HEIDELBERGCEMENT

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HCIL: SECTL:SE:2024-25

04 June 2024

BSE Ltd.
Listing Department
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai - 400001

Scrip Code:500292

National Stock Exchange of India Ltd
Listing Department,
Exchange Plaza, C/1, Block G,
Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051

Trading Symbol: Heidelberg

Dear Sir,

**Sub: Transcript of Earnings Call - Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

This has reference to our letter dated 28 May 2024 informing about earnings call being organised by PhillipCapital (India) Pvt. Ltd. Further to our aforesaid letter please find attached transcript of earnings call with analysts and investors held on 31 May 2024 on Audited Financial Results of the Company for the quarter and financial year ended 31 March 2024.

The above information is also available on the website of the Company at https://www.mycemco.com/financial-results

Please take the same on record.

Thanking you,

Yours faithfully,
For HeidelbergCement India Ltd.

RAJESH RELAN
Digitally signed by RAJESH RELAN
Date: 2024.06.04 18:12:37 +05'30'

Rajesh Relan
Sr. Vice President- Corporate Affairs &
Company Secretary

Encl.: a.a

MATERIAL TO BUILD OUR FUTURE

# "HeidelbergCement India Limited

# Quarter & Year-ended 31st March '24 Conference Call"

# May 31, 2024

**MANAGEMENT:** **MR. JOYDEEP MUKHERJEE – MANAGING DIRECTOR – HEIDELBERGCEMENT INDIA LIMITED**
**MR. ANIL SHARMA – CHIEF FINANCIAL OFFICER – HEIDELBERGCEMENT INDIA LIMITED**

**MODERATOR:** **MR. VAIBHAV AGARWAL – PHILLIPCAPITAL INDIA PRIVATE LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to HeidelbergCement India Limited Earnings Conference Call for Quarter and Year-ended 31st March 2024, hosted by PhillipCapital India Private Limited. As a reminder, all power-spin 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 only untouched on phone Please note that this conference is being recorded.

I now hand the conference over to Mr. Vaibhav Agarwal from PhillipCapital India Private Limited. Thank you, and over to you, sir.

**Vaibhav Agarwal:** Yes. Thank you, Michelle. Good afternoon, everyone. On behalf of PhillipCapital India Private Limited, we welcome you to the earnings call for quarter and year-ended 31st March 2024 of HeidelbergCement India Limited. On the call, we have with us: Mr. Joydeep Mukherjee, Managing Director; and Mr. Anil Sharma, Chief Financial Officer of HeidelbergCement India Limited.

I would like to mention on behalf of HeidelbergCement India Limited and this management that certain statements that we made or discuss on this conference call may be forward-looking statements related to the future developments and based on the current expectations.

These statements are subject to a number of risks, uncertainties and other important factors, which may cause actual developments and results to differ materially from the statements made. HeidelbergCement India Limited and the management of the company assumes no obligation to publicly update or alter these forward-looking statements whether as a result of new information or future events or otherwise.

Also, HeidelbergCement India Limited has uploaded a copy of the FY '24 investor presentation on their website and Stock Exchanges. Participants are requested to download a copy of the presentation from these websites.

I will now handover the floor to the management of HeidelbergCement India Limited for opening remarks, which will be followed by interactive Q&A. Thank you, and over to you, Joydeep, sir.

**Joydeep Mukherjee:** Okay. Thank you so much, Vaibhav. So on our key messages for 2024, which is the year past, the messages are that we are still continuing to produce 100% blended cement in our operations. We have signed a long-term Hybrid PPA for 8 megawatts Wind and 8 megawatts Solar for 37 gigawatt hours per annum. Our share of non-grid power has increased to 38%. Our EBITDA of INR659 per ton is up by 16% year-on-year.

