



“HeidelbergCement India Limited Q1 FY18 Conference Call”

August 08, 2017

HEIDELBERGCEMENT



**MANAGEMENT: MR. JAMSHED NAVAL COOPER – MANAGING DIRECTOR
MR. ANIL SHARMA – CHIEF FINANCIAL OFFICER
MODERATOR: MR. VAIBHAV AGARWAL – PHILLIPCAPITAL (INDIA) PVT.
LTD.**

Moderator

Good Day, Ladies and Gentlemen, and welcome to Q1 FY18 Conference Call of HeidelbergCement India Limited, hosted by PhillipCapital (India) Pvt. Ltd. As a remainder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing '*' then '0' on your touchtone telephone. I now hand the conference over to Mr. Vaibhav Agarwal from PhillipCapital (India) Pvt. Ltd. Thank you and over to you, Mr. Agarwal.

Vaibhav Agarwal:

Thank you, Margret. Good afternoon, everyone. On behalf of PhillipCapital (India) Pvt. Ltd, we welcome you to the Q1 FY18 call of HeidelbergCement India Limited. On the call, we have with us Mr. Jamshed Naval Cooper – Managing Director and Mr. Anil Sharma – Chief Financial Officer.

I would like to mention on behalf of HeidelbergCement India Limited and its Management that certain statements that may be made or discussed on this conference call may be forward-looking statements relating with future developments and economic performance. These statements may be subject to a number of risks, uncertainties and other important factors which may cause the actual developments and results to differ materially from the statements made. HeidelbergCement India Limited and the Management of the company assumes no obligation to update or alter these forward-looking statements, whether the result of new information or future events or otherwise. Also, HeidelbergCement India Limited uploaded a presentation on the website and the exchange, participants may download a copy of the presentation from there.

I will now hand over the floor to Mr. Cooper and Mr. Anil Sharma for opening remarks which will be followed by interactive Q&A. Thank you and over to you, sir.

Management:

Thank you, Vaibhav. Thank you, everybody, for joining the conference. You have seen the results, but just the presentation what you would have downloaded also from the website, but I will just take two minutes on that and then we will open it for question-and-answer session.

On the volume side, there was a reduction of close to 10% volume and that is mainly because of UP where the sand shortage has been acute and since we were selling large quantum of material there it has been impacted to an extent. Coming on the gross realization, we have been better by almost 3.5%, so we did a better job on maintaining prices. On the cost development, we could not do much because of the extreme high cost which we incurred because of pet coke, close to 40%. And there was also power cost increase in MP by 6% on the grid and that has led to increase in cost. Coming to on the per ton basis the cost is about 8% up.

On the financial performance, I think I will leave it for you to ask questions because you might have some questions. But on the Waterfall side if you look at the EBITDA for Q1 compared to EBITDA for this year, the other costs have been higher in terms of almost close to Rs. 19 crores. And that is where on the GSR side there has been a positive factor, other operating income is a little positive, on raw material there is a little depression, power and fuel costs have gone up, so

impact is about Rs. 3 crores and on freight it is about Rs. 28 per ton. So, Rs. 717 versus Rs. 608 is impact on per ton basis.

I think that is all I have to say. You may have some questions which we can answer, that would be better. Thank you very much.

Moderator: Thank you very much. We will now begin with the question-and-answer session. Our first question is from the line of Anshuman Atri from Haitong Securities. Please go ahead.

Anshuman Atri: My question is regarding the demand environment in area of operations. So, we have seen the sand issues persisting for last couple of quarters in UP, so how do you see the sand issue is going to be resolved by the government, whether there will be a shift towards manufactured sand or will there will be some NGT action and then it will smoothen out, so how do you see this whole environment panning out going forward?

Management: Anshuman, the thing is the sand mining issue was resolved more or less, the government has auctioned mining pits and the material has started moving in the month of June. And we were hoping that it will continue but because of the monsoon season there is always a ban on sand mining for about three months, so that will continue till end of September, from October onwards I think things should move positive. So, I do not see post October there should be sand issue, but today also sand is being imported now from other neighboring states, although albeit at a higher cost, but construction has started little bit picking up.

Anshuman Atri: How do you see the demand volume, cement volumes in the area of operations and for Heidelberg in the next nine months?

Management: I think we should come back to our normal volumes.

Anshuman Atri: So, flat on full year basis last year?

Management: If I look at it, this was the quarter when we had a dip, I think we will make it up in the next quarter.

