25th January, 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 Q3 FY-24 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 Obligation and Disclosure Requirement), Regulations 2015, please find attached transcript of the Q3 FY-24 Earnings Conference Call conducted after the meeting of the Board of Directors of the Company held on 19th January, 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
Digitally signed by SANJEEB KUMAR CHATTERJEE
Date: 2024.01.25 15:57:27 +05'30'

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

Q3 FY '24 Earnings Conference Call"

January 19, 2024

MANAGEMENT: **MR. ATUL DAGA – EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER**
MR. K.C. JHANWAR – MANAGING DIRECTOR

Moderator: Ladies and gentlemen, good day, and welcome to the UltraTech Cement Limited Q3 FY'24 Earnings Conference Call. We must remind you that the discussion on today's call may include certain forward-looking statements and must therefore be viewed in conjunction with the risk that 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. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Atul Daga, Executive Director and CFO of the company. Thank you, and over to you, sir.

Atul Daga: Thank you so much. Good evening, everybody, and welcome to the earnings call for quarter three FY'24 for UltraTech Cement Limited. I will try and keep myself brief today and giving more opportunity for questions.

One of the most critical points which has been doing the rounds is about demand, whether there's a slowdown. We believe that this quarter, the industry should grow somewhere around 3% to 4%, not more than that. And there are several reasons around it. And I should clarify it upfront before too many theories start doing the rounds.

Q3 is a festive season, which is generally subdued due to absenteeism of workers from project sites. And this has been a routine phenomenon year after year. Besides, a large country like ours will have something or the other going on. Such issues do hamper the movement upwards. Specifically in this quarter, we had election in four major states, Chhattisgarh, Madhya Pradesh, Telangana, Rajasthan.

Fiscal challenges in the states of Bihar, Jharkand, West Bengal. There were floods in Tamil Nadu, cyclone in Andhra, sand and aggregate shortages in some parts of the country, NGT related construction banned in NCR since last quarter, which still continues and severe weather as we speak. We also had rains in Himachal, which impacted the movement of goods.

You must already be aware that the first two days of January were also impacted by the truckers' strike, which would impact not just us but entire economy per se. So one should not panic because of such situations. There have been news items like government orders have slowed down. I believe if so, it is only temporarily. India is fundamentally poised for a huge infra-growth, which will benefit all the cement players alike. The bigger point is that any projects that has been initiated will go on, and we are seeing substantial construction activities across the country.

So long story short, fundamentals around growth of cement -- growth for cement in the country continue to be the same. We have already started seeing improvement in demand since the middle of December. Slower demand leads to correction in prices and most of the gains achieved initially have been surrendered while Q-o-Q and Y-o-Y, there has been an improvement in prices for the quarter, but towards the end of December exit, prices had corrected largely.

You are all monitoring daily prices, but I wish to reiterate that prices are always guided by demand. As and when demand improves, prices are bound to improve. It's a pure economic phenomenon.

Jumping on to our expansion plans. I think we are happy to tell you that all our expansion plans are on schedule, and in fact, some of them are ahead of schedule. Given the way we are seeing cement consumption going up in the country, we are quite satisfied with the way our expansion plans are panning out. On the last announcement we made for 21.9 million tons of capacity, which we call internally Phase 3, orders have already been placed for critical technology items. Civil work has commenced on a few sites. We are confident that the plants will be commissioned as per schedule.

This year, our capex cash flow will exceed our initial plans, which we have outlined, and we will spend around INR9,000 crores. Next year, also, we could see our cash flows on capex being around INR9,000 crores. Working capital has taken up some opportunistic bets on purchase of coal and pet coke, because of which, our working capital is slightly extended.

Both of these elements added to a marginal increase in our debt position at the end of December '23. And given our belief that Q4 will be a high throughput quarter, we should be seeing a further improvement in our cash flows and shrinking net debt. Everything else remaining the same, we are working towards reaching a zero net debt position by the end of March '25.

Going forward, we keep seeing an improvement in costs. As per current data, imported coal and pet coke do not seem to be spiking up, albeit the ocean freight flare up due to the war issues. We achieved a fuel cost of 2.048 per k-cal this quarter against 2.184 per k-cal last quarter. Blended cost of fuel consumed net of moisture was -- in dollar terms was $150. We use very limited domestic fuel, which is around 6% of our total fuel consumption, and maximum energy is from imported coal and pet coke. We expect to see a further reduction in our fuel cost in the foreseeable future.

With 455 megawatt of renewable energy and 264 megawatts of WHRS, we are now at about 24% of non-fossil fuel-based power, and work is in progress to nearly double this percentage by the end of FY'25. To give you some more numbers, we today, in all, have 44 kilns in operation, out of which 29 kilns have already been covered by WHRS. Work is further in progress on five more kilns. The ongoing expansions by the -- which is at the end of completion of Phase 3 by fiscal '27, we will have in all 48 kilns, and 41 kilns will be covered with WHRS. All future expansions, current and further, will always be with WHRS and zero thermal power. That is our commitment to sustainability.

