November 16, 2023

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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 November 10, 2023 with respect to Unaudited Financial Results of the Company for the quarter and half year ended September 30, 2023.

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

Q2 and H1 FY '24 Earnings Conference Call"

November 10, 2023

MANAGEMENT: **MR. DEEPAK KHETRAPAL – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – ORIENT CEMENT LIMITED**

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

Moderator: Ladies and gentlemen, good day, and welcome to Orient Cement Limited Q2 and H1 FY'24 Earnings Conference Call hosted by ICICI Securities. 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. Navin Sahadeo from ICICI Securities. Thank you, and over to you, sir.

Navin Sahadeo: Thank you, Nirav. Good afternoon, everyone. On behalf of ICICI Securities, I welcome you all to the Q2 FY'24 Earnings Call of Orient Cement Limited. From the management, we have with us, MD and CEO, Shri Desh Deepak Khetrapal. So without any further ado, I hand over the call to Mr. Khetrapal for his opening comments. Over to you, sir.

Deepak Khetrapal: Thank you. Thank you, Navin, and a very good afternoon and a very warm welcome to all of you on this Q2 earnings call of Orient Cement. Let me start by first wishing all of you happy Dhanteras and a very happy Diwali, which is coming in two days' time.

And I'm grateful to all of you for finding time for us even on a day like this, which is basically festive day. But I think given the schedule that we had, we are here today and thanks for being here. In my own way, I mean, lots of people are wishing each other to acquire gold. And my little bit twist on that is that my wish for all of us to aquire a heart of gold and become better human being even as we have a fulfilling and everything life. So all the very best to all of you.

Coming to the performance and the highlights of Q2, I think I'll rather start with perhaps the news that people have been waiting for. We have been saying that our waste heat recovery plant is under commissioning. But finally, towards the end of the quarter and in the last two days only, we were able to commission the waste heat recovery plant. To the extent that it's 80% of the target power is already available and that we've used in the month of October. And obviously, we're using it. The balance 20% work which is still going on should be ready for us to get power in the month of January.

And as all of we know that it's the overall benefit to the company in terms of costs that we've been projecting it will be more than INR60 per tonne of cement. So which, like I said, as of now, because 80% is commissioned. So maybe it's about INR45 a tonne but -- I'm saying in Q3. And in Q4, the full benefit of INR60 tonne plus plus and it will be perhaps hopefully more than that. So that will start flowing and that has been a pending thing from our side, I thought I'll first tick that off.

We've also been doing some really good work in terms of creating a really rich brand portfolio of obviously, these regular brands, which exists in the market, which we've been operating and then the newer brands that we've been adding to our portfolio. And in that, we have added one more brand, which we have called Birla A1 Dolphin. And Dolphin because it's the water repellent cement, and this obviously dolphin for all of us who know how water repellent the skin of Dolphin is, so the Dolphin really represents the nature of the product that we have launched under this brand. And hopefully slowly and gradually it will start finding its space in the market. It's very early days still, but the advantage of our brand portfolio today starting with Birla A1, which continues to be the mother brand for our PPC cement and OPC 53, 43.

We have added, as we would recall, StrongCrete that we did a few years ago, thereafter we launched OrientGreen about a year back and now Birla A1 Dolphin, which is the, I would say, the laddering of the brands because from the normal price of PPC, OrientGreen, it is about INR25 premium, StrongCrete at INR45 and Dolphin even higher than that. So it's still -- as of now, I think we are -- we have all the brands in our portfolio the way we wanted to create under the brand architecture that we have planned.

So that's -- and also just to sort of make sure because of our Birla.A1 brand was being, I would say, used in different logo forms across our brands. So that also we standardized, and we have aligned. And today, we have aligned identity for Birla A1 wherever it's used by us. So you would see the change in the bags and the colors and all those things are being done.

With the benefit of these new launches and all the good news is that within the trade sales, which you call B2C sales, the percentage of our premium brands put together, which is largely StrongCrete is the biggest, obviously, followed by OrientGreen. Fairly, we are in excess of 20%, 21% to 22% in that range is the volume we are selling under the premium brands out of our total trade sales, so which is something which I thought all of you will be happy.

