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July 24, 2025

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

Sub: Transcript of Investor and Analyst Conference Call on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter ended June 30, 2025

Further to our letter no. Sec/78/2025-26 dated July 11, 2025, letter no. Sec/84/2025-26 dated July 17, 2025 and letter no. Sec/85/2025-26 dated July 18, 2025, please find enclosed the transcript of the Investor and Analyst Conference Call held on Friday, July 18, 2025 on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter ended June 30, 2025.

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

We request you to take the above on record.

Thanking you,

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

Shruta Sanghavi
SVP and Company Secretary



Encl: a/a



“Nuvoco Vistas Corporation Limited Q1 FY'26 Earnings Conference Call”

July 18, 2025



**MANAGEMENT: MR. JAYAKUMAR KRISHNASWAMY - MANAGING
DIRECTOR, NUVOCO VISTAS CORPORATION LIMITED
MR. MANEESH AGRAWAL - CHIEF FINANCIAL
OFFICER, NUVOCO VISTAS CORPORATION LIMITED
MS. MADHUMITA BASU – CHIEF INVESTOR
RELATIONS, NUVOCO VISTAS CORPORATION LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to Nuvoco Vistas Corporation Limited Q1 FY'26 Earnings Conference Call.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Madhumita Basu – Chief Investor Relations. Thank you and over to you, Ms. Basu.

Madhumita Basu: Thank you, Ranju. Good afternoon and thank you for joining our 1st Quarter Fiscal 2026 Conference Call. I am excited to discuss our performance for the quarter and even more talk about the growth plans lying ahead.

Firstly, Q1 was a major milestone, arguably the strongest 1st Quarter performance in the history of the company. The company achieved a volume of 5.1 million tons, registering a growth of 6% compared to the same period last year. Consolidated revenue from operations grew by 9% Y-o-Y to reach Rs. 2,873 crores in Q1 FY'26. Demonstrating superior operational efficiency and profitability, the company delivered its highest ever 1st Quarter consolidated EBITDA of Rs. 533 crores in Q1 FY'26. This translates to a blended EBITDA per ton of Rs. 1,052 per ton, marking a 16-quarter high and reflecting the impact of our sustained efforts towards cost optimization and value creation. Moreover, the price environment continues to be supported with the price hikes implemented towards the end of 2024, sustaining till date. Amidst pricing stability, our continuous organizational focus on premiumization and trade sales has complemented the better pricing scenario in the markets.

The share of premium products and trade volume has further improved to 41%, while the trade mix reached 76% in Q1 FY'26. This notable improvement is a function of clear segment focus, a robust brand portfolio and a strong distribution network. On the cost front, the company's commitment to operational excellence remains firm. Despite the brief surge in petcoke prices, the blended fuel cost at Rs. 1.43 per Mcal remained broadly in line with Q4 FY'25. As you probably have seen in the chart we shared in our investor presentation, the blended fuel cost has been a continuous reducing story with significant stability in performance over the last few quarters.

To touch upon operational excellence:

You may recall that we previously shared key initiatives such as Project Sprint and Project BRIDGE, which have driven great objectivity and purpose in our cost-saving efforts. The BRIDGE program delivered Rs. 86 per ton cost savings over FY'24 to FY'25, broadly in areas



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of power and fuel cost optimization, elimination of material losses through stricter quality controls and process discipline, alongside aggressively controlling damages and demurrages and increasing direct dispatches. This holistic approach to operational excellence has been instrumental in delivering the high EBITDA per ton we are reporting today. We remain committed to sustaining these efficiencies and creating sustainable value for our stakeholders.

Moving on to the balance sheet:

Strong performance over the years has enabled us to drive the deleveraging agenda. During the quarter, the company reduced like-for-like net debt by Rs. 884 crore Y-o-Y to reach Rs. 3,474 crores. Net-to-net, we delivered a hallmark performance in Q1 FY'26.

Moving on now to our growth plans:

I would like to highlight that 2025 marks our 11th year in the cement business. Since entering the industry in 2014, we have achieved a remarkable feat of expanding our capacity nearly 15-fold to reach 31 million tons.

This quarter, we successfully completed the acquisition of Vadraj Cement Limited, bringing under our fold high-quality assets including a 3.5 million ton clinker unit, a 6 million ton grinding unit, captive limestones and a captive jetty. This acquisition is fully aligned with our strategy to expand our footprint in the western region and add complementary capabilities to our existing operations in the north. Historically, we have demonstrated strong execution capabilities in successfully integrating and scaling acquired businesses. For the Vadraj project, with strong project governance in place, we are well-positioned to achieve the operational roadmap outlined in our investor presentation.

To provide a brief update:

Manpower mobilization is progressing well with key personnel including those for port operations already onboarded. We have initiated the release of key goods and services purchase orders to fast-track plant refurbishment and visits from major OEMs are currently underway. Our current plan is to make the plants at Kutch and Surat and associated equipment including the jetty ready for trial runs by H1 FY'27 with full functioning targeted for Q3 FY'27.

A few words here on the cement demand outlook:

Cement demand during the quarter grew at a moderate pace impacted by intense heat, geopolitical situation and then early onset of the monsoon. However, looking ahead, we remain optimistic on demand post-monsoon driven by significant capital expenditure planned by both the central and state governments particularly in housing and infrastructure sectors.



