Dalmia Bharat Limited

1010/02 April 26, 2025

BSE Limited
P J Towers, Dalal Street,
Fort Mumbai-400001
Scrip Code: 542216

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

Subject: Transcript of Earnings Conference Call for the quarter and year ended March 31, 2025

Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

Dear Sir/Madam,

In terms of Regulation 30 of the Listing Regulations, please find attached transcript of the Earnings Conference Call held on April 24, 2025, for the quarter and year ended March 31, 2025.

The same will also be uploaded on Company's website: www.dalmiabharat.com.

Kindly take the same on record.

Thanking you,

Yours sincerely,
For Dalmia Bharat Limited
RAJEEV KUMAR
Digitally signed by RAJEEV KUMAR
Date: 2025.04.26 13:11:18 +05'30'
Rajeev Kumar
Company Secretary

Encl: a/a

"Dalmia Bharat Limited Q4 FY25Earnings Conference Call"

April 24, 2025

MANAGEMENT: MR. PUNEET DALMIA – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, DALMIA BHARAT LIMITED
MR. DHARMENDER TUTEJA – CHIEF FINANCIAL OFFICER, DALMIA BHARAT LIMITED
MS. ADITI MITTAL – HEAD INVESTOR RELATIONS, DALMIA BHARAT LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Earnings Conference Call of Dalmia Bharat Limited for the quarter and year ended 31st March 2025.

Please note that this conference call will be for 60 minutes and for the duration of this conference, all participant lines will be in listen only mode. This conference call is being recorded and the transcription may be put on the website of the company. After the management's discussion, there will be an opportunity for you to ask questions. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone.

Before I hand over the conference to the management, I would like to remind you all that certain statements made during the course of this call may not be based on historical information or facts and may be forward looking in statement. These statements are based on the expectation and projection and may involve a number of risks and uncertainty such that the actual outcome may differ materially from suggested by such statement.

On the call we have with us today Mr. Puneet Dalmia – Managing Director and Chief Executive Officer; Dalmia Bharat Limited, Mr. Dharmender Tuteja – Chief Financial Officer, Dalmia Bharat Limited and other management of the company.

I would now like to hand the conference over to Ms. Aditi Mittal – Head Investor Relations. Thank you and over to you, ma'am.

Aditi Mittal: Good morning. Welcome to Dalmia Bharat's earning call for Quarter 4 and full year FY25. Our Results have been uploaded on the website along with the press release and the Earnings Presentation. Hope you have been able to download and go through the same.

With this, I will hand over the call to Mr. Dalmia for his opening remarks. Thank you.

Puneet Dalmia: Thank you, Aditi. Before I start, I want to say that we strongly condemn the terrorist attack in Pahalgam. Our hearts go out to the victims and their families during this very difficult time. May God give them strength and courage to face this very difficult moment. The entire country is standing with them.

Now I want to get to our Earnings Call and Results for this year and this quarter:

Based on the key indicators, economic activity seems to have picked up in Q4 of FY25 following a relatively muted first half. This momentum has supported the overall economic performance for FY25 and it is believed that the full year GDP growth should be around 6.5%. While the global macro situation is facing some uncertainty, India seems to be relatively better placed considering that it has its own large captive consumption base and a reasonably strong manufacturing base within the country. The likely bilateral trade agreement will also be an added cushion. As per the RBI's recent estimate, India could still achieve its projected growth of 6.5% for FY26. In this context, the cement demand is unlikely to be affected majorly by these global disruptions. I continue to believe that India is a multi-decade story, and short-term disruptions should not deviate the focus. Looking ahead, a sustained rise in investments, both government and private, robust job creation and improved consumption will be the key growth drivers for our country.

During Q4 of Financial Year ‘25, I believe that the cement demand grew at 7% to 8% on the back of increased government spending and pent-up demand following the festive season in November. As you are aware, the first nine months of the year were relatively slow with the growth in demand being around 3% to 3.5% and the full year cement demand will be around 4% to 5% YOY growth. GDP growth is projected at around 6.5% for Financial Year ‘26 and the cement demand is anticipated to grow by around 7% to 8% during the next year.

Now coming to the industry supply side:

Over the past 3 years the capacity share of the top four companies has grown from approximately 47.5% in Financial Year ‘22 to nearly 57% in Financial Year ‘25. In Financial Year ‘25 alone we witnessed 52 million tons of capacity changing hands.

Looking ahead, I expect consolidation to continue, driven not only by acquisitions but also by organic expansion as larger players scale up capacity more rapidly than the other smaller companies. Over the next 2 years the top four companies are likely to account for approximately 60% of the industry's total capacity. In this backdrop, we have commissioned a Phase I of expansion milestone of 49.5 million tons per annum with the commissioning of 2.4 million tons per annum grinding unit at Lanka, Assam and 0.5 million tons grinding unit in Bihar during Q4. We have recently announced capacity expansion of 3 million tons per annum at our existing plant in Belgaum, Karnataka along with a new greenfield 3 million ton per annum grinding unit in Pune, Maharashtra which is expected to be commissioned by end of Financial Year ‘27. This 6 million tons per annum expansion will cater primarily to newer markets in Maharashtra in line with our vision to build a pan India cement company.

