4th May, 2023

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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

Dear Sirs

Sub: Transcript of Q4 FY-23 Earnings Conference Call

In terms of Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirement), Regulations 2015, please find attached transcript of the Q4 FY-23 Earnings Conference Call conducted after the meeting of the Board of Directors of the Company held on 28th April, 2023, for your information and record.

The same is also available on Company's website: www.ultratechcement.com

The same is for your information please.

Yours very truly,

For UltraTech Cement Limited

SANJEEB KUMAR CHATTERJEE

Digitally signed by SANJEEB KUMAR CHATTERJEE
Date: 2023.05.04 16:36:07 +05'30'

Sanjeeb Kumar Chatterjee
Company Secretary

Encl: A/a

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"UltraTech Cement Limited

Q4 FY '23 Earnings Conference Call"

April 28, 2023

MANAGEMENT: MR. ATUL DAGA – EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER – ULTRATECH CEMENT LIMITED
MR. K. C. JHANWAR – MANAGING DIRECTOR -- ULTRATECH CEMENT LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the UltraTech Cement Limited Q4 FY '23 Earnings Conference Call. We must remind you that the discussion on today's call may include certain forward-looking statements and must be, therefore, viewed in conjunction with the risks 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 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, Executive Director and CFO of the company. Thank you, and over to you, sir.

Atul Daga: Thank you so much. Good evening, friends, and a very warm welcome to you on this earnings call for UltraTech for our quarter 4 FY '23 earnings. First and foremost, my apologies for the last-minute delay in the time for the call. But I guess nobody has worked from home these days. So you will be attending this call from office and hopefully have a good evening after the call.

I don't have too many comments today, and we'll be more than happy to rather engage with you and answer as many questions as possible because performance speaks louder than words. And if there's any further clarification needed beyond our numbers, more than happy to answer. But a few quick highlights for this quarter. We sold -- this quarter and this year in particular, we sold 100 million tons of grey cement from India in the last 12 months, which is a very unique feet. It's not just a number because it requires collaborative effort, synergies from all angles from all sections of the company, which encompasses almost 55 physical plant locations, then 235 RMC plant locations, 50 rakes being dispatched every day, more than 12,000 trucks being dispatched every day and more than 100,000 channel partners supporting this network, along with the employees who've toiled day in, day out to make this happen. And it has been a consistent performance. It's not that last-minute thought process or last month effort. Month-after-month, quarter-after-quarter, I think the company has done -- put in a fabulous effort to deliver this 100 million tons. I think we feel tremendously proud about it, and I thought of sharing my sentiments with you.

Talking about our expansion, the Phase 1 of expansion is almost complete. The two plant, two or three smaller upgradations and brownfield expansions, which are under trial and will get completed before the end of this quarter. Till April '23, we have commissioned 17.8 million tons of capacity. That's a number to reckon with. Phase 2 expansion of 22.6 million tons is in progress. And as of now, we expect to reach our next milestone of 156 million tons by June '25 or before the close of '25-'26.

Talking about cement prices because last time everybody was inquiring about prices, we did not see too much movement in prices in this quarter. And rightly so because this quarter is all about volume, and you saw a huge amount of growth. We have delivered a 15% growth overall in this quarter. Fuel prices is the next big element to talk about. Fuel prices have been softening. Pet coke has been softening. Coal continues to be pretty strong, still pretty strong. In spite of whatever softening is happening, we are not yet celebrating because coal is still trending high and China, to my mind, has still not started importing. It all depends on how the global markets perform with China coming into operation.

One more highlight is about our cash flows. We spent almost INR6,000 crores on capex this year. This kind of trend is expected to continue in the next two, three years. Most important and interesting aspect about our cash flow generation has been that we have had a positive cash flow after meeting all capex requirements, working capital requirements, dividend payments as well and yet we have deleveraged. Small bit, but that goes a long way to tell how powerful and how diligently we manage our cash flows.

With regards to green energy, we have ended this year with 210 megawatts of WHRS and 345 megawatts of renewable energy. We are on track on our ESG targets having reached 557 kgs per ton of cement as compared to when we started this year, we were at 582 kgs per ton of cement. Last point, which I would want to talk about is demand. Demand in the country seems to be very strong. We ourselves ended the year with 84% capacity utilization, the quarter at 95% and the month of March was a record-breaking 100% capacity utilization. I'm glad to tell you that the momentum has been maintained in the current financial year in the first month, which means that the opening batting has been good, and I hope the middle order and the tail will also perform equally well.

With that, I would hand over to you for questions. Thank you so much.