We have recently announced a de-bottlenecking of clinker capacity, which should result in an increased cement output of 400,000 tons. We have repaid interest-free loan of INR629 million. Our cash and bank balances exceed the borrowings right now and we continue to operate on a negative net operating working capital. We have recently announced for the Board meeting a dividend of INR8 per share.

Okay. So if we go on to the ESG overview. As I mentioned earlier, we are at 100% blended cement. Our CO2 footprint is currently at 506 kgs per ton of cement. We are 4.4x Water Positive. As far as our CSR outreach programs are concerned, we touch more than 20,000 lives. And our green power is at one third of our total power consumption.

On the new hybrid renewable energy projects, we are very bullish on that, and this will further increase our green power share. Jhansi is the solar power supply started under long-term Solar agreement for 22 gigawatt hours per annum. Narsingarh is constantly and consistently operating on 40% green power. Narsingarh and Imlai, we have signed a long-term Hybrid PPA for 8-megawatt Wind and 8-megawatt Solar, as we talked about before. And Ammasandra consistently operating at more than 90%. Our target is to reach more than 40% green power by FY '25.

For the financial year '24, we had a 9% volume growth, and the March quarter was -- the March quarter grew by 4%. Our increase in profitability is fundamentally driven by decrease in input costs. And obviously, the decrease in power and fuel prices, we are not able to get the full benefit out of it, because there were also a corresponding decrease in prices in the market.

The March -- April '23 to March '24 EBITDA increased mainly due to a decrease in power and fuel costs, as I mentioned before. We continue to operate on negative working capital, exceeding INR2 billion.

I think the rest of the points have been covered, except to say that we added a value-added product, which is Power Shield, in December '24. This is a functionally different cement. It's been accepted very well in the market. We are already up to more than 8,000 tons of sales per month. This will result in premiumization of our brands and we are now opening up our new markets for this product.

For the financial year past, we dispatched 44% of our total products by road. This has slightly gone down by 2.8% year-on-year, because we've also started addressing some new markets, which are a little further from our plants that are profitable. We are operating at 8% AFR, which is up by 2.3% year-on-year.

On our total sales mix, 34% is of trade volume. We are up with premium products, which is up by 2.6% year-on-year, which is Power and Power Shield. And on our sales composition, 82% of our total sales is through the retail channel, which is up by 0.6% year-on-year. We are constantly increasing premiumization and optimizing the appropriate mix.

On the outlook, we would say that there are some positives and obviously, some challenges. On the positives, we see that, the Indian economy has been growing at a very impressive rate. The quarter 3 FY '24 GDP surged to 8.4%, which is higher than expectations. This is driven by strong domestic demand, government spending and obviously, manufacturing boom. Typically, in the past too, cement has been at about 1.1x to 1.2x the GDP growth. So we expect the growth to be strong and stable, absorbing some of the overcapacities in the market.

On the inflation side, it has been on the downward trend. The CPI, obviously was at a 9-month low of 4.9% in March. This is very good news for consumers and businesses. GST collections have been at an all-time high, giving the government more resources to invest, which should be good for our sector. And in the construction sector, the housing and infra, which are the major consumers of cement, are anticipated to continue to drive demand going forward.

On challenges, obviously, one of the biggest challenges in the last couple of months has been the election, which has led to some conservatism in consumption. There's also a little bit of shortage of labor, etcetera, in the market, which has caused a little bit of a dampener in the last couple of months.

The global headwinds also could be a challenge. The global slowdown and geopolitical tensions could pose some risks to India's export growth and foreign investments. And obviously, the competition is intensifying. The market is quite fragmented. And it is, as we see going forward, would only result in increased competition, and potentially put pressure on cement prices. But obviously, after a period of the prices falling, we've always seen, since prevail and the prices to bounce back, so we don't anticipate that this is going to be a very serious issue in the long term.

So those are my comments, and I would now like to hand it over back to you, Vaibhav.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Keshav Lahoti from HDFC Securities.