Coming to business performance:

In the last few quarters we have been actively strengthening our dealer network and distribution channels while investing in brand-building initiatives. Some of our key initiatives included the rebranding of Dalmia Cement as RCF Expert, rolling out new cement packaging across all locations and enhancement of multiple reward and incentive schemes for our dealer network. These strategic investments are being done for the future and will help us in delivering strong growth in the years to come with a healthy balance between volume and profit.

Speaking for the year gone by, while our overall sales volume for Financial Year ‘25 improved by 2% on a YOY basis, if you look at the volume growth from Dalmia plants, the volume growth came in at 6% as against the industry growth of around 4% to 5%. In Financial Year ‘26, we will be working towards delivering a more consistent and sustainable profitable growth. A quick comment on pricing:

We have seen an improvement in prices this quarter. We remain reasonably optimistic about the stickiness of the recent price hikes and believe that the absolute level of consolidation should eventually aid in better pricing.

On the cost side, Dalmia is one of the lowest cost cement producers and we are working to deepen this position further. In order to reduce our cost by Rs. 150 to 200 per ton over the next 2 years' period, we are working on different strategies including consuming more renewable energy, improving our heat and power consumption rates and optimizing our logistics. During the current year we should be able to realize around half of the above efficiency gains.

Before I hand over the call to Dharmender, I want to mention that as a part of our commitment to continuously strengthen workplace safety and foster a safer working environment, we are undertaking a safety excellence program across our operations. This initiative is aimed to further enhance the effectiveness of our current safety SOPs, reduce unsafe practices and embed a stronger safety culture across all sites. Ensuring the safety and wellbeing of our employees remains a top priority and we are fully committed to continuously improving the quality of life at our plants.

Thank you and over to you Dharmender.

Dharmender Tuteja: Thank you Puneetji.

Let me give an overview of our performance:

During the quarter, our sales volumes de-grew by 3% YOY to 8.6 million tons. While if you look at the sales from Dalmia plants, i.e. excluding the tolling volumes from JP last year, our volumes grew 4% YOY in Q4 FY25. On a full year basis our volumes grew by 2% YOY overall and 6% YOY if we consider sales from Dalmia plants only. Our Revenue declined by 5% YOY to Rs. 4,091 crores in Q4 due to softening of cement prices on a YOY basis and lower volumes. However, on QoQ basis our revenues improved by 28.6% supported by both volume and price increases.

For the full year softness in prices during FY25 led to our revenues declining by 4.8% YOY to Rs. 13,980 crores. As Puneetji mentioned, we have taken a lot of initiatives for improving the quality of sales for our company. During the quarter, our premium product mix improved to 24% from 21% in Q4 FY24 and the trade mix improved to 67% from 65% last year.

Moving on to the cost line items:

Our raw material cost per ton of cement production declined by 4% YOY to Rs.743 primarily due to reduction in fly ash and limestone raising costs. Going forward, raw material cost will see an additional impact of tax on minerals as has been imposed by the state in Tamil Nadu. Basis the notification, The impact is Rs. 160 per ton on the limestone that is mined in the state of Tamil Nadu which translates to about Rs. 130 crores annually for the company. Power and fuel cost per ton of cement production also declined by 7% YOY during the quarter to Rs. 945 per ton, primarily due to the decline in fuel consumption cost from $114 per ton in Q4 FY24 to about $95 per ton in this quarter and also improvement in RE from 34% to 39% during the quarter. The blended fuel cost during the quarter declined to Rs. 1.30 on a kcal basis. Our CC ratio also improved from 1.67 times in Q4 FY24 to 1.69 times in Q4 FY25. Fuel prices have started inching up in the last couple of months while the Q4 consumption rate stood at $95 per ton. The spot prices are very volatile amidst the ongoing global macroeconomic uncertainties.

We continue to add renewable power capacity through both captive and group captive methods. During the quarter we have commissioned 2.2 megawatt of solar power capacity at Lanka, Assam. Besides this, 13 megawatts of RE capacity is also commissioned under group captive arrangement during the quarter. This takes our total operational RE capacity to 267 megawatts. We expect to reach 595 megawatts of operational RE capacity by end of FY26.

Coming to the logistic cost during the quarter:

Our logistic cost declined by about 2% YOY to Rs. 1,135 per ton. This is due to an increase in direct dispatch from 56% in Q4 FY24 to 61% in Q4 FY25 and a reduction in lead distance from 289 km in Q4 FY24 to 277 km in the preceding quarter. However, some benefit of it is offset by a higher amount of clinker movement to the Northeast region due to an unplanned shutdown. During the quarter our EBITDA improved by 21% YOY to Rs. 793 crores as the impact of lower prices and volumes was offset by better cost management. The EBITDA works out to Rs. 926 on per ton basis. This translated to an EBITDA margin expansion of 420 basis points on a YOY basis to 19.4% in Q4 FY25. On a full year basis, EBITDA declined by 9% YOY to Rs. 2,407 crores which is Rs. 820 per ton.

Our profit after tax stands at Rs. 699 crores during the year against Rs. 853 crores in FY24. During the quarter we accrued Rs. 99 crores in incentives with collections totaling Rs. 119 crores. Total accrual during FY25 was Rs. 336 crores and collections against the same was about Rs. 307 crores. During FY26 we expect total incentives accruals will be about Rs. 300 crores. Incentive outstanding at the end of the year was Rs.743 crores.

