

## Ultratech Cement

**Operator:** Ladies and gentlemen, good day and welcome to the Q2 FY27 earnings conference call of UltraTech Cement Limited. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and then zero on your touch-tone phone. I now hand the conference over to Mr. Atul Daga, Chief Financial Officer of UltraTech Cement Limited. Thank you, and over to you, sir.

**Atul Daga – CFO:** Good afternoon and good evening, everybody. Ladies and gentlemen, thank you for joining our Q2 FY27 earnings call. The September quarter is always the one where the monsoon writes part of the script. This year, it brought a different twist—a weak monsoon that kept construction going, alongside a West Asia conflict that flared up again and pushed fuel costs higher.

Time and again, we keep hearing discussions about cement prices, which are on everybody's mind, and that is where I want to start. In a normal year, cement prices slip during July and August as rains slow site and dealer-chasing volumes. This year, the industry largely avoided that. Pan-India average trade prices for Q2 were stable in line with Q1, with the quarterly average 1-1.5% lower, mainly because of a soft August. In the second half of September, prices turned firmly upwards. Trade prices must have risen by 7-10 per bag month-on-month, and non-trade prices even higher.

We exited September with trade prices at least about 3% above the Q1 average. The quarterly average is weighted down by a soft August; the run rate we take into Q3 is materially better. One more thing I want to clarify here for ourselves, UltraTech. We take a view on price changes based on demand and macroeconomic trends. It is not rocket science. If demand overshoots supply, it leads to price improvement. If there is a structural change in cost for the industry, ultimately the end customers will have to bear the cost. Given the spread of the industry across the country, prices always rise with a lag to catch up with costs. This is nothing new; this is an age-old phenomenon.

As for UltraTech, despite the increase in cost, the company has achieved an improvement in operating performance, higher capacity utilization on a higher base, higher or stable realizations, improvement in efficiency, and a 21% increase in net profit. Prices, for your benefit, have risen substantially in the month of October and continue to stay high. My sense is that there will be further price improvement in the near future, over the next couple of months.

If you were to split realizations by zone for the quarter, in the West, prices were steady through July and August and stepped up in September, with Mumbai being the biggest market and moving strongly upward by 3-4% per bag for both bag and bulk. In the rest of Maharashtra, a small dip in August was followed by a large increase in September. In the eastern markets, rain-related disruption pushed prices down during August, but we have seen prices playing catch-up across most of the states in the eastern corridor since early October. In the South, North and Central regions, the South has had the strongest momentum in prices, volume and capacity utilization. South markets are transforming. South markets are transforming. Mark my words; you might remember something that I had spoken to you about a few quarters ago regarding the southern market. North held steady, and the new prices have been absorbed, while Central has played a muted game into October. We are seeing a continuous increase in prices. The festive weeks may slow down how quickly these prices are absorbed. Therefore, we expect the full benefit of these

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price increases to reflect in the Q3 earnings rather than immediately.

That is all regarding prices. Three points stand out. Realizations in the previous quarter were essentially stable, so prices were not the cause of any decline in performance. Fuel cost and raw material cost rose by about 13%, or 3% quarter-on-quarter. Fuel cost has risen from 45 rupees per bag to 51.5 rupees per bag. That is the contribution of fuel cost year-on-year as fuel rates climbed to about 2.09 per Kcal. This is the West Asia effect, the West Asia crisis effect, which we can discuss separately. Third, other fixed costs per ton were 6% lower for us than last year, even after absorbing new capacity, because absolute fixed costs grew by only 4%, well below the volume growth of 13.8%. This is the operating leverage working for UltraTech as intended.

The month of September has given a glimpse of what comes next. That is an internal number. But as volumes remain strong, price increases have been coming through. When we look at month-to-month performance, September was higher than the Q2 average. Let me get to the next element of our industry, which is demand. Industry estimates suggest that cement demand will grow closer to 10% year-on-year. Our growth of 13.8% this quarter is comfortably ahead, which means that our presence in the market is continuously increasing. North markets grew in the high double digits. We grew more than 20% in the northern market, in the range of 15–20% in the southern markets, around 5% in the East, closer to 10% in the West, as well as 10% in the Central market.

Our capacity utilization was 71%, better than 66% last year on a higher base. We could have grown more and sold more cement if additional capacity had been available, and that is why we are excited about our next phase of growth, which is around the corner. People often ask me about capacity utilization, so let me give you the numbers up front. North markets were at upwards of 70% capacity utilization. North and South were both at upwards of 70%. West was a close second, at about 70%. Central and East were around 60%. In the East, this was because of prolonged and heavy monsoons till 2 or 3 days ago. I believe West Bengal was also receiving rain.

