HEIDELBERGCEMENT

HeidelbergCement India Limited
CIN: L26942HR1958FLC042301
Registered Office
2nd Floor, Block B, DLF Cyber Greens,
DLF Cyber City, Phase-III,
Gurugram, Haryana 122002, India
Phone +91-124-4503700
Fax +91-124-4147698
Website: www.mycemco.com

HCIL: SECTL:SE:2025-26

30 May 2025

BSE Ltd.
Listing Department
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai - 400001

Scrip Code:500292

National Stock Exchange of India Ltd
Listing Department,
Exchange Plaza, C/1, Block G,
Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051

Trading Symbol: HEIDELBERG

Dear Sir/Madam,

Sub: Transcript of Earnings Call - Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This has reference to our letter dated 26 May 2025 informing about earnings call being organised by PhillipCapital (India) Pvt. Ltd. Further to our aforesaid letter please find attached transcript of earnings call with analysts and investors held on 29 May 2025 on Audited Financial Results of the Company for the quarter and financial year ended 31 March 2025.

The above information will also be available on the website of the Company at Financials.

Thanking you,

Yours faithfully,
For HeidelbergCement India Ltd.

Ravi Arora
Vice President- Corporate Affairs &
Company Secretary

Encl.: a.a

“Heidelberg Cement India Limited Q4 & FY ‘2025 Earnings Conference Call”

May 29, 2025

MANAGEMENT: **MR. JOYDEEP MUKHERJEE – MANAGING DIRECTOR, HEIDELBERG CEMENT INDIA LIMITED**
MR. ANIL SHARMA – CHIEF FINANCIAL OFFICER, HEIDELBERG CEMENT INDIA LIMITED
MR. AMIT ANGRA – HEAD (INVESTOR RELATIONS) & VICE PRESIDENT (FINANCE), HEIDELBERG CEMENT INDIA LIMITED

MODERATOR: **MR. VAIBHAV AGARWAL – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Heidelberg Cement India Limited Earnings Call for Quarter and Year Ended 31st March 2025, hosted by PhillipCapital (India) Private Limited.

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 touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vaibhav Agarwal from PhillipCapital (India) Private Limited. Thank you and over to you, Mr. Aggarwal.

Vaibhav Agarwal: Yes. Thank you, Michelle. Good afternoon, everyone. On behalf of PhillipCapital (India) Private Limited, we welcome you to the earnings call for the quarter and year-end 31st March 2025, of Heidelberg Cement India Limited.

On the call we have with us, Mr. Joydeep Mukherjee – Managing Director; Mr. Anil Sharma – Chief Financial Officer; and Mr. Amit Angra – Head (Investor Relations) & Vice President (Finance), of Heidelberg Cement India Limited.

I would like to mention on behalf of Heidelberg Cement India Limited and its management that certain statements that may be made or discussed on today's conference call maybe forward-looking statements related to future developments and which are based on current management expectations. These statements are subject to a number of risks, uncertainties and other important factors which may cause the actual developments and results to differ materially from the statements made.

Heidelberg Cement India Limited and the Management of the Company assumes no obligation to publicly alter or update these forward-looking statements whether the result of new information or future events or otherwise. Also, Heidelberg Cement India Limited has uploaded a copy of the FY '25 Investor Presentation on their Website and Stock Exchanges. Participants may download a copy of the Presentation from these websites.

I will now hand out the flow to the management of Heidelberg Cement India Limited for their opening remarks, which will followed by interactive Q&A Thank you and to you, sir.

Management: Alright, good afternoon. I am Joydeep Mukherjee and I welcome everyone to this annual investor call of Heidelberg. I will start off with the FY '25 key messages.

Heidelberg Cement India Limited continues to produce mainly blended cement in its operations, as a testament to our commitment to the environment and producing low carbon cement. Our alternate fuel usage has increased to about 8%. It would have been higher if not for the main kiln, which was down for a month as it was being upgraded, and that's the kiln which takes all the alternative fuel that we use in our plant.