Depreciation for the quarter declined by 4% YOY and 14% QoQ to Rs.- 314 crores, primarily due to the full amortization of goodwill last quarter which was previously recorded at Rs.51 crores per quarter. The full year depreciation for FY26 is expected to be around Rs. 1,300 crores.

Coming to the ongoing projects:

We have commissioned our 2.4 million tons grinding unit in Northeast. This makes us the largest cement producer in the fast-growing Northeast region. The clinker unit at Umrangso is also near completion and expected to commission in Quarter 2 of FY26. We have also commissioned 0.5 million ton of grinding capacity at Bihar which is lucrative market in terms of profitability. With this our closing capacity now stands at 49.5 million tons.

During the year we have incurred CAPEX of approximately Rs.2,664 crores with a majority of being spent on the before mentioned projects. Besides this Rs.98 crores investment has been done in equity SPVs of group captive RE projects. As Puneetji mentioned, we have embarked on the next phase of expansion with the announcement of Belgaum and Pune expansion of 3 million tons each. We expect FY26 CAPEX to be about Rs. 3,500 crores which will largely be spent on expansion at Belgaum and Pune, clinker line at Umrangso and some land for the future projects, besides some cost efficiency investments and maintenance CAPEX.

We closed the year FY25 with gross debt at Rs. 5,279 crores, i.e., an increase of Rs. 629 crores as compared to March'24. Net debt as on 31st March was Rs.716 crores and the resultant net debt to EBITDA is at 0.3X. I also wanted to share an update one of our legal matters. In April 2025, ED has issued a Provisional Attachment Order amounting to Rs. 793 crore emanates from a case originally registered by the CBI in 2011 which involves certain allegations relating to the company's investments in Bharathi Cement. We would like to clarify that this order does not impact the company's running operations. We will take appropriate legal steps to defend our position. In our opinion and basis legal advice, no offense is made out against DCBL and we do not expect adverse outcome for the case.

Lastly, in line with the capital allocation framework the board has proposed a final dividend of Rs. 5 per share which is subject to the approval of the shareholder in the ensuing AGM. This is in addition to the interim dividend of Rs. 4 per share. Total dividend declared for the year including interim dividend is Rs. 9 per share.

With this now I open the floor for questions. Thank you very much.

Moderator: Thank you very much. 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 morning. Sir, the first question is housekeeping question. Could you share what was the per kcal costing in Q4 and the blended cement mix in this quarter?

Dharmender Tuteja: Yes, per kcal cost on the last quarter was 1.30 and the blended percentage is 84%.

Rajesh Ravi: And sir this pet coke prices which have gone up recently what sort of impact you are looking at? What is the pet coke share in the fuel mix?

Dharmender Tuteja: See the world economic scenario is in front of everybody. Nobody is aware of how the economy impact will be there because the tariffs today are up today, tomorrow is down. So, with these changes nobody can predict what end scenario will be there. So, there could be some upward price increase but it's difficult to gauge as of now.

Rajesh Ravi: That's true. Basis the current price increase in the January-February-March we have seen pet coke prices going up by 20%. So, what sort of impact because, so first what is the pet coke share in the fuel mix?

Dharmender Tuteja: See the prices have gone up and we expect some marginal increase in the per kcal cost blended cost which I had mentioned. But I think difficult to quantify the impact as of now because the situation remains volatile, every week prices are going up or down.

Moderator: Sir, does that answer your question?

Rajesh Ravi: I am seeing the group captive power which you have announced. What would be the landed cost from the group captive power cost?

Dharmender Tuteja: It varies from about Rs. 3 to 4 depending on the areas of operations and depending on the levies of the respective states.

Rajesh Ravi: Okay and lastly in terms of your volume growth outlook, any guidance for FY26 what sort of number you are looking at given that you are looking at industry to grow to 7% to 8%?

Dharmender Tuteja: We will be putting our house in order and I think we expect to give a good performance. But I think doesn't make sense to give a hard number which in the past we have seen that situation remained volatile. The focus will remain how to ensure balance of profitability and the volume growth which Puneet ji covered in his opening remarks.

Rajesh Ravi: Okay, last question on the expansion plans. You have announced, see the Northeast will be completing in Q2 and you have recently announced 3,500 crores for the South expansions, so for the FY26-27 together what is the total CAPEX outgo one should look at?

Dharmender Tuteja: The total range I have given is 3,500 crores which should take care of all majority growth.

Rajesh Ravi: Okay, full year basis FY26, 3,500 crores.

Dharmender Tuteja: Yes.

Rajesh Ravi: Okay this tax notice which you have received for the Northeast plant, how do you look at them?

Dharmender Tuteja: Yes, I think it should get quashed in due course.

Rajesh Ravi: That's all from my end. I will come back in queue.

Moderator: Thank you. Ladies and gentlemen, in order to ensure that the management is able to address questions from all the participants, please limit your question to two per participant. If you have a follow up question, I would request you to rejoin the queue. The next question is from the line of Devesh Agrawal from IIFL Capital. Please go ahead.