**Keshav Lahoti:** So I want to better understand more on the clinker de-bottlenecking and what sort of de-bottlenecking you are doing. You also have some 0.2 million ton, 0.3 million ton de-bottlenecking on cement and clinker, earlier plan. So what is the status of that and finally on the Gujarat expansion?

**Joydeep Mukherjee:** No, this clinker de-bottlenecking project has been started this year. And we are going to get the benefit by first quarter of 2025 calendar year. That's when the project will end. This de-bottlenecking shall result in an additional cement volume of 200,000 tons per annum. And the project is well on its way, and we don't anticipate any delays in this, whatsoever. Does that answer your question?

**Keshav Lahoti:** Yes, it answered. So earlier, we have some 0.2 million, 0.3 million in cement and clinker de-bottlenecking plan. So is that done in FY '24?

**Anil Sharma:** No. This is the same de-bottlenecking projects we are talking about.

**Joydeep Mukherjee:** When you say earlier, when was earlier, the last call?

**Anil Sharma:** Last call.

**Keshav Lahoti:** Yes, when you last time you did the call.

**Joydeep Mukherjee:** At that time, the Board had approved it. The project hasn't started. Now the project has started, and it's going to be over by quarter 1 of 2025 calendar year.

**Keshav Lahoti:** I understood.

**Joydeep Mukherjee:** Yes. In Gujarat, the matter is still pretty much in the government's court. We can't move until we receive the EC. So all efforts are on to get the EC. That's where it is right now.

**Keshav Lahoti:** I understood.

**Joydeep Mukherjee:** The environmental clearance for the project hasn't come yet.

**Keshav Lahoti:** Understood. What is the fuel cost on KCAL basis for Q4? And what is the outlook in the upcoming quarter?

**Anil Sharma:** So fuel cost, we, see, consume coal, petcoke, as well as the alternative fuels. And during this quarter, our fuel cost was, year-on-year, this is almost down by around 30%. And now we can say as compared to March, it is almost flat in the current quarter. And if you look at continuation, that is the coal is around INR1.6 kilo calorie per kg of coke.

**Joydeep Mukherjee:** I think he is asking about fuel mix, coal and petcoke together.

**Anil Sharma:** So your question was about, how much coal or petcoke we're consuming?

**Keshav Lahoti:** So my question is the combined fuel cost on KCAL is how much coal and petcoke, everything including in Q4? And what is the outlook for Q1 and Q2?

**Anil Sharma:** Yes. It is around INR1.8 per kilocalorie, the combined fuel cost. And on the stepping point with respect to the current prevailing fuel cost, it's almost flat as compared to March.

**Joydeep Mukherjee:** Yes. As of now, the outlook is also flat.

**Keshav Lahoti:** Understood. Got it. One last question from my side. How is the plans on merger of Zuari with Heidelberg, when should we expect it?

**Anil Sharma:** Again, we have been working over it and we still -- we are not finding a solution with respect to stamp duty thing. Although the government has already come out in 2021 with respect to regulatory part of the additional royalty, that problem is over, but it is -- stamp duty calculation, it is, we are still not able to find that, okay, how much will we pay out. So we are working on it, and it's still adamant to find some solution to start the process.

**Keshav Lahoti:** So ideally, the right way to see is possibly nothing we should hear on FY '25? Possibly at FY '26 might be the year we should look for merger?

**Anil Sharma:** Yes. You will appreciate that this is the kind of merger, where it covers around 8 to 10 states in India and as well as the transfer of the mining permits, and if we all end. And then we have seen that after filing the merger application, it takes around 12 months by the NCLT, and thereafter the execution or transfer of the property name of the listed company. So you are right that even if you start the process in the fiscal year '25, it is not going to complete. It takes time, maybe '26 or '27.

**Keshav Lahoti:** Okay. Got it. One last small question from my side. Green power mix for FY '24 is 33%. And for Q4, you said 38%.