I have covered briefly, touched briefly upon costs, demand and our expansion plans. Last but not the least, I must communicate about the recent acquisition that we have announced of -- cement assets of Kesoram Industries. We have already filed the scheme with the stock exchanges. CCI application should be filed shortly, perhaps by the end of this month. And after that, there will be an NCLT process. two NCLTs will be involved, which is namely Mumbai for us and Kolkata for Kesoram. The effective date of merger has been kept at 1st April '24. And as and when the merger gets completed, the numbers will be consolidated with retrospective effect once all regulatory approvals are in place.

That's all I had to share with you today from my side, and look forward to questions from you and any more inputs that you may have. Thank you, and over to you.

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

Amit Murarka: Good evening. Thanks for the opportunity. The first question is on other expenses. So like doesn't Q2 has higher other expenses which we saw and Q3 simply witnesses a drop at this time. That drop is not visible. First thing I wanted to highlight was -- I wanted to check, was there any one-off in other expenses?

Atul Daga: So it's not a one-off, but when we saw the slowdown -- I should say slow down, or lukewarm response in the markets during October, November, we did some pre-emptive or early preponement of some maintenance costs, which would have become part of the overall cost during this quarter.

Amit Murarka: Okay. So recently, this campaign has also been launched with Shahrukh Khan, of course. Congratulations on that, but that is already in the P&L or Q3? Or will that come?

Atul Daga: Sorry, who is Shahrukh Khan? Yes. Obviously, we will book their expenses. We don't keep anything for a later date.

Amit Murarka: Okay, okay. And just lastly, I see the slide on the capacity commissioning schedule. Like what will be the clinker capacity addition in Phase 3? And where will you go on total clinker capacity at the end Phase 3?

Atul Daga: I think I had already mentioned last time, 10 million to 12 million tons, but not getting into details on clinker capacity, but 10 million to 12 million tons. So we will always be clinker backed, that is most important aspect. Just one second, Jhanwarji wants to speak .

K.C. Jhanwar: Yes. See, the first of all, Atul has already just said that our all capacities are always clinker backed. Actually, we never put the supply grinding facility and not having the clinker on the back side.

Atul Daga: Okay. Sure. I'll come back and thank you.

Moderator: Thank you. The next question is from the line of Navin Sahadeo from ICICI Securities. Please go ahead.

Navin Sahadeo: Congrats on a good set of numbers. Sir, two questions. First, I'll take on prices. So you said by the end of December, prices has turned fairly weak. So this exit of the current...

Atul Daga: It's not weak, I wouldn't say weak. But the gains which were there in the quarter were largely surrendered.

Navin Sahadeo: Fair. So can we say that the cost price like in January is at least, let's say, 2% or some number, so it's lower than Q3?

Atul Daga: Lower than Q3, yes, prices will be currently lower than Q3.

K.C. Jhanwar: Marginally.

Atul Daga: Yes.

Navin Sahadeo: Okay. marginally. Fair. And sir, my second question was on your recently incorporated company in Northeast and a very peculiar name to it. So I'm just trying to understand, it seems like something has already firmed up and very soon, we could see either a greenfield expansion or some venture in that state. If you can throw some light on this?

Atul Daga: So I will throw some light when I have the torch with me. So sorry, not to -- I don't know why I started joking on the call. But we will come back, Navin, We are making progress on our expansion in the Northeast. It has been long overdue. As per the legal requirements, we need a separate entity with local partnerships, local directors, etcetera. So that has been structured. We will come back with details as and when we are ready.

Navin Sahadeo: I mean my only question was, given the peculiarity of the name, I could sense that it could be a greenfield venture because there, you don't have to really go into an auction of a mine as such. If you have land already in place, you can start.

Atul Daga: Yes, absolutely. Absolutely .

Navin Sahadeo: Great. Thank you. So much.

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

Ritesh Shah: Sir, a couple of questions. First, sir, you used the word, "we have taken opportunistic bets on fuel." Sir, can you please provide some more color over here? You did indicate on a rupee per k-cal basis for the quarter. If you have taken some nice bets, does it mean it is lower than the prevailing spot prices? How should we look at it?

Atul Daga: So Ritesh, let's keep it for the next quarter. Why should I spill the beans right now? I have also mentioned that you will keep seeing our cost curve sliding down continuously. We will reveal the numbers as and when -- at the end of the next quarter.

Ritesh Shah: Okay. If I put the question the other way around, would we have taken...

Atul Daga: I can't turn either way around.

Ritesh Shah: Okay. Right. So probably I'll try to move to the next question then, sir, you did indicate that the incremental clinker capacity you had earlier indicated at 10 million to 12 million tons. This corresponds to Phase 2 and Phase 3 together?

Atul Daga: This was about Phase 3.

