NUVOCO VISTAS CORP. LTD.

NUVOCO
Shaping a new world

Ref. No.: Sec/78/2021-22

September 14, 2021

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001 Scrip Code: **543334** Scrip ID: **NUVOCO**	**National Stock Exchange of India Limited** Exchange Plaza, C–1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Trading Symbol: **NUVOCO**

Dear Sir/Madam,

Sub: Transcript of Investor and Analyst Conference Call pertaining to the Financial Results for the quarter ended June 30, 2021

Further to our letter no. Sec/68/2021-22 dated September 3, 2021 and letter no. Sec/71/2021-22 dated September 6, 2021, attached herewith is the transcript of the Investor and Analyst Conference Call held on September 7, 2021 pertaining to the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter ended June 30, 2021.

The same is also being made available on the Company's website at www.nuvoco.com.

This is for your information and records, please.

Thanking you,

Yours faithfully,
For **Nuvoco Vistas Corporation Limited**

Nuvoco Vistas Corp. Ltd. MUMBAI 70

Shruta Sanghavi
SVP and Company Secretary

Nuvoco Vistas Corporation Ltd. (NVCL)
Q1 FY 22 Earnings Conference Call
September 07, 2021

Company Participants

Jayakumar Krishnaswamy - Managing Director
Maneesh Agrawal - Chief Financial Officer
Madhumita Basu - Chief of Strategy & Marketing
Gavin Desa - CDR India

Presentation

Operator

Ladies and gentlemen, good day and welcome to Nuvoco Vistas Corporation Limited (NVCL) Q1FY22 Investor and Analyst Conference Call. At this moment, all participants are in the listen-only mode. Later we will conduct a question-and-answer session. At that time, you may click on the Audio Questions tab below the media player or submit your text questions. Please note that this conference is being recorded.

I'll now hand over the conference to Mr. Gavin Desa from CDR India. Thank you and over to you, sir.

Gavin Desa

Thank you. Good day everyone and thank you for joining us on Nuvoco Vistas Corporation Limited's Q1FY22 Conference Call. We have with us today the Managing Director, Mr. Jayakumar Krishnaswamy; the CFO, Mr. Maneesh Agrawal and the Chief of Strategy & Marketing, Madhumita Basu who will represent the Company on this call.

Before we begin, I would like to point out that some statements made or discussed on the conference call today may be forward-looking in nature and must be viewed in conjunction with the risks that the Company faces. The Company does not undertake to update them. A statement in this regard is available for reference in the presentation shared with you earlier.

We will begin the call with opening remarks from Mr. Jayakumar Krishnaswamy who will share perspective on the business model and strategy of the company. We will then post management sharing their views, have open the floor for an interactive Q&A session.

I would now like to invite Mr. Jayakumar Krishnaswamy to share his views. Over to you, sir.

Jayakumar Krishnaswamy

Thank you very much, Gavin. And welcome to all of you for the Nuvoco Vistas first investor presentation, post the listing. In the last two to three months, we must have met many of you in-person or through calls or through video conferences. And this is the first time we're having all of you on post results conversation. And I would have a formal presentation about the Company following which we'll have a Q&A session.

Along with me, we have Madhumita Basu, who is our Chief Strategy & Marketing Officer. Henceforth, she will lead the Investor Relations functions for the company. So she would be our contact point going forward. I also have Maneesh Agrawal, our CFO who is besides me here, and with the three of us we will take you through the Company's details as well as the results for Q1.

The format for today is going to be a Company review all the way to key projects update in between we'll talk about the business strategy, key financials, our ESG agenda, as well as an update about the IPO.

I would now ask Zaid to play the audio visual for the company. Over to you, Zaid.

Operator

[Audio Presentation]. Sir, you may go ahead.

Jayakumar Krishnaswamy

Thank you, Zaid for playing the video. Ladies and gentlemen, the video which you just saw gives a glimpse of the Company, its operations, products, portfolio and stock. In the coming few minutes, I'm going to talk to you about the Company in little bit more detail. Let me start sharing the Company's vision with all of you. The vision for our company is to build a safer, smarter and sustainable world. Safety is an important agenda for the Company where we ensure personal safety, equipment safety and product safety. When it comes to smarter vision for the company, we are committed to developing and producing products and solutions to the consumers which are smart and innovative.

And last but not the least, sustainability is a core mantra for the Company in everything which we do in terms of running our operations, producing products and our commitment to the nature and energy. The mission for the Company is to become a leading building materials Company delivering superior performance. When we say building materials company, we're talking about the Cement division, the Ready-Mix division and the Modern Building Materials division. So our mission is to become a leading building materials Company in terms of performance. These two vision and mission are having a foundation which is a values for the company, the values for us is integrity, entrepreneurship, collaboration, care, and operational excellence. With these values, vision and mission, this is the guiding force for the Company as we build Nuvoco Vistas Corporation going forward.

Let me talk to you about the company. We are a major building materials player, number one cement Company in East India, and the fifth largest in India in terms of installed capacity. Our installed capacity as of June end was 23.82 million tons. The four important facets which I want to share with you, we are the fastest growing cement Company in the country, details of which I'll talk about later. We have strategically located production facilities in East and North India. And we have market leading brands, again, I'll talk about it later. And our Company really focuses on retail, our trade to non-trade ratios the tune of currently 80%:20%.

In terms of the growth of the Company, we started with the plant in Nimbol in 2014 with an installed capacity of 2.28 million tons and the progress in the last seven years to 23.82 million tons, a 10x growth in a short span of seven years. No other cement company in India has achieved such kind of growth in such a short span of time.

In terms of the locations of the plants, we've got 11 manufacturing facilities for the cement division. Most of it is located in East and North India, and we've got grinding units in every state of East India. In terms of the Ready-Mix business, we're located in all the four regions, overall 49 plants and the 50th plant of the country is coming up in Numaligarh in Assam as we speak.

Coming to the product portfolio, we have the flagship brands Concreto, Duraguard and Double Bull straddling the price points right from super premium all the way to the economy. Double Bull is the fastest growing brand in the country of Zero million ton to 5 million tons in a short span of five years. Concreto is the highest price brand in the markets where we operate. Duraguard offers a huge range of premium products.

In the Ready-Mix side of the business, our brand portfolio include Concreto Range, InstaMix, Artiste, and X-Con and in the Modern Building Materials, our brands ZeroM and InstaMix. Over 50 different products we've manufactured in these three business verticals. All this is backed up by a very strong R&D, we call it the CDIC, Construction Developmental Innovation Centre based in Mumbai where we churn out new products that meet consumer expectations.

Coming to the track record of our company, Nirma our parent Company entered the cement space through setting up our plant in 2014 in a place called Nimbol in Pali district of Rajasthan, and then on grown strength-to-strength in 2016, we acquired erstwhile Lafarge and rechristened ourselves as Nuvoco Vistas Corporation. We had the portfolio of brands which I spoke about Concreto and Duraguard backed up by a very strong relationship trade channel. The Company focused on productivity improvement in initial years. And in 2018, we took a major decision to install Captive Power Plants and Waste Heat Recovery systems in all our plants.

We now have all the integrated plants with WHR and CPP. We invested close to 100 megawatt of CPP, and 25 megawatt of WHR in the last two and a half years. And overall once the Jojobera and Arasmeta CPP are commissioned, we'll have an installed CPP capacity of 150 megawatt and WHR of around 45 megawatts totalling to about 195 and when commissioned 70% of our power requirements will be met by these in-house power systems.

And in 2020, we acquired the Emami Cement – its cement business, rechristened as NU Vista. NU Vista is a wholly owned subsidiary of NVCL and in the balance presentation when we use the word Nuvoco, it will construe both NVCL and NVL. And as I spoke a little while earlier, Double Bull is the fastest growing brand in East India. And we have best-in-class manufacturing facilities in the NU Vista facilities and among the lowest cost producers in the country. And the combination of NU Vista and NVCL, we are looking at huge synergy between the two companies and with an opportunity to unlock value and potential.

