

8th November 2025

To,
BSE Limited
PJ Towes, Dalal Street
Mumbai – 400 001
Scrip Code: 526521

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

Sub.: Subject: Transcript of Earning Call pertaining to the Unaudited Financial Results of the Company for the Quarter and Half year ended 30th September, 2025

Dear Sir / Madam,

In continuation of our letter dated 15th October, 2025 and 3rd November 2025 regarding Analyst/Institutional call scheduled on 03rd November, 2025, the transcript of the earnings conference call on the Unaudited Financial Results for the quarter and half year ended 30th September, 2025 is uploaded on the website of the Company at: www.sanghicement.com. The said transcript is also attached herewith.

The Web link to access above transcript is as under: [Investors Contact | Sanghi Industries Ltd](#)

Thanking you,

Yours Sincerely,
For Sanghi Industries Limited

Pranjali Dubey
Company Secretary & Compliance Officer

Encl: as above

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Ambuja Cements, ACC Ltd, Orient Cement and Sanghi Industries

Q2FY26 Earnings Conference Call

November 03, 2025



BNP PARIBAS



MANAGEMENT	
	
MR. VINOD BAHETY CHIEF EXECUTIVE OFFICER	MR. RAKESH TIWARY CHIEF FINANCIAL OFFICER
MR. DEEPAK BALWANI – HEAD, INVESTOR RELATIONS	
MODERATOR	
MR. NIRRAUSH JAIN – BNP PARIBAS SECURITIES	

Moderator: Ladies and gentlemen, good day and welcome to the Ambuja Cements Limited Q2 and FY26 Earnings Conference Call, hosted by BNP Paribas Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nirransh Jain. Thank you, and over to you, sir.

Nirransh Jain: Yes. Thank you. Good evening, everyone. On behalf of BNP Paribas Securities India, we welcome you all to the Q2 FY '26 Earnings Call of Ambuja Cements Limited. Without any further delay, I'll hand over the call to Mr. Deepak Balwani, Head of Investor Relations. Over to you, sir.

Deepak Balwani: Okay, thank you. On behalf of Ambuja Cements, I'm pleased to welcome all the participants to our quarter 2 FY26 earnings call. Before we start, please note that this call may include forward-looking statements based on our current beliefs and expectations. These are not guarantees of future performance and may involve unforeseen risks and uncertainty. We remain committed to further strengthening our disclosure standards and improving the quality of our capital market communications to the best in the industry.

What a quarterly performance! Existing capacities increased to 107 MTPA in quarter 2 with EBITDA reaching 1,060 PMT. The total target capacity is now set at 155 MTPA among other several notable updates. We are pleased to have with us on the call Mr. Vinod Bahety, Chief Executive Officer; and Mr. Rakesh Tiwary, Chief Financial Officer.

Now I invite Mr. Bahety to provide his valuable insights on the quarterly performance.

Vinod Bahety: Thank you, Deepak. Good afternoon. On my behalf and behalf of my management team, welcome to all joining us for this second quarter of FY '26 earnings call. Wishing you a very vibrant festive season, which has also got extended with our women in blue, winning the maiden ICC Cricket World Cup '25.

Likewise, trends, I'm equally jubilant to share the all-around robust performance of Ambuja Cements maintaining a strong momentum. This was driven by concerted branding, marketing and other initiatives thereby increasing our customers' preferences for premium products and a larger vibrancy amongst our dealers and supply chain partners.

This resulted in differentiated volume growth and improved realizations, thereby helping us achieve EBITDA of INR1,060 per metric ton, a jump of 32% Y-on-Y, while EBITDA margin stood at 19.2%, uptick of 4.5% compared to last year's of 14.7%. This quarter has been noteworthy for the cement industry.

Despite the headwinds from the prolonged monsoons, the sector will benefit from the tailwinds of several favorable policy measures, including GST 2.0 reforms. Likewise, this quarter has been instrumental for Adani Cements. Our group synergies and efficiency measures have started yielding results. Total costs reduced by 5% Y-on-Y led by Kiln fuel cost at INR1.65 per 1,000-kilo calories, and this is excluding the AFR.

If I include the AFR, it becomes INR1.60 per 1,000-kilo calories. At INR1.65, excluding the AFR, it is lowest among the peers, and it is likely to sustain/further reduce with increasing trend of AFR. Exit of FY '26, we are targeting to deliver total cost of ~ INR4,000 per metric ton, which is 5% reduction from current levels of ~ INR4,200. The exit of September has been ~ INR4,200 cost per ton, which I'm targeting to deliver at INR4,000 by March '26.

Likewise, in FY '27, we aim for a 5% reduction and another 5% in FY '28. So, by end of March '27, we are aiming to hit INR3,800 a ton. And by end of March '28, it would be around another 5%, which will be INR3,650 per ton. Another important initiative we have launched during this quarter is the debottlenecking of our plants and the logistics infrastructure.

These debottlenecking initiatives across the plants will add 15 million tons in our capacity at a much lower capex of \$48 per ton. And this capex is on an integrated investment basis. There were some questions I want to clarify. This \$48 per ton is on an integrated basis, which would be in a combination of GU and IU investments. This is the combined capex for clinkerization plus grinding, as I mentioned.

With this additional 15 million tons, we now revise our target capacity from 140 to 155 by FY '28. Simultaneously, my clinker capacity also goes up from the current target of 84 million to almost 96 million tons by FY '28. In addition, friends, we have also initiated logistics debottlenecking and this will improve current capacity utilization by 3%, so which would mean that my current 107 million tons will have a better evacuation of 3 million tons. And this, we will achieve in over 24 months.