Devesh Agrawal: Good morning, everyone and thank you for the opportunity. Sir, my first question is basically on pricing. So, on a QoQ basis my calculation, I think we had seen a lower increase in the prices versus what we were seeing for the regions. So, could you share how much was your pure cement realization growth on a QoQ basis? And how did this stack up versus the regional hikes that you have seen in your core regions?

Dharmender Tuteja: See, the prices have marginally improved in eastern region and while in the South they remained low. On an average, I think they remained flattish and maybe very minor uptick. But we are hopeful that in the current quarter prices should improve. But of course, we remain cautiously optimistic and situation remains volatile on the prices.

Devesh Agrawal: And what has been the current price increase versus 4Q average?

Dharmender Tuteja: Varies from region to region but it's too early to say. It has increased by about Rs. 10 to 15 on average. But whether they'll stick or not we need to see. I think the trade channel checks that every month and it. will give a better picture because we will discover it month to month.

Devesh Agrawal: And again, you mentioned adjusting for JP tolling volumes. Your volume growth was 4% on a YoY basis. This again seems to be lower than the industry volume growth. So, is it because of the regional mix that your volume growth is lower or is it that you have lost market share in your core markets?

Puneet Dalmia: I think quarter to quarter things change a little bit. But if I look at the whole year, our growth has been 6% as against the industry growth rate of 4% to 5%.

Devesh Agrawal: Right sir. And sir finally on this, what would be your total clinker capacity at the end of FY25? How much are you targeting to add in FY26 and how do you see the ramp up in your Northeast recently commissioned capacity?

Aditi Mittal: Right now, we are at 23.5 and we have closed the year at 23.5. Now 3.6 will get commissioned in Northeast during Quarter 2 of FY26. So then next year we will close at 23.5 plus 3.6, which is 27.1.

Devesh Agrawal: And the ramp up in the Northeast plant?

Aditi Mittal: So, the grinding unit just got commissioned in the quarter that has just gone by. Northeast is a great market for us. We are one of the leading producers of cement and the largest cement company now. So, I think we will be able to ramp it up pretty comfortably.

Devesh Agrawal: Okay, thank you.

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

Rahul Gupta: Hi. Thank you for taking my question. Two questions. I know you don't want to discuss what ailed volumes growth during the quarter. But can you please help us understand from the context of how to look over the next couple of quarters, number one. Number two, now that you are moving away from guiding on volumes for full year, how should we look at earnings trajectory on back of let's say Rs. 75 to 100 cost improvement that you have guided for next year? Thank you.

Dharmender Tuteja: See, the reason for not giving a firm guidance on the volume for the next year was that we will try to balance the objectives of the growth as well as profitability. And of course, considering the backdrop of the industry volume growth and the leading players growth, maybe you can have your own estimate about our volume growth and in terms of margins of course, Rs. 75 guidance we have given in terms of the cost reduction and whatever price improvement comes that can be added on top.

Rahul Gupta: Thank you. And what about any specific reasons of relatively weaker volumes during the quarter? I am asking this question more from the context of, if consolidation is theme for the near future, then how should we think about your volumes? Thank you.

Dharmender Tuteja: As Puneetji said, that quarter to quarter situation may change but overall, we should be able to show a respectable growth in line with or better than the industry growth which remains volatile.

Rahul Gupta: Thanks. This answers my questions. Thank you.

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

Amit Murarka: Thanks for the opportunity. So, my first question was on volume again but actually I had a different take on volume because I see that your volume has grown 28% QoQ, which is the same thing last year Q4 as well. So, like is it that there was some volume push in the quarter and I also see that your realization is flat QoQ, whereas East saw a 3% price hike. I just wanted to understand why was realization flat and was there some volume push that was done in the quarter?

Dharmender Tuteja: The realizations have been flat because the market which we operate in South practically didn't see any price increase. Rather some erosion also happened. But whether any volume push was there, I don't think it was at the cost of profitability because the margins have improved. Unlike the previous year, same quarter we had increased the volume significantly, but it was at the cost of the margins. So, this time you can see that the quality of sales has also been kept in view.

Amit Murarka: No, but even this time the realization is flat but East saw decent price hike actually in March, I believe like end of February, early March. But that's not reflecting in the realization and the margin is improved largely I think because of the overheads and operating leverage gains. So, I just wanted to understand why was realization flat basically QoQ?

Dharmender Tuteja: Yes, the prices have improved in North region where we are not present and in East.

Amit Murarka: Even in East, I think.

Dharmender Tuteja: Yes, but it was negated by the price drops in the South also. South had very competitive environment during the quarter. So overall practically it was a flattish in terms of price rise.

Amit Murarka: Got it. And the CAPEX of 3,500 that you mentioned, would you be able to give some breakup as to how much of a bit will go to Northeast and how much to Belgaum and other projects?

Dharmender Tuteja: I think consolidated number I have given so it's majority towards the growth CAPEX which is Belgaum as well as Northeast. Individual breakup we would not like to give.

Amit Murarka: Okay, sure. And would you stick with your guidance of coming back with the bigger capacity expansion plans in like June-July is what you had been mentioning?

Dharmender Tuteja: Yes, definitely. So next quarter will fully detail out our plan of capacity creation till FY28 along with the balance sheet impact of that.

Amit Murarka: Sure. Thank you very much. I will come back in the queue.

