



**THE RAMCO CEMENTS LIMITED**

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Corporate Identity Number: L26941TN1957PLC003566

27 May 2022

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

Scrip Code: RAMCOCEM

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

Scrip Code: 500260

Dear Sir,

Sub: Transcript of the Audio Recording of Earnings Conference Call

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

In continuation of our letter dated 23<sup>rd</sup> May 2022, providing you the weblink of the Audio Recording of the Q4 FY22 & FY22 Earnings Conference Call held on 23.05.2022, organised by ICICI Securities, we attach the transcript of the conference call and the same is also made available at –

<http://www.ramcocements.net/ramcocements/EarningsConferenceCallTranscript/ICICISec-TheRamco-23May-2022.pdf>

Thanking you,

Yours faithfully,

For **THE RAMCO CEMENTS LIMITED**,

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



“The Ramco Cements Limited  
Q4 FY2022 Earnings Conference Call”

May 23, 2022



**ANALYST: MR. KRUPAL MANIAR - ICICI SECURITIES**

**MANAGEMENT: MR. P.R. VENKETRAMA RAJA – CHAIRMAN &  
MANAGING DIRECTOR – THE RAMCO CEMENTS  
LIMITED**

**MR. A.V. DHARMAKRISHNAN – CHIEF EXECUTIVE  
OFFICER - THE RAMCO CEMENTS LIMITED**

**MR. S VAITHIYANATHAN – CHIEF FINANCIAL  
OFFICER - THE RAMCO CEMENTS LIMITED**



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**Moderator:** Ladies and gentlemen, good day and welcome to the Ramco Cements Limited Q4 FY2022 Results Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Krupal Maniar from ICICI Securities. Thank you and over to you, Sir!

**Krupal Maniar:** Thank you, Lizann. Good evening and a warm welcome to everyone. On behalf of ICICI Securities, we welcome you to the fourth quarter and FY2022 earnings call of the Ramco Cement Limited. On the call, we have with us, Mr. P.R. Venketrama Raja, CMD, Mr. A.V. Dharmakrishnan, CEO and Mr. S. Vaithyanathan, CFO of the company. At this point of time, I will hand over the floor to management for their opening remarks which will be followed by interactive Q&A session. Thank you and over to you, Sir!

**P.R. Venketrama Raja:** Good evening everybody. This is Venketrama Raja, Managing Director. A warm welcome to all you to this earning call of Ramco Cements for the financial year 2022 and I am sure all of you have already seen the results which we have posted in the website. Just to give the highlights during the year we had a sale of 11.05 million tons compared to 9.98 million tons in the previous year which is an 11% growth in volume. The share of premium products have improved to 22% in the current financial year compared to 18% in the previous year. The utilization rate for the year is also 80% as against 75% in the previous year. The sales volume could have been better because the brand pull because our premium product has improved quite a bit, but due to the impact of the COVID lockdown in May 2021 to June 2021 in the south and due to heavy rains and cyclone in Q3 in the south and east markets, we could not improve the volumes more than 11%. The cement prices have been volatile throughout the year and during the year the company generated wind power of 23.25 Crores units as against 21.41 Crores units in the previous year. This was an increase in wind energy by about 9%. We are happy to share that the net revenue of the company has crossed 6000 Crores mark during the year. To be precise the net revenue is now 6011 Crores as against 5300 Crores in the previous year with a growth of 13%. The EBITDA for the year is 1314 Crores as against 1500 Crores in the previous year, this is a decrease of about 17%. The blended EBITDA per ton for the year has also reduced 1190 as against 1586 during the previous year and the EBITDA margin in the current year is 22% as against 30% in the previous year. As you all know the main reason is that the cement industry could not pass on the cost increase of pet coke and coal



