



## “Dalmia Bharat Limited Q1 FY 2020 Earnings Conference Call”

**August 02, 2019**



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**Moderator:** Ladies and gentlemen, good day and welcome to the Q1 FY20 Conference Call of Dalmia Bharat, call hosted by PhillipCapital (India) Private Limited. 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 an operator by pressing '\*' then '0' on your touchtone phone.

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

**Vaibhav Agarwal:** Thank you, Stanford. Good morning, everyone. On behalf of PhillipCapital (India) Private Limited, we welcome you to the earnings call for the quarter ended June 2019 for Dalmia Bharat Limited. On the call we have with us Mr. Mahendra Singhi – Managing Director and CEO, Dalmia Cement; and Mr. Jayesh Doshi – Group CFO and Whole-time Director, Dalmia Bharat Limited. I will now hand over the floor to the management remarks which will be followed by interactive Q&A. Thank you and over to you, sir.

**Management:** Happy morning all dear friends. I welcome you all for this Q1 earnings call. Friends, we have started our Q1 FY 20 with positive note. We could see a better pricing scenario based on the demand which was there in last quarter, we could also see that there were shortage of stock of cement in the market that's why prices could go up. And on that account, we could get the benefit of better prices in the month of April and part of May.

Everybody was expecting that there would be good demand this year, based on last year's 13% demand growth. Though there were elections in the month of April and part of May and that's why the demand was low in these two months. But this lower demand continued in the month of June also, and if you look at even July also the demand is lower, and maybe in one or two months there may be a degrowth also. And based on this, we could get only 1% growth in our volume. But going forward, we expect that government's thrust on infrastructure, on housing, on railways also, will continue and we expect that there could be some pickup maybe after two three months. And that's why the demand may again go up maybe from October or November, which are otherwise also better months for demand. These months now, July, August, September, are otherwise also monsoon months, so normally the demand remains muted. We are quite hopeful that from October or November demand may grow. And if we talk of whole year's expectation now, it may be around 6%, though we were expecting when we started the year that it will be anywhere between 8% to 10% in view of last year's demand growth of 13%.

In this quarter we have been able to do comparatively better in terms of our variable cost, partially the cost has come down. On power and fuel we expect the lowering of pet coke prices which earlier were ranging around say \$95 to \$105, now it is ranging between \$75 to \$85. So, benefit of expected lower pet coke prices may help us in reducing over variable cost. And in terms of other things I would like to highlight, one, on Kalyanpur that we are in the process of



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ramping up, and at the moment I would say that we have been able to achieve 45% capacity utilization. And the positive part of Kalyanpur also is that we are able to feed PPC in this market which is a well-accepted market for PPC. So, that would in longer run give us good lever to jack-up market share.

Many of you must be aware that NCLT has finally, decided the case of Murli Industries Limited, because Murli Industries Limited came for insolvency in April 2017 and then December 2017 our resolution plan was approved by COC. And on 22nd July, 2019, NCLT has finally approved our resolution plan, with two condition precedents which were set up by us. So, these two conditions are that whatever mines which were cancelled by the government in view of various reasons, that should get revised. And secondly the sales tax incentive and now the GST incentive as per Maharashtra policy which was allowed to Murli Industries Limited, which also had started to get benefit of this incentive, that should get fully revised. Once these two conditions are met with, then effectively the Murli Industries Limited would be handed over to our company. We have started dialog with the state government, we expect that it may take three to four months in completing these two conditions, and thereafter we would start the work of Murli Industries. Reviving Murli Industries may take 9 to 12 months. So, definitely when we meet again in our Q2 earnings call we will be able to share with you what status of the unit.

And then again about that mutual fund units, one, the matter is under investigation, matter is sub judice also. But at the same time whatever developments which have taken place at various courts as well as at SEBI, we are quite hopeful of recoveries because everything is going in positive way.

So, this is all broadly what I wanted to share with you. And then I will request Mr. Jayesh to share his thoughts and then we can definitely have our exchange of thoughts.

**Management:**

I think our focus continues on repayment of debt, as you would have seen that we have been able to consistently repay gross debt also about Rs. 400 crores despite the expenses done on each site which is about Rs. 800 crores. So, we are continually using our treasury as well as free cash flows to ensure a strong balance sheet, coupled with growing capacities. And as Mr. Singhi has also just suggested on the unit side, we are pretty confident that things are going in a manner which is quite comfortable with us. We are putting all our efforts in ensuring that the frozen units are returned back to us at the earliest possible, post completion of all the investigations. And we would now like to wait for the questions from all the participants.