I will now talk about the IPO, which went past us in the last one month. The Company raised INR 5,000 crores through the IPO, INR 3,500 crores through the OFS route and INR 1,500 crores through the primary. The stock got listed on the 23rd of August on BSE Limited and National Stock Exchange of India Limited and the issue was subscribed by over 1.7 times. We have a strong participation from marquee investors across the globe and India comprising of mutual funds, leading insurance companies and other financial institutions. The proceeds of the IPO will be used to bear the debt in the year. As we spoke before, our mission is to become a leading building materials Company delivering superior performance.

With this, I will now invite my colleague, Mita to talk to us about the business strategy of the company. Over to you, Mita.

Madhumita Basu

Thank you, Jay. Good afternoon ladies and gentlemen. I will be sharing with you the business strategy and the ESG agenda of the company. The first and foremost pillar of our business strategy is the revenue pillar. As the fifth largest cement Company in the country, we are committed to consolidating and growing our market share. We will be leveraging our leadership in East and North primarily with focus on trade centric business and premium products.

To enable this growth, we have already undertaken a program for clinker debottlenecking in three of our IUs, this will add 0.9 million tons per annum of clinker. This additional clinker with an enhanced C/K ratio will support our 2.7 million ton cement capacity expansion. Of this 1.5 million tons has already been commissioned in our Jojobera plant in Jharkhand. Post this, in our next phase of growth we will be looking at Central and Western India given that we already have a presence in some of the significant Central India markets, as well as our limestone reserves in North Karnataka.

The Company has two other business verticals Ready-Mix and Modern Building Materials with a slew of products from construction chemicals to dry mortar, dry concrete as well as wet concrete in 35kg consumer packs. We see these products as the future of construction. And we'll be committed to driving opportunities for growth in these business verticals.

Our revenue will be largely focused on trade centric and brand centric building of the business. We have a very strong network of dealers and sub dealers with a robust CRM program. Our three brand verticals Concreto, Duraguard and Double Bull allow us flexibility in a multi-price point strategy. Concreto is the best priced cement in its footprint markets. Duraguard which is a premium product with value-added variants like microfibre reinforced cement and Double Bull which has been the fastest growing brand in recent times. Driving revenue will be a significant contributor to our EBITDA.

The second important pillar is the profitability pillar. Here in operational efficiencies, Jay just shared with you our plans for Waste Heat Recovery and CPP systems. Collectively, this will contribute 70% of our power requirement and will be a significant lever in driving power cost reduction. Pricing acceleration program has three parts to it. Focus on premiumization, growing our trade operations and better geo mix optimization. We have a robust portfolio of premium products. Concreto will continue to be our focus brand driving the best prices and volumes in its footprint markets. We'll continue to innovate and value-added products will be our route to driving premiums and sustaining the premiumization program.

With the acquisition of NU Vista, we have in place an accelerated program for driving synergies. We will focus on enhancing scale of operations to maximize incentive benefits. We will drive synergy in areas of logistics, cross sourcing of our brands and products from all our plants and procurement synergies. The larger scale of operations will enable us to drive benefits in operational efficiencies. With this, I move to the two levers of process and culture which enables us to drive strategy through the organization.

We have in place a robust SAP platform, IT system. We run an integrated S&OP across the organizations, these processes have helped us to accelerate the assimilation of the NU Vista business. On the ESG piece, I will be shortly sharing a more detailed version in a couple of slides. I will move on now to the most important element, our people. We have very strong O&HR and L&D processes, which helps us to attract, develop and retain the best talent in the industry. With the acquisition, we have also been able to provide strong career opportunities for growth to the right skill and talented people.

I will now take you through our ESG agenda. Sustainability continues to remain a key thrust area. And here I will share with you the various programs on which we are working. On Waste Heat Recovery, we have already shared our focus, all our IUs have Waste Heat Recovery systems and at a power to cement factor, we are one of the best in the industry. The Company is committed to a 5% water reduction program year-on-year which includes rain water harvesting and reuse of water across our cement and concrete plants.

Our Company also offers a very unique product Concreto Green which consumes 25% less water in concrete mix preparation. On the waste management front, all our factories and colonies have STPs and treated water is used for greenbelt development. On the environment front, the Company is committed to use of alternate fuel. At 16% alternate fuel at our Chittorgarh plant., we are one of the industry benchmarks. There are plans to equip our other two plants Nimbol and Risda for alternate fuel capability.

We have solar power facility in our Bhiwani and Chittorgarh plants and are considering a couple of our GUs for further installation. On the green footprint, we are committed to tree plantation and also for use of alternate sand and aggregate materials in preparation of concrete. This is under our Concreto Ecodure program. On CO2 reduction, the Company has one of the best blended cement ratio, our C/K ratio at 1.7 is significantly better than the industry average at 1.4, further we are committed to improving the C/K through an accelerated plan for introduction of composite cement.

I will now share with you our 5S program for CSR. Education under the Program Shikshit Bharat is focused on equipping government schools with modern education facilities. Under the health program, Swastha Bharat we focus on the adolescent girl child. Under Surakshit Bharat, we take forward our safety culture and knowledge to the related rural communities developing Grameen safety ambassadors in our communities. Saksham Bharat is the livelihood focus program, here we do skill development of women, enabling them to be self-reliant. Sanrachit Bharat is our program for developing infrastructure, and we are committed to provide safe drinking water.

Governance -- the Company has one of the strongest governance processes. Our board is diverse mix of executive and non-executive directors and an independent women director. We have strong audit processes. Our internal audit is conducted by an independent external audit firm. The internal audit report is shared with the audit committee and we have quarterly meetings with statutory auditors. All related party transactions are entered into on arm’s length and further reviewed by the audit committee.

With this overview, I will request our CFO, Maneesh to walk you through the key financials. Thank you.

Maneesh Agrawal

Thank you, Mita. Good afternoon, ladies and gentlemen. In the next few slides, I'm going to walk you through the key financials. So firstly on the key highlights for quarter one of this financial year. During the roadshow of our IPO, we had planned for the following key areas and I am going to give you an update on the same. Firstly, we have been able to recover the volumes post the COVID in the Q1, FY 22

The price acceleration program is already up and running in the Company and it's giving very positive results both in terms of increasing our realizations as well as revenue. Price acceleration program has three components. First is increasing the basket of our premium products, increasing the trade share, and also optimizing on the geo mix.

The synergies between NVCL and NU Vista (NVL) have already commenced across all themes, which are namely reduction in the logistics cost, reduction in the clinker transportation cost, procurement synergies and also adopting the best practices between both the Companies. Now with the increase in the captive power generation from the CPPs and WHRS we have been able to drive more benefit on the power cost savings. And this has led to reduction in our power and fuel costs, despite the fact that there has been an increase in the Petcoke and the coal prices during Q1, FY22.

We have started getting the benefit of scale. And this is clearly visible because of the increase in volumes in Q1, FY22, our fixed cost and SG&A has reduced on a per ton basis. We have also been able to turn around the NVL business within six months of acquisition. And this has helped us to improve our PAT. Now in the next few slides I'm going to be talking about the Q1FY22 numbers, wherein we have also included NU Vista numbers for a like-to-like comparison as the NU Vista acquisition was done in July 2020.

