Orient Cement

Operator: Ladies and gentlemen, good day and welcome to Orient Cement Ltd Q2 FY27 earnings conference call hosted by Motilal Oswal Financial Services. 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 "*" and then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sanjeev Kumar Singh from Motilal Oswal Financial Services Limited. Thank you, and over to you, sir.

Sanjeev Kumar Singh – Motilal Oswal Financial Services: Thank you. Good afternoon, everyone, and thank you for joining this call. Without much delay, I will hand over the call to Mr. Deepak Balwani, Head of Investor Relations. Over to you, sir.

Deepak Balwani – Head of Investor Relations: Thank you, Sanjeev. On behalf of Orient Cement Ltd, it is my pleasure to welcome you all to our earnings call for Q2 FY27. Orient Cement Ltd is the ninth-largest cement company globally and a key part of the 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 include certain forward-looking statements based on our current expectations and assumptions. These statements are subject to various risks and uncertainties, and actual outcomes may differ materially. At Orient Cement Ltd, we remain committed to enhancing our transparency, strengthening our disclosure standards, and continuously raising the standards of our capital market communications in line with global best practices.

We are pleased to have with us today 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, key business developments, and our strategic priorities going forward.

Vinod Bahety – Chief Executive Officer: Thank you, Deepak. Good evening, everyone. Orient Cement Ltd delivered a resilient second-quarter performance for FY27, reflecting its focus on quality growth despite the headwinds of elevated fuel and logistics costs. The value focus has augured well, as trade volume has grown 8.6% year-on-year and trade share has increased by 6% to 74%. Premium products are now at 37% of overall trade sales compared to 35% last year. The share of blended cement has improved from 77% to 82%.

At the same time, we are now advancing the next phase of our growth journey. I am happy to share that we have 14 expansion projects to add approximately 30 million tonnes of cement capacity and 10.3 million tonnes of clinker capacity. The expansion includes new grinding capacities of 15.2 million tonnes in the West cluster, 11.6 million tonnes in the East cluster, and 2.9 million tonnes in the North cluster.

In the West cluster, we are adding 2.9 million tonnes each at Mundra and Hazira in Gujarat, and 2.9 million tonnes each at Raigad, Kalyan, and Amravati, along with 1 million tonnes of bulk cement terminal capacity at Dahanu in Maharashtra.

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In the East cluster, we are adding capacities at Rangia and Hojai in Assam, at 2.9 million tonnes each; Godda in Jharkhand, at 2.9 million tonnes; and Muzaffarpur in Bihar, also at 2.9 million tonnes.

In the North cluster, we are adding 2.9 MTPA to Dadri Line 2 in Uttar Pradesh.

The program also includes new clinker capacities of 4 MTPA at Maratha in Maharashtra, 4 MTPA at Umrangso in Assam, and 2.25 MTPA at Mundra, strengthening the upstream network required to support the expanded grinding footprint in the most profitable markets with high EBITDA.

Operating conditions remained challenging, with the geopolitical conflict, monsoon-related headwinds, higher energy costs, global uncertainty, and constraints in domestic coal availability. Against this backdrop, we remained focused on market discipline, an improved product mix, sustainable profitability, and increasing the share of profitable trade volumes. Plant shutdowns have been successfully completed for major {? units ?}. This will help us achieve volume growth ahead of the industry in H2 FY27, supported by accelerated trade volumes and calibrated institutional sales.

Our strategy remains clear: creating sustainable value ahead of volumes. As we move into the second half of FY27, our focus is on strengthening profitability through structural cost improvement, disciplined capital allocation, and calibrated expansion.

We continue to execute against our key strategic priorities. We remain focused on improving revenue quality through a stronger trade and premium mix. Trade volumes increased by 8.6% year-on-year, while trade share rose by 6% to 74%. Premium products increased by 2% to 37% of trade sales, while the share of blended cement improved from 77% to 82%.

Prices have sustained at Rs. 255 per bag in an otherwise lean monsoon quarter. Meanwhile, we have seen good traction this month, where we have already realized Rs. 10 per bag. Better receivables and inventory management have helped improve the business working capital cycle by 10 days. This is expected to sustain and help further improve profitability in the coming quarters.

Across regions, the North led on EBITDA and total volume growth year-on-year, with trade volume increasing 13% year-on-year. The Central cluster delivered the second-highest regional EBITDA alongside 9% growth in trade volumes. The West recorded 14% trade volume growth and the most resilient overall EBITDA performance across the regions. The East maintained trade volumes broadly in line with last year. The South grew trade volumes by 13% year-on-year and delivered a strong sequential volume recovery.

Our ready-mix concrete business achieved quarterly volume of 1.07 million cubic meters, up 19% year-on-year, with a current network of almost 125 plants. We expect the pace of growth in the ready-mix concrete business to accelerate in the coming quarters.

We also strengthened our market presence through differentiated brand initiatives. The Adani Ambuja Kawach and the Adani ACC Gold Water Shield Cement monsoon campaigns ran across more than 2,000 cinema screens and were supported by digital and outdoor media, reaching over 30 million consumers digitally.

We continue to strengthen the structural drivers of earnings through manufacturing excellence, energy efficiency, logistics optimization, and digitalization. Green power share stood at 61%, while

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net power cost was Rs. 4.8 per unit, compared with Rs. 6 per unit in Q2 FY26 and Rs. 4.3 per unit in Q1 FY27. We expect the share of renewable power consumption to increase in the second half, further supporting lower power costs.

Logistics costs were moderately higher year-on-year due to higher diesel costs, which were partly offset by a reduction in the primary lead from 265 kilometers to 254 kilometers. Higher utilization of the BCFC infrastructure for fly ash movement is expected to support further cost reduction of raw materials in the coming quarters.

The fuel mix improved, with a higher share of domestic coal compared with high-cost petcoke. Fuel cost stood at Rs. 1.87 per 1,000 kcal in the second quarter of FY27. Compared with last year, it was Rs. 1.60 per 1,000 kcal, and compared with the previous quarter, it was Rs. 1.66 per 1,000 kcal.

The total cost stood at Rs. 4,410 per metric tonne. However, if I exclude the impact of the geopolitical conflict, it comes to around Rs. 4,182 per tonne on a normalized basis. With these numbers and these measures, we are on track to achieve our FY27 cost target of Rs. 4,250 per metric tonne.