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For FY'26, the central government has announced a CAPEX plan of Rs. 11 lakh crores while state governments have proposed approximately Rs. 9 to Rs. 10 lakh crores. Additionally, the central government has introduced measures to expedite the completion of 1 lakh dwelling units through the creation of SWAMIH fund and is providing support to states for infrastructure development via Rs. 1.5 lakh crores in interest-free 50-year loans. In the Eastern states, Rs. 38,000 crores allocation have been made towards housing programs. These initiatives are expected to provide meaningful momentum to cement demand in the coming quarters.

Finally, before wrapping up an update on sustainability:

The company's commitment to sustainability is evident as it continues to lead the industry with the lowest carbon emission. The carbon emission footprint has improved further reaching 454 kg CO₂ per ton of cementitious material in FY'25 compared to a figure of 457 in the previous financial year.

With that, I conclude my opening remarks. I am here with Mr. Jayakumar Krishnaswamy – Managing Director of Nuvoco Vistas and Mr. Maneesh Agrawal – Chief Financial Officer. We are happy to address any questions you may have for us. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes on the line of Shravan Shah with Dolat Capital. Please go ahead.

Shravan Shah: Yes, thank you and congratulations on a very good set of numbers. So, my first question is on the demand front. So, last time we have talked that for India, we are looking at 7% to 8% and for us also similar kind of volume growth. So, just wanted to understand in Q1, how much do you think that the industry would have grown and for FY'26, is the same 7%-8% number remains constant and for us also similar 7%-8% kind of volume growth that we are looking at?

Jayakumar Krishnaswamy: I can't say for other companies. Certainly, for Nuvoco, we have been able to get 6% volume growth. Our May end, if you see, monsoon had set early in most parts of India. In fact, starting from Kerala all the way to Assam, it happened in just one week's time. So, we did see a little bit of a challenge in demand in East, North as well as West regions, but that could be a little bit of a dampener in the overall stuff in the short run. But as Madhumita said, I think post the monsoon, we are very well poised to get the 7%-8%-9% growth for the industry because GDP is at 6.5%. That's the prognosis forecast given by RBI as well and also CAPEX outlays will get implemented on the ground from Q2 onwards post monsoon. Overall, if you see, post monsoon, we are confident that the industry should grow anywhere between 8%-10%. That's the optimistic number. Give or take, it could be 8%-10%, it could be 7%-9%. So, it's all in the ballpark of 7%-10% kind of a number is what I see the industry moving in this year.



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Shravan Shah: Got it. Second sir in terms of the pricing that for us, obviously, it was very good for this quarter. So, currently, the prices, if I have to compare with the Q1, is it at the same level, or is there any further improvement?

Jayakumar Krishnaswamy: On the pricing front, I can talk on three parts. Actually, I just have to go back to my previous call in quarter 4 call and the quarter 3 earnings call. Overall, I think the market pricing as well as our prices started improving sometime in December onwards. And it further went up in certain regions in our target markets in Q4. Happy to report when we came to Q1 FY'26, the price continued to hold good in Q1 when compared to Q4 with small corrections as well happening in Q4 to Q1. But what is the positive, encouraging thing is as we enter Q2 in July, we still are able to hold prices as our company, and we still command the similar kind of prices and realization in the market 3 weeks into Q2.

Moderator: Thank you. Mr. Shah, please rejoin the queue for more questions. Next question comes from the line of Satyadeep Jain with Ambit Capital. Please go ahead.

Satyadeep Jain: Hi. Thank you. First question on the transaction. Just wanted to see where we are in the process. There is a bridge debt, which is bigger than the long-term debt. Of course, last time you were mentioning you're very close to signing a deal. So, just what is the tenure of this bridge debt? Where are you in terms of signing that? In what form is it going to be like a convertible preferred share? Just more details around this transaction that you're working on?

Jayakumar Krishnaswamy: Since you mentioned about mountains, I think mountains are different heights across the various continents in the world. So, Everest seems to be the highest. You have got Kilimanjaro, then you have got Kanchenjunga, then you have got Atacama. You have so many other mountains in the world. So, for us, I think running a business, which is over Rs. 10,000 crores, we have the right size of debt to grow the business. So, I just want to assure all of you, we are mindful of how we run our own company. And we are very clear what kind of debt levels are helping the organization. And if you really look at the last 3 to 4 years, one of the things which we have always said is, for our company to grow and become larger and larger in the coming years, a debt level of Rs. 3,500 to Rs. 4,000 crores is a number which we would like to concentrate on. And you would have seen, certainly, I think we met our commitment, what we have been talking in the last 4 years since our listing. Our debt levels in Q4 came to 3,640. So, when it hit 3,640, we got the license and the commitment which we made to all of you to grow. And hence, we have kind of invested in Vadraj. And if you remember the last call, we did mention that when we are going to raise money from whichever instrument, we will be mindful that the money which we raise doesn't impact the balance sheet in an adverse manner. So, I would want to assure all of you that out of the Rs. 1,800 crores, Rs. 600 crores will be the long-term debt. The balance Rs. 1,200 crores, as mentioned, available in the public domain, would be through an instrument which will be through the CCPs or CCDs route, which will not be a debt instrument and not form into part of the debt instrument in the balance sheet. So, that's how you're working. We are



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at a stage where we are discussing with potential partners with whom you're working to raise this capital. This bridge financing is for a short-term period of maximum 2 to 3 months. And I guess, hopefully, in the coming 2 to 3 months, we should convert this debt into an equity like-type of instrument.