We have signed a long-term wind solar hybrid PPA for 5.5 megawatts in this period. Our share of non-grid power has increased to 45%. The EBITDA was Rs. 530 a ton, which was down 20% year-on-year. We have been able to repay interest free loan of Rs. 694 million. Our bank balance and cash exceeds our borrowings as of now. And we continue to operate on a negative net operating working capital. And the Heidelberg Board has recommended a dividend of Rs. 7 per share after the Board meeting.

On the ESG overview:

98%, as I said, our cement continues to be blended cement. On our CO2 footprint, our score is 507 kilos per ton of cement that we produce. We are 4.4 times water positives in our plants. As part of our CSR activities, we have improved 22,000-plus slides in this period. And green power constitutes more than one-third of our total power consumed.

So we have the green power PPA supporting increase in our green power share. On Jhansi we have a long term solar PPA for 15 megawatts. Narsingarh operation, we are operating on 12 megawatts waste heat recovery and a 5.5 megawatts solar project. Narsingarh & Imlai, we have a long term hybrid PPA for 13.5 megawatts wind and 13.5 megawatts solar. And our factory in South India, Ammasandra, Sandra, we are consistently operating there at more than 90% green power.

Our income statement:

The notable thing to see here is that our quarter ended PAT is up hugely over the last quarter. Last quarter was bad. But quarter ending March, profit after tax stood at Rs. 504 million, which has been a fairly good performance. Sales volume has been down this year and it's directly ascribable to, we have had an exceptional year in terms of the elections. And also, a little bit because of our expansion a little volume was impacted. But mainly the elections followed by severe monsoon in the area that we operate led to our decline in volumes.

If we look at our March '25 Quarter EBITDA bridge. March '24, the number was Rs. 721 per ton and March '25 it is flat at Rs. 722. While our gross sales revenue increased, we had a little bit of a negative impact because in raw material we have had an increase in cost of Rs. 41 a ton. But this is a one-time impact, because it was during this time for almost a month in this quarter that our main kiln which contributes to more than 60% of our total volume was down.

And this was because there is an expansion project which was going on and we are still executing the project and it's going to be fully over by the month of June and that will give us around 200,000 tons of cement extra in a year. And it was because of this shutdown that we had to buy, as a one-time exception, some clinker from the market. We just contributed to this increase in raw material. And otherwise, we would have had definitely a higher EBITDA in this quarter per ton as compared to the last quarter.

On April '24 to March '25, EBITDA decreased from Rs. 659 to Rs. 530 a ton. This was mainly due to decrease in prices on the pressure period which started from April, May and continued well till November. So there was Rs. 163 per ton dilution in prices. And though we had an upside of Rs. 79 in raw material and Rs. 58 in power and fuel, overall, we did end up with a lower EBITDA of around 20%.

The balance sheet continues to be healthy. And we continue to work on negative working capital, which is a very good sign for us.

On cash and bank balances:

Our net cash far exceeds our debt. So this also is a very healthy situation. We have Rs. 687 million as debt and Rs. 3,849 million as net cash. So it's a very comfortable position, nothing to comment there.

The dividend payout has been consistent, and it has been driven by operation and cash flow. And as we have already mentioned, the proposed dividend is 70% of face value of Rs. 10 per share.

April '24 to March '25 share of volume. If we split the pattern, the sales pattern, we will have 44% of our total sales has happened by road. This was flat year-on-year. 43% of our trade volume has come from premium products, this is almost 9% up from last year. On alternative fuels, we are at 8%. This was flat, but then again during this entire period, almost two and a half months, April '24 to March '25, the kiln which actually uses AFR, our main kiln was being upgraded and was not operational. So the AFR number looks flat, but we could have done much better because the supply side is completely tied up and we hope to have a significantly higher number next year.

80% of our trade sales, the percentage of trade is 80%, is down 1.8% year-on-year. But we are continuously increasing our premiumization and optimizing appropriate product mix in the market.

On the Indian cement demand, here are my comments:

We have significant tailwinds, GDP growth forecast indicates 6.3% to 6.8%. And this means that India still will continue to be one of the fastest growing economies. Domestic demand shall remain the primary engine of growth. And with a rebound in private consumption and capital expenditure, we are pretty confident that the demand shall be good.

At the same time, in the housing and infra, the major consumers of cement are anticipated to continue driving demand. The monetary easing and capital focused fiscal policy we expect that it will sustain momentum. And inflation is expected to stay within a manageable range, supporting macroeconomic stability.