Volumes are expected to grow ahead of the industry in the second half of FY27, supported by accelerated trade volumes and calibrated institutional sales. Our growth remains trade-led in line with our strategy, while we continue to strengthen the institutional business through a comprehensive solutions approach focused on value and profitability.

During the second quarter, we commissioned 4.6 million tonnes of capacity across Dahej, Salai Banwa, and Kalamboli: Dahej in Gujarat, Salai Banwa in Uttar Pradesh, and Kalamboli in Maharashtra. Another 3.2 million tonnes across Bathinda in Punjab and Jodhpur in Rajasthan has stabilized, and we expect it to ramp up in the second half. In addition, the 2.4 million tonnes of capacity at Warisaliganj in Bihar will be commissioned in the second half of FY27.

Alongside this capacity ramp-up and our expansion roadmap, we continue to focus on improving asset productivity and locating grinding capacity closer to consumption centers to improve utilization and reduce logistics intensity. Following strong [cut off]

Management: {? ...holder ?} support, the proposed merger of ACC and Orient Cement with Orient Cement Ltd will now proceed to the NCLT for final approval. Subject to the requisite regulatory, statutory, and NCLT approvals, we expect completion of the mergers within this financial year. This brings us closer to the one-cement platform, which is expected to simplify the corporate structure, unlock operating synergies, and support long-term stakeholder value.

In addition to simplifying the corporate structure, the proposed merger is expected to be earnings-per-share accretive.

Let me now briefly summarize our consolidated Q2 financial performance.

The key highlights are cement sales volume of 15.5 million metric tonnes, revenue from operations of Rs. 9,197 crores, operating EBITDA of Rs. 1,271 crores, EBITDA margin of almost 14%, EBITDA per metric tonne of Rs. 770, PAT of Rs. 236 crores, net worth of Rs. 72,238 crores, and cash and cash equivalents of Rs. 1,070 crores.

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We continue to remain debt-free, with the highest ratings of AAA for long-term and A1+ for short-term, which provides enough financial strength to support our expansion program.

Looking ahead, near-term conditions remained challenging amid the geopolitical conflict, global uncertainties, higher energy costs, and a weaker monsoon as well. At the same time, structural demand remains supported by infrastructure spending, urbanization, rural housing, and industrial activity.

We remain focused on premiumization, operational efficiency, network and logistics optimization, and prudent capital deployment.

With the strengthening of our business mix, a clear cost roadmap, a debt-free balance sheet, a well-defined expansion program, and continued progress toward the one-cement platform, we are well positioned to deliver sustainable, value-led growth.

Thank you. I will now hand over the call to the moderator.

Operator: Thank you very much. We will now begin with the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. 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 Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah – Dolat Capital: Hi, sir.

Management: Hi, Shravan.

Shravan Shah – Dolat Capital: Hi. Sir, I have a couple of questions. First, to understand, what has changed that we are now again looking at the expansion plans so significantly? Also, just to get an idea of the scale, correct me if I am wrong, but broadly we will be reaching close to 148-149 million tonnes by FY29 from the current 113.5 MTPA. How much capex is needed to reach 140-149 million tonnes?

Management: Thank you, Shravan. In terms of our expansion plans, earlier also we had highlighted that we would reach 155 million metric tonnes, and at that time we stated that this capacity ramp-up would take an extension of, say, 2 years. Earlier, we were saying 140 million tonnes by FY28, and we had added another 15 million tonnes on account of debottlenecking. We did mention FY30. So, there is no sense of change as far as this is concerned. We are now following our defined pathway, which we had guided earlier. So you are right: by FY29, 149 million tonnes, and by FY30, 155 million metric tonnes.

This is supported by the clinker that we have in hand. As you know, the Maratha Line 2 at Amravati is already at an advanced stage, and in the next couple of quarters you will see Maratha up and running. We have, in Sanghi, for example, a surplus clinker facility. We also have Penna and Jodhpur operational. In Assam, we had already announced the clinker coming in at Umrangso. At Mundra, you are aware of our investment in clinker and also in grinding, for example. So, I think this is in line

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with our earlier communication and engagement.

More importantly, what also brings greater confidence is our balancing among channel partners over the last few quarters, the overall improvement in trade-side sales, and the overall focus on the institutional business in a more focused, value-oriented manner. So, I think we are now on a good trajectory to bring in more market share in a value-focused manner. This is how, for example, we had chalked out the plan.

Coming to your second question about the capex plan, approximately Rs. 14,500 crores is what we will require for these 30 million tonnes, which comprises a combination of IUs and GUs. So, approximately Rs. 7,500 crores per year for this investment.

Shravan Shah – Dolat Capital: Okay, got it. Second, given this, how should one look at the volume growth at the consolidated level overall? Although we are definitely focusing on value and trade, on a reported basis, how should we look at volume growth for this year and next year?

Management: I will address this in a little more detail because there has been some apprehension about whether we are not looking at the institutional business. That is not the case. When we said in June that our larger focus was on value, we obviously have 2 strong brands, Ambuja and ACC, as well as a strong supply chain network. Therefore, trade became our preference, and that has now grown by, say, 8% year-on-year.

As far as the institutional business is concerned, we wanted to recalibrate it. We have sacrificed negative-EBITDA volumes, for example. What is now helping us is the overall focus on cost, and as costs are now coming down, the business becomes more viable in terms of a value focus for institutional sales as well.

Therefore, if I look at the June quarter, both trade and non-trade were negative year-on-year, and therefore overall volume growth was negative. If you now see the shift that has happened in Q2, trade is positive at 8%, B2B is still negative, and overall we are, let us say, broadly flat. In Q3 and Q4, both of them will start becoming positive, and therefore overall volume growth will be positive. That is the entire trajectory we are following. Let me assure everyone that both segments are important, with a clear vision and mission of focusing on value, but without losing any year-on-year growth from here onward.

Operator: Thank you. The next question is from the line of Navin Sahadeo from ICICI Securities Limited. Please go ahead.

Navin Sahadeo – ICICI Securities Limited: Good evening. Good evening, team, and thank you for the opportunity. Sir, my first question is again on the same subject. I take our discussion back to the March quarter, when we thought we would recalibrate. Since then, over the past 6 months, I think the industry outlook from a demand perspective has also been somewhat soft, and our volume growth has been negative in the first half. To understand this better, are we now looking at significantly higher volume growth, or what is driving us to initiate this capex now rather than push it by another 6 months or 2 quarters and then start? I am trying to understand this change of heart in just 2 quarters.

