



23rd July, 2024

BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001.
Scrip Code: 532538

The Manager
Listing Department
The National Stock Exchange of India Limited
“Exchange Plaza”, Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051.
Scrip Code: ULTRACEMCO

Sub.:

Transcript of Q1 FY-25 Earnings Conference Call of UltraTech Cement Limited (“the Company”)

Ref.:

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

In terms of Regulation 30 of the SEBI Listing Regulations 2015, please find attached transcript of the Q1 FY-25 Earnings Conference Call conducted after the meeting of the Board of Directors of the Company held on 19th July, 2024, for your information and record.

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

Thanking you,

Yours faithfully,
For UltraTech Cement Limited

Sanjeeb Kumar Chatterjee
Company Secretary and Compliance Officer

Luxembourg Stock Exchange
BP 165 / L – 2011 Luxembourg
Scrip Code: US90403E1038
and US90403E2028

Singapore Exchange
11 North Buona Vista Drive,
#06-07 The Metropolis Tower 2,
Singapore 138589
ISIN Code: US90403YAA73
and USY9048BAA18



UltraTech Cement Limited



“UltraTech Cement Limited
Q1 FY '25 Earnings Conference Call”
July 19, 2024

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

Moderator: Ladies and gentlemen, good day, and welcome to the UltraTech Cement Limited Q1 FY '25 Earnings Conference Call. We must remind you that the discussion on today's call may include certain forward-looking statements and must be, therefore, reviewed in conjunction with the risks the company faces. The company assumes no responsibility to publicly amend, modify or revise any forward-looking statement on the basis of any subsequent development, information or events or otherwise.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Atul Daga, Business Head and Chief Financial Officer of the company. Thank you, and over to you, Mr. Daga.

Atul Daga: Thank you so much. Good afternoon, good evening, and welcome to everybody on this call for the Earnings of UltraTech Cement for Q1 FY '25. Let me begin by talking about -- a bit about demand and how we perceive it. I believe that the fundamentals, the foundations of our growth story remain unchanged, because we believe that incremental supply will always chase incremental demand.

In this quarter, rural demand gained significant momentum, rightly so. For UltraTech, Q1 rural grew about 9%. Infra was a bit slow, but is expected to pick up in the coming quarters. At a state level, we are seeing new or resurgence of construction activities in the states of Bihar and Andhra Pradesh. Andhra Pradesh, obviously, with Amaravati City kicking in -- coming back for its growth story, the older projects, which were halted will start -- resume work, new projects are being launched. So, all in all, it sounds like a good story for the future.

One aspect which I want to talk about is capacity utilization in the country. FY '24, we started with a capacity of 585 million tons in the country. And the country ended with an overall capacity of 626 million tons installed. The estimated demand for the last financial year was about 425 million tons, thus, on an average, about 70% capacity utilization.

However, we all know that there are capacities which are not operational or shut down or inefficient. To my best estimate, there might be about 50 million tons of inefficient capacity in the system. Eliminating that, the capacity utilization for the country would be hovering around 76%. The country saw new capacity addition of 41 million tons during the last financial year. 32% of this belongs to UltraTech.

And we ended last financial year with a capacity utilization of 85% on an increased base. For the current year, we shall be adding almost 16 million tons, which seems to be approximately 40% of the new capacity getting commissioned in the country this year.

In spite of our hunger for growth remaining unsatiated, we continue to grow, and it's also evident from the fact that this quarter also on a higher base, our capacity utilization is around 85%. We

are big and continue to grow bigger. Let me share some other dimensions about our scale of operations.

Alternate fuel to speak about, as a percentage for us, it might look small, but last year, we consumed almost 1.5 million tons of alternate fuel and 14 kilns out of the 47 kilns under operation. In some plants, AFR is more than 25% already. This is indeed a game changer towards reducing our carbon footprint.

The calorific value of alternate fuel would be almost 50% of the imported fuel, yet it is value accretive and reduces carbon emissions. This quarter, our alternate fuel consumption was about 6.5% and will keep growing. Another dimension would be fly ash and slag. We consumed 33.6 million tons of fly ash and slag, which is a common industrial waste being used by the cement industry. I don't have to mention it but this consumption itself is significantly larger than overall capacity of some players in the country.

