



## **THE RAMCO CEMENTS LIMITED**

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16 November 2023

National Stock Exchange of India Limited,  
Exchange Plaza,  
Bandra-Kurla Complex,  
Bandra (E), Mumbai – 400 051.

Symbol : RAMCOCEM

BSE Limited,  
Floor 25, “P.J.Towers”,  
Dalal Street,  
Mumbai – 400 001.

Scrip Code: 500260

Dear Sir,

Sub: Transcript of the Audio Recording of Q2FY24 Results Zoom Call

Ref: Disclosure under Clause 15(b) of Para A, Part A of Schedule III, read with Regulation 30 of SEBI (LODR) Regulations, 2015.

In continuation of our letter dated 9<sup>th</sup> November 2023, providing you the weblink of the Audio Recording of Q2FY24 Results Zoom Call, held on 09.11.2023, organised by ICICI Securities, we attach the transcript of the conference call and the same is also made available at –

[https://ramcocements.in/cms/uploads/The\\_Ramco\\_Cements\\_Q2\\_FY\\_24\\_Earnings\\_Call\\_Transcript\\_22cf8f06a7.pdf](https://ramcocements.in/cms/uploads/The_Ramco_Cements_Q2_FY_24_Earnings_Call_Transcript_22cf8f06a7.pdf)

Thanking you,

Yours faithfully,

For **THE RAMCO CEMENTS LIMITED**,

**K.SELVANAYAGAM**  
**SECRETARY**



“The Ramco Cements Limited  
Q2FY24 Earnings Conference Call”

November 09, 2023



**MANAGEMENT:** MF Farooqui – Chairman

A.V. Dharmakrishnan - Chief Executive Officer

S. Vaithyanathan - Chief Financial Officer

**MODERATOR:** Navin Sahadeo – ICICI Securities

Harsh Mittal – ICICI Securities

**Moderator:**

Good evening, everyone. On behalf of ICICI Securities, I welcome you all to the Q2FY24 earnings call of The Ramco Cements Limited. From the management, we have with us, Chairman, Shri. MF Farooqui; CEO, Shri. A.V. Dharmakrishnan; and CFO, Shri. S. Vaithiyathan. We will start the call with opening comments by the management followed by interactive Q&A. So without any further ado, I'll hand over the call to the management for their opening comments. Over to you, sir.

**M.F.Farooqui:**

Thank you very much. Good evening, everyone. We very warmly welcome all of you to the earnings call of Ramco Cement to discuss unaudited results for second quarter of financial year 2023-2024.

We hope you would have seen our results and updates by this time. The cement demand has been strong, but the prices have been under constant pressure during this quarter. Prices have improved in October 2023 and I hope it sustains.

The key highlights of our performance for the current quarter is, sale of cement has improved to 4.61 million tons, compared to 3.35 million tons in the corresponding period, with a growth of 38%. The share of premium products has improved to 28% in the current quarter from 25% in the corresponding period. The cement utilization rate for the current quarter is 82% as against 66% in the corresponding period.

Net revenue for the current quarter is Rs.2,343 crores as against Rs.1,793 with a growth of 31%. EBITDA for the current quarter is Rs.412 crores as against Rs.193 crores in the corresponding period last year. EBITDA margin for the current quarter is 18% as against 11% in the corresponding period. Blended EBITDA per ton for current quarter is Rs.894 as against Rs.575 in the corresponding period. Profit before tax for current quarter is R.138 crores as against Rs.16 crores in the corresponding period last year.

The power and fuel cost per ton of cement for current year second quarter has decreased to Rs.1,358 from Rs.1,989 in the corresponding previous year period. A change in utility of sale of wind power to captive use has helped to reduce the overall power cost.

The overall green power usage has significantly improved to 38% during the quarter from 22% in the corresponding period. Thanks to the wind power usage for captive purposes and the Waste Heat Recovery System, WHRS. The green power share is likely to reach 40% for the financial year 2024, and 45% in the financial year 2025.

Coming to fuel prices. The spot CIF prices of pet coke was as low as \$104 in June 2023, but slowly has gone up to \$138 now. The pet coke prices are key to watch. Our pet coke consumption for the current quarter stands at 53%. Due to commissioning of Kolimigundla Integrated Unit, RR Nagar Line-3 and Dry Mortar Plants in RR Nagar and Salem, the interest cost and depreciation has gone up to Rs.117 crores and Rs.157 crores, respectively, for the current quarter.

With regard to the status of capacity expansion in Kolimigundla, TPP of 18 MW will be commissioned during December 2023 and railway siding will be commissioned during June 2024. Expansion of capacity of dry mix products in AP and Orissa will be commissioned during December 2023. Expansion of grinding plant from 0.9 MTPA to 1.8 MTPA in Orissa is expected to be commissioned during January 2024.

During the current quarter, the company has incurred Rs.941 crores towards CapEx, including the purchase of limestone bearing lands in Andhra Pradesh and Karnataka. The net debt as on September 30, 2023 is Rs.4,966 crores.

With this, I will conclude my opening remarks. We are open to questions now. You are welcome to pose your questions. And indeed, before parting, I'd like to wish all of you a very, very happy Diwali.