And as Birla A1 Dolphin find its place in the market, we do believe that by end of the year, we should be exiting with about 25% premium cement sales, with the prices of our premium cement seen are far higher than what the industry has seen from other players. On the quarter per se, we all do know that -- all of us do know that traditionally, Q2 happens to be a relatively soft quarter compared to Q1 because of the monsoons.

Last year, Q2 was horribly bad for the whole industry, and we all know what we went through. This year, the monsoon, we know it was an early start and monsoon started off with the bang. And also ended strongly towards the end in many parts of the country. But we had a rather lean middle and then we were all getting worried whether we'll have enough rainfall in the country or not.

But thankfully, like I said, August being a worry month from monsoons perspective, gave us an opportunity to -- give us the opportunity for construction activity to go on, not impacted by heavy monsoons as of the month. So August, in this particular quarter was a very strong month and July and September being not as strong as August. But despite the, let's say, monsoon, which was heavy in periods, our total volume in the quarter is 14.25 lakh tonnes, which is a 15% year-on-year growth.

Sequentially, yes, there's a 10% degrowth, which I think is normal from Q1 to Q2. But with 15% growth Y-o-Y, I think we are in line with industry growth in our served markets, and there's no risk of the losing any market share despite the fact that we've not added capacity in the meantime, unlike some other players who have added capacity in the markets.

In terms of the target for the year, we're still chasing, I think, in the previous earnings calls, I've been mentioning that our target for the year would be to be between 63 lakh tonnes to 65 lakh tonnes of cement sold in this particular financial year. We should be in that range, given the fact that we've already done more than 30 lakhs. And to do 33, 34 lakhs in the second half should be feasible unless there's a complete surprise in the market.

The only thing which has not been good in H1 as a whole, I would say, is that despite such strong demand and 15% growth, the prices in H1 have stayed largely flat and that's been a bit of a dampener. And because the prices were not stronger, so the sales in Q2 for us, which are at INR720 crores are 17% up Y-o-Y, but they are minus 12% Q-on-Q because there was a little dip that we experienced in our realizations from the preceding quarter.

At H1 level, we have done total sales of INR1,550 crores, which is a 16% growth over last year, as I'm sure all of you would have seen the numbers. The skew has been towards -- for us in our markets with a servicing that's been more towards B2B sales and that although that skew has gone on, but we've also found some, I would say, relief that in this particular quarter, our B2C sales are again back to being 50% plus, which had actually in the previous quarter dipped to below 50%. So that's a bit of a relief.

And in terms of, I would say, the overall good news that we have is that within the subdued consumer sentiment, I'm talking about trade sales, our B2C sales, we have kept increasing our share of premium products, which should stand us in good stead. And it also perhaps is an evidence that our strategy of having multiple brands at multiple price points with each one brand having its own specific advantage or as we call it in a marketing jargon, value proposition for each of these brands is very clearly defined and communicated and delivered to the consumers.

So we are quite happy with the work we've been able to do on the premiumization of our cement besides, obviously, using benchmarks for prices which are higher. So that's helping us in terms of maintaining our sales growth and maintaining profitability compared to what the circumstances otherwise would have dictated.

Even B2B sales, although they continue to be higher than what we would like them to be typically in terms of the impact they have on cost. But the relief for us has been that even in the B2B sales, we have managed to still prefer and choose customers who, I would say, respect and prefer our product even when we claim a premium on pricing.

So many markets in the OPC segment, we are able to get a price where the contributions in OPC continue to be remunerative for us and even better than PPC in many markets. So that's why we -- although we should be selling more of blended cement, but we are not completely unhappy because the market and the large customers have been demanding OPC and we've been happy to deliver because we are recovering that cost plus.

