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24.07.2025

BSE Limited
Corporate Relationship Dept.
First Floor, New Trading Ring
Rotunda Building
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
MUMBAI 400 001.

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block
Bandra-Kurla Complex
Bandra (E)
MUMBAI 400 051.

Scrip Code : 530005

Scrip Code : INDIACEM

Dear Sirs,

Sub.: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of Earnings Call

In continuation to our letter dated 21st July 2025, please find enclosed the transcript of the Earnings Call held on 21st July 2025 on the unaudited financial results for the quarter ended 30th June 2025.

The same is available on the website of the Company i.e. www.indiacements.co.in.

Thanking you,

Yours faithfully,

for **THE INDIA CEMENTS LIMITED**

COMPANY SECRETARY

Encl.: As above





24th July, 2025

BSE Limited
Corporate Relationship Department
Scrip Code: 532538

The National Stock Exchange of India Limited
Listing Department
Scrip Code: ULTRACEMCO

Sub: Transcript of Q1 FY26 Earnings Conference Call of UltraTech Cement Limited (“the Company”)

Dear Sirs,

In terms of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached transcript of the Q1 FY26 Earnings Conference Call conducted after the meeting of the Board of Directors of the Company held on 21st July, 2025, for your information and record.

The same is also available on the website of the Company viz. www.ultratechcement.com.

Thanking you,

Yours faithfully,
For UltraTech Cement Limited

SANJEEB KUMAR
CHATTERJEE

Digitally signed by SANJEEB
KUMAR CHATTERJEE
Date: 2025.07.24 17:18:52
+05'30'

Sanjeeb Kumar Chatterjee
Company Secretary and Compliance Officer

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Scrip Code:
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UltraTech Cement Limited

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“UltraTech Cement Limited
Q1 FY '26 Earnings Conference Call”
July 21, 2025

**MANAGEMENT: MR. KAILASH C. JHANWAR – MANAGING DIRECTOR
MR. ATUL DAGA – CHIEF FINANCIAL OFFICER**

Moderator:

Ladies and gentlemen, good day, and welcome to the UltraTech Cement Limited Q1 FY '26 Earnings Conference Call. 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 call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Atul Daga, Chief Financial Officer of the company. Thank you, and over to you, sir.

Atul Daga:

Thank you so much, Reyo. Good morning, good afternoon, and good evening to everyone, and welcome to our Q1 FY '26 Earnings Call. Let me straight away dive into burning issues with demand. We believe that the markets have been steady to say the least. Fundamentally, the government spend on roads continues with announcements of some new projects and push for expediting land acquisitions. The government capex program has shown a marked improvement in the first two months of this quarter on the low base of April-May '24. We are seeing rising state government spend. States like Bihar, Andhra, Gujarat, Maharashtra are doing much better than the other states Y-o-Y. The country has already built 2,108 kilometers of highways in the first quarter of the current financial year, marking an 8.9% increase Y-o-Y.

Mega projects like Vadhavan port, some dams, Maharashtra Shaktipeeth Expressway - the 802-kilometer Expressway between Maharashtra and South Konkan are starting off. On a full year basis, we believe that the government capex will generate a good growth, marked by a low base of FY '25. This should be all in all, very good for cement demand.

Diving into our current quarter, actually, we had got used to the double-digit growth until FY '24 year after year, quarter after quarter, and anything less seems to be slow. Consolidated UltraTech Cement has grown at 9.7% Y-o-Y, including Kesoram in both the periods, though for all ends and purposes, Kesoram cement business got consolidated with us or we started managing the operations effectively from 1st March '25. It's been just 4 months. But as per the NCLT scheme, we have consolidated the financials of Kesoram in the last reported quarter, which is April-June '24 which also has been recasted to include it in our results.

Weather gods, as usual, have been generous this quarter, giving the country relief from the heat waves, but the heat waves caused a lot of turmoil in the initial part of the quarter. The monsoons now having spread across the country will be good for the rural market. Rural markets continue to be doing their swan song and we expect them to grow favorably in the future months and future quarters.

As per some IPC reports, urban housing has been slow in first half of the calendar. But the number of deals being signed up, land purchases already registered and transactions being undertaken, clearly speak about a rebound, which should be visible in the future quarters in the redevelopment market. The redevelopment market remains strong for Mumbai and Pune, and we are seeing continuous launches of new projects. These new projects, which get launched, would see cement consumption commencing only after 12 months to 18 months of their launch.

This is very important to mention because Mumbai as a city might be close to 3% of all India Cements demand.