**Moderator:**

Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Rajesh Lachhani from HSBC. Please go ahead

**Rajesh Lachanni:**

Sir, my first questions is with regards to power and fuel and freight cost. So, if I see the pet coke prices have been lower in 1Q compared to 4Q and much lower compared to last year, and even



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the diesel price were lower. And yet we have seen a huge jump in power and fuel as well as freight cost. I understand last quarter we had some benefit of useful cargos, but still considering that the jump is quite high, especially for power and fuel. So, just want to understand something specific in this quarter.

**Management:** Okay. So, one, the power cost has gone up a little bit high, because earlier we were using pet coke, so now pet coke usage has been stopped in power plant and now we are using coal. And second is, when we compare our last quarter there were some benefit, like you said, about cargos, and at the same time in this quarter we had some cargo of high cost. And now since we are getting cargos at price of pet coke, so we expect the pet coke prices would help in reducing our power and fuel. So, whatever increase which we are seeing in Q1 that is not continuing now. And with regards to logistics, broadly logistics cost is in place, sometimes it is just on account of ex factory sales or FOR sales. But otherwise there is no major...

**Rajesh Lachanni:** Okay. And sir my second question would be this IndAS 16 change. What was the approximate impact on the EBITDA in this quarter?

**Management:** EBITDA impact was about Rs. 12 crores and the increase in the liability as well as the assets about Rs. 90 or Rs. 89 crores.

**Rajesh Lachanni:** So, positive impact on EBITDA of Rs. 12 crores?

**Management:** But it gets debited as depreciation and interest cost.

**Rajesh Lachanni:** And sir last one, so just want to understand the industry demand, not particularly Dalmia volumes. What was the demand growth or demand scenario in the East and South and northeast in this quarter? And how is the pricing going in July?

**Management:** Can you share your understanding? Because you must have talked to so many companies and otherwise seen. So, what's your understanding of the market?

**Rajesh Lachanni:** Sir, my understanding is that demand is not good and it is flat to contracted in most of the regions. So, specifically North it was much lower, so just wanted to understand your thoughts.

**Management:** Yes, it was a little bit better in South, but otherwise the demand was not good in East also and northeast also.

**Rajesh Lachanni:** And sir pricing in July, the trend? Because we have heard that there is a steep fall in the prices in eastern region, specifically West Bengal market.



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- Management:** Yes, there has been fall because when nobody is expecting good demand then to some extent the price goes down. So, it has happened.
- Moderator:** Thank you. The next question is from the line of Swagato Ghosh from Franklin Templeton. Please go ahead.
- Swagato Ghosh:** Sir, firstly on the freight cost part, was there also a trend of more of FOR sales versus ex-factory sales? Was there anything like that in the quarters?
- Management:** Little bit it might have happened, but there is not much and we expect that the logistics cost would be around Rs. 1,000 for the whole year.
- Swagato Ghosh:** Okay. And slightly related question, was there any trend in your mix trade versus non-trade? Was there any change in your mix this quarter versus previous periods?
- Management:** Not much.
- Swagato Ghosh:** Not much. Okay. And sir on the tax thing, can you just help me understand, very basic question that I was under the impression that after the amalgamation effects of higher amortization etc., we would be only paying MAT rate. But this quarter the tax rate is higher, what is the reason?
- Management:** The payment is always MAT, but when we look at the tax provision, if you add the deferred as well as the current it has to be the tax rate. So, the actual cash outflow will not be what is seen as the totality of deferred, so that's why the deferred and current tax. And if really see at the PBT level, due to higher depreciation because of the amalgamation, your PBT actually becomes lower.
- Swagato Ghosh:** Okay. And sir this IndAS impact on the EBITDA, the previous period numbers have not been restated, right?
- Management:** You are right.
- Swagato Ghosh:** Okay. We don't need to do that?
- Management:** We don't need to, that's what the IndAS mentions it, you don't need to restate the previous quarters.
- Moderator:** Thank you. The next question is from the line of Madhav Marda from Fidelity Investments. Please go ahead.