Ritesh Shah: Phase 3. And specific corresponding to Phase 2?

K.C. Jhanwar: 14 million.

Atul Daga: 14 million tons.

Ritesh Shah: Okay. And the incremental announcements which we have detailed, do we -- are we incentive-backed on most of the states? Because I see a few states where...

Atul Daga: I'll tell you which places have incentives. So you have Rajasthan, Rajasthan has incentives. Andhra doesn't have. Bihar has. Yes. UP also will have it.

Ritesh Shah: UP has. Tamil Nadu doesn't have?

Atul Daga: Punjab is in Phase 2. So Punjab also -- In Phase 3, you would have Rajasthan, UP, Bihar, yes. These states will have incentives.

Ritesh Shah: Okay. So AP doesn't have? I presume Tamil Nadu also would not have, right?

Atul Daga: Yes.

Management: Tamil Nadu is very small.

Ritesh Shah: Okay. And sir, when we give a IRR number of 15%, what is the...

Atul Daga: We don't take incentives into account.

Ritesh Shah: You don't take incentives into account, okay. That's useful. Okay. And sir, lastly, if you want to just touch upon probably the rationale behind Kesoram, and given we have already announced Phase 2 and three, would there be a motivation to look at further inorganic assets given we have a very strong pipeline already in place?

Atul Daga: So, Ritesh, inorganic is always opportunistic and each transaction has to be examined on its fitment with UltraTech given the fact that we are pretty densely present in the country. So each transaction has to be examined on its own merits. Both -- so fundamentally, I have maintained that we are looking for profitable growth opportunity. So it has to give us growth as well as has to be remunerative.

K.C. Jhanwar: So at the end of the day, it has to be value-accretive actually. Otherwise, there may be a number of opportunities. If it doesn't add value, I don't think it makes sense just to add capacity.

Atul Daga: Yes.

Ritesh Shah: And sir, my question was will there be anything specific that will make us move or motivate us to look at it? So something in Southern India, which is rich in limestone, would it be of interest?

Atul Daga: It's not about Southern India. Let me comment about whole of the entire country. So if it's a profitable growth opportunity, that's point number one. You seem to touch upon limestone. Obviously, it has to be limestone-backed.

Ritesh Shah: Okay. Sure. And sir, Kesoram, basically, the motivation to go for Kesoram?

Atul Daga: It has good limestone. We can certainly add value to ourselves, to our customers. We can service our customers in a much better way. Markets are very attractive.

K.C. Jhanwar: And also the good brand, the markets where they are present.

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

Rashi Chopra: Just on utilization, your utilization was 77% in this quarter. So what are you expecting in the fourth quarter?

Atul Daga: Fourth quarter, historically, if you see, I would expect this quarter also to repeat. However, election date -- depends on election date as and when the election dates are announced and the code of conduct sets in. It's very, very confusing to put a number -- to put a finger to a number. As I already mentioned, mid-December onwards, we started seeing demand pick up, and the signs are very good. Still, if I have to put a number, we will definitely cross 80%, 85% for sure.

Rashi Chopra: Okay. And in your opinion, like for the full year, what should the industry demand growth be for cement?

Atul Daga: We were looking at close to double digits. So 8%, 9% for is a possibility.

K.C. Jhanwar: Yes. Anything between 8% to 9%.

Rashi Chopra: Just some bookkeeping. On your trade volumes and blended cement for the quarter?

Atul Daga: Trade was 64%.

Management: Blended, around 68%.

Rashi Chopra: And when you're doing a blended coal site, what was the pet coke price? Like last quarter, you would mention the pet coke was $138. This quarter?

Management: $126.

Rashi Chopra: So this should continue to go down?

Atul Daga: Yes. That's what the trend looks like.

Rashi Chopra: Okay. Sorry, $126 you said, right?

Atul Daga: $126.

Rashi Chopra: Okay. And lastly, on the waste heat recovery, your capacity is 264 megawatts right now. Anything more getting added this year?

K.C. Jhanwar: Yes, about 26 megawatt.

Atul Daga: Some more will come in. One or two more lines will come in.

Rashi Chopra: Sir, what's the total megawatt capacity expected by '24, '25 on waste heat recovery?

Atul Daga: About 16 to 20 megawatt additional will get commissioned by the end of March '24.

Rashi Chopra: Okay. And then beyond that in FY'26?

Atul Daga: '25 also, we'll have. So we have 5 existing lines under implementation, out of which you will see 16 to 20 megawatts getting commissioned by March. So three lines would have commissioning in the next fiscal year also.

Rashi Chopra: Okay. Sir, just on capex. Sir, just one last thing. I don't really want to discuss the EBITDA per ton for the next quarter. But generally speaking, directionally, prices are basically corrected. I know costs have come down or will come down as well. But I mean, this probably remains like a steady state number, what is reported in the quarter?

Atul Daga: Yes. I assume so. I think I'm confident that it's a steady state number.