Anshuman Atri: Okay. And in terms of your cost you have taken various initiatives and going forward what else can we expect in terms of cost reduction?

Management: It is basically more efficiency improvements will come in, not too many but efficiency improvements in terms of reduction in consumption parameters.

Anshuman Atri: Lastly, any new capacities?

Management: Power is there, WHR is peaking there, so you have that which is already factored in. But we had a little problem because of a major long shutdown, so we lost a little on the power side but otherwise our generation could have been a little better and the results would have been definitely improved on that account. But in WHR when the kilns are not running you lose on WHR power, and this is what has impacted us also to a great extent.

Anshuman Atri: Okay, sir. Sir, lastly on any capacity expansion by Heidelberg and other players in the region of operations?

Management: Heidelberg as a group, as I mentioned again and again, Heidelberg as group wants to keep expanding in the country. And there is a roadmap for that the group is following, now if you look at it although not with HeidelbergCement India but if you look at Zuari and combine, the group has presence of about 12.7 million tons in the country. And definitely this is not the end of it.

Anshuman Atri: And any competition adding new capacity in the region?

Management: Capacities from UltraTech will come in after JP kicks in, plus they have one Dhar project which is coming up in UP. But nothing new, no new company has entered this market or a new player has expanded as of now.

Anshuman Atri: Okay. Following on Zuari, will there be any combination with Heidelberg or will it remain the same?

Management: If it adds value in the long run we will look at it.

Moderator: Thank you. Our next question is from the line of Madhav Marda from Fidelity Investments. Please go ahead.

Madhav Marda: I just had one question which was, with UltraTech ramping up their JP assets in the region how do you expect the volume trajectory and prices to be impacted there because it is a pretty big capacity and running at almost 10% utilization. So, how will be the competitive dynamics could be in the UP, MP region going forward?

Management: I am not very sure whether they are running at 10% capacity utilization, definitely I could see they were operating at a decent capacity utilization, their material was available in the market so I do not think it was 10% or 15%. Of course there will be an upside when UltraTech takes over the plant they will try to ramp-up the capacity, minor price pressures but UltraTech is not a player who sells at lower price. So, not to worry, it is not going to pull the prices down.

Madhav Marda: Okay. But with volumes anyways being a little soft in the region and with Ultra Tech having almost a 10 million tons facility there, don't you think market share losses could be there for the company going forward, something like that?

Management: Not really, if you look at it, in terms of capacity share, yes there will be a minor reduction because they are coming up with another 3 million tons or 4 million tons additional capacity, to that extent everybody will have a dilution in capacity share. But in market share I do not see.

Moderator: Thank you. Our next question is from the line of Saumil Mehta from BNP Paribas Mutual Fund. Please go ahead.

- Saumil Mehta:** Sir, is it possible to give a very broad state wise mix in terms of our off-take between UP, Chhattisgarh, if at all and some of the other agents?
- Management:** That would not be possible, because I think this type of data is not supposed to be released in public.
- Saumil Mehta:** Okay. But is it fair to assume that UP would be more than 50%, more than two-third of our total offtake?
- Management:** No, not really.
- Saumil Mehta:** Sir, my second question is, recently there was a news about Chhattisgarh CM asking cement companies to cut down on pricing or other, so any sort of impact which we may face in near future or probably cement industry is strong enough to may be take the prices up despite the government intervention?
- Management:** In Chhattisgarh we do not operate so I am not able to comment much on this. But yes, governments do intervene sometimes or the other when they see some all of a sudden spurt in the prices. But that is a temporary setback which happens but the industry should be able to convince the government about its own cost, basically today if you look at it cement is not priced at the price at which it should be. So, it will all depend upon the industry pilots there who are operating in that region to take it up with the government and tell them that what they are asking for money is not something which is unreasonable or unrealistic. Today, the cement prices if I would look at it, should be anywhere in the country should not be less than Rs. 500 a bag.
- Moderator:** Thank you. Our next question is from the line of HR Gala from Finwealth Advisors. Please go ahead.
- HR Gala:** You said that the other expenses have really increased by Rs. 19 crores, so is this mainly on account of this plant shutdown related cost?
- Management:** Mostly the used quantum is on per plant repairs and maintenance, shut down cost.
- HR Gala:** So, it all unfortunately got clubbed down in this quarter only, normally we have a deferred method of doing it but sometimes we pull on the plant thinking that certain things are working and still need not be replaced, so we stretch it on. So, this time it all got clubbed, in last year's quarter it was deferred in two quarters, so that is why it may not really look **0:13:22.1** this time it has come under one quarter.
- Management:** And just to update you, the other cost has increased by Rs. 9 crores.
- HR Gala:** On account of this?
- Management:** Yes, other cost.

