



“Ambuja Cements Limited
Q1 FY27 Earnings Conference Call”
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MODERATOR: **MR. JASHANDEEP CHADHA – NOMURA**

Moderator: Ladies and gentlemen, good day, and welcome to the Ambuja Cements Limited Q1 FY27 Earnings Conference Call, hosted by Nomura. As a reminder, all participant lines will remain in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

I will now hand the conference over to Mr. Jashandeep Chadha from Nomura for opening remarks. Thank you, and over to you.

Jashandeep Chadha: Thank you, everyone. Without much delay, I will transfer the call to Mr. Deepak Balwani, Head of Investor Relations. Mr. Deepak, over to you.

Deepak Balwani: Yes. Thank you, Jashandeep. On behalf of Ambuja Cements, it is my pleasure to welcome all participants to our earnings call for Q1, FY'27. Ambuja Cement is the ninth largest cement company globally, a key part of diversified Adani Portfolio, the country's fastest-growing portfolio of sustainable businesses.

Before we begin, I would like to remind everyone that today's discussion may contain certain forward-looking statements based on our current expectations and assumptions. These statements are subject to various risks and uncertainties, and actual results may vary materially. At Ambuja, we remain committed to enhancing transparency, strengthening disclosures and continuously elevating our capital market communication standards in line with the global best practices.

We are pleased to have with us today Mr. Karan Adani, Director; Mr. Vinod Bahety, Chief Executive Officer; and Mr. Rohit Soni, Chief Financial Officer. With that, I would now like to invite Mr. Vinod Bahety to share his perspective on the quarterly performance and the company's strategic outlook.

Vinod Bahety: Thank you, Deepak. Thanks, Jashandeep. Good afternoon, everyone, and thank you for joining us. We have started our financial year '27 with a disciplined and sustainable performance reflecting the continued execution of our strategy despite a challenging operating environment. The quarter was characterized by stable cement demand, supported by infrastructure, housing and construction activity, while profitability across the industry remained under pressure from the higher imported fuel prices, elevated freight costs and geopolitical developments in West Asia.

Against this backdrop, Ambuja Cements delivered stronger profitability, improved operating efficiency and continued strategic execution. Our strategy remains clear and consistent, creating sustainable value ahead of volume. We used this as an opportunity to perform scheduled maintenance for almost 12% of our kilns, absorbing additional cost of INR 50 per metric ton this quarter, while we built up clinker inventory of 1 month and coal inventory of around 3 months, giving us a competitive edge in second quarter.

We continue to execute against the 4 strategic priorities that will define the next phase of our growth. First, profitable growth. Our focus remains firmly on value creation. We continue to

improve the quality of our revenue through a higher share of trade sales, increasing premiumization, discipline in pricing, market-specific commercial strategies. Trade sales share has actually improved from 74% to now 78% of our overall sales. Our premium strategy continues to gain traction with premium products comprising 34% of our trade sales.

Cluster-wise, if I were to highlight, North continued with its leadership in terms of giving highest EBITDA in my books. We grew 2% of our trade volumes Y-on-Y in North, while we had a much sharper reduction in the lower-margin non-trade volumes. Central cluster, it remained a stronger market for us with higher proportion of premium cement, enabling higher EBITDA margins, and we improved our share of blended cement in this cluster.

So far as West is concerned, it's well balanced between trade and non-trade since the key markets of Mumbai, Gujarat are stronger on higher margins of non-trade volumes. We have grown positively both in terms of trade as well as non-trade in West. East is concerned, we have sustained on the trade volumes, and we maintained healthy EBITDA margins.

So far as South is concerned, we have consciously reduced our lower margin volumes, while we continue to increase our channel network and focus on trade volumes as we move on the coming quarters. In all, we have a 2% negative Y-o-Y growth on the trade and a 21% Y-o-Y negative growth on non-trade.

The second on the track in terms of our 4 strategic priorities, I would highlight is the structural cost leadership. Operational excellence continues to strengthen our competitive advantage. During the quarter, our clinker factor improved by approximately 3% to now 64%, while share of blended cement increased 85%, improving both profitability and sustainability. Net operating cost reduced to INR4,241 per metric ton, a reduction of INR 206 PMT from the previous quarter. Thus, it puts us firmly in terms of our guidance to achieve INR 4,250 per ton for this financial year.

Importantly, these gains were achieved despite the inflationary pressures. Productivity initiatives enabled us to maintain manpower cost at INR222 PMT while optimization of our manufacturing footprint reduced the primary lead distance by 20 kilometers, lowering our logistics cost by another INR10 per metric ton. Across the value chain, we continue to build structural advantages through raw material optimization, higher renewable energy utilization, better use of domestic fuels, enhanced capacity, enhanced captive coal integration, improved kiln efficiency, logistics optimization and expanded rail infra.

Our RE power capacity is now at 973 megawatts, up almost 500 megawatts over past 1 year. WHRS capacity stands at 228 megawatts, and this has helped us to reduce our unit of power cost from INR5.9 per kWh to almost INR4.9. So by INR1, actually, it has come down with these improvements. This is in line with our earlier guidance.

Our cost transformation journey for this year remains firmly on track, as I mentioned earlier, supported by a series of structural efficiency initiatives. One of them, for example, reduction in the lead distance, we are expecting another 15 kilometers, which will deliver additional INR35

per ton of savings. Raw material logistics optimization through better use of the BCFC rates and the fly ash sorting initiatives is expected to contribute additional INR30 per ton.

On the energy front, increased RE power consumption backed by commissioning of additional 75 megawatts of the new green power capacity, along with the targeted reductions in the heat consumption, which on a conservative estimate, I consider 5 kilo calorie from the existing levels per kg of clinker and on the power consumption, which will come down by almost 2 to 3 units per ton of cement.

This is all expected to generate additional savings of, say, INR50 on these initiatives and the other expenses, for example, there's a headroom of improving it by INR10 to INR15. In all, these initiatives are expected to deliver savings of almost INR130 to INR150 per ton, providing a strong visibility towards our cost leadership target and enhancing long-term competitiveness.

It also mitigates any pressures on cost from the geopolitical tensions. I again reemphasize all these initiatives are fundamentally reshaping our cost curve and reinforce our confidence in achieving total cost of 4,250 PMT by end of '27. The third factor in our strategic approach is the disciplined capital allocation.

Today, Ambuja has evolved into a 109 million tons of capacity integrated cement platform. Our priority is no longer simply adding the capacity, but it is converting scale into higher productivity, superior profitability and stronger returns on capital. Our expansion program remains firmly on schedule. To highlight, trial runs have already commenced at Dahej, which is the expansion of 1.2 million tons of cement capacity.

Salai Banwa in UP has already started with 2.4 million tons of capacity. Bhatinda in Punjab, 1.2 million tons; and Jodhpur, which was, if you remember, we had acquired from Penna as an overall company. So this Jodhpur was under construction at that point. It has already also commissioned at 2 million tons of capacity. Kalamboli in Mumbai, basically 1 million tons of expansion, that is expected in Q2 and so is Warisaliganj in Bihar 2.4 million tons expected in Q2. Maratha is a clinker line, which we are expecting it to commission next year.

These projects will increase our installed capacity to 119 million tons by end of this financial year, and it will also help us to improve on our efficiency and overall costs. At the same time, our focus extends well beyond capacity creation, the debottlenecking, the asset reliability, the operational stabilization and the productivity enhancement remains equally important to maximize the returns from every amount of capital invested. Fourth in the pillar of the strategy, which we are focusing is to build a future-ready enterprise.

Technology and sustainability are increasingly becoming enduring competitive differentiators. Importantly, at Ambuja, sustainability is not merely an ESG commitment. It is a driver of innovation, efficiency and long-term shareholder value creation. Let me now briefly summarize our financial performance. Revenue of INR9,500 crores, operating EBITDA of INR1,589 crores, EBITDA margin, which has improved 331 basis points to now 16.7% EBITDA per ton of INR931 net cost reduced by INR206 per metric ton sequentially, PAT of INR660 crores and net worth of almost INR72,000 crores.

Looking ahead, friends, India's long-term demand fundamentals remains compelling. Infrastructure, development, urbanization, industrialization, logistics investments and housing demand continues to support sustained growth in cement consumption. While near-term demand may remain influenced by monsoon and input cost volatility, our priorities remains unchanged.

We remain well positioned to outperform industry growth, expanding installed capacity to 119 million tons with the addition of 10.2 million tons, which I mentioned before. We also target approximately INR250 per ton of additional cost savings, which I mentioned to INR4,250 now by the end of for the full year of FY27 and continuing to improve returns through disciplined execution, premiumization, operational excellence and digital transformation.

With industry scale leading structural cost leadership, disciplined capital allocation and technology-enabled execution and a stronger balance sheet, Ambuja Cement is uniquely positioned to create superior long-term value for all the stakeholders. I thank you again. I will now hand over the call to the moderator.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We take the first question from the line of Navin Sahadeo from ICICI Securities.

Navin Sahadeo: Thank you for the opportunity. Also, congratulations on the sequential improvement that we have seen in the profitability. I had two questions. One is on volumes. Now volumes, you'll appreciate that yours is the only company to have seen at least so far, in the listed entity space, Ambuja is the only company to have lost volumes, and you explained trade, there is a decline and a much higher decline in the non-trade.

This is in the quest to chase value over volume, which is now very apparent and also mentioned in the PPT. So I wanted to just understand then, is it fair then that for full year FY27, if this strategy maintains, we will have a very muted kind of a volume growth because we'll be focusing more on maximizing value in the backdrop of the previous quarter's guidance that we were chasing around 80 million tons or so.