Let's get into gross adds of Q1. Q1 has been eventful for us. Firstly, we concluded an open offer for RAK White Cement in the UAE, consolidating our position at 54% in the company. The UAE economy is booming and provides us an opportunity to increase our footprint in the space of white cement and putty in that area -- in those markets. Our Star Cement operations in the UAE also continue to do very well and are the largest or the leader in Gray Cement in the UAE. From next quarter onwards, RAK White Cement will also become a subsidiary of UltraTech.

An update on the Kesoram Cement transaction. We had received the CCI approvals. The courts have also approved the shareholders and the creditors meeting to be held in due course. After the approvals from these meetings, the final scheme for amalgamation of the cement assets of Kesoram with us will be filed with the NCLT of Kolkata and Mumbai.

The effective date for merger has been set at 1st April '24, depending upon the receipt of the actual order of -- for the confirmation of the scheme. The accounts of Kesoram with respect to its cement division will be consolidated with retrospective effect with our results. Kesoram has already declared its Q1 results and you would have noticed a significant drop in their interest burden, which they have been able to demonstrate by refinancing their high-cost borrowings post the annulment of the scheme.

During this quarter, we also received the order for amalgamation of a fully owned subsidiary, UltraTech Nathdwara Cement with UltraTech. Somebody said that we had already anticipated the T20 World Cup victory for India, which led us doing several onetime expenses during this quarter, which reflects in our higher other expenses and impacting our P&L. But this is a onetime effort and our expenses should normalize like any other normal quarter going forward.

We had in the last call mentioned about efficiency improvement program in our -- that we have undertaken. It is not a figment of imagination, but absolutely real with 100% touch and feel available on what is happening on the ground. The first of the programs to kick off is our logistics costs. Our lead distance has already shrunk from 400 kilometers to about 385 kilometers during this quarter. It saves almost INR45 per ton of cement.

You will all recognize that logistics is the largest cost driver for cement, and this is an important milestone. And we expect our lead distance to go down further as the network of our plant increases from current 59 locations to more than 70 locations by the end of our current phase of growth.

WHRS is worth mentioning about. We are continuously ramping up our capacity of WHRS. This quarter, 23 megawatts of WHRS was commissioned, ending the quarter with 301 megawatts of WHRS. You're all aware that the cost of -- average cost of WHRS power would be almost INR0.85 to INR0.90 per unit compared to our average cost of power around 7 per unit. On our production of 30 million tons, average per quarter, our approximate power consumption through WHRS has been 18.2%, that is being made up by thermal and grid power and renewable power.

Talking about renewable power. We now have 650 megawatts of renewable power and growing, against the average landed cost of renewable energy is around 4 per unit, resulting in substantial savings in our power costs. This year, we are witnessing good monsoons almost across most parts of the country, though I hear that Northern parts are again facing some challenges.

However, given the overall sentiment, I believe that the rural markets and the overall cement demand will remain strong going forward. Q2 will be typical of monsoon quarter, not so much growth that we could expect, but Q3 onwards, the momentum will start picking up.

With that, I end my commentary for this quarter and over to you for questions. Thank you so much.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Amit Murarka from Axis Capital.

Amit Murarka: So, the first question is around other expenses. Could you quantify how much was this one-off in marketing spend? And what should be the recurring cost that we can build into our model?

Atul Daga: The recurring cost will come back to the normal levels. So I would imagine, if you look at 755 per ton, so average should be around 650 -- 649 was last quarter. Yes, I think 675 per ton is what we should go down to.

Amit Murarka: Okay. Got it. And generally, like your capacity utilization has been 85% pan-India. But could you break it down between regions as well, like earlier you used to give that comment around regional utilization as well.

Atul Daga: Yes. Obviously, everything is around 85%, 1 or 2 regions might be slightly higher. So you would have South and West almost at 85%, 86%. East was the slowest at 80%. The other regions were -- North and West 82% to 85%.

Amit Murarka: Got it. And on this INR300 cost reduction, with this -- so this lead distance reduction journey that you are saying that there will be more coming. Is there any target in mind as well on that?