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- Madhav Marda:** Sir, just wanted to understand how much would the industry wide utilization be in our operating regions of East and South? If you could give for the whole year and for the quarter which just went by.
- Management:** This would be ranging from 65% to 72%.
- Madhav Marda:** In East and South India both?
- Management:** Yes. In South maybe about 60% to 65%. In East maybe around 70%.
- Moderator:** Thank you. The next question is from the line of Ritesh Shah from Investec Capital. Please go ahead.
- Ritesh Shah:** Sir, my first question is on the expansion timelines, that is one.
- Management:** It is as per time line and we had indicated last time also that by FY20 end we should be able to start our Clinkerization plant also as well as 50% of grinding capacity.
- Ritesh Shah:** Okay. Sir, over here what are the locations for GU's, are we expanding at Rajgangpur or we were looking at certain other locations in Bihar, Jharkhand?
- Management:** We are expanding in Bengal, in Orissa, as well as in Jharkhand. And we are also putting up a new grinding plant in Bihar. The Clinkerization is at Rajgangpur.
- Ritesh Shah:** Right. Sir, you had earlier indicated that closer to the commissioning timelines you will indicate about if there are any incentives linked with this asset. Sir, we are already in August, September, can you please provide some details over here on how the incentives could actually play out?
- Management:** It will take some more time.
- Ritesh Shah:** Okay. Sir, my second question is on clinker production number, if you can share the number or if you can share OPC, PSC, PPC mix and composite cement mix for the quarter?
- Management:** Normally we don't share clinker production numbers.
- Ritesh Shah:** Sir, alternately, basically blended cement mix, PPC, PSC, composite and OPC separately.
- Management:** So, in totality the PCC is around 16%, 17%, PSC and PPC 30%, 30%, OPC around 25%.
- Ritesh Shah:** Okay. Sir last question, sir we had this entire restructuring which was done. I failed to understand basically for the other companies likes of UltraTech wherein they had JP or for even for Binani, they did attract the incremental royalty of Rs. 64 per tonne. Sir, can you explain me technically



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how is it that basically we won't have this incremental royalty post the restructuring that we have done?

**Management:** I may have to understand what UltraTech has done and definitely I can share with you.

**Moderator:** Thank you. The next question is from the line of Gunjan Prithyani from JP Morgan. Please go ahead

**Gunjan Prithyani:** Firstly, on the Murli, I mean, with this transaction you mean to say it will still take about three, four months to close? And post that it will take nine months to ramp up, is that the understanding? So, in that case, Murli basically will contribute from second half of next year, right, F21?

**Management:** Your understanding is fully correct.

**Gunjan Prithyani:** Okay. And is there any uncertainty around, two conditions that you spoke about,? If you can just give some sense on is the transaction a given and, basically, we can just be very confident about pricing this in our assumptions from second half of this 2021.

**Management:** There is certainty that two conditions should be met, one, reviving of limestone mines which were cancelled by the government because of certain reasons; and secondly, revising and continuing of VAT GST incentives. So, once this gets done, and it may be better for you also to consider that maybe after three months or so.

**Gunjan Prithyani:** But you don't anticipate any bottleneck in terms of renewal of the limestone which the state government seems to have come?

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

**Gunjan Prithyani:** Okay, got it. And the other thing I wanted to check, are there any acquisition opportunities that you are seeing in the market which you can talk about what you are looking at, but are there opportunities in the market which can potentially give you access to some of the newer markets?

**Management:** Can you guide, you must be having more knowledge.

**Gunjan Prithyani:** Sir, only thing we know is Emami, but we don't know at what stage it is. But we just want to know are there any transactions besides that or is there any conversations around any acquisition that you could look to do, which will give you access to a newer market?

