Operator: Ladies and gentlemen, good day and welcome to Ambuja Cements Limited Q3 FY26 earnings conference call hosted by Antique Stock Broking. As a reminder, all participants' lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Krupal Maniar from Antique Stock Broking. Thank you and over to you.

Krupal Maniar – Antique Stock Broking: Thank you, Ekta. Good evening and a warm welcome to everyone. On behalf of Antique Stock Broking, we welcome you all to the third quarter FY26 earnings call of Ambuja Cements Limited. I will now hand over the call to Mr. Deepak Balwani, Head of Investor Relations. Thanks and over to you, sir.

Management: Thank you. On behalf of Ambuja Cement, I'm pleased to welcome all the participants to our Q3 FY26 earnings call. Ambuja Cement Limited is part of the diversified Adani portfolio and the world's ninth largest building material solution company. Before we start, please note that this call may include forward-looking statements based on our current beliefs and expectations. These are not guarantees of future performance and may involve unforeseen risk and uncertainty. We are pleased to have with us on the call, Mr. Vinod Vaidya, Chief Executive Officer, and Mr. Rohit Soni, Chief Financial Officer. Now I invite Mr. Vinod Vaidya to provide his valuable insights on the quarterly performance.

Management: Thank you, Deepak. Good evening and a warm welcome to everyone joining us for the third quarter results of FY26. This has been a decisive and strategically important quarter for Ambuja Cement. We delivered industry leading performance, growing our volumes at two times the industry average. This was supported by stronger market execution, improved availability across both trade and non-trade channels, and higher base capacity utilization. Our actions on premiumization and mix improvement helped us capture significantly higher market share and better realization than our peers, thereby reinforcing our leadership position.

The operating environment remained favorable throughout the quarter. Cement demand growth was driven by infrastructure activity, sustained housing demand, and a recovery in rural construction after a favorable monsoon. A defining development this quarter has been the proposed amalgamation of ACC and Orient Cement with Ambuja Cements. This marks the beginning of a unified "one cement" platform that will accelerate our growth trajectory, support EBITDA expansion, strengthen operational excellence leverage, improve logistics density, and enhance capital efficiency. We see this driving long-term value creation over the next 24 to 36 months.

Regulatory approvals are progressing quite well. We are seeing early operational success across the acquired assets. The capacity utilization for the quarter improved meaningfully for the acquired assets to 58%, an improvement of 21% compared to 37% in the same quarter last year. Utilization improved further by the exit of December to 65%. Although my quarter average is 58% for the acquired assets, the exit is at 65%, and we are confident and looking forward to achieving almost 80% on these acquired assets. These outcomes reflect disciplined execution of our integration and

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optimization playbook.

Pricing entered January on firm ground as we are seeing a similar uptick in price along with double digit volume growth. Southern markets are leading increases in the range of 15-20 for non-trade, while the northern market has witnessed price increases in the range of 5-10 in the non-trade category. Importantly, these hikes have held, making a departure from the rollback-prone patterns of previous years. With a comprehensive focus on value and market share, realizations improved Rs.5 per bag as compared to last year. Trade pricing continues to outperform non-trade, with gaps widening up to Rs.31 per bag as non-trade remains more sensitive to infrastructure-led offtake and seasonal disruptions.

On capacity, we commissioned the 2.4 million ton Marwar grinding unit ahead of schedule. With this addition, our total capacity now stands at 109 million tons per annum. We were looking earlier at 120 million tons in FY26. 2 million tons of Sindri and Jamul have also been included here. In addition to our 118 million ton target, the Versaliganj commissioning is now scheduled for Q1 FY27, representing a delay of 3 months. As such, we will be exiting March at 115 million tons compared to our earlier target of 118 million tons. Alongside this, we are unlocking an additional 15 million tons of debottlenecking capacity at lower capex cost. These initiatives will provide a clear and capital efficient pathway to reach our aim of hitting 155 million tons by March 2028, which will position us strongly for sustained growth.

Premiumization continues to be a powerful value driver for us. Premium cement volumes accounted for 35% of trade sales and, in absolute terms, increased 31% compared to last year, which is among the highest in the industry. Ambuja Kawach and ACC Gold remain our blockbuster premium cement products under the super-premium segment. GST reduction has helped in terms of shifting consumer preference towards higher quality, performance-driven products.

Cost leadership remains a key strategic advantage. Although our costs have gone up this quarter, we have delivered visible year-over-year reductions across the value chain. Delivered fuel cost declined 6%, power cost reduced 15%, green power share increased by 15 percentage points to 37%, and logistics cost reduced by 1%. Our narrative on reaching Rs.3,650 per ton of cost by March 2028 continues. Regarding the current quarter cost, our December quarter comes at Rs.4,500 per ton as compared to our September quarter, representing almost a Rs.250 hike. I must highlight that these are specific one-time expenses, as our cost exit for the month of December is below Rs.4,000.