In terms of product mix, the PPC Cement in Q2 -- PPC, I'm including -- I shouldn't call it PPC, I would say blended cement. Blended cement which includes our premium brands and that's as high as 59% versus the unblended cement, which is OPC at about 41%. Market mix-wise in this quarter, again West for us has been a stronger market. And in Q2, out of total sales that we have done, about 64% of our volume has actually gone to West and about 27% in South, which basically is a result of the fact that South, especially the main states for us, which is Telangana and Karnataka and partly Andhra they continue to see fairly low demand. And if not low demand, they continue to see very low prices, and we choose to sell at a price which is higher than what some of these markets are seeing.

So in South, it's 27% and balance 9% is largely Madhya Pradesh, the Central India market. Efficiencies, actually, we continue to maintain our efficiencies quite well. We continue to do at the company entity level, including all our old plants, new plants put together, our power consumption stays at about 62, 63 units per tonne. Our heat consumption, we managed to maintain at about, I would say, under 690, whereas the newer plant being significantly lower than that.

So that's on the cost side. On the realization front in Q2, I would say we have a realization of little under 5,050 and that H1 level at about INR5,100 per tonne. And we will call them largely flat. There could be a fraction of a percent up and down, but largely flat. EBITDA, as all of you have seen for Q2 has been at INR88 crores. Given the fact that last year was extremely poor, and we had an EBITDA of nearly INR37 crores, it looks like 136% growth. But I don't think we should draw too much from the fact that 136% growth because we do have the benefit of the low base last year of only INR37 crores, which is one of the worst quarters that we saw.

For Q2 EBITDA per tonne, it is at about INR620 a tonne in Q2, which last year in Q2 had fallen to under INR300 a tonne. We obviously on a per ton basis, we have more than doubled. Sequentially, let's say, we say we are a little lower at about 620 in Q2 because in Q1, we were at about INR650 a tonne. So that's a bit of a fall, but it does happen when you have lower volumes, and that's why we operate -- the lower operating leverage was there. So it has a little bit of decline there.

Power and fuel costs for us have come down, as you would have seen, down to about INR1,508 versus last year of INR1,647. And even sequentially, there's a lower power and fuel cost. And this is despite the fact that power costs actually, we are combining power & fuel and reporting a decline.

But the fact is power cost, I think, for us, it has gone up, and I'm sure it will be true of most of the industry because for power, when we are using our captive power plants, we use domestic coal where we know, Coal India and Singareni have been increasing their prices and also supplying very poor-quality coal. So that there -- that has led to about 30% -- sorry, about INR30 per unit cost of power to us at least, that means the fuel side, we have savings which are bigger.

Another reason for power costs being higher is also because of some of the states, I'm sure you've gathered, have been changing the rules of supply and increasing their, if not the cost per unit, at least a fixed cost for staying connected to them, which obviously, we have to recover from whatever volumes we do. So as a part of, I would say, the mix in power, even if you don't use the fixed cost of being connected to the grid that keeps going up. And I think that the State Electricity Boards do, to maintain their own profitability, I would say.

The domestic coal, so as we know, Coal India and Singareni have been announcing higher prices and despite the fact that the overall energy cost basket has been lower this year. But in Chittapur, where we largely end up using pet coke, there, we've seen a decline of nearly 14% compared to same quarter last year, due to last year 14% decline on pet coke costs used by us.

All of you always remain curious about our blended cost of fuel. So we are -- in terms of rupees million kilocalories, we are at about INR1,800 at our Devapur plant, which largely is driven by domestic coal. And we would be at about INR2140, INR2150 at Chittapur, which is -- which uses pet coke -- imported pet coke.

And given the location of Chittapur is far away from the coal mines as you know. But at Chittapur, the blended fuel cost that I'm talking about would lower by about 14% over last year. It's also better at Devapur largely driven by the fact that we have been changing our fuel mix and trying to maximize the alternative fuels that we have been using.

And obviously, as a percentage, they keep going up all the time. So pet coke procurement price improvement, AFR usage being increased and our efficiencies drive that continues. We have seen, I would say, appreciable benefit in the in the fuel cost in the current year.