On headwinds, we do have geopolitical uncertainty on ongoing global conflicts. We have recently come out of a near conflict which got resolved pretty quickly. But all this could create tensions and create volatility. There is also some indication of a global economic slowdown, so softer global growth could impact India's exports and investment inflows.

And of course, the cement capacity expansion where we operate could further intensify competition because we have just seen Sri Cement starting off their project at Etah and Ultratech also 5 million tons in Katti very near where we operate. So, near term we see intensification of competition. But thankfully, the markets in which we operate are good consumers of cement and there is a consistent growth over the last 10, 12 years, 15 years this area has seen very steady growth and demand driven by rural consumption. So, over the mid and the long term I would say that this remains healthy and is the good news for us.

So that's all from my side in terms of my opening comments. And I would now open the floor to questions that we have from the audience. Thank you.

Moderator: Thank you very much. Thank you. We will now begin the question-and-answer session. The first question is from the line of Rajesh Ravi from HDFC Securities. Please go ahead.

Rajesh Ravi: Hi, sir. Good afternoon. Sir, could you throw some light on the what is the progress on expansions? And also the status of the clinker and cement debottlenecking which was scheduled to happen in FY '25?

Management: I just commented, this is why our main kiln was shut down. This project is right under its way and expected to be completely over by June.

Rajesh Ravi: Okay. And what will be the expanded chemical capacity or what is the debottlenecking which is happening?

Management: This will lead to 200,000 tons of extra cement in a year in 12 months.

Rajesh Ravi: Okay. It's cement or clinker debottlenecking?

Management: It's a clinker debottlenecking which shall result in additional 200,000 tons of PPC cement in 12 months.

Rajesh Ravi: So clinker capacity would go up by how much, sir?

Management: 130,000 tons of clinker will increase.

Rajesh Ravi: Okay. And sir, what are the plans on future expansions? We have not seen any progress for the last two to three years on the sale for the western market.

Management: We definitely have plans. We have acquired new mines in Suka Satara and work is now going on on identifying on proper project sites. So yes, that is very much on the anvil.

Management: And in addition to that also Gujarat environmental clearance is also going on. I think there is good progress and maybe we will have some positive news from the government of Gujarat.

Management: So on both accounts in Central India we have acquired new mines. And we are right now undertaking a study on the correct location for the new line. And on Gujarat, we are following up with the government on quick resolution on the environmental clearance issue.

Rajesh Ravi: So by when and by what size capacity additions you are looking at in Gujarat, which is your current development?

Management: I will not be able to make a comment on that right now. It will all depend after we get the EC only we will make an announcement.

Rajesh Ravi: Okay, but post EC how much time it would take you? I understand EC is not in your hand by when it can come through, but whatever is within the company's control, at least you can guide on that.

Management: I have not understood your question, post EC normally takes anywhere between 26 to 30 months to build a project.

Rajesh Ravi: Right, okay. And we have not finalized on the CAPEX size.

Management: No, not as yet.

Rajesh Ravi: Okay. And secondly, you mentioned there's a central market you are expecting more competition to intensify. So could you first elaborate what is the price improvement that we have seen in Q1 versus Q4? And what is the impact you are looking at the company level or what are the cost levels you are looking to mitigate the impact?

Management: No, we are currently running at a net sales realization which is about Rs. 100 up from the average of Q1. But what will be the impact of these expansions, that's crystal ball gazing. I would not like to make a comment on that. It will all depend on how quickly the competition decides to ramp up and how is the demand supply situation. Fundamentally, how is the demand driven by government policies and the rural demand, etc. So hazarding our guess on what will be the impact on pricing in the market is not something that we are in a position to do.

Rajesh Ravi: Okay. And any thoughts on the volume growth for the FY '26?

Management: When you say cement volume growth?

Rajesh Ravi: Company sales volume growth for the FY '26, what's the number you are looking at?

Management: Well, we are certainly looking at, because we are almost sold out in the sense that our capacity utilization is running around 85%, 86% already. So, till the time we have additional clinker capacity, I would say around 6% to 7% is definitely what we are targeting as a growth, in line with the cement with the GDP growth and overall cement growth in India.

