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BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai-400001

Scrip Code: 535754

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C-1, Block G
Bandra – Kurla Complex, Bandra (East)
Mumbai – 400 051

Symbol: ORIENTCEM

Sub: Transcript of Investors Conference

Ref: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

In terms of Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Investors Conference Call held on May 2, 2024, with respect to Audited Financial Results of the Company for the quarter and year ended March 31, 2024.

The said transcript is also available on the website of the Company at www.orientcement.com.

You are requested to take the same on record.

Yours sincerely,
For **Orient Cement Limited**

DIKSHA SINGH
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Encl.: as stated

"Orient Cement Limited Q4FY24 & FY24 Earnings Conference Call"

May 02, 2024

MANAGEMENT: **MR. DEEPAK KHETRAPAL – MD & CEO, ORIENT CEMENT LIMITED.**

MODERATOR: **MR. NAVEEN SAHADEO – ICICI SECURITIES**

Moderator: Ladies and Gentlemen, Good Day and Welcome to Orient Cement Q4 FY'24 Conference Call hosted by ICICI Securities.

As a reminder, all participants' 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Naveen Sahadeo. Thank you and over to you sir.

Naveen Sahadeo: Thank you, Manuja. Good morning, everyone. On behalf of ICICI Securities, I welcome you all to the Q4 FY'24 Earnings Call of Orient Cement.

Today, we have with us from the management Mr. Deepak Khetrapal, who is the Managing Director.

Without any further ado, I hand over the call to Mr. Khetrapal for his Opening Comments, followed by the Interactive Q&A. Over to you, sir.

Deepak Khetrapal: Thank you Naveen **(inaudible) 1:10** And I must say, as always, I am grateful to all of you for your interest in our Company and to continue to find time to be with us on this call. Thank you.

Coming to the earnings for the Quarter and for the Full Year:

I am sure all of you would have gone through the results and it seems have formed the opinion about them. The way we see the quarter that has gone past is like this, for us, honestly, it's been a challenging quarter, there's no doubt about it, challenging in the sense that the typical volume push and volume rather the demand pull that we expect in Q4 in the market remained elusive. I would say January and February was not so bad, but the month of March proved to be really the most difficult month. Not that we had lower volumes than last year. The challenge was in terms of very little growth or demand available in the markets that we service. And to that extent, because the demand was not there, we also saw the pricing, in fact, March slide in prices is what I would call brutal and throughout the month almost every single day basis the prices kept falling and by the time we're exiting the month of March on 31st March, the prices were nothing to talk about. So, it impacted I would say our earnings, our EBITDA in the month of March dramatically.

If you ask me generally, how was January, February for us? January, February were pretty good where we fell short over last year in terms of our own expectations for growth was largely in the month of March and because of the momentum that we were carrying from January, February, the overall quarter doesn't look as bad as March would have made it look if January, February also were equally bad. Frankly, it didn't turn out to be the usual Q4 rush for volumes and better prices, it didn't happen, all of us know it.

Our volumes in Q4 have been, I will call them flat, there's very marginal growth. And the realizations for Q4 also I think in our case at least now that we have seen the results coming out for a few competitors, at least we are one of those companies, who had the realizations in Q4 as a whole slightly higher than realization in Q4 last year, but as we have seen many companies slipping on that as well.

In terms of Volumes: Sequentially, we saw a fairly strong growth; we are 24% higher over Q3 volumes. But in these sequential when we say the growth was there 24%, but very surprisingly the realizations went down for us by 5% and for some of our competitors even more than 5% which is where the real pain point really comes. Our volume for the quarter itself has been 17.2 lakh tons that we reported already, representing overall Company level at 81% utilization. But really speaking, our challenge has been basically our old plant at Devapur. Because our Chittapur, Karnataka plant once again has operated at more than 100% capacity. Jalgaon also has been fairly okay, although Jalgaon pressure was there earlier, but I think we managed to sort of claw back our market share in the markets, which are serviced by our Jalgaon grinding unit. But Devapur continues to struggle in terms of overall capacity utilization there. I will come to the reason. But like I said overall 81% but we do have one of our most important plants' we're doing more than 100% capacity utilization and that will bring us to the need for immediate capacity addition in due course, I will come to that as well.

The net revenues, as you've seen are at 895 crores, it's 1.6% higher. It's definitely better than volume growth because we had a higher blended realization and that largely has been contributed by the share of premium brands that we have in the market and they keep getting us, I would say, somewhat higher value growth compared to the volume growth. The realizations for the quarter blended basis at 5,130. Sequentially, as I mentioned, there's a drop of nearly 5% from 5,400 that we had in the preceding quarter, and over last year, they are higher just by under 1%.

EBITDA at 156 crores, up from 117 crores in Q3, again a significant jump. But on year-on-year basis, the growth actually is there, it's a modest growth, I would say, just about 10-12 crores overall. But the important part here is that we have growth in EBITDA which again like I said, the industry some of the players that we see, they manage to perhaps do a volume growth much better than us. But their improvement in profitability, or rather the improvement in sales came at the cost of profitability because profitability in some cases had gone down despite higher volumes. And I am talking about gross EBITDA level. At the EBITDA per ton level, we are definitely, the way we calculate and, I know there's a difference between how the analysts calculate, in our calculations we do it every year. So, we are calculating our EBITDA per ton at Rs.900 a ton, which is higher than Rs.840 a ton from the preceding quarter and Rs.843 a ton, which was the same quarter last year. So, roughly, the growth is about Rs.60 in our EBITDA per ton over Q3 and over Q4 FY'23 as well.