Talking about the key indicators at the consolidated level – first of all on the volume side, we have got an increase of 44% and overall volumes for the first quarter is 4.2 million tons. On the revenue side there is a 59% increase on a YOY basis at INR 2,203 crores. The total EBITDA for both the companies put together is at INR 520 crores, which is 126% up on a YOY basis. Our EBITDA margin has increased by seven percentage points to 24 percentage and our EBITDA per ton has increased to INR 1,238 which is an increase of 58% YOY. The increase in the EBITDA is coming from the increase in the volumes, the synergy benefits between NVCL and NU Vista, the benefits or the savings coming from the CPPs and WHRS. And lastly, the reduction in the Fixed costs in SG&A on a per ton basis is also contributing to the increase in EBITDA per ton.

On the income statement side, there has been a marked improvement in operational performance coupled with the increase in the overall volumes and the synergy benefits between NVCL and NU Vista. This has helped us to get an overall EBITDA of INR 520 crores in the Q1 FY 22, which is 126 percentage up from the same period last year. Our EBITDA margin has also increased to 24% which is again 7% up, with this sort of strong operational performance our overall PAT for the Q1 FY 22 is at INR 114 crores.

To talk about the key elements on the cost side for the cement business. Raw material cost is at INR 555 per ton. This is at par with the last year same time, despite the fact that there has been an increase in the input costs primarily on the slag side. Because of the raw mix optimization that we have done we have been able to neutralise the cost increase. On the power and fuel cost side, we have got a 3% reduction, and now the cost is at INR 917 per ton despite the fact that there has been an increase in the Petcoke and coal costs during the Q1, FY22. The overall generation of captive power has increased from our integrated plants and that's the reason we have been able to get this sort of a saving on the power & fuel cost.

In terms of our distribution costs, this includes both the logistics cost that is incurred for servicing the markets plus also the semi-finished goods transportation costs, which is basically the clinker transportation cost that is incurred from the integrated plants to the grinding units. So in the area of distribution cost there has been lot of synergy savings which has started flowing into our financials because of the synergies between both NVCL and NU Vista. Our lead distance has reduced so far by 45 kilometres in NVCL. And that's one of the reasons for us to get this sort of a benefit in our operating results. However at the same time, there has been diesel price increase in this quarter as compared to last year.

On the deleveraging side, there has been a 0.5x reduction in the Q1, FY22 because of the strong operational performance. As on June 30, 2021 Net Debt to EBITDA is 3.7x. The IPO proceeds are being used to repay and prepay the debt. This is going to help us further improve our capital structure and also give us the facility to fund our next level of growth. With this sort of strong operating performance, CRISIL has also revised its long term rating to AA with a stable outlook.

With this, I will request Jay to update us on the project side, please.

Jayakumar Krishnaswamy

Thank you very much. In this section, I'm going to talk to you about the key projects of the Company and where do we stand in terms of the various projects. The first chart talks about the three main projects the Company's embarked for.

One is to set up the captive power plants in all the integrated units and the Jojobera grinding unit. Happy to report that other than the Arasmeta plant as well as the Jojobera plant every other CPP and WHRS commissioned and working. And from October this year, these two plants will start generating power, which is part of that 150 megawatt of captive power plant and 45 megawatt of waste heat recovery systems.

The second important project we are embarking is the clinker debottlenecking in three of our kilns out of which two kilns we have already started the work, the one in the Nimbol plant in North and the Risda plant in the East, work has already commenced and we are expecting to commission the debottlenecking by FY23. This should increase overall clinker capacity of the company.

The third major expansion is almost complete. The 1.5 million ton grinding unit expansion in Jojobera is commissioned now. The plant is delivering numbers. The final site development is happening as we speak. Overall in this quarter we have spent INR 113 crores, but in the coming -- in this fiscal FY22 and FY23, we're looking at a CapEx of over close to INR 1,000 crores which will be involved in debottlenecking the plants and Brownfield expansion and that will increase the capacity of the Company.

The other aspect was the update on the synergy and the potential unlock between the two Companies NU Vista and NVCL. One of the major agenda when we combine the both Companies was to launch Double Bull in the North and happy to report that the Double Bull brand has already been launched in North India in all the states other than Rajasthan, namely Haryana, Western UP, Punjab, Delhi, and MP. This all launched right now and that will be in the trade channel in a separate network.

The other synergy projects are all well on the way. The first one is cross sourcing between the two Companies making of NVCL products in NU Vista factories and NU Vista products in the NVCL factories, rerouting of clinker from Risda via Sonadih to the various grinding units, getting the procurement synergies between the two companies we have combined the procurement function.

And last but not the least both the Companies had various manufacturing practices which we are very cutting edge and now with the combination of both the Companies, we're able to cross pollinate the best practices between the two companies. All this will unlock value to the Company targeted to unlock value for the Company to the tune of INR 250 per ton in a period of 24 months out of which we are targeting about INR 150 per ton in this fiscal, another INR 100 per ton in the next fiscal.

The third important thing for the Company is the various innovations we have embarked on and launched new products in the marketplace. The Duraguard Silver is a premium variety of composite cement that is now launched in Bihar and other plants to roll out this same product in rest of the geographies. On the Ready-Mix side, we launched two new products Concreto Permadure and Concreto Corrosafe. Both these products are cutting edge products, one to correct corrosion, and the second one to prevent cracks. All these products were launched during the quarter. As a testimony to our efforts towards innovation, we also secured an external accreditation during this quarter.

With this, I just want to sum up what we have been speaking in the last 25 minutes. We belong to a strong infrastructure sector where in the next few years, India is going to really grow and cement industry is going to be a flagship sector going forward. And Nuvoco being a market leader in East India and sizable position in North India, we're nicely poised to get this growth in the industry. We have market leading brands Concreto, Duraguard and Double Bull straddling the various price points, largely focused on trade and having a better realization because of position in the trade market.

Plants located in key markets of East and North India, grinding units in every single state in East India and Ready-Mix plants across the country gives us a very sizeable advantage in terms of participating in all the market. And most important thing is the combination of NU Vista and NVCL, we are slated to unlock potential from both the Companies in terms of revenue, in terms of profitability, in terms of capacity, and that we will see in the coming two years.

And lastly, the Company has got strong processes like IBP and a very good information management systems, strong people centric processes. And last but not the least, huge commitment from the management for the ESG agenda for the Company. And that will make us one of the leading companies and our mission to become a leading building materials Company delivering superior performance.

That in short is the presentation from the management. Ladies and gentlemen, we'll now take off the charts and open the meeting for Q&A. I will now hand over the control to Gavin and he will conduct the Q&A session. Over to you, Gavin.

Question-and-Answer Session

A - Gavin Desa

Thank you very much. We will now begin the question-and-answer session. To ask an audio question, please click on the audio question tab below the media player. Click on OK on the pop-up to mute your webcast to proceed with the Q&A session. The operator will announce your name when it is your turn to ask a question. Please unmute your microphone, while proceeding with your question. To ask a text question, please type your question and submit. Your question shall be addressed by the panel members. We will wait for a moment while the question queue assembles.

A - Jayakumar Krishnaswamy

Mr. Desa in the meanwhile, the queue assembles for audio participants. Would you like to take up questions which have been submitted on chat?

A - Gavin Desa

Yes, I'll start with a question on chat, which is from Manish Ostwal of Nirmal Bang. He says first of all, congratulations for the team at Nuvoco for such a strong core operating performance in Q1FY22. He's asked about what is the CapEx outlook for FY22 and '23, which has been touched upon in the presentation. But the CapEx outlook and with Waste Heat Recovery plants and premium products where do you see sustainable EBITDA per ton? And what is the scope for improvement in EBITDA per ton over the next few years? I'll go forward. It's up to you.

A - Jayakumar Krishnaswamy

Okay. So you asked three questions. Now the first one was what is the CapEx plan for the company. As I mentioned during the call, our CapEx plan for the Company for the next two years is terms of debottlenecking INR 1,000 crores and over a period of next five years we're looking at INR 1,750 crores for debottlenecking projects and routine CapEx in the factory. Out of this INR 1,000 crores, this year we are targeting to spend INR 505 crores broadly spent on the debottlenecking of clinker projects in Nimbol as well as Risda and also various other routine CapEx's in the factories.