The Rs.4,500 figure is an aberration due to one-time initiatives such as the brand transition and larger amplification of the Adani Cement brand in B2B and B2C segments. We have also done a substantial overhauling of the Sanghi and Penna assets, which has seen significant capacity improvement. Sanghi clinker operations reached 80% and cement reaches 65% in December. Penna is also showing healthy improvement. There were equipment failures at the Tandur plant for Penna and Jamul for ACC, but these will be operational very soon. These expenditures occurred this quarter but will not be repeated in the March quarter.

Our renewable energy footprint stands at almost 900 megawatts, strengthening both sustainability and cost resilience. The real benefits will come in future quarters as we obtain consumption approvals. Currently, we are selling this power in the market. We expect to reach 1,122 megawatts

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by FY27. When we consume this green power captively, it will significantly improve our overall power cost per unit, which is currently closer to 6.1 rupees.

Digital intelligence remains central to our model. We launched C-NOC (Cement Intelligence Network Operating Center), an AI-enabled central control system. I believe this will be a game changer for efficiency. Our ecosystem expanded through institutional partnerships with Credai, PAI, Naredco, and the Institute of Town Planning. Our FutureX program, launched on September 15, now engages over 750 institutions and 1.3 million students.

Regarding financial performance, we reported our highest ever quarterly sales volume at 18.9 million tons, up 17%. Market share improved to 16.6%. We have achieved consistent double digit volume growth for the last nine months at approximately 19%. Consolidated revenue was 10,277 crores in Q3, up 20%. PAT for the quarter was 378 crores, up 258% on a comparable basis when adjusting for one-time exceptional items like tax refunds and excise duty drawbacks. Operating EBITDA was 1,353 crores, up 53% year-over-year, with EBITDA per metric ton at 718, up 31%.

The diluted earnings per share for the quarter is 0.82. Net worth is approximately 70,000 crores. The company remains debt-free with Crisil and CARE AAA ratings. We are also accelerating decarbonization pathways, including the commercial scale installation of Coolbrook's Roto Dynamic Heater (RDH) technology for kiln electrification at the Vadapally plant in Andhra Pradesh. We are the first Indian cement company to adopt the TNFD framework.

In terms of industry outlook, I am very positive. I expect demand growth of 8% for FY26. The exit trend in December was robust and carried into January. We have seen price improvements in January and expect a similar trend in February. Our weighted average realizations will improve through customized cement solutions and a focus on blended cement. Currently, our trade and non-trade ratio is 65:35, and we expect this to move toward 70:30, which will provide healthier realizations. Our journey to achieve Rs.3,800 per ton cost by March 2027 and Rs.3,650 by March 2028 remains on track. Thank you, and back to the moderator.

Operator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Naveen Sahadev from ICICI Securities. Please go ahead.

Naveen Sahadev – ICICI Securities: Good evening, sir. Two questions. First, you reported 17% growth in volumes. If I exclude Orient, volume growth seems to be around 6%. Even assuming Penna has ramped up, the realization decline is much less than peers. Was the focus in Q3 more on premiumization and value versus volume? How should we look at incremental volumes and market share excluding the South?

Management: If we exclude Orient and the acquired assets, our base capacity growth for Ambuja and ACC is around 6%, which is better than the industry average of 3-4%. Regarding the gear shift, we are focused on regaining trade market share with the Adani Ambuja and Adani ACC brands. Our focus is to regain leadership on the trade side, targeting a 70:30 trade to non-trade mix, moving toward 75:25. This will improve realizations, premiumization, and Net Sales Realization (NSP) compared to peers. Digital strength will also help in direct dealer engagement and order speed.

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Naveen Sahadev – ICICI Securities: My second question is on renewable energy. 898 megawatts out of 1,122 is commissioned. You said you are selling power in the market pending approvals. How is this reported, and what kind of savings can we expect by when?

Management: Currently, new capacities like the 8 million ton grinding units and clinker lines in Bhatapara and Maratha are coming online and will consume more power. Until then, we are selling excess power. This income is currently reported under "Other Operating Income." If we netted it against power costs, they would be much lower, but accounting currently places it in other income.

Operator: Thank you. The next question is from the line of Ritesh Shah from Investec. Please go ahead.

Ritesh Shah – Investec: How are we looking at the JP assets currently held by Adani Enterprises Limited (AEL)? Would it make sense for Ambuja to digest them? Also, on accounting, ACC mentioned that plant maintenance from next fiscal will be amortized over 12 months. What is the rationale? Finally, regarding coal sales being moved from "Other Operating Income" to a net-off under power and fuel—what is the thought process there?