Moderator: Thank you. The next question is from the line of Indrajit, an individual investor. Please go ahead.

Indrajit Agarwal: Sorry, Indrajit Agarwal from CLSA. Yes, after the capex, so INR18,000 crores in the two years, how much would be remaining for Phase 3, till Phase 3?

Atul Daga: We had total cost of INR13,000 crores, INR12,000 crores, so INR25,000 crores. INR25,000 crores, out of which INR18,000 crores is getting completed. So the balance is there INR6,000 crores -- INR37,000 crores.

Indrajit Agarwal: And given that not all the capacity -- about 2 million tons of capacity at Kesoram is not clinker-backed, so could we look to realign some of our like organic expansion to support that? Or how do we...

Atul Daga: Yes, we are looking at it. I think in the next -- we have plenty of time. So once we are -- get CCI approval, we'll work more closely with them to understand their plans and how we can realign our capacities.

Indrajit Agarwal: Sure. And sir, last question, on this post-Kesoram, we will be at around 190-odd million ton capacity, right?

Atul Daga: Very close to that number in India.

Indrajit Agarwal: And our target is 200 million by '28. So do we have enough organic opportunities for getting to that additional 10 million tons? Or we'll have to...

Atul Daga: Organic, most certainly, most certainly.

Indrajit Agarwal: Okay. All right. And all those organic, we are still confident it is truly lower than, like, say, $90 to $100 per ton, right?

Atul Daga: Absolutely. No doubt about that.

Moderator: Thank you. The next question is from the line of Ashish Jain from Macquarie. Please go ahead.

Ashish Jain: Sir, on -- you based your numbers on kilns with WHRS. And while that you said that currently, we have 44 kilns and by '27 we will have 48 kilns. So are we adding this 25 million tons between Phase one and Phase 2 just across four new lines? I was not clear about that.

Atul Daga: Yes, there are four lines -- four greenfield lines getting added.

Ashish Jain: Of 24 million tons of clinker? Okay.

Moderator: `Thank you. The next question is from the line of Prateek from Jefferies. Please go ahead.

Prateek: My first question is on last quarter's demand growth, you said it's around 3%, 4%. Would you have like region-wise distribution of how this growth was?

Atul Daga: Very difficult at the moment. We will wait to see numbers from regional players, then it will be better to comment on that.

Prateek: And your utilization of 77%, how would that be region-wise?

Atul Daga: More or less evenly spread, the highest being 80%, 85% and the lowest being 74%, 73%.

Prateek: Okay. So South the utilizations is half -- I believe the South number would be lower number of on the range. So South utilization for yourself and for the industry has like sustainably moved up? Or is it like we are operating at significantly high?

Atul Daga: So we are -- so when we are growing at a pace higher than the industry, our capacity utilizations will also be higher than the industry. That is one. South market has been consolidating and improving continuously. Gone are the days when Southern markets used to operate sub-50%. So you are seeing South markets also going up above 70%, for sure.

Prateek: Okay. And over the next six months, as you concur, like volume growth may like sort of get impacted. How do you see the pricing during this period?

Atul Daga: The pricing is, Prateek, determined by demand, good demand across the country and as seen in the past also, when all India -- all India capacity utilization crosses 85%, prices become very strong. So it's a play of demand. If there's good demand, prices tend to improve.

Prateek: Right. But versus last quarter, when we sort of seen the start of the quarter, we had 5% higher prices all of that roll back. We are sort of having a similar view on pricing we had that time? Or...

Atul Daga: My sense is if capacity utilizations in January, March, which has been -- which has precedent, if you go last two, three years, capacity utilizations have been strong, the prices could improve. However, we are heading into election periods. So there might be -- how demand pans out, it remains to be seen.

Prateek: Sure. And lastly, this INR25,000 crores of capex, you said INR9,000 crores, INR9,000 crores and maybe INR7,000 crores for three years. Is this maintenance capex also included in this?

Atul Daga: All in.

Prateek: Okay. So maintenance included, we have INR25,000 crores spend?

Atul Daga: Sorry, sorry. Phase 2, Phase 3, yes. So maybe INR1,000 crores or INR2,000 crores on maintenance capex, give or take. And the WHRS also, which is under implementation. But all put together, capex, which I'm seeing this year, we have already crossed about INR6,500 crores for the nine months. So we will very unit as INR9,000 crores on that, which includes both our growth capex as well as routine capex or maintenance capex. This is a trend which we see at least next year, for sure.

Prateek: Sure. So INR9,000 crores, INR9,000 and next year -- FY'26, we'll have like INR6,000 crores, INR7,000 crores plus?

Atul Daga: It will be higher only, not INR7,000 crores, because there will be maintenance capex also.

Prateek: And in between, there will be like acquisition EV of around INR7,500 crores of...