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

Shravan Shah: Thank you, sir and congratulations on achieving the 100 million-plus volume for this year. Sir, a couple of data points and the questions to in terms of the data points, the lead distance for this quarter and Kcal cost for this quarter? And how do we see this Kcal cost in the first quarter of this year and the second quarter.

Atul Daga: So lead distance, we have given in the presentation was about 413 kilometers and 2.5 Kcal is what we have reached in this quarter. Let me not go into the next quarter because the quarter is still going on.

Shravan Shah: But broadly, how do we see in terms of the further reduction in power and fuel cost?

Atul Daga: Yes, it should be softening.

Shravan Shah: And any number we want to put?

Atul Daga: We will not be able to give any numbers.

Shravan Shah: On the sir, capacity front, so you have already mentioned that remaining 2.1 million tons will be commissioned in this quarter. So out of the next phase, 22.6 million tons, how much will be added in FY '24? And how much in FY '25?

Atul Daga: Let's stick to the results for the quarter, please? And we will update as and when we make significant progress on our projects. We will update everybody.

Shravan Shah: Okay. And in terms of broadly, if I look at so this close to 14.4, we have already added, including this April. So in terms of the growth in volume for FY '24, is it fair to assume that 50%, even if I assume the utilization for these new capacities for this year, so 7 million tons, 8 million tons from here. So easily, we should be seeing a 12%-plus kind of a volume growth for this year.

Kailash Jhanwar: K. C. Jhanwar here. So first of all, I think the volume growth has linkages not only with the plant, but it's an overall market dynamics, supply-demand kind of situation. So even if the plant is ready to produce, ready to fire, but it has to be an economical market to service. So it's a very volatile and very, I would say, beyond prediction that what kind of volumes would be able to sold in the marketplace, either from existing or from the new capacity.

Moderator: We'll move on to the next question from the line of Pinakin Parekh from JPMorgan. Please go ahead.

Pinakin Parekh: Thank you very much for the call. So very strong operating performance, 15% year-on-year volume growth. So far, it seems that UltraTech has massively outperformed the peers in terms of volume growth. Given that UltraTech has added a lot of new capacity, is it fair to say at this point of time that the growth differential of 400 basis points to 500 basis points over industry would continue in FY '24 for UltraTech in terms of sales volume?

Atul Daga: Yes, Pinakin, I believe so.

Pinakin Parekh: Okay. Thank you. Second question is, sir, you mentioned at the beginning of the call, INR6,000 crores capex for the next three years broadly. So that INR18,000 crores capex from '24 to '26, is it only on existing capacity of Phase 2, or does that include some of the next phase of expansion?

Atul Daga: I think two, three years got spoken in the casual flow. But our 22 million tons of capex is about INR12,800 crores, that's what I was referring to.

Pinakin Parekh: Okay. So at this point of time, FY '26, the third year of capex does not include...

Atul Daga: But as we had announced by the time we complete this phase of growth, we would have announced during this year the next phase of growth, wherein we would have capex cash flows also. I don't have a number on that, so I don't want to comment on that.

Pinakin Parekh: Understood. Thank you very much sir.

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

Sumangal Nevatia: First question on the volume growth. Now the strong volume growth, if you could just share what would be the industry growth in your sense? And is it particular region where we gain market share, or is it across regions?

Atul Daga: Sumangal, we have operated at 95% capacity utilization on a base of 120-odd million tons, then we have grown, -- performed uniformly across the length and breadth of the country. So we've done uniformly well plus here or a minus here tolerance level of 3% plus-minus might be there.

Sumangal Nevatia: Understood. So it's not just because of North region where because of some plant closures we would have had...

Atul Daga: No. So that's very small capacity, and I'm talking about 126 million tons of capacity and not 5 million tons of capacity now.

Sumangal Nevatia: Got it. Sir, second question, this Nathdwara merger, I mean is it possible to quantify what could be the benefit of merger in terms of accumulated losses and also in an operating losses...

Atul Daga: No. I think it is more of consolidation that we want to carry out and have one single set of book. We were waiting for a cleanup of all the non-core assets, which we have completed. There were a few past legal cases, which we have completed, and now it's a clean set of books ready to get merged with UltraTech.

Sumangal Nevatia: Okay. So no meaningful I mean benefit on this on a merger point of view?

Atul Daga: No. Synergies we have already tapped into. It was for all intend purposes, working as a single, between Nathdwara management team was common, brand common. Wherever synergies had to be drawn out, we have drawn out. So it's more consolidation of numbers. In my presentation, when you see our India operations, I think the only change might happened at the terminology India operations might undergo with change. No, you still continue calling it India operations, sorry. So there's no change. It's a legal consolidation that we are going through.