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

Sumangal Nevatia: Good morning, everyone. Thanks for the time. The first question is on the P&L, the other expense on a per ton basis has dropped quite significantly. So, anything to note here or any one off write back or anything?

Dharmender Tuteja: No. Sumangal, basically it is on account of the operating leverage as the volume jumped up by about 28%. So, this is reflected in the per ton drop. And of course, Q2 and Q3 are normally the quarters where some shutdowns take place and the cost goes up and Q4 is normally you don't have the shutdown so naturally the cost comes down.

Sumangal Nevatia: Understood. The second question is overall on the next 2 years cost saving which we are spelling out at around Rs. 150 to 200. Is it possible to share what is the breakup? I mean how much is led by RE and few other heads?

Dharmender Tuteja: Sorry Sumangal, can you repeat that question? I missed it initially.

Sumangal Nevatia: Yes. So, my question is on the cost efficiency and cost saving which we are guiding at around Rs. 200 per ton over the next 2 years. Is it possible to share some breakup in terms of how much is RE and other heads?

Dharmender Tuteja: I think in my earlier call I had mentioned that roughly 50%-50% you can assume from VC and the logistic cost. There are multiple variables working at play. Of course, RE will be one of them, but I think specific numbers are not important right now.

Sumangal Nevatia: Okay and half of it is what we are expecting to realize in FY26 itself, right?

Dharmender Tuteja: Yes.

Sumangal Nevatia: Okay, understand. And just one last question on overall utilizations. So, if you see in the last few years our utilizations have dropped from 70% to currently around 60% odd. So, I mean just strategically do we have an eye on this metrics as well? I mean going forward, our expansions, I mean are we looking to tie it up with, I mean utilization then eventually getting into some sweet spot of 70%-75% levels or should we expect this level of utilization and maybe growth and expansions to kind of tie up?

Puneet Dalmia: Sumangal, I have said this earlier also. I think we will focus on capacity creation where we think our utilizations are higher and we will balance profitability and volume growth as we go forward. Market by market the situation is very different, and we will take a balanced view in every market depending upon what our immediate objectives are and what our long-term objectives are. So, I think there is no sense in creating capacity where you already have unsold capacity. I think we are very clear about that. We will create capacity where we think we have a cost-competitive position and we have a better cost structure to serve the market and we have a more reliable service that we can provide to our customers. So, I think given all of this you will see a very balanced approach in terms of capacity creation and a very balanced approach in terms of profitability and volume growth.

Sumangal Nevatia: Got it. That's very helpful. Thank you and all the best to the team.

Moderator: Thank you. The next question is from the line of Satyadeep Jain from Ambit Capital. Please go ahead.

Satyadeep Jain: Thank you. First question on the ED investigation. Just wanted to understand, I think from the commentary also it's clear what's Dalmia stands \is. We have also heard the investigation is going on for a long time. When you look at the investment, , I just want to understand, get more clarity on the stance there was an investment in Raghuram Cement. What was the rationale that you are pitching for that investment, as an overall rationale and where we are in the process because the CBI hearing is going on for a long time. Where do you think we are and how long did it take? Just from a risk standpoint, just want to understand more granular details on this.

Puneet Dalmia: I think we have a very simple position on this. We had invested Rs. 95 crores in Raghuram Cement which is now Bharathi Cement, and we sold our shares at Rs. 145 crores to a French company called Vicat and we made a 50 crores profit. So, I think we are very clear based on the legal opinions and based on our own understanding of the law that there is no criminal offense made against the company. And these things take time in India. This is a 14-year-old case and I am unable to say how long this is going to take. But this is, even today the process in the CBI court has taken a very long time and it continues to go on a slow pace. So, it's hard for me to give a timeline. But I think, we are very clear that these are all bona fide transactions and there is just no case and offense against the company.

Satyadeep Jain: And on this provisional attachment, was this Kadapa mine, is this Kadapa mine also a part of your 75 million tons expansion that you are looking at? And does this provisional attachment of land limit your borrowings obviously against that land and also any future limestone expansion till this is settled?

Puneet Dalmia: Based on the overall size of the balance sheet, this number is very minuscule. So, I don't think it's going to affect the operations of the company in any manner.

Satyadeep Jain: The Kadapa expansion could still happen if you are looking at 75 million tons expansion that you announced? So, thanks for the clarification. Secondly, just in the context of all these expansions you are looking at, there have been too many management changes in the recent 1 year. Do you think now given all these changes which for us also it becomes difficult to track. I am not sure compared to the history this is more attrition than you have personally seen. But now you think you have the entire team in place as you embark on this entire expansion plan that you are looking at. And, what would you look to do to have the team in place through this entire journey?

Puneet Dalmia: I think I have said this earlier also and I will repeat it on this call. We want to build a young team. We want to build a team which is grown from within, in the long term our leadership has to come from within. And with these two objectives, I think we are trying to prepare a succession plan for all critical roles in the company. The second thing is, we are also looking at where we can improve efficiency and reduce layers in the company so that we can become more agile and more efficient in terms of our speed of decision making and quality of decision making. So, I think based on this, some changes have been made partly due to reducing the number of layers and partly also because of succession planning. We will continue to go on this path as a normal company. I don't think these changes are anything major and I think they are not going to impact the company in any way whatsoever. If at all we are stronger, leaner and more efficient.