**Joydeep Mukherjee:** No, green power...

**Anil Sharma:** So there are two things. One is the dependence on the known grades. So we also purchased some -- a small quantity from the Open Exchange. So our green power, which is about 33% is the pure power which we consume, and thereafter, we purchase around 5% from the Open Exchange. It's nearly 38% of the full year.

**Keshav Lahoti:** Okay. And for Q4, this number is similar?

**Joydeep Mukherjee:** More or less similar, yes.

**Moderator:** The next question is from the line of Shravan Shah from Dolat Capital.

**Shravan Shah:** Before asking question, just wanted to understand, I think last call, we did in Q1 FY '24 and then two quarters, we did not do the con call. And now again, we are doing. So any specific reason? And now onwards, we will be doing every quarter or it will be a yearly basis?

**Joydeep Mukherjee:** Well, there is no hard and fast rule like that. But as of now, the thought is that we do it once a year. But if there is a need and if there is something which is substantial and material to announce, we can have it interim too.

**Shravan Shah:** Okay. Got it. Sir, just to clarify, this clinker when you said it will help to have an extra 2 lakh tons of cement volumes. So in terms of the clinker capacity, how much it will increase? And so currently, our clinker capacity is 3.1 million tons, if I am not wrong.

**Anil Sharma:** You're right. So our -- in Damoh, our clinker capacity is 3.1 million tons. This de-bottlenecking project will increase the clinker capacity. We are trying to get the existing clinker capacity approval from the government, and it will aid or it will increase to clinker capacity to 3.3 million tons or 3.4 million tons.

**Shravan Shah:** Okay. Got it. And in terms of the overall cost reduction, so when we are saying that our green share will increase to more than 40% versus currently 38%, so how much reduction in terms of the cost we are looking at? And apart from this, any other area where we are looking at in terms of the cost reduction?

**Anil Sharma:** Green power new power is around 30%, 35% cheaper than the grid power.

**Joydeep Mukherjee:** The grid power, yes.

**Anil Sharma:** And our target to increase the green power only to optimize the cost as well as to reduce the carbon content in the overall cement production. So at this moment, we are trying to get more and more green power from the developers. And we have already entered into one agreement with the developer for the total 8 megawatts plus 8 megawatts, 16 megawatts in green power. And that will start in the current quarter, and you will see the benefit on the account. And then, to that extent, the power cost will be reduced by around 30%, 35%.

**Shravan Shah:** So if I have to -- in terms of the rupees per unit, if I have to look at, so the thermal power is INR7.5 and from there, it is 30%, 35%, that's the way one can look at?

**Anil Sharma:** Yes, that's right.

**Shravan Shah:** Okay. Okay. Apart from that, any other specific area where we are looking at the cost reduction. Sir, I'm trying to understand in terms of given the pricing that are under pressure, so how the profitability can improve?

**Anil Sharma:** So you might have also said in part that we have been putting a lot of capex for other alternative fuel projects. We have already done two phases of our alternative fuel projects and third phase is going on. And that also will add a slight value optimization of our variable costs, as well as it reduce the carbon content in cement.

**Shravan Shah:** Okay. And current cement prices are how much lower versus the fourth quarter average for us?

**Joydeep Mukherjee:** I think on an average, we have seen a drop of around INR6 per bag.

**Shravan Shah:** In April and May?

**Joydeep Mukherjee:** Yes, compared to the last quarter you're talking about, right?

**Shravan Shah:** Yes, yes. So in April and May versus a fourth quarter average of INR6 drop, you said.

**Joydeep Mukherjee:** Yes. Exactly.

**Shravan Shah:** Okay. And sir, if you help us with a couple of data points that are on a yearly basis, you have given in the presentation, all these trade share, premium share, road share, lead distance, for fourth quarter and if possible for third quarter, if you can share the same number of trade share, premium, road, lead distance, fuel mix?