The second question which you asked was, what is the impact of Captive Power Plants in WHR? As I spoke during the presentation, the major initiative was undertaken two years ago to set up Captive Power Plants and Waste Heat Recovery Systems in all our plants. Two of the projects are finally -- in the final stages of completion. By Q3 of this year, we would have completed all our projects and with that we'll have 150 megawatt of Captive Power Plants and 45 megawatts of Waste Heat Recovery systems.

These projects are slated to give a savings of close to INR 220 crores to the bottom-line out of which till fiscal FY21 our Company has accrued about INR 100 crores in terms of EBITDA improvement.

The balance INR 120 crores will happen, given the two plants are going to be commissioned in Q3, in the next 12 months the annualizing of the full savings will happen, which would mean at INR 120 crores incremental EBITDA improvement with the volume which we're targeting this year and early next year, we're looking at close to about INR 50 to INR 55 per ton improvement in EBITDA coming out of Captive Power Plants in WHR savings. Gavin what is the next part of the question?

A - Gavin Desa

What are the debt reduction plans for FY22 and '23. And what are the current capacity utilization across all our plants?

A - Jayakumar Krishnaswamy

Okay. In terms of the debt reduction plans, as we reported during the IPO time, the debt in the books of the Company around the IPO time of INR 6,886 crores and the IPO proceeds of about -- from the primary of INR 1,500 crores which we raised in the NVCL level, INR 1,350 crores will be used to pare the debt. And also with the strong cash flows in this fiscal and next fiscal, we are looking at a debt-to-EBITDA ratio of close to 1.3 to 1.35 times end of next year. That's the kind of number we are looking and we’re very comfortable with this kind of debt levels end of FY23.

In terms of capacity utilization, it’s a little elaborate one. We'll have to look at the Nuvoco capacity utilization. We'll have to look at the NVL capacity utilization. We'll have to look at the North capacity utilization. Let me just take one at a time, at a consolidated Company level, our capacity utilization in quarter one was 76%. That was because of the COVID lockdown and the partial lockdown and markets are not fully opened up. But if I were to go back to Q4 of last year, we’re close to about 95% capacity utilization with all the volumes of NVCL and all the volumes of NVL were sold off in Q4 of last year.

Our target in FY22 and FY23 is again going to take the capacity utilization to the H2 for 90% end of FY23 will reach 95% levels with the debottlenecking of clinker as well as the grinding units which are going to come in place.

A - Gavin Desa

Next question is from Gaurav Birmiwal from Credit Suisse. Can you quantify the potential synergy benefits from the various transactions?

A - Jayakumar Krishnaswamy

We just spoke about the four main pillars of synergies which are coming out of combining of NU Vista and NVCL. They are basically on the revenue side, on the profit side, the procurement synergy sides and the fiscal benefit sides. Let me just take one at a time. On the revenue side, synergies are going to come from the pricing acceleration program and making the range of products in both the companies, that is the first savings we’re looking at. On the cost side, the savings are going to come from fully implementing the Captive Power Plant and Waste Heat Recovery systems, which is close to the tune of about INR 50 per ton.

The logistics synergies of making NVCL products in NU Vista and NU Vista products in NVCL, which will reduce the primary lead distance of the combined entity from the current 390 kilometres to 350 kilometres will generate another INR 50 per ton in terms of the freight cost savings between the two companies. The third major savings is routing the clinker from the Risda site to the grinding units in Panagarh, Bhabua and Jajpur via the Sonadih plant which is a NVCL plant. This is slated to give close to about INR 1.5 crores per month saving totalling to about INR 18 crores per annum.

The fourth major savings which will come is the best plant manufacturing practices transferred between the two companies where we’re trying to change the raw mix design as well as that is slated to give about INR 15 crores of savings between the two companies. The last big savings which we’re targeting is coming out of exploiting the fiscal benefits which is coming from Bhabua unit in Bihar, Panagarh unit in Bengal, and the Jojobera expansion in Jamshedpur. This is slated to give about INR 25 per ton incremental savings coming out of increased fiscal benefits.

And lastly, with the scale benefits coming out of NVCL and NU Vista, we're looking at a fixed cost rationalization to the tune of about INR 50 per ton. All this totalling together we're looking at over a period of 18 to 24 months, an incremental INR 250 per ton coming out of synergy unlock between the two Companies, out of which our target is INR 150 per ton in FY22 and INR 100 per ton in FY23,. With the synergy benefits, we're looking at an incremental INR 250 per ton coming out of synergy, or we call it the internal levers to increase the profitability.

A - Gavin Desa

Thank you. Zaid, would you like to take an audio question, please?

Operator

Sure, sir. We move on to our next question, which is from the line of Satyadeep Jain from Ambit Capital. Mr. Jain may we request you to please mute the webcast and unmute your microphone and proceed with your question.

Q - Satyadeep Jain

Hi, can you hear me?

Operator

Yes, we can hear you. Please go ahead, sir.

Q - Satyadeep Jain

Hi, thank you for the opportunity and for all the details. A couple of questions. One, I believe there was a favourable verdict on the Nimbahera mining lease. So after that verdict is, I guess the requirement is only for you to get ECFC approval. Is that correct? And also for Nagaur mines, do you have ECFC approval now? Or is it still pending?

A - Jayakumar Krishnaswamy

Yes. Let me just talk about the Nimbahera mine. So obviously, these two mines came to us through the Emami acquisition. The Nagaur was auctioned mine. And that had a standard issue which got resolved during the IPO resume time. So that's kind of cleared for us. The second one is Nimbahera again, this had a little bit of an issue because of the MMDR. But we got a favourable verdict for us, though the final steps have to be taken. So we're looking at close to about maybe one, two years to get all the approvals done and the land acquisition to be done.

But in a space of next two years, we will have both these mine available. The Nagaur mine, we have to start mining in the next eight to 12 months, which things are underway right now. Nimbahera it will happen post the land acquisition as soon as the final approvals from the government bodies.

Q - Satyadeep Jain

And Nagaur would be how much 120 million tons ?

A - Jayakumar Krishnaswamy

Nagaur deposit is close to about 150 million to 170 million tons of limestone.

Q - Satyadeep Jain

Okay. Thank you. Secondly, on the incremental savings, you outlined 250 rupees per ton including 150 rupees per ton in FY22 of which is it incremental to what you've already done in first quarter? Or how much incremental savings are you looking at from what you've already outlined in first quarter, and most of the incremental savings and that would also mean the cross sourcing and premium product sales and all some of it has already been realized in the first quarter, I would believe.

And second part of that question would be when you look at increasing the premium sales, is it fair to say maybe Concreto volumes would remain somewhat similar and the incremental volume expansion will come from PCC and some of the other products or would you see expansion in Concrete also within the overall premium product mix?

A - Jayakumar Krishnaswamy

Okay. In terms of the first question as I said, the number of 250 rupees per ton is split into FY22 and FY23 which means in Q1, we already started accruing some bit of savings out of this year, in fact Q4 of last year, we had a very miniscule amount of saving, but in Q1, some amount of savings has already started accruing to the Company. So, the 150 rupees per ton plus 100 rupees per ton will include the savings that has happened in Q1, I won't be able to give you exactly out of this 250 rupees per ton whether 25 rupees per ton came or 30 rupees per ton came, but sufficed to say that from an actual number of 975 rupees per ton is the Company clocked in fiscal ’21, we were looking at incremental 150 rupees per ton coming in fiscal ‘22, another 100 rupees per ton coming in fiscal ‘23. That's the kind of build-up and target we have set for ourselves.