Next question, please.

Moderator: Thank you. The next question is from the line of Pulkit Patni from Goldman Sachs. Please go ahead.

Pulkit Patni: Sir, thank you for taking my question. Sir, given the fact that our utilizations are very high already. And if my understanding is right, the bulk of your new capacity now is going to come in FY '25. FY '24, there's not much capacity addition. What would your view be on pricing in that backdrop for us and for the industry?

Kailash Jhanwar: Yes. Thank you, Pulkit. K. C. Jhanwar, this side actually. So, yes, our capacity in FY '24 definitely would not be -- may not be that substantial. But let's see because ultimately. But some other players are obviously adding the capacity. But Pulkit, as you know, in our industry, it is very difficult to predict the demand actually, say, I'll give a live example, 15 days back, we were hoping everything going well. But one fine morning, you start some slowdown and kind of thing, but that's not a permanent feature actually. So it all depends actually. But holistically, I would say it's likely to have the good demand, maybe anything between 7% to 8% kind of thing. So obviously, I don't think there will be strong pricing power would be in the hands actually. But it all depends actually how the capacity utilization set out actually.

Pulkit Patni: Sure, sir. So cost is going to be our friend for the next six months is the way you look at it?

Atul Daga: Yes. Pulkit, costs will definitely be a friend, and I believe just adding further to what Jhanwar Ji mentioned, see, what is happening is whilst we are doing a capacity utilization of 90%, 95%, all India capacity utilization is still not rising to a meaningful level. All India, all industry capacity. And my firm belief is that and I've mentioned it on several occasions, when all India capacity utilization starts going around 85%, then you see a different kind of performance level. So yes, there is still some time.

Pulkit Patni: Sure, sir. And any indication on costs in terms of spot fuel prices, how should we look at the next couple of quarters in terms of power and fuel cost?

Atul Daga: They are volatile whilst they are in the downward trajectory. But suddenly, there could be a spike also as I was specifically mentioning about fuel costs, pet coke has been softening, pet coke has reached almost $150 or $160. Coal on a same calorific value basis, coal still continues to trend around $170 to $180. The gas prices have softened globally. The atomic power generation has gone up in certain parts of Europe, which is easing the pressures on fuel prices also. But as and when China starts importing and -- they will open up. They are opening up already. March was a phenomenal performance in China. They started importing -- sucking out coal supplies from Australia, from New Zealand already, but we have not yet seen a big impact on the overall fuel prices. I will not start celebrating yet, as I mentioned earlier, on fuel prices. They are softening but they would make a reverse trend also.

Pulkit Patni: Sure. That's useful. You've been the most guarded in terms of any comment on fuel prices versus your competition. But that's it from my side.

Atul Daga: All right.

Moderator: Thank you. The next question is from the line of Indrajit Agarwal from CLSA. Please go ahead.

Indrajit Agarwal: Hi, sir. Good evening. A couple of questions from my side. First, again, going back to coal and fuel cost. Have we been changing our strategy at all in the sense of sourcing? Have we changed our mix meaningfully? Or like coal, are we sourcing more from US rather than Australia right now or it broadly remains the same that it was maybe a couple of quarters back?

Atul Daga: Australia for us has never been the main source of coal. It becomes uneconomical being the distance and US has been always the main source of imported coal. Yes, we switch between pet coke and coal depending upon pricing. But spot prices cannot determine that at the moment we are able to cite some trends. We try to tilt the balance towards either of the fuel, whichever makes economic sense. Last quarter, for that matter, we were 52% pet coke, and we can go up further depending upon how the prices behave.

Indrajit Agarwal: Now as we are seeing prices declining, are we looking to reduce our inventory of coal pet coke? Or we still want to be well prepared for any production update that we are like...

Atul Daga: No. Irrespective of prices, inventories have to be carried. We do a thumb rule of 40, 45 days, 45 days of inventories can't take a risk or suddenly, if there is some mine shutdown or anything. Suddenly, if supplies are not available, then our operations will suffer. So, this is a long distance, long lead item. So we can't compromise on inventory levels. That will be very speculative.

Indrajit Agarwal: Sure. And a couple of questions on the waste heat side. So we had a target of 318 megawatts by end of FY '24. Are we still on track for that? Can we...

Atul Daga: Yes, we'll exceed that, I think so. '24? We'll exceed that.