Satyadeep Jain: Okay, thank you so much and wish you all the best.

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

Indrajit Agrawal: Hi. Most of my questions are answered. I have two questions. First, on the Belgaum and Pune expansion, what is the limestone availability and visibility over there, the kind of quality and life of limestone that we have?

Puneet Dalmia: I think I have already said that we have sufficient limestone, and I think we are serving a market which we think is very attractive. We are serving the western part of the country where lot of investments and growth is there. It's a place where we are underrepresented. It's a place where we have a very cost-competitive position, and we think this is a project which will deliver very good returns in the years to come. But I cannot comment on the limestone reserves individually plant by plant. All I can say is we have sufficient limestone to support this expansion and more.

Indrajit Agrawal: Sure. Thank you. Secondly, even if you can't give like absolute numbers, can you broadly split the growth trajectory in each of the three geographies that you are in for 4th Quarter and also for FY25?

Puneet Dalmia: I am sorry, we have said that we don't give break up by geography.

Indrajit Agrawal: I am asking more like a trend, like would you say that one region has grown much faster, or it was broad based across?

Puneet Dalmia: I think we will not be able to share that.

Indrajit Agrawal: Okay. Lastly, on tax rate, how should we look at both P&L tax and cash tax for FY'26?

Dharmender Tuteja: The cash tax next year also you can expect , I think, a high single digit tax rate. And after that it should be normal tax rates.

Indrajit Agrawal: Sure, thank you, that's all from my side.

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

Navin Sahadeo: Yes, thank you for the opportunity. I had two questions for Puneetji. So Puneetji, until the previous quarter, every single time in your opening comments, you always gave a little bit of a cautious outlook on the pricing, even if there is some improvement, but you said that a major upside is capped because of increased competitive intensity and that was a pretty consistent commentary in the past couple of quarters. But in your comments now you did mention about optimism and so on the stickiness of this price. So just wanted to understand is it that are you seeing the consolidation actually play out or is it so that the price has gone so low and then the mineral tax just comes in which helps the overall pricing momentum just to improve a little bit. How should one look at it?

Puneet Dalmia: I think it's a great question. I think both the points that you mentioned are impacting this in some way or form. I think in the southern region, prices had gone to a level which was unsustainable for many players. And it had remained there for a fairly long period of time of almost 12 to 15 months. Yes, 12 months actually. I think the second thing is that during this period of pain, some consolidation also happened. So I think it's a combination of both factors. Prices were at an unsustainably low level and also consolidation happened during this time. So the combination of both these factors has caused a price increase in South in April. Whether it will sustain or not, I am reasonably optimistic right now that it may be the same low level which we have experienced in the last 12 months may not remain, but it will be at a slightly higher level now. How high and for how long it is hard for me to comment. That's why I am a little bit more optimistic. But I am also cautious in terms of where it can go because there is still oversupply in the region. Andhra Pradesh is still quite fragmented. It is definitely more consolidated, but still the level of fragmentation is quite high. Tamil Nadu and Kerala consolidation level has become very high now, but Andhra Pradesh and Telangana are still quite fragmented.

Navin Sahadeo: So that's really, really helpful. Thank you. And my second question then was on your capacity expansion plan. So of course, in February you announced a 6-million-ton expansion, but here, the first line itself of that press release says towards meeting the 75 MTP objective for 28, which also means another 20 million ton of capacity. And even if it's a mix of Greenfield, Brownfield at $85 comes to almost 14,000 crore of additional CAPEX. So my only request in this question is how much should investors be prepared for debt to come on or is it also a function of overall profitability being at higher level to meet this objective? Can it be a little fluid subject to profitability? How should one look at this overall CAPEX that is planned from a three-year perspective? Thanks.

Puneet Dalmia: I request if you can just hold on for one more quarter for this. I can only say one thing that while we want to grow, we also want to be prudent. We will look at the competitive landscape of the industry. We will look at our own ability and cost competitiveness in markets that we are present in. We will also look at diversification to new geographies. So, we have to keep some multiple factors in mind before we can give you a very clear answer on this. And I know you have asked a very specific question, and I am giving a slightly more generic answer. But please wait for one more quarter. I can only say that we will be prudent, and we will grow with prudence.

Navin Sahadeo: Yes, and just related to this is IEX related monetization, I understand net debt is fairly comfortable now, but that is mark-to-market the IEX value. I hope that clarity over monetization of this IEX also will come in by next quarter?

Puneet Dalmia: Well, I think we have already said that it's a short-term investment that we are holding, and we are going to monetize it soon. But, it's a listed company, so I cannot give an exact timeframe. But this is something which is I have committed to the markets, and we will stand by our commitment.

Moderator: Thank you. Ladies and gentlemen, please limit your question to one per participant. If you have a follow-up question, I would request you to rejoin the queue. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Hi, Sir, a couple of questions. Just first, a clarity. When we say that we are looking at a Rs. 75 to maybe Rs. 100 odd reduction this year and next year, so combined put together kind of a Rs. 200, Rs. 150 to Rs. 200 rupees cost reduction. So, this is from FY'25 average or from Q4 FY'25 because Q4 FY'25 itself is close to Rs.80 to Rs.90 lower versus the FY'25. So, from FY'25 if you are looking at the reduction then actually there is no reduction from current 4th Quarter number?