Atul Daga: Yes. Yes, that is coming in. That is coming in. So in my commentary, when I mentioned FY'25 net cash on the balance sheet, I am not taking into account this acquisition, which will bring in a debt of 18 -- INR2,000 crores.

Moderator: Thank you. The next question is from the line of Devesh Agarwal from IIFL Securities. Please go ahead.

Devesh Agarwal: Sir, firstly, in terms of cost, you did mention that the cost will continue to slide. But based on our inventories, can you give some sense what would be the decline we can expect in Q4?

Atul Daga: We are at $150, no? this quarter. So we are at $150 of consumption this quarter. I would expect 5%, 7% -- 7%, 8% reduction over the next 6 months for sure, it could be higher also.

Devesh Agarwal: Okay. And secondly, sir, based on our Kesoram acquisition, you do have some capacity addition plans in waste heat in Southern India. Can there be any rethink or those remain intact?

Atul Daga: So I think somebody had asked about this. In the next six months, we will come back in case there is any change in our existing expansion plans.

Devesh Agarwal: Okay. And sir, in our RMC business, what would be the margin for the quarter?

Atul Daga: In what, RMC business?

Devesh Agarwal: Yes, sir.

Atul Daga: RMC business generally delivers 3% higher...

Management: 4%.

Atul Daga: 4%, sorry. 4% margin over and above cement.

Moderator: Thank you. The next question is from the line of Satyadeep Jain from Ambit Capital. Please go ahead.

Satyadeep Jain: Just a couple of questions. One, follow-up to Navin's question. On the foray in Northeast, I just want a clarification. You already have some limestone assets there in Northeast?

Atul Daga: Identified, yes.

Satyadeep Jain: But not existing assets. Secondly, on Nawalgarh in the Phase 3, we don't see Nawalgarh. So is there some land acquisition....

Atul Daga: No, no. There's -- that will come in Phase four. Land acquisition is half of it. Because right now, we are doing Kotputli expansion in Rajasthan, which is part of our Phase 2, which will get commissioned. And then we will take up further expansion in Rajasthan in Phase four, if I can call it that way.

Satyadeep Jain: So land acquisition is still going on there?

Atul Daga: Sorry. And Nathdwara expansion, my colleague corrected me, Nathdwara expansion is also happening right now.

Moderator: Thank you. The next question is from the line of Rajesh Kumar Ravi from HDFC Securities. Please go ahead.

Rajesh Kumar Ravi: Am I audible?

Atul Daga: Yes, please.

Rajesh Kumar Ravi: Sir, could you share the breakup of the pending 2.6 million ton debottlenecking which was due in second half? And also the slag grinding units, which are expected next year?

Atul Daga: So slag grinding units, one is in South, one in West Bengal and third one?

Management: Two in Bengal.

Atul Daga: Two in Bengal and one in South. And as far as debottlenecking, I think I have corrected the numbers in this presentation as compared to earlier. So once we are through, we will come back with the details on debottlenecking.

Rajesh Kumar Ravi: Okay, okay. The debottlenecking there are changes and this Burnpur is already an amalgamated end of Q3?

Atul Daga: Yes. Burnpur, we had acquired the assets and not the company.

Rajesh Kumar Ravi: So this has already done, okay.

Atul Daga: It's already in our balance sheet.

Rajesh Kumar Ravi: And also, can you share the Phase 3, you mentioned some 10 million, 12 million ton of clinker additions?

Atul Daga: Yes.

Rajesh Kumar Ravi: Across which -- what would be the region where clinker additions or kilns?

Atul Daga: That's happening in the East, North and South.

Rajesh Kumar Ravi: And what will be the breakup? Because South, we see that you are adding one last, brining six million tons in Andhra and then brownfield 3.7 million tons, which is in, again APCW. So almost 1 million ton addition?

Atul Daga: Rajesh, let's focus on cement capacity instead of getting into clinker details.

Rajesh Kumar Ravi: Okay. And total, you said, is how much, sir?

Atul Daga: Total of what?

Rajesh Kumar Ravi: Total clinker across these three regions would be how much?

Atul Daga: Give or take, 12 million tons.

Rajesh Kumar Ravi: 12 million tons, okay. And sir, lastly, Q3 volume numbers for various reasons have been impacted. But in Q4, would you -- is it feasible to see a 10% plus growth. Do you have that capacity in place? Is that a reasonable number you're looking at, 10% plus growth in Q4?

Atul Daga: Right now given the weather conditions in North, so North is still not doing full steam. Otherwise, all the other regions are performing well. We should see a good improvement in our Q4 numbers. I don't want to comment on a number which is unnecessarily giving directional performance for Q4.

Rajesh Kumar Ravi: Okay. Sir, just sir, if you work out, even if sequentially, you're able to deliver 25% volume growth year-on-year, it would still look at some 7% to 8% growth. So the growth base effect will also come in play is what I was looking at.

Atul Daga: As I mentioned, Rajesh, I don't want to preclude or reach a conclusion on Q4 in this call. We are focusing on Q3 performance.