Vinod Bahety: Thank you, Navin. Thank you very much. I think this question may be also echoing from some of the other analyst fraternity. So let me explain this in more detail. First, I want to assure you all, I think the whole focus on the trade volume and therefore, this improvement in the percentage of trade volume from 74% to 78% sequentially as rightly said, has actually given us a good bump in the EBITDA PMT.

Now from here onwards, on back of our brand equity, Ambuja, ACC with the parent brand, Adani Cement, we are riding quite well in terms of the volume growth. As we speak in the month of July, and I would not shy highlighting that we are already seeing an 8% improvement on the trade volumes.

And therefore, it gives me a good level of confidence to continue with our estimation and guidance of 8% growth, which we are targeting for this financial year. And therefore, like more the way we focus on value terms, I think in terms of overall revenue, it will commensurate and keep us giving that elbow advantage compared to the competition.

It doesn't mean that we are not focusing on the non-trade. We are. And in my commentary, I highlighted that some of the markets of West and a few of, say, North, which provide a great opportunity on the non-trade, which remains our key focus area. And what we are also doing is many of the markets in Central and East, for example, they are also moving blended cement in the non-trade, which actually becomes an advantage and therefore, has helped us to improve our overall, say, share of blended cement to 85%.

So the track is to one is improve the blended share of sales to the non-trade institutional segment and keep focusing on trade with the brand equity and the excitement which we see now with the channel partners, the dealers, the contractors, the retailers and the whole positive momentum, which is now coming in. I think this definitely bodes very well for the coming quarters and which is reflected in July also. So I think we are quite positive towards the volume growth for the year.

Navin Sahadeo: So we'll gain the lost I mean, just to like part of this question is, so whatever market share loss we have had in Q1, we'll be able to recoup that in the balance 9 months. Is that a safe understanding?

Vinod Bahety: Navin, I would say that market share has to be looked upon on an overall basis. Again, for example, I would say that we have sustained and rather only improved in terms of the market share on the trade segment.

And so far as you may say that we have reduced our market share on the non-trade, which is like a very well calculated thought upon basically action plan. So but on the trade side, we have sustained and improved only.

Navin Sahadeo: Understood. Understood. Sir, my second question then was on the green power. And as you reported that out of the 1,122 megawatts, 973 is already commissioned, which is 87%. Now my question was that by FY28, the target is to take it to 1,122 megawatt, which is just 13% incremental, but the share of green power is then going from 34% to 60%.

So two parts of the question is what major difference will the incremental 13% do to take the overall share to 60%? And if company is selling some green power because not able to utilize at the plant, does it also mean that the benefits of this green power are largely captured? The only difference being they are in revenues right now and will come to cost later.

Vinod Bahety: Very good question, again, Navin, I must appreciate. I think this is like a very interesting point. What we have done is like we have set up the capacity. And just to put some more specific numbers, 45 crores units right, has been sold in first quarter out of our operating assets. And question would be, are we basically inclined towards sale or inclined towards consumption?

Actually, the inclination is towards the consumption, but there are always initial trading issues, the transmission infrastructure, some of the policy initiatives. So it takes time. But this quarter, which is Q2, we are expecting to consume almost like 50% of this, so almost like 20 crores units out of the sold units, number one. Now your question is very interesting that 34%.

Actually, if I consider the sold units, this 34% is actually reported on a consumption basis. I would have actually shared on an overall revenue plus consumption, then my green power share is almost 48%. Now the journey is then from 48% to 60%, and that is quite basically enabled through the capacity which you highlighted up from 1122, for example, and also the WHRS capacity, which are getting set up from some 230-odd megawatts as of now. So, we are absolutely well on our plan in terms of green power to achieve 60% by FY28.

Moderator: We take the next question from the line of Manish Somaiya from Cantor Fitzgerald & Company.

Manish Somaiya: I have a couple of questions. First, it's on Sanghi, Penna, Orient. When do we expect normalized utilization and EBITDA per ton levels? And how much capex do you think you need to spend to achieve that?

Vinod Bahety: So far as the acquired assets of your question is, Manish, about Orient, Penna and Sanghi, right, if I understood it correctly. Orient, for example, is quite well in terms of its capacity utilization as well as margin. And therefore, for example, from prospectively here onwards, I only see an improvement in Orient with minimum of investment.

So far as because we have 87% utilization of capacity in Orient. So far as Penna is concerned, that remains an area in terms of improving the capacity utilization. One is the investment part. Investment is lesser, but I think what we have to do, investment is more on the channel network and increasing the whole focus in terms of the trade sales, which will be the key driving factor for improving our overall, say, penetration of utilization of capacity of Penna.

Sanghi is quite moving well. And Sanghi, for example, we have seen an improvement in the capacity utilization, both clinker as well as cement. And Sanghi, for example, what we are doing is now an investment of closer to, say, INR600-odd crores, which is planned in terms of the jetty expansion, but that's more for the clinker basically utilization, which will augment and support the planned grinding units in the on the coast.

But otherwise, Sanghi has taken up the investments. We have, for example, we are already investing into a WHRS line in Sanghi. And what we have done is also a shutdown of plant shutdown of one of the kilns, which is in a normal course of the investment. Nothing special. So I think Penna is what, for example, required some of the AFR investments and WHRS investments.

I would take it, the investment is less than, let's say, INR100 crores to INR150 crores altogether, but the more important is the whole improvement in terms of the channel development for South to enable and facilitate margin expansion of the Penna assets. And as I said, Sanghi is now doing well, and you'll see every prospective quarter a better utilization and improved margins coming from Sanghi.

Manish Somaiya: Okay. That's super helpful. And then you mentioned in the press release that you expect sequential cost pressure in fiscal second quarter. When should we expect those costs to normalize?

Vinod Bahety:

So basically, I would say that this cost increase is basically more about the geopolitical escalations, if at all it happens. Therefore, for example, normalization would all depend on how that deescalates. But what we are doing is because those are beyond your control. What is in your control is how you can further optimize the cost.

I gave a narrative of almost INR150 a ton in my initial remarks, whether it is logistics, whether it is green power, whether it is basically efficiency consumption efficiency of the heat consumption or the power consumption and also the clinker factor, very important because in the industry, for example, among the peers, I'd probably say that Adani Cement is the one which has actually reduced the clinker factor.

So every 1% clinker factor has a good savings also. So I think we are expecting almost INR130 to INR150 a ton, basically cushion available, which we are focusing to have any kind of and we are expecting, if at all, this kind of geopolitical situation continues, ballpark about say, INR100, for example, potential rise in the cost.

But I mentioned to you, I'm holding an inventory of clinker of almost a month, and I'm holding the coal inventory of almost 3 months. So I'm very well mitigated from that perspective. And on top of it, the initiatives to bring down the cost by INR100 to INR150, which will be a good mitigation to absorb any kind of surprises from any external factors.

Manish Somaiya:

Okay. That's also helpful. And then just lastly, if I were to look at demand industry demand and pricing, can you just give us a flavour for what you're seeing across some of your key regions?

Vinod Bahety:

Yes. Yes, Manish. So in terms of our key regions, I think we are seeing a good momentum coming in terms of, say, East, East is doing well. So is like West, we are seeing now where we have grown positively also both on the trade and on the B2B side.

So for me, the key market remains, Manish, North, West, Central and East. All of them, for example, we are seeing a good traction. And that's how with confidence I mentioned to Navin also in terms of our estimates of guidance on the volume growth. So I think there is now a stronger excitement within the channel and in terms of a pull demand pull, what also is coming for our premium cement and our overall brand equity pull.

So we are seeing a good momentum. Across this on South, I have to invest on the channel network, which we will do, which we are doing with lots of focus, and you will see a good improvement on that part as well. Meanwhile, we are also putting efforts in terms of doing some further improvisation on the product with some R&D and all on certain product segment, which, for example, down the line, we will let you know how things are shaping on that.

Essentially, the idea is to improve the share of blended cement, which we are. As of now, we are at 85%, and we want to further improve down the line.

Moderator:

We take the next question from the line of Indrajit Agarwal from CLSA.

- Indrajit Agarwal:** A couple of questions. Despite improvement in trade sales, our ASP increase on a sequential basis has been one of the lowest in the industry. So, is it more geographical mix? Or what exactly is driving this?
- Vinod Bahety:** Indrajit, thank you. In terms of the growth, I think so we have achieved, say, sequential growth, while Y-o-Y, there's a decline. But if I have to put some factors, which gets there are like different ways how you calculate the NSP. So I won't go into that accounting treatment, but one should consider that also because there are Incoterms, for example, some companies actually net off certain expenditures.
- And so we actually put certain expenditures, which are netting off the NSP compared to some of the other industry players who may not do it, number one. And in terms of the sometimes the Ex-works, which is in the Incoterms, the commercial terms, when it increases, it impacts your NSP also. So one would look at those factors.
- And therefore, for example, the NSP gets impacted. But from here onwards, I think what we are confident is the whole brand pool and the trade segment and the premium actually is going to differentiate our price movement also.
- And I think price is all market force, which is well appreciated, but I would still bring the focus back to cost and which is something which is absolutely in our control, and we want to deliver most efficiently there and which will be a determining factor in our delta improvement vis-a-vis last year. And you will see the journey of NSP also will improve in line with the industry.
- Indrajit Agarwal:** Sure. Actually, on that note, given that you already have substantial coal and clinker inventory versus the commentary of some of the other players of, let's say, INR80, INR100 kind of cost increase sequentially in 2Q. Can we assume at least on the variable cost basis, you are unlikely to have any cost increase in 2Q?
- Vinod Bahety:** No, I would say that we will still have some impact, but I have given you the mitigation of that. Therefore, for example, on a net basis, we will be well in our line with the June quarter estimate and slightly better only.
- On a full year, we are anyways giving a guidance of INR4,250 a ton so while I mentioned that there will be some element of surprise coming from the geopolitical tensions and all, and we are well mitigated with the overall, say, raw material and the other factors which I've highlighted.
- Indrajit Agarwal:** Sure. And what would be the capex number for FY27 and '28?
- Vinod Bahety:** So, capex is overall, say, closer to INR6,500 crores and which is well between the growth and the efficiency capex, but that's like we are working on.
- Moderator:** We take the next question from the line of Rajesh Ravi from HDFC Securities.
- Rajesh Ravi:** Sir, first question, I think you have partly covered that on the volume growth. So full year, when you are maintaining 8% and first quarter, we have seen a sharp decline. So, what gives the

confidence that on a total basis, we would be able to deliver 8%, which would mean more than 10% growth in the remaining 9 months?