We are also installing 13 blenders at our plants over a period of 12 months, which will optimize the product mix and increase the share of premium cement, and thereby improving our overall realization. Very importantly, we have launched CINOC, C-I-N-O-C, Cement Intelligent Network Operations Center.

This will enable a paradigm shift across the business operations. AI will run deep into our enterprise fabric, bringing efficiency, productivity and deeper engagement with the stakeholders across the value chain. As a business, we are getting younger by the day with our average plant age falling by almost 50% by FY '28.

Our average age of employees has also substantially improved from where we started and now we stand at almost 38 years. Integration of Penna and Orient Cement has been of the fastest, I would say, wherein the entire sales, except the initial few days for Orient, otherwise, the entire sales has been under the Ambuja and ACC brands. This has been well received by the customers,

supply chain partners. This has also resulted into sharp improvement in the profitability of these companies.

Adani workplace management system has been institutionalized and helping to reinforce plant working conditions and overall help on reliability, environment, safety, quality, which we call it as a rescue program. We are also engaging and investing in R&D and technologies, which will provide an edge in our ESG scores improvements.

Such programs have also helped us in the past to provide cement for several marquee national projects, the most recently Navi Mumbai International Airport; a few months back, Chenab single-arch railway bridge; the upcoming world's tallest temple, amongst so many other projects.

In terms of the consol financial performance, friends, I'm happy to share, we have achieved highest ever sales volume in Q2 series at 16.6 million tons, up 20% Y-on-Y, which is almost 5x higher in terms of the industry average, which has grown at the industry level, the 4%, we have grown 20% Y-o-Y. Market share is also up 1% to now 16.6%.

Revenue stands at INR9,174 crores, up 21% Y-on-Y, and there has been a price gain of 3%. This is also supported by share of premium products as a percentage of total trade sales at 35%. However, if I look at the expanded volume of the premium products on the larger capacity, there is an overall growth of 28% Y-on-Y of sale of premium cement.

Cost has improved by INR238 per metric ton Y-on-Y. This has also supported in achieving the quarterly EBITDA of INR1,761 crores, which is up 58% Y-on-Y. Profit after tax is at INR2,302 crores, up 364%. And of course, you will have some or a few questions on onetime INR1,697 crores of profit provision for the tax write-back and all, which I have already highlighted in more detail in the investor deck.

But even if I exclude that, there's a onetime substantial improvement on the profit after tax. Earnings per share is at INR7.2 per share for the quarter, which is up 267%. Net worth at INR69,493 crores, up INR3,057 crores for the quarter and company remains debt-free with highest rating of CRISIL AAA Stable and short-term A1 plus ratings, we have maintained that.

In the interest of time, friends, I will not discuss the standalone financial performance of the listed companies, as these details are already available on the stock exchanges. In terms of the operational excellence, Green Power shares has increased to 33% in second quarter, with renewable energy capacity at 673 megawatts expected to reach almost 900-megawatt by the end of this financial year and 1,122 megawatts by FY '27.

We also strengthen the ecosystem engagement through collaborative efforts with CREDAI initiatives like Nirman Utsav. We launched the Adani Cement FutureX and which covers almost 400 academia, both schools and institutions over covering 4 lakh students. We deepened our B2B engagement with initiatives like Samvaad. Then we launched Dhanvarsha, the CEO Club platforms and some of this you -- some of you would have already experienced it.

Strategic partnership with CONCOR for the movement of the tank container it will support in terms of net zero emission commitments. And also, there will be opportunity of setting up the bulk cement terminals. In terms of my growth and expansion journey, friends, my current capacity stands at 107 million metric tons. And this is cement for so far as clinker is concerned, it is almost at 65 million metric tons.

The ratio is generally around 0.6% to 0.62% of the cement. Our FY '28 target, as I mentioned, has been revised to cement at 155 million tons and clinker almost at 96 million tons. This incremental 15 million tons, as I mentioned, comes from debottlenecking at a much lower capex on the integrated basis.

Greenfield and brownfield expansions progressing quite well at Salai Banwa, Marwar Mundwa -- sorry, Panna Marwar, Dahej, Kalamboli, Bathinda, Jodhpur, Warisaliganj, all of them will be up and running by end of this financial year. Three of them will be coming in Q3, which is Salai Banwa, BCCI and one more, which is Dahej. And rest will be coming by end of this financial year.

Trial runs have started for the Bhatapara clinker line, which is 4 million tons. While I already announced the operation of Krishnapatnam 2 million tons of grinding unit, which takes up my capacity to 4 million tons at Krishnapatnam. We are adding so almost 11.2 million tons in FY '26, and we will be hitting almost 118 million tons by end of this year. By FY '27 and FY '28, we should be then in a good shape to achieve 155 million tons.

For this disciplined capex management ensures timely execution, scale profitability, and the optimize of the operating leverage. On the cost leadership front, which is our key focus area and from the beginning, we have been highlighting this. Our cost has reduced by almost 5% Y-on-Y, primarily led by the kiln fuel cost. And I mentioned the numbers.

In terms of my second half, by end of this financial year, we should -- and we are actually aiming at almost INR4,000 a ton followed by INR3,800 and then INR3,650 by FY '28. Green Power share is up by 14.3% to almost 33% in Q2, and it is progressing very well. So, by FY '28 we should be hitting 60%, in line with our earlier announcements. This will help me to achieved almost INR1.5 per unit cost reduction from my current levels of INR6 to almost it should be hitting INR4.5 by FY '28.