Indrajit Agarwal: This fiscal. So we will be like 34% green share that we are guided by next fiscal…

Atul Daga: Yes, that we are very confident. We would -- because see green share, the non-investment base is alternate fuel. We are continuously ramping up our alternate fuel, which ultimately forms part of my guidance on 34%. So it could -- we will definitely meet our targets, for sure.

Indrajit Agarwal: Sure. My last question is on the clinker conversion ratio. We are at about 1.41x. So not just in the near term, maybe a five, seven-year horizon, do you see this moving more towards 1.6x, 1.7x where the industry accepts more blended cement? Or you think there will be a sharp distinction between the infrastructure projects, which will continue to have higher OPC? Are you seeing any change...

Atul Daga: There are two sides of the coin to this. One is with infrastructure continuously being a bellwether of demand, demand, the consumption of OPC will continue to remain high, which means the conversion ratios cannot improve dramatically. However, there is a lot of advocacy, which is happening around blended cement usage in infrastructure projects. It depends on how successful the industry is to circulate that message down. And we could see improvement in overall conversion norms. 1.6x, I can't do the math around 1.6x. This quarter ended 1.41x was average, but quarter ending was 1.42x. We have once in a while touch higher than 1.42x also. And in the near future, maybe 1.5x could happen.

Indrajit Agarwal: Sure. Thank you sir.

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

Ritesh Shah: Hi, sir. Thanks for the opportunity. A couple of questions. Sir, first one is on the legal side. Sir, how should we read point 8 notes to accounts pertaining to the Dalla asset?

Atul Daga: The Dalla asset, it's under arbitration, let that process get completed, we'll then take over that asset.

Ritesh Shah: Sir, can you specify how much is the cement and clinker over the asset which is under artificial?

Atul Daga: 2.3-million-ton clinker only. No grinding capacity at that location.

Ritesh Shah: And sir, corresponding limestone?

Atul Daga: The limestone mines would be about 100 million tons over there.

Ritesh Shah: Okay. Perfect. Sir, you wouldn't like to comment anything on the course of actions incrementally or possibly how it landed in arbitration?

Atul Daga: It's good point, Ritesh. Next question, please.

Ritesh Shah: Sir, next question, any specific cost initiatives besides the green power and AFR that we are working on, either on lead or moving from road to rail or exploring more of coastline, DFC, I mean anything...

Atul Daga: I think it's -- this topic might take half an hour of discussion by itself, but there are lots of initiatives that the organization is taking whether it's on digital ways of working, which is helping reduce our operation cost or optimizing my lead distance or optimizing my freight costs, there are lots of initiatives. I think the leading question would be you might ask me what is the target number? I don't have a target number because these are continuous improvement programs. So we have improvement programs happening in our maintenance cost, in our power consumption. Some are investment-led, some are improvement in efficiency, mining operations for that matter. There are dedicated specific task force and actions being taken to improve the cost of mining. So you name the field, work is continuously on. There's never a status quo that we would reach.

Ritesh Shah: Correct. Sir, just last question. You indicated we are positive on demand. You also indicated I think batting order, middle order and tail will follow and we are upbeat on volumes. So my question is, and you also indicated at the India level utilization level is still not at the desired level. Sir, what would be the probability for the cement prices to remain at the current level if the cost curve goes down and what you indicated utilization at the India level is not at the desired level?

Atul Daga: You would tell me, you are there in the field, what will happen?

Ritesh Shah: So pricing should go down logically, but I would like to have your thoughts, sir.

Atul Daga: No, I think there would not be too much pressure on prices. I don't believe so. We have seen in the heat of the January- March quarter. If volumes are so high, then prices should have corrected, prices did not correct. We have maintained our prices as we were in the last quarter. So nobody wants to just crash prices for volumes.

Ritesh Shah: Sir, adjusting for seasonality, technically, it has to come off because volumes will dip.

Atul Daga: July-September quarter is always a weak quarter, but my sense is, otherwise, prices should remain stable.

Ritesh Shah: Sure sir. More questions, sir. I'll join back the queue. Thank you so much.

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: Hi, thanks for opportunity. Just a couple of questions. Sir, firstly, on demand slide around the various demand drivers that you present shows a relatively weak performance by the Infra and Commercial segment, whereas the housing segment is what is driving the demand. So with the healthy budget, which is seen for FY '24, like are you already seeing infra segment also picking up or still sluggish as of now?

Atul Daga: Yes. So one important aspect, and I've mentioned it in the comments also is when the harvest time happens, the normally labor availability goes down for the infra projects, and that's where new projects taking off also is slow. So it's about new projects not taking off at a point in time, which results in a mild slowdown. I think a sneeze should not be considered as a flu. So it's a very mild thing. But given the impetus on infrastructure that the government has, given the fact that this is election year, I believe demand will continue to grow very strong.