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Management: Navin, this quarterly performance is not influencing our capex decision, first of all. I think we were looking at the first wave of our capex program, which is almost now through. We know that we have added and commissioned, for example, what I highlighted about Salai Banwa, Penna, Jodhpur, Bathinda, and so on and so forth. I think that first wave of our capex program is almost through.

Warisaliganj will be commissioned in Q3, right? That actually gives us ample opportunity to learn from our first phase and solidify our next growth phase, which we had highlighted. We did mention to you that we would come with a specific plan. In fact, in some of the calls, you had highlighted this. So, there is now that specific plan.

If you look at it, this capacity is being developed with more focus on value. The West, East, and North clusters are my primary expansions, more particularly the West, which is almost 15 million tonnes, the East with almost 12 million tonnes, and the North with 3 million tonnes, for example. I think these are all value-accretive investments, particularly when you already have clinker with you.

This is actually going to help me have an optimized cost because all of this will come at a very efficient manufacturing cost. They will also come at a lower cost because most of them are brownfield expansions, and therefore the risk related to construction costs comes down substantially. That is how, for example, we gained enough confidence to move up from 149 million tonnes to 155 million tonnes in the capacity ramp-up in the coming years.

Now, whether your question was about the overall focus on market share or volume, I think we have been very clearly highlighting that we are not going to lose market share. We will focus on market share, but in a very calibrated, value-focused manner. All of this is now coming through with the help of analytics. I think there is a market for everyone to obtain volume. We will pick up the value and continue with our market share journey.

Navin Sahadeo – ICICI Securities Limited: Understood. Thank you. I appreciate the capex plan because it is attempting to utilize the surplus clinker, whether at Jodhpur or Sanghi. That part is well appreciated. Just one question there: at the grinding units at Bhatapara and Jamul, with Godda and Muzaffarpur as locations, where will the clinker for these units be sourced from? Do we have surplus clinker there as well? Thank you.

Management: One important point—very good question. Navin, you have identified the point. One interesting aspect of our value focus is that some of our units that are very high-cost and low-efficiency will be phased down, and I will have adequate clinker from my eastern plants to sustain these more efficient grinding units that are closer to the market.

I think we have taken a very calibrated approach, and it will be, in a way, that we will have some surplus grinding capacity. That will give me ample flexibility to pick up the right market at that point in time. But, of course, Jamul is again a very vintage asset, for example, and there will be an opportunity to recalibrate some of these vintage assets that are very high-cost or less efficient.

Navin Sahadeo – ICICI Securities Limited: Thank you.

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

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Pinakin – HSBC: Thank you very much, sir. My first question is about the May conference call, when the company highlighted 2 things: that it would focus on sweating the assets and on profitability. However, it seems that there is a change in strategy, with an aggressive capex plan over the next 2 years and a focus on market share. Can we then assume that between pricing and volume growth, the company is now going to focus on volume growth and market share over profitability and pricing?

Management: Pinakin, thank you. While you are describing this as aggressive capex, we would have been aggressive in our earlier approach, but right now we are moving in a very calibrated manner without losing sight of value. Market share will also be a priority, but without losing market share and with a clear focus on value. I think both are achievable. It is not as though we are going to sustain only one; we are going to sustain both, and that balancing will be maintained.

Whether aggressive or less aggressive, I think we are following our journey from 140 million tonnes to 155 million tonnes. From the beginning, we had highlighted that by FY28 we would reach 140 million tonnes, and then we said 155 million tonnes. I think we are walking the talk.

The balance sheet is further strengthened. With Rs. 72,000 crores of net worth, we have enough ammunition and the ability to sustain this growth. Again, to highlight, it is coming with a clear value focus, because...

Management: These investments are now coming in my most profitable markets, where my brand equity is very high, my market shares are already high, and my share of premium cement is very high. Look at the West, look at the East, and look at the North. To highlight, for example, in the East, in many of the markets we have almost 90% of cement as premium cement.

I think we are now going to take much greater advantage of this trend. Therefore, this capex program is progressing very well, and in a good way, because we have adequate clinker available in those locations. There are also some offbeat locations, such as Assam, which has huge potential over the long term, and ports such as Mundra, which will give me the advantage of low cost, for example. So, I think these are very well-defined capex programs to support the value proposition.

Pinakin – HSBC: Got it. My second question is about going back to the absolute capex amount between FY27, FY28, and FY29. For the Rs. 14,500 crores that you have announced, plus ongoing capex and maintenance capex, how do you see the balance sheet changing? What debt component do you foresee by the end of FY28 or FY29 to fund this capex?

Management: I can honestly tell you that we are looking at this as a completely self-sustainable capex program. Considering the cash flows over the 3 years, when I say Rs. 14,500 crores of capex, we would expect the business to be self-sustainable.

For any specific interim requirement for funds, I think the balance sheet is strong enough to handle that. It would be purely an interim line, but otherwise, as of now, our position is one of self-sustainability.

Pinakin – HSBC: Got it. Thank you very much. Thank you.

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

Jashandeep Chadha – Nomura: Hello?

Management: Yes, sir, you are audible.

Jashandeep Chadha – Nomura: Yes. Thank you for the opportunity, sir. My first question is largely regarding utilization. I understand you are saying that this capex plan is largely in line with your long-term vision. I wanted to understand the assets that you acquired under Penna and Sanghi earlier. What sort of utilization are they operating at currently? If you can provide that, it would give us a better understanding of how we should model this.

Management: Jashandeep, you are absolutely right. That was also my concern as of now, and we are addressing it. Penna and Sanghi are both, let us say, closer to about 50% utilization on a ballpark basis. At the overall company level also, we still have to improve. That is a good opportunity for us now.

When it comes to Q3 and Q4, we are looking to improve the utilization factor of our existing capacities, including Penna and Sanghi. When I am looking at good volume growth in Q3 and Q4, this is also one of the opportunities for us to expand, apart from the new capacities that have been commissioned.

Jashandeep Chadha – Nomura: Understood. Sir, one more question. While your upcoming capacity is largely focused on the East, West, and Northeast, other major companies are also adding significant capacity. Your peers are putting up similar levels of capacity in these regions. Do you think that although profitability currently looks quite attractive, by the time the capacities come online or you ramp up the volumes, profitability may have declined? How do you view the competitive intensity in the regions where you are adding capacity over the next couple of years?

Management: Jashandeep, I think there is a market for everyone, and it all depends on which segment you are looking at. We have been highlighting the segment we are targeting. The brand equity that Adani Cement carries is significantly higher. I am not just making this statement; we have now conducted some independent surveys as well. That is also helping us improve the delta in our price or realization.