- Atul Daga:** When we -- if you recall, Amit, we had mentioned -- we had taken a target of a 25-kilometer lead reduction, not realizing that we'll be able to achieve 15 kilometers in the first quarter that we kicked off. So I'm raising the bar for ourselves, and I'm sure there is more to come, as I mentioned, as our network of our plants increase -- densifies. I don't want to say a number and then again revise it in the next quarter, but it is definitely going beyond the 25 kilometers that we were looking at in the previous quarter.
- Moderator:** The next question is from the line of Sumangal Nevatia from Kotak Securities.
- Sumangal Nevatia:** First question is on the prices. I mean, it's been continuously weak over the last few months. Is it possible to share what sort of realization or price decline did we witness? And how are July prices versus average? And how should we expect prices to move forward? Do we expect some strength only towards the second half.
- Atul Daga:** I think you answered the question yourself, Sumangal. It's only in the second half of the year that we could see any possibility of price improvements, particularly of monsoon quarters, we wouldn't venture into price improvements per se. What is the other point -- what the other point I totally forgot, Sumangal? Realization -- you were talking about prices. Yes, prices have been softer. We lost about 3% -- 2.4% to be exact, and July has been further soft only.
- Sumangal Nevatia:** And July would be versus average would be down 4%, 5%.
- Atul Daga:** What would you mean average?
- Sumangal Nevatia:** Average of 1Q versus -- say exit of 1Q July.
- Atul Daga:** About 1.5%.
- Sumangal Nevatia:** Got it. So generally, we've been growing ahead of the industry. So how should we look at this quarter? I mean industry demand, what is your sense would have been versus our growth of 6%, 6.5%?
- Atul Daga:** So we would expect about 3% or thereabout. Anywhere between 3% to 3.5%, we need to make some more results to come out, but our intel tells us about 3% to 3.5% growth for the industry.
- Sumangal Nevatia:** Okay. Understood. Understood. Sir, my last question regarding the recent corporate action we saw with respect to India Cement. Just want to know if you're in a position to share what is the long-term plan there? And in case we remain at current levels of stake, will we look to get involved in the operations or collaborate in any way?
- Atul Daga:** No, no collaboration. It's a pure financial investment, as we mentioned, noncontrolling financial investment.
- Moderator:** Thank you. The next question is from the line of Prateek Kumar from Jefferies.
- Prateek Kumar:** Sir, my question is on cost curve. So on variable costs, you have highlighted like \$149, you like realized cost for the quarter on the fuel prices. How are you looking at fuel cost in near term?

You have indicated earlier that will remain in like sort of deflation trajectory for next many quarters. So how are you looking at variable cost ex of your own RE power initiative?

Atul Daga: So basically, if I refer to coal costs, essentially excluding RE power, yes, they will go down further. So interestingly, we have not been able to increase our pet coke mix. Pet coke mix was around 37% for this quarter. But going forward, I know for sure that we are ramping up our pet coke mix, which should go upwards of 45% for the remaining period -- for a full year purpose, not remaining period. So we will see an improvement in overall fuel prices.

Prateek Kumar: Okay. And on the other expense and the quantum, you mentioned of elevated marketing spend. So the quantum will be to the tune of like over INR150 crores this quarter, like how much would be like...

Atul Daga: I also answered that question. So if you look at -- I would look at it on a per ton basis. This quarter, we were at INR755 per ton.

Moderator: Management line got disconnected. Please be online while we connect to management. We have the management line reconnected. Over to you sir.

Atul Daga: Thank you so much. Sorry about this, we have some issue with Microsoft problems world over today, our telephone lines are also giving some trouble. Sorry about that. Can you pick the next question please?

Moderator: We'll move to the next question, which is from the line Jashandeep Singh Chadha from Nomura.

Jashandeep Chadha: I just wanted to understand what's the status of the 6 million ton greenfield projects that we are putting in Andhra Pradesh? I mean, what's the stage they are at, the ones that are coming in FY '26 and '27?

Atul Daga: They are on track, our GU Visakhapatnam is on track. Dhule, Nathdwara, is next year, So yes, it's on track. There's only one grinding unit of Visakhapatnam. 3.3 million tonnes

Jashandeep Chadha: The equipments have been ordered, the land has been...

Atul Daga: Yes. Land already tied in long back.

Jashandeep Chadha: Okay. And sir, I just wanted to understand your view on the Southern market. There are a lot of consolidation happening, a lot of expansion happening, the prices are low. So how do you see - is there enough volume and demand there to absorb the upcoming capacity in the south market?

Atul Daga: Yes. I guess so. In fact, I alluded to how Andhra is going to shape up. That is one of the markets, big markets. So I believe that there will be enough demand rather to absorb all the new capacity coming in.