**Management:** As and when there will be any positive outcome we will definitely share with you.



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- Moderator:** Thank you. The next question is from the line of Pratik Kumar from Antique Stockbroking. Please go ahead.
- Pratik Kumar:** Sir, my first question is on volume growth. So, you mentioned we are expecting now like 6% industry growth in your opening remarks. So, I guess we should also assume similar numbers for our company, I mean, based on our region?
- Management:** Sure.
- Pratik Kumar:** Okay. And sir regarding, I mean, recent fall in this pet coke prices. So, how much on per-ton basis? I mean, we can expect like some Rs. 50 to Rs. 70 savings on per ton basis.
- Management:** You are right.
- Pratik Kumar:** Okay. And sir regarding this 10% fall in slag prices. So, is this fall continuing now into July and what are like general reasons for the fall in slag prices?
- Management:** On slag part, one, the demand of Bangladesh and Nepal, that has come down to some extent. And that may be the major reason.
- Pratik Kumar:** And is that continuing the fall, I mean, there is a number which I mentioned in the presentation.
- Management:** Now it is broadly stable.
- Moderator:** Thank you. The next question is from the line of Pritesh Sheth from CRISIL Limited. Please go ahead.
- Pritesh Sheth:** Sir, first question on your power and fuel cost. You have given reasons for increase for this quarter, but are you also seeing any impact from the ban on Meghalaya mining on your power and fuel cost, like your other northeast peers said that there would be impact of Rs. 100 to Rs. 150 per tonne on their cost. So, would you see any similar impact of that?
- Management:** So, I am not sure because still there are uncertainties, only thing is that whatever say about 30 to 35 lakh tonne of coal which is available in the Meghalaya mines, so that would be auctioned by Coal India Limited along with Meghalaya Government. So, once it happens then only we will come to know what is the impact. And second, it is a long term action that how the mines operation permissions are given by the government to the tribals and how it operates. So, at the moment, it's very difficult. But then our friend from other company has given these comments so they must be right.



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- Pritesh Sheth:** Okay. And my second question on the prices, so you said there have been fall in prices in East as well South. Can you give us a quantum of how much is that decline? Our checks suggest like it's Rs. 10 to Rs. 15 in East in July and about Rs. 20 to Rs. 30 in South, so is that correct?
- Management:** Yes. Rs. 15 or Rs. 20 in an East, yes. But in case of South it may be Rs. 5 to Rs. 15, state to state.
- Pritesh Sheth:** Okay. One last, if I can push in. Any update on the land acquisitions you did in North, like in Rajasthan, anything you have planned out till now?
- Management:** Not very specifically.
- Moderator:** Thank you. The next question is from the line of Bhavin Chheda from Enam Holdings. Please go ahead
- Bhavin Chheda:** Sir, a couple of questions. As your press release mentions, this Kalyanpur has impacted the power and fuel despite lower pet coke prices. Can you quantify the absolute crores impact in the quarter, because I believe Kalyanpur contribution to the volumes would be quite low as of now?
- Management:** Your understanding is right. Of course, not much in terms of totality, but the purpose of highlighting was that it is not as efficient as our other similar plants are.
- Management:** And more importantly, it is also due to the use of high costs of inventory.
- Bhavin Chheda:** So, we should start seeing power and fuel falling substantially from quarter two onwards?
- Management:** Substantially based what?
- Bhavin Chheda:** Maybe Rs. 50 to Rs. 70 a ton.
- Management:** You are right.
- Bhavin Chheda:** Okay, the other question is, how much would be the absolute CAPEX done this quarter and what is the plan for FY20?
- Management:** Till now we have spent about Rs. 900 crores, Rs. 875 crores to Rs. 900 crores, and we will be spending another, Rs. 700 crores further.
- Bhavin Chheda:** Rs. 875 crores to Rs. 900 crores was this quarter?
- Management:** No, till date. This quarter was about Rs. 300 crores.
- Bhavin Chheda:** So, Q1 was Rs. 300 crores, and what is the plan for entire fiscal?



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- Management:** Another Rs. 700 crores to Rs. 800 crores.
- Bhavin Chheda:** Okay. And Murli would be separate?
- Management:** Yes, Murli would be separate. Murli we have not spent anything, as and when we get the approvals after three, four months.
- Bhavin Chheda:** So, that would be another Rs. 300 crores whenever the Murli happens?
- Management:** No, Rs. 400 crores. First, acquisition of Murli would be Rs. 400 crores and post that CAPEX required to get it started about Rs. 400 crores.
- Bhavin Chheda:** Another Rs. 400 crores plus Rs. 400 crores, okay. But that CAPEX on Murli Rs. 400 crores will largely fall into early FY21, not 2020, right?
- Management:** Yes. If I look at four months from today, definitely.
- Moderator:** Thank you. The next question is from the line of Anupam Goswami from Stewart and Mackertich. Please go ahead.
- Anupam Goswami:** Sir, I wanted to know your outlook on the cement, I mean, given that there is some liquidity crunch that is going in economy, how are the constructions happening? Even though you said that H2 will pick up, how we are looking at this?
- Management:** We just believe also what government says and, in the budget, when government has said that they would be putting more focus on housing for all, affordable housing, then Pradhan Mantri Aawas Yojana, then road projects, then the railways projects, etc. So, I think that should start or funds should start flowing from the government. And once that happens, it will give a good impetus to rural economy also. And based on that my observation is that yes maybe from October or so, things may look better. But you know better that if overall economy doesn't do good, say like the projection today says that GDP would grow by 7% and if it doesn't grow like that, then definitely it will be impacting not only the cement sector, but other sectors also. And you are very right that overall economy is not doing great.
- Anupam Goswami:** I got a sense of it. Sir, another question is that, I see from limestone auctions, one has been issued to Dalmia in Sindhvari, Rajasthan. Are we putting up some plants over there or do you have plans in the future?
- Management:** We would put up a new greenfield plant in Rajasthan. But of course it may take time, because after auction it takes a lot of time in acquisition of land, and of our existing mines also we have to acquire land, so it can take a few more years.