Satyadeep Jain:

Okay. Second question, on slag, you mentioned in the release that there was some tightness in, I mean, there's seasonal tightness in slag in this period, but it seems like maybe there was more than typical what you see. So, are you seeing some tightness in general across the board for slag? And how are you looking to secure slag for the Vadraj asset that you have? Also tying it, so this is also the plan to have 2.5-million-ton Kutch GU. What does it mean that would you have more GU capacity versus clinker or because clinker is 3.5 and you're setting up 2.5 million ton of GU. So, eventually, if you refurbish the entire Surat GU, you will have excess grinding capacity. So, just what's the plan to secure slag for the upcoming capacity? What is the plan? And are you overall seeing some tightness in slag in the market?

Jayakumar Krishnaswamy: Okay. Thanks, Satyadeep. We will split the market in East and West. That's how we define ourselves. In East, certainly, I think, overall, if you really look at the last 2 to 3 years and going forward, there is indeed some tightness of slag in the market simply because many, many players are getting into the composite segment or the slag cement. So, overall, industry is also trying to get more blended cement in the form of slag cement. And you all of us know very well, East is a market where slag cement or composite cement acceptability is much more than any other region in India. So, that way, overall slag availability is going to be a little bit of a scramble. And hence, the overall, the current auction price for slag in East when compared to 3 years ago, certainly has gone up from where we were in the past. Certainly, Nuvoco is in a very good position. All of us know that Nuvoco has got close to about 2.1 million ton of 20-year slag tie-up with Tata Steel, another 0.4 million of preferential allotment from Tata Steel at market price. So, we are kind of covered for about 2.5 million ton, which constitutes to roughly about 55%-60% of the overall slag needed for the company. So, Jojobera cement, which we make, is all funded through much lower than market price slag. However, the ones in Panagarh and Jajpur is where we have to kind of go for auction slag and that's where there is a little bit of a tightness in, not availability per se, price wise it is a little bit higher. Blended slag price for Nuvoco will be under checked and one of the programs which we run in the organization is use of allied slag, which is different from the regular blast furnace slag. We have had the capability to use allied slag in our factories, and our target is to use close to about 75,000 tons of allied slag in our plants, which is a welcome sign, and it is a green initiative as well as different type of slag which we have proven and used in the market. So, that's how the slag thing is being addressed in East. Coming to West about Vadraj, as we start the Vadraj operations, we don't have any plans to get into slag cement manufacture there. Gujarat is majority OPC and PPC kind of a market and at this point of time, we don't have any plans to venture into slag cement. In future, if slag cement comes, we have the experience to launch slag cement, that's when we get into. Entry strategy, at this point of time, we don't envisage any slag cement. Hence, slag requirement is not going to



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hamper our entry strategy in Gujarat. Coming to setting up the grinding unit in Kutch of 2.5 million tons, we had a choice to set a million or million and a half or 2 million or 2.5 million. Once you go buy these equipments, namely the VRM, the price differential between a million and a half and a 2 million and 2.5 million or hardly a few crores here and there. So, to really secure the long-term capacity of the company, we decided to put a 6.3 meter VRM, which will make us flexible for many years to come. Hence, the Kutch capacity, the grinding unit is put up at 2.5. The Surat, as it came from Vadraj to us, has three mills of 2-million-ton capacity. As I mentioned in the previous call, we will start with one mill. Initially, we wanted to start 2 mills. Now, with Kutch 2.5 million tons coming in, we will start a Kutch mill at 2.5 million tons. Under Surat, one mill will activate a 2 million ton to optimize the CAPEX cost. As we grow the market, we will restart the second mill and the third mill next. To start with, when we get into the market, commissioning the Vadraj itself, we will have a 2.5-million-ton mill in Kutch and a 2 million ton in Surat. Going a little bit deeper into it, up to Ahmedabad, lots and lots of OPC sales and hence, getting clinker all the way from Kutch to Surat and then reverse freight back OPC into Ahmedabad was turning out to be a little bit expensive. Hence, we decided to make the OPC in Kutch and directly bring OPC through bulkers into Ahmedabad, Saurashtra and those markets. Last but not the least, railway siding has come all the way to a place called Vayor, which is close to Naliya, which is there in Kutch and two other competitors have plants which are very close to each other. So, the current view is also to go for a railway siding there and once the railway siding comes, then we got a lot of other options opening up by carting cement through bulker movement as well. Hence, our whole idea of putting the GU in Kutch also is to get rake movement of cement, plus in Surat, we can get the OPC and PPC in the mill which we have in Surat. So, hopefully that answers your query.

Moderator: Thank you. Mr. Jain, please rejoin the queue for more questions. Next question comes from the line of Navin Sahadeo with ICICI Securities. Please go ahead.

Navin Sahadeo: Thank you for the opportunity. So, two questions. First, just a continuation of the previous question. What is the total CAPEX now? Because you mentioned now, we are talking about the railway siding. So, 1,800 we paid for the asset and there is a cost to refurbish or get this asset up and running. And you also mentioned plans of railway siding coming through. So, if you could just break it down, the total CAPEX or total amount that the company plans to spend for Vadraj Cement, all three mills and the railway siding put together and related to the same question, what is the update on the thermal power unit we were to acquire or which is in the premises which belongs to JSW? Thanks.