And given the kind of growth that we had in EBITDA in the first three quarters, our full year EBITDA as you would have seen is at Rs.465 crores, which is higher from the previous year of Rs.377 crores, which reflects a jump of nearly 23% with volumes barely going up 6%. And that's the important part. Our volume growth of 6% and the EBITDA growth is at 23%. And the annual per ton EBITDA is at Rs.758, which is higher by more than Rs.100 over the full year FY'23. But this I thought I will just highlight in terms of what happened in Q3 and also roughly the full year.

The revenues for the full year, you've seen including our other income is Rs.3,200 crores roughly which is 8.5% growth. Like we said, the volume growth till Q3, if you people recall was at 9%, but with the lack of enough growth in Q4, the total volume for the year is down to growth of just about 6%.

In terms of the indications that we had given through the markets, we were actually, we ended up doing about 97% of the volumes that we have indicated to the market, and we'll do about 6.3 million tons, we ended up short by about 3%-odd.

Realizations for the full year are better by about Rs.86 per ton or 1.6%. And like I said, EBITDA per ton already has gained more than Rs.100 despite not-so-great volumes or prices.

And as I mentioned to you earlier, the large I would say dent in our performance as we see it internally has come from our Devapur plant, which largely services markets which are in Telangana and also in some parts of Maharashtra, mainly the Vidarbha markets which are closer, which are serviced by us from our Devapur plant, those markets have been underperforming. Telangana, North Telangana market I think has underperformed for everyone. I think in the last two quarters and repeating this trend that Telangana demand somehow has not been where it needs to be.

And in Vidarbha, we have the other challenge of new capacity, new competition having come up and some of them are using even their incentives to, if I can call, subsidize their customers by selling their cement at cheaper prices which makes it impossible for players like us who worry about the profitability to be able to compete with them and sell more.

So, Devapur remains a pain point and we'll have to find some solution, how do you utilize that capacity better. And one of the solutions would be perhaps to quickly gain a grinding unit which takes us to a newer market from Devapur clinker itself. So, that's what we are working on the plans.

Just to sort of in a way like in terms if we look at pure Q4 as everybody would expect sequentially over Q3, Telangana also has improved by 12%. It's not that it's not grown in Q4 over Q3, but if we look at the real Q4 last year, we are down 26% in Telangana itself. So, that's one of the flags.

Our largest market, Maharashtra, which actually is becoming larger with every month by going with every day passing. We in Maharashtra in let's say we have grown 32% quarter-on-quarter that is sequentially, and we also grown 13% year-on-year in in this particular quarter. And in Maharashtra, the main consumption centers are there, and they are actually taking a lot of our cement which we're happy about. And fortunately, like I said, those markets are helping us in terms of retaining the volumes where they are and growing there. And the impact on that as you would perhaps we have seen in terms of our freight costs, which seem to have gone up because the freight for us within the Telangana market or Vidarbha market is lower than the current markets in which we're selling more of our cement in Maharashtra.

The full year sales you've seen are 61.3 lakh tons, which I mentioned is nearly 3% lower than what we would have wanted them to be, they are below our expectations.

I have already mentioned the Q3 sales was 9% higher which was in line with the industry, but I think in Q4 we have fallen behind on pan-India basis. I am quite sure that the growth in our own markets that we have almost flat is in line with the other players in our markets. I think if we compare our performance in the industry, in our markets, I don't think we are worse-off, but definitely at Pan-India level, 6% growth on the whole, makes us look poorer than what the rest of the industry Pan-India has done.

For us, due to our let's say more sales happening in Maharashtra and including in Mumbai and Pune markets, that has pushed us into our B2B sales have kept going higher compared to what we have done traditionally I would say a few quarters back. In the Q4 per se we say they are at 55%, slightly lower than what we had reported in Q3 when we had actually gone up to 56%. And within that the good news is that we're beginning to sell more of our blended cement also in the B2B market and we're able to satisfy few of our very important customers to buy our StrongCrete our premium brand, which is sort of in a way it is the blended cement. As a result, despite the B2B sales being 55%, our OPC sales are at 46% in Q4, which was 48% in the previous quarter and last year it was 43% right. It's been I would say trend towards OPC mainly because large customers in Mumbai and Pune somehow remain OPC buyers.

The one good thing that I would like to just mention here is we are one of the few companies who also got our product approved for the bullet train project that is to be setup in Ahmedabad and Mumbai as it starts turning up. The people who have the contracts who are building that train, they will be buying cement from us and some of them we already have been sort of in touch and we agreed on the supply of cement to the bullet train project in that market. A very prestigious project and we are really delighted that we'll be participating in that project as well.