**Moderator:** Great. Thank you so much, sir, for the opening comments. Should we begin the Q&A?

**Management:** Yes, please.

**Moderator:** Great. So, ladies and gentlemen, we'll start the Q&A. Please press the show of hand icon. We already have three participants for the Q&A. First, we start with Amit Murarka. Amit, go ahead, unmute yourself and ask your question, please.

**Amit Murarka:** Yeah. Hi. So the first question is on CapEx actually. So I see from the balance sheet that Rs.1,225 crores has been spent in the first half. Where do we stand now on the CapEx for FY24? And could you explain the reasons for the spend being so much higher than the expected numbers?

**Management:** We have given in our notes. It includes the purchase of land in Andhra Pradesh as well as in Karnataka. Otherwise, all other capital expenditures are in line with what we have expected.

**Amit Murarka:** Could you quantify that amount? So how much would that amount?

**Management:** Sorry. We cannot share the details now.

**Amit Murarka:** If Rs.1,225 crores is the number, even if I take like a Rs.500 crore, Rs.600 crore for the land, even then it's like a Rs.600 crore CapEx for first half.

**Management:** Sorry, I don't want to elaborate. Okay, maybe whenever other companies elaborate the details, we will give you the details. As of now, I can't give you the details. Sorry.

**Amit Murarka:** Okay. And for full year then what should we expect? Like including this Rs.1,225 crores, what should we think of full year now?

**Management:** Maybe another Rs.300 crores to Rs.350 crores.

**Amit Murarka:** Okay. Sure. Got it. And your clinker utilization, I believe now is almost like 92%, 93%. And there is no planned clinker addition at this point in time. So should we then expect like FY25 in that case to be a low-single-digit volume growth here now?

**Management:** We will announce once the board approves.

**Amit Murarka:** And the order of priority would remain the same.

**Management:** Yeah, Kurnool second line will be the first priority.

**Amit Murarka:** Got it. And lastly, just around the debt levels like we have seen a consistent increase in debt for the last 3 years. I am sure too many questions have been asked on this to you. But still like what is the target, we can think of for March 2024 and March 2025 now?

**Management:** This is the maximum debt. We will not go beyond this.

**Amit Murarka:** But deleveraging like in the second half, can we expect like Rs.400 crores, Rs.500 crores? Or do you think that...

**Management:** Rs.400 crores, Rs.500 crores may not be possible. Definitely, we will focus on deleveraging.

- Amit Murarka:** So, I will come back in the queue. Thanks, sir.
- Moderator:** Thanks. Amit. Please mute yourself. We have the next question from Indrajit Agarwal. Indrajit, please unmute yourself and go ahead, please.
- Indrajit Agarwal:** Hi, thanks for the opportunity. I have a couple of questions. First, going back to the land acquisition that we have done, is it more for the expansion of capacities or will it only augment the current limestone block? So can we assume that this will enable us to add more capacities or just for reinforcing whatever we have right now?
- Management:** These mines are very near to our factory and adjacent to our compound wall, number one. Number two, definitely it will augment our limestone reserves by another 140 million tons of limestone reserves.
- Indrajit Agarwal:** Got it. And if you can help us understand what is the remaining CapEx on the ongoing projects? Not for the new projects, but for the ongoing projects, just to get a sense that what kind of CapEx we can see in FY25?
- Management:** Maybe another Rs.350 crores only for ongoing projects. Maybe we will go for some WHRS which we are planning in Tamil Nadu plant. Those things we will announce maybe in another board meeting. See, previously we thought there were no more chances for WHRS in Tamil Nadu units. Now, we are able to find a way that we can put up some WHRS units in Tamil Nadu plants also. If those things are crystallized, then my capital expenditure will be, maybe considering per megawatt around Rs.5 crores to Rs.6 crores, we would spend. Maybe around Rs.100 crores to Rs.150 crores we may have to spend on WHRS if necessary.
- Indrajit Agarwal:** Yeah. This is helpful. And, lastly, one more question on expansion, right, while you will say that you will come back with more details. But is there a thought process of expanding out of south and east, maybe north or west? Any of the other regions we are evaluating or any progress on that we have?
- Management:** As of now, we do not have any mining leases in those areas, so it is not possible. So we also participated in many bids. But we were not successful. Maybe in the upcoming periods, whenever the new mining bids come, we will be participating in that. If we are able to get it, definitely there is a possibility. We want to diversify into different geographies also. But as we already informed, we got one mining asset in Karnataka. We are in the process of buying land there also. Okay, once the land is completed, then we can enter into western markets also.
- Indrajit Agarwal:** Sure. Thank you. That is all from my side.
- Moderator:** Thanks. Next in line is Shravan Shah. Shravan, please go ahead with your question.
- Shravan Shah:** Hi. Thank you for the opportunity. So first is on the pricing front, how much of October prices what we have seen? So how much till now we have seen the prices getting absorbed? Moreover, is there a possibility, because in November festivity season, how much more rollback is possible? In addition, if at all happens and by December can we again able to take a price hike?
- Management:** These are very hypothetical questions. You will be knowing better than us, because already many earning calls you might have attended. See, the pricing scenario is very dynamic. See, definitely in October there was a significant price increase compared to second quarter. But I cannot quantify but definitely, there was a significant price increase in October.
- November as on today, whatever price increase we have done in October that is sustaining. We have plans to increase the prices depending upon the market situation.