The efficiency factors in terms of the kiln heat consumption and the power consumption are going to improve with the additions of the new capacities which are with the latest technologies. The Kiln fuel cost, including the AFR reduced by 2%, which I mentioned to INR1.60 and so and so forth.

So, as far as logistics is concerned, logistics, the primary lead distance is down by, say, 2-kilometer and now stands at 265 kms, and we're expecting another 50-kilometer reduction as we expand our geography in terms of the GUs. For this quarter, logistics cost has come down by almost 7% Y-on-Y at INR1,224.

CiNOC, which is a key subject which we are working in terms of digital transformation and that is something which I will invite some of you to actually experience it. Because that is instrumental in terms of bringing a paradigm shift in my day-to-day business working, efficiency, transparency and real-time collaboration across the value chain with the stakeholders.

From the ESG leadership perspective, friends, we have noteworthy improvements right from SBTi validating us for the near term to long term and lots of developments are happening in this regard. I had mentioned earlier, we have signed an MOU with the Coolbrook of Finland, and things are progressing quite well. We are water positive 12x on an annualized basis. Plastic negative and in terms of tree plantations and so on and so forth. Lots of works are going from an ESG perspective.

CCTS augurs very well given that the new capacities are very efficient one. Then, therefore, it will help me -- it will help the business in terms of generating positive carbon credit and which will be also incremental in terms of generating income as and when the overall model matures. As per my rough estimate, it should provide at least INR200 crores to INR225 crores additional income by virtue of positive Carbon Credit as and when this framework gets more mature. This has calculated at \$8 to \$10 per ton of the Carbon Credit.

So far as people at the core, we are actually building a future capability by blending the fresh talent with digital skills and a culture of ownership and continuous learning and empowering our people to deliver results. Lots of initiatives and actions are being done for community and social impact. We are also putting lots of efforts on brand and stakeholder engagement.

The Brand Track Research with IPSOS. IPSOS is the agency, and it has revealed -- recently the report which has come, it has revealed quite positive trends in top-of-the-mind awareness and strong Adani brand association. By the way, some of you would know that now Adani brand has got shipped into our overall cement business, and it is giving us quite positive results.

And so, the synergies are really bringing that positive trend in the business. We have through digital and mass media, we have touched this almost 300 million individuals, pan-India. And the series of initiatives like Heroes of Adani, and so and so forth, for example, which are available on digital platforms. And I'm sure some of you have seen it, it brings quite stories of -- vibrant stories of our dealers and brings a very close emotional brands with -- connect with them.

Technical Services, which is like a very important focus area, which was initiated long back within, say, Ambuja and ACC, that is like seeing a very robust trend. And we have now, this year, 35,000 contractors enrolled, almost 14,000 sites, what we say, Adani certified technology sites, which actually uses -- purely are premium cement and these numbers are growing. And we do lots of workshops and lots of technical events.

On the industry outlook and my closing thought, friends, cement demand, I remain bullish. In Q2, although it was moderate and grew by -- at the industry level, say, 4%. But my overall yearly

target remains between 7% to 8%. GST reduction of -- from 28% to 18%, where all the benefits have got passed to the customers.

And I'm sure this will bring more demand for especially good brands like Adani Cement and more so, the demand for the premium cement. There is an improved economic sentiments, higher investments in both public and private sector. And in summation, it augurs very well for the industry. I would now hand it over back to the moderator for the questions and answers. Over to you, BNP team. Thank you.

Moderator: Thank you, sir. Thank you very much. Ladies and gentlemen, we will now begin with the question and answer session. Our first question comes from the line of Amit Murarka from Axis Capital.

Amit Murarka: Sir, the first question is on cost. So, while it's a great reduction in the cost. But just wanted to understand a bit more on other expenses. Because like usually like other expenses per ton as well are dropping in Q2 versus Q1 given that Q2 is a maintenance quarter. Just wanted to understand, like, is it like lower kiln maintenance has happened in Q2? Or is there some other factors like lower advertisement spend and all, which has driven down other expenses?

Vinod Bahety: No. So, Amit, thank you. So, you are referring to so far as other expenses of INR774 a ton versus INR712 a ton. And this primarily, Amit, no, of course, the kilns have gone through maintenance and the benefits of the -- this maintenance will actually come in the coming quarters. Costs, for example, remains a focus area for us, Amit. And therefore, this reduction of almost INR62 per ton comes from the improved synergies and efficiency gains.

In terms of -- we have also improved our overall sales promotion and marketing strategies with a very analytics-driven branding and sales promotion, which with the more effective media than the costly media. So, for example, you will see more of us into lots of digital and other footprints. So, I would say that other expenses is a factor of all of these initiatives, but nothing to worry about any maintenances, et cetera, which have been underplayed in this quarter.

Amit Murarka: Okay. Sure. And just secondly, on the working capital, like your cash flow statement shows an increase of about INR2,000 crores in working capital in the 1H. And even earlier, like last year also, we saw some increases in working capital. So, just wanted to understand like, what is the reason for this increase? Is it like some receivables, some advances, what would really be the reasons for this?

Vinod Bahety: So, yes, Amit, so far as Q2 is concerned, there are two factors. One is, yes, receivables, when you have a higher degree of sales on the non-trade side, and Q2 being generally subdued given the monsoon and all. This tends to increase your overall receivables to the B2B customers. Second is the overall inventory. And somewhere you will find our response is that, there is a higher closing stock of both finished goods.