One more important point that I want to make at this juncture, we had stated during the last quarter, and this is just anecdotal, we have stated in the last quarter that cement demand in the country was around 4% for January-March '25 and there were talks and reports of the growth being actually 6.5% to 7% from various quarters. Well, I admit I was wrong because considering the performance of 90% of the installed capacity of 655 million tons in the country, Q4 '25 was not 4%, but 4.3% growth. This is just to set the record straight about UltraTech and its analysis of the cement markets.

I want to talk about India Cements now, the company that we had acquired, concluded the transaction on 25th of December 2024. It's been 6 months or 2 quarters that we have been in charge of that company and the company is on a recovery path and growing and working as per the plan. The team has done a full assessment, as mentioned earlier, and we will be undertaking a capex plan for efficiency and productivity improvement going forward. Most of these projects will have an attractive payback period and will generate positive returns. Projects would include WHRS, speed modification, cooler upgrades, alternate fuel technologies to name just a few. Today, the cost of production is higher than average, but FY '28 will see substantial improvements in operating costs as we complete the capex program. We are increasing the renewable energy quotient with 21 megawatts of WHRS and 219 megawatts of renewable energy, thus taking the green power quotient for India Cements from 3% to 86% of their power requirement in FY '28, helping us reduce its carbon footprint.

Capex programs, the details of which we will definitely share in the next quarter, will be all funded with debt and internal accruals and we expect to reach debt level of under INR50 crores by the end of the program. And thus, reaching almost a net cash on the balance sheet.

Fuel costs, as you have always been tracking have been in control, which will also help the operations of India Cements. This performance of India Cements, which recorded about operating EBITDA of INR400 per ton was after taking into account, the introduction of limestone royalty of INR160 per metric ton in the state of Tamil Nadu.

We are rapidly integrating the operations of India Cements with UltraTech and are getting the advantage of brand UltraTech as we move along, and we are confident of reaching an EBITDA per metric ton in excess of INR1,000 by FY'28. Beyond that, we are nearly completing the integration of Kesoram assets which have blended in very smoothly with our operations and are on a course for capacity expansion in terms of capacity utilization and improving their efficiency further with WHRS installations.

Costs have had some impact. There were global price volatilities. Fuel costs have been higher. In fact, they went up. Pet coke prices consumed during the quarter were slightly higher as compared to previous periods, which is reflected in the overall fuel cost. Other than that, there is nothing much that we are concerned about.

In conclusion, I would like to reiterate that UltraTech Cement continues to be well positioned in the Indian cements markets. Our strategic investments in new capacities, cost optimization initiatives and commitment to green technologies position us for continued growth in a competitive environment. We believe our results this quarter demonstrate our ability to adapt to the changing market scenario whilst we deliver on our financial commitments.

I'd like to thank all of you for joining us today and look forward to taking your questions now. Thank you so much.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from Rahul Gupta from Morgan Stanley. Please go ahead.

Rahul Gupta: Hi, thank you for taking my question. First of all, congratulations on a very good set of numbers. I have two related questions Atul, sir. First, we have seen India Cements numbers improving at a fast pace over the past two quarters. Now I understand cement pricing was supportive in first quarter. But is there a case that operating performance for both Kesoram and India Cements run faster than your earlier guidance of clocking INR1,000 per ton by FY '26 and FY '28, respectively?

Atul Daga: It could happen. Pricing, as such, nobody has a control. As of now, the prices are favorably poised in spite of heavy monsoons. The prices have not taken beating yet or they hold. I have seen prices improving in July also over the exit quarter. So, prices are holding up, obviously, which could help us achieve our targets earlier. But besides prices, most important is the integration effort and there's a lot that happens in an integration effort. It's not just pricing. It's right from people, processes, product, quality, logistics, everything is getting integrated, which helps us realize our goals.

Rahul Gupta: Got it. Now my related question is, I understand South price hikes sustained a month after month during the quarter. Now this was also on back of multiple months of unsustainable weak pricing in the region. And second, demand was pretty good in the region during the quarter. Now my question is how should we look South from here? I mean, should this continue or is there elevated competitive landscape can bring back what we saw last year? How should we look at the entire region? What's your view on this?

Atul Daga: So you want to look South, go North, don't go Southwards that's in the lighter vein. Our sense is that the South markets is getting consolidated are in good shape. So we should not feel any negative pressures as of now. Luckily, there are mega projects, which are happening in the Southern states. If I look at the commercial markets for data centers, offices, warehousing, everything is adding up. So it should be good. Let me request Jhanwar Ji to add his thoughts.

Kailash Jhanwar: Just to further add upon what Atul said, the South prices were so low that the entire industry suffered very badly in last one year. So that's number one. Number two, I think there is a good trigger on the demand side, particularly the change of state leadership in Andhra Pradesh where now again, the new capital is being planned and a lot of infrastructure projects have been announced. Even in the Telangana, which is still not up to the market, actually, but there are

good green shoots that they will also pick up. Tamil Nadu is also going for election after some time. So I think South in terms of demand should do well.