Coming back to overall profitability, my profitability improvement projection is primarily based on cost optimization, Jashandeep. Prices will be determined by market sentiment and market forces, but the journey we are looking at for improving profitability is largely based on costs.

On that front, we have now made certain investments in overall efficiencies, whether in WHRS, AFR, BCFC, or several other areas that you are well aware of. Some of the efficient capacities are coming online, and the timing mismatch that existed between us and another major company is going to be eliminated. Therefore, when you compare the timing of these efficiencies coming online, you will see that we have significant potential for positive improvement compared with others.

Jashandeep Chadha – Nomura: Understood, sir. Just one last question, if I can squeeze it in. You have given a target of around Rs. 4,000 per tonne of operating cost. If my understanding is correct,

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that is largely based on your existing capacity or the capacities you have already announced. As you add this next leg of capacities, your fixed cost will obviously increase. So, while the Rs. 4,000 per tonne target is for the existing capacity, will the actual deliverable cost be slightly higher than Rs. 4,000? Is my understanding correct, or is the Rs. 4,000 for the complete capacity after accounting for these additions?

Management: It is for the company as a whole, as a complete running company, and is a combination of existing and new capacity. You cannot really fine-tune it in that manner. What is important is that, for the entire combined capacity of 155 MTPA in FY30, the cost will be Rs. 4,000 per metric tonne. That will be the overall guidance from the company's perspective.

Sorry, it was FY28, not FY30. In FY28, you will reach 149 MTPA, and that is how the guidance should be understood. It includes both existing and new capacity.

Jashandeep Chadha – Nomura: Understood, sir. That makes it clear. Thank you so much, sir. I will join the queue again.

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

Siddharth Mehrotra – Kotak Securities: Thank you for the opportunity. I have just one question. If you look at our expansion since the time we acquired Ambuja, and add the inorganic growth, it is approximately 30 MTPA. If you strip that out, the combined capacity was approximately 70 plus 30, or 100 MTPA, while our total capacity today is 113 MTPA. We have added perhaps 10-15 MTPA over the past 3 years. What gives us the confidence that we will be able to execute this time according to the capex plan that has been given?

Secondly, almost 20 MTPA of capacity is coming in a concentrated period, sometime between March and May 2028 as per the revised plan. I wanted to know your thoughts on how confident we are about adhering to the timelines as well as the capex this time.

Management: Thank you, Siddharth. I mentioned that there have been learnings in that journey, and I think we have also learned from this first phase of the expansion program. Last time, the tender process also highlighted some specific challenges that we faced with one of the contractors.

To highlight our conviction, we are looking at approximately 14 months for a GU and around 18 months for an IU on a completion basis. This time, we are following a much more robust standard execution plan. I will discuss this in more detail in the coming quarters, but suffice it to say that although there were some issues in the past, they have now all been overcome. This time, execution will be carried out in a much sharper manner.

Siddharth Mehrotra – Kotak Securities: Understood, sir. All the best.

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

Ritesh Shah – Investec: Hi, sir. Thank you for the opportunity. First of all, congratulations on a thoughtful capex plan, where the cement-to-clinker ratio is increasing sharply and implied capex

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intensity is quite competitive. I have a few questions. First, is it fair to assume that all the announced projects will be eligible for state-level fiscal incentives based on the current industrial policies?

Management: Mostly yes. When it comes to the Northeast, we will have a slightly higher degree of incentives, and the same applies to Uttar Pradesh. Otherwise, there are incentives on a give-and-take basis as well.

To pick up this point, even the existing projects that are being commissioned or that have been completed and commissioned are also going to accrue incentives to us in the coming quarters. So, it is a combination of both the existing projects that are being commissioned and the new ones.

Ritesh Shah – Investec: Sure. Second, when we look at the mapping of cement to clinker that you have given in the slides, there are 4 assets—Godda, Muzaffarpur, Kalyani, and Dadri—where the clinker lead is upwards of 700 kilometers, except Dadri to Jodhpur, which would probably be 700 kilometers. Given this long clinker lead, how should we look at the underlying economics?

Management: Thanks. What we have done in terms of overall transportation versus overall market potential is fairly attractive. It is better to grind closer to the market, which will be substantially positive, even considering the higher movement of clinker. Clinker is moved by rail, while cement movement happens by road, and it is always better to move cement by road in a soft market.

Ritesh Shah – Investec: Let me put it the other way around. Given that the cement-to-clinker ratio will increase, are we looking to use more group-captive fly ash? We mapped a few assets, and I think that covers a significant portion. What is the strategy on fly ash procurement, and what will be the ex-plant fly ash transfer pricing? This should add to the economics and reduce the risk associated with a longer inbound clinker movement to the GU. If you could provide some numbers, it would be quite useful.

Management: Ritesh, thank you. That is a very important point. Fly ash is one of the important synergies and strengths that come to us with the group. As you know, we have a long-term agreement with the group's thermal power plants for the supply of fly ash. This comes to us at very competitive pricing on a landed-cost basis.

This is also one of the important initiatives of BCFE, which we are implementing and which will be further expanded in the next 2 quarters. Fly ash will give us a competitive advantage compared with other players. As of now, we have tied up 20 million tonnes of fly ash with our group thermal power plants. As they expand, we will have the opportunity to tie up further quantities with them. So, we will be substantially well covered.

We also have the opportunity to sell this fly ash, and we have the opportunity to move into value-added products using fly ash. So, it is a 3-pronged strategy for us.

Even now, for example, if you see, we have been selling fly ash in the market, and it becomes value-accretive for us in this quarter as well as in the previous quarter. This is a very important benefit that we are going to receive.

I also want to highlight another important point that has not yet come up. In terms of fuel, I am sure you would have compared our fuel cost with those of other peers, and you will see that there has

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been good mitigation of the escalation caused by the Middle East crisis in our fuel cost. We have successfully consumed a larger portion of domestic coal and have therefore controlled the escalation in fuel costs.

This approach will continue, and group synergies will also help us mitigate any such abnormality in energy or fuel costs. These synergies have now started to come through and help the business in terms of cost optimization.

Ritesh Shah – Investec: Sir, I will squeeze in one last question. Which wholly owned subsidiaries have redeemed the OCDs? Would it be possible for you to name the subsidiaries?