The second question which you asked was about the premium. Of course, I think one of the key agenda for the Company is to play the premium category. I have to go back a little bit a year ago to explain what I want to tell untill the acquisition of NU Vista, NVCL was always short of capacity in East India, and we had to pull back Concreto from one of our key markets Orissa because we didn't have grinding capacity. But now with the combination of NU Vista and NVCL and also with the expansion of the Jojobera facility, we now have grinding units in Bihar, Bengal, Jharkhand, Chhattisgarh as well as Orissa.

Sensing this opportunity, we already relaunched Concreto in Orissa market few months ago, and close to about 25,000, 30,000 tons of Concreto volumes has already come back to our kitty. Last year, our average Concreto sales not last year the year before, last year was truncated or if I take the H2 of last year or fiscal FY20, the average sale of Concreto is close to about 2.5 lakh tons per month or 3 million tons per annum, our target is to increase this number substantial level and I will not be able to exactly tell you whether Concreto will go up by 3 million to 4 million or not.

I will tell you very clearly that our Premium product portfolio for the Company is close to about 35% of the trade volumes, that number we are targeting in NVCL to take to 38% and in NU Vista, that number is 25% and our plan is to take it to 28%.

Coming to your question about whether we will get premium through the Composite Cement or not. Of course, Composite Cement is a new category product as you'd have seen in our presentation, we have positioned Concreto as Duraguard Silver, which is in the premium category with AdStar packaging. So of course we will try and get the Concreto going as part of the Premium. So to end the answer, Concreto will grow on its own with the additional grinding capacity which we have. And of course we'll get more slag based products, our Composite Cement products in the Premium category as well.

Q - Satyadeep Jain

Thank you so much.

Operator

Thank you very much. I now invite our next questioner. That's Mr. Shravan Shah from Dolat Capital to please go ahead with his question. Mr. Shravan Shah, I would request you to please mute the webcast and unmute your audio connection and proceed with your query.

Q - Shravan Shah

Can you hear me?

Operator

Yes, sir, we can. Please go ahead.

Q - Shravan Shah

Yes, so my first question is on the RMC part. So, in FY20, we had a strong RMC revenue of 1100 plus and even now post the things are normalizing in terms of the COVID, I would not say the 100%. But still, the RMC revenue, even this quarter, and the last quarter of the March also were much lower versus a normal run rate of INR 280 crore to INR 300 crore quarterly. So how do we see as we have already given a guidance in terms of the cement volumes 20 million tons for this, so for RMC, any guidance and also on the EBITDA margin on the RMC front, how do we see going forward?

A - Jayakumar Krishnaswamy

So we’re one of the strong RMC players in the country and in the top five, we participate in all the four regions of North, South, East and West and in certain markets like South as well as East we have very strong positions. We’re in the top two positions in the regions, before the onset of COVID, we had close to 65 plants and that is how in FY20, we had our revenues as little while mentioned. But during the COVID times, one of the biggest impact happened in the Metro construction, Metro not as in Metro Rail, but construction in Metro cities and towns, the construction building vertical construction reduced and hence the overall Ready-Mix consumption also reduced.

And that is also the time when we also sorted out the model to get reduced credit terms, introduce cash and carry business and also focus on value added products which we are very strong about to make the business much more profitable. And in FY21 obviously it had an impact to COVID and reorienting the business and also, we reduced the number of plants from 65 to 49 in places like Bangalore, we had to turn off the tap, in Chennai, we had to turn off the tap, in Mumbai we had to turn off the tap. But however over a period of Q3 and Q4 of last year, and Q1 of this year, the business is quickly coming back to normalcy.

But however in Q1, a little bit of COVID impact but I think that's kind of gone away and Q2 of this year, the business is coming back to about 150,000 cubic metre per month levels is already reached, the peak number for the business was close to about 230,000 to 240,000 cubic metre per month, it already reached about 150,000, 160,000 cubic metre per month. And in H2 of this year our target is to get back to 175,000 and 200,000 cubic metre per month and we are fairly confident that we will reach the number because the market has already picked up.

But what is noteworthy is the way we’re running the business. Now we have close to about 35%, 40% of the business which is cash and carry, the credit terms of the business is reduced from 90 days to 45 days. And we are really picking and choosing the customers who are having very good creditworthiness so that we don't have any issues going forward in terms of people defaulting on payments. And the last thrust area for the business is to increase the value added products, used to do about 15% to 18% two years ago, right now our portfolio is about 25% to 26% of value-added products which give us higher contribution margin as well as higher realization.

So if we re-look at where are we looking at Ready-Mix business this year and going forward in H2 of this year, the business will come back to a reasonable level, when I say reasonable, we'll hit 200,000 cubic metre per month kind of a number. And we’re reopening new plants. We are restarting the multiple plants. We now have the Numaligarh Refinery Project approved, a plant has come up in Assam, we have now more or less finalized the bullet train project and setting up plants in Gujarat, we’re setting up couple of new plants in Mumbai as well as Nagpur and you will see the business growing back to about 60 odd plants by end of this year, fiscal next year.

What is our medium to long term plan, we’re really looking to grow this business because this is a business where we are very conscious about, it is prestigious business for us in the next three to five years like we want to be an aggressive growth player in cement, we will also be an aggressive growth player in the Ready-Mix business and our target is to get to about 100 plants in the next three to five years.

And that automatically will give us the business revenue and growth. The last question which you asked was the EBITDA levels for the business, the EBITDA levels of business are slowly coming back to FY20 numbers in fact in quarter two to quarter one of this fiscal, the business has already started becoming EBITDA positive.

And going forward our target is to make the business get back to what it was in FY20 numbers. But more important is we will still focus on the return on capital employed at a double-digit level comparable to some of the other leading players.

Q - Shravan Shah

So, in FY20 what was the EBITDA margin for RMC?

A – Jayakumar Krishnaswamy

It gives about 5% to 6%, that's the kind of EBITDA numbers which we clocked in FY20.

Q - Shravan Shah

Okay, so I need couple of data points, first one on the Cement volume for Q4FY21, 1QFY21 that is for the actual revenue what we book and not for like-to-like comparison and for entire FY21, so for FY21 Q1FY21 and Q4FY21 what is the cement volume?

A - Jayakumar Krishnaswamy

This involves too many numbers, is it possible for you to drop an email to us and we will give an email answer to you with all details, if that works for you, I can do that.

Q - Shravan Shah

Sorry sir, I need, Q4FY21 cement volume, Q1FY21 and full-year of FY21, the actual volume representing the revenue.

A - Jayakumar Krishnaswamy

I’ll give you Q4FY21, the cement volumes is 5.6 million tons, in 1QFY22, the cement volume is 4.2 million tons, in 1QFY21 the cement volume is 2.9 million tons and overall FY21 cement volumes is 17.3 million tons.

Q - Shravan Shah

Okay, okay. Okay and couple of data points for this quarter Q1FY22, what is the trade share, what is the lead distance versus even if you can help me what was the last year, so as you were saying that there is a synergy benefit coming. So, just wanted, trade share lead distance for this quarter and the Y to Y comparison?

A - Jayakumar Krishnaswamy

Yes, the trade share for this quarter for the Company is 76% and our target is to get to 85% in the next 12 to 18 months. And in terms of lead distance, you wanted the lead distance, let me just give you a lead distance. Okay, the lead distance for Q1FY22 for the Company is 336 kilometres and Q1FY21 was 351 kilometres.

Q - Shravan Shah

Okay. Thank you, sir and all the best.

A - Jayakumar Krishnaswamy

Thank you.

Operator

Thank you very much. I would now like to invite Mr. Gavin Desa to go ahead with the chat question which we have received. Over to you, Mr. Desa.

A - Gavin Desa

Thank you, sir. There's a question from Aditya Bansal of Nomura. He said what would the Company's priority be at the near-term will be further debt reduction or expansion into West and Central India? And secondly, are we looking at organic expansion or looking at further acquisitions? What is the priority?