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to its customers fully. You are all aware that the average pet coke price has actually doubled in the financial year 2022. In addition, the diesel prices have also increased by 20% during the year, which has increased our logistic cost. Our operations of waste heat recovery plant which is around 27 megawatts in Jayanthipuram has helped us offset the power cost a bit and in Kurnool our new project, the trial project for clinker is ongoing. With this the clinker capacity for our company has gone up to 13.65 million ton per annum. The cement grinding facility and the 6 megawatts of WHRS in Kurnool are expected to be commissioned in June or July 2022. After that the installed capacity of the cement will go past 20 million ton per annum. The balance 6.1 megawatts of waste heat recovery and 18 megawatts of thermal power plant will be commissioned in March 2023. During the year the company has incurred 1816 Crores towards capex. The company's gross debt as of March 2022 will be 3930 Crores. The average cost of borrowing for the year as reduced to 5.54% as against 6.59% the previous year. It is also proposed to reduce debt by about 500 Crores in this financial year 2023. With this opening remarks and highlights, I like to hand it over to the coordinator for the questions and answers.

**Moderator:**

Thank you. Ladies and gentlemen we will now begin with the question and answer session. The first question is from the line of Girish Choudhary from Spark Capital Advisors Private Limited. Please go ahead.

**Girish Choudhary:**

Hi thank you. Just wanted to understand the volumes better. This quarter we saw a decline of close to 0.6% Y-o-Y, but if I look at the absolute volumes they are down even below pre-COVID quarter which is 4Q FY2019 you sold around 3.3 million tons and in this period you have added capacities as well so what explains this volume performance, if you could give us a better understanding in terms of region wise where we have seen a pressure that is my first question.

**A.V. Dharmakrishnan:**

The last quarter of 2021-2022 we had heavy monsoon in Tamil Nadu, Kerala and Andhra Pradesh even till the month end of January so to that extent the sale is affected in southern part of the country, also in east part of the country the prices were so low so we did not want to incur loss so we cut down our production in the month of January so February, March we were able to dispatch good volume. In fact March our volume touched almost 12.5 lakh tons, March almost we touched 12.5 lakh tons.

**Girish Choudhary:**

So this quarter you have sold lower volumes in east because of the pricing. Is the understanding right.



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- A.V. Dharmakrishnan:** Whole month of January and early part of February then we picked up our sales.
- Girish Choudhary:** But general over a longer time frame like 4Q 2019 we have seen a volume decline and we have added capacities also, so just wanted to understand this slightly better and how should we look at this in the coming year.
- A.V. Dharmakrishnan:** 2023 we are expecting volume growth of minimum 12% to 15%.
- Girish Choudhary:** Second in terms of fuel cost as per your presentation your 4Q blended fuel cost was around \$199 so where is this currently and based on this how much inflation we can expect in the near term, let us say in the coming one to two quarters.
- A.V. Dharmakrishnan:** See I cannot give long term view on fuel prices, but the current prices would be around \$225. Some shipments I booked for \$210 also, but beyond that I cannot give you any guidance.
- Girish Choudhary:** So around 10% increase in the blended fuel.
- A.V. Dharmakrishnan:** I cannot give. It may come down also drastically. I cannot give you any guidance on the fuel prices because it is very volatile. Even if you see the index. January the index price was 146, February the index price was 177, March 248, April 176, May 242 that is the level of volatility you can see so it is very difficult to give you any guidance.
- Girish Choudhary:** So last year on the pending capex for FY2023 and where do you see debts picking up.
- A.V. Dharmakrishnan:** The Chairman mentioned the debt is picked out. This year we are expecting repayment of some loans. The debt will be reduced by 500 Crores against March end debt of 3930 Crores. Also working capital loan has also gone up 185 Crores definitely we are making all the efforts to reduce that also by 200 Crores, so debt reduction of 500 Crores is definitely possible.
- Girish Choudhary:** And in terms of pending capex for FY2023?
- A.V. Dharmakrishnan:** 1350 Crores next two years, maybe around 600 Crores we will spend for the capex.
- Girish Choudhary:** Thank you Sir.



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

**Shravan Shah:** Thank you Sir. First couple of data points. You mentioned the premium are 22% for this year so what was the number for fourth quarter.

**A.V. Dharmakrishnan:** Sorry fourth quarter exactly I did not take the number. The fourth quarter should be around 25% to 26%, approximately I am telling. I do not have the number right now, but year as a whole only I have taken, 22%.