Ritesh Shah – Investec: The conversion period for the OCDs is not meaningful or material in my view. These are purely accounting structures between the HoldCo and {? OpCo ?}, correct?

Management: The ICD of ACC is one matter, and that is now covered by the merger. It also carries an 8% interest rate. With the upcoming merger, I think all of that will be sorted out.

Ritesh Shah – Investec: Sure. Thank you so much for the detailed answers. All the very best.

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

Rahul Gupta – Morgan Stanley: Hi. I have 2 questions. The first question is on volume growth for the second half. You guided that you would grow faster than the industry. In your presentation, you also highlighted that you expect industry demand to be around 6–7% for the full fiscal year FY27. The first half has been around 8%, so I am trying to understand how you are looking at industry demand for the second half and, to that extent, how we should build your second-half growth. That is the first question. Thank you.

Management: We are also looking slightly higher than industry growth. I would say that it will be higher single digit, if not double digit. Although the effort will be to move above double digit, as of now, higher single digit is what we will be looking at.

Rahul Gupta – Morgan Stanley: Got it. My second question is on costs. Now that you have guided to around Rs. 160 per tonne of improvement through the second half, how should we look at third-quarter costs, particularly from the perspective of the current environment continuing to remain inflationary?

Management: That has already been factored in, Rahul. However, in the third quarter, I would like to highlight some of the support that I will receive. For example, in terms of green power, I am going to have higher consumption. In terms of the BCSA infrastructure, it will contribute more value by helping reduce costs. In terms of WHRS, 18 megawatts will be coming up at {? Chanda ?} in Q3, along with some AFR initiatives.

We have a proper cost-optimization plan that will help us sustain costs and then bring them down, so that our overall Rs. 4,250 estimate continues, unless there is a further escalation or abnormality in the global market. I think the current trajectory has already been factored in and gives us a good level of conviction for our FY27 target.

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Rahul Gupta – Morgan Stanley: Got it. What would be the spot fuel cost on a per-kcal basis?

Management: Your question is about the current spot cost?

Rahul Gupta – Morgan Stanley: Yes, the current cost.

Management: The imported fuel cost is currently almost Rs. {? 1.80 to 1.85 ?} per 1,000 kilocalories.

Rahul Gupta – Morgan Stanley: Which was 1.87 for your second quarter, correct?

Management: The 1.87 was a blended cost. It was not the imported cost. The imported cost was higher. The blend was 1.87, and therefore I highlighted that we now have a greater opportunity, or advantage, from domestic fuel. As a result, we will be able to perform better than industry peers on this factor.

Rahul Gupta – Morgan Stanley: Also, sir, what would this 1.87 be on a spot basis?

Management: I am not able to understand your question.

Rahul Gupta – Morgan Stanley: The fuel cost in the second quarter on a blended basis was 1.87 per kcal. What would this number be on a spot basis right now?

Management: At that point in time, it would have been around 2.2, and it is now approximately {? 1.85 ?}.

Rahul Gupta – Morgan Stanley: Got it. Thank you so much. I wish you all the best.

Management: Thank you.

Operator: Thank you. The next question is from the line of Parvez Qazi from Nuvama Group. Please go ahead.

Parvez Qazi – Nuvama Group: Hello. Good afternoon, sir, and thank you for taking my question. Now that we are expecting better-than-industry volume growth in H2, in your estimate, what would be our exit capacity utilization rate by the end of FY27?

Management: Good afternoon, Parvez. Thank you. I wish I had something much larger to share on this, but at least we are now looking at approximately 75%.

Parvez Qazi – Nuvama Group: What would that number have been in Q2?

Management: In Q2, it was somewhat low, around 61-62%.

Parvez Qazi – Nuvama Group: Thank you, and all the best.

Management: I would also like to highlight that when you calculate the weighted-average capacity that will be commissioned, you will obviously factor in the time at which each capacity comes online. Therefore, the volume will come in, but in terms of capacity, you will factor in only part of the time period. You will calculate it according to that weighted average, and then the ramp-up will happen.

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Parvez Qazi – Nuvama Group: Thank you.

Operator: Thank you. The next question is from the line of Indrajit Agarwal from CLSA. Please go ahead.

Indrajit Agarwal – CLSA: Hi. Thank you for the opportunity. Most of my questions have been answered. I just want to understand the current cost focus once again. Over the last couple of quarters, are we comfortable with where we are in terms of our trade and non-trade mix, which has led us to announce this expansion and industry-leading volume growth in the second half?

The reason I ask is that if we look at our EBITDA-per-tonne differential versus the first and third players, it remains fairly elevated at about 15-20%. In terms of bridging that gap through the mix, are we comfortable with where we are?

Management: I would put it slightly differently, in terms of the blended cement ratio. Our effort is to increase the share of blended cement. Right now, we are at approximately 82%, and we would be comfortable sustaining an 80:20 kind of ratio.

Obviously, blended cement gives me an advantage because fly ash is available to me. This also connects with my earlier discussion: there is a very good market for blended cement in non-trade as well.

I think we will be comfortable in this journey of both trade and non-trade by focusing more on blended cement. Our expectation is to maintain an 80:20 kind of blended-to-OPC ratio.

Indrajit Agarwal – CLSA: 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: Hi. Thank you for the opportunity. I wanted to ask about the capacity plan in more detail. In FY26, when I look at your production numbers, clinker utilization is much higher than cement utilization. Clinker utilization appears to be 75%, while cement utilization is 67%. So, there is already excess grinding capacity, as I see it. We have now announced almost 3 times as much grinding capacity as clinker capacity. I want to understand how this math will work between cement and grinding, or clinker and grinding, given that you already appear to have either a balanced or excess grinding portfolio.

Management: Some of our very high-cost grinding units are temporarily closed. Going forward, we have the opportunity to review some of the other grinding units. Our focus is very clear: we now want efficient assets to be part of this entire growth journey.

This gives us the opportunity to get closer to markets where we see good value in sales, where we have stronger brand equity and market penetration. It will give us that flexibility going forward. So, you may be right that we will have some surplus grinding capacity, which is good for us.

Amit Murarka – Axis Capital: Got it. On the Assam capex, could you provide the capex number specifically for the Assam plant?

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Management: We will discuss those specific details separately. Broadly, I may mention that Rs. 14,500 crores is the capex program for this 13 million metric tonnes expansion program.

Amit Murarka – Axis Capital: Sure. Lastly, you shared green power sales last quarter. What was the revenue from green power?

Management: Revenue from green power sales was approximately Rs. 136 crores in the second quarter.