Moderator: The next question is from the line of Ritesh Shah from Investec.

Ritesh Shah: Two questions. Sir, you did indicate specific for India Cement, it's a noncontrolling financial investment. I just wanted to understand what is the motivation behind this? Historically, I'm not

sure whether we have done anything of the sort. So why right now, how should we look at it -- look at this?

Atul Daga: So Ritesh, there's always a start to everything. So that is -- having said that, we found this as a good opportunity to buy in. And I'm sure the way markets are, it should prove to be a good investment.

Ritesh Shah: Sir, my second question is, how should we look at -- I think Jaypee has been put under NCLT. And one of our assets is also under arbitration. So how does the situation evolve for us?

Atul Daga: We are waiting to hear back from the RP, but I think the arbitration will continue, and RP will step in the shoes of Jaypee.

Moderator: The next question is from the line of Indrajit Agarwal from CLSA.

Indrajit Agarwal: A few questions. First...

Atul Daga: Only two questions, Indrajit. No few.

Indrajit Agarwal: No. Okay. I will zip into two. So the INR 2 per Kcal cost of fuel, while the industry has moved to 1.6, we understand there was some long-dated contract. Can we get to that 1.6, 1.7 levels by fourth quarter?

Atul Daga: I would imagine that we will see those kind of levels in the next fiscal year. And Q4 would be far better than the current quarter. Because all those long-term contracts will be over by December, Jan. So not able to put my finger on the exact number for Q4, but we will begin April, June quarter on an absolutely clean slate, very competitive clean slate.

Indrajit Agarwal: Sure. This is helpful. Secondly, I just wanted to understand more like a bookkeeping question, the accounting for this financial investment. So would you mark-to-market every quarter and whatever the gain/loss, would it be passed to the OCI?

Atul Daga: No, it will not go to the P&L, it will go to OCI.

Indrajit Agarwal: Okay. And it will be mark-to-market every quarter, right?

Atul Daga: Yes, it will have to.

Moderator: The next question is from the line of Rahul Gupta from Morgan Stanley.

Rahul Gupta: Sorry, Mr. Daga to harp again on India Cement investment. Given this is a financial investment, is there a way that you would look to increase stake from the currently stated 23%? Or are you happy with the noncontrolling financial investment of 23%?

Atul Daga: Yes, it's a non-controlling financial investment can't go beyond that at the moment.

Rahul Gupta: Okay. Understood. Thank you.

Moderator: Thank you. The next question is from the line of Rashi Chopra from Citi Group. Please go ahead.

- Rashi Chopra:** Just the question on the last quarter Atul you had mentioned that you're looking to reduce your cost by about INR200 to INR300 per ton over the next 3 years and is this still intact this 200 to 300 per tons?
- Atul Daga:** Yes, so I would leave 200 behind and I will start matching above 300 because the way our lead distance is performed I am getting bullish on how things are shaping up and we will have far higher improvements.
- Rashi Chopra:** Okay so 300 plus.
- Atul Daga:** Yes because if you remember the breakup that we had given we had looked at only 25-kilometer reduction and we have already achieved 15 kilometer in Q1. Given the network of plants that we will have at the end of our expansion plan by -- in the middle of '27 -- more than 70 locations from 54 or 55, 59 locations as of today. It will be a good place to operate. So you will see further reduction in lead distance plus the logistics cost. All our other parameters are working in the right direction.
- Rashi Chopra:** Understood. And on realization you indicated that July prices are 1.5% softer versus the average of 1Q?
- Atul Daga:** The average or exit one second this too confusing. It's over -- yes over Q1 average.
- Rashi Chopra:** Okay. And just last you already mentioned this, but I missed it region-wise utilization level what did you say?
- Atul Daga:** It was 82% to 85% between North and Central. 85% to 90% was West and South and East was the lowest at 80%.
- Rashi Chopra:** Okay. Thank you.
- Moderator:** The next question is from the line of Pathanjali Srinivasan from Sundaram Mutual Fund. Please go ahead.
- Pathanjali Srinivasan:** Hi sir. Thank you for the opportunity.
- Moderator:** I am sorry to interrupt. Sir we are unable to hear you.
- Pathanjali Srinivasan:** I want to know what is the volume growth guidance for this quarter as in for this year, sir?
- Atul Daga:** We are looking at the industry growth of around 8% -- 7% to 8%, I would imagine and we should be doing double digits for the full year yes for the full year.
- Pathanjali Srinivasan:** Okay, sir. And in terms of capacity like what would be CCI limits for capacity addition? Is there anything, but any reason where you...
- Atul Daga:** As far as capacity is concerned there is no restriction on capacity addition.
- Pathanjali Srinivasan:** Sorry, could you repeat what you said I didn't hear you?