The quantum in different months / different period will be very difficult to say, as you know the dynamics of the market.

**Shravan Shah:** Okay. And in terms of the volume, so first half we have done up 33% kind of growth. So how one can look at the second half in terms of the volume growth?

**Management:** We will try to maintain the volume we have done in the first 6 months, we try to repeat in the second 6 months also.

**Shravan Shah:** And the wind power that now we are using for our own consumption. So if you can help us in terms of quantifying for this quarter? So, previously, it used to show as a revenue and now that revenue is not there. That is why maybe the realization is also looking slightly more decline and we are seeing a saving on the cost. So if you can help us how much saving, because of this change in the shift from sale to the captive use?

**Management:** Whatever we were selling to the grid and group captive that is converted into captive consumption now. So whatever we are going to consume, definitely we can take around Rs.1.50 saving per unit. It depends upon the coal prices. Alternative was thermal power plant. If the coal prices were very high, like example last year, first quarter, second quarter where the coal price were some \$200, then saving will be much higher.

So now, the coal price has come down significantly. So to that extent benefit may not be that much. Again, advantages: number one, towards cost reduction; number two, without making any further investment our green power will grow. See, that is the purpose for which we converted from sale of power to the grid into the captive.

**Shravan Shah:** Okay. Got it. Why our AFR share, if we look at 1H versus 1H has now reduced to 7%, which used to be 13%, 14%. So is there any issue in terms of the sourcing the AFR cost?

**Management:** With the coal price of \$200, the AFR looked attractive. When the coal price comes down, AFR price has not come down. Hence, we do not have significant advantage in AFR.

**Shravan Shah:** Okay. Got it, thank you, sir.

**Moderator:** Thank you. Next is Satyadeep Jain.

**Satyadeep Jain:** Hi, sir. A few questions, just on the follow-up on the land acquisition. I believe, in Kurnool, you already had sizable land acquisition. The new acquisition you have done, most of it would be Karnataka, I imagine.

**Management:** No doubt, we have sizable reserves. The mining leases is also valid up to 2050, in respect of prism lands. Therefore, that is the attractiveness of this buying this land.

**Satyadeep Jain:** So you are saying most of the new acquisition is Kurnool, additional acquisition.

**Management:** Yeah, you are right.

**Satyadeep Jain:** Okay. On Kurnool, given you are hitting capacity constraints soon, and as you mentioned, your board may look at expansion. If I understand correctly, putting up new kiln at least take another, whenever you make that announcement 24 months, would that be the same timeline we look at Kurnool for the next line?

**Management:** It may not take that much time, because already most of the infrastructure was created. What is needed is only equipments rather than infrastructure like silos for the clinker; silos for the cement and many of the limestone storage shed have been

already created for the second line. See that is the reason, our capital cost for the first line were also elevated. Therefore, it will not take that much time.

**Satyadeep Jain:** So I believe if you mentioned \$40 per ton CapEx. So can we assume similar CapEx and possibly commissioning as soon as 1-year from the board announcement?

**Management:** Yeah, 12 to 15 months is possible, because we have to go through environmental clearances also. Nevertheless, 12 to 15 months is definitely possible.

**Satyadeep Jain:** Just one last quick question on the volume growth, exceptionally strong volume growth. You historically had mentioned 25% mix in east and 75%. Is that similar mix and are you given the volume growth you are taking significant market share? Is that market share also largely on non-trade? Any additional insights on just the volume mix and product mix and all?

**Management:** In fact, volume growth in south is little higher than east this time, it's not 75%-25%, it is around in the range of 80%-20%. We see there is no big difference between trade and non-trade in terms of realisation. Wherever we have good realization, we will be selling in that segment. We have many a times reiterated, since we are making very special products, certain projects prefer our cement. That is the reason we have very good growth in volume. We continue to focus us on the right cement for right application. Since these are all application based cement that we are manufacturing for certain applications, certain projects definitely prefer our cement, there we have strong growth.

**Satyadeep Jain:** Thank you so much.

**Moderator:** Thanks. Raghav Maheshwari is next in queue. Raghav, go ahead, please.

**Raghav Maheshwari:** Sir, firstly, congratulations on good set of a volume growth. I think your right application of right product is right now working very well for you. Sir, my question is from you at the end of FY25 our cement capacity will be around 24 million ton and clinker around 14.23 million ton. Is it the understanding correct?

**Management:** You are right.

**Raghav Maheshwari:** What is our current CC ratio is right now?

**Management:** See, the CC ratio is around 1.3.

**Raghav Maheshwari:** Sir, then it will we should, now will go for – if I map our cement and the clinker capacity, then it's showing some at a higher side 1.7 around according to the capacity wise, which is under construction also. So in the near-term what we have to – how we should look we are going for a more clinker expansion or there is some more scope in this? Because you are primarily in the southern market key player. So improvement of the CC ratio is also possible?