Amit Murarka – Axis Capital: How many units were sold?

Management: The units sold were approximately 352 million units.

Amit Murarka – Axis Capital: Got it. Thank you. That is all from me, and I wish you a happy Diwali.

Management: Thank you.

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

Rajesh Ravi – HDFC Securities: Hi, sir. Good evening to the team. My first question relates to the capex plan. Several debottlenecking projects were announced earlier, and I see that they are not part of the current expansion presentation. Most of the announced expansions are centered in Maharashtra, the Northeast, and a few locations in the Eastern region. Could you please revisit what happened to the earlier announced debottlenecking projects?

Management: On those debottlenecking assets, almost 4 of them, for example, we are already working with Loesche, and they are progressing very well. I will give you an update upon completion, which is expected in the coming 4–5 months. That program is already ongoing.

My emphasis here is more on the 30 million tonnes, and you are right that the West has been predominant, with 50% actually coming in the West. This is precisely because of the Mumbai market, where we are setting up Kalamboli as a grinding unit. Dahanu, for example, has an excellent market and is closer to my thermal power plant, which gives me an advantage.

These are very important, high-EBITDA markets. Amravati in Maharashtra is another example, and it will be served from my Maratha clinker unit. The idea is to obtain the right value mix from these investments.

Rajesh Ravi – HDFC Securities: When you refer to Maharashtra and Gujarat, our understanding is that these markets also have a high share of non-trade sales. There is a large non-trade market led by infrastructure projects. When you ramp up these assets, would that mean non-trade sales would again reach above 30–35% at the portfolio level?

Management: As I said, our focus in both trade and non-trade will be blended cement. As you know, Rajesh, many governments are now promoting blended cement. They are promoting green cement. In fact, I have an opportunity to take leadership in green cement, and that could be a great market for us.

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It can apply to both segments. Trade is obviously blended, but even now, if you see the ratio of trade to blended cement, you will find that the blended share is much higher than the trade percentage because a good level of blended cement is also going into the institutional business.

I think that is a great opportunity for us because of the overall cost economics, including fly ash and BFS. With governments introducing policies and providing support, many projects are now willing to qualify for blended cement. We are very upbeat about this.

Rajesh Ravi – HDFC Securities: This is very helpful. On this capex, how much equipment ordering has already been completed? A good portion of it will be coming up within the next 2 years. What is the progress on equipment ordering?

Management: Equipment has already been ordered, and we have already appointed the PMC consultant. We have completed the preparatory work. I told you last time that once we were ready, we would come to you, but in the meantime we have completed all the background work. This gives us the confidence for an execution plan of 14–18 months. That is what I have informed you.

Rajesh Ravi – HDFC Securities: Understood. What capex guidance are you looking at for this financial year? We have incurred approximately Rs. 1,000 crores in capex in the first half, so...

Management: We had a program of Rs. 6,500–7,000 crores for this year.

Rajesh Ravi – HDFC Securities: Right. 35 [cut off]

Management: ...is already through, and the balance of 35 [unclear] between 3,000 and 3,500 will be coming in the second half.

Ritesh Shah – Investec: So, around Rs. 6,000–7,000 crores this year and Rs. 7,000 crores each in the next 2 years is how one should look at it?

Management: That is right. The second half will also include the Warisaliganj and Amravati capex programs. The Amravati capex is part of this Rs. 4,500 crores, but part of it is also coming in the second half.

Ritesh Shah – Investec: Understood. The power cost that you mentioned, where you have sold surplus green power, is that part of revenue in the consolidated accounts, or is it netted off at the power-cost level?

Management: It is part of other income in revenue.

Ritesh Shah – Investec: Other operating income?

Management: Other operating income, yes.

Ritesh Shah – Investec: It is part of other operating income, okay.

Management: Correct.

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Ritesh Shah – Investec: Lastly, on the cost-saving journey, specifically from Q2 to Q4, we are looking at fuel cost increasing by at least approximately Rs. 100 per tonne, given the buildup we have seen in fuel costs. What offsetting factors are you looking at that can help you reach the full-year target of approximately Rs. 4,100? From Rs. 4,410 in Q2, you are targeting approximately Rs. 4,150 in Q4—a sharp reduction of around Rs. 250. What could drive those savings, given that fuel prices are increasing?

Management: First, there is a greater focus on securing domestic coal, and that is our primary objective. We can also operate the kilns because, as you know, domestic coal sometimes has high fly ash content. Many companies do not operate with it, but we have the skill and the opportunity to use it.

Second, as I mentioned, the current escalation has already been factored in. If there is any further escalation, the only response and focus will then be price improvement. I already mentioned that we have realized Rs. 10 per bag in the first month, and we expect more progressive price hikes in the coming months because the industry will pass on some of these costs to customers if they go beyond reasonable levels. That is the hedge available.

Ritesh Shah – Investec: Okay. Lastly, have the trade volumes you achieved in October been in line with your target for industry-leading growth in Q3 and Q4?

Management: I would say that, according to our management expectations, we have significantly greater potential. Therefore, I would raise my expectation for a higher degree of trade growth in Q3 and Q4.

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

Ashish Jain – Macquarie Capital: Hi, sir. Good evening. Most of my questions have been answered. I have just 2 short questions. You said that some of the older plants are inefficient and currently not operating. Should we think that, over time, this 155 million-tonne number could come down as some of those plants are permanently mothballed or brought down?

Management: There could be a couple of million tonnes here and there because we are still carrying out detailed engineering to see how costs can be reduced for those plants. You can consider 2-3 million tonnes here and there in that package.

Ashish Jain – Macquarie Capital: Secondly, the medium-term cost-saving roadmap had freight as a major driver. We have done a phenomenal job on green power, and there is visibility for it to ramp up further. Could you speak about how we have progressed on freight-led cost savings and where we are in that journey?

Management: In terms of the freight-led cost journey, the first step is to reduce the lead. That is one of the important initiatives I was highlighting when we discussed setting up plants closer to the customer base. We have seen that our lead came down in Q2 versus Q1. With the ramp-up of our new facilities, it will come down further in Q3 and Q4. So, the first advantage is the reduction in lead.

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The second is the use of electric vehicles. I am expecting almost 400 electric vehicles to start operating by March 2027. I have already shown pictures of the T numbers at Sanghi, for example. Those green vehicles are already stationed and will begin operating. This will provide benefits from Ahmednagar and other locations.