Management: Regarding JP assets, AEL is a separately listed company. We will keep that at arm's length and have no comments currently. On plant maintenance, we are moving to 12-month amortization to avoid distorted quarterly figures when scheduled maintenance costs are booked all at once. It provides a clearer logical view for investors. On coal sales, due to the Master Service Agreement (MSA) between the units on our platform, we previously netted it against expenditure. Based on auditor discussions, we now show it gross under revenue from operations. The value was 315 crores for the period.

Management: To clarify, there is no impact on EBITDA or P&L; it is simply a grossing up of the figures.

Ritesh Shah – Investec: How should we understand the change in inventory at the Ambuja consolidated level? It moved from -30 to -84.

Management: This is predominantly due to seasonality. We had a stock buildup in Q2, which is a low-sale quarter. We build up cement and clinker stocks which are then pushed out in Q3, Q4, and Q1. It smoothens out over the year.

Operator: Thank you. The next question is from the line of Rahul Gupta from Morgan Stanley. Please go ahead.

Rahul Gupta – Morgan Stanley: In the September quarter, most consolidation costs for Orient and Sanghi were supposedly behind us. What is driving OpEx higher sequentially? Also, when can we expect the asset-wise breakdown for the roadmap to 155 million tons?

Management: Regarding the expansion roadmap, our exit for March 2026 is 115 million tons. We will reach 130-132 million tons by March 2027, and the balance of 155 million tons by March 2028. We will share specific asset details as we progress and achieve our interim targets.

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On the OpEx side, while the Penna and Sanghi transitions are largely complete, we did extra work to improve capacity utilization. Some maintenance scheduled for early 2026 was preponed to December. By next fiscal year, our change to 12-month amortization will prevent this cost distortion.

Rahul Gupta - Morgan Stanley: How much of the OpEx was one-off this quarter?

Management: Approximately 125 rupees is one-off related to branding and specific repairs. Another 25-35 rupees per ton is related to higher freight and lead distances. There were also one-time legal costs. In total, about 150 rupees is one-time. This confirms why our December exit cost is below 4,000 per ton.

Operator: Thank you. The next question is from the line of Siddharth Mehrotra from Kotak Securities. Please go ahead.

Siddharth Mehrotra - Kotak Securities: Could you provide a breakdown of the direction for cost line items like power and fuel? How much do you expect them to trend downwards?

Management: We see a scope to reduce power consumption by 10-12 units per ton and costs by about 1 rupee per unit, yielding 100-125 rupees per ton in savings. On fuel, we target a 150 rupee reduction as new assets reduce heat consumption. On logistics, we aim for a 150 rupee reduction through BCFC rates and group synergies. In total, we target 300-350 rupees in improvements to bring costs to 3,800 by March 2027. This isn't just long-term; we expect returns to show every quarter as new kilns ramp up.

Siddharth Mehrotra - Kotak Securities: What is your guidance for CapEx over the next few years?

Management: Annual CapEx for growth is approximately 8,000 crores, plus another 2,000 crores for efficiency. So, you can consider an annual CapEx of about 10,000 crores. This is modular and depends on the utilization of existing assets.

Operator: Thank you. The next question is from the line of Amit Murarka from Axis Capital. Please go ahead.

Amit Murarka - Axis Capital: Specifically regarding the clinker units at Maratha, Rajasthan, and Penna, when are they expected to commission? And which other units are planned to reach the 155 million ton target?

Management: Penna is expected to commission in February of this quarter. Batapara is already commissioned. Maratha is expected between Q1 and Q2. For clinkering, Batapara is the growth engine for the East, Sanghi for the West, and Wadi/Chittapur for the South. Marwa remains the major mother unit for the North. The blueprint for 155 million tons will involve brownfield clinkering lines to benefit from economies of scale. We are also evaluating Bulk Cement Terminals (BCTs) given new railway policies.

Amit Murarka - Axis Capital: You were also contemplating outsourcing operations on a contracting basis. Is there progress there?

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Management: Yes, we are moving ahead with outsourcing initiatives and you will hear more positive developments on that soon.

Operator: Thank you. The next question is from the line of Rashi from Citibank. Please go ahead.

Rashi – Citibank: You mentioned costs were 4,500 in the quarter but exited at 4,000. If one-off expenses were 150, that still leaves a significant gap of 350. Can you explain that rapid decline?

Management: Beyond the 150 rupees in one-offs like branding and legal costs, December benefited from being "lean and clean" without the heavy maintenance costs seen in the first two months. As we progress, the benefits of green power, WHRS, and alternate fuels are scaling up. January is also seeing costs below 4,000.

Rashi – Citibank: Regarding pricing, you noted increases in the South and North for non-trade. Are there trade segment increases as well? Also, where are your current realizations versus last quarter?