And also, when you said about maintenance, so a higher stock of the spares and consumables, which is there, for example. So, I have the numbers. But essentially, this year INR2,000 crores is a combination of these three factors. And then, what we have done is, as part of the mitigation, we have built up almost 2, 3 months of coal inventory. And if you see, this has moved very well in our favor.

So therefore, even for Q3, I'm optimistic to sustain the coal cost and remain the lowest cost on the kiln coal in the industry. Because of this inventory of coal also available to us, which is at a lower price. So, coal, finished goods inventory, then inventory of clinker, then inventory of stores and spares, and then, of course, receivables, which are also tends to go up when it comes to quarters like September. And then, these are like the factors, but I have a very strong improvements of plant in the Q3 on this front.

Amit Murarka:

Understood. Thanks for the elaborate response. And just a very last question on the debottlenecking. While the cement debottlenecking plant wise, I think is given in the presentation, you mentioned that there is clinker debottlenecking also. Can you provide maybe further details on that as well as to which units will see the debottlenecking at clinker level?

Vinod Bahety:

Yes, yes. So, like we will be setting up another three kilns, Amit, almost 12 million. So, earlier, we had given 80 million -- sorry, 82 million -- sorry, it was 84 million tons for FY '28 target, if you remember. And now that 84 million is becoming 96 million. Generally, my kilns are 4 million tons. So, three more kilns will come up.

Broadly, I remember one is going to come up in Bhatapara itself. So, we have like two major blocks over there. One is the existing Bhatapara, and second is Chilhati, which is about, say, 25-odd kilometers from Bhatapara. So, Chhattisgarh is like one area which we have sizable limestone reserves. We are going to look at that.

Then one more, for example, we have plans in terms of -- as we improve and progress is like Sanghi, which we will announce in due course. But these are like my low -- potentially low cost, Sanghi, for example, has all the potential to become one of the lowest cost of clinker. So, it has all the good probability of me setting up clinker there.

Bhatapara, it has been our strength, and a few more, for example, which will come up. So, North and West primarily, for example, remains where we have a substantial strong advantage, and we have -- we have also seen a significant improvement in terms of our brand loyalty. These are like geographies, which we'll see these expansions coming up.

Moderator:

Our next question comes from the line of Navin Sahadeo from ICICI Securities.

Navin Sahadeo:

Congratulations on a good set of numbers. Two questions. One is on debottlenecking. So, if my memory serves me right, under the previous management, we never really heard ACC Ambuja doing any sort of debottlenecking, while every other company would have thrived on this

opportunity. Now in the presentation, you've given 13 locations, whereas I believe you have 45, 46 locations in total. So, just wanted to understand...

Vinod Bahety: Navin, you're not audible, we lost you.

Moderator: Please go ahead with the question.

Navin Sahadeo: Sorry, I lost, again, and I'll just repeat the question. So, I'm saying that if my memory serves me right, historically or in the previous management, I mean to say, there was never a debottlenecking kind of a thing, which we heard from ACC and Ambuja. And now that we are hearing and congratulations for that. But my question is, it is at 13 locations.

So, is it fair to say that this is all that we have identified or given that we have 45, 46 locations, there is more scope. And in the same breath, you said we are adding new kiln -- new clinker lines altogether. So, this is not per se like debottlenecking of clinker in that sense. We'll be adding new clinker, whereas adding more mills to get cement capacity. If you could just help us understand this overall debottlenecking, a bit of it?

Vinod Bahety: Yes. Thank you, Navin. I think, debottlenecking in cement, first of all, we should know that how it happens. So, like some of our plants which are having the roller press and with -- sorry, with some of these plants which have the ball mills, for example, you actually put up a roller press also, which will complement with this ball mills, and that actually helps you to have a higher grinding capacity. So, that is like a simplified way of explaining the debottlenecking.

Now, this is -- yes, we have identified 13 locations and which would mean that these 13 locations would have the ball mills and which would be complementing with the roller press. To your point of -- this is like our Phase 1, Navin, and which comprehensively covers it. But whether we will have more of them, yes, we will, I think, down the line. But right now, these are like low hanging fruits for us to immediately move on that.

So far as clinker is concerned, clinker for us, for example, we will keep adding it to also meet our expanding GUs and also these additional capacities of the debottlenecked assets. One-to-one mapping, you would not do, because these are like all phased manners. But suffice to say that we are now going to add up almost three more lines, which would take my clinkering to almost 96 million tons. And as I mentioned, that Bhatapara and Maratha will be commissioning sooner. And Penna Marwar also will be commissioning sooner.

So this month, for example, we should be having light up of Penna Marwar as well. So, every passing quarter, we are seeing a good movement of clinker capacity additions also. So -- but what comes first, for example, that is like a complete detailed planning. We will be well balanced on clinker and GU at 155 million tons.

Yes, third, in the same brief, then I would say debottlenecking of logistics. Now this 3%, when we look at it, because we have the grinding, but sometimes the evacuation becomes a bottleneck

and therefore, this exercise, which has been done quite extensively through consultants and all. And this 3%, which will be straight 3 million tons of unlocking of capacity through logistics debottlenecking will get complementary to us.

I would say then when we say blenders and all, it is nothing but in a way, debottlenecking of the product portfolio, because otherwise, the silo storages and all are very that way like limited to any plant, you cannot have unlimited storages. And therefore, when you can have blenders and all, it will help us to have much more optimized product balancing and move into the premium cement.

All of this actually helps you to unfold the overall capacity. But clinical debottlenecking also will come through and for which we are actually doing studies around that. And I will come separately on that aspect. So, my current 65 million tons of clinker capacity, would definitely also have a scope for debottleneck. Yes?