The third is the use of BCFC, although that is more related to fly ash. As you know, the Government of India has also introduced a specific incentive scheme for BCFC. These initiatives will help us. For example, the movement of fly ash from Tiroda to Kalamboli gives me an advantage, and there are similar examples.

We have a complete mapping of logistics savings through the use of BCFC, apart from the incentive under the railway policy.

Another important point is overall OET, or order execution time, and the use of technology in that area. We have highlighted how we have successfully mapped DigiTwin across India. With DigiTwin, the overall master database, which had historically been maintained separately by ACC and Ambuja, has now been completely revamped.

The tracking of inefficiencies in backloading and the related negotiations with transporters are now bringing these inefficiencies to the surface and helping us capture the advantage.

There is a lot involved. One element is investment-driven, the second is efficiency-driven, and technology will help us substantially in this area. When you come to our headquarters, we will show you CINOC, which is helping us significantly with logistics. In our case, CINOC stands for Cement Intelligent Network Operating Center.

Ashish Jain – Macquarie Capital: Great, sir. I look forward to that. Thank you so much.

Management: Thank you.

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

Ritesh Shah – Investec: Hi, sir. Thank you for the opportunity again. I wanted some color on the fuel mix. Would it be possible for you to quantify how much linked coal you are drawing? Second, I believe the captive Gare Palma IV/4 and 8 block is operational. How much are we receiving from it? I also wanted to know the status of the other blocks, Dahegaon and Saraipali East. If you could provide some timelines and volumes, it would be useful.

Management: I will not provide specific volume details, although I have them. Ritesh, I would just like to highlight that our reliance on domestic fuel is high. If you want one percentage for imported fuel, it is less than 40%, while domestic fuel is more than 50%.

Ritesh Shah – Investec: Can you break up the 40% between petcoke and imported thermal coal?

Management: Broadly, I would say that petcoke is approximately 10-12%, and imported coal is approximately 28% or slightly less.

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Ritesh Shah – Investec: Sure. Second, would it be possible to provide some color on the SLAs that we already have in place, and how should we look at SLAs? We heard that you were looking to extend SLAs from manufacturing to logistics as well. Is there any progress on that, and with this new capex announcement, how should we interpret SLAs for incremental expansions or for the overall facilities already in place?

Management: SLAs are progressing quite well, Ritesh. As we speak, Salai Banwa and all my new grinding units are now under SLAs with our vendor partners. We are moving very well within a strong vendor-partner ecosystem, and I am happy to share that things are progressing extremely well—better than we had anticipated.

Ritesh Shah – Investec: And on logistics?

Management: The logistics journey has started. In the case of 5 plants, we have already moved to SLAs, and the feedback is again quite positive. Automation and the SLA programs are both progressing well, and you will see the benefits in due course. The benefits of efficiency and accountability will come down the line.

Ritesh Shah – Investec: Sir, just a follow-up. This was introduced after our cost targets had already been set. Does the cost guidance we have given already factor this in? Or, to put it another way, probably [crosstalk]

Management: [crosstalk] It is all factored in. It would be very difficult to synthesize each item separately. It is all factored in. As this is a going concern, these are all part of the guidance.

Ritesh Shah – Investec: Sure. Thank you so much.

Management: Thank you.

Operator: Thank you. The next question is from the line of Harsh Mittle from Emkay Global Financial Services. Please go ahead.

Management: Good evening.

Operator: Harsh, please go ahead with your question.

Harsh Mittle – Emkay Global Financial Services: Hello, can you hear me?

Operator: Yes. We can hear you now. Please proceed.

Harsh Mittle – Emkay Global Financial Services: Yes. Good evening, team. Thank you for the opportunity. I have 2 bookkeeping questions. First, regarding the low tax rate in this quarter, could you provide some color on why it was so low?

Management: The main reason is that, with this merger, you have the tax shields of Penna and Sanghi. This is coming through as part of the merger. When I say that it is EPS accretive, efficient tax is one of the components.

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Harsh Mittle – Emkay Global Financial Services: Understood. My second question is: what is the current consolidated clinker capacity and the clinker-to-cement ratio in the first half of FY25? Thank you.

Management: In terms of clinker, I have 69 million tonnes of capacity, and the clinker ratio is around 66%.

Harsh Mittle – Emkay Global Financial Services: Understood. Thank you. Those were my questions. Thank you, and all the best.

Management: Thank you.

Operator: Thank you. The next question is from the line of Satyadeep Jain from Ambit Capital. Please go ahead.

Satyadeep Jain – Ambit Capital: Hi, thank you. I have one follow-up on capacity expansion. You have already placed the orders. Given what you have learned over the last few years with Chinese suppliers, and I am not sure whether the delays in Maratha are also related to delays in Chinese approvals, will the Assam project also have a Chinese supplier? I am trying to understand how you are managing the supply chain.

Management: Satyadeep, I would not specifically mention any particular name. As a process, there is scope for improvement, and therefore we have now reinforced the execution plan. I think all our partners are willing to work in line with our defined timelines.

Satyadeep Jain – Ambit Capital: In terms of building flexibility for GUs, how would that work? Are you saying that there would be opportunities to use one GU over another, and that you are building more efficient GUs, or...

Management: Not in that way, Satyadeep. That point was specific to the East and that discussion. Otherwise, across the business, there is a complete mapping of clinker and grinding.

When we talk about some flexibility, it means that within a market and its market share requirements, you can operate both grinding units at an optimum mix instead of operating one at 100% and the other at 0%. That mix and match will be present in the business, and it gives you that opportunity.

Satyadeep Jain – Ambit Capital: In terms of Sanghi, you could be building more capacity tied to Sanghi. Given the utilization level you have, is that confidence coming from the clinker silo you have built? What exactly is driving this confidence in adding more GUs tied to Sanghi, given the current capacity utilization?

Management: We have always had confidence in Sanghi and never had any doubt about it. Both kilns are now absolutely up and running, and you will see a very substantial improvement in Sanghi's utilization as well as cost efficiency.

This is one asset from which I am going to give you some very good developments, including a complete turnaround at Sanghi. Likewise, let me repeat, the same applies to Penna.

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Operator: Thank you. The next question is from the line of Navin Sahadeo from ICICI Securities Limited. Please go ahead.

Navin Sahadeo – ICICI Securities Limited: Thank you so much for the follow-up. I have some clarifications. One is on the share of green power. In the Q2 presentation, I see that you mentioned a 61% share of green power, whereas Q1 was reported as 48%. However, when I refer to the Q1 presentation, it says approximately 34%. I wanted to understand [trails off] Am I missing something?