Moderator: Thank you. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Sir, one data point, what's the premium, sir, for this quarter?

Management: 23%.

Shravan Shah: 23%. And second, sir, definitely, as you mentioned that in terms of the demand for fourth quarter, we are looking at it to improve. But overall, if you look at for FY'25 also, will there be some slowdown in the first half and net-net for the full year, will it be fair to say the max we can see a 6%, 6.5% kind of demand growth at industry level in FY'25?

Atul Daga: Maybe, I think so. It is a possibility.

Shravan Shah: But our growth will definitely will be much better than the industry growth.

Atul Daga: Yes, yes. We will have higher growth definitely.

Shravan Shah: Okay. And on the profitability front, sir, if you can repeat what you mentioned, I was not clear. Did you mention that the profitability still have a scope to improve given the cost curve is still going to be on the declining side? Or will it be -- going forward in FY'25, will it be more from the pricing perspective, we can see the profitability to improve?

Atul Daga: I didn't comment anything on future profitability. What I said was you could see improvement or reduction in cost of fuel further. It all depends on how volumes play, how other levers of the P&L play out.

Moderator: The next question is from the line of Patanjali Srinivasan from Sundaram Mutual Fund.

Patanjali Srinivasan: Sir, am I audible?

Atul Daga: Yes, please.

Patanjali Srinivasan: Yes, sir. So firstly, congratulations on a good set of numbers. I wanted to know what a gray cement EBITDA per ton would be?

Atul Daga: Gray cement EBITDA per ton, we are at INR1,200 per ton. Well, INR1,208 depending upon operating EBITDA, how you calculate operating EBITDA, it would be around INR1,208 per ton.

Patanjali Srinivasan: No, sir. So our India business, when we declare numbers and it includes our white cement, RMC also. So I'm just trying to understand, if gray cement EBITDA would be slightly lower. But because of RMC, it will be a blended number of INR1,208. Is my understanding correct?

Atul Daga: Yes. RMC is obviously part of our gray cement business.

Patanjali Srinivasan: Okay. And from a kcal perspective, what would be our cost -- fuel cost for the quarter, sir?

Atul Daga: From what perspective?

Patanjali Srinivasan: K-cal.

Atul Daga: I already gave it, I think 2.04.

Patanjali Srinivasan: Okay. And where do we see it going in the coming quarters?

Atul Daga: Yes, you should have been on the call earlier. I expect....

Patanjali Srinivasan: No, no, I was there. Sorry. Directionally. I just wanted to know how much will it be?.

Atul Daga: Directionally it will be reducing. Again, I also mentioned 6% to 8% reduction is a possibility. It could be more, it could be less. I don't have a control on that.

Moderator: The next question is from the line of Ashish Jain from Macquarie.

Ashish G. Jain: Sir, my first question was on expansion. Like when we acquired Nathdwara, one of the arguments was that we can easily double the capacity. But even in Phase 3, there's only 1.2 million tons coming in Nathdwara and we have hardly added after the acquisition. So what -- and from profitability point of view also, I think in the past, we have highlighted that Nathdwara is fairly profitable. So why are we going so slow on Nathdwara expansion?

Management: So Nathdwara actually what you are talking, 1.2 million is the cement actually. But the clinker is 3.3 million tons. Obviously, the grinding has to take place, not entirely at the sub-site, but in the market.

Ashish G. Jain: Right, right. So clinker wise, you're adding Nathdwara? Got it. And sir, secondly, in terms of Phase 1, is it possible to quantify the potential Kesoram offers given you said that one of ...

Atul Daga: I missed your question. Repeat, please?

Ashish G. Jain: Sir, I'm saying Kesoram. Is it possible to quantify the potential Kesoram has in terms of capacity additions given that was one of the reasons you said for the acquisition?

Atul Daga: So whatever we studied their existing location in Karnataka, that definitely has limestone and land available to expand.

Ashish G. Jain: Okay. Sir, my last question, like this quarter, if I see nearly 2/3 of your renewable power is coming from wasted recoveries. Out of the 24% 16% is wasted recovery. In 2027, the 60% target that we have, are we seeing the dependence on solar or wind going up or the mix will be maintained?

Atul Daga: Yes, no, no, it will go up.

Ashish G. Jain: So what will be the mix then ballpark if you have any -- I'm sure we will have a long-term plan.

Management: So solar, we are around 34% out of 60% and 26% would be WHRS.

Ashish G. Jain: Sorry, out of -- okay, okay. 34%.

Atul Daga: 34% would be renewable energy.

Ashish G. Jain: No, sorry, sir, I thought it's 60% target by 2025, right?

Management: Total. That is green energy, which includes WHRS also. 85% by 2030, which will be largely delivered by renewable energy.