This quarter, we commissioned greenfield cement capacity in the southern market. Demand is growing in the South, prices are improving, and we are in a happy place in the southern market. The housing market and individual home-builder market, which are the backbone of retail demand, kept buying through the quarter, helped by fewer rain-loss days. Public capex was very strong through July for the Central government, although road construction has been weak. However, we are seeing new awards pick up, which will result in higher demand in the following quarters and over the next couple of years. The project pipeline keeps growing. I believe there were 100 announcements worth about ₹ 13.4 lakh crores by early September, including Tamil Nadu's ₹ 55,000 crores power plant, the ₹ 65,000 crores Gorakhpur industrial park, Assam's ₹ 50,000 crores five-year infrastructure program, Odisha's coastal highway, Metro 1 in Thiruvananthapuram and the Bawal-Behror RRTS. Power, industrial parks and data centers are all growing, and all are cement-intensive. In the states of Bihar and West Bengal, we are waiting for demand to be unleashed. There are multiple projects in the pipeline that will boost capacity utilization for us in the eastern corridor as well.

Looking ahead, most estimates suggest that the industry should grow very strongly. We expect to grow more strongly, supported by our capacity additions and market reach. Activity typically picks

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up in mid-November, or, as you are all aware, after what is called Chhath Puja, once the entire festive season is over and the monsoon is completely out of the way. We have already seen good signs of strong momentum in demand.

Much has been said about the monsoons, so let me not shy away from that. The monsoons were very weak this year, the weakest since 2015, and I am told that this was the fourth-lowest since 2001. However, India has seen 4 very good preceding years with good monsoons, which is a very positive sign. There are drought situations in some parts of the country, which I am sure you are all aware of. How does this impact us? Fewer rain-loss days kept sites working and made the usual seasonal dip in volumes much lower. This is one of the reasons why the industry would be growing very close to 10% in a quarter that is normally a weaker quarter.

The East was the exception because it experienced torrential rains, local spells in July and August, heavy rains and flooding, which disrupted construction and naturally pulled down both volumes and prices. A weak monsoon can hurt farm incomes and, with a lag, rural housing. However, an important point to keep in mind is that the Indian economy has been evolving. Several non-crop activities are contributing to almost 40% of the rural economy, with MSMEs and non-agricultural sectors growing and mushrooming everywhere in the country. Besides, as I mentioned, the last 4 years of good monsoons will also help or act as a cushion. We expect rural demand might soften in some areas, while urban housing, infrastructure and private-sector capex will continue to grow very strongly.

Regarding the West Asia crisis, last quarter we were expecting de-escalation, falling crude prices and a return to normalcy. But, in candid acceptance from my end, predicting a roll of the dice is easier than predicting the outcome of the West Asia crisis. How is it impacting us? Petcoke prices have shot through the roof. They were trading around {? 170 or 180 dollars per ton ?} the last time I checked. Regarding petcoke, we have reduced our dependence since the last quarter. Today, we are down to about 25% petcoke consumption in our overall mix.

Coal-fired power plants are being required to blend imported coal. Coal India is giving priority to the power sector, which tightens domestic availability for the industry. Industrial diesel prices have been continuously increased by the government. I believe they are at an all-time high as we speak, which impacts raw material costs through mining and transportation costs. These cost pressures, as we speak, are here for some more time. As I mentioned regarding the West Asia crisis, we do not know what will happen; that is all I can say. So far, we have not seen any direct impact on cement demand. Our volumes show that clearly. The indirect risks are higher inflation, tighter monetary conditions and less fiscal room if fuel and tax relief do not bring fuel prices down.

**Management:** In terms of cost, we are watching all 3 elements. Our response follows a strategic plan comprising pricing discipline, product mix and premium products, along with relentless cost work across fuel sourcing, power and logistics.

Our growth plans are the next topic I want to touch upon. We commissioned 4.6 million tons of capacity in September, taking our domestic cement capacity to 204.7 million tons. This includes the 3.6 million tons of greenfield capacity at {? Petnikota ?} in Andhra and 1 million ton of debottlenecking at 3 other units. During the quarter, we also added 116 megawatts of renewable power and 10 megawatts of waste heat recovery, so our green power index continues to rise.

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Forty-seven percent of our power needs were met from non-fossil fuel sources. We have also achieved the unique status of having 2 gigawatts of green power for captive consumption as a manufacturing sector. We commissioned AFR systems at 2 plants, taking our thermal substitution rate to about 7.2%.

We are on track to reach 240 million tons of capacity as planned, without any surprises.

UltraVolt was launched on September 3 this year as our wires and cables business. We already have a huge channel-partner force in place. The planned investment is 1,800 crores. We have spent around 1,100 crores to date, and the balance will be spent over the next few, perhaps 2, quarters. This is the first month of the launch or the first month of operation. It is not even a full month—perhaps 27 or 25 days of operation. Please have patience; we will deliver an electrifying performance.

UltraTech has helped build walls, and now we are getting behind the walls. We have started with wires and light-duty cables. It appears to be a very exciting space, and we are confident of growing rapidly. Currently, dealers, distributors, retailers, builders, contractors and electricians are all getting on board. EPC firms and panel builders are also getting on board. More than 1,500 UltraTech UBS channel partners have signed up to become dealers for UltraVolt. Our retail reach has already crossed approximately 80,000 points and is growing very rapidly.

The supply chain is in place. We have a mother plant at {? Gadhadia ?} in Gujarat, 1 main warehouse with 5 regional distribution centers and approximately 16 branch warehouses. Production and sales of house wire, panel wire and multicore cable have already started. The remaining power and control cable lines will be commissioned through the second half.