Navin Sahadeo: Thank you for clarifying, because I just want other clarification I thought that existing clinker, you're saying there is scope to debottleneck in that as well?

Vinod Bahety: Yes. Navin, like, Sanghi at 6.5 million tons. Now, Sanghi, for example, the 6.5 million -- typically, these kind of plants always have a 5% to 10% of in-built cushion also, Navin, for example. And when I speak to my technical guys, they tell me that if things all go well, Sanghi can actually produce 7.5 million tons. So, I think in cement, the plants have inherent and intrinsic in-built capacity for debottlenecking. To start with, these are like low-hanging fruits for me on the grinding and clinkering will also follow soon.

Navin Sahadeo: Understood. Sir, my second question then was on the maintenance cost. So, in the last couple of quarters, the other expenses was on the higher side and reason given was that acquired assets like, there is a higher maintenance for the acquired assets, so to say. Now in this quarter's press release, you have mentioned that these -- maintenance of these acquired assets is largely completed.

Now what I wanted to understand from you is that given the backdrop of digitalization or AI integration and also the overall like modernization initiatives that the company was taking. Will this other expenditure continue to be on the higher side or this is where we can say that it has peaked out and now it will taper down from here on?

Vinod Bahety: Thank you. I won't say this picked out, because the digital initiatives have to step in, Navin. In terms of, let us say, the operating leverage benefit will surely help you to get the benefit in the coming quarters. So, when it comes to utilization of Penna or Sanghi, for example, which are still lower as compared to our estimates, for example, and therefore, the benefits will surely flow in.

But that is the advantage of the operating leverage. But so far as technology is concerned, and that is where comprehensively, we are doing at the plant level and at the business level, those,

for example, will step in maybe at least 2 quarters, I will require to bring a strong revamping of the foundation and then put on the additional layers of the AIs and all platforms.

So, like these initiatives have been launched, they will bring marginal improvements apart from the operating leverages, which I mentioned. But the real improvements will begin from the next financial year. However, my optimism for INR4,000 a ton by end of this financial year remains there in terms of the overall total project cost.

Moderator: Our next question comes from the line of Rahul Gupta from Morgan Stanley.

Rahul Gupta: A few questions. So first, continuing on the previous question, you reported around INR70-odd per ton of additional cost on back of both sales promotion. And second, on maintenance. Now how much of this 70-odd would continue over the next two quarters? So that's my first question?

Vinod Bahety: Yes. Rahul, INR70 per ton will proceed now with improved volumes coming from some of these acquired assets. And because we are doing it in a very systematic manner. And therefore, some of the time which -- some of these assets, for example, Penna and Sanghi have taken, now that investments have gone, results will start flowing in. So, far as the brand is concerned, see, that is like a very continuous exercise.

And therefore, you will see more benefits coming from it with a higher share of premium cement. So even, for example, when I say that this will be maintained, sustained and improve in terms of cost for marketing and sales promotion. But the delta effect, for example, when I look at it, it is far, far superior.

The Y-o-Y growth of 20% volume, for example, or even if I remove the acquired assets, the Y-on-Y growth becomes 11%, which outbeat the industry in all means. And that is actually, for example, I would not be so concerned about that. I would be rather looking at how it is helping in my overall metrics of revenue and the overall EBITDA and the premium cement so and so forth. So, the opex part for the maintenance will now be controlled, sustained and reduced with the benefits of the improved capacity utilization for the acquired assets.

Rahul Gupta: Got it. My second question is, just help me understand, it's more like a clarification. When you say that you would exit the year with INR4,000 per ton of cost, is it fourth quarter end? Is it March end? Can you help us understand that? And secondly, when you say INR3,650 by fiscal '28, is it the full year or March '28 or is it a fourth quarter March '28? Any clarification over here would be very helpful?

Vinod Bahety: Rahul, I would say, pick it as March. So, like INR4,000 is exit of FY '26. Therefore, pick it as March '26, likewise, March '27 and then March '28.

Rahul Gupta: Got it. Got it. One final question is, your RMC business is ramping up quite fast. If I look at the numbers, fiscal '25, share of RMC was more like 4% in overall revenues. This has become around 4.5% in first half. How should we look at this business from second half perspective and

next couple of years' perspective? At what level share of RMC revenues would stabilize? That's it from my end?

Vinod Bahety: Good observation, Rahul. So, like RMX is building up quite well for us. And on a full-blow basis, let us say, FY '28, and when I say in terms of my cement consumption in RMX, which will give you that glimpse, it would be around, say, ballpark around 5%. So, 5% of my full-blow capacity of cement RMX will consume, almost we are targeting 365-odd RMX plants in next couple of years. And good thing is now RMX has also built up quite well on the EBITDA margin as well. So, yes, around 5% by FY '28 for the cement consumption in RMX.

Rahul Gupta: And how much does it reflect into your revenues, if you can help us understand?

Vinod Bahety: In terms of revenue, I think...

Rahul Gupta: Or let me put -- let me ask this way. What would be the cement consumption of RMC right now?

Vinod Bahety: Cement consumption of RMC is quite, right now, around between, say to, around 2% odd. And as I said, this is ramping up to go up to 5%.

Rahul Gupta: Okay. Got it. Thank you so much.

Moderator: Our next question comes from the line of Manish Somaiya from Cantor Fitzgerald & Company.