**Joydeep Mukherjee:** I don't have it readily available with me.

**Anil Sharma:** These are very stable. If you see...

**Joydeep Mukherjee:** There is no change. I mean, our -- we are fundamentally a retail-oriented company. So there is no material change quarter-to-quarter. I mean, it may change by 0.5%, 1% here and there, but there's nothing more than that.

**Shravan Shah:** And capex for this year, FY '25 and next year, if possible, if you can help us what would be the maintenance capex or any other capex?

**Anil Sharma:** For next year, our major capex will come on account of the de-bottlenecking projects.

**Joydeep Mukherjee:** Exactly.

**Anil Sharma:** So out of INR700 million, we expect that in fiscal year '24/'25 generally around INR50 crores, INR55 crores capex will come on this improvement project. And then other than that, around INR50 crores in any case every year, we have been doing sustainable capex. So next year, next fiscal year, we can say that the total capex will be in the range of INR100 crores, INR120 crores.

**Shravan Shah:** This is in FY '25 or '26, you are saying?

**Joydeep Mukherjee:** '25.

**Shravan Shah:** In '25, INR100 crores, INR125 crores of capex will be there.

**Moderator:** The next question is from the line of Uttam Kumar Srimal from Axis Securities Limited.

**Uttam Kumar Srimal:** Sir, what kind of volume growth you're anticipating in FY '25, taking into consideration the current demand scenario?

**Joydeep Mukherjee:** Well, the volume growth will be -- should be in the line of -- in line with industry growth. Remember that, today, we are almost running at 80% plus capacity utilization. And our de-bottlenecking is not going to come in before quarter 1. So we shall be in line with the industry growth -- which should be in the region of about 6% to 7%.

**Uttam Kumar Srimal:** 6% to 7%, okay. And sir, what was our lead distance this quarter?

**Joydeep Mukherjee:** Okay. Just give me a moment. Let me find this out. 375 kilometers.

**Uttam Kumar Srimal:** 375 kilometers. And sir, fuel mix, if you can provide that pet coke and coal together?

**Joydeep Mukherjee:** We already spoke about fuel, but what do you want to know? Do you...

**Uttam Kumar Srimal:** You had given KCAL cost. I want to know fuel mix during the quarter.

**Anil Sharma:** Okay. 60% petcoke, 30% coal.

**Joydeep Mukherjee:** Yes. So about, probably entire year, he's talking about.

**Uttam Kumar Srimal:** No. Only quarter 4.

**Joydeep Mukherjee:** March quarter. So this is about, yes, 30% coal and 10% AFR, so that's 60% pet coke.

**Moderator:** The next question is from the line of Raghav Malik from Jefferies.

**Raghav Malik:** Just two questions from my side. So first, on the value-added product? I just wanted to know how much higher is it priced versus our regular product? And what is the share of volumes that you can expect from this maybe going to FY '25?

**Joydeep Mukherjee:** Well, in terms of pricing, it is anywhere between INR50 to INR60 higher per bag. But there are also higher inaugural discounts which are connected with this. We are about 8,000 tons right now per month. By the end of 2025, we should be clocking anywhere between 20,000 to 25,000 tons.

**Raghav Malik:** Okay. Got it, sir. And sir, just a housekeeping question on geographical mix. Is it still largely central, that's where we get most of our volumes from, Central India?

**Joydeep Mukherjee:** It is UP and MP mostly. Yes.

**Moderator:** The next question is from the line of Shravan Shah from Dolat Capital.

**Shravan Shah:** Sir, the Karnataka clinker, Ammasandra, that we have officially now said that we have shut down, but the grinding of 0.5 million tons, we are operating. So we are looking at to get the clinker from the reliable sources. So just trying to understand, have we done the arrangement? And is it 1-year arrangement or it is on a spot basis, 1 or 2 month arrangement and will keep on happening?

**Joydeep Mukherjee:** I have not understood your question. We are not doing any clinkerization there at all. We are selling clinker from our Narsingarh Plant.