Vinod Bahety:

So, Rajesh, I think the confidence is on the overall investment which we are now putting in terms of the focus on trade, the channel, the brand, the support coming down from the whole network. And that is what was what we wanted. And therefore, like even for the B2B, we are focusing on the key markets, which are high-margin B2B business.

And it is, therefore, important that we are there in terms of the new capacity also, for example, which I mentioned to you, almost 10 million tons is coming, which will come in, say, different staggered manner, but those are also like going to improve the volumes.

And the improvement also comes when I have a source of fly ash which I have a long-term agreement, and it comes at a very competitive costing and the infrastructure of railway, which we have created, the BCFC rates, which we have invested, all of this basically helps us to bring and move the material in the most efficient manner and get the volume share, more so on the trade side.

Rajesh Ravi:

Great. And sir, sir, this trade non-trade mix 85% what we have achieved 78%. So can we expect that in subsequent quarters, it would be north of 75% trade sales that will be the focus?

Vinod Bahety:

Absolutely, Rajesh, you hit the point. It is going to be upwards of 75%

Rajesh Ravi:

Okay. And sir, we hear in the channel that there is a lot of talks of merging ACC Ambuja brand into an Adani Cement brand. So could you throw some light on that? And what is the thought process behind that effort?

Vinod Bahety:

So Rajesh, no such plans for the brand merger. Whatever the plan is for the company merger, which we have announced.

Rajesh Ravi:

Okay. Understood. And on the RMC, could you share what is the EBITDA number for the RMC segment in Q1?

Vinod Bahety:

So okay, in terms of the RMC EBITDA for the quarter, we are at about INR33-odd crores...

Rajesh Ravi:

No, why I'm asking because the last whole of 4 quarters of last year, this segment reported margins of close to 14% to 15%. And this quarter, this has fallen down sharply to 7%. So any change in strategy?

Vinod Bahety:

No specific reasons, but this is like still a smaller segment. So I would say that I can spend time on that, but maybe we will discuss more. There are specific in terms of the overall, say, the raw material pricing and certain, say, financial accounting, for example, in terms of the lease accounting and all. But I'm here and all here and there, for example, we can spend more time on this separately.

Rajesh Ravi:

No issue, sir. And lastly, of the total INR6,500 crores earmarked for this year capex, how much we would have spent in Q1?

- Vinod Bahety:** So, I would say that we are well in terms of almost closer to 25%, which is like it's balancing out for me for the year actually. So 25% is there around closer to INR1,500 crores to INR1,600 crores, which we have invested.
- Moderator:** We take the next question from the line of Raashi from Citigroup.
- Raashi:** I may have missed some of the initial points, but did you mention that the trade volume decline was 2% and non-trade was 21%?
- Vinod Bahety:** Yes, Raashi, you're right. This is Y-on-Y.
- Raashi:** So why given that there's so much focus on trade, why you still witness a decline? Like could you give us a regional like regionally, what was the dynamic across...
- Vinod Bahety:** Yes. So Raashi, basically, Y-o-Y, for example, this quarter had the severe most impact of all the geopolitical tensions in terms of the diesel availability, in terms of the issues on interim issues on the packing back availability and so on and so forth. This was the one part.
- And I think when you change your gears, there are certain disruptions which happened. So I think now I mentioned to you in July, we are already seeing a 8% Y-o-Y growth. So I think I would pick it from here that how things are moving. So that's the recalibration which we have done.
- Raashi:** Okay. And the 8% that you mentioned was only trade, right? So non-trade would still be negative?
- Vinod Bahety:** Yes. So again, the whole focus of our the discussion will be, let us say, on trade, you absolutely right. And even going with the Y-o-Y of the previous of this quarter vis-a-vis the earlier year on some of the clusters I mentioned to you, like North, we have grown 2% on West, and these are like high EBITDA markets.
- West also, we have grown, say, 2%. So selectively, we have grown. Selectively, we have degrown. Some of them is well calculated because of the low EBITDA margins and all, which I mentioned now, and we are focusing absolutely on value terms. 8% for trade and trade remains a high degree of my overall say, sales, it will be, I told upwards of 75%, and then you can calculate and calibrate the overall volume growth.
- Raashi:** Understood. And within the I mean, just on a regional basis, like your overall volume, either overall or on the trade basis, like regionally, did you basically witness a decline across in all regions on a year-on-year basis?
- Vinod Bahety:** On the you are talking about the B2B?
- Raashi:** I'm talking about either total or the trade I mean, total actually, on the total volume, it was down 7% year-on-year.

Vinod Bahety: No. In fact, we have seen a good growth, as I mentioned, like, for example, even in B2B in the West side, we have grown both in trade and the non-trade. In the north, we have grown basically in North and East, we have sustained. So it is like selective.

I mentioned that South is where, for example, we have consciously the low margin we have. We have degrown basically, which is the highest degrown in that cluster. And and center, for example, more we have degrown because we have moved into the blended cement as an offering and which has actually helped us to actually improve our margins. So we have been selective cluster by cluster.

Raashi: Got it. And what was capacity utilization for you overall?

Vinod Bahety: Overall capacity is 65%. But if I look at so yes, ballpark 65% on a totality basis.

Raashi: Got it. Second question is on costs. I was just trying to understand, in this quarter, you witnessed a INR206 decline sequentially on your costs. But where exactly is this decline showing up? Because when I read the various heads as per your presentation, then like power and fuel costs have actually moved up sequentially. I know that there's like a whole stock change impact. But if I have to look specifically, where all have you got this INR206 savings?

Vinod Bahety: So if you look at in terms of the raw material, so we have got the savings in fly ash in terms of efficient sourcing of the fly ash. In terms of the power, we have seen the RE power, which has benefited and the overall, say, price per unit of the power rate has come down.

These are like 2 primarily factors. Apart from that, my clinker factor, which has come down by ~2%, that has been also a good improvement of my overall power overall cost reduction. So this INR206 improvement has come from a combination of efficiency, the clinker factor, logistics marginally, I mentioned INR10 per ton, but RE power and fly ash has also given me a good advantage. And prospectively also, they will keep giving me advantage.

Now so far as also what we are doing, Raashi, is the optimization of the fixed costs, for example. And you will say that it is commendable that despite the capacity utilization being lower, but still we are able to optimize my fixed cost as well and a good speed of acceleration you will see on this front as well. So various factors, I can actually give a bridge on that. But I think suffice to say, this INR206 has many good factors to sustain further and further improve from there.

Raashi: Understood. You had given at the beginning...

Vinod Bahety: By the way, is after absorbing the INR110, which ballpark, which we believe also has hit us from the West Asia escalation. So this INR206 plus INR110, if I have to gross it up, actually, my savings is INR316 actually. On the cost side. I have digested that INR110. And after that, our cost has come down by INR206 per ton.

Raashi: Okay. And you were giving some numbers on waste heat recovery and renewable energy. What was the total capacity now? What will it go to? I missed that earlier on?

- Vinod Bahety:** It is 228 megawatts, and this will go further to almost 376. So almost like another 100 about say, 70 140 megawatts, which will improve from here basically. So all my new kilns, which like new kilns, whichever it comes to, it will have WHRS and will further add up to, as I mentioned, Sanghi and Penna and all.
- Raashi:** Okay. And RE?
- Vinod Bahety:** RE, Navin mentioned, so we are 1,132 megawatts in terms of 1,122 basically for the RE and yes, from the current 975-odd megawatts. So almost closer to 150 megawatt there.
- Moderator:** We take the next question from the line of Ashish Jain from Macquarie India.
- Ashish Jain:** Sir, my first question is on capacity. While you have given a road map for fiscal '27, there are 2 parts. One is, how do we see growth or capacity in, let's say, '28, '29? That is one. And secondly, out of this 119, which includes some of the old capacities, especially of ACC, is there something that we plan to permanently mothball and how should we think about that?
- Vinod Bahety:** Ashish, thanks. I will answer your second question first. In terms of the one which you mentioned about the mothballing, answer is no. In fact, we are evaluating and we are working to see how they are optimized. Therefore, that's like a temporary suspension.
- So far as the capacity for '28, '29 is concerned, I would say that now I want to just give you this confidence that by end of this year, we should be hitting 119 million. And for '28, '29, work in progress. Generally, we expect every year 8 million to 10 million tons of capacity additions, and that's like how we will plan it out.
- Ashish Jain:** No, sir, I'm not looking for like numbers as of now, but we will be adding something or the other organic, I mean, in '28, '29 also or given our shift profit...
- Vinod Bahety:** Organic only. So like whatever we are discussing now is purely organic. And yes, so anything more, Ashish?
- Ashish Jain:** Yes. Sir, second, I wanted to understand the cost impact a bit better. Like this the incremental number that we are talking about from the breakup, which you kind of alluded to, looks like the large part of the incremental savings is coming from RE. Is that the right interpretation?
- Vinod Bahety:** Well, I think you have all the engines on fire on the cost. One is the efficiency. Second is the raw material. Third is the overall so of course, RE power also and the fixed cost optimization. Yes, I think all of them, for example, we have a good focus on them. And there's a good visibility also because we have invested, right?
- When I say raw material, we have invested into the BCFC infrastructure and the fly ash, for example, when it comes to recently like 10 days back, there was this policy from railways, which actually further improvises the logistics cost when you move by BCFC.
- We have made those investments. And therefore, the incremental savings are coming from those investments, whether it is RE Power, whether it is in railways, so and so forth. But more importantly is the efficiencies also which are now coming on our plants.