Atul Daga: So South could be a new North.

Rahul Gupta: We look forward to it, sir. All the best. Thank you so much.

Atul Daga: Anything Rahul?

Rahul Gupta: No, I'm good. Not much in the results.

Atul Daga: There's so much in the results here. I am thrilled with my results.

Rahul Gupta: No, my point is that your boarding number should be good.

Atul Daga: All right. Thanks, Rahul.

Moderator: Thank you. The next question is from Raashi Chopra from Citigroup.

Raashi Chopra: Just a question on the realization that 2.2% increase that you see sequentially, is that when you say it's UltraTech brand that includes Kesoram as well?

Atul Daga: No, that's at UltraTech level. Because Kesoram still has its own brand sales and fast migrating India Cements also has its own brand. Of course, India Cements is not included in the number. But this is speaking about UltraTech as a brand. And that's what I've highlighted on the slide also.

Raashi Chopra: If you could give us a stand-alone realization as an UltraTech plus Kesoram, not India Cements, but UltraTech plus Kesoram, what is that differential sequentially?

Atul Daga: Considering the volumes, Raashi, it might be up, 0.1% or so lower. That's it. The size is very small. So it will be 2.3%, not beyond that, Raashi.

Raashi Chopra: Got it. All right. And possible to share the building products number for 1Q last year revenue?

Atul Daga: Around INR185 crores, Ankit tells me that.

Raashi Chopra: And lastly, what was the capex during this quarter?

Atul Daga: It has been around INR2,000 crores. Generally, that's been the run rate every quarter. I don't remember the exact number, but it should be around that level only.

Raashi Chopra: This doesn't include what you are planning to spend on Indian cements or what have you spent on?

Atul Daga: No, no. So India Cements will fund its own capex.

Moderator: Next question is from Amit Murarka from Axis Capital.

- Amit Murarka:** Just firstly, on the brownfield expansions, like so you will be reaching 212 million ton and I believe like that's going to happen in like 15 to 18 months of time. One is like how much more brownfield expansion scope is already there in the expanded portfolio? And by when can we expect the next round of expansions to be taken up?
- Atul Daga:** Amit, I think I must have told you also that we have the blueprint for the next phase of growth. It is getting stitched and ready and we will present it to our Board. And before the end of this calendar or worst case, before the end of this financial year, we will come back with the next phase of organic growth. You'll have to wait for that. Let me request Jhanwar Ji to add his thoughts.
- Kailash Jhanwar:** So fundamentally, as Atul said, rightly, I can only say that the UltraTech would continue to partner in the growth story of the country. So, we all know the cement demand is growing anything between 5% to 7%. So obviously, UltraTech would like to partner in that growth journey. And as Atul said, we have to plan out our growth on a regular basis.
- Atul Daga:** So Amit, you've got the answer. If industry is growing at 5% to 7%, we will not get left behind to be able to support the growth of the economy and the industry. There are enough opportunities for us, for doing brownfield and greenfield opportunities are also coming up. And this will be our fourth phase of growth that we'll be announcing, there will be a fifth phase of growth which the team has started working now, which will come up at an opportune time.
- Amit Murarka:** That's great to hear. And also on the rebranding strategy for Kesoram India Cements and is there some tolling happening between India Cements and UltraTech?
- Atul Daga:** Yes, please. So the way we are dealing with it, whatever output is getting converted into UltraTech brand and the prices that UltraTech is able to realize on that, everything is passed on to India Cements, except for a small margin which takes care of the marketing expense, which UltraTech incurs, which is roughly INR10 a bag or INR200 a ton. And if I were to account that component in India Cements' P&L, the reported INR400 per ton would actually be INR458 per ton.
- Amit Murarka:** So you mean to say the volume that you are selling the UltraTech name, that benefit is also being passed on to India Cements' P&L?
- Atul Daga:** Yes, absolutely. And in Kesoram, there is no pricing because Kesoram sits as part of UltraTech P&L. So there's no differential.
- Amit Murarka:** Right. Any volume you could provide, like how much is in Coromandel brand and how much would be UltraTech coming out of India Cements?
- Atul Daga:** Yes. So actually, I wouldn't want you guys to your mind getting diverted with quarterly numbers because month-after-month, the volumes are ramping up, and we should be able to conclude the brand transition program before the end of fiscal '27 next year, we should be able to compete 100%.
- Moderator:** The next question is from Prateek Kumar from Jefferies.