On the premium brands, I keep mentioning all the time. The good news here is that in this particular year, we have managed to increase or rather grow our premium brands volumes by 31% in the year, and they are now in the region of 22% of total trade sales and they are increasing consistently.

What I would like to remind everyone is that when we say our premium cement, the premium that we charge on our premium cement over our PPC is perhaps the highest in the market by any other brand. I will just remind you on StrongCrete, we do charge a premium of Rs.45 per bag over PPC.

In Dolphin, actually, we have taken it further. We are in excess of Rs.55 a bag over PPC and Orient Green itself is about Rs.25, Rs.27 a bag. So, there are different price points with different value propositions. But each of these three cements have been positioned to meet specific demands of the consumers and because we are selling them with enough support at the ground level, we are able to get margins like this and still keep growing at 31% growth year-on-year in premium cements and it's very, very heartening for all of us.

The other good part is that we have reported that the first phase of our waste heat recovery at our Karnataka, Chittapur plant, had been commissioned in the early second half of the financial year. The second phase of that, which have been pending, has finally got commissioned on 29th of April that is just a couple of days back. And with that the total availability of power from there would exceed 10 MW of power, which is great news for us. And this investment as you know is hugely beneficial for us. And if I were to quantify gain, just on the first phase of waste heat recovery, in Q4 itself, the gain for us has been over Rs.11 crores and phase-II obviously will increase the savings further. You can imagine how beneficial this investment is. We do expect that the annual gain from waste heat recovery for us would easily be a minimum of 50, 55 crores a year.

We are also in a way expecting the supply of solar power. If the investors recall, we have signed up with the solar power players to put up what we call the captive projects. So, Jalgaon is going to be getting more solar power within the month of May, and I think our Karnataka, Chittapur plant will start getting solar power in the month of June. So, in this particular quarter, those investments will also start paying off, which should make our power that we use a lot more green and I think also cost beneficial from the shareholders' perspective.

For Q4 per se, the power and fuel costs are at Rs.1,350 per ton as you would have seen, and they're down from Rs.1,421 per ton in the preceding quarter and for Rs.1,571 per ton in the Q4 of last year.

Here is an interesting point. As I mentioned to you, our B2B sales and OPC has been going up, and as all of would know OPC actually because it's not blended, it consumes more power, and it consumes more clinker. But the impact of that we have been able to mitigate through improving our efficiencies and also through now the contribution which is sort of keep increasing from the waste heat recovery plant.

In terms of fuel mix, that all of you always remain interested in, by weight our fuel mix in the quarter has been 45% domestic coal, 34% pet coke and alternative fuels 21%. And for the year as a whole, the same domestic coal is 49%, pet coke is 33% and AFR is at about 18%. So, that's our fuel mix by weight.

In terms of blended fuel costs, this enquiry always comes with, for the Company as a whole in Q4, has been Rs.1,776 per million kCal, but I think many of you are more used to seeing 1.776 down from 2.113 last year. Even sequentially in the preceding quarter, it was at 1.890. So, those are the numbers that I know always there are questions around them, so I thought I will give you upfront.

With the waste heat recovery and the solar power which is already existing and operating for the last few years at the Jalgaon plant, the total renewable power in Q4 has actually become 23% of power consumed in Q4 and 11% from last year. As I did mention, with the second phase kicking in and the more solar power coming in both at Jalgaon plant and at Chittapur plant, this obviously will increase even further, but in Q4 itself we are 23%, which was just 11% last year in Q4.

In terms of alternate fuels, I have already told you fuel mix like that we have had.

In terms of market mix, as I mentioned, our growth in West, which has been making up for our Southern India markets. Today, in Q4, we end up at West being, let's say a market where we sold 67% of total volumes, in South, it has come down from over 27% to 24%, and balance 9% central largely in Madhya Pradesh and some parts of Chhattisgarh, that continues to be constant.

In terms of our other consistent performance in terms of efficiency we gained, I mean there is not too much room left for us to further improve on our either power consumption per ton of cement or heat consumption per ton of clinker, but I think we keep making some small little gains keep happening all the time on a continuous basis.

In terms of costs, I have already mentioned. You people have seen, but in that again one of the key elements that we have to remember is while pet coke prices have been softer and obviously our profitability has gained from that, the domestic coal prices which form a significant part of our total fuel basket because our Devapur plant, which is dependent on domestic coal from Singareni collieries, those costs actually have been going up rather than coming down. So, we have been able to achieve overall blended cost savings and fuel cost despite the fact that domestic coal is not quite in the same trend. So, I thought that's an important differentiation to keep in mind.

And power cost obviously with the solar and the waste heat recovery coming with the significant savings are there and they will increase.

On freight, as I have mentioned, it's higher about 5% over I would say same quarter last year, largely driven by the fact that we are shipping a lot more of our cement to Western India market compared to our Southern India markets which happen to be closer to our plants, and also some change over sequentially does happen due to some changes in the railway freights and incentives that become available and things like that. The rail dispatches in Q4 have been at 16%, same as last year in Q4, but slightly higher in Q3 where it had gone down to 14%.