With the waste heat recovery and with the solar power for which we have taken the approval from the Board and where we announced, I think with the capacity that we are putting up for solar power here at Devapur -- sorry, at Jalgaon and at Chittapur, we continue to be on track towards using about 50% of renewable power in our operations as we go.

At Devapur, unfortunately, we are not in a position to use renewable power because of the state government's policies, which are not making it viable for us to use. So unfortunately, renewable power drive continues to be more at Jalgaon where we started first and at Chittapur. Devapur, the only renewable power, which is on the -- on our agenda is to put up a waste heat recovery plant for which I think we have started the work and hopefully we'll be finalizing the project for waste heat recovery plant at Devapur as well to reduce the thermal power consumption

In terms of -- I think, updates on costs, markets, everything I have already covered. Obviously, curiosity remains on our expansion plans. They continue to be on track, although we know that given the number of steps that we have to go through before we get the environment approvals, many of them are driven by the state governments.

And as a result of that, this election that were announced a few weeks ago, will get over by the end of this month and the results come out in early December. Telangana government process has been slightly slower than what we had anticipated for the forest clearance. So although it's on track, and every step is being taken, but obviously, when election happens, what happens to the government process.

So where we are a little, I would say, a couple of months behind schedule but I was thinking that by January or so, we should be able to take up some manufacturing -- sorry, some construction activity at Devapur. it is Looking to be at risk purely because the file for forest clearance has not moved from the State Government to Central Government, although processes and steps are proceeding all the time.

For Chittapur as well, we have already received the, what they call, terms of reference TOR from the Central Government for the expansion project at Chittapur. We have already applied to the State Pollution Control Board to conduct the public hearings to grant, based on which our environment clearance application will be considered by the Ministry of Environment and Forest. So we are driving that too.

And although we are trying our best but, like I said, a few weeks, a couple of months delay here and there keep happening at every step. But we stay committed to the -- our growth plan that we've announced, and we'll keep doing that. I've already covered EBITDA in terms of total -- I think most of the things are covered so far. But let me open the -- and then if I missed out something, I'm sure that you come out in the form of questions.

Total debt is normally asked for, I think, in terms of term debt, we are down to barely INR170 crores, which is financing our projects. And variable costs, variable -- sorry, what I'm saying, working capital borrowings from the bank. Recently, we paid for a shipload of pet coke, so obviously, we borrowed some money. The total working capital borrowings would be between INR90 crores and INR100 crores as I speak today, which again is a function of -- when you start using that coal inventory starts coming down and that working capital keeps jumping up and down, at times, it is negative; at times, we borrow money.

But more pertinent debt is the term debt, which, as I mentioned to you, it's INR170 crores now. Because in the first half of the year, we repaid about INR74 crores from what we had borrowed from the banks. That's from the debt, which is other thing that [inaudible] I've not covered so far. I'll stop now and answer specific questions as they come. Thank you very much.

Moderator: The first question is from the line of Raghav from Asian Market Securities.

Raghav Maheshwari: Sir, my question is for the capex side. Basically, Devapur expansion primarily is a delayed because of the forest clearance. But at the same time, we have applied for forest clearance for plant as well as the new limestone mine also? Is my understanding is the correct?

Deepak Khetrapal: That's Right.

Raghav Maheshwari: Sir, new limestone mines reserve, can you let us know what is the reserve in the new mine? And how much is sufficient for the next -- for the current operations?

Deepak Khetrapal: In the new mines that for which all the clearances have been given excepting for forest clearance now, which is in the process as I said. Just to give you a perspective, the old mines that we've been using from 1982 from the time we started running the plant, we had only 210 hectares with us. The new mines are 588 hectares, okay? .

So the limestone reserves in 588 hectares that are coming to us is good enough to run the plant for 40 to 50 years, even after doubling the capacity at Devapur. So there's no worry on the limestone reserves.

Raghav Maheshwari: Got it, sir. And our plan is still the same two million tonnes clinker at Devapur and three million tonne cement combination, two million tonne probably in the MP grinding unit and one in the Devapur itself, cement grinding?