HR Gala: Yes, other expenses has increased by Rs. 9 crores?

Management: Yes.

HR Gala: So, this Rs. 9 crores can be entirely attributed to this power plant and shutdown?

Management: It is mostly shutdown.

HR Gala: Okay, so at least that will not be there now from the next quarter?

Management: Yes.

HR Gala: Sir, my second question is, what is the GST rate which has been finally made applicable for different types of cement?

Management: It is 28%.

HR Gala: So even on white cement also it is the same?

Management: I am not sure.

HR Gala: We are not in white cement?

Management: No, we are not.

HR Gala: Okay. So, how does it compare with pre-GST and post-GST?

Management: It is almost at par, minor lower because of entry tax reduction. So, if you look at the total tax basket it is lower by about 1% and 2%.

HR Gala: Even pre-GST also excise and all that included was close to 28%?

Management: Yes, close to 28%.

HR Gala: Okay. So, now going ahead what kind of savings can we expect from this introduction of GST, like our freight cost, etc, can come down?

Management: No, why should it, fright is a cost related item, they are not going to come down between the costs are going to remain there. Only thing is the method of accounting will be a little more systematic, streamlined, more people will come into the GST net.

HR Gala: The only thing is the turnaround time, etc, can be saved, is it not, when the trucks etc were held on? Like since we are having 50-50 road and rail...?

- Management:** I do not think so really, really it looks good on paper. But let me tell you this, time taken by the truck, always truck transporters have managed their own business very well.
- HR Gala:** Okay. So, at least we will be able to save on this entry tax which will now not be there?
- Management:** Yes, that is the thing. But that has been passed on to the customer, as per non-profitability we have passed it on to the customer immediately.
- Management:** We have reduced our price from 1st July on that account. And with respect to transportation, I think we should keep in mind about the introduction of the e-way bill. Now it is coming and most probably it will come from 1st of October, and the way the government is thinking they are thinking about the timeline for transportation of material from one place to another place, depending upon the distance. So, those things also we will see and then it will evolve whether the turnaround time reduces or it will remain same, depending on then you can see whether it is reducing the cost or not.
- Moderator:** Thank you. We will move to our next question from the line of Rajesh Ravi from Centrum Broking. Please go ahead.
- Rajesh Ravi:** You did answer on this UltraTech impact on the markets where you operate, just wanted to understand on your cost metrics, one, you explained that this plant shutdown expenses and all bloated the cost in this quarter, in terms of our power and fuel cost and all. How has that moved on a QonQ and YoY, what sort of cost inflation we have seen there sir?
- Management:** See, as I said the power cost in MP has gone up by 6%, so you saw the cost increase there. Otherwise if you look at our average fuel cost remains more or less, compared to the previous quarter it is more or less the same.
- Rajesh Ravi:** You mean the March quarter or...?
- Management:** March quarter, it is very much the same. If you look at it on fuel consumption, very much the same, or minor changes because of the shutdown sometimes, the power goes up because auxiliary power is high.
- Rajesh Ravi:** Okay. So, should we factor in subsequent quarters this number may not remain at an elevated level, we should see some moderation in the same?
- Management:** Yes, it should improve because when the shutdown is not there I think now all the costs have come in, already triggered. I do not expect any further power increases to take place, and fuel I do not think there is too much, now pet coke is trading now close to around 90.
- Rajesh Ravi:** So, what is our fuel mix currently, sir?
- Management:** It is about 70% pet coke.

Rajesh Ravi: And rest it?

Management: Rest is coal.

Rajesh Ravi: No, domestic coal or imported?

Management: All domestic.

Rajesh Ravi: And how is your cost differential sir currently, pet coke versus domestic coal on a per kilocal basis?

Management: There is a difference of between about 15% or so.

Rajesh Ravi: Okay. So, pet coke is still cheaper?

Management: Yes.

Rajesh Ravi: And lastly, what sort of volume growth we should factor in sir for this financial year?

Management: Let's see, right now the market is a little choppy but we will try to maintain the marginal growth over previous year.

Moderator: Thank you. Our next question is from the line of Pratik Kumar from Antique Stock Broking. Please go ahead.