Like if you want some specifics, I can share the numbers also, for example. In terms of, let us say, the efficiency factor, it is almost like INR30 to INR50. When it comes to the input material and logistics, it becomes almost say INR50 a ton. The clinker factor itself brings another INR50 a ton. And the fixed cost, for example, optimization will help me another INR80 a ton.

So this journey, for example, from the INR4,447 which we had reported in Q4 of FY26 to coming to INR4,250 for the or INR4,241 for the first quarter of '27. I think we are like broad head in terms of specific numbers also. Yes. As I said, this is after digesting the INR110 West Asia War escalations.

Moderator: We take the next question from the line of Ritesh Shah from Investec.

Ritesh Shah: A couple of questions. First one, sir, how should we look at the ICD, which has actually come through via ACC and Orient? How should one read into that? That's the first question.

Vinod Bahety: Ritesh, we are in the advanced stages of now merger. I think so these ICDs are well within the approved limits of the shareholders and carries a coupon of 8%. But now practically, so it's one platform. And I think that's what we are the whole idea was to merge together all of this. So I would say that these are all within the compliances.

Ritesh Shah: Sir, I appreciate it's under compliance with all measure. But any specific reason of not raising debt at Ambuja level or if I have to put it the other way around, if I look at the debt maturity profile for Ambuja, we have almost like INR22,000 crores, INR23,000 crores, which matures in FY27. So should one link both the variables or how should we read into it?

Vinod Bahety: So the operating company, Ambuja has no debt. And so far as the if you are alluding to the parent company debt, I would not be the right person to answer on that. Coming to the Ambuja level, as I mentioned, 0 debt, and I think we are managing our cash flows from the operating cash flows, and we have a good plan to sustain on that.

Ritesh Shah: Okay. Sir, would it be possible for you to reflect upon the SLA that we have done for a few plants, how the experience has been? And I understand we are also looking to expand it to logistics as well. Is this for a particular market or is it on a pan-India basis? If you can give some numbers around capex, opex, cost benefits that we already derived or what we expect out of SLA?

Vinod Bahety: So Ritesh, we have begun on this. It's a little early to come to you on it. But I think let us mature on this. But things are quite positive. And I must say that the overall vision of our Chairman and supported by Karan Bhai, I think things are moving well in the direction on this.

Ritesh Shah: Sure. Sir, I'll just squeeze in one more. With respect to power and fuel. Sir, the stated goal for 2030 with respect to TSR is 23%. We are somewhere at 7%. How do we plan to achieve this road map? That's one. And the second question, I think we have 4 coal blocks right now. One of it is operational. How should we look at the potential cost savings from both TSR as well as the coal blocks?

- Vinod Bahety:** So TSR, basically, which is the overall, say, utilization of the AFR, for example, that's what you're highlighting, right?
- Ritesh Shah:** Yes. Yes, sir.
- Vinod Bahety:** AFR, for example, while we are I agree with you that we are on a lower side at, say, 7%, and that is one of our key focus area to improve the this component of KPI, and you will see a good progress in coming quarters. We have highlighted to you before that our target is to achieve 25% of the AFR down the line. And right now, we are a little behind on that schedule. But every passing quarter, you will see an improvement.
- Ritesh Shah:** Right. Sir, is there a road map to go till the stated number because the number is quite steep and the incremental cost savings can be used over here?
- Vinod Bahety:** So immediately, right now, for example, in this fiscal year, we are targeting to hit almost 12% to 15%. Because see, when it comes to AFR, it's all a combination of how much is the basically cost of the fuel, how much you want to basically save on the AFR versus the overall sequel. Now as a rule, basically, we want to maximize this, and this improves to 10% to 15% in this fiscal year.
- Ritesh Shah:** And sir, on coal blocks?
- Vinod Bahety:** The coal cost, what it is coal cost?
- Ritesh Shah:** Coal blocks. I think one of the coal blocks are operational focus on the other...
- Vinod Bahety:** There are like 3 coal blocks which we are focusing. The first one will be operationalized in, say, 2, 2.5 years' time. And just to circle back on the AFR, I think needful investments have already been made. Therefore, the confidence to hit, say, 15% is high. Yes. So coal block, the first one gets operationalized in, say, about 30 months from now.
- Ritesh Shah:** Okay. So would you like to give some numbers on tonnage savings?
- Vinod Bahety:** No. I think, Ritesh, it's too early. I mean, like but the investments are all have a good payback before you can basically understand. These are like 5 to 6 years payback.
- Moderator:** We take the next question from the line of Amit Murarka from Axis Capital.
- Amit Murarka:** Would you be able to share the regional volume mix in the quarter?
- Vinod Bahety:** So in terms of the overall volume mix, that is like for overall I'm saying this for the trade and non-trade. Ballpark, I'm going to highlight to you, let us say, the North is almost like closer to 25% for me. West is that higher to 30%-odd. East is also like 25%-odd. This becomes almost 80% and then 10% is the center and 10% is the South. Ballpark is the breakup.
- Amit Murarka:** Sure. So would the share of South be lower in Q1 given what you just mentioned earlier in the opening remarks?

Vinod Bahety: Yes, I'm like you mean to say Q1 or Q2?

Amit Murarka: Q1, so you mentioned that in South basically you have degrown in both trade and non-trade...

Vinod Bahety: Yes, absolutely. Absolutely. So like therefore, like compared to last quarter and also last year, South, my percentage is lower this time.

Amit Murarka: Got it. So it seems like that is one of the reasons as well for better cost performance, right? Because we know that South is a higher clinker factor market as well as a higher cost market in that sense to service, particularly in a quarter of fuel cost...

Vinod Bahety: That is true. That is the whole focus, absolutely right.

Amit Murarka: Got it. And secondly, on the green power sorry, the sales you mentioned, right, INR45 crores unit sales of power, what is the EBITDA number of that?

Vinod Bahety: The sales revenue, I can say, for example, ballpark around INR140-odd crores is the sales number for the quarter.

Amit Murarka: Right. And most of this will be EBITDA, fair to say, because these are all I mean, your own units, right?

Vinod Bahety: Yes, yes. These are all because these are all like based on the investments made, absolutely right. So very much part and parcel of the business.

Amit Murarka: Yes. What I mean to say the opex will not be too high for this INR140 crores...

Vinod Bahety: Hardly 5%. I mean, like otherwise, this is all adding to the bottom line.

Amit Murarka: Got it. And lastly, like when I look at your the mix of trade, non-trade, like last year, Q2, it was actually pretty high. It seems that 32%, 33% was non-trade actually and trade was a bit low at 67%. So when you say that the trade is growing 7% or so in July, the non-trade is continuing to be a big decline because that would imply that the overall volumes would still be low in Q2...

Vinod Bahety: Specifically handling non-trade also. So it's not going to be that big decline, for example. So overall, we will be able to manage our volumes in line with the guidance which we have given.

Amit Murarka: Sure, sure. And just lastly, if I may ask. So while you mentioned the cement, the cost number, which is obviously different from the overall cost per ton when we calculate it. Similarly, like for cement realization as well, could you provide a number just to get a like-to-like comparison because EBITDA is blended, right, when you report EBITDA per ton in the PPT. So similarly, if you want to just calculate what was the cement EBITDA per ton, could you give a clean realization to cement?

Vinod Bahety: My EBITDA per ton for the gray cement is INR911 per ton. Yes, that's the number I have. Basically RMX and gray cement. So like gray cement is INR911.

Amit Murarka: That is the overall EBITDA, right, which includes EBITDA for RMX basically.

Vinod Bahety: Rs. 931 PMT

Amit Murarka: Okay, sir, maybe connect on this a bit later.

Moderator: We take the next question from the line of Pinakin from HSBC.

Pinakin: Yes, I have two questions. My first question is that the filing mentioned that some manufacturing operations have been shut down. So can you just highlight what are the manufacturing operations, what capacity has been shut down?

And my second question is that there seems to be some ICDs from ACC Orient to the parent. So any particular reason for the ICDs given that the company already has access at a group level at that cash entity at the Ambuja Group level?

Vinod Bahety: So, basically, in terms of the temporary closure of the plants, basically, this is like temporary because we are anyways working on optimizing it. The capacities are closer to about, say, around, say, 3.5-odd million tons of annual capacity, number one. What was your second question?

Pinakin: The ICDs from the subsidiaries to the parent?

Vinod Bahety: The ICDs. Sorry?

Pinakin: Yes. See, the ICDs from, I think, ACC and Orient Cement to the parent, what is the in particular requirement for it at this point of time at the Ambuja level?

Vinod Bahety: No. So like as part of the whole MSA commitment because Ambuja has the higher share of the capacity and therefore, like Ambuja is supplying the material. This time you have seen that almost 1.6 million to 2 million tons of cement has been supplied. 3 million has been supplied to ACC by Ambuja.

I think this is like part of the whole MSA arrangement, Pinakin, wherein the investments which have been made by Ambuja, the benefits are also being received in terms of volume by ACC Orient and everyone within the cement pack. And that's how the MSAs are ensuring proper payouts also to the respective companies.