**Management:** CC ratio definitely improvement is possible. We are also debottlenecking kilns almost in all the plants. That will also increase our clinker capacity by a million ton. The only thing it may take some little longer stoppages. Now, we are not able to stop the kiln. That is the reason, we are not taking that. Hence, whenever possible, with 15 to 20 day stoppages, definitely we can explore the possibility of increasing capacity of clinker by another 0.7 to 1 million ton.

**Raghav Maheshwari:** Sir, from our existing clinker capacity, what is the best-case scenario you can see for a cement? How much we can make from the current clinker capacity

**Management:** Yeah, 22 to 23 million ton depending upon my OPC blended cement ratio.

- Raghav Maheshwari:** Okay, sir. One question from the right product and the right application. Basically, all the right products for the right application are primarily the blended base or it is an OPC base, also just wanted to know?
- Management:** Both.
- Raghav Maheshwari:** And which segment is growing very faster in the premium product, OPC based or the PPC based?
- Management:** Both are growing.
- Raghav Maheshwari:** Got it.
- Management:** See, for example, in blended cement, our Ramco Supercrete that is the cement suitable for concrete for individual houses is growing well. OPC for certain infra projects are growing.
- Raghav Maheshwari:** Got it. Sir, what is your first preference? Is it Kurnool line-2 or the new expansion in Karnataka.
- Management:** Kurnool second line. Because, this can be done very fast. Also very, very less cost with around 40\$ to \$50.
- Raghav Maheshwari:** Got it, sir. Last question from the eastern market side. The premium products in the southern market, which you are gaining continuously the market share. Can you highlight someone to the eastern market also? How the eastern market responding for the premium products?
- Management:** In the eastern market also, for certain infrastructure projects, we are the exclusive suppliers.
- Raghav Maheshwari:** Okay. Got it, sir. Okay, sir. Thank you from my side.
- Moderator:** Thanks, Raghav. We have a follow-up from Amit Murarka. Amit, go ahead, please.
- Amit Murarka:** Yeah. Hi. Just a question on power and fuel. I see that in rupees Kcal, the fuel cost has dropped, I think, 12%, 13% QoQ. But the power and fuel cost number seems to have dropped by almost like 24%, 25% QoQ. So could you just help bridge that gap in the two?
- Management:** WHRS full benefit we got this year. Also, wind power, we got a full benefit from June, not for the full year. Power per Kcal is different from what I consumed also now, you cannot directly correlate both.
- Amit Murarka:** No. My only purpose of asking is should I take this, rupees per ton, power and fuel as a run rate now. Or like should I adjust for some...
- Management:** Yeah, second quarter cost you can take for the third quarter also. I am telling you cost per Kcal.
- Amit Murarka:** Okay. I believe in the second half the wind power is not available. So to that extent like Rs.50, Rs.60 per ton cost will go up, right?
- Management:** But we will get full benefit from WHRS since certain WHRS are commissioned only in part of the year.
- Amit Murarka:** Sure. Just one question on Kurnool expansion. Like you said, \$40 - \$50 per ton Capex cost. So that would only be equipment cost, right? There would still be some EPC cost, some contractor cost, some civil cost beyond that as well, right?



- Management:** Most of the civil cost is already incurred. For example, what is needed? Silos. Clinker silo we have for 1,50,000 tons. In other plants, we have 30,000 tons to 40,000 tons. There is no need for clinker silos, cement silos, investment in packers and investment in stacker reclaimer for raw materials for second line. See, most of the investment has been already made.
- Amit Murarka:** But waste heat you will have to put up, right? That will still be an extra cost.
- Management:** Yeah. You are right. Waste heat recovery will be additional one
- Amit Murarka:** Okay. Also, just a thought which I wanted to check with you. Like we understand that Tamil Nadu has low limestone reserves, and the auctions are being delayed perpetually. So is there some like plan B, which you are trying to do over here by acquiring land in AP, Telangana, setting up more capacities there? So at least you can feed the market from that belt in case these auctions continue to get delayed.
- Management:** We have enough limestone reserves in Jayanthipuram as well as in Kurnool.
- Amit Murarka:** Yeah, but that is less than 10 years, right?
- Management:** No, we have enough reserves with expiry more than 10 years.
- Amit Murarka:** Not Kurnool, sorry, I meant Tamil Nadu.
- Management:** We have already enough lands available. Mining reserves are available in both Jayanthipuram plant as well as in Kurnool plant. I can expand more there and send clinker here or limestone here.
- Amit Murarka:** So that is a plan B, then basically in case the TN reserve issue gets delayed for this.
- Management:** That is only thing possible now.
- Amit Murarka:** Got it. Thanks a lot.
- Moderator:** Thank you. Next is a follow-up again from Shravan Shah. Shravan, go ahead.
- Shravan Shah:** Yeah. Thank you. Sir, first is finance cost and depreciation, definitely, we mentioned the region just trying to understand this quarterly run rate. What we have reported both the depreciation and finance cost. Will it remain or likely to even inch up further in third and fourth quarter?
- Management:** Quarterly another 10 crores increase is possible for interest and depreciation.
- Shravan Shah:** Yeah. What is the depreciation projection for the full year?
- Management:** Depreciation projection for the full year FY24 year is Rs.640 crores.
- Shravan Shah:** Okay. I am just trying to understand when we are saying that our preference is the Kurnool second line, and if the Tamil Nadu limestone does not work and the plan B is there. So the land acquisition that we have done from the Prism. So there, definitely, then we will be looking to add our clinker line there.
- Management:** As I told, it is a plan B.
- Shravan Shah:** Okay. Got it. Thank you, sir. I am done. Thank you.
- Moderator:** Hello. So the next question is from Pathanjali Srinivasan. Please go ahead.
- Pathanjali Srinivasan:** Hello. Am I audible, sir?