Management: Because Rajesh, we confirmed that our additional cement of around 2 lakh tons that is going to come in the current fiscal year.

Management: Yes, that will get absorbed.

Management: That will get absorbed and it is around 4% to 5% of our existing volume. So we expect that we will be able to sell out that cement in the market.

Management: But the guidance would be anywhere between 6% to 7%.

Rajesh Ravi: Great, sir. I will come back in the queue. Thank you. All the best.

Management: Thank you.

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

Shravan Shah: Yes, sir. So just continuing the previous questions, sir, you mentioned that you have acquired a mine in Central India, so is it in MP or UP?

Management: It's in MP.

Shravan Shah: Okay. So in terms of giving the preference in terms of the expansion, will it be a Gujarat first or the central first?

Management: Both will happen concurrently. Gujarat is dependent on the EC that we are still awaiting from the government.

Shravan Shah: Okay. But do we see that the EC can come in next six months, that's the likely scenario?

Management: It's completely speculation. We will not be able to comment on this because it's on the government. We are doing our best, we are following up hard, but unfortunately things in the government department in India take their own sweet time.

Shravan Shah: Okay. And for Central India also if we want to go ahead with the expansion, any rough idea, will it be kind of a 1 million ton, or 2 million tons or how much size one can look at in terms of expansion?

Management: Again, we have not finalized the project. Right now we are looking at an ideal project site. That site has to be ideally placed for good access to railways, etc., evacuation. But any modern clinker plant could be anywhere between 2 million to 3 million, 3.5 million tons. But right now I would not be able to hazard an exact number, it will all depend on the location and the kind of land that we can get.

Shravan Shah: Yes, but the Central let's say if we have to actually start and broadly if somebody wants to look at in terms of when it can start, at least one can say that minimum three years it will take to start the actual production in terms of the cement.

Management: Yes, that's right.

Shravan Shah: Okay, okay. Got it. And sir, you mentioned that the Rs. 100 realization is increased versus March exit or fourth quarter average?

Management: Now we are running at a price which is up by Rs. 100 over the average of first quarter.

Shravan Shah: Okay, okay, got it. And lead distance for fourth quarter and for FY '25 and may be possible for FY '24 is how much?

Management: I will to have a look at that number. Just hold on. So for quarter four it was 367 and for the full year it was 362.

Shravan Shah: Okay. And in terms of the KCal cost for fourth quarter, what was the KCal cost and possibly for FY '24 and '25 what was the average KCal cost?

Management: Yes. Actually KCal cost is around Rs. 1.75 per KCal in this year, and this is also more or less similar to the full year. Because pet coke prices starting with the higher, than it reduces, now it is again further hardening. So our fuel cost, if you see, the entire year slightly better than the financial year '24, but it is more or less steady.

Shravan Shah: Okay. So for full year FY '25 it is 1.75, and even for fourth quarter for FY '25 also it is the similar 1.75.

Management: Yes.

Shravan Shah: In terms of the green share, if you can, I understand we have given the individual plant level, but in terms of the overall share perspective, if you look at for fourth quarter and FY '25, what was the green share? And how much now one can look at this green share can go up?

Management: We have given here is the non-grid power which is full year 45%. And for the fourth quarter it was slightly higher, it was 46%. But when we talk about the green power, fourth quarter it was 38%. So we purchased the power from the open market, so that's why in the presentation you find that one data for the green power and another data for the non-green power.

Shravan Shah: But when we say it is non-grid, does that mean the entire 55, non-grid 45, so this entire is green or we also have some TPP plant, thermal power plant?

Management: So 45% out of that it includes the green power and the power purchase from the third party open market, but the pure green power is 38% out of 45%.

Shravan Shah: Okay. And lastly two things, CAPEX for FY '26, how much are we looking at? And also on the employee cost which has significantly increased Rs. 32 odd crores was there in third quarter and the fourth quarter was Rs. 48 odd crores. So, how one can look at, is this the quarterly run rate? Is this a sustainable run rate that one can look at?