Pratik Kumar: Sir, my first question is with regards to pricing, you mentioned that we have passed on the GST direct benefit to the industry. So, versus exit Q1 prices what would be the current average pricing for yourself and may be for industry?

Management: Right now, ex I would say, net price at the factory gate is around Rs. 3,100 this quarter.

Anil Sharma: So, whatever benefit we have received on account of some lower entry tax, we have passed on. So, we expect that price will be more or less similar to Q1.

Pratik Kumar: So, there is no net price reduction as such?

Management: It is almost similar to Q1 numbers.

Pratik Kumar: Okay. You mean Q1 exit pricing or Q1 average pricing?

Management: So, if you look at it, in terms of realization when the **0:20:10.6** it is about 4.8% higher than the previous quarter.

Pratik Kumar: And the prices are 4.8% higher than Q1, you mean?

Management: Correct.

Pratik Kumar: And sir, with regards to, you said we had like a 10% drop in volumes for first quarter, so as such for industry what should we expect for MP and UP, your core markets in general? As you expect marginal growth for yourself but for overall industry because as the follow-up...

Management: I think last quarter's would have been very bad for everybody, because you operate in the same market so I do not think one should expect anybody to have taken away market share.

Pratik Kumar: Okay, so central market in general, because we hear there is some sand mining issue in Narmada also, like in MP recently. So, like in UP we have some sand mining issue in MP also...

Management: No, there is no issue in MP as of now. Yes, it was assumed about four, five months back when the statement was made by one of the political parties that Narmada sand was to be looked at. After that prices shot up but again within eight, ten days or two weeks it was again back to normal.

Pratik Kumar: Okay. So, the only issue which was there in UP which also now seems to get resolved, and MP there is no issue?

Management: MP as of now does not seem to be an issue.

Pratik Kumar: And sir, one last question, so do you see anything moving now on affordable housing front in your core markets?

Management: Yes, there are a lot of things which are happening now in UP and MP both, rural low cost housing is getting funds at many places, we have received tender enquiries also for that.

Pratik Kumar: And sir, what will be your gross debt and net debt currently, after Q1? You plan to pay certain more debt during the year?

Management: Around Rs. 600 crores is the net debt and there is no change in the debt as compared to 31st March.

Pratik Kumar: And your payments expected during the year?

Management: \$20 million.

Moderator: Thank you. Our next question is from the line of Navin Sachdeva from Edelweiss. Please go ahead.

Navin Sachdeva: Sir, two questions, one is, sir you mentioned that the sand shortage issue which was there in UP is almost resolved and from October you said we could see it being normalized. So, just wanted to get a sense, in your view because I believe in previous forums also you mentioned that this was one such issue which significantly I think impacted the demand in UP. So, in your view what kind of demand potential do you see in UP in particular after the monsoons, as in what is the growth expectation you have for this particular state?

Management: About 7% growth.

Navin Sachdeva: For second half you are saying 7%, is it?

Management: Yes. For the whole year I think it will click to between 6% and 7%.

Navin Sachdeva: But first half, June quarter it has been negative, right?

Management: First half will be flattish I would say.

Navin Sachdeva: So, since our volumes are down 10% you are saying it is not really a representative of...

Management: Only for the last quarter.

Navin Sachdeva: Correct, so you are saying balance three quarters we can expect...?

Management: Yes, we should expect improvement. Because in UP the pent up demand is very high.

Navin Sachdeva: Okay. So, even though the first quarter was negative in UP, is that a fair thing to mention that first quarter is negative in line with our negative volumes?

Management: I hope so, I do not have the industry figures but as the market sees, the channel partners say that everybody has counted less.

Navin Sachdeva: And still we are saying balance nine quarters we can still expect 6% to 7% growth?

Management: In nine months yes, we should expect.

Navin Sachdeva: And my second question was about the VAT incentives that we get I think Madhya Pradesh state, so wanted to understand that these incentives that we get are refunded on a yearly basis or how do we see a resolution, because every year I think there is some addition to it of something around Rs. 15 crores odd, I mean I am just going by the last 2016 annual report. So, every year we get some accrual to that, so when is this money received, as in it is received on a yearly basis or there is a lag of more than that?

Management: It is on a yearly basis.

Navin Sachdeva: Okay. And do we have any such incentives in the Uttar Pradesh grinding unit also?

Management: We have which is called interest free loan, we get it from UP government.