**Management:** Yeah, you are audible.

**Pathanjali Srinivasan:** Yeah. So firstly on the CapEx. I would like to know what your CapEx number will be for FY24 and FY25.

**Management:** It will be around Rs.1600 crores.

**Pathanjali Srinivasan:** Okay, for the next year, sir?

**Management:** See, for the existing projects whatever I have planned, it would be around Rs.200 crores to Rs.250 crores.

**Pathanjali Srinivasan:** Okay. Got it, sir. One more thing, with respect to regions like between east and south, what is the expansion based decision that we are trying to take? Because right now from a capacity mix we are strongly aligned towards south. But, I think, from a volume sales mix we might still have better volume in east. So are we trying to enter east by adding another plant or grinding unit in that region?

**Management:** In east, the integrated plant is not possible, because no limestone reserve is available. Already in Vizag, we have two lines. In Orissa, we are putting up second line. And in Calcutta already we have two lines. Therefore, we can grind around 4 million tons in both Orissa and Bengal units. The market mix ratio will be around 70-30. You can take around 70% will be south and 30% will be east in terms of the capacity. However, actual sales in east may be around 25%. But the capacity will be around 70%-30%.

**Pathanjali Srinivasan:** Okay. Got it, sir. Just one last question. This trade-off between volume and pricing. So, I think, for us we were a little bit more of volume focused in this quarter. So how do we take these decisions and what is the reason behind this?

**Management:** So these are very dynamic thing based on market-based factors, which I cannot tell you. It depends upon dynamics of the demand and supply. How my co-producers behave? I cannot tell you that this is going to be my particular strategy. Nobody can say that. No individual company can say that this is going to be the strategy.

**Pathanjali Srinivasan:** So that part is fair, sir. But the concern is, spend capacity is getting coming in a very lumpy way. We are not too sure as to how sustainable the capacity addition is going to be for companies at a ROCE level.

**Management:** It depends upon the cash flows. If cash flow is strong, then you will concentrate on creation of the capacity. If the cash flows are not strong, then I have to align with my cash flow to create the capacity.

**Pathanjali Srinivasan:** Okay, sir. Just last question. There is no realization from sale of power in this quarter, right?

**Management:** Some Rs.3 crores, Rs.4 crores. Not big.

**Pathanjali Srinivasan:** Okay. But substantially our net sales are realization from cement.

**Management:** Yes. Because the power from windmill is converted into captive use from June 1. Therefore, the sale between April to May was the only small quantity that was sold to the grid.

**Pathanjali Srinivasan:** Okay. Thank you, sir.

**Moderator:** Thank you. We have a next question from Mr. Raghav Maheshwari. Please go ahead.

- Raghav Maheshwari:** Sir, my question is right now; our green mix power is 38%. What you are indicating that we are also looking for adding WHRS for our Tamil Nadu based plant? So if we get succeed into the set up at Tamil Nadu based plants on WHRS, then what should be the target for the green power?
- Management:** We are on 38%. See, given today's capacity of WHRS and wind power, we are projecting to go up to 40% in 2024 and 45% in 2025.
- Raghav Maheshwari:** Okay.
- Management:** We are planning another 14-megawatt WHRS from Tamil Nadu plants. If crystallizes, this will increase our green power to around 50% to 52%.
- Raghav Maheshwari:** So basically, FY26 we can assume 52% is an achievable number for a green power side.
- Management:** End of 2025 is possible.
- Raghav Maheshwari:** Got it, sir. One question from the expansion plan now we are still on for the grinding unit projects in the South Maharashtra, which we are earlier looking with the Kurnool clinkerization unit. Its plan is still on or now we are not taking Maharashtra option as the first of the choice?
- Management:** As of now, we are not taking any action on acquiring any land in Maharashtra.
- Raghav Maheshwari:** Kurnool clinker is primarily for the southern and the eastern markets only, right?
- Management:** Yeah, you are right.
- Raghav Maheshwari:** Do we need any cement capacity expansion also, or current cement capacity is sufficient to absorb this clinker?
- Management:** No, we will be increasing capacity in Kurnool also. Cement capacity will be increasing before adding the clinker capacity.
- Raghav Maheshwari:** 1 million ton is already an under construction in Orissa, right?
- Management:** Yeah. With that, only I am telling.
- Raghav Maheshwari:** Okay. After Kurnool, your capacity will be 25 million ton.
- Management:** Yeah. Cement grinding capacity.
- Raghav Maheshwari:** Cement grinding capacity. Yes. Got it, sir. Thank you very much, sir.
- Moderator:** Thank you. We think that we have a follow-up question from Mr. Shravan Shah. Please go ahead.
- Shravan Shah:** Yeah. Sir, just to clarify. So currently our cement capacity is 22 million ton; 0.9 million ton, Orissa will come. So that will take to 22.9 million ton. And with the Kurnool grinding, whenever we will take – that will take to 25 million tons. So close to 2.5 million ton grinding will be there for Kurnool.
- Management:** Yeah.
- Shravan Shah:** Okay. And for the clinker...
- Management:** So I will tell you another reason. There are certain raw mills are available in our factory, which is not needed now, because we have put up additional raw mills in different factories. Those raw mills can also be converted into cement with some