In terms of "Key Highlights," again, I would say our efficiencies, our power mix that is changing our fuel mix management and most importantly our premium products share rising consistently in our sales mix is helping us I think in coping with the difficulties that the markets pose to the whole industry. That's broadly I think on Q4, and I would say even the full year how that looks.

Quick update on the expansion projects that we have been promising the investors for a long time:

Last quarter I had said the public hearings had been scheduled in the month of February. Both at our Chittapur, Karnataka plant and Devapur, Telangana plant public hearings have been held peacefully and successfully. The files have started moving. They need to move from the district headquarters to the pollution control department, who will then forward it to Delhi for processing. I do believe that the clearances from MoEF may be held up till the new government gets formed in the month of June and new ministers get appointed. But as far as the groundwork is done, that has been done and now it's a question of we being able to get the permission and frankly with all the public hearings and all the other I would say studies that we had to do when we have already completed them, typically it's a matter of just a few weeks when the MoEF in Delhi starts processing our application receives and starts processing. So, I guess sometime in June we will try and get those clearances and then we can start talking about actual construction activity.

So, I will stop here and wait for the questions that come up and I will provide more answers to the questions. Thank you.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.

Sumangal Nevatia: My first question is on your opening remarks you mentioned that March has been quite brutal and gradually it was a declining trend. Is it possible to share some more or quantify a little bit in terms of how was March exit prices versus the average of 4Q in our key markets, and how has been April, have you seen some bit of reversal of these corrections in the month of April?

Deepak Khetrapal: Well, offhand I am not carrying all the details with me when I am on this call, but obviously we have in the MIS, but most important part is that the reduction in price in the month of March went down to about Rs.15-20 a bag by the time March ended. And as you've been hearing about various parts, some people have said that in March, exit prices were the same prices that we had two years back. You heard about that. I think more important is in terms of how April has been. April because of very soft volumes, we did see some improvement in prices in the first two weeks of April, but by the time April ended, I think most of that gain over March have been lost already. And my own fear is that till the demand picks up and demand, as we know, April and even May is going to remain weak due to multiple factors, the most important at this time being the elections which are on, the migrant labor who actually forms the bulk of the construction workers, they go back to their villages to cast their vote, and when they go back to the villages, they don't come back in a hurry, they take their own time. Second is, we are seeing in large parts of India, the heat that is on. It definitely creates additional challenges for the activities to be pursued at the required pace. The heat is also leading to some of the markets already feeling the pressures of water supplies and the water supply if you recall from past years, whenever the water shortages become acute, many of the district authorities ban construction activity. So, election, heat, water scarcity, overall put together, personally I am afraid that even May would be a soft month. Until the demand picks up, any noticeable increase in price I think is difficult to expect. But certainly, April is better than March I can tell you overall, in the sense that we did get about two weeks, and as of now also if we say our April current prices is somewhat better than exit March because exit March was very poor, we are somewhat better in that but very small I mean maybe Rs.3-4 a bag in many markets.

Sumangal Nevatia: This commentary sir is more for the South market or both Maharashtra, South, across the region?

Deepak Khetrapal: I think overall trend in terms of is across the region, South is a little more acute, but I would say the softness in prices in March that we suffered was across markets.

Sumangal Nevatia: You shared the mix of West, South, Central. I believe that was for 4Q. Is it possible to share how was the full year?

Deepak Khetrapal: Full year would be, let me check whether I have full year number, I have to again look up, but I think when you are saying 67% West in Q4, the year as a whole also, it will be about 64%, 65%, maybe 2% more has happened in West compared, and that has been taken away from South. 67%, 24% might be 65%, 26%. That's it.

Sumangal Nevatia: Any full year guidance on the volumes for FY'25?

Deepak Khetrapal: Full year volume, I think we are dependent on how the markets behave. Q1 is proving to be difficult. If we talk to our industry colleagues, general sense is everybody is saying between 6% and 8%. Now if it is 6%, very poor, if it's 8% it will be somewhat encouraging for all of us, but I guess always at least when we start the year we start with a lot of not just optimism in the market, but also in terms of the new strategies and what we are going to be doing. So, I would say we are gunning for a 8% growth. If the industry is talking about 6%, 7%, 8%, we'll consider 8% growth.

Sumangal Nevatia: On the expansion, so two things. One with respect to Rajasthan mines, have we started land acquisition there? And then on our South expansion you shared that June is where you can basically start discussing about construction activity. So, any full year guidance on CAPEX I mean I believe the first year would be largely announcements and ordering, so any sense on guidance on CAPEX for FY'25?

Deepak Khetrapal: All things put together I would like our Company to spend around 1,000 crores within the Financial Year '25 made up largely because as I said, as the MoEF clearance is going to happen around June, in the meantime, we'll be obviously gearing up for completing our own internal work in terms of the configuration, the equipments and maybe floating a tender and getting the quotation in also so that as soon as we get the MoEF clearance we will start placing the orders. We will not place the order before the MoEF clearance is received, but I think rest of the activities internally we will be completing. So, as a result of that, at Chittapur expansion I would say around 500 crores of investment I would expect to happen within this financial year. Same thing there is progress with our, that in Sarni where we have been in touch with Madhya Pradesh power generation organization. The board had cleared the proposal, the energy minister also has signed it, there's one little change in term that they imposed which we are negotiating, and we'll sort that out hopefully in the next few weeks and inform the stock exchange. Actually, we should be able to start some work on the Greenfield grinding unit in Sarni on the premises of Madhya Pradesh Power Generation Corporation. So, that will be another I would say 100-200 crores and balance will be divided. About 150 crores I have been saying would go towards the forest clearance for Devapur and again 100-odd crores for Rajasthan land acquisition. So, that's my current I would say ambition to spend the money so that our capacity addition starts coming together in FY'26.