Moderator: We take the next question from the line of Prateek Kumar from Jefferies.

Prateek Kumar: I have three questions. Firstly, can you discuss the time lines of quarter time line of this 3 million ton Jodhpur clinker and 4 million ton Maratha clinker?

Vinod Bahety: See, Maratha, we are expecting to commission next year. And that is what, for example, we have planned. So far as Jodhpur is concerned, we already have seen trials started. And in Q2, which is in this current quarter, it will start stabilizing and supplying to my grinding units.

Prateek Kumar: Next year, you mean Maratha is next financial year, FY28?

Vinod Bahety: First yes, so like absolutely, first quarter of next year.

- Prateek Kumar:** Okay. Other question is on your cost again. You have done this quarter, INR4,240 kind of cost full year INR4,250 expectation. So basically, incremental cost impact of inflation will be absorbed by incremental savings. So your full year cost remains same what you reported in Q1. Is that correct?
- Vinod Bahety:** Absolutely well summarized by you, Prateek.
- Prateek Kumar:** Okay. Last question. Can you give because your PPT first time mentioned of fly ash sale and power sales, can we get the cumulative revenue and cost of fly ash and power sales in 1Q and 4Q to get an exact calculation of cost per ton?
- Vinod Bahety:** So, Prateek, I mentioned to you that there's two components basically, which are basically closer to INR45 crores of units which we have sold in RE Power, and fly ash, I don't have right now with me, but I can circle back to you in terms of what tons of fly ash being sold.
- Prateek Kumar:** So I'm looking to revenue and cost for these two line items cumulatively. I don't require like separately?
- Vinod Bahety:** Let me on this point, let me just circle back once I have the details on this call or maybe separately.
- Moderator:** We take the next question from the line of Pulkit Patni from Goldman Sachs.
- Pulkit Patni:** I don't know if this has already been asked. But my first question is the plants that have been suspended, any time duration for which they have been put under suspension?
- Vinod Bahety:** So around six months basically.
- Pulkit Patni:** Okay. So we should not expect any volume throughput coming from those plants for the next six months or it's in total six months?
- Vinod Bahety:** Total six months, basically.
- Pulkit Patni:** Total six months. And sir, my second question is more bookkeeping. The depreciation number is much lower in the quarter. Any specific reason? And what's the run rate that we should keep for the next few quarters?
- Vinod Bahety:** Yes, I will request Rohit, my CFO, to answer on this.
- Rohit Soni:** Sir, if I can add to here, the depreciation run rate would stay at the similar level in the last quarter due to the true-up entries which were taken on account of the merger of Sanghi and Penna, the depreciation was higher Q-on-Q. Otherwise, it's going to be at the similar level at this touch point.
- Moderator:** We take the next question from the line of Rahul Gupta from Morgan Stanley.
- Rahul Gupta:** Two questions. First, a bit data keeping. You mentioned that power revenues were around INR140 crores in the first quarter. Can you give us the comparable number for fourth quarter?

- Vinod Bahety:** So, for the fourth quarter, the question was about the power revenue. In terms of the unit, I can highlight that in the fourth quarter, which is March '26 and over here, just give me a second, almost the INR70-odd crores is the number for power.
- Rahul Gupta:** And this was 45 crores, 50 crores unit this quarter, right?
- Vinod Bahety:** No. For fourth quarter, the units would be lesser. So in terms of the overall sales, this was around 24 crores of units for the fourth quarter.
- Rahul Gupta:** Versus 45 crores in this quarter?
- Vinod Bahety:** Versus 45 in this quarter.
- Rahul Gupta:** Got it. My second question is a bit towards understanding your strategy in South. Now you said that you cut off some of the volumes in the region. Can you please help us understand what kind of volumes were being cut off and how much of that would be from Penna and Orient?
- Vinod Bahety:** So we actually curtailed the low and negative EBITDA volumes, and this is almost like closer to 1 million, for example, which was which we actually reduced.
- Rahul Gupta:** So is it fair to say that some of these not come back?
- Vinod Bahety:** Sorry?
- Rahul Gupta:** Is it fair to say that some of these volumes of this 1 million ton would stay the way they are or is there any strategy to improve?
- Vinod Bahety:** No, I think the strategy is to improve on the cost so that they become viable and sustainable and the margins expand on them. So that's the way which we are working right now.
- Rahul Gupta:** Can you please help us understand what you are doing to help improve their profitability to the current level?
- Vinod Bahety:** So precisely like in terms of the overall, say, improving on the cost for those specific plants, which are serving those markets. So right from the green power to alternate fuel to WHRS to basically bringing the fly ash at the most optimum cost, the overall raw material mix, the fuel mix, these are precisely the treatment and the efficiency factors. For those. So the overall, say, blend of cement, which has to improve and for the clinker factors to come down, these are like all basic important treatment, which has to go to those plants.
- Rahul Gupta:** So the reason I'm asking this question is I'm just trying to understand the 1 million ton volume that has been lost, how soon can we expect this to come back?
- Vinod Bahety:** No, rather, See, I'm saying I'm not so concerned about the 1 million which has been lost. I'm more concerned on how I move that 1 million into trade segment, number one. It is anyways, the work in progress is there. And out of 1 million, we will be able to capture a good volume. But more importantly is how can I move into the trade segment. We will have an opportunity

because our market share, for example, will give us the opportunity to move into the trade segment. And that happens.

Therefore, I said that I have to invest on the channel, I will have to build up that in specially in markets like South, which is, for example, it will take one or two 1 quarters more, but the ramp-up otherwise, on the other clusters, the other four clusters that I mentioned is moving very, very well. The brand pull, the brand equity, the channel is excited. So I think that is helping us. And South has also now started to pick up in terms of my trade sales.

Moderator: We take the next question from the line of Rajesh Ravi from HDFC Securities.

Rajesh Ravi: I was just comparing your NSP with UltraTech reported NSP for like-to-like comparison. So I see barring Q1, the preceding 8 quarters, Ambuja delivered better NSP compared to UltraTech. But this quarter, almost INR50 higher on an average versus this quarter, we are down INR100 versus UltraTech reported NSP.

And given that we have almost similar market mix, why should there be such a sharp fall in our number versus UltraTech when we are the focus was more on trade sales and premiumization versus UltraTech, which is aggressive both in trade as well as in non-trade?

Vinod Bahety: I think I mentioned to this, Rajesh, that we have seen a disruption in the June quarter coming from multiple factors which are beyond control. Therefore, for example, this was one quarter which has seen this aberration. But I think so far as and the idea is to also like basically how to get this whole channel growth and all and you spend investment on that.

So I'm not sure accounting-wise, which companies does what we actually in our NSP, we treat that accounting-wise also and reduce the NSP from all those costs. So for example, this time, we are investing into channels.

Rajesh Ravi: Understood. Understood. And sir, just to clarify on that, power revenues, which you have sold that green power, so you sold around INR140-odd crores realized in Q1 and around INR70 crores in Q4, which you netted off in your power cost. But incrementally, your plan is that you will be consuming those captive green power within your cement companies. And hence, if I have to look at that cost per ton, that should be on a sustainable basis. That is a benefit which will directly accrue, right?

Vinod Bahety: Absolutely, Rajesh. In fact, that's what I mentioned that 45 crores, 45 crores, I'm expecting 50% of that will be consumed this quarter. And every quarter with our capacities moving up, this will be consuming it. More basically because my savings on cost is better than my realization by selling in the market.

Rajesh Ravi: Correct. Correct. Agree, sir. So, incrementally, are your solar power plants, how much more they can ramp up? I want to understand this opportunity of selling INR140 crores in Q1. So even when you ramp it up for your captive consumption, would you still be left with surplus over the next three, four quarters, whereby you can sell and realize some incremental gain resulting in lower cost for the cement business?

- Vinod Bahety:** I think first priority will be for the own consumption, and there will be some left out basically capacity, which will be sold efficiently. So we will keep balancing on it. So let us say that at any stage, not more than 10% will be used for selling and rest we will be actually consuming for our own requirement.
- Rajesh Ravi:** Understood. And lastly, this fly ash sale was an opportunistic sale where you had surplus and you sold it off in the market. What should we understand of that?
- Vinod Bahety:** Sorry, Rajesh, if you can circle back again...
- Rajesh Ravi:** Fly ash sale, which you said that you have realized some fly ash sales in Q1. So was it some inventory liquidation surplus inventory liquidation, which you...
- Vinod Bahety:** No, no. Rajesh, we have now taken we have entered into through a long-term agreement like basically for the fly ash. And wherever, for example, we are consuming it, and we are actually consuming almost 30%. And wherever we have an opportunity to sell, we are also selling in the market.
- Rajesh Ravi:** Understood. So you're gaining some fair to understand that you will be making some profit out of that sale versus your own long-term purchase price?
- Vinod Bahety:** Absolutely, absolutely. Effectively, it actually brings down my overall effective cost of supply.
- Rajesh Ravi:** That's nice to hear.
- Moderator:** We take the next question from the line of Siddharth Mehrotra from Kotak Securities.
- Siddharth Mehrotra:** Sir, just wanted to check, given that we've temporarily suspended manufacturing at these facilities, sir, can we gain some color as to which facilities are they? Are they the acquired facilities? Are those old ACC facilities, which facilities are we exactly talking about?
- Vinod Bahety:** So, Siddharth, your voice was very feeble, but what I hear is that the mothballing facilities, which your question is about that basically?
- Siddharth Mehrotra:** Yes, yes. Which facilities are they?
- Vinod Bahety:** The very old facilities of ACC, some of them and one facility also of an acquired company. As I mentioned to you that these are actually a temporary closing because we are looking to see improvement in terms of the overall treatment, what we do on cost and efficiency. And before that, I mentioned that about, say, six months' time horizon, which I'm expecting. But yes, so this will actually help us to optimize it. But it doesn't mean that we are losing on the market because we have alternate supply plant, supplying plants, which we are catering to.
- Siddharth Mehrotra:** Okay, sir. Sir, we've highlighted that we have around INR24 crores of termination-related exceptional items and no impairment for this quarter. So can you give us some color as to what sort of further impairments are we looking at maybe two quarters down the line?