Our focus for this quarter shifts from building the network to stabilizing it. That means consistent fill rates at the counter, reliable replenishment from warehouse to dealer, credit discipline and tracking of secondary sales. The aim is for every new partner to see the business turn over steadily, rather than receive only one-time launch stock. We are building this business, and our performance will speak for itself.

To sum up, cement is our core. We are growing very strongly in cement and, as alluded to, we are looking forward to our next phase of growth, which will take us well beyond 240 million tons of capacity. Cement demand is resilient, and we shall continue to grow very strongly. Prices have held through the monsoons, are turning up at the exit, and seem to be holding. Cost remains a challenge while the West Asia situation unfolds on an everyday basis. We are now entering the strongest season of the year with better prices, more capacity and a cost structure that improves with scale.

I will not pretend that the second half will be free of cost pressures. What I can promise is that we will manage them much better than anybody else under the sun, and you will see similar performance from UltraTech quarter after quarter. Thank you, as always, for your trust in UltraTech, and over to you for questions.

**Operator:** Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on your touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two.

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Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Indrajit Agarwal from CLSA. Please go ahead.

**Indrajit Agarwal – CLSA:** Thank you for the opportunity, and congratulations on the strong volume growth. I have a couple of questions. First, if we were to take spot costs across all fronts—fuel, industrial diesel and so on—what kind of variable-cost inflation can we see in the second half from the current levels?

**Management:** Indrajit, you tell me what is in Mr. Trump's mind, and I will tell you what kind of inflation we will see. Costs, as I mentioned, are already elevated, and whether they have peaked is something I am not an authority to comment on. We really do not know. I am sorry, I do not have an answer to that, Indrajit.

**Indrajit Agarwal – CLSA:** I was actually asking: if I take today's cost as it is, as you mentioned, with petcoke at \$180 today, and extrapolate that—

**Management:** Yes, \$180. If you extrapolate that, as I also mentioned, the cost of fuel has gone up from 45 rupees per bag to 51 rupees per bag. The 6 rupees per bag is the impact of fuel increases.

**Management:** Maybe, but that is in the last quarter. There might be some further increase. However, there is also inventory in the pipeline.

**Management:** Inventory is also there in the pipeline, so you might have an increase of 10–20 per bag. No? No. Okay.

**Management:** The reason is that \$180 is the current price, but past inventory with most industry players may not have had a significant impact in the last quarter. There may definitely be some marginal impact in the fourth quarter. It is a combination of imported fuel and domestic coal, so we are not expecting too much going forward, Indrajit.

**Indrajit Agarwal – CLSA:** This is helpful. My second question is on UltraVolt. Is there any change in strategy regarding entering cables or the broader consumer electrical segment? How are we pricing the current wires versus the existing players?

**Management:** Firstly, the feedback and response we have received have been phenomenal, so we are scaling up our business and will want to grow this business at a much faster pace than we had planned. Other than that, I am not able to comment further.

As for pricing, I think there is a lot of confusion about pricing. One thing that needs to be understood is that we have launched unique products that did not previously exist in the marketplace. The classic examples are Class 5 insulation material and the E-beam technology product. Nobody had those products, and those products are now commanding a premium.

Our positioning is at market parity. Differentiation is being driven by our product proposition and not by undercutting prices. We are almost at par with prevailing market prices. For example, Green Core is the entry-level Class 5 {? HR-FR ?} product. I am referring to {? HR-FR ?}, meaning heat-resistant, fire-resistant cables and wires, which are at par with any other product in the

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marketplace.

**Indrajit Agarwal – CLSA:** This is useful. Thank you.

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

**Amit Murarka – Axis Capital:** Good evening, and thank you for the opportunity. My first question is on India Cements. Is the 160 rupees per ton Tamil Nadu levy accounted for in this quarter or not?

**Management:** It is already accounted for, Amit. There is no reversal in that, Amit.

**Management:** No, whatever has been paid has been paid. There will be no relief, so at least in Q2—

**Amit Murarka – Axis Capital:** No, I am asking only about the future because it happened during the course of Q2. In Q2, was it accounted for?

**Management:** Yes, we are not incurring any additional cost from that effective date, whatever that date was.

**Amit Murarka – Axis Capital:** Okay, great. Also, regarding cables and wires, the press release mentions that you are looking to expand into a broader range of electrical accessories. Could you clarify what exactly that means and which segments are being considered?

**Management:** PVC conduit is the immediate product that we are developing, as it is required for our wires.

**Amit Murarka – Axis Capital:** So it does not include products such as fans, other electrical appliances or anything like that?

**Management:** No. Let me clarify, Amit. I have clarified this earlier; perhaps we did not have a conversation. We are not doing fans, tube lights, decorative lights, bulbs or whatever else you might think of. I am just looking around the room and thinking about what is electrical. No, we are not doing those products.

**Amit Murarka – Axis Capital:** I understand. Also, regarding capex, the first half seems to have been quite strong, at approximately 6,000 crores of capex—5,882 crores, as I see it. Does the full-year guidance stand at 10,000 crores, or will it go higher now?