**Shravan Shah:** No, no. So this was the grindings, from where we are getting the clinker for Karnataka grinding?

**Anil Sharma:** Yes. We have been sourcing this clinker since 2017 from Zuari plant. And this clinker we are getting from them and we don't foresee any risk in the near future. So we definitely mentioned also reliable source. So there is no debt of clinker availability for the Ammasandra plant.

**Joydeep Mukherjee:** Okay. I didn't understand your question. Okay. Yes, so we are sourcing the clinker from our Zuari plant, which are located nearby.

**Shravan Shah:** Okay. Okay. Got it. And sir, in terms of the staff cost, this quarter has gone up decently on Q-o-Q basis. From third quarter, it was INR36 crores, now INR45-odd crores. So any specific thing in this quarter or this run rate likely to continue?

**Joydeep Mukherjee:** No, no, these are -- this is fundamentally because of distribution of bonuses and renewable pay, etcetera.

**Anil Sharma:** In March quarter, the actual value of this evolution of the retirement benefit also comes. So you can see, Mr. Shah, year-on-year basis, the figure was higher than the December quarter. And on top of that, then the annual increment is there. So every December, March quarter, you will see slightly higher on account of that benefit also.

**Shravan Shah:** So roughly, if I have to look at on the run rate quarterly basis from Q1, will it again come back to INR41 crores, INR42 crores, so currently INR45 crores for this quarter. So just trying to understand the normal run rate quarterly.

**Anil Sharma:** You're right. December, March quarter, slightly high. So June quarter, you will see -- to go back to December.

**Shravan Shah:** Okay. Got it. And sir, is it possible to share the KCAL cost for the third quarter, 1.8 for fourth quarter you have mentioned, but third quarter, what was the KCAL cost?

**Anil Sharma:** We need to calculate that.

**Shravan Shah:** Sorry, sir?

**Anil Sharma:** We need to calculate. But it was slightly higher. In December quarter, the kilocalorie cost was slightly higher than the March quarter. Around INR2 was there in the December quarter.

**Shravan Shah:** Okay. Got it. And sir, the TSR, when you are saying 10%. So this 10% TSR is for FY '24. And also, we are seeing AFR is 80%. So if you can help me, what's the difference between this?

**Anil Sharma:** It is between the quarter and the annual. So in the full year, our TSR for the authentic fuel were 8%, in the March quarter. Because gradually, we are ramping up, so our AFR consumption has been increasing. So in March quarter alone, it was 10%. So you can assume that here the -- this year was 8%. So there is a gradual increase in the March quarter even.

**Shravan Shah:** Okay. And this will further increase to how much and by when?

**Anil Sharma:** Our target to increase this further to, authentic fuel, depending upon the cost of the authentic fuel availability in the market.

**Shravan Shah:** Sorry, how much to increase to -- at what level, sir?

**Anil Sharma:** We'll see. When you target it to increase further.

**Joydeep Mukherjee:** See, alternative fuel in terms of thermal substitution rate today depends a lot on availability, on biomass, etcetera, on the costs, everything. So if you were to ask me for an exact number, it is difficult to predict. But in terms of our commitment to the environment and reduction of carbon footprint, we would like to go on increasing it subject to availability of AFR.

**Shravan Shah:** Okay. And lastly, sir, this environmental clearance for Gujarat expansion. So just broadly trying to understand, at least it will take 6 months, 1 year or more than 1 year, 2 years. So just trying to understand, even if we, let's say, start when can the plant can come up? So previously, I think you have said that you are looking at 2 million tons in current, 3 million, 3.5 million ton grinding. So will it come in next 2 or 3 years, that is -- is there a possibility even if it comes, let's say, in next 1 month also?

**Joydeep Mukherjee:** No, we would not like to make a speculative statement. I think, this is -- the ball is purely on the government's court, and it will take its own time. We are following up doing all the necessary work from our end. But at this point in time, we are unwilling to put a date to it, because it's purely speculation. It only depends on when the final clearance is available from the government. Obviously, from that -- it will take 3 years' time.