A - Jayakumar Krishnaswamy

Our stated position on this is quite clear. With the deployment of IPO proceeds, as well as the strong results of the Company which we are targeting in this year and next year, we're looking at the debt-to-EBITDA ratio of close to about 1.3x-1.35x end of FY23. And that level, we are pretty comfortable. And we would not have major embarked any plans to reduce the debt further because the business generates sufficient amount of cash at that point of time. And our target will be to, we'll have enough cash generation to put up our new line every two years. And in our business plan, we’re looking at setting up of new plants 18 months after listing, so that the overall business grows to further levels going forward.

With this kind of growth ambition of Company for the next three to four years, plus the current debt reduction plan and the cash flow that are being generated in the Company in the next three to five years. With this kind of assumptions which we have made, our Company will become a debt free Company by FY26 at the current levels of debt reduction plan, expansion plans and retiring of debts.

That's the kind of numbers which we’re talking about, but I want to kind of underline a point here. The Company will be generating enough cash from now on to put up a new line every two years, which technically will be very difficult to put up a new line in two years, but the Company will be so healthy to generate such kind of cash flows going forward. The second question which you asked was what is the kind of organic growth plans for the company.

So, as we spoke little while earlier, in the next two years, the focus will be to reduce debt, infuse not too much capital, but at the same time infuse about INR 1,000 crores of capital to debottleneck and get the capacity for the Company going from the current 23.8 million tons to excess of 25 million tons. That's the immediate target in the next 24 months. Post that, our plan is to enter Western market and Central Market through a Greenfield site which currently we are targeting as Gulbarga with the grinding unit in Maharashtra and getting into the West and Central regions. The capacity of the plant has got two models, but currently it could be even a 10,000 tpd line in split view or a 6,000 tpd line in lesser CapEx and the Phase 2 expansion.

So, I think that we will decide in the coming 12 to 15 months, but our plan will be first Brownfield expansion, then a Greenfield site. Your question was whether we would be open to M&A opportunities and further. In the last 12 years, the group has had the ability to do six acquisitions in various business spaces. And we are pretty active in the market and any of the investment bankers reach out to us if there is a very good opportunity. But as we stand today, at least our view is in the next 12 to 18 months, we don't see some attractive assist coming on the block. But certainly, if anything comes up, we would not kind of step back.

A - Gavin Desa

Thank you. We will take next question, If you could please share the sales volumes excluding Emami for Q1FY21?

A - Jayakumar Krishnaswamy

Q1 FY21, excluding Emami, NVCL did 1.7 million tons and Emami did 1.2 million tons. Overall between the two companies, we did 2.9 million tons, that’s Q1FY21.

A - Gavin Desa

Question from Urmik Chhaya of Asian Market Securities, has the order been placed for Risda bottlenecking if yes by how many tpd?

A - Jayakumar Krishnaswamy

The Risda bottlenecking is involving two parts. One is as we speak, the kilns gone on shutdown and modification was already started. So the principal component to increase the debottlenecking of the plant is getting a different girth gear and getting the equipment ready for higher capacity. So that should happen in the next four to six weeks. Post that not a major investment will happen we're looking at close about INR 80 odd crores to kind of refurbish the Risda kiln to getting the capacity over 11,500 tons per day. Then the question which you asked about, I guess is any ordering has happened is about the Nimbol kiln, there we have placed order for getting mill to augment the raw mill grinding, that should happen in the next nine months and send -- the project is kicked off as we speak.

A - Gavin Desa

You can take the question please.

Operator

Sure sir. Thank you. I now invite our next questioner, Pinakin from JPMorgan to please go ahead with his question, Mr. Pinakin, I would request you to please mute the webcast and unmute your microphone and proceed with your questions. Thank you.

Q - Pinakin Parekh

Sure. Am I audible?

Operator

Yes sir, you are. Please go ahead.

Q - Pinakin Parekh

Yes, thank you very much sir. Sir, I have two questions. My first is from EBITDA per ton expansion from Q1, INR 1238 a ton. You have talked about a INR 250 per ton synergy. In terms of costs increases in the variable costs increases, how do you see the trends given what we've seen in terms of the coal costs?

A - Jayakumar Krishnaswamy

Yes, I think in terms of the numbers which we have achieved in Q1, which is INR 1238 per ton, had a cost efficiency impact as well as the pricing impact which happened in the market which we got when we talk. But as we entered Q2, some of the pricing went away but as we are entering September, the pricing is coming back.

So one can say going forward, I think you'd have a positive impact of the prices, but certainly in terms of fuel prices, whether it is Petcoke or imported coal or diesel prices, there is sufficient increase in fact not sufficient abnormal increase in costs of fuel.

For example, the rupees per million gal which trended in Q1FY21 was 1.09 and in Q1FY22, it is 1.22 and I think currently Petcoke are all trending at close to INR 1.8, INR 1.9 per million. But what as the Company we have been able to do as all our kilns have the capability to process multi-fuel. The Northern plants were largely a Petcoke driven kiln whereas the Eastern plants always had a mix of Petcoke and regular coal. So, just to give a number to you, in Q1FY21, we had a Petcoke as a Company level I'm giving, we had a Petcoke to normal coal ratio of 58% Petcoke and 41% coal was used in FY21 whereas in the corresponding Q1FY22, this number is changed to 77% coal and only 20% Petcoke. So, basically Petcoke price really went up, so we kind of changed the fuel mix to manage the pricing.

But more important thing is the thrust of using alternate fuel in the company, as we had spoken during our road shows, three of our kilns already have the ability to process alternate fuel, namely the Chittorgarh kiln, Arasmeta kiln and the Sonadih kiln. In Q1 of this year, we now started using alternate fuel in the Risda kiln and the Nimbol kiln. Some amount of CapEx is also going to be spent in all these kilns to process the various types of alternate fuels, namely carbon black, or other kinds of recycle items.

So our target is to get the alternate fuel to about 6% during this fiscal year, Chittorgarh alone we have the ability to process about 15%, 16% of alternate fuel. So with this combination of using alternate fuel, flipping between coal and Petcoke, and also getting the kiln efficiencies going, we will have the program to compensate for the fuel increase. But you asked the question about what will be the variable cost increase? I think sitting here it is going to be very difficult to predict which way the coal is going because every week I get a chart which says how the coal prices are going internationally, how the sea freight prices are going internationally. I don't think it's going to be very easy to predict which way the coal is going to go. But certainly at least for November, December, I think the prices are not going to be reined in, it is going to go up one way only.

Q - Pinakin Parekh

Sure, this is very helpful. So my second question is basically on cement pricing. I mean some industry checks have indicated that pricing in Eastern India weakened in July and August. And you mentioned that there was some change in prices. How the prices behaved in Eastern India. How much did they correct by and what is the trend right now?

A - Jayakumar Krishnaswamy

So I'm talking about Eastern, obviously East whatever prices we had in exit March or Q1 average. Obviously, when we came to Q2, the month of July and August price did get correct because of the seasonality and monsoon and a little bit of drop in demand. But as we enter September, there is more robustness in price. There has been a price increase, which has happened in the last four to five days. And that has partly offsetted the price drop, which happened in July and August. There is also a price increase in the Northern markets since three, four days. So overall, between East and North, there is a price correction to the tune of close to about 2.5% to 3%, which has happened in the last one week.

Q - Pinakin Parekh

So the prices have gone up by 2.5% to 3%. And how much did the correct buy? So basically trying to understand the prices in September would be closer towards June or will be closer towards March? Where will prices be?