Manish Somaiya: Congratulations again on a good set of numbers. There's been a lot of discussion about costs, and maybe I'll switch to volume growth. I think you had 20% volume growth in the latest quarter. And obviously, the industry is growing at much less. My question is, how sustainable is this growth? And then secondly, as you sort of go upmarket, go more premium, how are you balancing pricing and volume?

Vinod Bahety: Thank you, Manish. A very interesting question. I would go with the last quarter and the current quarter trend, Manish. Last quarter also, we delivered 20% year-on-year and this quarter also 20% year-on-year. Now in terms of sustainability, I think quite bullish to achieve double-digit growth may not be 20% when the acquired assets mature and therefore, the base goes up.

But surely double-digit growth is what we are targeting on strength of the strong brands what we have with top of it, now the Adani brand also getting shipped into it. So far as the whole structure, when it comes to premium cement versus the overall volume growth, Manish, that will get very well balanced out.

And there, for example, we are looking at both the market share on one side and also the proportion of the growth of our premium cement, both will go very well. And we'll see a good level of progression. And I will be looking at double-digit growth for next many quarters from here. With the kind of capacity expenses and what we have, already planned.

Now for example, from 107 million tons, we are growing to 118 million tons by end of this financial year, then almost like around 130 million, 135 million tons by FY '27 and 155 million tons by FY '28. So, the capacity itself is growing by almost 10% to 15% every year. Therefore, I'm bullish about double-digit growth.

Manish Somaiya:

My second question is, as you talk about the integration of Orient, Penna, Sanghi, how should we think about volume growth, margin growth, and market share growth over the next, call it, 12 to 15 months? If you can help us understand, that would be really helpful?

Vinod Bahety:

Very interesting. Thank you again, Manish. See, I also highlighted, excluding the acquired assets, my EBITDA is almost at the base capacity at around almost INR1,189 per metric ton. But with the acquired assets, which have -- which are right now giving me lower EBITDA. So, let us say, the EBITDAs for Penna and Sanghi, for example, although there's an MSA and all. But with the capacity utilization improvement, they should also get closer to the current levels.

And even if I expect it to achieve 4 digits, we see a very healthy improvement in terms of the EBITDA to sustain 4 digits and then to grow from there. And target of FY '28, we had given our aim to achieve INR1,500 EBITDA. And that is where, for example, these acquired assets will mature apart from all our initiatives on the efficiency on the debottlenecking on the Green Power and so on and so forth.

That also, for example, entire table, which we have given in the Investor Day, the journey of a reduction of INR400 of cost and this INR400 is from my exit of March. So, like INR4,000 exit of March minus INR400, INR3,600 is what for example, INR3,650 will actually come in. So, EBITDA, I'm optimistic to achieve for this acquired assets also healthier and now that investments have gone into the maintenance and all.

And there's also very good uptick in the demand in those clusters, for example, we are seeing a very healthy uptick of demand in the Western market where Sanghi is there. We are seeing a very positive uptick of demand in the southern markets, for example, where Penna assets are there. And of course, Orient caters to West as well as to South, but primarily to West, which is again a very healthy, high contribution, high EBITDA market like Mumbai.

So, I think acquired assets are doing -- Orient has got one of the best like profitability and all within a short period of time and Penna has also picked up quite well. Sanghi is now going to swing into a very substantial positive zone from this Q3 in terms of capacity and therefore, like from overall performances. I hope I've addressed your point, Manish, on both EBITDA and then the capacity in the acquired assets.

Moderator:

Our next question comes from the line of Raashi from Citigroup.

Raashi:

Just a couple of questions. On the balance sheet, you did talk about the working capital. Could you just give the bridge of the cash reduction from June until September?

Vinod Bahety: From June to September, Raashi, for example, I have in the investor deck given you that the bridge from March to September, right? March to September. So, if -- can I just refer to the particular page, particular -- yes. So, if you go to the slide number -- this slide is right? Slide 37.

If you please go to the Slide number 37, Raashi, over there, there's a bridge in terms of the starting point, which is INR10,125 crores and the closing cash of September, which is INR1,813 crores. In between June, there was this INR2,971 crores and there is this capital market event of acquisition of INR5,910 cr of Orient. And then there's a whole lot of investment activities of capex programs and likewise. So -- but if you have any specific details on this Slide number 37, I will be happy to answer. But this bridge is there in terms of cash flow.

Raashi: I just wanted to understand INR2,971 crores to INR1,813 crores?

Vinod Bahety: INR2,971 crores to INR1,813 crores. Okay. Give me one -- a minute more. But if you can come up with your next question, and I will just dig on those details.

Raashi: So, the overall utilization was how much in this quarter?

Vinod Bahety: Utilization of capacity?

Raashi: Yes. Including all your acquired assets.

Vinod Bahety: So, including all the acquired assets on a consol basis, Raashi, it will be around 65% to 67%. And of course, therefore, I have the benefit of to improve it further. Even at 65%, for example, we are in the volume numbers and the advantage of operating leverage will flow in for the coming quarters. Yes. So, it's around 65% to 67%.

Raashi: Also, like you mentioned that Penna was there in last year only for 45 days. And Orient was not in the base. So, if I were to exclude both these, would you have grown in line with the market? Or would you have gained market share this year, this quarter?

Vinod Bahety: I would have grown almost, Raashi, 2.5x better than market. Industry average at 4% growth without Orient and Penna, I would be at 11% growth.

Raashi: Okay. If I take Penna for 45 days and no Orient, it's a 11%?

Vinod Bahety: Yes.

Raashi: Got it. And just, sorry, one more question. On the clinker expansion that you're talking about from 84 million to 96 million tons. Is this -- do you have a breakup of...