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- Anupam Goswami:** Maybe down the years like maybe couple of years, can there be any announcement?
- Management:** You are right.
- Anupam Goswami:** And sir lastly on the pricing scenario, you mentioned that the pet coke prices are also down from this quarter and if the prices stay strong, will we be able to have a very good margins? And with the CAPEX plans you have, would that be from the internal accruals or do we have to borrow anything?
- Management:** No, most of the CAPEX what we are doing at least till now, we have used internal accruals, the free cash flows. We would require some amount of borrowing, but it would be very minimal, because we have a scheduled repayment of about Rs. 1,000 crores also this year. Over and above there is about Rs. 1,000 crores of CAPEX. So, most of the CAPEX and repayment will be through internal accruals. As and when we require the need we will borrow.
- Anupam Goswami** So, basically your CAPEX and repayment would like set off each other?
- Management:** It cannot set off CAPEX, basically I will need to use the free cash flows plus treasury, whatever it is. And whatever minimum required we will need to borrow.
- Moderator:** Thank you. The next question is on the line of Rishikesh Bhagat from Kotak Mutual Fund. Please go ahead.
- Rishikesh Bhagat:** I would like to understand these notes to accounts 9 where we have recognized this Rs. 92 crores of expenses of sale on investment in change in inventory of stock and goods. Just what do this pertain to?
- Management:** No, it doesn't pertain to anything, because the way we look at it at segmental accounting with refractory and investments and others, a portion of deposits were taken by the auditors in the last quarter as inventory and that came out. So, it's a very minimal thing and that's why we had to show it separately as a note.
- Rishikesh Bhagat:** Okay. And sir, what was the refractory income for this quarter?
- Management:** Refractory EBITDA was Rs. 11 crores and refractory revenues was about Rs. 125 crores.
- Rishikesh Bhagat:** And thirdly, is my understanding on this Murli asset right that for this mine which was earlier attached to the asset, we will be getting that same mine, we don't have to go through the allotment in this thing or auction route or anything for the mine, right?
- Management:** You are 100% right.



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- Rishikesh Bhagat:** Okay. And do you see any chances of delay in this whole process considering Maharashtra might be entering into the election in this year itself? So, any delay that could happen for this asset?
- Management:** That's why I have said three to four months, if state government acts fast, we can get it before also.. And another maybe if someone goes for appeal in NCLAT then also it may delay.
- Moderator:** Thank you. The next question is from the line of Swagato Ghosh from Franklin Templeton Please go ahead.
- Swagato Ghosh:** Sir, can you tell us what would be the total cost for the East expansion?
- Management:** Total cost for East expansion would be Rs. 2,900 crores to Rs. 3,000 crores.
- Swagato Ghosh:** Okay. So, basically I was looking at your July 2018 corporate presentation, there the number was around Rs. 3,500 crores, so are we revising that number downwards?
- Management:** No, that's the right number. Rs. 500 crores also includes certain related expenditure regarding to land and building. So, that may happen later.
- Management:** And secondly, also the reduction is because we have shrunk the timelines also. So, which would also bring in a little bit of saving.
- Swagato Ghosh:** Okay. Fair enough. And sir, can you help me with the incentive number for this quarter?
- Management:** This quarter we have accrued about Rs. 36 crores and we received about Rs. 120 crores,. in July in fact we have received another Rs. 70 crores.
- Swagato Ghosh:** Okay. And sir just one last bit on the IndAS 116 thing, which are the assets where we had operating leases, are these like our warehouses?
- Management:** You are right, all these warehouses, offices or cars, that's all, nothing great.
- Moderator:** Thank you. The next question is from the line of Raja Ravi from HDFC Securities Please go ahead.
- Rajesh Ravi:** Some of my questions are already answered. Would you share what would be the trade and non-trade mix currently?
- Management:** It is around 60 plus in trade and 40 in non-trade.
- Rajesh Ravi:** Okay. And the mix would be similar in East and South?



