 megawatt, sorry. I stand corrected. 33-megawatt of waste heat recovery in Nawalgarh and 40 is solar.

Rashi Chopra: 40 is solar. And then I missed this in the beginning, how much more is getting added over the course of next year?

Ashok Bhandari: Well, we are going to add about 133 megawatts of additional capacity, out of which whatever is tied up with the kiln, they would be there. And I can give you the exact numbers, one sec. In 24-25, 52 megawatts of solar.Nothing in wind. And 33 megawatts of a waste heat. This is it. And please remember the 73 is not the end for this financial year. We are expecting to comission a 6-megawatt wind power at Maharashtra. So this year, total addition on green energy, sustainable energy, whatever you want to call, will be about 80-megawatt and 133 next year.

Rashi Chopra: Sorry, the 133 next year, just have a breakup of 52 as solar and 33 WHRB

Ashok Bhandari: It is 94 MW Solar, 33 MW WHR and 6 MW Wind.

Rashi Chopra: Total, okay. Understood. Got it. And just one more question. What was your premium product percentage this quarter?

Ashok Bhandari: It was north of 9%, I think.

Rashi Chopra: Okay. And FY '25, the target is 15%?

Ashok Bhandari: Yes, please?

Rashi Chopra: FY'25 is 15%, the target?

Ashok Bhandari: If 15 happens, who is going to disagree?

Neeraj Akhoury: One would hope and one would try, but we can't give you a numbers at this moment.

Moderator: Next question is from the line of Prateek Maheshwari from HSBC Securities.

Prateek Maheshwari: Congratulations on a very good set of results. Sir, I had a question on the premium brands and the branding that has happened recently. So one of the comments earlier made was that there is -- first of all, there is a brand recall that is increasing.

The other thing is also the quality that has improved. So on the quality aspect, I just wanted to ask like what has changed and like if that would also result in an increase in cost, making the financial or something like that. And that is one aspect. Also, when I say the brand Magna versus your base brands, the price difference is closer to INR 55 to INR 60 per bag.

And when I compared it with the other players, may have a premium brand over at INR 30, INR 35 per bag high. So about double digit gap difference. So is that sustainable? How are you guys looking at it, sir? That was my first question.

Neeraj Akhoury: The premium price gap with your base product across geographies is based on what kind of a market pull you are able to create. We are today anchoring it at a certain level you have seen that about INR55 higher and we are seeing some, I would say, encouraging results.

And this is a journey. It's a journey as the brand equity develops, we would also be investing in what more we can do on the product quality, what we can do on the services, what we can do on other facts. And as we develop then over a period of time, this price will stabilize. So we are -- what we are seeing today is the first level anchoring of that price in the various market. But this question would be better answered in about 1 year time of where it is settling, where is it that we are able to create a better value of both volumes and price.

Prateek Maheshwari: Yes sir. On the same -- to ask on the quality question, sir, does the quality improvement also driving...

Neeraj Akhoury: Quality is a continuous journey. It's a journey which, as we said in the conference call last time also, what we have done is to create a very strong set of proper function of R&D at our head office. The purpose is to initiate those actions by which we are able to improve quality while not increasing the cost, increasing the cost and improving the quality is very easy one.

But our challenge is that we are addressing through our R&D of how do you increase quality going beyond what has been done for many other years without increasing the cost of the product.

Prateek Maheshwari: Okay. Sir, the other question that I wanted to ask was on your capacity footprint, which will kind of increase from around 50 million to 75 million tons. You rightly said that increase brand unit footprint will drive down the lead distance. As of the moment, sir, you know what the footprint is and how those footprint is changing. So any targeted reductions in lead distance from the current 450 levels that you guys already mapped?

Ashok Bhandari: Look my friend, we have already reduced it by about 25 kilometers. Major reduction will come on commissioning of our various grinding units. However, we have got a highly professional logistics team now who are continuously trying to improve on the lead distances. It is also dependent on what is the trade-off or delta in profitability between premium cement and our standard quality cement.

If I -- the name of the game is make money. It is from lead distances and other things are explanation to cost. If by sending to a higher distance we are making more money because the realization is better, we are not averse to that. Neither you should be because the bottom line ultimately matters.

So, all these finer details as the business model of premium cement itself is evolving, you will have to keep on checking with us on these parameters quarter-on-quarter. And we will be happy to report, they will get reflected in our bottom line

If you are asking how it will go, it is difficult to say. India is one, but each region has its own dynamic, own market, all kind of premium and non-premium cement. Now, if I tell you, you'll be surprised, the highest percentage of premium cement being sold in

India is in a state called Bihar, of all manufacturers. They sell highest premium cement in Bihar. This is surprising.

Prateek Maheshwari: Okay, sir. Another just on the AFR targets, I think you had the interim target of 15%. Just where are we on AFR usage as of now?

Ashok Bhandari: Look, alternative fuel or TSR, whatever you want to call it, is completely dependent on the cost economics. By doing TSR, whether we say we don't save or what kind of risk are associated with handling those AFRs, it depends on period to period.

Yes, we are committed towards a better or a more sustainable operation environmentally, but we were nothing 5 years in my previous innings with the company. We did not even think of alternative fuel and all these things. As the model developed, we also started getting accustomed to all this, and we have started working on it. Now let us see.

Prateek Maheshwari: As the fuel has fallen to 1.8 or something, is it kind of not making much lesser sense now because a lot of other players have...

Ashok Bhandari: No, no, we understand. You got us only this much that we have enough commercial prudence to do the AFR only if it is commercially viable.

Moderator: Ladies and gentlemen, due to time constraint, we will take this as the last question for the day. I now hand the conference over to the management for the closing comments.

Ashok Bhandari: Thank you very much, my dear friends. It was a pleasure interacting with you after a long time. Let us do it more often. And thank you indeed for your good words. Thanks.

Moderator: Thank you very much. On behalf of ICICI Securities, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.