Management: On the CAPEX side, actually annual CAPEX for the financial year 2026 we estimated around Rs. 60 crores, which includes a little bit on account of debottlenecking because most of the debottlenecking CAPEX already we did in by March 2025, part amount will come in the financial 2026. The rest is the replacement CAPEX. And this amount is more or less sustained if you compare our CAPEX total amount incurred during the last two to three years.

Your specific question on the staff cost, year-on-year it is more or less in the same line. The amount increases in the financial year 2025 last quarter is on account of increment when we compare with the March 2024 quarter. But there is the increase as compared to December because two reasons are there. One is the actual valuation, when we do the annual actual valuation end of the fiscal year, depends on the discount rate, the gratuity and the leave encasement. The accounting accrue amount increases. So earlier the discounting rate was higher, not it has reduced because of the GSec return reduces. And second thing is that in the March quarter when we calculate the variable pay amount, then the amount is slightly higher than the December quarter.

Shravan Shah: So to summarize the full year number for employee cost is Rs. 157 odd crores. So is it fair to assume that on a yearly basis for FY '26 one can see a Rs. 170 crores kind of a number?

Management: It is slightly lower than that.

Shravan Shah: Okay. Got it, sir. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Alok Shah from SRE PMS. Please go ahead.

Alok Shah: Sir, my first preference is that, can you quantify that each and every megawatt of green power is increase will result in increasing the EBITDA per ton going forward? The second question is that any plans for FY '26 for increasing the green power energy? Thank you.

Management: So green power, okay, we have the cost arbitrage when we compare with the our grid power because whatever the green power we are purchasing, that we are replacing with our grid power, and generally it is 25% cheaper than the grid power. And you are right that with every increase in the green power, our EBITDA directly benefited and EBITDA will increase.

You have also asked about the second question, how much the green power you are going to make in the financial year 2026. So we expect that maybe around 2% to 3% increase in financial year 2026 because we have recently entered into this 5.5 megawatts further green power, and that benefit will come in the financial year 2026.

Alok Shah: Yes, but sir, can you quantify the EBITDA per time that can increase per megawatt?

Management: You will see that once we restart receiving additional power, but we can confirm that that will improve the EBITDA per ton.

Alok Shah: Okay, sir. Okay. Thank you. Thanks a lot, sir.

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

Rajesh Ravi: Hi sir, a follow-up question. Could you share what was the clinker production for full year FY '25 and '24?

Management: You want to know the total quantity '24-'25?

Rajesh Ravi: Yes.

Management: So our total clinker in the 2025 Fiscal Year is 2.7 million tons and last year was 3 million tons.

Rajesh Ravi: Sorry, 2 point?

Management: 2.7 million tons in the current financial year ended financial 2025, and last year it was 3.0 million tons.

Rajesh Ravi: And sir when you mentioned your per KCal cost was 1.75 and this was flat throughout the year, Q4 as well as FY '25. I am just wondering, because for all players we have seen this cost to be trending lower versus Q1 to Q4. Most players are now reporting close to 1.5. So do we have a different type of fuel mix whereby the cost was that is throughout the year and also on the higher side?

Management: No, that is not the reason. Actually we used three type of the fuel, pet coke, coal and the alternative fuel. So pet coke prices started with the higher prices in the fiscal year, then start reducing, and thereafter end of the year that start again hardening in the market. So that's why our last quarter the fuel was slightly higher. And the coal depends upon whether we receive from the collieries or whether we buy from the open market. Start of the year we purchased the coal from the open market as well, and thereafter last quarter we received some amount of the coal. And that is applicable for most of the Central India players that they receive the coal under the fuel supply agreement from the collieries. So the March quarter was more or less similar to the

full year. But yes, in the December quarter and in the September quarter our fuel prices also were lower.

Rajesh Ravi: So in December and September quarter your fuel cost were?

Management: We will check and let you know.

Rajesh Ravi: Okay. And also if you could share what was the fuel mix for the quarter and year, pet coke, domestic linkage coal?

Management: Our alternative fuel mix is around 8%, rest is pet coke and coal, and generally we consume pet coke around 60% to 70% and the remaining is our coal.

Rajesh Ravi: Right. And when you say coal, everything is linkage or it's e-auction coal for you, the 20%, 30% mix?

Management: It is auction, but under the fuel supply agreement, long term fuel supply agreement.