A - Jayakumar Krishnaswamy

I think it will be very difficult for me to kind of sitting here to say what will happen in the next two to three weeks, because the impact of all the prices will happen over a period of time. The WSP has to settle in the market, gets stabilized in the market. But I can give you a number. That's why I said when you asked this question, what is the correction that has happened in the last one week, which has impacted both the Eastern market, Northern market. But the very exciting thing is trade as well as non-trade prices have got corrected, which is very good for us because normally what happens in the industry, all of you would know trade prices go one way and non-trade prices generally are not corrected.

But I think the positive thing is at a non-trade level and the trade level, prices have gone up at a similar level in both the categories in East as soon as North. And I'm only expecting that the current price increase will get stuck to and remain in a similar way by the time the end of September.

Q - Pinakin Parekh

I understood. Thank you very much. That answers my question sir.

A - Gavin Desa

Thank you. A question from Bhoomika Nair of DAM Capital says congratulations to the team. What is the reason for freight costs increase on a quarterly basis in Q1FY22 versus Q4FY21. And please speak about the impact of diesel costs and savings in Q1FY22 from dual lead distances, or direct dispatches, if any?

A - Jayakumar Krishnaswamy

Okay. I think the freight cost increased in Q1FY22 vis-à-vis Q1FY21 is basically three reasons. One is obviously the diesel price increase happened. The second one is in the states of Orissa and West Bengal we changed the business model from EX to FOR. So there is a little bit of a notional change in freight costs, because overall payment doesn't get impacted. But I think when you move from EX to FOR then the freight costs increases. So that's what happened in Orissa market as well as parts of West Bengal.

And the third one was late in March, early April we had to increase the freight costs in the state of Chhattisgarh. The entire industry had to increase the freight costs because of demands from the trucking association. The overall freight costs increased by close to 9% on a year-on-year basis, however, most a lot of people moderated by the synergies between the two companies, which is how the lead distance for both companies have come down from 356 to 336 kilometres which is a good 20 kilometre reduction in the primary freight distance.

The other reason for increase of distribution costs in Q1FY22 versus Q1FY21 is in FY21 during the lockdown period, our Jamshedpur plant could not restart on time. And we had to use the Chhattisgarh facilities to service the market in Q1. And we should -- whereas in this quarter, the share of Jamshedpur has increased because during lockdown, it could move clinker from Chhattisgarh as well as to Jojobera. This itself has kind of increased the freight bill a little bit more on a like-to-like basis from Q1 last year to Q1 this year.

A - Gavin Desa

The next from Harsh Mittal of the Systematix Group. Could you please tell us the -- what's the current gross debt as on your first quarter in Q1FY22?

A - Jayakumar Krishnaswamy

Sorry, say that again.

A - Gavin Desa

Gross debt position as of the end of Q1FY22?

A - Jayakumar Krishnaswamy

Q1FY22 vis-à-vis what? INR 6,880 crores was the gross debt at the IPO time which we have declared to the market all the times, which would have slightly gone up in end of June, Maneesh, you have the number for end of June because of the working capital changes.

A - Maneesh Agrawal

Net Debt as at the end of June, 2021 is INR 6,886 Crores.

A - Jayakumar Krishnaswamy

INR 6,886 crores.

A - Gavin Desa

The question from Girish Choudhary of Spark Capital says with competition adding large capacities in the medium term in the Eastern region, what is Nuvoco strategy to maintain market share. In terms of volume growth for Nuvoco, will you be able to grow above industry or below?

A - Jayakumar Krishnaswamy

So this question has got two parts. The first part is about how other industries are increasing capacity. I will ask Madhumita to talk to you about the capacity expansion plans, which other companies have announced vis-à-vis ours. And I'll come back -- after Madhumita finishes I'll talk about our strategy to get shared in the same market.

A - Madhumita Basu

Right, so just initially to set a perspective on the numbers. In the Eastern region, we are looking at an 85 million ton market size slated to grow at 9% to 10% level. That means this market is adding 8 million tons of cement demand year-on-year. Just to go back to Q4 of FY21, there was a time when post-COVID the industry recovered. And in the Eastern part, there was acute clinker shortage, clinker utilization rose over and above 90% and the industry had to get clinker, we ourselves tried to get clinker from other parts of the country, which obviously has a cost inflation pressure and therefore prices go up in the market.

So where we stand now, the top five players in the Eastern region account for practically the whole of the clinker capacities within the Eastern region. We have seen plans announced by two of the lead players to add 6 million tons of clinker capacity over the next two years.

So we see about 6 million tons of clinker capacity translating to about 7.5 million tons of cement demand just about coming in towards the end of FY23, early FY24. So there is going to be a tightness on clinker availability in the Eastern region. We ourselves have our debottlenecking and capacity increase plans.

We have a good head start with a 1.5 million ton capacity commission in Jojobera. And as we mentioned in a part of our strategy piece of the discussion, we're committed to retaining and growing our share in the Eastern part of the country.

A - Jayakumar Krishnaswamy

Just to add to what Madhumita said in terms of our overall growth ambitions in the country. So currently we are at 23.82 million tons and then with the debottlenecking and rest of all the Brownfield expansions happening in the next 12 to 18 months that will take the capacity of the Company by end of fiscal '23 to about 25 plus million tons. That is how this Company will grow in the next 18 to 24 months. The next level of capacity increase will happen in the Greenfield site which we have indicated in our plans, which will get the Company to, if it is a 10,000 tpd line we'll get close to 5 million tons of cement. If it is 6,000 tpd line, we'll get a 3 million tons of cement which we'll decide in the next 12 months.

Our stated position is our Eastern region, Northern region are all well set with the 11 plants and the new facility which we are planning to have will help us enter the markets of Western and Central markets. So which would mean in the medium term next three years, we're not looking at any capacity increase in East by way of a new line, in addition to the debottlenecking which we are doing. With a market itself, we had to grow at about 8 million, 9 million tons every year from this year to next year to year next and automatically what is going to happen is at now medium term basis, then the local share will always come down.

But that is because we are very clear that in the medium-term, we don't want to have an increase in our exposure in East instead going to markets of West and Centre and be a Company which is playing in East, North, West and Centre.

A - Gavin Desa

Next question from Girish Choudhary of Spark Capital says, in terms of slag procurement, how is the supplier agent, are the contracts long-term or on spot basis? Also if you could give us trends on slag costs?

A - Jayakumar Krishnaswamy

Okay. So overall, if you see we have a long-term tie-up with Tata Steel in the state of Jharkhand for our Jojobera plant. There we have a 20 year contract starting February 2019, all the way to 2039, 20 years in the future.

We also have short to medium term contracts, when I say short to medium, they're all kind of one year, 15 months, three months or spot for the plants and there we have to buy slag at market prices. In fact Maneesh during his presentation said in Q1, one of the reasons why we mentioned that slag prices has gone up and with our internal efficiency, we're able to range in the raw material prices.

So, slag prices are trending at pretty high levels in East India right now, but in our view, it is not sustainable. But we're one Company which is favourably placed with the bulk of our slag requirement coming out of the contract with Tata Steel, which is for 20 years from now.

A - Gavin Desa

Next is from Raghav Maheshwari of AMSEC. Can you please share your fuel mix? And can you give the share of WHR in our power mix? Thanks.

A - Jayakumar Krishnaswamy

Fuel mix, I'll ask Maneesh to share, but in terms of CPP WHR just want to say that overall Captive Power Plant post the commissioning of Jojobera and Arasmeta plants will be 150 megawatts of CPP and the Waste Heat Recovery systems are all implemented in all the plants, Nimbol, Chittorgarh, Risda, Arasmeta and Sonadih that is about 44.5 megawatt. Overall, we're looking at own generation of 195 megawatts which is close to about once implemented which will happen in Q3 and Q4 this year close to 70% of our power requirement will be own generation. In terms of fuel mix, I'll ask Maneesh to give you the numbers in terms of coal and Petcoke.