**Management:** I will still stick to 10,000 crores, but it will be better to look at the full-year number after the Q3 results. It will be plus or minus 10,000 crores.

**Amit Murarka – Axis Capital:** Sure. My last question is on interest cost, which increased considerably during the quarter, up approximately 22% quarter-on-quarter. Could you explain why that happened?

**Management:** I raised NCDs of about 5,000 crores at 7.25%, which were outstanding for 2 months, so my borrowings increased. In hindsight, I think it was a fantastic decision because nobody will get money at 7.25% now.

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**Amit Murarka – Axis Capital:** Understood. Thanks a lot, and all the best.

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

**Pratik Kumar – Jefferies:** Good evening, sir. These were a good set of results. I have a couple of questions. Firstly, regarding expenses related to wires and cables, is there any attributable amount that you can highlight for this quarter, and how much do you expect to incur in Q3 and Q4?

**Management:** Nothing specific, Pratik. These are all routine expenses. Our brand ambassador is common, so the expenses are also common. For the next 2 quarters, as I said, we are building the business, so the ramp-up is difficult to quantify. The first month is hardly anything.

**Management:** Also, it is not material enough to separate out and analyze. It is not material at all.

**Pratik Kumar – Jefferies:** You talked about price increases in September and October and further increases thereafter. With these price increases, do you expect to absorb costs and have EBITDA per ton on a year-on-year basis remain higher in the next 2 quarters as well?

**Management:** That is the intention.

**Pratik Kumar – Jefferies:** Lastly, on your debt, net debt has increased. You said you raised some NCDs, but your net debt has increased—

**Pratik Kumar – Jefferies:** It increased in the second quarter versus the first quarter. Is it related to dividend payment?

**Management:** It was due to multiple things. It was more about capex and dividend. The dividend was one lump-sum payment that had to be paid out on a particular day. We were always in a net debt position. At March-end, we were at 0.94x net debt to EBITDA. We were at 1.26x, 1.24x or 1.26x net debt to EBITDA at the end of September 2026, but by the end of March, I will be below 1x net debt to EBITDA.

**Pratik Kumar – Jefferies:** Thank you. These were my questions for today.

**Management:** Thanks, Pratik.

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

**Rashi – Citi Group:** Thank you. I have a few questions. On pricing, what is the quantum of increase in September and October versus the second-quarter average, on a percentage basis?

**Management:** I knew this question was coming, so I am better prepared. The increase from the Q2 average is approximately 5%, is that correct?

**Rashi – Citi Group:** Spot realizations today are 5% higher than Q2?

**Management:** Yes.

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**Rashi – Citi Group:** On the cost side, you mentioned in the presentation that the Kcal cost of fuel is 2.1. What does that translate into in dollars per ton? I am trying to understand where we are currently.

**Management:** Dollars per ton has lost its relevance because of the way the rupee exchange rate has been fluctuating. However, if I were to take a view, it would be around 150 or 147 dollars, and should be anywhere between 140 and 150 dollars per ton.

**Rashi – Citi Group:** For the 2.1 per Kcal, where is that today?

**Management:** That 2.1 may have gone to 2.2.

**Rashi – Citi Group:** Are you suggesting that Q3 and Q4 should be similar, around 2.2?

**Management:** Yes.

**Rashi – Citi Group:** There should be a decent reversal in your fixed cost in the next quarter, given the increase in other expenses?

**Management:** Yes. The operating leverage advantage will take effect.

**Rashi – Citi Group:** You just mentioned that you want to grow faster in cables and wires than you had originally planned. Does that refer to the pace of ramp-up, or does it mean the pace of capex beyond 1,800 crores?

**Management:** No, there is no change. The board has not approved anything beyond 1,800 crores at the moment. I was referring to the ramp-up because we have still spent only about {? spent and committed is 1,100 crores ?}, and we have to double production from where we are today. It is still in the build mode. With an annualized capacity of 78,000 tons of copper consumption, we are already number two in our space.

Let me be very clear: we do not need to invest any further to become number two in terms of installed capacity. Second, if you recall, when we announced our plans sometime in the January–March quarter of 2025, in February 2025, we had targeted revenue of 10,000 crores. If you understand this market, it is driven by copper prices. If copper prices go up, that 10,000 crore number has already increased by itself. It is on autopilot. Therefore, a 10,000 crore number would be somewhere around 16,000–18,000 crores, depending on copper prices. We are already number two in terms of installed capacity.

**Rashi – Citi Group:** This 10,000 crore figure was based on what copper price?

**Management:** It was based on whatever was prevailing in February 2025. I do not remember it offhand, but I will provide it to you.

**Rashi – Citi Group:** This is at full ramp-up, correct?

**Management:** Yes.

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**Rashi – Citi Group:** What kind of utilization are you expecting in the second half of this year and next year?

**Management:** It is very difficult to say because we are still building the business, but we should see mature performance in FY28.

**Rashi – Citi Group:** Understood. Thank you.

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

**Ashish Jain – Macquarie:** Good evening, sir. First, just one clarification: will cables and wires be reported in the standalone financials from next quarter? It is not a subsidiary or something similar, correct?