investments. For example, in Jayanthipuram, one raw mill today it is stopped, but it is in working condition. And we gone for new line with a bigger raw mill. Like that in different factories also we have raw mills available, which is not being used now. But if this is all in working condition, with some investments like conveying equipments I can convert into cement mill also with that only I'm telling I can go up to 25 million tons.

**Shravan Shah:** Okay. And for clinker capacity, so correct me if I am wrong, existing is 14.94, so 15 million ton clinker, so that will become how much, sir? You mentioned some number.

**Management:** Around 15.5 to 16.

**Shravan Shah:** Okay. Got it. Thank you, sir.

**Moderator:** Thank you. We have a follow-up question with Mr. Raghav Maheshwari. Raghav, please proceed.

**Raghav Maheshwari:** Sir, one question from the pricing front. Firstly, we saw the price collapse particularly in the Tamil Nadu in the month of the March, which again started to raise until some level from the October. I think, in my understanding, I saw this is the first time in decade, where the Tamil Nadu prices are lower compared to the AP or the Telangana based players? So how will you see the pricing right now and for the future and for this financial year, particularly for the Tamil Nadu and Kerala markets?

**Management:** As of now, it is much better than the second quarter, beginning of the second quarter. We confident that trend will continue.

**Raghav Maheshwari:** But Tamil Nadu prices you think should be better compared to AP & Telangana, which was the earlier case?

**Management:** Do you mean to say, Tamil Nadu price as of today is lower than Andhra and Telangana? Is that your understanding?

**Raghav Maheshwari:** No, no, not today. But 4, 5 months before, this is the situation.

**Management:** Even, 4, 5 months before also, never it was lower than Andhra and Telangana.

**Raghav Maheshwari:** Okay, sir.

**Management:** Tamil Nadu prices were never been lower than Andhra and Telangana. At least my brand and leading brands.

**Raghav Maheshwari:** Right, sir. Got it, sir. Thank you, sir.

**Moderator:** We have a next question from Mr. Amit Murarka. Please go ahead.

**Amit Murarka:** Yeah. Hi, thanks for the follow-up. So just wanted to get some update on the Karnataka also, I believe you already had some limestone and then you are acquiring land as well. So if Kurnool is going to the priority, then should we then expect like Karnataka project to be taken up only like post FY26?

**Management:** Yeah, 2025-2026, we may start. Yeah, you are right. Because we have to acquire the land first. The process for acquiring land, then we have to go for clearances. So definitely, it would take minimum 2 to 3 years.

**Amit Murarka:** Got it. I am sorry; I did not get it properly. You said that your green energy could go from 45% to 52% based on which new projects you said?

**Management:** WHRS in RR Nagar and other Tamil Nadu plants.

**Amit Murarka:** Okay. You plan to set up new WHRS. How much will be the capacity for that?

**Management:** It will be around 15-megawatt.

**Amit Murarka:** Sure. So after that like you will be maxed out on our waste heat potential, right.

**Management:** Whenever we put up Kurnool second line, additional WHRS is possible.

**Amit Murarka:** Yeah, I mean on existing capacities, basically.

**Management:** Yeah, existing capacity, this is maximum.

**Amit Murarka:** Right. And just one question on your CC ratio. You sell like 20% of your volumes in east, which is generally seen like a 1.9x, 2x CC ratio market. So why is it so that even with that your CC ratio and an overall basis is like 1.3x or lower?

**Management:** When we go for premium products, blending ratio comes down.

**Amit Murarka:** Okay. And is it also because like you are selling like a large part of your mix is still OPC in East India? Is it also because of that?

**Management:** You are right. Around 40% to 50% is OPC.

**Amit Murarka:** Sure. So do you plan to kind of – actually for me, if I think of it's quite an easy low hanging fruit for you that if you can just sell more blended cement in east, which is anyway the market which sees that kind of a mix. So then in that...

**Management:** Not necessarily, Amit, it depends upon price. But there are certain specific projects, like defence projects, they want our cement and it is only OPC. So nothing wrong in selling OPC, it depends upon price. See, okay, the blended cement, albeit does not mean that your realization or your contribution going to be better, not necessary. Sometimes if you give some special type of OPC, then your realization can be much better than blended cement also, even after CC.

**Amit Murarka:** Okay. Sure. Thanks for that.

**Moderator:** Thank you. We have our next question from Mr. Rajesh Ravi. Please go ahead.

**Rajesh Ravi:** Yeah. I say congrats on good set of numbers. Very strong volume growth. Maybe you guided the second half also; you could replicate this volume growth of 1H. Just on the CapEx front, if I missed it earlier, what is the total CapEx guidance for this financial year and next year one? Second, for the Kurnool project, you mentioned the incremental capacity addition would be around 1 million-ton clinker and 2 odd million ton grinding?