Vinod Bahety: Raashi, not able to hear you, please? Can you just repeat.

- Raashi:** Sure. The cement expansion, you've given us, the debottlenecking expansion. The clinker debottlenecking that you were talking about is the 12 million tons, that's 84 million going to 96 million. Any of this is in ACC or the whole thing is going to be in Ambuja?
- Vinod Bahety:** That is not debottlenecking, Raashi. I told debottlenecking on the clinker will come out with more comprehensive separately. That was for the incremental lines which I mentioned to Navin.
- Raashi:** Okay. Alright. Those are my question. Got it. So, for debottlenecking -- sorry.
- Vinod Bahety:** No, okay. You continue, then I would respond on your cash and the difference between .
- Raashi:** Yes. So, just if I can just -- if you could just repeat the clinker expansion. So, we're going to get with 73 million tons of clinker by FY '26, right? By the close of FY '26. And then, what are the next steps from there? 73 million goes to?
- Vinod Bahety:** That is true. 73 million goes to almost -- now FY '28 numbers will go to around 96 million. And in between FY '27, I will just let you know. But coming to your -- like just give me FY '27 clicker. And so far as, because you'll have Marwar and all, so another you put, say, two -- 8 million tons in between. So from 73 million becomes 81 million and from 81 million, it becomes 96 million, Raashi. This is the journey.
- So, far as cash and cash equivalent is concerned from INR2,971 crores, majorly it is going in terms of the capex program. Almost INR1,400 crores is actually from capex program with respect to all these ongoing capex. So, which are going to get commissioned in Q3 and some of it is going to get commissioned in Q4.
- Raashi:** Got it. So, INR1,400 crores was the capex in the second quarter and INR2,800 crores is for the first half, the capex?
- Vinod Bahety:** Yes. So, my hit rate for -- average hit rate for the quarter is almost INR2,000-odd crores. And we hit almost INR8,000 crores of capex program in a year. So, that is right.
- Moderator:** Our next question comes from the line of Ritesh Shah from Investec.
- Ritesh Shah:** First question, three parts. Sir, somewhere in the mail, we have written that we will be adopting latest technology on new capacities. And it will improve operational efficiencies. And also it will reduce the average age of plants by 40%. Sir, how should we read into this? One is, if you could elaborate on the technology.
- The second is on the operational efficiency, what you indicate on heat and power, if you could quantify something? And third, basically, I presume average age of plants, that's only because of the new assets, nothing to do with the old assets? If at all with the old assets, would we need to reassess the residual life of the plant and hence, also depreciation going forward?

Vinod Bahety:

Ritesh, one by one. Let's -- first, your question is in terms of the efficiency. These technologies, for example, when we say latest technologies, they are all like the 4 million tons of clinker, for example, when you look at that, the heat factor, the heat consumption comes to almost 680-kilo calories, yes?

And compared to that, for example, the existing heat consumption is almost like around 730 kilos to 740 kilos. Now that straight away, for example, this new clinkering lines will give the benefit in terms of the averaging the heat consumption. When it comes to power consumption, I'm aware of that our power consumption is slightly higher than the industry leaders and peers.

And that is where precisely we have an advantage to catch up on that. Typically, for example, if the current consumption is upwards of 60 units on an average, the latest assets -- basically overall, say, investments, they will bring -- the new assets will come at less than 50 units per ton of, say, clinker.

Now -- and effectively, when you look at composite basis also, both cement and clinker, it will come down substantially. So nothing, for example, the only thing is when you add up the new investments, new assets, it will help us to improve the overall average of new plus existing ones.

So that is like where, for example, we see a good advantage what we have. Despite a little old assets or higher average age, our current performance, therefore, has to be looked upon in that context. And then the improvement plan has to be seen in that context. That scope for us to improve. And hence, I this time mentioned, 40% reduction which happens in my overall average age by FY '28 when we go for these expansion plants.

You've had a couple of other questions, Ritesh. So therefore, for the journey of this INR400 a turn, you will find INR250 in terms of power and fuel. And these are like factors of consumption apart from mitigating in terms of the rate and all, which we have demonstrated. What is your second question, Ritesh, I'm missing that.

Ritesh Shah:

Sir, just a related question. So would we look to reassess the useful life of the assets that we have after the debottlenecking and equipment upgrades that we are doing?

Vinod Bahety:

No. So, we have done that, Ritesh. I think, one or two assets, for example, we will look at mothballing and I will separately share with you the details -- with all of you separately with the details, but that is like insignificant in the overall scheme of things. So, for example, we constantly do that in context of the market share and the overall additions of the new assets.

So, as and when the new assets keep adding it, we will look at the -- some of the variable assets in terms of mothballing, and then look for another level of expansion programs in those areas. Yes? But for right now, all my assets are up and running.

Ritesh Shah:

Sure, sir. This is quite useful.