Deepak Khetrapal: Absolutely. Correct.

Raghav Maheshwari: What's the status for MP land for the grinding unit?

Deepak Khetrapal: MP Land for the grinding unit, we are -- let's say, as I mentioned to you, these are -- the plan that we are having with state electricity board who have their own government processes. So they -- we have given them our letter in terms of wanting to set up a grinding unit there. After that, as you know, as they had to invite competing bids, if any, other person was willing to put up such a unit and offer them better terms than us.

The date for that as far as we know for people to submit for any competing bid to come in has expired just this week, and we are now expecting that as the date no more time available for any competing bid to come in, the board at the next board meeting will consider our sole proposal, which is available with them to put up a grinding unit. So we are we are going through the process, we seem to be getting close.

If the competing bid had come in, I would have been a little worried. But within the deadline, no competing bid has been available. So we should be fine. I think the next board meeting will confirm that our bid is accepted and we'll be allowed to put up a grinding unit there.

Raghav Maheshwari: And sir, at the Devapur site, do we need more land acquisition for the new clinker line or we have the sufficient land for the current?

Deepak Khetrapal: No. So on the Line four, as we call it, Devapur.

Raghav Maheshwari: Line, yes, okay, Line-four, right.

Deepak Khetrapal: We didn't want to go out of our current premises that we own because as you know, Devapur is in a tribal forest area, and any land acquisition creates problems. So what we have done is, we had -- when the land was enough and we have only one line, we put up a colony and school without really thinking that we might need more space. So what we are doing is as we speak in preparation for Line four, we've already started the work on relocating these -- we are building a section within the existing land for the new colony which earlier they -- colony was either ground floor -- in fact, most of it is just ground floor. .

So we are actually converting one plus four floors in a more compact area but giving new apartments to our employees. And that land will become -- we will be able to put up Line four. So we are managing within the land, no acquisition, but we are spending money on building a new part of the colony as new colony.

Raghav Maheshwari: If my understanding is correct, can we put up this Devapur plus the MP project within the INR2,000 crores?

Deepak Khetrapal: Yes.

Raghav Maheshwari: What's your estimate?

Deepak Khetrapal: How many questions will one participant be allowed? Or is it -- I mean I've given you that we have the land with us within which that we will build the overall cost of doing that. You said it's within INR2,000 crores, I said it's within INR2,000 crores, I have already answered. Our own number is INR1,950. crores. That's why I said yes, it's within INR2,000 crores.

Raghav Maheshwari: Okay. Got it, sir. Thank you.

Moderator: Thank you. Next question is from line of Aashav Patel from Molecule Ventures. Please go ahead.

Aashav Patel: Sir, we have seen price rise and both all our peers have also been reporting the numbers and Q-o-Q, there have been improvements slightly in realization and more so with regards to the power and fuel cost softening, which you also mentioned.

So many companies are already posting numbers which are much better than Q1. But our numbers were, in fact, slightly lower than Q2 when it comes to absolute EBITDA. So can you please sort of clarify what led there?

Deepak Khetrapal: You mean to say, our number from Q1 to Q2 are lower?

Aashav Patel: Yes, sir.

Deepak Khetrapal: Yes. Okay. No, that -- it's -- I mean for us, it happens every year. If you look at our costs, compared to last year, the only difference in last year, this quarter didn't have any major maintenance cost. This year, we've undertaken one more kiln maintenance. So that gets added to the total cost, right? In terms of fuel costs sequentially also, they have fallen, but we have other costs which have been incurred.

Aashav Patel: Sir, can you please quantify it roughly the maintenance cost for this quarter?

Deepak Khetrapal: maintenance costs in Q2 -- one are the regular maintenance cost that we do not even count the cost which are periodic. So as we mentioned in Q1, we had undertaken the maintenance of one kiln at Chittapur, which obviously was a long pending thing and that also costed a lot more money for us to transfer clinker from Devapur to Chittapur to feed the market.