**Shravan Shah:** Okay, from that 3 years' time. And the plan still remains the same, 2 million clinker. In terms of the expansion, the plan remains the same 2 million clinker and 3 million tons, 3.5 million tons of grinding?

**Joydeep Mukherjee:** Yes.

**Moderator:** The next question is from the line of Aman Agarwal from Equirus Securities.

**Aman Agarwal:** And congratulations on good growth registered in FY '24 on the volume side. Sir, I wanted to understand the management philosophy with respect to the channel strength. So awaiting the approvals, are we open to maybe look at some outsourced grinding arrangement in the similar region, maybe to create a grinding awareness or to increase the channel strength over that region until the plant comes up?

**Joydeep Mukherjee:** You're talking about Gujarat?

**Aman Agarwal:** Gujarat market, yes sir.

**Joydeep Mukherjee:** No, as of now, there's no such plan throughout the strategy.

**Aman Agarwal:** Okay. And given that this plant is still with clearance. Are we also looking at maybe some other region. I'm asking especially as the central region has been increasingly witnessing higher competitive intensity. So since we are already standing on net cash position, is that something that management also will be going around to look at some other regions to enter into?

**Joydeep Mukherjee:** Aman, what -- are you talking about other geographies?

**Aman Agarwal:** Other geographies, yes sir.

**Joydeep Mukherjee:** Yes. So that will purely depend on what's available. I mean, we are open to both organic as well as inorganic growth.

**Aman Agarwal:** Anything on the drawing board series in terms of newer expansion other than the Gujarat plant?

**Joydeep Mukherjee:** That is not something that we would like to declare right now. We'll do it as and when we are ready.

**Aman Agarwal:** Understood. Understood. I just want to ask.

**Joydeep Mukherjee:** Yes, but we are looking at growth. That's the only that I'm allowed to make at this point in time.

**Moderator:** The next question is from the line of Uttam Kumar Srimal from Axis Securities Limited.

**Uttam Kumar Srimal:** Sir, in terms of premium cement, we are already at 34%. So how much more we can -- are trying to go in terms of selling of premium cement?

**Anil Sharma:** Premium cement composition.

**Joydeep Mukherjee:** Okay. So yes, as you heard that we've launched a new cement, which is a functionally different cement. So I think our ambition is to reach a number of -- around 45% in the next 2 years. So that's what we are gunning for.

**Moderator:** The next question is from the line of Shravan Shah from Dolat Capital.

**Shravan Shah:** Sir, this quarter in terms of the change in inventory number, that is a INR14-odd crores. So in terms of the quarter, and actually, that number is a decently high, INR115-odd comes. So that reduces the overall cost and that leads to a higher EBITDA per ton. So just trying to understand, will it kind of normalizes or reverses in the Q1. So -- and then given the INR6 drop in the price, so the Q1 EBITDA per ton likely to be much lower than the fourth quarter number? That's the directionally wanted to understand.

**Anil Sharma:** No, we can't interpret this increase or decrease of inventory with the cost of production. This is a mix of the clinker and cement which we produce, and then basically in line with your inventory.

So it depends upon that will be, how much quantity we produce next quarter, how much we are selling in this quarter. But it is not impacting your cost of production at all. So with respect to directionally profitability of the quarter, it depends upon the price in the market and the volume in the market.

**Shravan Shah:** Okay. Because, I'm just trying to understand, I didn't get the -- clearly, in terms of how our costs will reduce from now onwards given the INR6 drop in the cement prices. So from the current levels, if one has to understand directionally how the profitability can inch up, because we are only looking at 6%, 7% kind of a volume growth, no any such major expansion is there. So that's the worry. Just trying to understand?