Rajesh Ravi: Okay. Understood, sir. Yes. That's all from my end. Thank you.

Moderator: Thank you. The next question is from the line of Alok Shah from SRE PMS. Please go ahead.

Alok Shah: Hello sir. Sir, just a follow-up question on green power. So, I just want to understand that generally cement companies do PPAs in the green power and we are doing for power purchase agreements. So any reason behind that?

Management: We are talking the same thing, with power purchase agreement is the green power.

Management: What is the question? I didn't understand. Power purchase agreement is green power. So you have two choices. You can either set up your own plant or you can participate in equity and purchase.

Alok Shah: So my question is that we are purchasing rather than investing in green power, so any reason behind that?

Management: Just to maybe clarify. We are investing under the long term power purchase agreement and we get the green power. It is not like that we are purchasing power from the open market, which is not the green. So, we are talking about this power purchase agreement, it is the green power only.

Alok Shah: Look, if you are trying to say full CAPEX, so you can say on a little bit of asset light model which gives us a better capital allocation, number one. And lot of flexibilities when you are in a larger let's say special purpose vehicle to kind of increase your offtakes and mitigate your risks

as well. And a lot of banking possibilities which comes through when you are doing a PPA route versus your own CAPEX, on site CAPEX if you are referring to that.

Alok Shah: That's my questions. Thanks a lot.

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

Shravan Shah: Yes. Sir, for entire FY '25 in terms of the thermal energy, that is the KCal per KG of clinker is how much, 740 odd?

Management: The number will be less than that.

Shravan Shah: Any idea where it could be 720, 730?

Management: 726.

Shravan Shah: Okay. And then in terms of the power requirement per ton of cement would be how much, 66, 68?

Management: Total power consumption per ton of cement?

Shravan Shah: Yes. So per ton roughly the range is from 62 to 72, so just wanted for per ton.

Management: 72.6 is our power consumption per ton of cement.

Shravan Shah: Okay. And then for us in terms of the green power cost would be Rs. 6 currently?

Management: Slightly higher. Green power now is around Rs. 7.

Shravan Shah: Okay. And this PPA that we are doing would be closer to Rs. 4 odd?

Management: You can say total landed cost is around Rs. 4.5.

Shravan Shah: And sir, we used to be 100% blended cement but this year we are at 98%. So have you started the OPC cement now again?

Management: Yes, we have. Not again, we have started for the first time, but yes, we have.

Shravan Shah: Yes. So any specific reason to start the OPC?

Management: Yes, because there are a lot of road projects which are happening around our plants and we wanted to participate in that.

Shravan Shah: So will this 2% can inch up to 5%, 10%?

Management: I would not like to hazard a guess on that right now. OPC is not our core strategy. That's all I can comment. It's a purely situational play.

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

Management: Thank you.

Moderator: Thank you. The next question is from the line of Harsh Mittal from Emkay Global. Please go ahead.

Harsh Mittal: Yes. Thank you. Thank you for taking my question. Good evening to the management. My first question is, how has been the demand sharing in the first two months of Q1 compared to the Q4, given that the monsoon has been a bit unfair in many parts of India, can you do some color?

Management: Your voice was not clear. Can you repeat your question once again please?

Harsh Mittal: Sir, my question being that, how has been the demand sharing in Q1 FY '26 in the first two months of the Q1 given that many of the regions in India have been facing a lot of heavy rainfall. So, can you give some color on that demand scenario?

Management: The demand is still muted. The demand as compared to March is muted because there was a season for marriages, etc. and labor was not available and there were unseasonal rains. So, I wouldn't say the demand is extremely bad, but it's muted.

Harsh Mittal: So you see, is it lower than what it was same quarter previous year or higher than that?

Management: I would say at the same level. April was lower, May would be at the same level than last year.

Harsh Mittal: And second question sir, what is the current difference between the trade and non-trade prices in Central India? If you can throw some light on that.

Management: I cannot give you a number because that varies from place to place. Somewhere it could be as low as Rs. 15 a bag, and other places it could be as high as Rs. 60, Rs. 70 a bag. It depends on which location. And since I do not know what is the footprint of my competitors' non-trade sales, it would be very, very unfair for me to hazard a number as a guess. But as a guideline I can tell you it differs, it varies from Rs. 15 to Rs. 60, Rs. 70 per bag.