A - Maneesh Agrawal

Yes, sure. So in the quarter one of this financial year, if you look at the fuel mix, coal is 77% and Petcoke is 20% and the balance 3% is coming from the alternate fuel. Out of the coal requirement of 77%, 26% is met through the linkage coal and the balance 51% is through the non-linkage coal.

A - Gavin Desa

Zaid, if you could take it forward with the audio questions please?

Operator

Sure sir. Thank you Mr. Desa. I now invite Mr. Amit Murarka from Motilal Oswal to go ahead with his questions. Mr. Murarka, please go ahead.

Q - Amit Murarka

Yes, I hope I'm audible this time.

Operator

Yes, you are audible now. Please go ahead.

Q - Amit Murarka

Hi, thank you. So on clinker, I just wanted to check what was the production in 1QFY22?

A - Jayakumar Krishnaswamy

1QFY22 production, right now it will be quite difficult to rattle out the clinker number. Can I send an email to you, please?

Q - Amit Murarka

Yes, sure. So also related to that, I mean, generally as you endeavour to improve the trade share and I believe improve the blending ratios. So one thing -- one question that was coming to mind is that Double Bull, which is like an economy brand, as you mentioned. So when you're looking to premiumize the mix, what is the objective of launching economy brand in a market where it doesn't exist?

A - Jayakumar Krishnaswamy

Our logic is the following. I think Double Bull is a fantastic brand. I don't think anybody has established a brand of 5 million tons in a short span of less than five years. And it’s got such a wonderful brand equity in the markets, and when we combine both the companies, we took a decision that we will not combine the channels. We will run the NVCL channel separate and the NU Vista channel separate.

So, they are all kind of complementing channel to each other because there is no cross linkage between NVCL product being sold in NU Vista and NU Vista product being sold in NVCL. To their extent they are independent channels, separate sales team. So, that's the logic which we adopted when we combined both the Companies. In the Northern markets, we have capacity close to the tune of 5 million tons per annum and the Duraguard as per the Nirmax brand as to the non-trade channel still we have not been able to fill the factories with selling all the 5 million tons. So, one of the objects -- one of the tasks which we embarked was let us go and establish a different channel in North India independent of the NVCL channel and put the Double Bull brand in the market there.

And that's what we have done in the last six to eight weeks. And we would parallelly run the Double Bull channel in a different price point and the NVCL brand at a different price point in Northern market, pretty much similar to what is happening in the East market, where we have good success of maintaining both the brands simultaneously.

Q - Amit Murarka

Sure. And what are the kind of marketing budgets for launching in North. I'm sure you would have to spend building a parallel channel and the brand?

A - Jayakumar Krishnaswamy

Yes, so I guess I won't be able to give you the exact how many crores of rupees we are putting behind the brand, but we are looking at close to about for the Company we are looking at anywhere between INR 50 to INR 55 per ton as the marketing spend in the near-term. And we will spend more as and when the market needs to expects us to spend more. At this point of time, we're looking at a good INR 50 to INR 55 per ton marketing spend for the Company.

Q - Amit Murarka

And also while you mentioned the overall trade mix, could you also split it between North and East?

A - Jayakumar Krishnaswamy

Okay. Again we have to look at three parts. The NVCL East, NVL East and NVCL North. The NVCL East has a trade to non-trade share of close to about 90% to 10%. 90% is trade and just about 10% is non-trade. The NVL East has close to 70%, 30%. 70% trade and 30% non-trade. Similarly the NVCL North has a 70/30 trade to non-trade ratio. At a blended level, we're looking at currently trending at 76% trade and 23% non-trade. Our endeavour will be to take the Company to close to 83% to 85% trade and close to about 15% to 17% non-trade.

Q - Amit Murarka

Thank you. And just one last question. I think earlier you probably mentioned that I missed it. How much of the synergy was already realized in 1Q of the INR 250 per ton?

A - Jayakumar Krishnaswamy

That's why I said it will be very difficult to split that number. It will be very difficult to split whether we got INR 30 or INR 40, but I have to say that last year we did INR 975 full-year. On that INR 975 per ton, our target is to get INR 250 per ton, INR 150 per ton in this fiscal, INR 100 per ton in the next fiscal. So part of it has already come in Q1. A little bit more granularities I guess our Investor Relations team can send across the exact number through an email to you.

Q - Amit Murarka

Sure. Just maybe qualitatively if you could mention is the logistics realignment with NU Vista complete now, I mean in terms of the rail siding integration.

A - Jayakumar Krishnaswamy

What are the things which have got accomplished I'll tell you, 100% of clinker which we used to move from Risda via the Tilda and Dagori railway siding in the erstwhile Emami days, is now routed through the Sonadih railway siding to the Panagarh, Bhabua part of it from Jajpur goes by road, because it doesn't makes any sense to take by railway siding right now and Jajpur also does not have railway siding. So, for all the clinker which goes to Panagarh and Bhabua is routed through the Sonadih facility. So, the targeted saving for that is close to about INR 1.5 crores per month, INR 18 crores per annum. So, currently we are already trending close to about INR 1.2 crores, INR 1.3 crores per month of clinker freight saving, that one is kind of tick in the box.

The second one is the cross sourcing of cement manufacturing. As we spoke, we now have grinding facilities in Chhattisgarh, Bihar, Jharkhand, Bengal and Orissa. What we have done since April is, we have now run an optimizer every month based on the sales plan of NVCL and NU Vista and cross sourcing is implemented every month.

Q - Amit Murarka

Okay, sir. This is very helpful. Thank you very much.

Operator

Thank you very much. I now invite our next questioner, Mr. Satyadeep Jain from Ambit Capital to please go ahead with his follow-up questions. Mr. Jain, I would request you to please go ahead now.

Q - Satyadeep Jain

Hi, thank you. Am I audible?

Operator

Yes, you are. Please go ahead.

Q - Satyadeep Jain

Hi, just a follow-up question. I think you mentioned that the Greenfield at Gulbarga would only commence after the Brownfield expansion. So are we looking at any production from Gulbarga probably not before FY26. Is that fair to say?

A - Jayakumar Krishnaswamy

No, in our business plan we're looking at five years from now. So our target is to start construction 18 months from post listings. So immediate objective was to deleverage and also in the meanwhile to get additional capacity, Brownfield expansion, high IRR return project that's what we're doing, 18 months post listing our plan is to start construction in Gulbarga. And there the land is available, the permits are done, boundary wall is completed, mines are open, railway siding design is more or less done. The actual plant design is not done yet.

So that's where we are in, we'll start work on that probably January onwards, and maybe Q3 next year or Q4 next year construction will start. Our target is in FY25, the first clinker and cement should roll out of that plant. And the number which we have look at is close to half a million tons coming there and a million and a half coming in the next year. And that's the target as we speak right now.

Q - Satyadeep Jain

Okay. Thank you.

Operator

Thank you. Ladies and gentlemen, that was our last question. I will now hand over the proceedings to the management speakers for closing remarks, over to you.

End of Q&A

Jayakumar Krishnaswamy

Thank you, ladies and gentlemen for joining this call. It's a very proud moment for us. Post listing, we are hosting the first investors call and I really appreciate all the questions and clarifications each one of you sought to us. And I would also encourage you to reach out to the company, Madhumita is our Chief Investment Relations -- Investor Relations Head for the company. So if you have any specific questions do write to us, we will find a way to answer all your queries as quickly as possible. And also if there are any other clarification from myself or from the CFO do write to us.

So again Nuvoco is a leading building materials Company. Our mission is to become a leading building materials Company delivering superior performance. We're the largest in East, fifth largest in the country by capacity, fastest growing cement Company in the strong positions in Cement, Ready-Mix and Modern Building Materials. Thank you very much for attending the call and see you sometime in the near future. Thank you very much.

Operator

Thank you very much members of management.