In this particular thing -- this particular quarter, we've undertaken one line at Devapur under maintenance, which was completed in Q2. And there's just one more that has been completed in the month of October that will come in Q3, each kiln typically the cost of annual shutdown, maintenance shutdown is ballpark INR10 crores; at times INR9 crores, at times INR11 crores, INR12 crores in that range Ballpark INR10 crores depending on the size of the kiln.

Aashav Patel: Sure, sir. It's only one constructive feedback from my side would be to please after -- along with the results, you can also post all the operating metrics because that eats up a lot of time in con call and it is very difficult for us analysts to note down all the key metrics which are mentioned by you, sir.

Deepak Khetrapal: Okay. Thanks. I'll take note of it.

Aashav Patel: Sure. Thank you, sir. Thank you.

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

Rajesh Kumar Ravi: Thanks for the detailed opening remarks quite useful. So the blended fuel cost, can we consider it for this quarter around INR2, 1.8 and 2.15 simple average?

Desh Khetrapal You can do it, but unfortunately, I can't use that. I'll go plant by plant because supplies are different. But the numbers that I've read out to you are the numbers. Obviously, if the production is similar, you can even call the average. At times Devapur produces a lot more, because capacity at Devapur is more. So I'm not calculating weighted average. But yes, largely, you can take the numbers.

Rajesh Kumar Ravi: Okay. And are you looking any savings quarter-on-quarter in Q3 if at all?

Deepak Khetrapal: Well, honestly, even the previous question that came that people are seeing lower fuel costs, while lower fuel costs, we did see -- for ourselves also that as I've reported that power and fuel cost is lower.

Within that fuel cost, it is even lower, if we take away the increase in power costs, right? But lately, if you people have noticed the International pet coke prices have been firming up again, all of you are aware of that, right?

Given the fact that the latest procurement of pet coke from the international markets is happening at a higher price, that will start impacting the costs in the other direction. I mean, all of you are aware of that, right?

Similarly, price increases from Coal India and petcoke increases by the weather, the Reliance is actually the company which announces the price increases. So this particular month again, they've increased the pet coke prices once again, you've seen that, right? That you have to factor in.

Rajesh Kumar Ravi: So incrementally, your savings will more accrue from the WHR Q3 and Q4 and solar power that will be...

Deepak Khetrapal: Waste heat recovery and to the extent we can improve the fuel mix using alternative fuels.

Rajesh Kumar Ravi: And sir, how much was that?

Deepak Khetrapal: Entire 12%

Rajesh Kumar Ravi: Yes, 12%, it was in Q1. How much was that in Q2? And what is the target for this year or by end of this year?

Deepak Khetrapal: At Devapur, we would want to use -- if you -- on a volumetric basis, we would be targeting 20%. But on thermal substitution, it will be about 12%, 13%. At Devapur, we are struggling to get enough of alternative fuel, which makes sense.

So there we are using lesser volume and thermal TSR substitution, but we are getting at a lower price because there we're using more of a municipal waste and RDF. The different fuel profiles at both our plants, given the location and given what alternate fuels are available, right? So on a blended basis, our TSR target does remain 11%, 12% on having substitution, much more at Devapur and less so at Chittapur.

Rajesh Kumar Ravi: Okay. Okay. So earlier also, the numbers which you have shared 12%, 13% in Q4, Q1, they are also the blended TSR only, right?

Deepak Khetrapal: Look, anything which is looking closer to 20% is based on volumes; in thermal substitution rate, typically, it will be low two digits.

Rajesh Kumar Ravi: Okay. Understood, sir. That's great. And on the capex, you detailed out that there are multiple approvals which are pending and once they come through, the work will start. So any ballpark because first half the capex has been sub-par versus your annual capex guidance. So as we -- in end October, mid-November, what is the current understanding for the second half, how much capex you're looking at for this financial year?