- Vinod Bahety:** No, this is not to do with impairment. This is like a normal VRS scheme, which has been implemented in one of our plants in South India. And this is more about bringing more efficiency in the operations. Nothing to do with the impairment.
- Siddharth Mehrotra:** So, right now, we don't really expect any impairments to happen on this account, right?
- Vinod Bahety:** No, no, no.
- Moderator:** We take the next question from the line of Jyoti Gupta from Ashika Group.
- Jyoti Gupta:** Just wanted to know, every year, we have increased our market share by 2%. Now of course, demand decline in your volumes. What kind of market share gain do we expect given if you are growing at 8% in FY27 and then FY28. Second is, we have seen cost measures. The Adani has acquired ACC Ambuja in 2022.
- I would like to see when are we going to really see the actual cost measures feeding into the EBITDA per ton to, let's say, INR1,200 and INR1,500 of that big number that we've always heard of. When do we see the trajectory Ambuja actually on that trajectory of gaining that kind of numbers?
- Vinod Bahety:** Okay. Jyoti, thank you. I think both are important questions. First is on the cost journey. I still remember when we acquired the Holcim way back in September 2022. And the journey from there, for example, cost was almost INR4,700 to INR4,800 a ton, for example, and we rather actually INR5,000 team tells me INR5,000.
- And we have now come to, say, INR4,241 a ton. And with a high element of confidence, we are giving a guidance for INR4 to INR5 a ton for the FY27, number one. And the way we have worked upon is the next year also, we want to bring another INR250 reduction in the cost so that by end of FY28, we reach up to INR4,000 or below in terms of cost per metric ton. Now that's INR1,000, for example, reduction from INR5,000 to the journey which we are right now navigating.
- Your second question is about the EBITDA. I think EBITDA is I would rather restrict myself to cost. EBITDA is a multiple factor of basically price and cost, and that is something which is beyond your control. So the cost journey is what, for example, my request to all of you, and therefore, we are giving our guidance on that.
- And so far as the market share is concerned, Jyoti, I think I can only highlight what is my growth. Market share is again dynamic that depending on how others are growing. I can highlight that we will be growing. When I'm adding 10% almost 10 million capacity, say, every year. So from a capacity addition perspective, we are growing almost say, 8% to 10%. And that is what, for example, we would be targeting to grow in terms of our growth plan on the trade side, especially.
- Moderator:** We take the next question from the line of Bharat C. Shah from BCS Capital Ideas Private Limited.

- Bharat C. Shah:** The first question in retrospect, if we think about all the acquisitions that we have made, whether Penna, Sanghi, etcetera. Now that we have a better chance of assessing what we have done and what we have got, do we think we have acquired more of an asset or more of a liability in that?
- Vinod Bahety:** Bharat bhai, thank you for this alerting question, but we have actually got assets only, and these assets will actually start giving the results. So yes. So I think rest be assured, these are assets.
- Bharat C. Shah:** Okay. And I had a second and last question. It's not about numbers or any micro data, but about people and the talent pool. What exactly is being done to tone up the organizational talent pool in general and senior management in particular because cement is a traditional business? It's not a business of some grand strategy, but of terrific detailed execution.
- And therefore, people with eye for detail, fire in the belly, tracking every element of the cost, every element which will optimize advantage in the marketplace, which will gain that incremental volume and implement the strategy at the ground level in a very efficient deterministic way that and using technology in an apt way. What exactly we have done so far to tone up the talent pool and more steps which are on the way to make that happen?
- Vinod Bahety:** Bharat, I think you are the first one to actually put this perspective, and I really appreciate this because these are the two Ts, which you mentioned, the talent and technology. And in the group also and in cement business, these are like highly focused upon as of now. And you will see benefits of this. We are building up a young team, a very enthusiastic and energetic team who are roaring to and willing to take up the larger responsibilities who have been groomed with substantial L&D programs and group has a very methodical structure on this basically.
- And as you rightly said, in cement, we always say you take care of the penny, the pounds will take care of themselves. I think that is the beauty of cement in terms of the operating leverage, and we have our eyes on that.
- Bharat C. Shah:** And are we on the track are we satisfied as to what we have done so far? And are there major initiatives in place going ahead?
- Vinod Bahety:** Bharat bhai, there is always a scope of improvement. And more so like in the last investor call also, we highlighted there are a few delays which have happened in terms of our certain efficiency capexes and all in terms of giving the outcomes. But I think better late than never. So good thing is now in June, we have already given the savings of INR206 a ton. And every, for example, passing quarter, I will keep improving and there is going to be still a scope of improvement. So I think that's a learning curve and opportunity for us in my business.
- Moderator:** We take the next question from the line of Kunal Shah from DAM Capital Advisors.
- Kunal Shah:** So in terms you mentioned upon a point in terms of the realization and the ex sales sort of impacting it. So that sort of should be reflected in lower freight as well, right? And sir, our lead distance has gone down from 269 kilometers to 249 on a Y-o-Y basis, but yet the freight per ton is stable. So if you could just help here with some insights.

Vinod Bahety:

So, Kunal bhai, basically, there was this disruption of the diesel shortages and more so like in some of the plants in Western side and all, basically, which hampered the distribution and therefore, escalated the escalation of the costs. We have also seen some disruptions which have happened in East. So therefore, that is like one factor which has resulted into and then there was this the green sales which have come the AGP, for example, in Himachal.

So there are some of these factors which are beyond control, which has kept the logistics costs higher. And I think I mentioned that, that is one area for us to and with the tech platform on logistics, there's a good opportunity for us, which we are working on, and we will come with more details on this. So point very well taken. This is an area which we want to improve.

Kunal Shah:

Understood. And secondly, sir, just to understand our strategy, from here on, what would be the desired utilization levels or a range on the expanded base of 119 million tons for us to start the next leg of capex? Like when do we actually think about the next leg now? And just a follow-up to that, are there any regions in our current footprint wherein the utilizations would be tight and we might need to initiate capex there despite relatively lower utilization compared to other regions?

Vinod Bahety:

So, Kunal bhai, so absolutely good. Thank you. I think our targeted utilization now that our focus on value and all in that background, I'm saying around 70% to 75%. And this is like all value-focused capacity utilization, point number one.

Point number two, in terms of the expansion requirement, so we have done this in North. So I've expanded Bhatinda. I've also expanded the Marwar Mundwa. And we also have now, say, Penna, Jodhpur. So I have almost like 1 plus 2.4, 3.4 plus another 2. So almost 5.5 million tons of additional cement capacity, which has come in North. That was like, as I mentioned, like one of the most profitable markets what we have.

Likewise, in West also, we are in fairly advanced stages to expand our Kalamboli, that BCCI Kalamboli, which is an important asset what we have. And we are putting up additional say, this will give me additional 1 million tons of capacity for example. And we are also expanding a few other locations like Bihar, for example, I mentioned like East and center also are going very, very well. So, Salai Banwa and Warisaliganj, Salai Banwa is already, the trials are through and Warisaliganj will come in second quarter, most likely in September.

So wherever this need is there, we already have proactively worked on that. And the capacities are, therefore, going to help me to sustain the volumes, which I mentioned. There was this previous question that how are we confident? And this is where the confidence comes because now I already have almost like 10 million tons of capacity, which is which will be coming in the market on the commercial production sense.

Kunal Shah:

Understood. And just one last, if I could squeeze in. Sir, this clinker line at Maratha and the earlier timelines were 2Q, 3Q of this year, which moved to FY27 and now we are talking of FY28. So any reasons there why the delay are there any structural issues, if you could just tell there?

Vinod Bahety: No structural issues. In fact, no structural per se issue because I have a good level of overall balancing of my utilization of the facilities because Maratha would have served the Maharashtra market. And I have clinker coming from Sanghi also, which is, for example, now going very well.

In fact, in Sanghi, I'm utilizing clinker capacity utilization, which will actually go up to a larger capacity utilization. Therefore, I think we are trying to now balance it well. We don't want to rush and then unnecessarily have a capacity while we already have capacity, which can be augmented well with the marine infrastructure, which we have in Sanghi.

So per se, things are absolutely under control. Last call, we have highlighted one pleasing issue which we had faced with one of the contractor partner. But I think that is also now under control. So you will see now closing off many of these projects, which are under in the hands.

Moderator: We take the next question from the line of Bhavin Chheda from Enam Holdings.

Bhavin Chheda: Congratulations on overall improving on the cost and the efficiency on the quarter-on-quarter basis, and we are on the right path towards that. A couple of questions, sir, basically on this fly ash and power sales, which you have shown in the presentation, this fly ash sales, which has happened, has this been reduced from the raw material cost itself as the raw material cost per ton looks to be lower both on quarter-on-quarter and Y-o-Y basis? I'm saying on the absolute numbers of raw material cost.

Vinod Bahety: Sorry, can you please put your question again? Some voice has been feeble, sorry, please. Can you repeat?

Bhavin Chheda: Yes. So my question was, you have fly ash sales in the quarter since you have long-term contract and you sold as shown in the presentation. The absolute number of sales of fly ash, which has happened, has that been reduced from the raw material cost itself in the absolute numbers of INR1,526 crores on the consolidated basis?