**Shravan Shah:** I understand Sir no issues. Second is the lead distance for fourth quarter, trade non trade mix so that last time we said in terms of south state wise also and the east so is it possible to share for fourth quarter.

**A.V. Dharmakrishnan:** The lead distance is around 326 square meters for fourth quarter.

**Shravan Shah:** Okay and trade non-trade mix.

**A.V. Dharmakrishnan:** Trade, non-trade is around 72, 28.

**Shravan Shah:** So with the numbers last time we said in south particularly state wise also we said and the east was around 55% so what was the number for fourth quarter.

**A.V. Dharmakrishnan:** where is the 55%?

**Shravan Shah:** So what is the number for east trade?

**A.V. Dharmakrishnan:** East trade is same percentage 55% to 60%. East as well as the trade or non trade is concerned. In fact sometimes non trade gives better realization, so it all depends upon realization that matters a lot whether it is trade or nontrade.

**Shravan Shah:** And in terms of the price increase so how much we have taken a price increase in south, east post March if possible in terms of the state wise if you can share that would be great.

**A.V. Dharmakrishnan:** There is lot of volatility. The price goes up and down so the exact numbers even if I give it will be misleading because the price goes up by one week and comes down by one week, but east the price are holding, south okay some market the price are holding other



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market the prices are really volatile, average you can take around Rs.10 to Rs.15 price increase in the south and around Rs.20 price increase in the east.

**Shravan Shah:** I understand Sir for you it is difficult to predict in terms of the fuel cost the kind of volatility is there, but last time we mentioned that we will start increasing the inventory so now in terms of coal, pet coke what kind of inventory are now we carrying.

**A.V. Dharmakrishnan:** We have for five months. See whatever in transit and stock together we have five months commitment.

**Shravan Shah:** And just to clarify in terms of the debt 500 Crores reduction when we are saying so that includes the working capital 200 Crores reduction also.

**A.V. Dharmakrishnan:** Both together. Overall debt I mentioned to you.

**Shravan Shah:** Okay and in terms of the further expansion previously we are mentioning that in Karnataka and Maharashtra so we were looking to even finalize the land also.

**A.V. Dharmakrishnan:** Yes we have inputs, one grinding unit in Karnataka.

**Shravan Shah:** So how much the size and when we will start and what would be the capex?

**A.V. Dharmakrishnan:** It will be around 1 million ton. The capex would be around 300 Crores to 350 Crores.

**Shravan Shah:** So that we will start now.

**A.V. Dharmakrishnan:** It will take minimum six months to start.

**Shravan Shah:** So in FY2024 this will be added 1 million ton grinding capacity will be added.

**A.V. Dharmakrishnan:** Yes.

**Shravan Shah:** By FY2024 it should be up and running. Okay but Maharashtra no plan to add.

**A.V. Dharmakrishnan:** We have plans but we are yet to finalize the place. We have plans but we are yet to identify a nice location. Also I would like to mention at this point of time we also won one lime stone block in Karnataka at very cheap base price.



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- Shravan Shah:** Any number you want put. My understanding you said cheap price but anything.
- A.V. Dharmakrishnan:** 25.1%
- Shravan Shah:** 25.1% of...
- A.V. Dharmakrishnan:** Premium of 25%. See normally the premium goes even up to 100% to 150%. We got premium of 25.1%.
- Shravan Shah:** So once we start operating the mines in terms of royalty what would be the number that will come including this 25% what kind of royalty per ton.
- A.V. Dharmakrishnan:** 80, plus 450 plus 25%.
- Shravan Shah:** Okay got it Sir. Thank you Sir. Thank you very much all the best.
- Moderator:** Thank you. The next question is from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.
- Sumangal Nevatia:** Thank you for the opportunity. Sir on the inventory of the coal price you said we already have visibility of five months. Part of it is in inventory and part of it is transit is that the correct understanding.
- A.V. Dharmakrishnan:** You are right because some shipments are in transit.
- Sumangal Nevatia:** My question is given that we have such significant inventory and commitment and good part of the quarter is already gone by is it possible to share I mean what sort of fuel cost inflation are we witnessing at least in 1Q I mean I am not asking about coal price or thermal coal prices or pet coke prices but at least in 1Q sort of inflation can we guide something on that front.
- A.V. Dharmakrishnan:** See for Q1 I am expecting our pet coke prices almost 80% to 85% for our clinker production will be around \$225.
- Sumangal Nevatia:** Okay versus 4Q at.
- A.V. Dharmakrishnan:** 4Q it will be around \$190.