**Management:** The clinker will be around 2.5 million.

**Rajesh Ravi:** Okay. And grinding would be how much, sir?

**Management:** Pardon?

**Rajesh Ravi:** 2.5 is clinker, you are right?

**Management:** 2.5 is a clinker.

**Rajesh Ravi:** And what will be the total cost for this project?

**Management:** I told you it would be around \$40 to \$50.

**Rajesh Ravi:** No. In absolute value, what will be the total cost?

**Management:** See, without WHRS, it will be around Rs.700 crores to Rs.750 crores.

**Rajesh Ravi:** Okay. Including all mining land and all, everything is 750 crores.

**Management:** Already mining land is purchased.

**Rajesh Ravi:** So that is over and above this Rs.750 crores.

**Management:** Yeah.

**Rajesh Ravi:** Okay. And this total CapEx for this financial year and next year, sir?

**Management:** Yeah, total CapEx for this year will be around Rs.1,600 crores to Rs.1,650 crores. Next year will be around Rs.200 crores to Rs.250 crores considering only the ongoing projects.

**Rajesh Ravi:** Okay.

**Management:** Whatever projects to be approved by board subsequently, that will be extra.

**Rajesh Ravi:** Okay. This includes your normal maintenance CapEx or these are only for the...

**Management:** Normal maintenance CapEx would be another Rs.100 crores to Rs.200 crores.

**Rajesh Ravi:** Okay. So around Rs.1,800 odd crores would be total CapEx for this financial.

**Management:** No. This year including normal CapEx will be Rs.1,600 crores. Next year, I am telling.

**Rajesh Ravi:** Okay. So Rs.1,600 crores this year and next year Rs.250 crore plus maintenance CapEx, and additional whatever may come up.

**Management:** Yeah. It does not include whatever WHRS proposed for TN Plants and it is projected only for the ongoing projects.

**Rajesh Ravi:** Great, sir. Thank you. All the best.

**Management:** Thank you.

**Harsh Mittal:** Sir, I have a question. So, this is Harsh. I have a question, sir. How are we seeing the demand scenario panning up in the election bound states in AP and Telangana, sir?

**Management:** Demand is good. All market demand is good.

**Harsh Mittal:** Are we not seeing any obstacles and demand slowdown due to the election? There is no such thing.

**Management:** My study, I will tell you. See now the demand is mostly fuelled by infrastructure projects, which just started. So the government is not afford to stop these infrastructure projects, because, okay, once these projects are delayed or stopped then there'll be huge NPA in the banking system and whatever problem we had in 2014 will be multiplied 3 or 4 times. That is my assessment.

So whatever the demand from the infrastructure project definitely will sustain for at least 2 to 3 years minimum. So take, for example, Tamil Nadu, take Chennai, now we have seen first phase of metro, now for second phase, they want to stretch it for

200 kilometres. Similarly, they want to go for metro in Madurai, Trichy, and Coimbatore. This is just the picture of TN alone.

Like that, different cities want to have a metro. Once such things started, you cannot stop it. Then, overall cost will be huge and infrastructure companies are not afford to, even the government is not afford to slow down or stop, because they cannot have another problem like 2014.

**Moderator:** Right. Thank you, sir. Therefore, we have next question from Navin Sahadeo. Sir, please go ahead.

**Navin Sahadeo:** Right. Thank you for the opportunity. Sir, just a clarification you mentioned volumes in the second half will be good as the first half, so did you mention the growth rate of 30%, 35% year-on-year or absolute volume?

**Management:** Whatever, first 6 months volume will be repeated. Second six months, a little bit more also we can do. Normally, fourth quarter will be very good.

**Navin Sahadeo:** Exactly. Therefore, that clarification is helpful. Second, sir, my next question is around the incentives, any reason why we do not have incentives?. Because other states typically in east, a lot of these companies claim incentives in Orissa and other states, I know West Bengal is a little difficult to get. But, Orissa, I thought does offer incentive. I mean I saw in your presentation that we do not have any incentives.

**Management:** See, Orissa, we have put up the plant after the cut-off date. They have given a cut-off date and whatever plant put up before that date only are eligible for incentives.

**Navin Sahadeo:** Understood.

**Management:** In Orissa and Bengal, as I already told, we submitted application; even they have not taken up our application. In south, we are so called very developed states, so incentives are not available to us.

**Navin Sahadeo:** Understood. Just one last question and sorry if it is a repeat, but what will be the absolute peak net debt-to-EBITDA, within which we will want to do our CapEx program? I understand, you mentioned in your initial comments that board may approve Line-2 at Kurnool very soon. Also, understand that limestone, which we acquired it, comes, then very handy for the same. But in terms of the net debt-to-EBITDA framework, what will be the absolute peak? Is it 3x? Is it 2.5x? How should when I look at it?

**Management:** Ideally, it will be 2x. That is how I want to work.

**Navin Sahadeo:** Okay. Understood. That's really helpful. Thank you so much.

**Moderator:** Thank you. We have our next question from Mr. Prateek Maheshwari. Prateek, go ahead.

**Prateek Maheshwari:** Thank you, sir. Thank you for the opportunity. Sir, I have one question relating to your east operations. So, just wanted to understand, sir, over the last 2 years, how's the presence in the other markets, apart from your South West Bengal, like for the Jharkhand, Bihar and North Bengal, which was planned to kind of you will expand your presence. So how has that shaped out like has the share of your volumes in east has increased in these markets and what is happening there?