Sumangal Nevatia: So, we have not started any land acquisition so far, I mean -?

Deepak Khetrapal: We started the negotiations. As you know initially quotations come at all kinds of crazy prices. So, if you show too much of a hurry, the agricultural land being available at a crore per acre you have to be just holding your nerve and then in a small way start the activity because the first quotation is just frightening if you go by them and then that process is normal, every time you go through the same process. Have we acquired any land as of now? No, but we are in close discussions.

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

Amit Murarka: Just on pricing what you mentioned is that the pricing fell continuously and what we understand is that even the price hike attempts in April have not been too successful. So, I was just wondering like where do we go from here and now probably a month down the line we will be staring at monsoon? And how do you think pricing should pan out in this context of a sharp decline earlier and now still struggling to take price hikes?

Deepak Khetrapal: Honestly, when you say where do we go? As an industry we have no choice where we go. It's all driven by the market demand and market supply. We have to take whatever it is. We can't go anywhere. We are part and parcel of the cement industry. So, when your question is where do we go? I don't know. We'll be with the industry. We can't go. See, investors can go somewhere else, not people who run the business.

Amit Murarka: I want to understand your perspective, I know that this industry is everything, but I mean, Q4 generally was a good quarter for volume and to the point that lot of companies reported 90%-plus utilization and still pricing was weak, so which is what is a bit surprising to see. So, I was just trying to understand your view in that context, like how do you think it'll pan out, and particularly given that monsoon is just now one 1, 1.5-months away?

Deepak Khetrapal: My personal view as of now is that expecting a price increase till about mid-June perhaps is not realistic. While the fear of monsoon peeking, it does remain, but Monsoon also has seen a pricing relative to that time to become better which is fine with us. At least if we start gaining over what we had in the previous monsoon, would be certainly a good sign and in fact, I didn't know whether you heard in the morning, I was on CNBC and there also the same question had come up. I said look, when have we been able to see consistent trends in the way cement is priced in the market is our challenge is in this industry. And my question very simple is who could have predicted that the March prices will keep sliding as they did despite the growth that you mentioned, who could have predicted, which trend tells you that in March the prices will be like this. So, for us to extrapolate trends has been very difficult. It's more from the perspective of saying, so where is the industry and where is let's say, likelihood of me being able to being able to expect some increase in prices. And all I mentioned is post-elections, post the government formation and currently I think the large consensus is that there will be stability at the political leadership level. So, we are hopeful that as the stability comes in and the government after the election gets back to normal course, demand should pick up. And typically again in March, it didn't happen, but it can't continuously keep happening the way March was. And that's where the hope is coming, because March became pathetically low, and we know as an industry that it doesn't help anyone.

Amit Murarka: Also, on volume like generally last year volume was also supported by higher activity on the infrastructure side and mostly it's expected that there will be some slowdown in that or at least the base itself is quite high. So, is it fair to think that the volume growth from here will be kind of mid-single digits or possibly even lower in the near-term or based on the undercurrents or let's say generally the urban real estate pick up, which is there, do you expect that growth should continue to trend higher, so some thoughts on that?

Deepak Khetrapal: So, Amit, again, what I think all of you also have quoted the industry growth is likely to be 6% to 8%. We are definitely talking single digit. I don't think we have heard even from the industry that the industry will grow at double digits. Even when we say, 6 to 8, the number of six itself tells you what the mood is, isn't it? Because when did we talk in cement industry over next year how much should we grow by, 6%, it's unheard of, so obviously the mood right now is a little bit somber. Let's hope that post the monsoon, water availability, season becoming better and all the, let's say announcement that we have had from our prime minister, assuming that he will be back in power, he's actually being promising a lot more of activity and I have been in some forums where he came in, I am talking about business forums, he very clearly said wait till June and you will get huge, huge, huge announcement from the government to encourage the economic activity. So, we are all hopeful that those promises are kept up and we are able to participate in the growth.

Amit Murarka: And the last question is in the Rajasthan plant. I don't know, it's already discussed, but any update on that?

Deepak Khetrapal: No, update only is that as you mentioned for a long time for some reasons the government authorities were not registering, the supplementary mining lease had been signed, but it was not getting registered which was coming in the way of acquiring land also. So, that is registered now, that happened during the Q4 and now that's how we took very seriously started discussions with some of the large holders of land because if you start going to every small holder, it takes too long. So, there are a couple of opportunities of people who have large chunks of land. So, we're in negotiation with them. Hopefully, we'll be able to start closing them soon. But as of now, we are still in discussions.

Moderator: The next question is from the line of Anupama Bhootra from Spark Capital. Please go ahead.