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

Ritesh Shah: Sir, two questions. Sir, first is we have your long-term carbon intensity target of 62%. This includes Scope one reduction of 27% from the baseline and 69% on Scope two. Sir, is there a road map which is there to reduce carbon intensity? I would presume clinker factor would be one of the variables. So when we're looking at Phase 2 and Phase 3, are we looking at this particular variable to shift significantly? That's the first question.

Atul Daga: So to answer, yes, clinker factor will be the largest driver for reducing the CO2 emissions. We have a concrete plan in place to reduce clinker factor. New products which are getting added, variants which getting added which helps improve the clinker conversion factor.

Ritesh Shah: Sir, would it be possible to guide any particular clinker factor numbers, say, by FY'26, '27 or say '28, something in interim before 2032?

Atul Daga: No, I would not want to reveal that.

Ritesh Shah: Okay. And sir, as you indicate, we will focus on clinker factors, then how should we understand the demand-supply dynamics for fly ash and slag? If you could provide some color over here and specifically on the cost inflation for both this variables.

Atul Daga: My sense says that the country will not have any shortage on account of fly and slag availability. Cement industry will not suffer because of that.

Ritesh Shah: Okay. But from a cost inflation standpoint?

Atul Daga: On these commodities?

Ritesh Shah: Yes, sir, flyash and slag.

Atul Daga: It's a matter of demand and supply. For example, fly ash can vary from zero cost to INR500 per ton plus freight. So it purely is on demand and supply.

Ritesh Shah: Sure. And sir, you said new products getting added. Are we referring to, I don't know, LC3 or something else? Also I would like to have your thoughts given BIS has come up with the norms over here. So is it a variable that we will look at going forward?

K.C. Jhanwar: Yes. The LC3 is still not -- I would say, the commercialize some pilot scale production has started in the Western world, at least in India, nothing has happened. But yes, it is very much on the radar and we are working on it.

Ritesh Shah: Okay. So we have the product credit. It is just that we have not commercialized. Should we read it that way?

K.C. Jhanwar: It's not question of product because the product is not so important to produce. But I think the overall, that technology and the scale actually. Because if somebody can produce in, say, 1,000 TPT plant, but it should be scalable to a higher level. And at the same time, the raw material availability is also to be insured, actually at least for 30, 40 years.

Ritesh Shah: Sure. And sir, second -- last question, sir. Can you give some color around -- it's good to see bulk cement terminals being added. If you could provide some color on why, the rationale behind the locations where we are. And after Phase 2, Phase 3 expansion, any broader thoughts on distribution? So we -- I see a lot of jetties on the western coast line, but we have hardly anything on the eastern coast line. So how should we understand that and the location of the bulk cement terminals. Anything on the distribution?

Atul Daga: They are clearly determined by the market and -- the mild market and the kind of demand that exists in those markets. And for East Coast, Jhanwar Ji, do you want to say anything?

K.C. Jhanwar: The East Coast, because the again, the availability of the right kind of ports, etcetera, is generally hampering unlike the way the terminals are there in Southern India. And ultimately, it's a very composite subject. So there you have your integrated facility of cement and what are the markets which can be conveniently sold actually to those markets. So it's a question of taking integrated holistic approach of putting up either bulk terminal or grinding unit.

Ritesh Shah: Right. But again, sir, we don't see much of bulk cement terminals on the eastern coast line. So what we have is pretty few actually.

K.C. Jhanwar: Because in East, it is not there because everything needs to be moved by rail only, and the rail -- availability of rail itself is a major challenge in Eastern India as of now. So there is no -- like the sea movement which is happening from Gujarat to the southern side. It's purely the land movement because most of the cement is coming to the Eastern India from Chhatisgarh cluster, actually.

Ritesh Shah: Sir, just one bookkeeping question. Will it be possible -- would it be possible for you to give a split of OPC, PPC, PSC and composite probably for the last fiscal or probably for -- probably I can take it afterwards.

Atul Daga: What did you ask?

Ritesh Shah: Product mix, OPC, PPC, PSC and composites.

Atul Daga: Everything is blended is one and rest is OPC.

Ritesh Shah: Sir, I wanted to break that thing up. Probably I'll connect offline afterward.

Moderator: Thank you. The next question is from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.

Sumangal Nevatia: Just one question left. So Grasim will be launching a Paint venture soon. And at the time of the foray, there was some sort of discussion that the white cement distribution network will be used of UltraTech. So any sort of compensation or benefit we will get? Any quantification since it's very close to launch now?

Atul Daga: We are working on a business sharing agreement. But as far as dealer network is concerned, it's a free market, there is no really a royalty that we will get from them for accessing those dealers because they are not our private domain. They are not our proprietary concerns. There are individuals who anybody can approach to do business.

Sumangal Nevatia: Okay. So nothing meaningful from this?

Atul Daga: They are working independently. We have no role to play in their working model or whatever they are doing.