Management: There is improvement in trade, though non-trade moved faster because it had fallen more steeply. The Adani brand is pulling good demand and realizations are improving across clusters. I won't provide an exact realization number, but the trend is positive.

Rashi – Citibank: Your balance sheet shows a slight decline in cash. Can you explain the CapEx outgo for the nine months?

Management: CapEx for the last nine months was approximately 6,000 crores. We expect another 3,000 crores in the coming three months, totaling 9,000 crores for the year. This reflects the 8 million ton capacity addition and associated clinkering facilities.

Operator: Thank you. The next question is from the line of Jyoti Gupta from Nirmal Equity. Please go ahead.

Jyoti Gupta – Nirmal Equity: You mentioned a cost reduction to 4,000 per ton which should reflect in Q4. If Q4 hits 4,000, that is a 300-rupee improvement over the 9-month average. Will this reflect in the EBITDA for the full year?

Management: January price momentum is very positive and costs are trending lower toward the March exit target of 4,000. While I won't give a forward-looking EBITDA figure, the performance improvement will definitely flow through.

Operator: Thank you. The next question is from the line of Jashandeep Singh Chadha from Nomura. Please go ahead.

Jashandeep Singh Chadha – Nomura: Regarding the acquired assets, you mentioned organic assets delivered 1,045 rupees per ton EBITDA. What utilization and EBITDA are you targeting for the acquired assets by FY27?

Management: We target 80% utilization and an EBITDA of 1,250-1,300 per ton, gradually moving toward 1,500 per ton for all assets. Sanghi clinker utilization reached 80% in December. It takes time to overhaul financially challenged assets, but we are fixing dredging issues and de-bottlenecking. We are organizing a site visit in February so you can see the turnaround.

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Jashandeep Singh Chadha – Nomura: What is your structural view on industry consolidation?

Management: The consolidation phase has taken a pause as large players focus on ramping up acquired assets. The pace may be slower now, with smaller or mid-sized opportunities. With a net worth of 70,000 crores and zero debt, we remain open to opportunities at the right value.

Operator: Thank you. The next question is from the line of Prateek Kumar from Jefferies. Please go ahead.

Prateek Kumar – Jefferies: Which regions underperformed versus the 750 blended EBITDA average?

Management: The South is generally more modest. West and North clusters are typically better. The East was subdued but picked up in December. The Central region was quite subdued due to high competitive aggression.

Operator: Thank you. The next question is from the line of Ashish Jain from Macquarie Capital India. Please go ahead.

Ashish Jain – Macquarie Capital India: You mentioned power consumption can drop by 10 units. Is this driven by clinker plants or efficiencies at existing plants? Also, is the 155 million ton target flexible if inorganic opportunities arise?

Management: It is both. We-are improving stability and utilization at existing plants while adding efficient new assets. We have high visibility on this target. Regarding the 155 million ton target, it includes both organic and inorganic components. Whether it is a specific unit or another opportunity, it will all fit within that overall roadmap.

Operator: Thank you. The next question is from the line of Pinakin from HSBC. Please go ahead.

Pinakin – HSBC: Will costs come down overall given that new plants will have lower utilization initially?

Management: As mentioned, we are moving to 12-month amortization for maintenance to reduce volatility. Grinding unit ramp-up is very fast and clinker units are commissioned at high efficiency. Any commissioning cost is capitalized, so they will not be a drag; they will be incrementally beneficial.

Operator: Thank you. The next question is from the line of Rajesh Ravi from HDFC Securities. Please go ahead.

Rajesh Ravi – HDFC Securities: Are there specific clinker targets beyond the three units discussed? What are the demand outlook and potential for more tax refunds?

Management: We have three units coming up plus Mundra, totaling about 16 million tons of clinker, which supports 24 million tons of grinding. We have also entered an agreement for a 4 million ton line in Assam. On tax refunds, we have resolved most major cases, so while some incentives are pending, we won't see refunds of this magnitude in the future. Demand should grow around 8% in Q4. We have mothballed 2 million tons of unviable capacity at Jamul and Kendri.

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Operator: Thank you. The last question is from Kunal Shah from DAM Capital. Please go ahead.

Kunal Shah – DAM Capital: Sanghi is operating sub-50% despite original guidance. What went wrong structurally? Also, what is your volume growth target?

Management: Sanghi is an "island plant" subject to harsh seasons. Previous equipment damage and low-voltage transmission issues hampered it. The government is now revamping the transmission lines, which will allow us to use 20-25 megawatts of green power. Dredging is done, and December exit clinker reached 80%. We expect double-digit volume growth, although we will balance volume with value and realizations. Penna's December utilization was 52-55% and will improve as the Tandur asset comes back online.

Operator: Ladies and gentlemen, this concludes today's call. Thank you for joining us. You may now disconnect your lines.

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