- Prateek Kumar:** Congrats on good results. My first question is on pricing. You said it's like 2%-2.5% increase in pricing. I guess, is this largely related to South? How are the other regions just stand out in the quarter?
- Atul Daga:** South and East to which had trailed behind took the maximum advantage or maximum gain followed by North and West.
- Prateek Kumar:** I was saying that in July also, you said like prices are slightly higher. So how are that region-wise?
- Atul Daga:** I would say East continues to rise. And we've seen increases in other markets, except North. North and West, we have not seen any increases because they are already very well priced. Other markets are seeing very small increases.
- Prateek Kumar:** Is it possible to give out Kesoram volumes in the base so that we can adjust our quarterly base of volumes?
- Atul Daga:** 1.58 million tons was Q1 fiscal '25.
- Prateek Kumar:** No. I mean quarterly, like for next 2 quarters also.
- Atul Daga:** Prateek, I'll ask Ankit to give it to you offline. I don't have it readily. You want each quarter breakup?
- Prateek Kumar:** Yes.
- Moderator:** The next question is from Pulkit Patni from Goldman Sachs.
- Pulkit Patni:** Sir, mine is also a bookkeeping question. If you could just break down the volume a little clearer. So 2.18 million is India Cements and 32.46 is the rest of it. Now within this, what is UltraTech and what is Kesoram, if you could help us split that?
- Atul Daga:** It's 34.64 is including India Cements. India Cements was 2.18. Now further splitting is very difficult because we go on market basis and markets could be operating from various plants. So Pulkit, it's next to impossible because when we have multiple plants in the same market, for example, Kesoram, Sarlanagar plant and our Rajashree Cement plant, both are in Karnataka. They supply to Kanataka, they supply to Maharashtra and various other markets so it becomes a little difficult for us to segregate. I'll request Jhanwari to add further.
- Kailash Jhanwar:** No, I think it has been explained very well. I have nothing to add because it's the question of the overall optimization of UltraTech, whether it's a product optimization, cost optimization, the market optimization and at time, the customer optimization. So we don't look now as a separate unit or a separate company. The entire focus is fundamentally the integrated approach, what makes sense for the company. At times, some plant is inefficient, we don't operate plant to that extent.
- Pulkit Patni:** Sir, I fully appreciate that. What I'm trying to come to is what is the kind of annual volume growth that we are looking at, given the base has changed, it's making a little difficult for us to

be able to calculate it, which is why a base number would help? But if not, if you could give us a sense of what's the annual volume growth approximately that you are looking at?

Atul Daga: We would target a double-digit growth given the fact that we have got new capacities into our fold. We would be commissioning. We have already commissioned 3.5 million tons this quarter, which will get stabilized by the time we reach January, March. We'll have further close to 10 million tons of new capacity, which will get commissioned as we move along. But on the base of FY '25, we'll do a double-digit growth, definitely.

Pulkit Patni: Sure. Sir, my second question is on your finance cost. Again, at the consol level has come down meaningfully. Is there scope for that to come down more? Has the interest rate been reset across the board? How should we look at that also?

Atul Daga: So there's one more reset. The last RBI rate cut, which happened has not yet come in, and I believe there could be 1 or 2 more rate cuts within the Indian interest rates, which will benefit us. My average cost of borrowing would be 7%. For the previous quarter was 7%. This 7% will come down with the rate cut, which have already been announced and further, if at all, anything happens. Pulkit, we have also been able to reprice, refinance India Cements borrowings also. They are also getting rated AAA with more or less the same kind of range, same rates.

Moderator: Next question is from Ashish Jain from Macquarie.

Ashish Jain: Sir, firstly, the double-digit growth you spoke about in fiscal '26 is with Kesoram in the base or that is without Kesoram?

Atul Daga: With Kesoram in the base. Ashish, long story short, we will grow higher than the industry.

Ashish Jain: There's no doubt on that because Kesoram can make a big difference to that. That's why.

Atul Daga: Not really. Because Kesoram is 14 million tons and out of our 186 million tons, it's less than 8% or 9% of our total capacity. We will not make too much of an impact. We'll still be able to grow. As a moot point, we made an investment. So, it will generate returns.

Ashish Jain: Sir, secondly, just on capacity, I had 2 questions. One is if I go back 3-4 years, when you first spoke about this 200 million ton target by 2030, if I remember right. Now we have achieved that or we will achieve it much, much ahead of 2030. So, would you be able to put a number to capacity that we can think, let's say, in the following 3, 4, 5 years because at some point of time, shall we start thinking that there's enough capacity in the industry and that can reflect in our expansion or do you think we are far away?