Navin Sachdeva: And what would be that quantum, sir?

Management: It is small, not big.

Navin Sachdeva: But is it, again, in proportion, when we say interest free loan, is it again in what you say a similar to like 75% to 80% of VAT exemption that has given interest free loan?

Management: No, nothing, it is on investment allowance.

Navin Sachdeva: It is investment allowance?

Management: Yes.

Moderator: Thank you. Our next question is from the line of Sanjay Nandi from Ratnabali Capital. Please go ahead.

Sanjay Nandi: Just two questions from my side, sir can you please share the market share of HeidelbergCement, if possible?

Management: I would say central India would be close to about 10%. I anticipate that is what our MIS says.

Sanjay Nandi: And sir, what is your current rail-road mix in the last quarter?

Management: 50-50.

Sanjay Nandi: And product mix, like official PPC mix?

Management: 100% PPC

Sanjay Nandi: Central India?

Management: Central India we are 100% PPC. At HeidelbergCement if you look at really, it is 100% blended cement, we do not manufacture OPC at all, whether it is in **(Inaudible) 27:43.5** we make 100% slag, in Central India we make 100% PPC, we do not make OPC at all.

Sanjay Nandi: Sir, with the infra thing coming in the light, so do you have any plans?

Management: Yes, we have full off-take from our ISB customers, the selling customers are not allowing, they expect from us a good quality PPC and that is what we deliver to them.

Sanjay Nandi: Okay, they expect PPC grade cement, right?

Management: Yes.

Moderator: Thank you. Our next question is from the line of Kamlesh Jain from Prabhudas Liladhar. Please go ahead.

Kamlesh Jain: Sir, just a question on the part of this maintenance cost, would you please quantify the amount, sir?

Management: Rs. 9 crores.

Kamlesh Jain: And sir lastly, as we have mentioned in the press release that there has been a hike by the UP government or MP with regards to the power tariffs, so now what is the effective rate?

Management: Effective rate for power in MP, I have got an average, about Rs. 8 for MP.

Kamlesh Jain: Sir, like many of our peers and many of the new companies, a lot of expansions that have been made in the region, all are backed by captive power plants. Though we have been asking this question repeatedly in every call, so what is the plan on that part sir?

Management: See, we have to install the WHR of 12 megawatt, so that is already ticking in. So, that takes care of all this significant amount of power for us. West, we do not expect, and we are also looking at future also, solar power and things like that, so we are not looking at a thermal power captive power plant as of now, considering the energy cost one fine morning will not be able to exceed a certain limit and renewable energy will kick in which will be much more cheaper, and then we take it from the exchanges in future the power surplus state condition in the country is definitely there to come in. There are many states which are power surplus, only thing is it is a question of transporting the power from one state to other. And this I think unified system will soon come in, if not now then in few years it should be there.

Kamlesh Jain: Okay. But the renewal power, what time period we are looking at?

Management: Very shortly.

Kamlesh Jain: So, how much of that capacity would be or how much percentage of the requirement will that be?

Management: In Central India it would be about close to 5 megawatt.

Moderator: Thank you. Our next question is from the line of Ritesh Shah from Investec Capital. Please go ahead.

Ritesh Shah: Sir, just one question on the incentives, till what timeline do we have these incentives?

Management: It is up to 2023.

Ritesh Shah: And sir, would it be possible for you to quantify it?

Management: It is 75% of whatever VAT or GST we pay in the state of Madhya Pradesh we get that on incremental quantity which we used to sell till 2013.

Ritesh Shah: Okay. And sir, is there any possibility in which we can extend this incentive if we had to do incremental CAPEX at the same location through any other way?

Management: It is up to the industrial policy of the state, at this moment we have sanctions for ten years expiring in 2026.

Ritesh Shah: Okay. Sir, just forgive me for my ignorance, just wanted to check, the state industrial policy does it come out every five years or ten years to understand this better?

Management: Yes, sometime they modify or they come out with the new policies, at this moment the last policy they did was in 2014.

Moderator: Thank you. Our next question is from the line of Jaspreet Singh Arora from Systematix Shares and Stocks. Please go ahead.

Jaspreet Singh Arora: Sir, just wanted to understand the current pet coke prices.

Management: The price is around Rs. 9,000 per ton.

Jaspreet Singh Arora: And last quarter average would be how much?

Management: It will not change.

Jaspreet Singh Arora: It is flat, okay. So, fair to assume, you mentioned 40% up YoY, so that broad 30% to 40% inflation will be there for full year?