- Atul Daga:** Just one second. As far as organic capacity is concerned there are no restrictions.
- Pathanjali Srinivasan:** Okay, sir. And what about acquisitions, sir?
- Atul Daga:** There is no number which is defined by CCI. So they examine case to case.
- Pathanjali Srinivasan:** Okay. Sure sir and just one last question what could our..
- Moderator:** Sorry to interrupt you sir. Can you please join back the queue we have participants waiting for their turn.
- Pathanjali Srinivasan:** Okay.
- Moderator:** Thank you. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Sir just a couple of data points, trade share and blended cement for this quarter?
- Atul Daga:** Trade was 68%, blended was 71%.
- Shravan Shah:** And capex how much we have done and last time we talked about 9,000...
- Atul Daga:** Our cash outflow was about INR2,000 crores. So we will do our INR8,000 crores to INR9,000 crores of capex in this financial year.
- Shravan Shah:** Okay. And for '26, '27 it would be INR11,000-odd crores number too?
- Atul Daga:** No 8,000 crores, 9,000 crores only not more than that.
- Shravan Shah:** Yes. So for this year, but overall what we initially talked about in terms of INR30,000-odd crores kind of capex?
- Atul Daga:** There could be some retention money etc. So cash flow might not be there, commitment will be completed.
- Shravan Shah:** Okay. And then of the green power sir from currently 29.4% by end of this FY '25 and '26 where it will reach?
- Atul Daga:** 60% by end of '26, '27 and 40% to 45% by the end of this year.
- Shravan Shah:** Okay. Thank you.
- Atul Daga:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sanjay Nandi from VT Capital. Please go ahead.
- Sanjay Nandi:** Thank you for the opportunity sir. Sir can you please guide us on the current clinker utilization for this quarter?
- Atul Daga:** Somewhere around 85% -86%.

Sanjay Nandi: Okay. What was cement to clinker conversion ratio sir?

Atul Daga: 1.46.

Sanjay Nandi: Okay. That's it. Thank you from my side. Wish you all the best.

Atul Daga: Thank you.

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

Amit Murarka: Thanks for the opportunity again. So on the expansion plans while you have given out the schedule for the expansion, is there a similar schedule for green power like when you said it will reach 45% by end by 60%?

Atul Daga: As far as WHRS is concerned yes there will be which I can put in our next presentation So I will share it with you. It's all there.

Amit Murarka: Okay. And you said that WHRS INR0.85 paisa to INR0.90 paisa per unit. Currently captive power, thermal power cost will be coming at what level?

Atul Daga: Thermal power is about 7.3.

Amit Murarka: Okay. And the group captive solar that you're doing that would be what...

Atul Daga: Renewable is 4.3.

Amit Murarka: Okay got it. Thanks a lot.

Moderator: Thank you. The next question is from the line of Ritesh Shah from Investec. Please go ahead.

Atul Daga: He is not there.

Moderator: Ritesh Shah may we request you to please go ahead with a question.

Ritesh Shah: Sir when we refer to the logistic cost savings, is there any change in mix basically road, rail and sea that we are looking at besides the deal what you indicated?

Atul Daga: No, road remains around 75%. Yes, that's the range if I'm looking at my data sheets, it's about 73% to 75% is road, 23% to 25% is rail and 2% would be sea.

Ritesh Shah: So are we looking to increase sea or is it more focused on road and rail and basically reducing the lead?

Atul Daga: Yes, reducing the lead and efficiency improvement. So it's not just the distance cost, but there's a lot of other costs that is there which helps us drive efficiency improvement of turnaround time, waiting time, loading time etc. So lots of stuff distances, right distances, right amount of travel. Lots of areas are there to improve logistics cost.