Deepak Khetrapal: Rajesh, given the way situation that we have today is we -- it doesn't seem as if in this particular quarter, we will able to spend anything significant on capex for expansion of capacity, right? And in the last quarter also, even if we start some work, it will be fairly moderate. So capex is -- I mean, unfortunately, every quarter, we report the same thing. The capex is slightly behind schedule. I don't think there's any significant amount that we will be able to spend this year.

But we are preparing everything to make sure that as soon as possible, if we can start in January, February, March, early next year, as soon as we have the approvals in hand, we will go full steam ahead. And obviously, that would mean that what we had forecasted for this year gets shifted to the next financial year. But it's a month after month after issue. It's not a question of year-to-year. year-to-year looks as if we are going from FY24 to FY '25, but we had always said that will be more in second half, which unfortunately is, again, disappointingly for us also is not happening at the speed at which we wanted because we do need capacity, as I mentioned.

So let me work that through based on the approvals that I get. And in a few weeks time, if required, I'll inform all of you as to when are we -- the moment, the approvals come, I'll send out information to all of you. And then I can talk about specific dates for starting work.

Moderator: Thank you. Next question is from the line of Sanjay Nandi from VD Capital. Please go ahead.

Sanjay Nandi: Sir, can you please guide us like what kind of incremental price hikes as happened in the last like 40 days from the exit of the September month in our areas of operations?

Deepak Khetrapal: On our markets, we've been able to see a price increase of nearly INR20 a bag or INR400 a ton gross of GST. Out of that, if you take away GST, you'll perhaps see, more around INR300 a ton, but INR20 per bag on an average for us is the impact. Obviously, the impact is slightly higher in Southern markets because there the prices are very low. In markets like Maharashtra where price will not that low, the impact a little lower. But I'm giving you a blended information

I think, one, perhaps most of the questions that come to us have already been answered. And secondly, I'm sure being a festive day, the people also may not be wanting to spend too much longer on this call, so we'll go by whatever the sentiment of the participants says.

Moderator: Sir, we have next question from the line of Navin Sahadeo from ICICI Securities. Please go ahead.

Navin Sahadeo: Sir, you mentioned that environment clearance and other approvals are being sought for the expansion announced, which is Chittapur. So just to understand, once we get all these approvals, will it be fair to expect the commissioning in about 15 months to 18 months' time frame? Or you think it can take slightly higher?

Deepak Khetrapal: No, not more than 18 months at all. I said not longer than 18 months. We will try and do some part of it within 15 months. whereas the split grinding unit that we are saying to support Devapur, that may take about 18 months because greenfield always takes longer. Brownfields can be done within 15 months.

Moderator: Thank you. Next question is from the line of Parth from Investec. Please go ahead.

Parth: You hinted that Coal India have increased prices in the last few months and even Reliance Pet Coke prices have gone up. Sir, what sort of inventory are we carrying? How much time will it last for? And the second question is like do we see power and fuel cost, what the increase of these prices would have, its impact in Q3 or Q4?

Deepak Khetrapal: It depends on each company, your first question actually -- has the answer hidden within itself. A company like us, we actually procured a shipload of pet coke on international market just a few weeks ago, which landed at our place. That -- we managed to buy at about, I would say, $131 a ton, right? Already, the prices of those things are looking higher. So somebody like us who's covered for nearly three months. So we -- it will be higher than what we were using in Q2 but still lower than what the market prices are, okay?

When we start booking coal for Q4, we'll have to see at that time what the market prices are because pet coke prices in international markets have been going up and down. So fortunately, we ended up buying two shiploads at a cost, which is now proving to be favorable to us. And it will depend. So if other companies have booked their coal for two months, three months, they already at a lower price, they will benefit, if some people are buying coal now at a higher price, obviously, they will see the impact within Q3. Hopefully, we will see marginal impact in Q3 on our costs. But significant if there is any impact that we will know only when we have the time to book the new pet coke ship. It's a moving cost always, as you know.

Parth: Right. So the new shipload will have some impact in Q3 and some in Q4, I believe?

Deepak Khetrapal: Correct.

Parth: Okay. And about coal even coal, how much, if you could just help us understand what would be the change be over maybe Q2 versus in the last one month?