Another question, sir, just wanted to understand since you are saying that you do not have lot of reserves in other markets apart from the Karnataka. So what is your perspective on inorganic expansions? There are a lot of assets that have come in, but we have rarely seen your participation for these assets. Apart from this just recently bought Prism. So just wanted to understand, sir, your perspective on both aspects.

- Management:** We have bought land only from Prism is only land and not acquired any plant.
- Prateek Maheshwari:** Yeah, correct, sir.
- Management:** I cannot say this inorganic expansion; it is only land with limestone.
- Prateek Maheshwari:** Correct, sir, that's the reason, sir, like a lot of assets, other assets which have also been bought in by your peers at attractive valuations, but we have not seen your participation while you have a very solid brand to enter any other region as well. So just wanted to understand from these two points.
- Management:** So at any point of time whenever we internally assess whatever we are seeing, whatever the incremental investment in our own area in both Tamil Nadu versus Andhra Pradesh is going to be much cheaper than whatever available inorganically. Then, organically when you can grow with some \$40 or \$50, to pay \$120 or \$130 for inorganic expansion, which is going rate today in the market does not look attractive. That is the only main reason.
- Prateek Maheshwari:** But, sir, that would help you improve on the concentration that you have with your south plants, right?
- Management:** I agree with you. At the same time, whatever the capacity we are able to fill up, we expand it from 12 million to 22 million tons, we are able to grow. I have growth opportunities. What is wrong in growing in this area? Another thing I will tell you, see, 1980s and 1990s were era of South. The south was growing almost by 14%, 15%. At the time, northern states are growing only in single digit. See, afterwards southern states, we may have political instability, or there's no good leaders in this area. So to that extent, the growth in south has come down.
- But in my view, the glory of south will come, where we will have double-digit growth. Once the double-digit growth comes, then whatever growth possibility by Ramco Cement can be absorbed in the market.
- Prateek Maheshwari:** Yeah. Got it, sir.
- Management:** Prateek, See, in about 15 to 20 years from now, you look at only north and south will be producing cement predominantly. Rest of the regions will only consume cement from these two regions. Central to some extent.
- Prateek Maheshwari:** Got it, sir. Would you also comment on the part that I asked for the east market, sir? How is that panning out your presence? Are you expanding your presence into Jharkhand, Bihar, basically West Bihar and North Bengal?
- Management:** Not much.
- Prateek Maheshwari:** Not much is happening.
- Management:** See, when we have gone for Bengal, at that time we are doing by ship also. There are certain strategic reasons why we have gone for Bengal as well as Orissa. Southern Orissa is very near to our plant, our Vizag grinding unit. That is the reason we expanded Vizag grinding and we doubled our capacity.
- In addition, we are largely present in South Orissa and the Coastal Orissa. In addition, Bengal, this is the plant, where they have given us land inside the thermal plant. Where at that time they were promising lot of fly ash available, almost free. These all the reasons we gone for that. At that time, they were promising me unlimited availability of the fly ash.
- Prateek Maheshwari:** Okay, sir. Got it. Thank you, sir. Those are my questions.



- Moderator:** Thank you. We have a follow-up question from Mr. Rajesh Ravi. Rajesh, please go ahead.
- Rajesh Ravi:** Yeah, Sorry, sir, missed again on this volume commentary. What you answer to an earlier participant. So first up you grew almost 30% plus. So what is the outlook for the full year you are looking at, sir?
- Management:** We will be doing around 18 million tons minimum.
- Rajesh Ravi:** Okay, sir. So 20% volume growth, what you are looking at for the full year?
- Management:** Yeah, 18 plus.
- Rajesh Ravi:** Okay sir, this wind, are we booking any sales revenue now or it is totally getting consumed captive?
- Management:** I told you, 100% captive from June.
- Rajesh Ravi:** Now it is 100% captive from June quarter itself.
- Management:** June 1st.
- Rajesh Ravi:** Okay. 1st June.
- Management:** But generation will be peak only this quarter. Third quarter will be very weak. Fourth quarter, there will be some generation.
- Rajesh Ravi:** Okay, understood. Yes, generation generally peaks out in September quarter.
- Management:** When I told you this quarter, the second quarter.
- Rajesh Ravi:** Yes. Great, sir. That is all from mine. Thank you.
- Moderator:** Thank you. As there are no further questions, I hand over the call to the Ramco Cement management for their closing comments. Over to you, sir.
- M.F.Farooqui:** Yeah, I think we had a wonderful interaction, and I must thank all of you for your active participation and all the queries, which you have raised. I think we believe in transparency, and we hope that we would have answered all your queries to the best of your satisfaction. Therefore, we would now like to close this meeting, and I would once again like to thank all of you and wish you all a very happy Diwali. Thank you.
- Moderator:** Thank you, sir. On behalf of ICICI Securities Limited, we thank you for joining us on this call. Thank you and Happy Diwali. Thank you.

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