Vinod Bahety: There are two factors, Bhavin. So one is the actual consumption basis, basically fly ash costing has come down. And further on top of it, the overall sales also gives me advantage further. So, this is like on both the sides, we have seen the improvement. And the same is the case so far as the power is concerned.

Bhavin Chheda: So both the sales which has happened has been accounted in the top line. My question was that basically.

Vinod Bahety: That is part of the other operating income.

Bhavin Chheda: Other operating income. Okay. And sir, you guided that the plants which are mothball will be restart in, say, three to four months' time. So this assumption is dependent on because obviously, for your 7% to 8% volume growth, you're obviously looking at 12% to 13% volume growth for the remaining part of the year.

So when the second half demand would be much stronger, is that when you want to restart those plants? Because you still have enough capacity in the remaining plants to service the market. So what how the restart of the plants would be dependent upon?

Vinod Bahety:

So, Bhavin, thank you. I think let me first, again, request you all mothballing may not be the right word. What we are doing or we have done is a temporary basically closing of this so that we do a thorough plan of optimization and then look forward to restart. Now your question is what are those initiatives to optimize the cost parent, correct?

Now I think right from the overall, say, efficiency factors to the investments required in terms of the overall, say, costs, whether it is WHRS or whether it requires any kind of debottlenecking, what is the railway infrastructure requirement, what is the availability of fly ash, what kind of, say, coal can be consumed? Can we actually put some technical efficiency in terms of heat factors?

These are like I think cement is that way well understood by all of you. So these are like very important factors, which we will be going through it. Of course, we have the alternate plant, but we don't want to lose any asset if we are able to turn it around. And that is the whole endeavour and efforts to see how best we can turn them around.

Moderator:

We take the next question from the line of Navin Sahadeo from ICICI Securities.

Navin Sahadeo:

Sir, my question was about the other expenses. So I was just looking at your annual report. And last two years, I see some of these expenses have seen like a sharp jump year-on-year, particularly your stores and spares cost or even the advertising and sales promotion cost or repairs and maintenance cost also for that matter. So how should one look at these major cost items, which largely form part of other expenses in FY27?

Vinod Bahety:

So, Navin, when you have acquired assets, I mean, like in which we have actually acquired four companies, obviously, there has been this other expenses would depending on the intensity of requirement of the investments on the core stores and spares to the likes of Penna, Sanghi and other assets, for example. So therefore, like apple-to-apple, we'll look at it.

But now we are stabilizing well. And therefore, for example, prospectively and therefore, this one cement platform, which is anyway like this financial year, we are hoping that we will be able to close it. It is now, for example, with all the organic growth, it brings a level of say, stability and no per se, any surprises, which otherwise would get when you acquire the assets and all.

Navin Sahadeo:

Understood. Sir, just a clarification again. On the power green power cost, you said we sold about 45 crores units in this particular quarter. And if I do a simple arithmetic as per your power and fuel cost per ton reported, I broadly understand the cost of these units sold was roughly INR3.3 a unit, correct me if I'm wrong.

So broadly, then I just want to understand at what price they are currently sold because in next quarter, I just wanted to understand that when they actually start getting consumed, then it will

displace or offset what cost of power, so as to broadly understand the delta gains that will actually accrue incrementally at the EBITDA level? That will be my question.

Vinod Bahety: Very good point, Navin. See, my blend of power, if I look at the overall, say, grid power, that comes almost at, say, INR7 to INR8 a unit. And that is the first opportunity for us to basically replace with this green power. And hence, you know the math, for example. So I think I mentioned in my previous question also, I mentioned that it is always beneficial for me to consume the power first and only for any reason, surplus, we will want to sell it. Otherwise, the opportunity is far better to consume on account of cost element.

Moderator: We take the next question from the line of Girija Ray from Nirmal Bang Securities.

Girija Ray: Thank you. All of my questions has been answers. All the best.

Vinod Bahety: Thank you, Girija.

Moderator: We take the next question from the line of Kamlesh from Lotus Asset Managers.

Kamlesh: If I just calibrate your or look at your, let's say, write-downs which we took for the impairment. So if I see in particularly in ACC, Chaibasa, Marwar and Wadi and even say, Lakheri, roughly around 6.5 million tons of capacity, which I presume has been on the suspension for a temporary purpose.

And even like say, if we take one plant in acquired entity, that also has been suspended. So like what is the learning going forward if we take a look at any inorganic opportunity which comes into play because there is a mammoth capacity which has been suspended. So just wanted to have a thought on that.

Vinod Bahety: I think, Kamlesh, when you acquired ACC and Ambuja, obviously, like the whole world knew that ACC has these old assets. And at some stage, there will be a situation of improving and upgrading them, and we have been highlighting about this during the investor call also. So I think learnings are enormous whenever you operate business and the learnings in terms of the organic and inorganic, both expansions are immense. And as I said, every prospective quarters, despite level of improvement, we will keep further upgrading and improving. So that is one part.

Second is about the overall, say, what you said about the asset, any impact on the asset per se? No, I mean, like because I mentioned to you that this is like all temporary suspension, and we are working on that. Unless and until we decide to permanently close, which we have not yet, for example, we are still evaluating. And that point of time, for example, any treatment on the books, we will do that.

Kamlesh: But sir, the way like say, even if we in the past, we have seen some companies having preference over value over volume, and that has played in their, like say, margins getting improved or the realizations getting improved. But our case, if we see the MSR, it has improved hardly 1% quarter-on-quarter and despite the fact that we have cut down so much of volumes. So honestly, that has not realized in form of higher realizations. And on the cost front, like say, no doubt, like

we have sold renewable power. So that also doesn't give a proper picture on how the cost has come down.

Vinod Bahety:

No, I think, Kamlesh, in absolute terms also, the cost has come down. And on top of it, the sale has further complemented. So like if you look at and you can do a very quick math also whatever the numbers we have highlighted. So in both absolute terms and on top of it, the sale, which is complementing.

But second your first question is about the NSP precisely, for example, when the NSP of those particular clusters were not supporting and the costs were not supporting that we decided to suspend those plants temporarily and then basically put the whole focus on the cost because NSP is beyond your control and my control. So that is what we are doing as a treatment to see the revival of those plants in the most optimized manner.

Kamlesh:

And lastly, sir, on post Q3, we had done the call and on the maintenance cost, we had highlighted that now the maintenance cost would be portioned over the 4 quarters. But in your opening remarks, you have said that your maintenance cost is higher by INR50 in this particular quarter. So since we are now going for that accounting equalized manner, so how come our maintenance cost is higher by INR50 in this particular quarter?

Vinod Bahety:

No, good point, Kamlesh. I think we are still engaging with our auditors on this point because from the accounting standard perspective, they are deliberating on this point that how we basically equalize over the four quarters. Until that time happens, we have continued with the reporting on the actual basis on the O&M cost. But that's also my follow-up with the auditors also like but otherwise, in the industry, people have been following on the actual basis. We only thought we'll actually amortize over four quarters, subject to the accounting standards, which they will let us know.

Moderator:

We take the next question from the line of Shravan Shah from Dolat Capital.

Shravan Shah:

I thought I will not be getting the opportunity to ask. Just a couple of things, sir. First, sir, in WHRS, when we are saying 228 megawatts will increase to 376 megawatt in FY28 from now, which is up 148 megawatts. Would you help me in terms of how much clinker capacity are we adding? So where this significant WHRS will come up?

Vinod Bahety:

So it's a combination of both the existing kiln lines and the new kiln lines basically. So in terms of the clinker new capacities coming up, say, Assam, we have announced and then Mundra, for example, then Maratha is expanding and so is the Penna, Jodhpur, which has come up now. Then Bhatapara, we have already expanded, for example. So, on top of it, some of the acquired assets of Sanghi and Penna, for example, they will also be having these investments on the WHRS. So overall, basically, this will complement and improve the capacity of WHRS.

Shravan Shah:

Okay. And sir, correct me if I'm wrong, we said that from FY28 onwards, we will be adding 8 million to 10 million ton capacity every year. So this year, definitely, we'll reach 219 million and then one can look at 8 million to 10 million tons every year capacity addition.

- Vinod Bahety:** That is true, Shravan, on the cement capacity, absolutely, you're right. That's the plan which we are working on.
- Shravan Shah:** Okay. And so similarly for FY28, the similar INR6,000 crores to INR7,000 crores kind of capex one can factor in?
- Vinod Bahety:** Yes. Yes. On a run rate, yes.
- Shravan Shah:** Yes. Sir, still many people have asked on the costing front because everybody wants to understand the cost reduction, the 441 number of cement cost, still not able to figure it out, particularly because of maybe the flyers even for RE, if we take so just to if you can break it up this the entire cost of, let's say, the reported INR7,911 crores consol cost for this quarter.
- If I go by this number, INR4,241 multiply into the units or the volume that we sold 70 million, which comes INR7,911 crores. And then the RMC is obviously INR33 crores. So then the cost is there. But still there is a gap is there and similarly for the Q4. So if you can help us in terms of reconcile what's the how the cost per ton comes?
- Vinod Bahety:** So, Shravan, maybe I will repeat basically, our cost, which was reported at almost like INR4,500, say, in March and where we have now come down to, say, almost INR4241. And some of the components of this cost, I have highlighted, the overall, say, clinker factor, which has improved by 3%, which gives me savings of almost like INR50 a ton. The fixed cost optimization...
- Shravan Shah:** Sir, that we got what I was trying to understand in terms of if I have to break it down, this entire reported cost of INR7,911-odd crores into cement, into RMC into RE power and into flyers, if that is available would be helpful to understand how the for Q4 and for Q1, then it would be more easy or convenient to understand how the cost reduction has happened.
- Vinod Bahety:** I think the detail which you require, maybe then offline, we can connect or I don't have it right now in terms of breaking between cement, RMC and all in totality. So definitely, we will circle back offline.
- Moderator:** We take the next question from the line of Satyadeep Jain from Ambit Capital.
- Satyadeep Jain:** Karan, just first wanted to understand on the trade, nontrade. So when historically, when we saw Ambuja for the acquisition, it was mainly trade-focused organization. So what it seems like in the last two, three years, there was a thought of moving more volumes to non-trade. So what has the learning journey been in terms of non-trade and now going to trade?
- And looking at 65% utilization on the outside, logically, it would seem like an 85%, 90% utilization, you can still make a decision between trade and non-trade. But why leave extra volumes on the table when you can maximize EBITDA and return? Why at 65% utilization, you want to give up the non-trade?
- Karan Adani:** So let me give some flavour. So I think originally, yes, Ambuja was heavy Ambuja ACC was heavy on trade and non-trade was a small part of it. And I think as we look at last year as well as our performance in the last I would say, last year, especially on the acquired assets, what we

feel is what we have seen is the performance had dipped because we have increased our trade sorry, our non-trade volumes over there.