**Management:** It is a division, so it is part of my financials. Yes, it is part of my financials.

**Ashish Jain – Macquarie:** Secondly, you earlier spoke about current prices being 2.2. I mean, the current Kcal cost for energy is 2.2 rupees, and you think this 2.2 will sustain for the whole of the second half. Is that what you meant?

**Management:** Unless we drop {? MOPS ?} on Iran and, instead of 180, it becomes 300, it is very difficult to say.

**Ashish Jain – Macquarie:** Obviously, I mean assuming 180 remains 180.

**Management:** Yes. If nothing else happens, then it will be 2.2.

**Ashish Jain – Macquarie:** With this 5% price hike, are we fairly comfortable from a sequential-margin standpoint, or is there some other cost element?

**Management:** Ashish, we have already discussed this.

**Ashish Jain – Macquarie:** Lastly, in terms of our capacity expansion plans in the North, given that we are consistently operating at fairly high capacity utilization, is that an area of focus for us from an incremental-expansion point of view?

**Management:** Yes. Five by five.

**Ashish Jain – Macquarie:** So this will be addressed in the next round of—

**Management:** Yes. I have already been hinting at it. We will come out with our detailed plans before the end of this financial year.

**Ashish Jain – Macquarie:** Understood, sir. Thank you so much.

**Management:** Thanks, Ashish.

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

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**Siddharth Malhotra – Kotak Securities:** Congratulations on a good set of volume numbers. I wanted to check on our capital allocation plans. Do we plan to increase our payout ratios on a structural basis, similar to this year?

**Management:** I will let the board decide that at the end of the year. I cannot take that decision on my own. However, the board has decided to continue reviewing its dividend distribution on a year-on-year basis, based on the performance of the company.

**Siddharth Malhotra – Kotak Securities:** Understood. Secondly, is there any plan to increase capex in the wires and cables division, given that we have almost spent two-thirds of the planned capex? Do you have any update on that?

**Management:** I think we have already mentioned in our presentation that we have spent 1,100 crores to date. The 1,100 crores includes commitments made. This means that machinery is still arriving as part of our 1,800 crore plan, which will help us ramp up.

**Siddharth Malhotra – Kotak Securities:** Just one last question. Can you tell us about the corporate guarantee we have given to USG Holdings? I understand it is majority-owned by Hindalco. What is the end use of this corporate guarantee?

**Management:** The end use for USG is that the company will be buying aircraft and ships, which will be deployed for our business use. UltraTech holds 41%, Grasim holds 9% and Hindalco holds 50%. The company will be borrowing money, for which we have given a corporate guarantee. This helps it obtain lower interest rates.

**Siddharth Malhotra – Kotak Securities:** Understood. So this is probably a shared resource between the group companies, correct?

**Management:** Yes.

**Siddharth Malhotra – Kotak Securities:** Thank you.

**Management:** Thank you.

**Operator:** Thank you. Ladies and gentlemen, to ensure that the management is able to address questions from all participants, we request you to limit your questions to 2 per participant. The next question is from the line of Jashandeep Chadha from Nomura. Please go ahead.

**Jashandeep Chadha – Nomura:** Hello, and I wish you a happy Dussehra in advance. My first question is on demand. We are seeing a weaker monsoon, and normally we have seen rural income or rural consumption decline after a weaker monsoon. In addition, household inflation is increasing. In light of that, how do you see demand overall in the second half of this financial year and the next financial year, both from trade and non-trade, and especially from the rural segment? How will it be impacted?

**Management:** Good question, Jashandeep. I think demand is the strongest support for the cement industry at the moment. For the period ending in March 2029, we should see very strong momentum in cement consumption. New opportunities are emerging. Data centers are coming up

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in a significant way, private-sector capex is increasing, and practically most industries are expanding their capacities. The semiconductor industry is the new growth area and is rising significantly. Urban housing continues to grow.

There have been fewer announcements, which people are beginning to worry about, but a lot of projects are currently in the finishing stage, and the next phase of growth for these real-estate players will emerge. I had mentioned a data point, I think last quarter or earlier. The land purchases accumulated by all these real-estate players in 2025 over 2024 were almost 1.5 times higher. This is where urban real estate will begin to play a role.

The government has started announcing major plans. Seven or 8 new metro extensions have been announced, including metro rail extensions. Around 8 metro extensions have been announced, which will be cement-intensive. Mumbai is going through a rapid phase of cement consumption. Overall, demand will remain strong.

Regarding rural demand, I think I mentioned in my comments that almost 40% of rural markets are no longer dependent on the agricultural sector. In addition, the last 4 years of monsoons have been very strong. There may be MNREGA programs. I do not know about that, but I am hoping and expecting that the government may launch some new MNREGA programs, which would result in a reasonable improvement in cash flows in rural areas.

Of course, it goes without saying that there are some very difficult drought situations, especially in South Maharashtra and South Madhya Pradesh. We have certain pockets—1 or 2 pockets in India—that go through very severe drought conditions. The law of averages will catch up, and we should still see a good level of demand.

**Jashandeep Chadha – Nomura:** Will you be comfortable maintaining the assumption you gave last time—around 7–8% for the industry and double-digit growth for UltraTech?