Sumangal Nevatia: Understood, understood. And just if I may, a second question, I mean, if you see from an industry perspective, last 18-odd months, there's been three or four big M&A announcements by us and by a few peers. Over the next, say, one, two years, do you see there's further consolidation happening in the industry? And any sort of broad capacity you would like to guide us to? And what sort of consolidation is left in the industry if that would happen?

Atul Daga: I think consolidation will be a theme for a few more years. Things will keep happening as we progress along -- as the industry progresses along. That is a given. There are lots of names, and I'm sure you would know them yourselves. Seems roughly for me to repeat them on the call. The names are quite evident, who will be there on the radar.

Moderator: Thank you. The next question is from the line of Vishal Periwal from IDBI Capital. Please go ahead.

Vishal Periwal: I think in the call, you briefly mentioned that cement prices in quarter four is slightly lower. Region-wise will it be possible to share how they are currently?

Atul Daga: I don't have that immediately.

Vishal Periwal: Okay. Fair enough. And second, I think you did passed upon the fuel cost will be lower in quarter four. So the 6% to 7% number that is for this particular quarter, quarter four on a quarter-quarter basis? Or it is six to eight months.

Atul Daga: Two quarters safely.

Vishal Periwal: Okay, okay. Sure. So one can say that probably a split between quarter four and quarter one.

Atul Daga: Yes.

Moderator: Thank you. The next question is from the line of Navin Sahadeo from ICICI Securities. Please go ahead.

Navin Sahadeo: Sir, just one question. You've given the plans of Phase 3 coming in end capacity by FY'27. But is there any indication how much we could see in FY'26 as such? Or it will be like a lean year as such?

Atul Daga: No, no, no. So it will be spread and keep coming gradually. And as we progress on work, we will give a further granular schedules. Because right now, as I mentioned, technology orders have been placed, a couple of sites have started civil work. Major work will start, I'm assuming in '25. Once there is traction, we will give a schedule -- the way we have given the schedule for Phase 2, we will give a schedule for Phase 3 as well.

Navin Sahadeo: Understood. We look forward to that. And just one more question. You said for the quarter, the blended cost is around $150. And within that pet coke was more like $126. So at current spot rates, which are more like $115, $116 , the blended cost will be around $130, $131, which is roughly $20 savings from current levels?

Atul Daga: Everything gets converted. Everything is at $115 and you have the math.

K.C. Jhanwar: Yes. You are able to get at $150 shipments, actually. On shipment gets so far $115 but you all know well that the availability of pet coke is very limited. And with every parcel, the price gets charged.

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

Amit Murarka: So my question was on the carbon trading, which the Indian government is now looking to implement, the CCT scheme, that is. So could you help understand, like I believe the trading will start in FY'26 and FY'25 will be the year when the monitoring starts. So where do you think the benchmarks will be? And is there any potential cost that would come in because of that?

Atul Daga: No idea whatsoever. I think I'd love to learn when you learn. Let me know if you come to know about something.

K.C. Jhanwar: I think there is a lot of talk, but I think it is too early to get a real sense because there are multiple levers the government is yet to take in.

Amit Murarka: Okay, okay. Got it. And also on the blended fuel cost of $150 and petcoke $126, so the coal, which means implies about $170, $175, correct? I mean, if I'm not wrong in assuming a 50-50 split. And spot coal, as I can see, at least RB1 at all is now at close to $100, $105. So the difference seems to be quite big in that respect, just if my calculations are correct.

Management: So Amit, this is at the 7,500 CV.

Amit Murarka: Okay. Got it. So -- and -- but what is the split between pet coke and imported coal right now?

Management: 50-50 in terms of...

Atul Daga: 44-46.

Management: Yes, right. 44-46.

Amit Murarka: Okay, okay. And lastly, Kesoram rebranding strategy, if you could highlight about -- like earlier, we have seen you shift quite fast into UltraTech brand. So will the strategy be similar here? Or will you go slower?

Atul Daga: We are not doing anything on Kesoram as yet. First focus is to get regulatory approvals. We'll start working on it after that. There's plenty of time.

Moderator: Thank you. The next question is from the line of Aman Agrawal from Equirus Securities. Please go ahead.

Aman Agrawal: One question from my end on the Eastern market. So many peers have been highlighting for quite some time about the slowness in demand in the Eastern market, especially in states like West Bengal and Bihar. What would be your take on that? What was the key reason why demand is still not panning out as buoyant as other regions?

Atul Daga: I think there have been -- as I mentioned in my commentary also, there have been fiscal challenges in the states of Bihar and West Bengal, because of which there has been a slowdown.

Aman Agrawal: Okay. Second, just lastly on industry growth that you would be expecting for 3Q. I'm sure you said that UltraTech has kind of grew better than the industry. Any number you would like to assign for the industry on...

Atul Daga: I mentioned, I think we expect the industry to be anywhere between 3% to 4%.

Moderator: Thank you. Ladies and gentlemen, that was the last question. On behalf of UltraTech Cement, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.

Atul Daga: Thank you.