Deepak Khetrapal: No, the impact largely on in domestic fuel price that we've seen; in Q2, for us it was about 8% over last year. On a sequential basis, it's thankfully very marginal.

Parth: Okay. So coal is marginal and maybe pet coke is much higher?

Deepak Khetrapal: Yes. No, pet coke actually so far has been lower than last year. If you remember, around this time, pet coke prices in international market last year started coming down. When we saw Q1, Q2, we've seen significant savings over last year, right? Now when the prices are going up, let's see how far they go compared to last year, and that will determine the cost that we have to book.

Moderator: Thank you. Next question is from the line of Raghav from Asian Market Securities. Please go ahead.

Raghav: Sir, I wanted to understand, do we have any plan to set up WHRS at Devapur also at any line, out of three?

Deepak Khetrapal: I did speak in my opening remarks that the only renewable power at Devapur, we can plan for is waste heat recovery. For that, we have our internal project report already done. And we are, in a sense, already talking most probably to the vendors who are doing their waste heat recovery plant-- to -- they started visiting our sites for them to submit commercial bids to us. So yes, it's very much on. We would like to set it up at least on Line 3, which seems to be aligned where the layout and all permits as a good access to the waste heat.

We are also looking at Line 1 because it's the old line and the waste heat is higher, but somehow -- the capex of putting it up on Line 1 is making me a little, I would say, confused whether it should be -- but Line 3, certainly will put up a waste heat recovery plant. Hopefully, on Line 1 as well. I think the challenge comes in is that Line 1 when I put it up capex is higher than what it will be for Line 3. And that increases my payback period.

Typically, we want the payback on waste recovery within three years. If I go on Line 1, it may go to about five years, which is what is worrying me. So although the benefit is there, I'm still debating Line 3 for sure, Line 1 maybe, maybe, yes. But Line 4, certainly, when we put up the Line 4, we'll build it along with the waste heat recovery plant for Line 4 separately.

Raghav: Got it, sir. And sir, last question for Chittapur fuel consumption rate and the Devapur, which is primarily on the Singareni collieries. On the 1,000 per kilo cal, what is the difference between primarily within the Chittapur and Devapur generally?

Deepak Khetrapal: As I mentioned to you, in Q2, it's been more than INR200 or 0.2 as many of you calculated. it was 1,800 and 2,000 plus at Chittapur as I read out to you. That's a blended cost of fuel at both the plants. Devapur, continues to be lower fuel cost purely because we have the freight cost, which is much lower. Even if the fuel costs go up, thankfully, our location in Devapur, which is close to Singareni coal mines, makes it cheaper for us purely because of freight cost is for us is lower at Devapur. Please remember that. It's not what the procurement cost of coal. It's about the landed cost of coal.

Moderator: Thank you. Next question is from the line of Uttam Kumar Srimal from Axis Securities. Please go ahead.

Uttam Srimal: Sir, you have guided for this year volume guidance of around 6.3 million to 6.4 million tons. That comes around 12% on a Y-o-Y basis. So what would be sir, our guidance for volume in FY '25, you should take the same, 10%, 12%?

Deepak Khetrapal: Why would it be the same? We would look for other 10% growth in FY '25, it goes without saying. We have the capacity to go up beyond 6.5, right? We have 8.5 million ton capacity. We certainly will be looking at -- I mean if the industry growth rate is around 10%, we will also again go for 10% for sure.

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

Deepak Khetrapal: Thank you. Closing comments always because I do so much in opening comments, the closing comment largely happens to be just very heartfelt thanks to all of you who keep showing their interest in our company and ask us very relevant and constructive questions.

Thank you. Constructive suggestion also has come today in terms of sharing more KPI-led information through the circulation. We'll consider that too. And before finishing, I once again want to wish all of you a very happy and prosperous Dhanteras. I'll repeat may -- even while you acquire more gold, let's also try and acquire heart of gold. And all the very best wishes for the Diwali Festival. Thank you very much.

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