Jayakumar Krishnaswamy: Okay. Even if you had not asked the part B of the question, I would have answered the part B as well. That was very clear. So, the overall outlay till now which we had mentioned was close to about Rs. 1,600 crores. And the Rs. 1,600 crores involve mills in Surat, GU in Kutch, mill in Kutch, refurbishment of the Kutch assets as well as jetty refurbishment and also setting up the railway line in Kutch. One thing which is not included in 1,600 was the acquisition of the captive



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power plant. We will add another Rs. 200 crores to getting the captive power plants. We are currently under discussion. So, it could be few crores here and there. So, overall, we are looking at an outlay of Rs. 1,600 plus Rs. 200 crores at this point of time to set up the refurbished asset and commission the GU and get into the market in the next 1.5 years.

Navin Sahadeo: Right. So, 1,600 and 200 is what you said. So, 1,800 and 1,800 basically total 3,600 is the way total CAPEX for the asset?

Jayakumar Krishnaswamy: You can look at it that way.

Navin Sahadeo: And railway siding cost?

Jayakumar Krishnaswamy: That will be little bit of, I can give you a ballpark number. We are currently working on that. So, typically we still not done what you call survey of where the railways is putting up the platform in Vayor and from there on. Next call we will be able to tell because there are lot of places, somebody is working on some parts of siding. So, I guess by the time we meet next time I will be able to give a clear picture. However, suffice to say, since you have put up railway siding in Jajpur as well as Sonadih, we have a fair idea it should cost anywhere between Rs. 110 - Rs. 130 crores.

Navin Sahadeo: Understood. Thank you so much. My second quick question was about the freight cost. So, of course, congratulations and very heartening to see the sequential realization improvement. But there is some bit of an increase on the freight cost per ton as well. So, is there any one-off or any increase in lead distance? Any thought on this cost of freight will help? Thanks.

Jayakumar Krishnaswamy: Three specific reasons. The first reason is quarter one had little bit of rake availability issues in the month of May and June in two of our sites in Arasmeta as well as Jojobera. While our rail coefficient remained the same, we had to move material to Bihar from our Panagarh site. Hence, the freight cost increased due to rerouting from Jojobera and Arasmeta and move it to Panagarh. So, that is reason number one. Reason number two is our Haryana cement plant is now under maximum capacity utilization and almost fully ramped up and reaching peak levels. So, once the Haryana cement plant comes from Nimbol plant into Haryana, semi-finished goods or a clinker movement rate increased because of full utilization of Haryana plant. That is the reason number two. And point number three, Q4 to Q1, Q4 we ran thin on clinker stocks in North and we also had to take Chittor plant for shutdown in this quarter. So, we were running thin on clinker, so we had to move cement from Arasmeta, Sonadih, Risda all the way to westwards to MP, Indore, Gwalior, Ratlam markets. So, that is the reason why freight costs on this side increased. So, reason number one, rake availability. Reason number two is shut down and increased in distribution costs from East to West. And the reason number three is increased semi-finished goods movement from Nimbol into Haryana.



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Moderator: Thank you. Mr. Sahadeo, please rejoin the queue for more questions. Next question comes from the line of Rajesh Ravi with HDFC Securities. Please go ahead.

Rajesh Ravi: Good evening and congrats on good set of numbers. Continuing on this freight expenses which you mentioned, which have gone up by almost Rs. 145 Q-o-Q. So, all these additional costs which have come up, would you believe that this should normalize back to Rs. 1,400 level per ton in subsequent quarters?

Jayakumar Krishnaswamy: Yes, thanks Rajesh for your comment. Certainly, I think we are targeting to bring it down number. One of the key agendas for bringing down this freight cost in the ensuing quarters, one of the key agenda we are driving this quarter 1 and then going forward is to reduce the lead distance by close to about 10 to 13 kilometers. And I guess the entire sales team has been instructed to sell more products, more markets and thereby reducing the lead distance as well as go away from STM movement and final sale into SO, increasing direct disptaches to the market. This is the agenda which we are driving very hard in this year, and we expect this number to come down by about Rs. 70 - Rs. 80 in the coming quarters.

Rajesh Ravi: Okay, great. Meanwhile, can you also share the housekeeping numbers like what is the lead distance for this quarter and fuel mix, petcoke, linkage, non-linkage and TSR?

Jayakumar Krishnaswamy: Okay, lead distance for this quarter came at Rs. 334 and in terms of fuel mix, we ended as a blended Mcal at 1.43 which is over a period of last 16 quarters. It's been kind of continuing at a low, reducing trend. But suffice to say that we have more or less bottomed out in terms of price of petcoke or domestic open market coal or linkage coal. From now on, any reduction can happen only by optimizing the fuel mix as well as to get our efficiencies going. So, that's the target which we will take forward. And in terms of AFR, we are at 10% this year, little bit less because we had certain issues where there were some issues in Chhattisgarh from the external world about use of AFR in the cement factories. We are more or less dealing with that point. Once we deal with it, we will go up on the AFR usage. The shredder which we commissioned in Q4 in Chittor is fully operational now. So, Nimbol, Chittor and Risda, our target is to get the AFR up to about 15%. It should happen post-monsoon. In monsoon, a little bit less AFR will be used because of the moisture content in AFR. Post-monsoon in H2 of this year, we are targeting 15% AFR. Petcoke should come less than 40% in H2, whereas currently it is about 42%.