And most of the volume was happening at a negative EBITDA or a marginal EBITDA. And that was actually dragging the overall performance of the company down. And so even when we look at today, the performance, we feel that having a sustainable performance matters more than anything. And the variable cost of producing the cement at a lower EBITDA or at a marginal EBITDA, it generally doesn't make sense because end of the day, our fixed cost is smaller compared to your variable cost.

So that's where we feel that even with the lower capacity utilization, you're actually not leaving you're not leaving value on the table. Yes, you might be leaving the volume, but you're not leaving value on the table. So that's where we are focused on. And the idea is as you become more cost competitive, automatically, those volumes will come back on to the table because end of the day, we are looking at EBITDA and not looking at permanent loss of volume over here.

Satyadeep Jain: Just to clarify, so these volumes were largely for the acquired assets, not Ambuja and ACC did not shift to a meaningful degree of non-trade and now moving back to trade. This is largely at the acquisition level. Is that phase?

Karan Adani: Yes, that's right.

Satyadeep Jain: And secondly, on the cost, just trying to understand the rationale and sorry if I missed it, of selling RE power outside and fly ash, it seems is some CPP, which because anyway, it's coming from you have a long-term agreement with Adani Power. So the rationale for selling it outside through PowerPulse and not using it internally, can you?

Karan Adani: So, let me clarify here, both on the RE as well as on the fly ash. The ultimate goal is to consume everything in-house. It is a transition phase because we have as we as a lot of our systems come online. So, for example, in RE, a lot of a few of our plants, we need to connect to the central grid. So they don't have the connectivity to the central grid, which programs are under execution. And even on the fly ash, as the our BCFC projects come online with the capacity coming in, we do believe that these all of this will be consumed internally.

There will be a 10% or 15% volume, both on the fly ash as well as on the renewable where we will have where there will be a mismatch between consumption in-house consumption and production, which we will look at optimizing from a sale perspective. But the ultimate objective is to consume 100% in-house. This is a sort of a transition phase where we will move in the next 3 quarters to 100% consumption.

Satyadeep Jain: So this is 1 gigawatt in Khavda, where you're saying the ISTS connectivity is not there. So how...

Karan Adani: Yes. So Khavda is connected. Some of our cement plants are not connected. So that is where the programs are going on. The plant is not an issue. Connectivity to the plant is not an issue. I mean to the power plant is not an issue. And just also add to that 700 is Khavda, 300 is Rajasthan. This 1 gigawatt is in this...

- Satyadeep Jain:** Okay. So right now, you're selling on the exchange. Is that a fair statement this 700 and 300 megawatts?
- Karam Adani:** Not everything. A large part of it is consumed in-house and the balance is sold.
- Moderator:** We take the next question from the line of Rajesh Toshniwal from Family Office.
- Rajesh Toshniwal:** Just had a small concern, like the asset of Orient Cement has delivered, I mean, quite impressive results after acquisition by our company. But the valuation at the time of acquisition of this asset and the valuation being offered at the time of merger, do you think, sir, that this is too I mean, too low in comparison to the acquisition price of around INR8,000 crores. And if at all, it has come down to INR3,000 crores, INR4,000 crores as per the merger valuation. How do we reflect this loss on acquisition in the books of Ambuja?
- Vinod Bahety:** No, Rajesh, I think you are looking at the stand-alone numbers of Orient and then giving this remarks, I think always there's an element of MSA between Orient and Ambuja. Therefore, when I look at in totality, Orient assets are delivering us decent margins and justifies the valuation. When you look it on a stand-alone, therefore, you will find that given the MSA treatment. And my request is that we'll have to factor those MSA treatments and then look at it.
- Rajesh Toshniwal:** I see. No, I was just trying to come to some like explanation for the wide divergence between the acquisition price and the implied price derived by the merger ratio. So I just thought that maybe some color can be thrown by the management just to reconcile the difference. That was all.
- Vinod Bahety:** Okay. I think on that part, it is all about the valuations by the independent valuers and followed with the guidelines of pricing of SEBI guidelines and all. I think during the approvals also, those were discussed in detail. So my request is if you can refer to those discussions, so that would be sufficient. On this call, maybe on the operations part, I can address.
- Moderator:** We take the next question from the line of Rajesh Ravi from HDFC Securities.
- Rajesh Ravi:** I think most of the questions have already got answered. Just one on the clinker capacity addition. So this financial year, we are not commissioning any clinker unit and the Maratha would get commissioned next year and the Mundra project would also be operational mostly in FY28. Is this understanding correct?
- Vinod Bahety:** Rajesh, my Penna assets in Jodhpur, that 3 million ton of clinker has already started trial production. And yes, this is one development. And I think just to also highlight, we are well balanced on all my requirements of cement with the clinker.
- Rajesh Ravi:** So commercial depreciation and all purpose, the Penna clinker unit in Jodhpur, that was commissioned in March quarter or that will be considered to be operational or commissioned in FY27?
- Vinod Bahety:** It will be considered in September quarter because trials are...

Rajesh Ravi: Okay. Understood. Okay. And this Mundra project is also expected to be on stream for next year?

Vinod Bahety: Mundra is expected about, say, 18 to 24 months from here. So 2029 basically.

Rajesh Ravi: Okay. Not in FY28. Understood. So next year, then we only have the Maratha project, which would get commissioned.

Vinod Bahety: Already we have commissioned our Bhatapara line, for example. We have and so we have adequate clinker because market to market, we will be able to move on our cement.

Moderator: We take the next question from the line of Atishay from Axis Capital.

Atishay: This is Amit here from Axis. So just to clarify, the INR206 Q-o-Q per ton reduction in cement cost that you highlighted, in that calculation, is this power sale being netted off of that 45 crores units?

Vinod Bahety: Yes, it is netted off. It is very much part and parcel of my overall, say, opex only. This is netted off.

Atishay: Got it. And even the fly sale is netted off in that calculation?

Vinod Bahety: Yes, yes. Yes, absolutely.

Atishay: Sure. And by when are you expecting these power, I mean, the cement plants to get connected to the grid. I mean, sorry, the power grid in order to receive the green power?

Vinod Bahety: In about say about two to three quarters in a phase-wise manner progressively. So, yes.

Atishay: Got it. And just lastly, when you say that there are some plants which are shut and you'll be kind of upgrading or making these plants more efficient before you bring them online. So again, just to clarify, these are mostly plants in South India or these are plants also in other regions of the country?

Vinod Bahety: No, these are like mix and match basically, Atishay. So there are a few plants which are there in Central, Eastern site basically and one of them in the North and one of them in South. But like we are evaluating them.

Moderator: We take the next question from the line of Eshan from Aakash Emprise.

Eshan: So my question is regarding the gross margin. So how much gross margins the company expects in the next quarter, next few quarters this financial year or next financial year.

Vinod Bahety: I think the margins, again, in the prior call, I've highlighted that right now, we will give you guidance on the cost and which is like INR4,250. Margin is a factor of a combination of NSP and cost. That leg of NSP, for example, I would say that it is still market forces driven. So I think we will sustain on our margins, but we'll improve on our cost.

- Eshan:** And in terms of like the volume growth guidance of 8%, so this is for trade previous year, not for nontrade, right?
- Vinod Bahety:** The focus right now remains very much on trade. We'll separately come on non-trade also. But yes, the 75-plus percent bucket will be on the trade side and which we are seeing a good healthy growth now.
- Moderator:** Ladies and gentlemen, we take the last question from the line of Rahul Gupta from Morgan Stanley.
- Rahul Gupta:** So just want to understand what would be the fly ash sales during the quarter? My math suggests that it was more like INR50 crores in the fourth quarter. So can you give us comparable numbers in the first quarter as well?
- Vinod Bahety:** So the first quarter sales is about INR25 crores to INR30 crores. Let me just confirm, can you just give me a minute I have the details with me, so Rahul, it is ~INR15 crores for the first quarter, and you are right, around INR50 crores for the last quarter.
- Rahul Gupta:** And is it fair to say that just like power sales, almost entirely it flows through the profitability, right?
- Vinod Bahety:** Yes. Net of the expenditure around that.
- Moderator:** Ladies and gentlemen, with that, we conclude the question-and-answer session. I now hand the conference over to Mr. Deepak Balwani, Head of Investor Relations, for closing comments.
- Deepak Balwani:** Thank you, everyone, for your time and engagement today. We appreciate your continued interest in Ambuja. If there are any follow-up questions, please do not hesitate to reach out to me directly. We look forward to stay connected. Thank you.
- Moderator:** Thank you. On behalf of Ambuja Cements and Nomura, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.

Note: This transcript has been edited to improve readability and accuracy

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