- Ritesh Shah:** Okay. Fair enough. And sir second and one of the companies which has reported so far indicated on a sequential basis there was some tweak on discounting, is this something that we also witnessed or is it something which was more company specific? Is it more of an industry phenomenon?
- Atul Daga:** I don't know about other companies. We don't have such a policy shifts quarter-on-quarter.
- Ritesh Shah:** Sure. And sir last one sir is there any target clinker ratio that we have in mind when we have given a number of INR300?
- Atul Daga:** 1.54.
- Ritesh Shah:** Thank you sir. That helps. Thank you so much.
- Atul Daga:** Thank you.
- Moderator:** Thank you. The next question is from the line of Satyadeep Jain from Ambit Capital. Please go ahead.
- Satyadeep Jain:** Firstly on the expansion just wanted to understand Mr. Daga in the UltraTech has obviously been expanding capacity across India. In your experience in the last few years, have you seen land acquisition or regulatory approvals improve or deteriorate and is there any state-specific or region-specific trend you've noticed where it's become more difficult or easier compared to other regions?
- Atul Daga:** No. It's very difficult to point a finger, but it's not an easy process somewhere it could -- it all depends on the land parcel that -- if it's a private land available, a large parcel is available, it can be done very fast as compared to that. Otherwise, we start buying our land parcels well in advance. Before announcing of our projects we would target completing 50%, 60% or even higher percentage of land purchases. It's a slow process in the country yes. Other than that environment approvals etc these are give or take a year window.
- Satyadeep Jain:** Secondly on the inorganic opportunities. When you look at -- and given your own experience there are certain acquisitions in the past the assets that may be out there, some may have an older footprint in terms of technology one stage, two stage, three stage preheater and maybe wet I'm not sure how many of it. Is it possible to upgrade some of these plants into standard similar to the current technology?
- Atul Daga:** I wasn't witnessed the acquisition of L&T assets, but I have seen in my time the assets of L&T that time being upgraded. So upgradations are possible depending upon obviously we would undertake upgradations depending upon the return on investment that is generated.
- Satyadeep Jain:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Milind Raginwar from BOB Capital Markets. Milind. Please go ahead with your question. Your line is unmuted.
- Atul Daga:** I think he's not there. Take the next question, please.

- Moderator:** Sure. We will move to the next question is from the line of Rajesh Kumar Ravi from HDFC Securities. Please go ahead.
- Rajesh Kumar Ravi:** Sir, my question pertains to this realization. If I look at your Grey cement realization trend, we see that it peaked somewhere close to 5,390 in Q3 FY '23. And thereafter, it has been drifting lower. FY '24, we have seen 40-odd million ton of capacity additions, as you mentioned and incrementally a few of the under-stress capacities are also being acquired and hence they would be ramping up adding to the volume pressure. Incremental capacity additions are too on a rise.
- And third point, if I look at yours Adani and Ambuja, Dalmia all of these are talking about INR200 to INR300 incremental cost reduction. So are we headed towards a situation where next 2 to 3 years we may not see any price improvement at all because companies are benefiting from cost reduction and they will be more than happy delivering INR1,000 to INR1,100 EBITDA margin I mean, the frontline companies.
- Atul Daga:** I have a very standard answer to this kind of a question but it's too difficult to forecast beyond next quarter for prices. You're actually to talk about 2 years and 3 years later. So it's very difficult to see how the markets pan out. If the demand is very strong all-India capacity utilizations for - - yes, all India capacity utilization starts going up above 85%, you could see dramatic price improvements. It all depends upon demand and supply. And in the beginning of my commentary, I think I had started off, if you were there when we started the incremental supply will always be chasing incremental demand in the country. That's a very good sign.
- Rajesh Kumar Ravi:** And just last question, how much clinker capacities are getting added in this financial year and FY '25, '26, '27 in line with the grinding additions that are happening?
- Atul Daga:** If you look at the chart, Page 8 on our presentation, there are 4 IUs getting added, green or brown 2 IUs is already commissioned in Q1 each IU would be around 3.5 million tons.
- Rajesh Kumar Ravi:** So even incremental additions that would happen would have similar clinker size?
- Atul Daga:** Yes, please.
- Moderator:** Thank you. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** My question got answered.
- Moderator:** Thank you. Ladies and gentlemen that was the last question for today. On behalf of UltraTech Cement that concludes this conference. Thank you for joining us and you may now disconnect your lines.
- Atul Daga:** Thank you so much.