**Management:** Yes, Jashandeep. Look at the first half, including the monsoon quarter that has gone by, and I imagine that the industry will have first-half growth of around 8%. What was the first quarter? Do you remember? Was it 6.5%? The first quarter was 6.5%, and this quarter could be 9%. Therefore, you are already at 7.5–8% for what is supposedly a weaker period for the cement industry. The cement industry rises sharply from November onwards, so we should perform very well, and the industry should perform very well.

**Jashandeep Chadha – Nomura:** Understood. My second question is also related to this. The volume growth—

**Management:** Jashandeep, this is the fourth question. You cannot keep calling every question the second question.

**Jashandeep Chadha – Nomura:** No, this is genuinely my second question. In the last answer, you said that the industry has been doing very well on the volume front, but pricing has not been—

**Pinakin – HSBC:** Multiple factors are involved. At [inaudible] prices have not gone up. I wanted to understand whether, in the second half and next year as well, demand is largely being driven by non-trade and industrial segments, rather than housing. Do you see that continuing next year as

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well? I understand that urban—

**Atul Daga – CFO:** No, I think if I look at my own ratios, I would qualify UltraTech as a surrogate for India's growth. Our trade ratios—trade is largely housing-dependent—have remained consistent. Whether it is 65.7%, 66% or 65.1%, it is between 65% and 67%. Our trade ratios clearly reflect how IHB or retail demand is growing.

Yes, industrial volumes are definitely growing at a significantly faster pace, but housing or retail demand is not losing its share of growth. Last year—as in the year ended March 2026—the industry's sales were 463–465 million tons. Our sales were 140—how much? One forty?

**Management:** One forty. One forty-five.

**Atul Daga – CFO:** 145 million tons. Our trade ratios at that point in time will be maintained, although our volumes are growing significantly faster. I think this is the way I would explain it to you: please be comfortable that retail demand is not going anywhere.

**Pinakin – HSBC:** Understood, sir. If I can ask one very small additional question, how are you looking at domestic thermal coal? Is there enough availability, and have prices increased?

**Atul Daga – CFO:** Domestic coal is constrained because Coal India is catering first to the domestic TPPs. Therefore, I think availability is a constraint.

**Pinakin – HSBC:** Understood. Thank you very much, sir. I am done.

**Atul Daga – CFO:** Thank you.

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

**Rahul Gupta – Morgan Stanley:** Hello, Atul sir. Thank you for taking my question. I have one medium-term question. Industry demand is looking good. We have seen acceleration over the past couple of quarters, and at the same time, industry supply appears likely to grow relatively more slowly than we were expecting earlier this year. Do you think pricing power is returning to the industry, or do you think cost savings will continue to remain the key driver of margin expansion? That is my first question.

**Atul Daga – CFO:** I think pricing will lead the way and is clearly leading the way. As Rahul had mentioned earlier, given the dynamics of the cement industry and the spread of the industry across the country, prices always rise with a lag. Whenever macro events have impacted the industry, the cement industry has still taken time to first absorb its existing capacity in the market before increasing prices.

Now, I think we are sold out, so we have to take price increases. As long as we were able to sell material, there was no need to increase prices. I do not care what anybody else says; I know what we are doing. Prices are now leading the way. This is a sweet spot to be in: price improvements, volume growth and cost optimization. What more could one ask for?

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## Ultratech Cement

**Rahul Gupta – Morgan Stanley:** That is very helpful. My second question is on UltraVolt. You mentioned that FY28 should be a mature year for the UltraVolt business. What kind of utilization and margins are you expecting when you say that FY28 should be a mature year for the business?

**Atul Daga – CFO:** It has been only 25 days; the baby has just been born. You are expecting the baby to run a marathon and asking me in how many hours it will complete the marathon. I think that is a bit too much. Give us some time. My sense is that April–June 2027 will be a quarter worth discussing. Right now, let us build the business.

**Rahul Gupta – Morgan Stanley:** That is very helpful. Thank you very much, and I wish you all the best.

**Atul Daga – CFO:** Thanks, Rahul.

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

**Dipesh Shah – Investec India:** Thank you for the opportunity. My first question is whether we have any low-price contracts for fuel or polymer that will help us improve our cost-curve position versus the industry in the second half of the fiscal year.

**Atul Daga – CFO:** I will not be able to reveal that to you on the call.

**Dipesh Shah – Investec India:** I will call you separately. My second question is regarding the 2.1 that is probably going to 2.2 rupees per Kcal. When we look at the headline numbers—whether petcoke, Indonesian imported coal or PP prices—we are seeing very steep inflation. When we say that we do not see much of a cost-curve increase in the second half of the fiscal year, how should we understand that?

**Atul Daga – CFO:** Link your first question with your second question, and you will know the answer. You will then be able to appreciate it.

**Dipesh Shah – Investec India:** I will call you separately, sir. That is fine. I will just ask a second question. Are there any sustainable cost-improvement initiatives that we should look at for FY27–FY28, apart from the renewable-energy initiatives, specifically on—

**Atul Daga – CFO:** There are steady-state programs in place that are ongoing. Those are the programs. If there is anything new, we are doing a lot with AI, which is helping us reduce our operating costs, whether in manufacturing or logistics. I have already identified logistics as part of my cost-reduction program.