Harsh Mittal: Sir last question, can you give me the current clinker and cement capacity for Heidelberg?

Management: Clinker capacity at this moment is 3.1 million tons and cement capacity is 6.25 million tons.

Harsh Mittal: Clinker I could not hear, sir.

Management: 3.1 million tons, which is now going to be expanded, and that project will be over in June.

Harsh Mittal: Thank you. These are all my questions. Thank you.

Moderator: Thank you. The next question is from the line of Dhiraj Dave from Samvad Financial Services LLP. Please go ahead.

Dhiraj Dave: Thank you. So my question is, in past there was a discussion that Heidelberg Group wanted to add up Zuari and also trying to kind of restructure the various companies which they have in India. Any update you would like to give update to us about what is your thought process now and where we stand?

Management: No, we are still evaluating. And though it's not part of this particular call and it's not related to our listed entity in India, I am happy to announce that the group has invested in a 2 million tons clinker expansion at Gulbarga. And that project is well underway right now. And we are considering various options of how to do the structuring. I mean, that will involve a potential merger of that company with either Zuari or with Heidelberg or it could be a three-way merger. We are still working it out. It's only we will have to see all that. We have not decided. But it's a timing issue, eventually we will have to do it. But with this expansion, the he entire process will get accelerated.

Dhiraj Dave: Okay. So any timeline kind of a year or so, or it can take longer than that?

Management: I think by the time it is over, it should be at least 24 months from now, but the process is already on.

Dhiraj Dave: Thanks a lot, appreciate. And then the second part is, this time our dividend payout has already been higher than kind of full year EPS. So shall we assume, I mean, any idea on what is going to be our dividend payout policy when we are looking at expansion? We have sufficient liquidity, but any thought of amendment on that?

Management: I didn't understand your question, can you repeat your question once again?

Dhiraj Dave: The dividend payout of Rs. 7 basically is higher than our EPS. So, the payout is almost more than 100%, so any thought should we expect same kind of dividend distribution or we should see decline given that we are going for expansion end of it?

Management: No, no, the dividend payout is a decision which is taken at the before the board meeting at the relevant time. It also depends on what is the kind of earnings, what is the cash that you need to retain for expansion projects, and what you can pay out. We cannot comment on what is going to be the dividend payout in the future. But if you look at it, roughly, we have been navigating between 70% to 90% levels over the last three to four years. So you can expect that it will remain in the same range unless and until there is a very, very significant requirement of cash for expansions.

Dhiraj Dave: Thanks a lot for answering both the question. Thanks a lot. Wish you all the best.

Management: Thank you.

Moderator: Thank you. Ladies and gentlemen, we would be taking last two questions, which is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Yes. Sir, the entire AFR, you though mentioned that it could have been higher because of the clean expansion, how one can look at where we can increase AFR let's say in FY '26-'27?

Management: Well, I cannot give you a number right now, but this strategy of the company is very definitely centered around AFR. A very large portion of our CAPEX allocation goes behind increasing alternative fuels and specifically increasing usage of biomass, because that directly impacts the carbon per ton of cement. But if I were to hazard a guess, maybe this year we are going to finish with around 1.5% to 2% higher numbers than what we have done, at 8%. So we should be ending this year at about 10%.

Shravan Shah: Got it. And then in terms of the premium, sir, that currently we have 43%, where we want to increase? And also in terms of the of price gap between the premium cement and the rest of the products for us is how much?

Management: Rs. 40 to Rs. 50 a bag.

Shravan Shah: Okay. And this 43% premium, sir, can go how much?

Management: Can go up to 47% this year.

Shravan Shah: Okay. And just a rough idea, I understand you mentioned that we do not want to specify in terms of how much expansion we want to do in terms of the size, but any broad idea in terms of, obviously this would need a decent CAPEX, whatever we will be doing 2 million to 5 million tons whatever expansion. So in terms of currently that we have the net cash obviously most likely to become a net debt company. So any idea where we can have an upper limit in terms of the net debt to EBITDA or any other parameter?