Amit Murarka: Okay. Understood. And also on exports, like this quarter, you've shown a higher export volume and so has the Sri Lanka situation fully normalized now, or how are we placed?

Atul Daga: Yes. I think it's almost normalized, and we have started getting back our volumes. At the peak of the problem time, we had almost INR250 crores outstanding from Lanka, everything, the last penny has been received, volumes have started picking up. The economies started picking up. So our exports are also going up.

Amit Murarka: And the subsidiary financials, in the presentation, you've disclosed other expenses have actually almost come down to zero in Lanka. Is there any major change in the like operating structure, which you have made there?

Atul Daga: No. What is this, Ankit?

Amit Murarka: The other expenses line item, this is in slide 34 it shows that it was INR84 crores last year, it is INR6 crores this year.

Atul Daga: No. I'll ask Ankit to get back to you on this, Amit.

Amit Murarka: Okay, sure. And just last question, like on the fuel cost, you mentioned $194 consumption cost right now. What we understand is on the spot level, the pet coke costs have dropped to like around $140, $145 per ton. So like by when will these current spot prices start reflecting? Generally like it's 45 days that you take to consume the fuel...

Atul Daga: I would give about two months. Just one second, the clarification.

Ankit Asawa: Amit, that other expenses include exchange loss because last year in Lanka, there was a currency devaluation, which was very high.

Amit Murarka: Understood. Okay. That is all from my side. Thanks.

Atul Daga: Thanks.

Moderator: Thank you. The next question is from the line of Prateek Kumar from Jefferies. The line for the current participant has got disconnected. The next question is from the line of Rashi Chopra from Citigroup. Please go ahead.

Rashi Chopra: Thank you. At the last quarter, you had mentioned that fourth quarter the EBITDA per ton will cross INR1,000 and then more medium term, you are expecting INR1,000 to INR1,200. So obviously, you've delivered on the fourth quarter number. But what are the thoughts on the INR1,000 to INR1,200 medium term given the way costs have come up?

Atul Daga; I believe we deliver on what we commit.

Rashi Chopra: So I think my question is, is there upside to that?

Atul Daga: Upside to what?

Rashi Chopra: INR1,000 to INR1,200 medium term?

Atul Daga: Well, I wouldn't want to count it so soon. Let Q1 play out, we'll see then.

Rashi Chopra: Okay. Also, the green power in this quarter, was it 20%?

Atul Daga: Total green power. 25%. Which includes WHRS plus renewables.

Rashi Chopra: Right. And what was the working capital release in the quarter?

Atul Daga: In the quarter, how much is the working capital release? INR2,300 crores.

Rashi Chopra: Okay. Thank you.

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

Navin Sahadeo: Thank you for the opportunity. Sir, two good questions. One, are there any efficiency measures or any other special initiatives the company is taking on other expenses front because on an absolute basis, even at, let's say, volumes of nearly 32 million ton, the total amount is actually less than what we saw even when the volumes were just 23 million ton. So I understand it is partly fixed, partly variable. So I'm just trying to understand, are there any initiatives or any efficiency gains, which have been factored here?

Atul Daga: No. Navin, there's nothing extraordinary. I think I would say it's an operating leverage play. And if I'm trying to think, the biggest other expenses would be something like advertisements. Yes. So that, I really cannot predict or cannot have a standard flow depending upon events when campaigns are run. So that would be a bit of a yo-yo. You might see in this quarter, the other expenses are slightly higher because there will be a huge amount of ad spend, could be. Other than that, there's nothing abnormal, which comes to my mind.

Navin Sahadeo: Sure. And sir, just directionally, while, of course, previous participants did ask you about pricing and fuel cost. My just one question directionally. April as a month in terms of realizations would be better versus the March quarter, or would be a tad lower? How would you look at it directionally?

Atul Daga: It's positive direction. It's not declining, so.

Navin Sahadeo: Understood. Great. That's helpful. Thank you so much.

Moderator: Thank you. The next question is from the line of Rahul Gupta from Morgan Stanley. Please go ahead.

Rahul Gupta: Thank you for taking my question. Daga sir, I have a couple of questions. Sir, if I do back of the envelope math, it suggests that fuel cost would come down by around 15% over the next two quarters, of course, assuming everything remains same, is that a fair understanding?

And secondly, given fuel costs have surprised positively on spot basis over the past few months, is it fair to expect that the focus would be, again, on volumes and are the positives that one would get from fuel prices would be offset by the cement prices during the year?