Anupama Bhootra: I just wanted to ask if there are any plant maintenance schedule and if yes, then when?

Deepak Khetrapal: Plant maintenance is a regular activity which needs to happen every year. Are there any schedule? Of course they're scheduled. They are the part and parcel of our running operations. And during the year they will be spread out. Typically, about 3 kilns which will need maintenance during the year out of the total four that we have. And they will be scheduled, one perhaps will be happening in the first quarter itself and after that there will be two more taken up more towards the second half.

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

Keshav Lahoti: Some sense on how the fuel cost will be in the upcoming quarters?

Deepak Khetrapal: Fuel cost in the upcoming quarters? Look, as of now, I think the prices have been I would say staying a little soft and stable, both, we have not seen them rising in a hurry, but it also could be due to the low demand that the industry would have. In case the demand for cement stays low, obviously the clinker production slows down and that puts pressure on even pet coke prices. Domestic coal prices is beyond anybody's comprehension to predict. The miners were largely public sector companies. How will they behave? But I personally think the fuel costs should stay benign during this financial year, that's what my current reading and current hope is.

Keshav Lahoti: And what about Q1 -- should we expect some relief in fuel cost?

Deepak Khetrapal: In Q1, we as a Company are going to be using the pet coke supply which arrived with us towards end of March. So, in the current quarter, I will be consuming the pet coke that I have already bought. Domestic coal price as of now are stable. I believe there has been a decrease over $10 per ton of pet coke prices from the time we bought the coke and somebody ordering now. But the catch is somebody ordering now will not get the coal for four to six weeks, right, because they ship loads of coal coming in. Four to six weeks is the typical time-from-time you place the order, and you get the coal in your premises. So, my own sense is, unless somebody has ordered already 4-5 weeks back at a lower price by $10, that may come in for some of the players, but it's all a function of how their fuel stock was around end March. We had a full ship load which had arrived. So, we need to consume that in the current quarter.

Keshav Lahoti: So, fuel cost for Orient should be similar in Q1 like Q4?

Deepak Khetrapal: Correct.

Keshav Lahoti: On premium cement, we have our target to reach 25%. So, should we expect by year-end or maybe earlier?

Deepak Khetrapal: We already had done 22% in Q4. So, yes, definitely 25 should happen in FY'25, absolutely. We are very close to that. I mean we're actually making faster progress than anybody expected from us.

Keshav Lahoti: If the cement prices stays over here during the entire quarter, should we expect a decline like 4% in this quarter QoQ?

Deepak Khetrapal: Sorry, come again, 4% decline from the Q4 prices?

Keshav Lahoti: Yes.

Deepak Khetrapal: I hope not right, so that's certainly not something that we're expecting.

Keshav Lahoti: Because the prices have been weak in March also like, so -

Deepak Khetrapal: Yes, they were week in March, but April, some recovery has been there. You're saying 4% going down from here. That's a huge hit a very, very large hit. I personally don't expect that to happen.

Keshav Lahoti: So, should it more like 2-3%?

Deepak Khetrapal: That is pretty high.

Moderator: The next question is from the line of Surya Nayak from Sunidhi Securities. Please go ahead.

Surya Nayak: One question is that due to the land acquisition things which is getting delayed, maybe the majority of the CAPEX for the current year, which is around 1,000 crores, could be aligned to second half. So, what kind of debt we see to come into books?

Deepak Khetrapal: Debt is obviously going to be impacted by our cash flows and pricing and volumes, because obviously whatever cash flow we generate, we want to consume the cash flow ourselves. If I am able to spend Rs.1,000 crores on CAPEX in this financial year, my own guess is we will be perhaps around 600 crores of debt by that time is what my rough estimate is if things remain as we want them to remain in the current year.

Surya Nayak: So, if that is the case, then obviously FY'26 we will be having a larger budget of our CAPEX?

Deepak Khetrapal: Yes, correct.

Surya Nayak: What would be the ballpark CAPEX budget for FY'26?

Deepak Khetrapal: If I were to complete these two projects, that is Chittapur complete commissioning in FY'26 and also the Sarni grinding unit coming up, put together that's about 2,000 crores of CAPEX, right, out of which I am taking this particular with 600, 700, so that is about 1,400, 1,500 of CAPEX that should happen in FY'26 for us to have the capacity in FY'26 both at Chittapur and also the grinding unit which can support the Devapur capacity utilization more.

Surya Nayak: So, next year, again we could be having a debt of at least 700, 800 crores?

Deepak Khetrapal: At the end of this financial year about 600 crores debt, that perhaps could be even higher, but don't forget, we do have a net worth today of close to 1,800 crores. So, there is practically no debt on our books as of now. So, even if you have debt our debt-Equity will be still about 1 and debt-EBITDA ratio will be just about 2, 2.5, I think, which is fair, nothing to worry about.

Surya Nayak: But are we not interested to time the accretion of the debt to the interest rate declining scenario?

Deepak Khetrapal: Look, I need capacity to sell in the market. If I try to arbitrage on interest rates and keep losing the opportunity in the market, I don't think the shareholders will be served well by me.