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- Sumangal Nevatia:** Okay \$190 and remaining will be thermal coal and what versus what.
- A.V. Dharmakrishnan:** So thermal coal we are using only for power. This one is very small. Because we are also getting waste heat recovery only for power generation we are using. Fuel almost we are using 100% pet coke.
- Sumangal Nevatia:** Okay understood. Second on the pricing front. I mean what we hear is in 1Q the pricing in south versus other region what could be the reason given the massive cost inflation. Why is it prices are not getting absorbed in the market.
- A.V. Dharmakrishnan:** See so many can call we will be understanding now. Nothing I am going to add new. See you may have attended so many investor calls you will be knowing better than me.
- Sumangal Nevatia:** Okay Sir thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Brijesh Siya from HSBC. Please go ahead.
- Brijesh Siya:** Hello Sir. Good evening I have two questions. The first one is on pricing. I understand we do not have much visibility about how the price is going to be behaving in the coming quarters or month but looking at today if you were to do your math how much price increase you require just to cover up your cost inflation.
- A.V. Dharmakrishnan:** At least Rs.40 per bag.
- Brijesh Siya:** Now looking at the volume side, I think this quarter as well we had some rains. If you can give how things are panning out as we speak for this quarter, are we looking volume growth to accelerate versus Q4 or we are kind of at level with Q4.
- A.V. Dharmakrishnan:** April, May our growth is very decent compared to last year and April we have done almost 1 million ton dispatches. May it will be better than that and this quarter definitely we will be doing 3 million plus definitely we will be doing.
- Brijesh Siya:** Last one is I see in the presentation you mentioned that 71% of your electrical energy required from clinker production will come from green energy. I just wanted to understand where do you use electric energy in clinker production.



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**A.V. Dharmakrishnan:** If you run the raw mill, clinker everything should be run only by electric energy. What do you mean by electric consumption, crusher, raw mill, coal mill everything should only run on electricity.

**Brijesh Siya:** Okay I thought that clin is anyway run with thermal fuels.

**A.V. Dharmakrishnan:** Thermal plant right. See thermal plant usage will be reduced. See previously for example I did not have waste heat recovery before we used to run only thermal plant now with waste heat recovery to that extent we do not run the thermal plant. We produce less from the thermal power plant.

**Brijesh Siya:** Okay this is primarily you are referring to the waste heat recovery.

**A.V. Dharmakrishnan:** See most of the windmill in Tamil Nadu was under the sale to the board now I converted into captive consumption.

**Brijesh Siya:** Okay alright. Got you Sir. Thank you very much.

**Moderator:** Thank you. The next question is from the line of Parthiv from Tracom Stock Brokers Pvt Ltd. Please go ahead.

**Parthiv:** Thank you so much for taking my question Sir. Sir I just want to get a sense on your FY2023 volume guidance for your premium product. As I understand your premium product would surely be doing a lot better EBITDA per ton so in FY2023 as compared to 22% you did in FY2022 what are you expecting your percentage of premium products.

**A.V. Dharmakrishnan:** See in FY2021 it was 18%, 2022 it was 22%, 2023 we want to increase it to 30%.

**Parthiv:** Sir if I may ask you say in terms of pure EBITDA by ton front. Say this particular FY2023 if I am not wrong you did 1196 so if I were to just segregate the share of premium product what would be the EBITDA per ton.

**A.V. Dharmakrishnan:** That is definitely Rs.200 to Rs.300 more. See more than the price it will give good brand image and also it will give more number of customers because we are expecting good volume growth also.