Atul Daga: I lost your first question. What was the first question?

Rahul Gupta: Sorry, what I was alluding to was when I do my back of the envelope math, your fuel cost should decline by around 15% over the next couple of quarters. But of course, this is assuming everything remains same.

Atul Daga: Yes, I think everything remains the same, then the math would work. But spot prices are never on the spot, they are changing on a daily basis. If the trend is continuously down south, then yes, you will be proven right.

Rahul Gupta: Yes. And just to take this point forward, does that mean we get more leeway to play on or focus on volumes or -- sorry for the work at the expense of cement prices during the year, given we have a...

Atul Daga: Rahul, ultimately, we play for EBITDA per ton and not for a single lever. And nobody in the right sense and the right mind frame would want to lose on EBITDA per ton.

Rahul Gupta: Great. Make sense. Thank you so much.

Atul Daga: Thank you.

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

Sumangal Nevatia: Yes. Thank you sir. I got disconnected. Sir, first question on the capital structure over the medium term. We've deleveraged quite impressively without compromising on growth. So now as we're approaching net cash, should we expect a higher payout or we will look to accumulate cash on books over the next two, three years?

Atul Daga: One is, this year, our dividend payout is almost 22% of profit. It will keep on going up steadily as a percentage of profit in my view. Of course, the Board will take a final call. But the reading that I have is it will keep on improving.

Sumangal Nevatia: Okay. Sir, over the last several years, we've been quite active on M&A. I mean how is the landscape now? Are there meaningful assets still on the block or it's largely going to be organic going forward?

Atul Daga: See, we believe in India growth story, and we want to continue to participate in India growth story. So we will grow, whether organic or inorganic is a second thing. And inorganic is always opportunistic. It also has to -- in my definition, it has to give us a profitable growth opportunity in that scenario, we will examine it. If it does not make sense, we'll drop it.

Sumangal Nevatia: Okay. And just one last thing on April prices is not very clear. I mean since the month is almost over, is it possible to share some regional sense on how the prices have moved versus March?

Atul Daga: I don't want to comment on month-to-month numbers.

Sumangal Nevatia: Okay. Got it. Thank you and all the best.

Atul Daga: Thanks.

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

Prateek Kumar: Yes. Hi, sorry, my call got disconnected. My question is on clinker capacity. So you were quoting like 84% utilization for cement for FY '23. What would be your clinker utilization for the year? And what is your clinker capacity post this first days of expansion?

Atul Daga: So clinker capacity utilization was about 91% Q4 FY '23.

Prateek Kumar: So what would be that for full year? You said 84% for full year for cement, right?

Atul Daga: Yes. So what are you asking?

Ankit Asawa: 83%.

Atul Daga: For what?

Ankit Asawa: Full year.

Atul Daga: Cement is 84% full year. Clinker is 83% full year.

Prateek Kumar: And what could be our clinker capacity?

Atul Daga: Clinker capacity, do you have a number guys? Surprisingly, we don't have a clinker capacity number immediately. I'll give it to you separately.

Prateek Kumar: Okay. So second question is on pricing. So last quarter, was there a material difference in regional pricing trend in various regions?

Atul Daga: No, it almost remained flat, a rupee here or a rupee there within regions.

Prateek Kumar: Okay. So there is no change in competitive intensity in any region specifically...

Atul Daga: No.

Prateek Kumar: And lastly, on other expense. So other expense growth seems lower on an year-on-year basis versus volumes. That's largely related to -- I mean, as you comment on operating leverage benefit, but is there some expense which is missing this quarter?

Atul Daga: No, nothing is missing. Nothing has been stopped. It's purely operating leverage.

Prateek Kumar: Sure. Thank you. These all are my question.

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

Ashish Jain: Hi, sir. Good evening. Sir, my first question is on this 25% green power that you said, can you break it up between how much is AFR and how much is WHRS?

Atul Daga: 15% is WHRS and balance is renewable energy.

Ashish Jain: Okay. And sir, AFR, is it even cheaper on a calorific value basis or whichever ways you measure is more about attending the green target that we have?

Atul Daga: No. We take calorific value basis. We don't want to forcefully put it in.

Ashish Jain: Sir, secondly, on WHRS, like you had this target of 324, which you said you might exceed. But once we go to 150 capacity, what is the potential on WHRS we have because it should be increased substantially with the kind of clinker we are adding, is that right? Because the reason I'm saying otherwise, your share on green could decline in case we don't match it with incremental WHRS. Just want to understand where we stand on that?