Mukesh, you can take this. India Cements, my colleague just pointed out, where we recorded 500 rupees per ton in their books, will provide significant cost-improvement benefits and take us to a four-digit mark. We will be undertaking major shutdowns of the India Cements kilns for upgrades, attaching WHRS, improving the cooler, increasing the preheater height and so on. This will result in, as promised and committed, the January–March 2028 quarter being a very strong quarter for India Cements.

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## Ultratech Cement

**Dipesh Shah – Investec India:** Thank you very much for the answers.

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

**Pinakin – HSBC:** Thank you very much for giving me the opportunity. We had a 1,400 rupee EBITDA per ton vision or guidance for the exit of March 2028. Should we assume that it will be on hold until we see the peak of cost inflation behind us? Or, given the current industry dynamics, even with price increases taking place with a lag, are you still confident of reaching 1,400 rupees?

**Atul Daga – CFO:** Pinakin, I think we have discussed this. My expectation is that business as usual will enable us to deliver 1,400 rupees. If cost pressures arise, they will be covered by price increases. Therefore, yes, we will deliver our commitment.

**Pinakin – HSBC:** Understood. Thank you very much, sir.

**Operator:** Thank you. The next question is from the line of Sanjeev Kumar Singh from Motilal Oswal Financial Services. Please go ahead.

**Sanjeev Kumar Singh – Motilal Oswal Financial Services:** Thank you for the opportunity, sir. My first question is on the South region. You gave a strong commentary about recovery in this region. However, when I look at the presentation, I see that infrastructure activity has been muted for the last 2 quarters. This is according to the presentation, and I believe it is still a very large demand driver. Overall, are you seeing strong demand from other segments such as commercial and rural, or—

**Atul Daga – CFO:** No. We are seeing our capacities fully sold out in the South. While infrastructure activity may have been relatively slower compared with other sectors, demand continues to be strong. If you read our analysis, there was a crisis related to aggregates. Aggregates were affected in Kerala and Karnataka, and there were also movement bans in Tamil Nadu. These are temporary phenomena.

Chennai is now going through its next phase of metro construction, housing in Tamil Nadu is growing, the automobile sector is growing, and data centers are the biggest drivers of growth in the southern markets.

**Sanjeev Kumar Singh – Motilal Oswal Financial Services:** Secondly, regarding UltraVolt, we mentioned that pin-code presence is around 500-plus. Is this the number of locations where our products are available, or is it the number of dealers we have onboarded? Also, have we booked any revenue from this segment? When I look at exported and other revenues, that amount has increased to 3.2 billion from 1.5 billion in one view.

**Atul Daga – CFO:** It is not 500 pin codes. If I remember correctly, it is 15,000 pin codes. Yes, material has to be available at all those pin codes. We have built inventories across our distribution network and are waiting to supply. In fact, because production is not ramping up sufficiently often, we are reaching a stock-out situation. Therefore, we are equipped to cater to all the pin codes that we have reached. The network of more than 80,000 points that has been built to date is what is currently in ramp-up mode.

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# Ultratech Cement

**Sanjeev Kumar Singh – Motilal Oswal Financial Services:** Lastly, can you give us the blended-cement and premium-cement share for this quarter? Thank you, sir.

**Atul Daga – CFO:** Premium cement is 37%, and blended cement is 68%—37%—blended cement is 67.3%.

**Sanjeev Kumar Singh – Motilal Oswal Financial Services:** Thank you, sir.

**Operator:** Thank you. The next question is from the line of Gaurav Nagori from Elara Capital. Please go ahead.

**Gaurav Nagori – Elara Capital:** Thank you for the opportunity. In continuation of the last participant's question, when you said that the South is transforming, what were you referring to? Was it because of volume growth alone, or do you think the region is now ready for much better pricing growth compared with other regions in India?

**Atul Daga – CFO:** You have asked a question and answered it yourself as well, Gaurav. Pricing is strong, and capacity utilization is very strong. We grew between 15% and 20% in volume terms on a base—our base in the South is close to 50 million tons?

**Management:** Capacity base.

**Atul Daga – CFO:** Capacity base, yes. Our capacity in the South is already about 50 million tons and is growing. Prices are improving, products are being optimized and costs are declining. It is a very happy place to be in.

**Gaurav Nagori – Elara Capital:** Do you foresee South profitability for you reaching the all-India average or, for example, the profitability levels of the top regions?

**Atul Daga – CFO:** Yes.

**Gaurav Nagori – Elara Capital:** My second question is on your UBS outlet growth, which has been growing by more than 20% for quite some time. Is it possible to quantify how much of the cement you sell through these UBS outlets, in terms of volume or value? I did not see it in the presentation.

**Atul Daga – CFO:** It is a phenomenal number. More than 25–26% of trade sales. Can you give me the exact number? Just one second. [Pause] Premium cement is 37%, and blended cement is 68%. Just one second. Blended cement is 67.3%.