**Parthiv:** Also Sir what I want to understand is we are in a very tough inflationary environment maybe you could correct me but in your entire history probably this would be one of the



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toughest time and what we are seeing that government is also lobbying very strongly to ensure that commodities like cement, steel do not go up to unprecedented levels so just want to understand assuming that it is a current run rate of the fuel cost stays the same and your cost stays the same is it safe to assume that in FY2023 it would be very difficult to even surpass 1200 EBITDA by ton or it depends on some other factors.

**A.V. Dharmakrishnan:** See it all depends again fuel prices. Fuel prices I told you is so volatile, suppose it comes down to \$140, definitely 1200 plus is definitely possible. It all depends upon again fuel prices. Like they reduced the diesel prices by almost Rs.8 and petrol prices by Rs.10 if they reduce more it is possible. Also the Finance Minister has agreed to announce some benefit on logistics which I am yet to know about it. See with all these things it is possible.

**Parthiv:** Sir my last question is regarding our investment in Link Logistics. What is the current status of that company and what is our exit plan from that company.

**A.V. Dharmakrishnan:** See the Link Logistics now they changed the business model. See previously they were doing last mile delivery. Now what they do is they are becoming super distributor for many FMCG companies so tech based and they have prepared nice platform so that FMCG companies can distribute the various goods to Kirana store. There will not be any more investment from Ramco Cement. We will be like investor. If the value goes up. If any investor we comes in we will be selling that. That will not be immediately it will take time but whatever investment we make today that will remain it will not increase.

**Parthiv:** I assume it would be company with its current situation is burning cash so is it safe to assume that going head Ramco Cements as a parent will not infuse any further capital.

**A.V. Dharmakrishnan:** We will not put, not even single paise more than what we invested.

**Parthiv:** Fair enough. Thank you so much Sir. All the best.

**Moderator:** Thank you. The next question is from the line of Kamlesh Bhagmar from Prabhudas Lilladher. Please go ahead.

**Kamlesh Bhagmar:** On the capex side we have mentioned that there is roughly around 1350 Crores of pending capex so I believe it is on the growth capex or the new capacity expansion so can we assume 300 odd Crores of maintenance capex in addition to that on a yearly basis.



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**A.V. Dharmakrishnan:** No it includes both. It includes both operating capex as well as our new grinding unit in Karnataka and also balance capex for RR Nagar as well Jayanthipuram and Kurnool.

**Kamlesh Bhagmar:** Sir this 1350 is inclusive of how much of maintenance or sustenance capex in that Sir.

**A.V. Dharmakrishnan:** Maintenance capex would be 120 Crores per annum.

**Kamlesh Bhagmar:** Okay so around 260 Crores is included in that.

**A.V. Dharmakrishnan:** Yes 250.

**Kamlesh Bhagmar:** Okay got it. Thanks a lot Sir.

**Moderator:** Thank you. The next question is from the line of Paridhi from Millennium Mams. Please go ahead.

**Paridhi:** Good evening Sir. Sir I would like to understand the east market since everyone is doing capex in the east but their prices are still relatively weak is it not contradictory and will the consumption go up in the east and how do you also see the price moving in the current year that is FY2023.

**A.V. Dharmakrishnan:** See the price in east in first quarter is much better. It was very weak in the last quarter of the last year, but the prices in first quarter is healthy and the demand is also much better in the east now. The east if we really take Orissa, Bengal and also north east lot of capex expenditure, infrastructure spending. The government is also concentrating lot on infrastructure spending, so we are very bullish on east market.

**Paridhi:** Okay thank you Sir.

**A.V. Dharmakrishnan:** Merely because the prices was weaker in one quarter we cannot judge the market is bad.

**Paridhi:** Okay so we should expect the prices to get better from here on.

**A.V. Dharmakrishnan:** Yes prices even today are better.

**Paridhi:** Okay thank you Sir.



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

**Shravan Shah:** Thank you Sir. Sir continuing the previous participants question even if one assumes UltraTech the significant capacity will be coming up in the third and fourth quarter in the east. Despite that I understand the demand is likely to remain robust but it will not have impact on the pricing.