Dharmender Tuteja: This we had called in the July call. So basically you can consider Q1 of FY'25 as the base.

Shravan Shah: Q1, FY'25. Okay. Q1, FY'25 would be the base. Okay. Got it. But there also the number is the current quarter number itself is a kind of a Rs. 125 lower versus that. So that means even if we reduce by 75, it would be still higher than the current quarter Q4 cost. So that's the way one should look at. Okay, got it. Second, sir, is it possible also to share just a data point on the road rail mix and the blending ratio, which is at 84 odd percent, but in the April presentation we said that we will be looking at 100% blended cement by 2026. So does that mean FY'26 or calendar year 2026 and if that is the case, how do one look at in terms of whatever the OPC we have currently 15%-16 % so obviously it should be on the higher price so if it goes away, how one can look at in terms of the kind of pricing impact for us?

Dharmender Tuteja: Directionally, we would like to move towards 100% blended, but of course, these things may not be possible to achieve in one year timeframe. But directionally, our commitment remains. We will try to see market-by-market balancing the growth and the profitability point of view and try to move towards that direction. But it can't be a hard-quoted number which has to achieve quarter by quarter or year by year. Another aspect you asked about is the road mix, it is 84%.

Shravan Shah: 84%. And sir I understand the next expansion we will tell in the next quarter, but whatever the given is Rs. 3500 crores capex for FY'26. and for FY'27 would be how much based on the current things. Obviously, it will increase once we announce the next expansion?

Dharmender Tuteja: Better to wait for one more quarter, you will get complete clarity on that.

Shravan Shah: But our stand still will remain that net debt EBITDA will not cross 2times to reach a 75 million ton.

Dharmender Tuteja: Yes, please.

Shravan Shah: Yes, got it. Thank you.

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

Prateek Kumar: Yes, hi, morning, sir. My first question is on Tamil Nadu land mining tax. What is the status there? Has it got implemented or you heard that there is some lobbying for reduction of that tax? Can you update us on the same?

Dharmender Tuteja: Yes, this has become operative from first week of April. And of course, industry would like the rates to be much, much lower. This rate is quite high. But for the time being, I think best for us and you to assume that this stays.

Prateek Kumar: Okay and on clarification on the pricing you said Rs. 10 to Rs. 15 price hike. We understand the price hike in the South are much higher at like Rs.40 – Rs.50. So are you talking about other regions of price hike or?

Dharmender Tuteja: What I have given is on an average basis. Other regions have not seen that kind of price hike.

Prateek Kumar: Okay, Lastly on JPA, your bidding for JPA assets under the new consortium, that includes a whole host of other businesses. What is the idea for bidding such businesses?

Dharmender Tuteja: We have given our expression of interest. And after a thorough review of the position, we will take a prudent call on that.

Moderator: I would request you to rejoin the queue for your follow-up question. Thank you. The next question is from the line of Pathanjali Srinivasan from Sundaram Mutual Fund. Please go ahead.

Pathanjali Srinivasan: Yes, I wanted to know what the incentives for the quarter was and also what about the receivables for incentives? How has it been moving the current year?

Dharmender Tuteja: So, the current quarter accrual as I mentioned was about Rs. 99 crore and next year we are expecting about Rs. 300 crores. So, receivables (outstanding are at) Rs.743 crore in the current year and it should remain around the same level or maybe slightly go up because the current year receivables may take slightly longer to realize.

Pathanjali Srinivasan: This accrual you are saying for the current quarter is Rs. 99 crores, is it?

Dharmender Tuteja: Rs. 99 crore is for the Q4 which just went by.

Pathanjali Srinivasan: Understood, okay.

Dharmender Tuteja: Next full year is about Rs. 300 crores.

Pathanjali Srinivasan: And generally, like our share of profits if we look at subsidies or grants, it seems to be fairly high. So will this be recurring for the long term or will a large part of this go away in a few years down the line? Could you give some color on this?

Dharmender Tuteja: Yes, we are operating in the Northeast region where this is likely to continue for a very long period, because it's for 15 to 20 years' timeframe. And, Bihar is the one which will expire in the current year. But for the small unit which you added, 0.5 million, that will continue for another five years. And, Murli also will go for about 15 years. And Jharkhand also will continue for a couple of years. So I think the next couple of years, we don't foresee any reduction on this.

Pathanjali Srinivasan: And just one last question, sir. So this capacity expansion that we announced for grinding unit in Pune and expansion in Belgaum, how are we planning to service the grinding unit in Pune because the lead distance is almost 400 kilometers.

Dharmender Tuteja: It will be by rail.

Moderator: Thank you. The next question is from the line of Jyoti Gupta from Nirmal Bang Securities Private Limited. Please go ahead.

Jyoti Gupta: Thank you so much for the opportunity. I will start with, as I understand, the industry should grow by 7% YoY this quarter. However, we have seen a decline on a YoY basis. Realizations are flat, however, the players in the regions in the East have actually benefited from the increase in realizations while we have not. Third is we have moved Clinker, as you have already mentioned in the commentary; however, your overall cost seems to have declined. Now, how do we should be seeing? And of course, the benefit of increasing price of the East will be reflected with a couple of companies. And in the first quarter itself, you have seen almost like Rs. 60 gross level increase in price in the South region with a net impact of at least 30 absorbed already. How should we see Dalmia's performance in the first quarter of FY'26? And, second is on the limestone reserves. I believe Rajgangpur has been almost like a 70-year-old reserve mines. Is it not expected to exhaust by 32 or something? Any comments on that?