- Vinod Bahety:** For Wadi, we have -- for Wadi, the line number 1, for example, I did mention to all of you before, we have stopped using Wadi line number 1, but that doesn't really affect any kind of a source of clinker, et cetera, because that was pretty, pretty old, and we have dismantled it.
- Ritesh Shah:** Sure. Sir, second is just to have the comfort on the timelines for the commissioning. Because when we look at one of the slides, what we just -- when we compare it with the prior quarter, we find six of the projects, there is a delay of a quarter. This includes Bathinda, Bhatapara, Maratha, Salai Banwa, Jodhpur, Krishnapatnam. Sir, how should we read into this or is it something like, it will come on the revised timelines. Sir, how should one get more confidence over here, please?
- Vinod Bahety:** Again, for example, you have torrential rains and you have, what say, flood-like situations across many parts of the country. And therefore, for example, some of this has become a result of some of the factors of delays. But generally, like, for example, when I, for example, say anything operational, I look at commercial operationalizing of the plant more than basically trial run and all.
- Therefore, for example, you will find meaningful outcomes of all this, for example, ongoing when the commercial production will start, definitely before the Q4 and start giving us the benefits. So, some of them are seeing at different stages of their pre-trials and all. And the trials will commence and then commercials will start coming in. So, I don't see any unreasonable delay. These are all part and parcel of the situations when you have rains and other issues.
- Ritesh Shah:** All right. Sir, if I can squeeze in one. Sir, you gave a very interesting data point that the average age has reduced by -- it has reduced to 38 years. Sir, how are you reading into this particular number? Like is it natural attrition or is it hiring younger workforce. How do you map it with the productivity of the firm? How are you looking at this number?
- Vinod Bahety:** This is important. This, I would love to answer this. I think, what we have done is now, we kind of hire program, for example. So, we have hired almost 1,300 GTs and DTs and who are going through a very well structured program of training almost by end of this year, they will complete 1 year. And they will be available in terms of absorption, right, number one.
- I think we are putting a lot of good focus in terms of the holistic training across our -- the various functions in the entire business. I see productivity has been improving substantially. And on top of it, when you put the layer of technology.
- Therefore, for example, if you look at the HR cost per ton of cement, you will find Adani Cement HR cost is one of the most efficient compared to my peers and all. And I think the productivity will further improve once the digitization will ship in on a full-fledged basis.
- Moderator:** Our next question comes from the line of Pathanjali Srinivasan from Sundaram Mutual Fund.
- Pathanjali Srinivasan:** Sir, Congrats, sir, on a good set of numbers. I just have a couple of doubts. One is we have done a very good job in ramping up our capacity from the time we've acquired assets, and we are

going towards the cost reduction journey. What is be hurry for us to expand very fast given that we are in a very good position where we are and our utilizations slightly dropping because of this?

Vinod Bahety:

Okay. Pathanjali, thank you. I think you have a right observation in terms of the growth what we have achieved from 67.5 million when we acquired in September '22 to now 107 million. So, almost like 1 million tons per month is what we have grown. But in terms of ramp-up, I think from beginning on first day of the board meeting we have announced, we will go up to 140 million tons, and we are well on our journey to achieve that. There is quite organized and well-articulated strategy around that.

What we have now just added is this 15 million tons of debottlenecking, which will take me to INR155 million. And again, this will substantially help me in terms of the overall efficiency and advantage of operating leverage. So far as capacity utilization is concerned, I don't think that is a concern so far as brands like Adani Cement, Ambuja and ACC is concerned.

I think, from a capacity pricing perspective, we have more have been spending time in terms of the reliability of the machines, especially for the acquired assets post our Ambuja and ACC, more so like Sanghi and Penna, for example. And therefore, I told you, Sanghi will have a sizable uptick in terms of capacity, so is Penna in coming quarters. And I'm quite optimistic on this part. So, I think our share of market will continue to go up.

As of now, this quarter, we have increased by 1%, and our target is to hit almost 20% to 22% by FY '28, and this will continue on support of a very strong supply chain. For example, right now, we are having almost 29,000 dealers, more than 50,000, 60,000 retailers and almost 7 lakh contractors. They're all, for example, quite bullishly looking at the business and the business prospects on the strength of Adani Ambuja and Adani ACC.

Pathanjali Srinivasan:

Sure, sir. And just one last question, slightly arithmetic. So, our consolidated EBITDA per ton is INR1,060. Stand-alone level, I think it's INR708 for Ambuja. ACC is around INR900. How - - can you explain the bridge between this? Does this mean that because of the MSA, we get better profits at consol level? Is that the right understanding of the numbers?

Vinod Bahety:

That is true. That is true, Pathanjali. Because, when you -- even that therefore, like look at the volume, you'll find individual companies will add up. If you simple add up, the volume will be higher. But when it comes to consol, the volumes get lower. Because in consol, the inter sale between the companies gets knocked off. And hence, this happens from arithmetic perspective.

Pathanjali Srinivasan:

Okay. So what would be the utilization at these assets, acquired assets, roughly?

Vinod Bahety:

See, my base capacity assets are at a very good utilization factor of upwards of 75%. And my acquired assets will vary. Therefore, for example, Orient is at a healthy level. It's of the Western markets and more so Bombay and all. Penna is southern market, therefore, gets influenced with the typical trends of Southern industry.

And Sanghi, for example, being a coast-based plant and having torrential rains and all for Q2, I would not say that it will be reflective of its trend, but Sanghi should now be moving around in the range of 65%, 70% in Q3 and Q4.

Pathanjali Srinivasan: Got it, sir. Thank you.

Moderator: Thank you, sir. Ladies and gentlemen, due to the time constraint, that was the last question for today. I would now like to hand the conference over to Mr. Deepak Balwani for his closing comments. Thank you and over to you, sir.

Deepak Balwani: Thank you. I trust most questions have been addressed. Should you wish to discuss any outstanding query, we are available for a separate conversation from 5:15 PM to 5:45 PM. You have my contact number, please free to call me. Thank you.

Moderator: Thank you so much. On behalf of BNP Paribas, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you, team. Have a great day ahead.

Note: This transcript has been edited to improve readability

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