Moderator: Thank you. Mr. Ravi, please rejoin the queue for more questions. Next question comes from the line of Tejas Pradhan with Citi Group. Please go ahead.

Tejas Pradhan: I have a question. You said the cement, raw material, power and fuel rates in the PPT. Can you share those numbers?



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Jayakumar Krishnaswamy: Is it possible for us if you can reach out to our teams? Can we give you all the details on a separate call please, otherwise, I will have to read out the number.

Tejas Pradhan: No problem. And secondly, on the Vadraj financing, you had mentioned Rs. 1,200 crore will be an equity-type instrument which will not come on the balance sheet from a debt perspective. So, once the asset is completely ramped up, would you hold 100% in the company or would there be other equity investors?

Jayakumar Krishnaswamy: Too early for us to comment on how we will wrap up this in the future. But certainly, we are looking at prevailing market conditions and continued improved market conditions as well as improved operational profitability and coming through better operational control and saving. We are looking at much better operational results in the next 2 to 3 years and beyond. So, these instruments we are looking at anywhere between 4 to 6 years. So, our view is as we reach around 4 years from now, which is FY'29, we should be having the ability to do a call option on these things and clean up the debt. In case market conditions are difficult, it's in the open public platform that then the investors will have a put option on the parent promoter group company.

Moderator: Thank you. Mr. Pradhan, please rejoin the queue for more questions. Next question comes from the line of Prateek Kumar with Jefferies. Please go ahead.

Prateek Kumar: Yes, good evening sir and congrats for the results. My first question is on CAPEX and depreciation interest. So, how do you split CAPEX in the next '26, '27, '28? Like you said, Rs. 3,600 crores plus some maintenance CAPEX. How would you split this in the next 3 years? And the related question is, how do you expect the rate of depreciation interest to move from quarter to one year?

Jayakumar Krishnaswamy: Okay, second one first, in terms of depreciation and interest cost, we are looking at anywhere between, you take Rs. 5 crores here and there, about Rs. 200 crores of depreciation and close to about Rs. 100, Rs. 110 crores of interest. That's the kind of number you can keep quarter-on-quarter going forward. And in terms of overall CAPEX plans, as mentioned last year, last call, certainly this year and the year next and the third year from now, we are very clear that not much of any, not big expansions or no big expansions happening in any of the plants. Hence, to sustain our operations, we are looking at a CAPEX of close to about Rs. 100 - Rs. 150 crores. That's the kind of money we will spend to run our assets in the next 3 years. And there will be adequate cash from the operational results to the tune of about Rs. 600 odd crores in this year, another Rs. 600 next year, and the balance money will be spent in year three to commission Vadraj assets.

Prateek Kumar: Okay, so around Rs. 2,500 crores this year and Rs. 700 crores each in the next 2 years. Is that how we should look at it?



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Jayakumar Krishnaswamy: How would you, I am looking at CAPEX as such, 1,800 is the investment which we have made. We are looking at a CAPEX of close to Rs. 600 crores to refurbish the asset. And then next year, another 600 and year three, the balance money, which will be close to about another Rs. 300 crores. That's the kind of phasing we are looking at to commission Vadraj assets. On top of it, to sustain the Nuvoco operations, we are looking at close to about Rs. 100 - Rs. 150 crores of CAPEX in the coming year and the next 2 years.

Moderator: Thank you. Mr. Kumar, please rejoin the queue for more questions. Next question comes from the line of Jyoti Gupta with Nirmal Bang. Please go ahead.

Jyoti Gupta: Thank you so much for the opportunity. A great set of numbers. I have only one question on the realization side. We have seen an improvement of almost like Rs. 295 a ton in cement realization on a Q-on-Q basis. Was there any realization of quarter 4 which is not absorbed in quarter 1, which is not absorbed and therefore spill over to quarter one? Because there was some erosion of prices in the center. I mean, is there a possibility to get a breakup in terms of cement realization? Is it because the sale of premium cement was higher or how was it? Because as per my understanding, we had Rs. 200 increase in realization. This is almost like Rs. 295, very decent increase in realization on a Q-on-Q basis.

Jayakumar Krishnaswamy: I won't be able to give region-wise realization. I guess you should be able to find out from various results of all companies, but certainly I will talk about our results. Realization improvement has happened due to very clearly 2 or 3 agendas. The first one is to get our premium products growing across the country. Like we mentioned in the last time, we launched Concreto Uno late last year and happy to report Concreto Uno is continuously growing quarter-on-quarter and it's kind of being rolled out in all the Eastern markets. Duraguard Microfiber, again, was focused on few markets and purely at one point of time we were selling only on the Double Bull channel, but we took a decision in Q4 and Q1 this year that we should roll out the Duraguard Microfiber also in the erstwhile Double Bull channel. The channel by the name of Double Bull doesn't exist, but we had a set of dealers. We enrolled them at one point of time, and we launched Double Bull in certain key markets and there we made a decision to kind of get into Duraguard Microfiber to get the premium penetration going in the key markets of Haryana, Rajasthan, Western UP, Gujarat and Chhattisgarh. Happy to report that Duraguard Microfiber sales have more or less increased by 50% from Q4 to Q1 and there's a huge thrust in the premiumization of Duraguard Microfiber. Concreto Uno, it certainly continues to leapfrog in the key markets of Bihar, Bengal and Jharkhand. We will launch Concreto Uno, in Orissa as well in the coming days. All these things resulted in a historical high premium product sale of the company to 41% in Q1. So, that's one of the key reasons for our realization improvement. The second one also is because of the overall focus on the company to focus on trade share. Our trade share also hit a very high number of 76% in the 13th quarter high, which again kind of improved realization. And for us, I think, focusing on premium, focusing on trade channel, and last but not the least, big time focus on home markets in Chhattisgarh, Jharkhand, Rajasthan, Haryana, we've got large GUs, will reduce



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our freight costs going forward and these three levers are going to improve realization in the coming quarters.