Surya Nayak: Another point is that are you seeing the interest rate scenario as the major impediment in the pricing because more of the OPC consumption is happening and that is actually not giving us a player like us who are focusing on the retail B2C side. So, that is actually creating an issue and because all the major players are operating at a healthy level at 80-plus, even you are also saying that you are also at organization level at 81%. So, normally it is seen that now above 75% the pricing powers generally comes in, but that is not materializing. So, what is your stance with regard to the interest rate scenario vis-à-vis the pricing?

Deepak Khetrapal: See, I personally do not think that the interest rate has impacted cement pricing in the market. Even let's say for the decision on when to put up capacity is driven more by strategic reasons than by the interest rates. Even at the current rate of interest, I think normally the expectation is that all very hawkish policy being followed by the monetary authorities, they should be able to get the inflation under control and then the interest rate would soften. My own guess is by the time we start borrowing from the banks interest rates would have started softening. That's what my stance is.

Surya Nayak: What is your outlook on the pet coke prices for the second half?

Deepak Khetrapal: My own guess is they would stay within the range of about $115 a ton to $125 a ton.

Moderator: The next question is from the line of Sanjay Nandi from VT Capital. Please go ahead.

Sanjay Nandi: Sir, can you please share the lead distance for this quarter?

Deepak Khetrapal: Lead distance, we are just over 300, 310 in that range in this particular quarter because of more dispatches into Maharashtra, it has gone up by another 10 kilometers, maybe it will be in the region of 315, 320 in that range.

Sanjay Nandi: Like you mentioned, we have a significant huge jump of our premium sales in our total portfolio. So, what has led to that significant jump in our premium share like what kind of products we are offering which the other peers cannot like so as to increase our overall premium share in the trade sale?

Deepak Khetrapal: Please, please visit our website, orientcement.com. You'll see our premium brands starting with Dolphin, which is the most premium brand right now. That is a water repellent cement. Then there is StrongCrete that we call it "The Forever Cement." Just I did mention that our cement is approved for the bullet train, and for the bullet train project we have the approval for our StrongCrete just for information. So, if that good a cement when it's compared with the OPC of other companies are strong it actually turns out to be better. It has its own unique properties. I don't want to go through the full technical lesson on what each of the cement does differently, but obviously there is a very clearly defined user value proposition for the cement and that's why the customers are preferring to buy our product despite it being very expensive compared to what cement industry expects it to be. But there is a good value proposition supported by us through our engineering consultancy services, and that's the reason why more and more customers are buying our cement.

Sanjay Nandi: So, what are the specifications required for this bullet train projects, like which you will be -?

Deepak Khetrapal: I can't convert this into bullet train specs and that you please go to the website, you'll see them. That kind of question I can't answer in earnings call, what are the specs that bullet train is placing for cement, how do I tell you that on this conference?

Sanjay Nandi: Any grade I am talking, sir, if you can -?

Deepak Khetrapal: They obviously need faster setting time, they need much stronger performance from the cement. So, all those things, long specs they've been given, which I don't think in investors call we can discuss. For that we will need to have a special workshop on technicalities.

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

Sumangal Nevatia: Sir, you said 23% is renewable. Was it for the full year last year and where do you see it going in FY'25? And also, what maybe some unit cost saving versus existing mix, if you can share?

Deepak Khetrapal: Prakash, our CFO, is on the line. Prakash, do you have the number total renewable for the full year? Our full year will not be obviously as much, simply because our waste heat recovery system kicked in only in the last five months of the financial year. So, first seven months we didn't have that, but Prakash, do you have the numbers, can you share that please?

Prakash Chand Jain: 15%.

Deepak Khetrapal: 15% overall for the full year and that's why the sharp gain is from the time the waste heat recovery kicks in. And this year, not only is the waste heat recovery, another, let's say, nearly 2.5, 3 MW coming in, plus we have more solar coming in, both at Jalgaon and at Chittapur.

Sumangal Nevatia: Any medium-term target of the mix?

Deepak Khetrapal: Medium-term, by 2030 we are saying we will be 50% renewable of total, including expanded capacity. That's the target we're working towards.

Moderator: The next question is from the line of Prathamesh Dhiwar from Tiger Assets. Please go ahead.

Prathamesh Dhiwar: What was our volume for FY'24 overall?

Deepak Khetrapal: About 61.3 lakh tons.

Prathamesh Dhiwar: As the fuel costs are muted right now as you said, so how are we looking at our EBITDA per ton?

Deepak Khetrapal: Look, as I mentioned, muted, now we are talking about a scenario where the fuel costs have actually softened, and I have already reported significant fall in this year compared to last year. I have already mentioned that. As of now we're assuming that the prices of fuel will remain around this level. Would they go down from here? It's very difficult to say. There's no trend in the market, which says it will go beyond any significant manner from the current cost. I would be happy if they stay the way they are and don't get disturbed by all these geopolitical disturbances that are going on.

Prathamesh Dhiwar: By looking at the current scenario as you told not going down, so what EBITDA per ton you are guiding, or you are looking at for coming let's say FY'25?