Management: Navin, just to clarify, when I say 61%, it includes 2 components at the company level. One is consumption and the second is sales. The 61% includes both. In the previous quarter, they may have shown it on a consumption basis. I have now reported it on an overall basis at the company level because, whether I consume or sell it, at the company level we are net green power at 61%.

Navin Sahadeo – ICICI Securities Limited: Understood. Just to confirm again, cash outflow from a capex perspective, including maintenance and the new capex that we have announced, is approximately Rs. 6,000–6,500 crores this year, which is FY24, and approximately Rs. 7,000–7,500 crores in FY25 and FY26. Is that correct?

Management: That is correct. As we said, this year's guidance was approximately Rs. 7,000 crores. Rs. 3,500 crores has already been incurred, and the balance remains. For the next 2 years, it is approximately Rs. 7,500 crores, broadly.

Navin Sahadeo – ICICI Securities Limited: Yes. My last question is this: Ambuja was the first to highlight the potential impact of deficient monsoons. We had pegged industry growth at 5%, and now there is a drought declared in states that are large markets for us, including Maharashtra, Karnataka, Andhra, and Rajasthan. In light of this impact, how should one look at demand? Or do you think it should not really matter?

Management: It definitely matters, Navin, and you are right. We were the first, somewhere in the first quarter itself, to highlight the expectation of deficient monsoons. You are also right that a few states have declared a drought. Obviously, there will be repercussions.

There may be a lag, so at least Q3 and Q4 will be affected. I am told that some states may also moderate the construction cycle and related activity. We will see how that develops. As of now, we have not faced that problem, and we are waiting. Hopefully, we will not face it, but there are those headwinds in the industry.

Navin Sahadeo – ICICI Securities Limited: Very clear, sir. Very helpful. Thank you, and all the best.

Management: Thank you.

Operator: Thank you. The next question is from the line of Gaurav {? Nagori ?} from {? [unclear] ?}. Please go ahead.

Gaurav {? Nagori ?} – {? [unclear] ?}: Thank you for the opportunity. Sir, first, is it possible to share the capacity utilization in the acquired assets, specifically {? Penna and Sanghi ?}, in the first half of FY24?

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Management: I would prefer to complete the revamping of those facilities in Q3 and Q4. I think that would be a better opportunity for us to discuss this, Gaurav. However, I have indicated where we are at the company level. For example, I indicated approximately 61%, and there is a good opportunity for us to ramp up these capacities without losing sight of value.

Gaurav {? Nagori ?} – {? [unclear] ?}: I have one question on realizations. If we look at your 6-month realization and compare it with the Q4 average, your blended realization has seen the lowest growth compared with peers, even though your trade mix has increased and non-trade has not grown as fast as trade. Despite that, realization growth is quite underwhelming. Is there a reason for that? Is it due to regional mix, or is there another reason you can highlight?

Management: The journey has started, and the benefit will come. Sometimes you have to jump-start it, and that is what we have done—a jump-start on trade. I think it is going to be value-accretive with every passing quarter.

According to my estimate, with this focus, I am getting approximately Rs. 40 per tonne extra compared with what I would have received if I had not done this. This will be an additional Rs. 40 per tonne in each of the next 2-3 quarters. By June, we should be getting an almost Rs. 150 per tonne benefit from this value benefit coming from trade.

Gaurav {? Nagori ?} – {? [unclear] ?}: Thank you.

Management: Okay.

Gaurav {? Nagori ?} – {? [unclear] ?}: Sir, just one last question.

Management: Yes, please.

Operator: Yes, please continue.

Gaurav {? Nagori ?} – {? [unclear] ?}: You spoke about the concept of outsourcing cement operations a few years ago. What is the status of that? How much of the total cement capacity is currently operated by third parties, and for the incremental capacities that you are adding, what is the target?

Management: As we speak, many of my new units are being operationalized with partners, including Kalamboli, Salai Banwa, Bathinda, Patna, Jodhpur, and Dahej. When you say third party, I would call them my partner or vendor partner. We now have a very strong ecosystem with them.

With each successive month and quarter, you will see this becoming a defining part of our operations, with these vendor partners bringing significant efficiency and experience to our business.

Gaurav {? Nagori ?} – {? [unclear] ?}: Understood. Do you have any internal target to place a certain proportion of total consolidated capacity with your partners, or is there nothing of that sort?

Management: There is no such hard percentage target. As we become comfortable and make our partners comfortable, this will be a process of mutual progression.

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Gaurav {? Nagori ?} – {? [unclear] ?}: Understood. Thank you for the answers, sir. Thank you.

Management: Thank you.

Operator: Thank you. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah – Dolat Capital: Sir, I have 2–3 data points. How much was fly ash revenue in Q2, which is part of other operating revenue?

Management: Shravan, fly ash sales revenue was approximately Rs. 25 crores.

Shravan Shah – Dolat Capital: And that roughly [trails off]

Management: Yes, Q2.

Shravan Shah – Dolat Capital: Would that roughly be around a 10% contribution at the EBITDA level, and would renewable energy be around a 5% EBITDA contribution on the Rs. 136 crores of revenue?

Management: Let me put it to you again, because I am not sure what exactly you are highlighting. I am saying that fly ash sales revenue was Rs. 25 crores, and I mentioned earlier that renewable energy sales revenue was approximately Rs. 136 crores. Together, that is approximately Rs. 160 crores.

Shravan Shah – Dolat Capital: At the EBITDA level, would renewable energy contribute approximately 5% and fly ash approximately 10% overall?

Management: Together, it would be approximately Rs. 97 per tonne. That is the calculation—Rs. 97 per tonne together.

Shravan Shah – Dolat Capital: Okay. Would RMC EBITDA be approximately 6–7%?

Management: Approximately 7%.

Shravan Shah – Dolat Capital: Got it, sir. Thank you, and all the best.

Management: Thank you, Shravan. Thank you.

Operator: Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Management: Thank you. It has been a very interesting Q&A, and I hope we have addressed all the questions in detail, as we do. Our presentation is also very exhaustive and detailed. My team is available for any further questions you may have.

Before I log off this call, on my behalf and on behalf of my entire team in Adani Cement, I wish you all a very happy Dhanteras, a very happy Diwali, and season's greetings. Thank you very much. Thank you.

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Operator: Thank you. On behalf of Motilal Oswal Financial Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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