Jyoti Gupta:

Just a follow-up question on this, when you mentioned Orissa, as I understand FY'25, Orissa declined by 12% on a Y-o-Y basis. Q4 also, we've almost seen like an 18% decline because of this political shift in power, in governance. Do you think FY'26, Orissa will see some sort of stabilization because already the market is, all the products have been installed and everything went to litigation. And then you're saying premiumization into looking at Orissa as launching this Double Bull that you said. Do you think it will be possible or is it like it's too early to actually get into the market, which is in a declining phase right now?

Jayakumar Krishnaswamy: I can't talk about specific state level up-tick or down-tick because we operate in all the states in East and also in almost all the states in West and North put together. So, I will refrain from saying what is going to be a state level strategy, but certainly I think all these blips up and down, seasonal and every state will grow. Eventually India as a country is slated to grow 6.5% at the GDP level and the cement industry in India will grow at 7%-10% is what initially I meant. So, we are very optimistic at this kind of growth level in the medium-to-long term. Short term blips will happen in every place. So, personally as our company and leading our company, I am not greatly worried about one quarter or two quarter issues in any state. Orissa eventually will also grow like Chhattisgarh, Jharkhand, Bengal and Bihar and we will be able to reap the benefits of growth in every state.

Moderator:

Thank you. Ms. Gupta, please rejoin the queue for more questions. Next question comes from the line of Girija Ray with Yes Securities. Please go ahead.

Girija Ray:

Thanks for taking my questions. So, the numbers are really great with respect to this capacity utilization. It is 82%. That's quite good for the 1st Quarter FY'26. So, just wanted to check this 82% capacity utilization. Is there any clinker sale or it's a pure cement sale we have done?

Jayakumar Krishnaswamy: We don't do any clinker sale at all. We do clinker barter with a few companies which it helps them as well as helps us. But we don't do any clinker sale and it's all clinker for internal use.

Girija Ray:

So, we can say it's a very good sale for this quarter despite having a lot of challenges like the summer wave and all these things. Just I have a few concerns about the debt part. The debt is quite high what I see. And on top of that, we are taking some Rs. 1,800 crore of debt also. So, how we are going to manage our net debt to EBITDA level for next 2 years and how is the repayment schedule what we are looking for the next 2 years? And one more question. If I compare last quarter, fourth quarter FY'25, the tax expenses, current tax and this quarter, this quarter it is significantly higher side. So, what's your comment on those 2 things?



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Jayakumar Krishnaswamy: I will answer the first one. I will have to go back in history to explain your question. Really jump back to June 2021, our debt level was 6,885 and then it came to 5,347. It came down to 4,506. It came to 4,358 and then 3,474. I think we got a proven track record of running the operations in a smart manner to pare down the debt. And as I have been telling you in the past calls, we are comfortable operating Nuvoco at a debt level of anywhere between Rs. 3,500 to Rs. 4,000 crores at a consistent level. There will be blips which will go back since we have borrowed now, it goes up. But I think over the period of the next 2 to 3 years, you will see our debt numbers coming down. So, we are comfortable operating debt at about 3,500 to 4,000 and we are not kind of greatly worried. And it will certainly be less than 2.5x. Our target is to bring debt levels to twice of EBITDA and that's the kind of 2 to 2.5x is the worst case. But ideally, we should target even less than two as well.

Moderator: Thank you. Mr. Ray, please rejoin the queue for more questions. Next question comes from the line of Pathanjali Srinivasan with Sundaram Mutual Funds. Please go ahead.

Pathanjali Srinivasan: Thank you for the opportunity. Congrats on a very good set of numbers. I just wanted to understand in terms of ground scenario, what has changed for the current quarter from the last 2 quarters in terms of demand and any color on region-wise activities, activity level improving, anything of that sort, if you can give us some details?

Jayakumar Krishnaswamy: I won't be able to give you region-wise color. I guess that should be picked up from various results of various players who are region-focused or nation-focused. We have brought these results all the way from West to North to East. Center, we've got a very small percent, but we still operate in these markets. However, in terms of overall demand in these markets, I think the demand has been steady in these markets in the last 6 to 9 months. As far as Nuvoco's performance has been concerned, at one point of time in Q2 and Q1 last year, our focus areas was to – because the cost pressures were pretty high in those times, and we really focused on value over volume. Over a period of time, we also kind of made a tweak in our strategy to not only go for value because we had kind of set up such kind of cost-saving programs in the organization. We were getting to – reaping the benefits of the cost-saving programs into Q2 and Q3. We also made a little bit of an aggressive play to get volumes going in a sensible manner. And hence, in Q3 last year, we did grow double-digit. And then Q4 last year, we grew high single-digit. And again, in Q1, we've been able to get a 6% volume growth. So, overall, we've been able to get the growth in line with the market growth and not kind of lose market share because of the value over volume. And we are pretty comfortable blending the value strategy as well as doing a very sensible move to get volume for the organization.