Atul Daga: Ashish, let me give you a bigger picture answer. All of us know India requires a lot of growth, a lot of cement is required as yet. Whilst we call ourselves fourth largest economy, but look at Japan's infrastructure and look at our infrastructure and everything else that is around infrastructure. There's a huge amount of growth potential. And I think next 10, 15 years and I'll request, once I finish, I'll request Jhanwar ji also to give his inputs. But there is a long way that India will keep seeing growth. And as long as India keeps seeing growth, I don't have a number,

but we will grow in line with India's growth requirements of cement. Yes, we might reach a saturation point in the distant future.

Ashish Jain:

I just want to add one more point. Sir, because we have heard this for many, many years, and some of it has played out also in terms of growth. But then I'm just struggling to understand why cement growth is through volatile let's say, even 4Q, if it was 4.3% growth, I mean, why are we not seeing that prolonged period of high single-digit growth or, let's say, 7%, 8% growth at least.

Atul Daga:

Ashish, we can have a long discussion offline and to understand what happens in the industry. But there are multiple factors. Last year, what happened and year before last year, fiscal '24, we saw double-digit growth after COVID, coming out of COVID. The industry saw double-digit growth year after year, fiscal '25 had its own challenges. If I recall, fiscal '17 had its own challenges because GST was introduced, then RERA was introduced. So there have been structural changes in the economy, which have had their share of impact on demand. But structurally, as you see the number of kilometers of roads that need to be done in India is humongous. And once the infrastructure growth comes, the big incentive is all around the development of newer town cities, social infrastructure, commercial spaces, etcetera, which will get developed. Jhanwar Ji, do you want to add?

Kailash Jhanwar:

That's what I was about to say. Fundamentally, even if we see the that demand model or the growth model in any country, actually, the first trigger is infrastructure growth actually and once the infrastructure growth happens, then as Atul said, just now the housing, social infrastructure, new cities coming, there will be a lot of migration of people moving from cities to the suburb and the distant places because the infrastructure becomes very efficient commuting from one place to another. So, we believe it is going to follow at some point of time once we reach a reasonably good infrastructure. Number two, because just now, I said and Atul also explained, we are very clear that the country has huge potential for the overall economy to growth and the cement is a basic building block. So we would definitely like to partner actually in this growth journey. And I don't see personally at least this growth is going to taper down, at least in next one decade actually. And you must have seen that recently, the day before yesterday, even our road minister, Mr. Gadkari also says that we are targeting 100-kilometer per day rather than 35 years. We have challenges in the country in terms of land acquisitions, slow award of contract, executions and so on. But I think government is conscious about it and speeding up all infrastructure projects and so on. So huge potential.

Atul Daga:

Let me delve into one project example, Vadhavan port. It's 300 million ton cargo handling capacity. Do you know what is the peak cargo handling by JNPT, it maybe less than 100 million tons. Somewhere around that. It's a huge project. Whilst it consumes cement, but the ancillary industry growth that takes place, the employment opportunities, the increase in housing income that takes place. opens up the floodgates of growth for companies like us. And there are going to be several such projects in the country. I think we will be busy producing and selling cement.

Ashish Jain:

Okay. So just last question on power and fuel, will we see further increase?

Atul Daga:

No, no. I think we will see declines now.

Kailash Jhanwar: I think it should remain in the range bound. Yes, range bound, not really increase.

Atul Daga: This is one element which we don't have a control on at some global event takes place and prices go haywire, which will impact consumption going forward. So as of now, as Jhanwar ji also mentioned, range bound or it should not go up, let me put it this way.

Ashish Jain: Okay. Thank you so much. Thanks.

Atul Daga: Thanks, Ashish.

Moderator: The next question is from the Ritesh Shah from Investec. Please go ahead.

Ritesh Shah: Hello.

Atul Daga: Yes. Hi, Ritesh.

Ritesh Shah: Yes, hi. Hi, sir. A couple of questions. Sir, first is the...

Atul Daga: Did you like my numbers, Ritesh? Ritesh, you didn't like my performance.

Ritesh Shah: No, no, sir, it's pretty much in line. Thanks for that. Sir, a couple of questions. First is intercompany elimination has been mentioned by value and volume. How should we be read into this? And how should we look at this number going forward?

Atul Daga: So intercompany elimination is between UltraTech and ICEM now, right? Sorry, this is between like cement, which is supplied to our own captive consumption for RMC. This is going to be part of life. But on a INR20,000 crores of revenue, this quarter is about INR500 crores.

On a current scale of operations, you can factor in the INR00 crores number. Because we are growing our RMCs. We are growing our BPD, the construction chemicals. We are growing organically on our projects where we consume our own cement. So that elimination has to be done.

Ritesh Shah: Okay. Sir, my second question is, you did indicate on pricing trends. But would it be possible for you to give some color on the trade and non-trade price gap, specifically in South, given what we understand that the price increases on the non-trade side have been significantly sharp versus trade?

Atul Daga: I always ask you guys to help me with this information, you know it better than I do.