Management: No, no, we do not look at it like that. It will depend on the size of the project that we announced. And I think I already answered the question, you could expect anywhere between a 2.5 million to 3 million tons kind of a project. And then you can calculate what is the cash required. But we do not have a problem with cash at all. We are virtually a debt free company, so we have no issues with the funding the project.

Management: And you also might recall that in past when we did the Jammu expansion, that time also the we were net cash balance and we borrowed money for the expansion, and then we paid it. The same situation same thing we can follow, so money should not be any issue, we are carrying at this moment Rs. 400 crores Rs. 500 crores bank balance. And once we announce the expansion, then accordingly that money will be utilized and further accrual also will go to the project. And even the amount we can borrow from the market, we can borrow from the group.

Shravan Shah: So why I was wondering is because as we mentioned that we can simultaneously do the central and the Gujarat one, so put together, it would be a 4 million to 5 million tons kind of expansion. So roughly if I put a number close to Rs. 700 crores, Rs. 600 crores, so kind of a Rs. 2,500 off crores kind of a number would be their CAPEX. So that's why I was trying to under.

Management: No, both products are very different. It will be obviously phased out in terms of timing because in Gujarat you also have the evacuation is very different. It's not road, it's primarily by sea. So we will have to see how we schedule both the projects. But as Anil said, source of funds is not a problem. We can have investments from the group, we can raise debt. We have a very good balance sheet so do not forcing any problems with that at all.

Management: Also this CAPEX is required during next three to four years.

Management: Yes, so it will be phased out also, it's not at the same time.

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

Management: Thank you.

Moderator: Thank you. This will be the last question for today, which is from the line of Rajesh Ravi from HDFC Securities. Please go ahead.

Rajesh Ravi: Just one strategic question. We were among the pioneers in terms of margins or one of the leaders in terms of our margin profile. When we go into FY 2021, more than Rs. 1,000, now we have gradually this is almost half to Rs. 500 in FY '25, a decade low. So what has actually gone wrong? You are already very decent on your green power, on your cost metrics, you have 40% plus of your sales coming from premium cement. So, where is this margin getting significant beating? I understand this year there has been a like to like pressure because of the realization. But even on a small base, lower base the margin has come off. So any larger picture thought? And how we are looking to correct this?

Management: Well, it is structural. If you look at it, there are two big impacts that have happened in the market. One is, when you look at the two biggest cement players in the market, the premiums over us have come down from Rs. 30 to Rs. 5, Rs. 10 at places. And in certain places, they are actually equal to or even lower than us. Okay, so there is a huge rising pressure in the market and the pricing has got diluted.

Secondly, when you compare, it's very difficult to compare us with other players because every player virtually, when you speak of it, has the advantage of a geographical arbitrage across India, we do not have that. So it's not a like for like comparison.

And the third reason that I can speak of is, when you again compare, most of the new plants when they set up the plants, they have a huge amount of government sops. We have not announced any new projects as of now. So, when you look at anywhere between Rs. 500 to Rs.

600 sop coming in from the government on per ton on new investments which is capital linked, that definitely helps to bolster the EBITDA at a company level, which is not the case in our case. So I would just leave your question with these three answers.

Management: And maybe Rajesh, I can add one thing, when you see the result of the cement companies during the fiscal year 2025 as compared to 2024, the reduction in the EBITDA per turn is more or less in the same range for all cement companies. And obviously, reason everybody knows that because of the intensified competition prices have reduced.

Management: If you take the four quarters of 2024 calendar year and you take our EBITDA per ton and compare it with the biggest companies of India, and I am not talking about Ultratech, you will be surprised. You shall be very pleasantly surprised.

Rajesh Ravi: Okay, sure sir. Will do that evaluation also, right. Yes. Great, sir. Thanks for taking my question.

Management: Thank you very much. I think with that we conclude the call and all the best.

Moderator: Thank you. Yes, sir. Ladies and gentlemen, I would now request Vaibhav Agrawal to give his closing comments. Thank you and over to you, sir.

Vaibhav Agarwal: Thank you. On behalf of PhillipCapital, you can conclude the call. Thanks very much everyone for joining the call. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of PhillipCapital (India) Private Limited, that concludes this conference. We thank you for joining us. And you may now disconnect your lines. Thank you.