Kailash Jhanwar; Yes. Ashish, actually I would put this. And now all the new plants are done with WHRS actually. And as far as new plants are concerned on a -- about 55% power can get generated from WHRS for the new plants. So average obviously certain old plants where there is no possibility or layout does not permit or there are other challenges. But new plants can give up to 55% of value on power…

Atul Daga: Further to that, Ashish, we are not adding any thermal power capacity. So balance, we are depending on grid as India improves in terms of power supply and PLF grid supply is becoming a safer way of supplying -- absorbing power in our units. So irrespective of organic capacity going up or WHRS maturing on our current capacity, future capacity will remain balanced with green power.

Ashish Jain: Sir, if I ask this a differently, so the 324 number, if my understanding was right, it was based on the 111-million-ton capacity basis, is that right? Or this included this, or is it based on 134 million ton? I'm not clear about that?

Ankit Asawa: So on 130 million ton, it was around 303 megawatts.

Ashish Jain: Right. So once we go from 130 to 155 or 154, we should be adding roughly another 100 megawatts, is that right?

Ankit Asawa: Around 60, 65 megawatts, which will take us to 360 megawatts, 370 megawatts.

Ashish Jain: Okay. Got it. Thank you so much.

Management: Thank you.

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

Devesh Agarwal: Yes. Good evening, sir. Thank you for the opportunity. You did mention that probably pricing may not go up, but given your high utilization, do you think that the share of premium product in your overall mix can go up and that can support the pricing?

Atul Daga: Yes, it is already going up. We have crossed 20% in terms of premium products and which also directly indirectly help average realization.

Devesh Agarwal; Any target sir, for FY '24?

Atul Daga: Yes, I'll tell you at the end of '24.

Devesh Agarwal: And sir, on a net basis, how much more do we earn out of premium products?

Atul Daga: Incremental margin on premium product, we have multiple -- do we have an average number? Just one second.

Atul Daga: So my colleague tells me INR10 a bag, would be an average earnings. There are multiple products. So that clearly is INR200 per ton.

Devesh Agarwal: Understood. Okay. Thank you, sir.

Moderator: Thank you. The next question is from the line of Keshav Lahoti from HDFC Securities. Please go ahead.

Keshav Lahoti: Hi, sir. Congrats on great set of numbers. I just want to understand one thing. If I look back your Kcal costing, you are industry leader on many operating fronts, but Kcal of Dalmia is picking about 2.06 in this quarter and you are at 2.5 Kcal. So will this difference narrow down in upcoming two, three quarters with the proper understanding?

Atul Daga: Some mysteries can never be solved. Having said that, our largest footprint is in all the infrastructure projects. You name a infrastructure project where UltraTech is not present. And that is where the whole tilt is because we are supplying OPC as compared to other players who are not supplying so much of OPC. Everything has a challenge.

Keshav Lahoti: Okay. Got it. As you again reiterated your stand at once the industry capacity utilization, which is 85%, we get a pricing power, but somewhere that thing does not play out in quarter 4.

Atul Daga: So you see only three or four results have been published. You'll have to wait for other results to come out, then you'll know what the average capacity utilization of the industry is. Clearly, we operating at a significantly higher base and higher capacity utilization. I believe we would have gained; we would have made significant inroads in the market.

Keshav Lahoti: Yes. Like if you operated at, let's say, near 100% in March, obviously, I believe industry might be above 85% in March, but that pricing play is still missing. That's what I'm trying to understand.

Atul Daga: So but I don't think India is operating at 85%-plus as yet.

Keshav Lahoti: Okay. Got it. One last question from my side. You are talking about 34% green power. Can you give a ballpark number? How much is by WHRS and how much will be green power?

Atul Daga: 26% was our target on WHRS and 9% or 10% was our target on renewable energy.

Keshav Lahoti: Okay. Thank you. That's it from my side.

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

Ritesh Shah: Hi, sir. Quick two-three questions. First is where are we on RAK. Post RAK, how has the mix shifted of Top 2, volumes versus what we source from RAK and has our market strategy changed specific to White Cement and Wall Care Putty? So that's the first question. Second is on Construction Chemicals what was the...

Atul Daga: I will forget, let me just take one-by-one question. So you said, where are we on RAK. RAK is in Ras Al Khaimah and it's very much there. So we have -- sorry, that was a bad joke. But I think the operations are now coming under control. We have started rebranding the entire RAK output into Birla White. Birla White bags are already in place at RAK White. And they are shipping Birla White as a product from there. Prices for white cement have seen a consequent improvement in the country. There is a consequent improvement in our market share as well in the white cement space. This was a strategic investment, which, to my mind, is playing right at the moment.