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- Management:** Yes, it may vary a little bit here and there.
- Rajesh Ravi:** And on the CAPEX you mentioned that the clinker would get commissioned by end of this financial year?
- Management:** Yes.
- Rajesh Ravi:** And for grinding units what should be the timeline we should work on?
- Management:** We said that 50% would be commissioned by March 2020.
- Rajesh Ravi:** Okay. So, like there are units which were supposed to come in West Bengal and in Orissa and in Bihar, Jharkhand. So, specifically plant wise if you could share some thought.
- Management:** The leftover would be partially Orissa and fully Bihar.
- Rajesh Ravi:** Orissa and Bihar would come later, the leftover?
- Management:** Yes.
- Rajesh Ravi:** Okay. And Jharkhand you also mentioned there's another grinding unit, what is the quantum and when would that be commissioned?
- Management:** By year end, both Bengal and Jharkhand.
- Rajesh Ravi:** So, all by FY21 and we should be through?
- Management:** You are right.
- Rajesh Ravi:** And so just stressing on the same, because Rs. 900 crores you have already spent out of this Rs. 300 crores was in Q1 and another Rs. 700 crores, Rs. 800 crores would be by end of this year?
- Management:** A little more than that.
- Rajesh Ravi:** So, around Rs. 1,700 crores we have done, so the remaining Rs. 1,700 crores would be spent over...
- Management:** See, let me explain to you. When you say spent in CAPEX, it's not any order or start and everything, because there are a lot of payments which goes over a period of years, 15%, 20% goes after even put up and commissioning. So, the CAPEX, what I have said is the actual cash outflow.



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- Rajesh Ravi:** Yes, that is what. So, this project of around Rs. 3,500 crores...
- Management:** Sorry, around Rs. 3,000 crores.
- Rajesh Ravi:** Yes, approximately. So, out of this 50% would be spent by end of FY21 and the rest would be spent in next financial year, is this understanding right?
- Management:** More than 50%, when I am saying that this year we will be spending another Rs. 2,000 crores t, Rs. 1800 crores to Rs. 2000 crores will be spent by FY20.
- Rajesh Ravi:** Right. And the remaining, pending would be completed next year?
- Management:** Yes.
- Moderator:** Thank you. The next question is from the line of Sumangal Nivetia from Kotak Securities. Please go ahead.
- Sumangal Nivetia:** Sir, just one small clarification. For the full year what is the expectation for the incentive income. Is it around Rs. 125 crores to Rs. 150 crores?
- Management:** Yes, that continues.
- Sumangal Nivetia:** And what about next year FY21, should that range continue?
- Management:** Yes, last time also I had said that that's the range which we look at it, depending upon any changes or any other incentive which we discuss on the East side.
- Sumangal Nivetia:** Understood. And sir if you could clarify on Murli, I mean the incentive which we asked as a condition, what is that amount of incentive on per ton basis?
- Management:** At the moment it is difficult to calculate, but the total incentive which would be available would be in Rs. 1,100 crores, up to 2030. So, now when we start and what's the sale price and all this, so many factors will be there. So, once we are able to take acquisition of Murli, then definitely maybe next earnings call we will share you all these things.
- Sumangal Nivetia:** Okay. So, you said Rs. 1,100 crores up to 2025?
- Management:** 2030.
- Moderator:** Thank you. The next question is from the line of Pratik Kumar from Antique Stockbroking. Please go ahead.