Puneet Dalmia: I think let me take the comment on limestone reserves first. I have already said in many statements during the earlier calls that we have sufficient reserves in Rajgangpur. There was, in our own mining lease area, there was some land that we had to buy, which is in process and which is going to get concluded. A large part of it will get concluded within this year. So we see no challenge in reserves over there. The second part is that Dharmender already mentioned that there was some price increase in the East, there was erosion of prices in South which kept our realizations flat for the quarter. And I think in the coming quarter, currently in the first fortnight, we have seen a significant increase in the South, which could be in the range of Rs. 30 to Rs. 40, but not blended. Base it is at about Rs. 10 to Rs. 15, as Dharmender has said. So if these prices sustain, profitability should be better. And I have already said that we are going to balance our volume and profitability targets and estimates market by market. In terms of quarterly guidance, I apologize, we will not give any quarterly guidance. Thank you.

Jyoti Gupta: Can I just get in terms of price increase, regional breakup between North and South, because that should have actually offset decline in price in the South. And at the same time, I would also like to understand, I mean, the kind of volume decline, realization decline, the cost structure has actually declined quite significantly, and we paid only 6% tax in this quarter compared to 20% in the last quarter. Any specific reason for that?

Dharmender Tuteja: If you see there are prior period adjustments for the tax write-backs so that you can consider as a one-off items. So if you remove that, our effective tax rate is still 24%. Our cash tax rate remains low because we have the brought forward losses from past acquisitions.

Jyoti Gupta: Thank you for now, but I have many questions to Dalmia. I hope to get all of them answered in the future. Thank you. Thank you for your time.

Moderator: Thank you. The next question is from the line of Jashandeep Singh from Nomura. Please go ahead.

Jashandeep Singh: Thank you for the opportunity. Most of the questions have been asked by my fellow analysts, but just wanted to concentrate on the Northeast region. So a lot of investment has gone from Dalmia to Northeast and I understand this is a very lucrative region for Dalmia. But I just wanted to understand what's the, if you can give me a rough market size of that Northeast and what's the growth trajectory you believe the market will see. Because if I am not wrong, the top two players hold more than 50% of the market share. Just wanted to understand is North East is going on the same trajectory as East, where capacity, growth might outpace demand and hence there will be pressure on margins. So if I can just get the management view on that, that would be great?

Dharmender Tuteja: We are not giving the regional data, but all I can say is that Northeast is growing faster than the Indian average. And that is likely to continue.

Jashandeep Singh: Sir, I understand I am just asking about the market and not Dalmia specifically, but even if you say Northeast is growing at a faster rate, demand is growing at a faster rate in India, its capacity growth is also growing at a faster rate in India. So I just want to understand, do you think the margins will sustain for next couple of years, despite all the capacity that's coming here?

Puneet Dalmia: Look, when we make CAPEX decisions, we take a very long-term view to make investments because it takes around 2-2.5 years to create new capacity. I think the way we look at the Northeast region is as follows. I think one, from a demand perspective, Indian government is very focused on investing in the Northeast region. And, in this last decade, the number of visits by the Prime Minister and also the union ministers has been pretty phenomenal over there. There is huge commitment to creating infrastructure. And, even in Assam, there is a very, very aggressive plan to increase industrialization and make huge investments in the economy. This was highlighted in the advantage Assam summit recently where a lot of investors have committed significant capital. There are semiconductor facilities being built. We are building the largest cement plant over there. We have already almost completed. So, I think huge investments are happening there in infrastructure as well as industrialization. So, we think demand growth here is going to be very strong. Point number one. Point number two, from a supply side perspective, it's a fairly consolidated market. It's a market where people who have local presence have ability to serve the market in a more reliable manner. So, I think from a market structure point of view also, we find this market quite attractive. Now having said this, whenever new capacity comes, there could be turbulence in terms of prices and capacity comes in steps and demand grows over time. So, there could be a little bit of turbulence whenever new capacity gets commissioned in any market. And, I personally think that we make investments from a long-term perspective and long-term we find this market quite an attractive market to be. That's all I can say.

Jashandeep Singh: I completely understand. Puneet sir, thank you so much for such an elaborate answer. Just if, I can squeeze in one more. What will be the average utilization for that region, if you can, on the market basis? If not particularly for Dalmia?

Puneet Dalmia: We don't share data region by region.

Jashandeep Singh: Not for Dalmia, but for the market itself, if you can give us a sense, that would be great.

Aditi Mittal: So, Jashandeep, the utilization for the region should be in the ballpark range of about 65% because the market is a 14 to 15 million ton of volume that it seems.

Jashandeep Singh: Thank you so much. And, I will join back the queue.

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

Pulkit Patani: Sir, my questions are already answered. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Puneet Dalmia for closing comments.

Puneet Dalmia: I once again want to express my deepest condolences for the victims of Pahalgam and pray for peace and strength in their families. I once again thank you all for your interest in Dalmia and we will see you again next quarter. Thank you very much.

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