Ritesh Shah: Okay. So I'll move to the third question, sir, how should one link Birla Pivot to UltraTech? How are the linkages between the 2 entities? And does UltraTech benefit out of Birla Pivot by any means?

Kailash Jhanwar: No, not really, only sometimes if they use our network..

Atul Daga: So cement and our product, any other product that we manufacture under our Building Product division, we deal with it directly. They are selling any other product directly.

- Ritesh Shah:** Okay. And sir, any update on wires and cables?
- Atul Daga:** Major orders have already been placed, long-lead items. People have started joining, land leases being finalized. We're looking at some locations in Gujarat. And last I checked, we are on track. We'll remain within our capex plan of INR1,800 crores, we might have some savings only on that capex plan.
- Ritesh Shah:** And sir, just last one question. Sir, any specific plans you would like to lay out on RMC given competition is actually moving quite quickly? I'm referring to the unlisted player who is there in the marketplace.
- Atul Daga:** As my late Chairman once said, Mr. Aditya Birla, we are not afraid of the competition, let the competition be afraid of us. So that's a very serious statement. And I think, we are focused on our growth. We know that RMC will keep growing. We have already crossed 400 mark this year, we'll keep growing. And Ritesh, you know that they are all margin accretive, which means over and above the EBITDA, they generate a contribution.
- Ritesh Shah:** Sure, sir. Thank you so much for the answers. Thank you.
- Atul Daga:** Thank you.
- Moderator:** The next question Navin Nameshwar Sahadeo from ICICI Securities. Please go ahead.
- Navin Sahadeo:** Thank you for the opportunity. My question was on demand. So if I adjust to the volumes of India Cements, I think organically, our volume growth is just 2%. And I believe UltraTech grows much higher than the industry. Is this observation correct in the first place? And if the industry is nearly flattish in Q1, we are into monsoon season. So then what gives the confidence of a 7%, 8% growth for the full year? Thanks.
- Atul Daga:** So Navin, let me answer the second part of the question first. More than 40% to 45% of demand for cement in the country is in the last quarter. January-March is the biggest quarter. Second point to make is cement is very, very seasonal in India. The real season for cement starts post festivals, post Diwali actually. So when labor starts returning. So it is effectively, I don't remember when is Diwali this year, but let's say, post middle of November till the heat wave start setting in the real season is November to April or May. That is the real season for cement.
- I believe, yes, we will grow much rapidly in the subsequent quarters. As to your point on some numbers that you were looking at. I don't think so that's a number. And Pulkit had asked me this question on the call, I don't have the ability to split between what is Kesoram sale because now it's all part of our system integrated. There's one billing mechanism excluding ICS.
- Navin Sahadeo:** It's a very simple arithmetic. I don't see a reason of any confusion actually. It's a very simple arithmetic. From a domestic volumes, I simply reduce India Cements and to last year's domestic volume, I simply add Kesoram. That's a 2% growth that I'm getting.
- Atul Daga:** No. Firstly, I don't like your aggressive tone. Secondly, the way to look at is if I look at UltraTech brand because as I mentioned, we have been rapidly rebranding UltraTech which has grown

6.5%. So I know there will be some amount of jigsaw puzzle in our sales mix because what we will focus on is UltraTech brand sale, which has actually grown 6.5%, whichever way you want to cut it, that's the real number.

Kailash Jhanwar:

Yes. I think because the entire focus is on the sales, sometimes it depends on which plant is more accretive in terms of the delivery cost and from where the dispatches are to be made. So it is really difficult to differentiate actually the plant-wise kind of thing. But the brand has grown by 6.5%.

Navin Sahadeo:

Great. Great. And if I may just ask a second question. Lead distance is like very happy to see our lead distance reduction from 384 in the previous quarter to 370, as we say. But I'm just trying to see the savings in actual numbers in the sense of 14 kilometers of sequential savings even if I assume a ballpark INR3 like per ton per kilometer, even then that's almost over INR40 per ton of sequential savings. I'm not able to see that in the numbers. Am I missing anything here, sir? Thanks.

Atul Daga:

So in our graph that we show you, INR1,182 to INR1,158. This is a INR24 saving, which is visible. My accounting might not be as aligned and linear with the costing. That's the only answer I would have. But the fact is, yes, the lead distance has gone down. And if I do the math of PTPK, it should reflect. But besides the lead distance, there are lots of other costs which are attached, let's say, handling cost, warehousing costs, everything would get added in my logistics cost, forwarding costs, agents involved. So there will be lots of other elements of costs involved. So Navin, maybe I don't think mathematically, it will stack up. You will have a INR40 benefit.

Kailash Jhanwar:

Railroad.