Management: No, compared to June 2016 quarter, last year we could get pet coke at cheaper price.

Jaspreet Singh Arora: Okay, so if you could help with the last full year average, that may help.

Management: We have compared with June 2016 quarter versus June 2017 quarter.

Jaspreet Singh Arora: That is 40% up, right?

Management: Yes.

Jaspreet Singh Arora: So, what I am asking sir, for the last full year which is FY17, if we could help with average number compared to Rs. 9,000 today?

Management: 2017 full year figure I do not have, but the increase is steep, as compared to the full year the increase in current year will be significantly higher.

Jaspreet Singh Arora: Okay. So, fair to assume that the steep inflation in pet coke would continue for most part of the current financial year, right?

Management: This will continue, because the rise has started I think from December 2016. So, even September last year also we got cheaper pet coke.

Jaspreet Singh Arora: Got it. And just on the earlier question, the cement prices have been largely flat from last quarter, but going forward from the utilization uptick in JP capacities, given that we are mostly in the trade market, even if there is a correction that would largely go in institutional category, would you

subscribe to that or given that that is a easier market to cater for any capacity which starts ramping up capacities big time?

Management: I think prices will not be pushed down any further. I can only expect the prices to be on North side only.

Moderator: Thank you. Our next question is from the line of Milind Raginwar from SBICAP Securities. Please go ahead.

Milind Raginwar: Sir, one is, we have been hovering around this capacity utilization of anywhere around on a company basis at about 83% to 87% odd capacity utilization. So, is it that our volume growth is aligned to our capacity or we are looking for something to address this?

Management: Yes, last time I have mentioned this that we are now at a point where we will have to look at some growth in terms of our capacity, because we will be sold out in case the market booms.

Milind Raginwar: So, will you like to put some color?

Management: We could like to do some bottlenecking, minor debottlenecking will come in once we see the market going up we have some upside there. So, we will look at that.

Milind Raginwar: So, can you just quantify that?

Management: I would say you can say we could increase by about 5% to 7% or so easily, with a little bit more push we can go to 10%.

Milind Raginwar: The second question is regarding the incentives, sir. In terms of the receipt of this incentive, how smooth are they?

Management: Pardon, could not get you?

Milind Raginwar: I mean, in terms of the incentives coming from the government, are they as performance plan or they get delayed or something?

Management: No, minor here and there, few months here and there is okay.

Milind Raginwar: So, there we do not face any issues?

Management: No.

Moderator: Thank you. We will take one last question from the line of HR Gala from Finvest Advisors. Please go ahead.

HR Gala: I just wanted to know that as far as the growth for UP which you said should be around 6% - 7% in current year, does it hold good for the entire company as a whole for FY18?

- Management:** You mean to say for the India operations?
- HR Gala:** No, I am saying for the company Heidelberg we are expecting around 6% to 7% volume growth you said in FY18. And you have said with reference to a question on UP demand, I am just saying for the company as a whole.
- Management:** No, this is what I had told you was for the industry we are expecting to clock around 6% to 7%.
- HR Gala:** For industry you said.
- Management:** Yes.
- HR Gala:** Okay. What about our company, sir?
- Management:** We always try to keep it a little notch above that.
- HR Gala:** Okay, so it can be anywhere....
- Management:** Anywhere, ultimately the market is very volatile at this moment to say, because on the monsoon side there are many things which we will have to look at it, how the monsoons pan out.
- HR Gala:** Okay. So, apart from that there are no other issues like you said that the competitive forces etc might not dent the prices going ahead, that is what your expectation is?
- Management:** I do not think.
- HR Gala:** What could be the other drivers for cement industry, sir? Like affordable housing is one, but do you see really more action taking place on the road construction and other things?
- Management:** It does help the industry because it has a load of about 30% on infrastructure, so that really makes hell of a difference and so those things definitely when they come in, plus the rural housing itself in many of the markets, in IHB segment if it picks up, with interest rates coming down I think it will come up. Now, it all depends also on how agriculture is produced and the liquidity in the market.
- 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 (India) Pvt. Ltd, I will like to thank the Management of HeidelbergCement for the call and also many thanks to the participants for joining the call. Margret, you may now conclude the call. Thank you very much, sir.
- Moderator:** Thank you. On behalf of PhillipCapital (India) Pvt. Ltd, that concludes this conference. Thank you for joining us. And you may now disconnect your line.