Ritesh Shah: Right. Sir, I think we were just at about 50%, and we had indicated we could increase the stake further. So any timelines on going to 80% or 100%? That is one. And you indicated on market shares, so is that possible for us to quantify something?

Atul Daga: Going to -- sorry, what?

Ritesh Shah: Sir, RAK stake, Sir, economic interest.

Atul Daga: Stake. So we are working on it. Hopefully, in this financial year, we'll be able to consolidate, make it our subsidiary.

Ritesh Shah: Okay. And sir, on market share, you indicated that market share has increased. Possible for us to quantify?

Atul Daga: No, I don't have that data. But the very fact that I'm importing that RAK White product as our product name is out of the market and it got replaced by Birla White, clearly, there is a market share gain.

Ritesh Shah: Sure. Sir, construction chemicals, any headline numbers for the fiscal revenue and EBITDA and any target?

Atul Daga: The EBITDA is not measurable. We have clocked about INR550 crores of revenues in Construction Chemicals this year.

Ritesh Shah: Sure. And sir, we had plans on captive manufacturing over here, any updates over there?

Atul Daga: So there is a lot of captive manufacturing happening in all our construction chemicals.

Ritesh Shah: Sir, you had indicated we'll put up more plants across our factories and the revenue run rate for the…

Atul Daga: That's what I meant by captive manufacturing, we have both models, a lot of places we are using because it doesn't require so much of space. We are using space available in our factory premises depending upon the closest to the market or doing contract manufacturing outside.

Ritesh Shah: Just a quick data point, sir. Same thing on RMC, any change in strategy. We have the numbers for the full year, but are we upping the number of accounts that we should look at...

Atul Daga: We are going full steam ahead on RMC. We have already reached 231 plants. March, we ended with 231 plants and further few more plants would have got added in April. We will continue to grow and hope to double this number very soon. And 39 physical locations that our contract construction chemical manufacturing is happening.

Ritesh Shah: Sir, just two quick ones. Bulk cement terminals and railway sidings, what's the number right now? And do we have any numbers targeted for the next two years?

Atul Daga: What was the first one you asked?

Ritesh Shah: Bulk cement terminal and railway sidings?

Atul Daga: Bulk terminals is 7 and railway heads almost 300.

Ritesh Shah: Sir, targeted numbers for next year?

Atul Daga: I don't have a target number. And bulk terminals are as part of our 22.6 million ton, there are two more bulk terminals planned, one in UP and -- one in Karnataka and one in UP.

Ritesh Shah: Sure, sir. This is helpful. Thank you so much.

Atul Daga: Thank you.

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

Atul Daga: Amit is not there. Let's take the last couple of questions, please.

Moderator: As there is no response, we'll move on to the next question from the line of Anupama Prakash Bhootra from Arihant Capital. Please go ahead.

Anupama Bhootra: Thank you for taking question. So I have a specific question on Eastern regions. So I wanted to understand your perspective as far as East India markets are concerned and the company's plans in Eastern region for coming years?

Atul Daga: We will continue to grow in the Eastern markets. Eastern markets were one of the most deep markets in terms of growth potential, highest density of population, lowest level of development that still continues to plague that market. So there's a huge amount of opportunity that we see in the Eastern markets.

Anupama Bhootra: So like what kind of capacity expansions are -- is the company planning the coming years?

Atul Daga: Out of the 22 million tons that we have announced, close to 5 million tons or 6 million ton is coming up in the Eastern markets. We are today present with almost 22 million tons of capacity in the East, which will go up by 5 million more tons in the next two years.

Anupama Bhootra: And how much like clinker backing for the team?

Atul Daga: We are always clinker backed.

Anupama Bhootra: Okay. Thank you so much. That’s it from my side.

Atul Daga: Thank you.

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

Ashish Jain: Hi. Sir, in your presentation, in Slide 24, you have given breakup of capex under various heads. Can you give some color on what is included in ESG, other capex and strategic investments?

Atul Daga: So strategic investment was RAK White, ESG, largely is WHRS and all the capexs, which are power saving related, which help me reduce our AFR investments.

Ashish Jain: And others?

Atul Daga: Others will be balanced modernization, there is a huge amount of stuff which would keep happening in our live operation. It could be some building also or some plant modernization, anything is possible. Various infrastructures will be there.

Ashish Jain: Okay. So WHRS is part of ESG and not in those capex?

Atul Daga: Yes, absolutely. Absolutely.

Ashish Jain: Got it. Thank you so much.

Atul Daga: Thank you.

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.