Pathanjali Srinivasan: No, no. Has demand improved, sir? Just a related question. That is my actual question. So, has demand improved at the ground level? Is activity levels improving? Do you see any either housing or infrastructure, any of these segments where you see much more of a pull factor?



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Jayakumar Krishnaswamy: Yes. I guess – thanks. So, that's the question, I guess. H1 last year, one did feel the pinch in demand with pre-election and post-election and funds not happening and budgetary allocations on PMAY scheme and other state programs did not take off. And in our speeches, we were mentioning that those were a little bit not on the ground, we could see. But as we navigated the year and come into this year, we can see things improving on the ground. Currently, because of monsoon, there will always be a little bit of downside, but we should not worry about drop in demand due to monsoon. But on a yearly average, as we go forward, industry is slated to grow anywhere between 7% to 10%, 10 at a very optimistic level, at 7 at a very realistic level.

Moderator: Thank you. Mr. Srinivasan, please rejoin the queue for more questions. Next question comes from the line of Ashutosh Murarka with Choice Institutional Equities. Please go ahead.

Ashutosh Murarka: Hello. Thank you for the opportunity. I have a question on Vadraj acquisition funding plan via CCPs. Can you please highlight the merits of this versus conventional debt equity financing?

Jayakumar Krishnaswamy: I won't be able to tell you all the nitty gritty of the financing because currently under discussion, it will not be appropriate to discuss all the details. But suffice to say, we are very mindful of the balance sheet strength of Nuvoco. And hence, as part of fundraising, we did borrow Rs. 600 crores as a long-term financing, which will remain as a debt on the books of Nuvoco. But the balance Rs. 1,200 crores is going to be through the instrument of CCPS and CCD, which will not figure as a debt on the balance sheet and terms and conditions of it, we are currently under discussion. So, I guess once it is done, we will be able to share with you the stuff.

Moderator: Thank you. Next question comes from the line of Satyadeep Jain with Ambit Capital. Please go ahead.

Satyadeep Jain: Hi, thank you for the follow up. Jay, just two questions. One on the railway line that you are talking about. Since you are one of the reasons for putting up the GU, out of many reasons, one is obviously the opportunity to sell cement through rail internally. What is the plan? Because the railway line is coming to Mundra or you mentioned there are other possibilities of where the railway, because it is still somewhat far from your plant. What is the plan and when is the line coming as per you? That is the first question.

Jayakumar Krishnaswamy: I didn't mention Mundra, Satyadeep. The railway line has come to a place called Naliya. Naliya is a place which is close to 40 kilometers from our location in Kutch. And post Naliya is a place called Vayor. Vayor is just about 15-20 kilometers from our site and the other two places are also in the site. And hence, broad gauge is already coming. So, from reliable sources and also talking with railways, we got to know that the railway line is also going to go further down from Vayor to other places. Then it becomes not more than 7-8 kilometers from our site. And hence, it becomes extremely prudent for us to exploit the railway opportunity. That's how we made this call.



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Satyadeep Jain: And what is the status of that? Sorry, I missed that. Any idea by when this will get commissioned?

Jayakumar Krishnaswamy: Railway line is already commissioned up till Naliya actually. In fact, one of our competitors is also using the open platform to dispatch clinkers from there.

Satyadeep Jain: Okay. Second, just wanted to understand the product mix. You mentioned 41%. I don't know if Concreto would also, not the Concreto Uno, but also Concreto would qualify as premium cement in just over time, over the last 2-3 years. How has the product mix evolved in terms of Concreto, Duraguard, Double Bull? Just maybe some insight you can share there.

Jayakumar Krishnaswamy: Breakup of each category, I will avoid giving. But suffice, what I will try to explain to you is our base product is our Duraguard. And that's on the A category in the marketplace. So, we are right in the benchmark products in all the markets we operate. We operate in the A category in all the key markets with Nuvoco Duraguard. On top of it comes in the Duraguard category, in the PPC category, we have Microfiber, which is close to about Rs. 25 more than the base product. And then we have Concreto in the pure slag category, which is again Rs. 25-Rs. 30 rupees more than the base product. And Uno is another Rs. 20 odd more than the Concreto franchise in the key markets of East. And in terms of individual volumes, I would not like to say what happens there. But overall, if you see every state in Bengal, Jharkhand, Bihar, if you can look at the volumes which we sell, close to about, as a company, we are at 41%. At the East level, our premium percentage is much higher than the national level.

Moderator: Thank you. Mr. Jain, please rejoin the queue for more questions. Next question comes from the line of Rajesh Ravi with HDFC Securities. Please go ahead.

Rajesh Ravi: Just a follow-up question. This cement to clinker ratio is holding on steady at around 1.72. I believe there are expectations of taking it up to 1.83. So, what is the roadmap over there? And second, when you said this Rs. 1,800 crore is already paid and this Rs. 1,800 crores additional CAPEX, does this include Rs. 200 crores towards the CPP acquisition also?