**Anil Sharma:** Generally, we don't give guidance for the quarter or the year.

**Moderator:** This will be the last question for today, which is from the line of Aman Agarwal from Equirus Securities. Mr. Agarwal, kindly proceed with your question, sir.

**Aman Agarwal:** Yes. Sir, just wanted to understand the volumes front for April and May. So we understand that there has been no kind of a double-digit deal growth that the central market broader bracket has gone through. What's your view on that? And how you're viewing the 1Q volumes for book?

**Joydeep Mukherjee:** No. So as of now, yes, the market has degrown. There is no doubt about it.

**Aman Agarwal:** I just wanted to understand and get the clarity on the same, sir.

**Joydeep Mukherjee:** So the number that you indicated is right. I think the entire industry, all the major players, the degrowth would be in that range. It will be a double-digit degrowth for April and May, but we are looking at an uptick in June post the election dates are over, because there would be a lot of pent-up demand. So June in our estimation should be much better. So probably, it shall be difficult to...

**Aman Agarwal:** Okay. Just wanted to understand -- 15% to 20% would be the range that April and May degrowth would have been?

**Joydeep Mukherjee:** I would not be able to comment on what everyone would perform.

**Aman Agarwal:** No, on the broader market.

**Joydeep Mukherjee:** Well, if I would have it, I guess, it would be in the early double digits. That's all I can tell you right now.

**Moderator:** As that was the last question for today, I would now like to hand the conference over to Mr. Vaibhav Agarwal for closing comments. Over to you, sir.

**Vaibhav Agarwal:** Thank you, Michelle. Sir, just a clarification. Did you say on the call that the guidance is about 6% to 7% volume for FY '25, if I heard it right?

**Joydeep Mukherjee:** I didn't understand your question. Can you repeat that again?

**Vaibhav Agarwal:** On the call, did you say that the guidance for FY '25 volume growth is about 6% to 7%?

**Anil Sharma:** We have estimated the industry growth of around 6% to 7% volume growth.

**Joydeep Mukherjee:** Yes.

**Vaibhav Agarwal:** Okay. Any guidance for Heidelberg from volume perspective for FY '25?

**Joydeep Mukherjee:** No. At this point in time, no.

**Vaibhav Agarwal:** Okay. And sir, any views on industry consolidation going forward? Or how do you see the industry consolidating, and especially with players like JK Cement, etcetera, adding large capacities in our region or maybe coming up with new lines? So how -- do you see any better pricing scenario in the longer term? I'm not asking of the near term, but in the longer term, the pricing scenario getting more stable and better with larger players are also coming in, in a big way in the Central India markets?

**Joydeep Mukherjee:** Well, that's actually right. At this point in time, difficult to predict. But as you know, these always go through cycles. Whenever there's a new capacity in the market, until the capacity is kind of at least 65%, 70% tuned up, there would be pressure on prices. After that, prices typically tend to stabilize. So whether that's a larger player, whether that's a smaller player, it hardly makes any difference.

**Vaibhav Agarwal:** And any views on consolidation?

**Joydeep Mukherjee:** I think, consolidation is the way to go, I mean, into the future, but it's difficult to put a timeline to it. But some kind of consolidation is bound to happen.

**Vaibhav Agarwal:** Okay. Right. And we are also kind of open to evaluate inorganic, because we are sitting on, the reason is because, we are just open to evaluate opportunities is what I would say. Is it fair to say?

**Joydeep Mukherjee:** Yes. Absolutely.

**Vaibhav Agarwal:** That answers it, sir. Thanks a lot for your time on the call. On behalf of PhillipCapital India Private Limited, we'd like to thank the management of HeidelbergCement, and also many thanks to the participants for joining the call. Michelle, you can now conclude the call. Thank you very much, sir.

**Moderator:** Thank you, sir. Thank you, management.

**Joydeep Mukherjee:** Thank you very much.

**Moderator:** Thank you, sir. Ladies and gentlemen, on behalf of PhillipCapital India Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.