Deepak Khetrapal: EBITDA per ton is going to be impacted by two things: One, how quickly from June onwards, can the prices improve. That's always the biggest differentiator as EBITDA is coming from the pricing of the cement, right. Then we have the internal strategies of increasing our premium product sales as a proportion to our total sales. So, that is one lever that we're using. The second lever that we're using is no matter what the fuel prices in the market are. If we are able to get more power from our waste heat recovery plant and from solar, that's the other lever that we're pulling. So, given our internal levers, I would expect a gain of Rs.70, 80 a ton on EBITDA.

Moderator: The second last question for the day is from the line of Rajesh Kumar from HDFC Securities. Please go ahead.

Rajesh Kumar: Sir, I wanted to understand what would be your clinker production in FY'24?

Prakash Chand Jain: If I may say, total clinker production for FY'24 was 4.7 million tons.

Rajesh Kumar: If I look at your CC ratio, this seems to be slightly around 1.3x. Do you see a chance of this improving from 1.3x to closer to 1.4x? Your clinker utilization is already 90%.

Deepak Khetrapal: It will happen with the B2C demand picking up. As I mentioned to you, B2C demand has been very soft for us at least in the states that we run our business in. And the only way for us to improve that ratio is by selling less of OPC and more of blended cement, right? So, certainly we want it because our consumer, the B2B business is going 55, 56 a fairly decent phenomenally, it's happened only in the last few quarters, before that, we have always been selling more to B2C customers. Unfortunately, the B2C demand in this particular market that we service, in the last few quarters has been poor and that's how OPC has gone up and the clinker-to-cement ratio has become adverse. We are trying to improve, but also it's a function of how quickly the consumer market picks up in cement.

Rajesh Kumar: And this Chittapur project of 1,600 crores you had earlier guided the CAPEX size. Because of any these delays and all, do you expect this CAPEX amount getting increased and is it fair to say that by June, July you get it and 18 months you have guided it will take 18 months from there, so the project will be up and running early FY'27?

Deepak Khetrapal: I would say before end of FY'26 we might target so that the first quarter of '27 we can get the full capacity after stabilization. So, our target would be the last quarter of FY'26.

Rajesh Kumar: This MP grinding unit, this can be completed in one year, early, mid-April?

Deepak Khetrapal: One year is difficult, but fifteen months for sure we'll try.

Rajesh Kumar: Year-end also you are targeting this.

Deepak Khetrapal: Around the same time. A quarter here and there around the time Chittapur clinker capacity and grinding capacity comes up, our grinding unit. I want again, like I said, at least fourth quarter FY'26, our attempt will be in Q3 FY'26.

Rajesh Kumar: So, just to understand, for the next two years, '25 and '26, focus will be only these two projects, Chittapur, MP?

Deepak Khetrapal: Correct.

Rajesh Kumar: The CAPEX would be spread out equally between '25 and '26?

Deepak Khetrapal: It will be little less in '25 more in '26.

Rajesh Kumar: And most of it will be backended in FY'25 because only when you get the clearances in place?

Deepak Khetrapal: Absolutely.

Rajesh Kumar: Any risk you're looking at like in FY'24 our CAPEX guidance initially which you have started off the year with the thought of 1,000 crores, but we ended up just spending sub 100 crores?

Deepak Khetrapal: The problem has been let's say, slow progress that we have had in these various clearances and right now it is hurting us at the Chittapur plant where I said the demand is a lot more than we're able to sell from Chittapur. So, that obviously is hurting us now. I wish we could help it and we could have done better, but we are where we are.

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

Naveen Sahadeo: I just had one question more from a like longer-term point of view that if I were to take a five, six-year view for Orient Cement, of course you have already kickstarted the expansion at Chittapur and a grinding unit in MP as such. But from other CAPEX or a growth point of view, the priority is how do they stack up -- will it be Devapur or we will prefer Rajasthan or can these two together go hand-in-hand, how should one look at a slightly longer five, six year point of a directional sense if we can get, that will be really helpful?

Deepak Khetrapal: Naveen, it's more a question of our capability to have the land in hand to start construction in Rajasthan. As you know, anybody who had the Rajasthan mining lease, the desire would be to put up the capacity first in Rajasthan because all of us know that we need that diversification of the markets for us. That takes us in northern markets and other more lucrative markets. Unfortunately, a Greenfield project these days, no matter how much we want to do it, will take its own time. And in that sense, even earlier when you asked me the question, I have the same answer. I wish I could get the land in a hurry at a reasonable price and start the construction first of all. Unfortunately, that's not possible.

Naveen Sahadeo: So, at least as of now, the visibility is, let's say at Chittapur expansion -

Deepak Khetrapal: Chittapur, Madhya Pradesh grinding unit, Devapur and Rajasthan in parallel whatever we can do. But at the moment we are able to push Rajasthan, we will because we need to be there.

Moderator: As there are no further questions, I would now like to hand the conference over to management for closing comments.

Deepak Khetrapal: Thank you. I think all the comments that are needed to make have already been made in while answering the questions that people have had. So, thank you for asking some probing questions again and giving us the opportunity to give you our side of the story fully. Always, thanks for your support and look forward to talking to you soon again. Thank you very much.

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