**A.V. Dharmakrishnan:** See Orissa, Bengal and all this places there is no limestone available, no integrated plant is going to come there. It is only grinding unit. The cement which is already transported there is to be ground inside. See the first capacities are coming only in Chhattisgarh, the clinker capacity. Okay whatever first capacity coming up and see the growth rate and definitely east will grow by minimum 15% to 20% in the current year, so we are not seeing any major problem in the east.

**Shravan Shah:** I have a complete understanding in terms of the volume growth in east. I am just trying to understand the way UltraTech is putting up the capacity sizably in third and fourth quarter so will it not impact...

**A.V. Dharmakrishnan:** See they are not putting up in east exactly. Bengal east and north east no integrated cement plant can come up.

**Shravan Shah:** No I am saying the grinding unit particularly.

**A.V. Dharmakrishnan:** What do you mean by grinding unit? Already whatever cement they are transporting there instead of that they are putting up grinding unit, they transfer clinker to reduce the cost nothing else. Putting up of the grinding unit is not going to increase the capacity. For example I can transport cement from Jayanthipuram Andhra to West Bengal by rail or by ship whatever it may be. Suppose I am selling blended cement, 100% I am transporting I am incurring transport cost instead of that if I put grinding unit it is enough if I transport of 60% of the clinker there, source 35% flyash there, 5% gypsum locally and sell to that extent 35% of logistics cost I can save. Mainly because of that my sale in Bengal is not going to go up. I am replacing the sale from Andhra to Bengal by putting up grinding units inside so that I can reduce my raw material cost as well as logistic cost.

**Shravan Shah:** Got it Sir. Thank you.



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

**Amit Murarka:** Hi good evening, so I just wanted to understand on the Kurnool plant that you commissioned like what could be the ramp up schedule of that plant.

**A.V. Dharmakrishnan:** See the clinker is already commissioned. Originally what we thought when there was pandemic problem all these things the manpower was less, we thought we will focus on commissioning clinker. Then we transport the clinker to the east as well as to Chennai grinding unit so at least the clinker can come fast, but today because of the fuel cost definitely mere transport of clinker may not be viable so we are concentrating on the commissioning of the cement plant also. Definitely the cement plant will be commissioned before 30<sup>th</sup> June, 100% it will be commissioned. We have small plant in Mathodu which was closed down two years back yet there also we are reviving our cement grinding capacity. Already we revived we are waiting for the approval to come from the Karnataka government which is expected in two to three days time so from 1<sup>st</sup> July definitely we can expect 30 to 40% capacity utilization.

**Amit Murarka:** Okay 40% and let us say by the end of year like could we go to 70% or so.

**A.V. Dharmakrishnan:** Possible.

**Amit Murarka:** Right and also on the Jayanthipuram clinker which you had expanded like what were the utilization levels right now.

**A.V. Dharmakrishnan:** Right now around 80%.

**Amit Murarka:** Okay so just to be clear you said that now you are back into the east as a market so it was only a temporary step that you took of not selling in east in January.

**A.V. Dharmakrishnan:** No that is what I was telling it is only one month, not all the time. It is only month. The month of January.

**Amit Murarka:** Okay I understood. Okay. Thank you.

**Moderator:** Thank you. The next question is from the line of Brijesh Siya from HSBC. Please go ahead.



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**Brijesh Siya:** No I see it is around 742 kilogram per ton, but if I compare the other cement companies it will be around 500, 550 in that range so if you could just give us little more flavor why that number is slightly higher.

**P.R. Venketrama Raja:** That I will have to come back to you.

**Brijesh Siya:** Now going forward as we see the fly ash and slag is kind of scare commodity. Obviously in developed market it has already happened. It is going to happen in the emerging market sometime what is kind of your CO2 path and what are the kind of mitigating plans you are putting in place where you could kind of improve the blend hence reduce the CO2 emission.