Atul Daga:

Then there's a railroad, Jhanwar Ji pointed out, there a railroad mix also. Rail is 40% lower than road costs, lots of moving parts to this. And as I said, quarter-on-quarter, last time also I had mentioned, and we disclosed transparently our savings due to all these efforts. At the end of the year, Navin, we will definitely show the outcome. Quarter-to-quarter, next quarter, you never know the lead might go up. INR370 could become INR371, INR372 or it could fall further. My hunch it will fall further because as the network of number of plants is increasing, our lead distance will come down.

Moderator:

The next question is from Satyadeep Jain from Ambit Capital. Please go ahead.

Satyadeep Jain:

Hi. Thank you. Mr. Daga, first question on India Cements and then second was UBS. The India Cements, I just wanted to understand, I think you're mentioning that adjusted for marketing spend, maybe adjusted EBITDA was INR458 per ton. Last quarter, you mentioned southern plants, typically for UltraTech would be lower EBITDA per ton given lower pricing historically, given where pricing is, just trying to understand the profitability gap between India Cements and rest of UltraTech plants in South maybe ballpark directionally? And how do you plan to bridge that gap? We see you have preheater, WHRS, maybe just some ballpark directional number.

Atul Daga:

So as for the two ways, this is a good question, certainly. The UltraTech brand being generated from ICL plants gets the same price barring the INR10, which I'm keeping in UltraTech. Cost of production of that output might be still be higher because of the inefficiencies that exist. And

as we progress, fiscal '28, the costs also will get aligned, prices will also be aligned. We will have parity between the profitability of ICL plants or UltraTech existing cement plants in the southern markets. Jhanwar Ji?

Kailash Jhanwar:

Yes. So as far as the cost side is concerned, we have once we carry out this capex plan actually. And once it is completed, then compared to the UltraTech, I would say it would be almost near to the UltraTech level, subject to some structural differences at the plant to plant level because even despite the modification, you may not able to reach at a UltraTech level plants because there are some plants at UltraTech which are the most modern and recently constructed plant. But I think we would be by and large, it could be very well aligned with UltraTech, and not a very big difference where we should have any worry. That's what I can.

Atul Daga:

So, certainly, we'll start capex work, we'll announce it next quarter. We have not yet completed stitching the program. Next quarter, we start, which is middle of '25,'26,'27 and we will hopefully complete, and first quarter of '28, April, June '27, you will start seeing the benefits in the P&L of ICL.

Satyadeep Jain:

The reason why I'm asking this is twofold. One, these are old assets. So I understand these are all integrated. There is no concept of strict grinding generally. And also in Southern part of Kerala, if you see Coromandel brand is so strong. I'm not sure if it is possible to completely go with UltraTech given the strong recall there. So given all these, you think 100% of branding can move to UltraTech given the asset base itself that the way it was structured earlier with all the preheater and WHRS, you can achieve almost parity with UltraTech on all these efficiencies. Just trying to understand.

Kailash Jhanwar:

Yes, yes. Let me give you the flavor. We have already done a deep dive actually putting a number of people, teams, etcetera, identified plant-by-plant, line-by-line what modifications are to be done. And this modification will take us to at what level in terms of heat consumption, power consumption. And that is why with the confidence or with the comfort I'm saying we would be in the ballpark number of about at least 90% of the UltraTech level because we don't have the best heat recovery system practically anywhere except one plant and so on. We don't have the alternate fuel usage actually. We need to optimize in terms of preheater to improve the heat efficiency and so on. So if I may say, honestly, it's any worry to bring those plants in the range of UltraTech, not at the 100% at the level of UltraTech. But it's a matter of only time it may take another one and a half year to one year to, as Atul said, at max two years' time actually.

Atul Daga:

So, certainly, two more points to address. You mentioned the strength of the existing brand of ICL in deep down south. We will evaluate, and as I said, that's why we have kept time in hand to do the integration of our brand. If required, that will continue. If the markets convert, it will transition into UltraTech. Its jury is still out. Second point, you mentioned about split grinding units that they don't have as compared to the way the UltraTech network is operating. But the way we work, it's on a total delivered cost. We have our own network of grinding units from UltraTech, which will be able to share their capacities. Because ultimately, we work on a total delivered cost basis. That is why, again, going back to the questions which were raised earlier on the call, beyond a point it becomes difficult for us to split here. But just because we are operating at total delivered cost, by the end of fiscal '27, take a guess, we will be having a

network of physically 82 plant locations in the country and rising. South itself, we will be about 60 million tons and growing with multiple facilities. So we'll be able to capitalize on our existing network also. Hope that helps.

Moderator: The next question is from Chintan Shah from JM Financial.