**Gaurav Nagori – Elara Capital:** Thank you, sir.

**Gaurav Nagori – Elara Capital:** More than 25% of my trade sales is—

**Atul Daga – CFO:** Twenty-five percent of trade or total?

**Gaurav Nagori – Elara Capital:** Trade.

**Atul Daga – CFO:** Okay, 25% of trade sales is through the UBS network.

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## Ultratech Cement

**Gaurav Nagori – Elara Capital:** Do you foresee this number becoming 50–50 over the next 4–5 years? It would lead to good savings from a dealer–margin point of view.

**Atul Daga – CFO:** We have already reached a network of about 6,500 stores. We will not stop before reaching a network of 10,000 stores, which should happen in the next 2 or 3 years.

**Gaurav Nagori – Elara Capital:** Three years?

**Atul Daga – CFO:** Yes. We should reach a 10,000–store network in 2028–29, within 3 years, and the UBS network definitely contributes very well to our sales.

**Gaurav Nagori – Elara Capital:** Thank you for the answer.

**Operator:** Thank you. The next question is from the line of Patañjali Srinivasan from Sundaram Mutual Fund. Please go ahead.

**Patañjali Srinivasan – Sundaram Mutual Fund:** Thank you for the opportunity. These were a great set of numbers as usual. I have a few questions. Firstly, on cement, you have been mentioning that the South and East are the regions where you expect things to improve over the next few years. In terms of timing, how do you see this progressing? Will it be a gradual improvement quarter after quarter, or will it be more of a timed event based on how we want to play these regions? In terms of both price increases and profitability increases, will it be a gradual ramp-up across these regions?

**Atul Daga – CFO:** It will be a gradual ramp-up.

**Patañjali Srinivasan – Sundaram Mutual Fund:** Is there any timeline for when we can expect the—

**Atul Daga – CFO:** It is always linked to demand. If we are operating on a fully sold-out basis, it will naturally lead to an improvement in profitability. I am waiting for the refurbishment or retrofit of the India Cements plants that we are undertaking now. You will see a significant improvement in South profitability after that.

**Patañjali Srinivasan – Sundaram Mutual Fund:** I have one more question on UltraVolt. You mentioned that the current capex being incurred will be sufficient to take you to 17,000–18,000 crores of revenue. In terms of capital allocation, we currently achieve 11–13% ROCE, whereas peers achieve approximately 22–23%. Will we move toward those levels in this segment, or will we seek a middle ground and try to gain more market share?

**Atul Daga – CFO:** The market is growing very well, and there is enough room for us to participate. Market share will come naturally. We are already in the first month, and based on whatever insights I have, we have gained a substantial presence in the marketplace. As I said at the beginning, and I am repeating this, please give us some time. It is just a 25–day–old business for us.

**Patañjali Srinivasan – Sundaram Mutual Fund:** There are no questions on the time required, sir. I was asking about the strategy and what we are thinking of doing.

**Atul Daga – CFO:** As a strategy, I think we will be well-capitalized for this business. We have spent 900 crores committed, which means the cash spend is slightly lower and the machines are still arriving. We will first utilize our 1,800 crores of capital, mature this business and then look further.

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## Ultratech Cement

We are not approaching this business from the perspective of averaging ROCE. This is a good space to be in. We believe it synergizes with our business, as you have seen from our dealer community rapidly getting onto the UltraVolt platform. We are confident, and we are building this business in a very structured manner.

**Patañjali Srinivasan – Sundaram Mutual Fund:** Understood, sir. Thank you very much. Happy Diwali.

**Atul Daga – CFO:** Happy Dussehra and happy Diwali to you. Thank you for complimenting our numbers, because nobody else did that, which is very sad.

**Operator:** Thank you very much. Ladies and gentlemen, that was the last question for today. With that, I now hand the conference over to Mr. Atul Daga for closing comments.

**Atul Daga – CFO:** Thank you, everybody, for patiently listening to us. All your questions have been very pertinent, and I hope we have been able to answer as many questions as we could.

One point I want to leave with all of you is that, if you look at UltraTech's performance quarter after quarter and compare the rest of the industry on one side with UltraTech on the other, we have consistently grown at a faster pace than the industry and delivered higher profitability than the rest of the industry. That is the hallmark of UltraTech Cement.

The second point, most importantly, is that we are very focused. Cement is our core. I am waiting to announce our next phase of growth, which will take us beyond your imagination and beyond our 240 million tons of capacity through the organic growth plan. Do not let your imagination go anywhere else; we are talking about an organic growth plan. The plan is being put together. We conduct thorough preparatory work and detailed planning around our plans before we begin executing them, and when we execute them, they remain within the timelines and costs that we commit.

India, or cement in India, is in a sweet spot today. Over the next 2 or 3 years—2.5–3 years, until March 2029—we should see very good volume growth for cement. That is the biggest driver and the biggest requirement that we as cement players are looking for. Good volume growth and good demand in the economy will lead to everything else also falling in line.

With that, I end the call. Thank you once again for listening to us. I wish you all a very happy Dussehra and a happy Diwali, and I extend the same wishes to all your family members. Thank you.

**Operator:** Thank you. Ladies and gentlemen, on behalf of UltraTech Cement Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

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Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.