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- Pratik Kumar:** Sir, just on incentive again. So, what is the after effect of Rs. 70 crores incentive during July? So, what is the incentive receivable now?
- Management:** It's roughly about Rs. 650 crores to Rs. 700 crores would be receivable.
- Pratik Kumar:** Okay. And just a second question on CAPEX.
- Management:** We have explained about CAPEX.
- Pratik Kumar:** So, just a total outflow how much we are expecting for the year? I mean, you have explained segment wise but total of outflow is Rs. 2,000 crores to Rs. 2,500 crores for the year?
- Management:** No, when you say outflow its only on CAPEX I hope, or even...
- Pratik Kumar:** Including acquisition and everything.
- Management:** There is no acquisition just now, only if Murli comes in then Rs. 400 crores additional, otherwise about Rs. 1,000 crores of CAPEX.
- Pratik Kumar:** So, including Murli payment of Rs. 400 crores, Rs. 1,000 crores?
- Management:** Excluding Murli roughly Rs. 1,000 crores.
- Moderator:** Thank you. The next question is from the line of Anupam Goswami from Stewart and Mackertich. Please go ahead.
- Anupam Goswami:** Sir, just wanted to know your current clinker utilization rate now.
- Management:** Clinker utilization is around 80%.
- Anupam Goswami:** And what would be in the East?
- Management:** We wouldn't be able to give you region wise.
- Anupam Goswami:** Okay. And sir, would you be able to share how much clinker we are putting that is coming in the end?
- Management:** 3.1 million tons.
- Moderator:** Thank you. The next question is from the line of Ritesh Shah from Investec Capital. Please go ahead.



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- Ritesh Shah:** Sir, earlier we had indicated our targets on WHRS and AFR. And we have been quite vocal on the sustainability side. Sir, can you indicate where we are on WHRS capacity, AFR and how do we see this going forward?
- Management:** Yes, we are in the process of putting up WHRS in our three plants. And the progress on AFR is better and maybe in next earnings call we will be able to share you more details .
- Ritesh Shah:** Sir, how much is WHRS capacity? Is it around 10 megawatts and we are looking to add around 40 megawatts? Do those plans still stand?
- Management:** Yes. Currently operational is 10 megawatts.
- Ritesh Shah:** And where would AFR be?
- Management:** Maybe around 4% or so.
- Ritesh Shah:** Okay. And can you indicate what is the percentage of lignite and linkage coal currently at Dalmia level?
- Management:** We won't share the number, but the point is that linkage coal is being utilized some way in East and somewhat lignite in South.
- Ritesh Shah:** Okay. Sir, I had a specific question on northeast operations, there have been notifications around limestone lease auctions in Assam. Sir, are we looking at it and if we have any such optionality would we look to expand into northeast?
- Management:** We will definitely explore, but what you are referring to?
- Ritesh Shah:** Sir, limestone auctions in Assam.
- Management:** Has it started?
- Ritesh Shah:** It has been notified.
- Management:** Yes. We will definitely explore.
- Ritesh Shah:** Okay. And lastly, any update on the coal situation in Meghalaya, given our northeast plans will also get impacted over here?
- Management:** So, presently what Supreme Court has advised that state government should work with the tribals and try to find out how in a legal way as well as a sustainable way mines can start, so that activity would start now. That there is one. And secondly, whatever whether coal is lying on mine spread



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as a stock, so that would get auctioned with the help of Coal India Limited. But we are fully assured of availability of coal.

**Ritesh Shah:** Okay. But sir, when will the coal production restart, is there a roadmap for that? And who's going to mine this? Is it going to be the tribals or is it going to be Coal India or some MDOs?

**Management:** I think we have to discuss with Meghalaya government.

**Moderator:** Thank you. Ladies and gentlemen, due to time constraints, we will take the last question from the line of Rajesh Ravi from HDFC Securities. Please go ahead

**Rajesh Ravi:** Sir on this Kalyanpur, is there any restoration, upgradation CAPEX which is being incurred in this financial year?

**Management:** Yes, there is a CAPEX of about Rs. 40 crores to Rs. 50 crores

**Rajesh Ravi:** So, in the Rs. 1,000 crores that you mentioned, this would also be included?

**Management:** Yes.

**Rajesh Ravi:** And sir Jharkhand, what is the size of the grinding unit that you are looking at?

**Management:** Additional capacity expansion would be 1 million tons.

**Rajesh Ravi:** Okay. While Bihar, if I remember, is 2.5 million tons?

**Management:** You are correct.

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

**Vaibhav Agarwal:** Thank you. On behalf of PhillipCapital I would like to thank the management of Dalmia Bharat for the call. And also many thanks to the participants for joining the call. Thank you very much, sir. You may now conclude the call, Stanford. Thank you very much.

**Management:** Thanks, Vaibhav. Thanks to your team.

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