Chintan Shah: Hi. Thank you so much for the opportunity. So I had three quick questions and all three on India Cements. So first one is just a clarification of what you mentioned. So basically, the UltraTech rebranding from India Cements that will be sold to the UltraTech entity and all of that will retain around INR10 per bag or 200/t and rest of it will be retained in India Cements.

Atul Daga: That's correct.

Chintan Shah: That's correct. Okay. Perfect. And second and the third one are more strategic. So first is what is the end plan with respect to India Cements? I mean, considering the synergies and integration would be at some point looking to merge this with UltraTech or be open to keeping it as a separate entity and what would be the rationale if we want to keep it as a separate entity? That's the second question.

Atul Daga: So as of now, we don't know which side we will move. First and foremost, it's very important for us to clean up the India Cements operations, bring it up to speed, which is a turnaround of the company, align people's processes, product, as I mentioned earlier, and then we will take a call on whether to merge or not to merge. We are fully cognizant of a huge amount of stamp duty that would be involved. Why spend money on that? But if it's worthwhile, perhaps in '27 or '28, actually, we will revisit the decision. As of now, it will continue as a separate entity.

Chintan Shah: Got it. Understood. That's very clear. And third and the last question is, I mean, in terms of capital allocation, capex, where we highlighted right now, we're focusing on WHRS and AFR. But would there be a consideration or a scope for further debottlenecking or brownfield or any sort of expansion in India Cements?

Atul Daga: There exist opportunities for brownfield expansion in India Cements also. And as I mentioned, we are now getting ready for our Phase 4 of growth of capex. Phase 5 will also be there where we'll see brownfield opportunities of India Cements location getting tapped.

Chintan Shah: Got it. Perfect. That's very clear answers on my question.

Moderator: Next question is from Shravan Shah from Dolat Capital.

Shravan Shah: Hi. Thank you, sir. Just to clarify, sir, when we say, we will grow 10% volume growth in FY '26, this is on 135.8 million tons. That's what we have done at consol level in FY '25?

Atul Daga: Yes. Okay. Yes, please.

Shravan Shah: Yes. So I'm just trying to clarify on that, we are seeing a 10% growth. So that means including the India Cements also where maybe we would be doing close to 9-9.5 million tons. So if I remove that, then maybe a 3% to 4% kind of a growth would be there, if I take a 10% growth?

Atul Daga: If you're wanting to do a math check, then do that separately. I'm not doing a math right now.

Shravan Shah: Okay. Got it. Second, sir, in terms of the cost reduction, what we have talked about last time, INR300 odd, INR86 we have done in '25. So that remains intact. By FY27, we'll be seeing another INR200, INR215.

Atul Daga: I don't know how much. Whatever we are able to achieve, we will report it. Because as somebody just picked up, logistics cost is coming down. Nobody has asked me or complimented me on the way clinker conversion factor has gone up. Can you imagine the quantum of gain which the operations have now with a clinker conversion factor of 1.49? It's jumped from 1.44 last quarter. So there are lots of efforts, sir, which are happening and which we will report at the end of the year. Month-to-month, day-to-day, quarter-to-quarter, it's next to impossible to measure.

Shravan Shah: True. True. True. So I understand. I was about. Sir, lastly, on the capex, if possible for FY '26 and '27.

Atul Daga: We have close to INR10,000 crores this year. We'll come back for the next year capex in due course.

Moderator: The next question is from Raashi Chopra from Citigroup.

Raashi Chopra: Sorry, just following up.

Atul Daga: You're still there, Raashi. I thought you wouldn't be there.

Raashi Chopra: No. I'm just following up on the previous question. One is, I don't know if I missed this, but did you give the industry growth number for this quarter? Last quarter you said was 4%.

Atul Daga: No. No. I didn't give it. I didn't give it.

Raashi Chopra: So what is it? I mean, what in your estimate would be?

Atul Daga: We'll discuss it tomorrow, Raashi.

Raashi Chopra: Okay. That is one. Second is this tolling arrangement that you have with India Cements. So, when I'm trying to look at the India EBITDA per ton, that is basically standalone plus UltraTech, is there any sort of intercompany elimination that I need to take?

Atul Daga: Which means including India Cements operations. Is that what you're looking at?

Raashi Chopra: I'll ask you differently. Like last quarter, the India EBITDA per ton was INR1,175 in the fourth quarter. Is that number INR1,230 now in this quarter?

Atul Daga: India EBITDA per ton. I will give it to you if not on the call then later on. I don't have it immediately.

Raashi Chopra: Okay. Okay. No problem.



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Moderator: Thank you very much. We'll take that as the last question. On behalf of UltraTech Cement Limited, that concludes the conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.

Atul Daga: Thank you.

Disclaimer - The transcript has been edited for language and grammar; it however may not be a verbatim representation of the call.