Jayakumar Krishnaswamy: Yes. On the C/K ratio, Rajesh, East C/K ratio is 2 and above. North C/K ratio is lower than East, much lower because of the PPC and OPC stuff. But at a blended level, our C/K ratio is at 1.74. We are striving to get the East C/K ratio all the way up to 2.1, maximizing more and more blended cement and getting more and more slag cement, which should overall improve. But as you would be aware that as we enter Vadraj and market in Gujarat and Maharashtra, we will end up selling more OPC on this market. So, to sustain a 1.75 C/K ratio in the long term, will not be possible. East, we will certainly sustain 2.1, that kind of number. North will be less. Our blended target still will be to hit 1.74 at a long term, that's going to be the goal for the company. In terms of the CPP cost, that's why when I mentioned about, there was a question regarding the power plants, I said upfront, I wanted to tell 1,800 was the cost of the asset which we paid to the bankers



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and then committee of creditors. And then we going to refurbish the asset at another Rs. 1,600 crores, looking at Rs. 200 crores to fund the CPP. So, you have to look at 1,800 plus 1,600 plus 200.

Rajesh Ravi: Right. Okay. And lastly, what is the total cost saving you're looking at for FY'26? And could you break it up between headings, FY'25 over FY'26?

Jayakumar Krishnaswamy: Yes, we are targeting a cost saving of close to about Rs. 50-odd over and above FY'25 and FY'26 on a full year average. The key program being getting our allied slag from the current 45,000 to 75,000 tons per month. Then we are also de-bottlenecking the WHR, waste heat recovery system in Nimbol from the current 4.7 megawatt to 6.6 megawatt with a very small CAPEX of close to about Rs. 10 odd crores. And that should kind of reduce the power cost in North. Increase the AFR percentage from the current 12% to an excess of 15%, 16%. And over a period of next 1-1.5 years, we are also setting up hybrid wind and solar in the North region and reduction of lead distance by close to about 12 to 15 kilometers. The Orissa siding is currently under commissioning, another two months from now with all the permits and approvals on railways. Come Q3, we will have 100% clinker movement to Jajpur via our siding. All this put together should deliver close to Rs. 50 this year over last year.

Moderator: Thank you. Mr. Ravi, please rejoin the queue for more questions. Next question comes from the line of Girija Ray with Yes Securities. Please go ahead.

Girija Ray: My questions are answered. Thank you very much.

Moderator: Thank you. Next question comes from the line of Shravan Shah with Dolat Capital. Please go ahead.

Shravan Shah: Sir, is it fair to say the way we are saying that the prices currently are stable and let's assume if it remains stable for Q2 and then given the cost, particularly the freight cost, which is higher for this quarter and we are seeing Rs. 70 - Rs. 80 per ton kind of a reduction and overall for full year reduction is there. Is it fair that this Rs. 1,000 rupees EBITDA per ton, Rs. 1,000 plus is maintainable?

Jayakumar Krishnaswamy: Our target and endeavor will be to sustain this kind of profitability and some conditions are certainly favoring Nuvoco and some of the strategies which we have put in place is working for us, namely the cost savings program, the premiumisation program, the trade share program and home markets program. All these cannot be taken away. These are all internal levers. The internal levers will continue to focus and will bear fruit to us and as answered Rajesh's previous question, other cost saving agenda for the coming year goes by and we will get quarter-on-quarter some amount of savings. Full year, we are looking at close to Rs. 50. If the prices don't



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go south, we should certainly be able to sustain this kind of profitability in the coming quarter and beyond.

Shravan Shah:

Great. Great to hear that. Another thing is last time, sir, we said that for Vadraj in FY'27, once we start in Q3, we are looking at I think 0.3 or 0.4 million-ton kind of volume and then 2 odd million ton. If you can clarify that?

Jayakumar Krishnaswamy: Currently in the state of Gujarat, we sell 1 million tons. Both trade and non-trade put together, this 1 million ton comes from our Chittor and Nimbol facility and then it is either coming through bulker or bag momentum distributed largely in Surat, Banaskantha, Baroda and some in Ahmedabad and Godhra, these are the areas we sell. We don't sell in much other larger part of Ahmedabad and we don't sell in Saurashtra and Kutch. So, our plan is as we speak, we are establishing networks, we have a full-fledged regional sales organization that is being deployed and over a period of next 6 to 7 months, our plan is to establish channels, identify third-party agents for non-trade, key account development, all those agendas being put in place as we speak and our target is when we close this year and come into Q1 next year, we should be able to improve this number from the current 1 million tons to maybe 1.2 to 1.3 million tons and by the time the Vadraj facility is ready, our channels will be established, key accounts will be established, the branches will be established in the key markets and when the plant is ready, our target is in year 1, get incremental 0.3, 0.4 million tons over and above the current 1 million ton. FY'27 end, we are targeting close to about anywhere between 1.5, 1.8 million tons of sale in Gujarat.

Moderator:

Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question and answer session. I would now like to hand the conference over to Ms. Madhumita Basu for closing comments.

Madhumita Basu:

Thank you, Ranju. Ladies and gentlemen, thank you for your questions, which we trust have been well addressed. Our Investor Relations team will remain available for any further clarifications that you might require. To conclude, we remain firmly committed to driving sustained growth and expanding our market presence. With the successful acquisition of Vadraj Cement, the company is well prepared to operationalize the plants at Kutch and Surat by Q3 FY'27, thereby identifying and strengthening its footprint in the western region. In parallel, we will continue to focus on strategic priorities such as premiumization, geo-optimization, cost efficiency to enhance our competitive advantage and create long-term value. Thank you to all of you for being here with us today. Wish you a good day.

Moderator:

Thank you. On behalf of Nuvoco Vistas Corporation Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.