**A.V. Dharmakrishnan:** No we are able to get sufficient quantity of fly ash as well as slag because the power capacity are going up. The steel companies they are also increasing the capacity so availability of slag and fly ash is not a problem at all. See only the cost may be a problem. They may increase the price but availability was never a problem. For example Vizag steel plant nearby so we can get any quantity of slag as well as fly ash from there, also NTPC plants are nearby that is why we set of our grinding units in such a way they are all near to the thermal station. For example in Tamil Nadu there are three important thermal station one is Neyveli, our RR Nagar plant is very near to Tuticorin and we have another place called Neyveli, our RSU Ariyalur is very near to Neyveli plant. Then we have grinding unit in Salem which is very near Mettur thermal station and we have grinding unit in Chennai which is very near Ennore. There are three north Chennai NTPC plants. In Andhra also Vijayawada is a big thermal plant our plant is very near, Vizag there are NTPC plant we are very near. Orrisa we are very near to many steel plants. Slag is available in plenty and in Calcutta our plant is on the bed of the thermal station itself so the availability of fly ash or slag is not a problem.

**Brijesh Siya:** My question was around the new cement which is kind of limestone whether you have any kind of R&D going on to....

**A.V. Dharmakrishnan:** Yes we have lot of RND going on. Yes we have.

**Brijesh Siya:** Alright. Thank you.

**Moderator:** The next question is from the line of Ronald Siyoni from Sharekhan. Please go ahead.



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**Ronald Siyoni:** Good evening Sir. Just wanted to understand the demand front. As we have seen recently government looking at lowering the cost inflation to steel and some of the plastic product and everything so borrowings are expected to rise, so over the next four to five years how do you see the government infrastructure related spend. Whether there is a possibility that there could be slow down in infra spend and vis-à-vis comparing to the housing segment. Like housing segment has also being doing exceptionally well so how do you see the real estate market especially in the southern region, the outlook over there?

**A.V. Dharmakrishnan:** See everywhere when I talk to HDFC bank and other housing finance company they are telling highest ever disbursement made in April, May so to that extent housing demand is very good as I was told. Also whatever guidance given by company like DLF is also very encouraging so the housing demand and commercial space demand will go up. The government spending especially in road construction the government is definitely in all our areas we are getting orders from the infrastructure companies so the government spending will go up in fact they are doubling their expenditure everywhere.

**Ronald Siyoni:** As you commented on the eastern region that there would grinding units coming up and it would help lower the cost so is there a possibility of more grinding units coming up and the companies there becoming a little bit more competitive and that may result in lower prices for eastern region going on.

**A.V. Dharmakrishnan:** Lowest price does not mean that they are going to reduce the cost significantly. Apart from the cost it may be advantage in the logistic point. It can service the customer better. See suppose if we do not have the grinding inside, you have to move the cement in crates, you should have stock points and all this things where as if you have unit inside to that extent you can reach the customers at any point of time so the cost is not going to reduce significantly definitely there will be cost reduction. It is not going to reduce your cost significantly but also you will spend for the grinding unit. The grinding unit is not going to come free of cost. You have to spend for the grinding unit. There is a capital cost is also going to be there. I am telling variable cost may come down but fixed cost is going to remain same so the overall cost would be same but you can service your customer better.

**Ronald Siyoni:** Thank you very much.

**Moderator:** Thank you. The next question is from the line of Sagar Parekh from Deep Financial Consultants Pvt. Ltd. Please go ahead.





*The Ramco Cements Limited*  
*May 23, 2022*

**Sagar Parekh:** Hi, just one question you said that you require Rs.40 per bag hike in cement prices so just wanted to check to reach what kind of EBITDA level to reach FY2022 full year.

**A.V. Dharmakrishnan:** Average.

**Sagar Parekh:** So to reach Rs.1200 right,

**A.V. Dharmakrishnan:** Around Rs.1300.

**Sagar Parekh:** 1300. Okay thanks.

**Moderator:** Thank you. As there are no further questions I now hand the conference over to Mr. Krupal Maniar for his closing comments.

**Krupal Maniar:** Thank you Lizzan. On behalf of ICICI Securities we would like to thank the management of Ramco Cement for providing us this opportunity to host the call and thanks to all the participant for joining the call. You may now conclude the call.

**Moderator:** Thank you. Ladies and gentlemen on behalf of ICICI Securities that concludes this conference. We thank you for joining us and you may now disconnect your lines.