Management Discussion

Purvangi Jain - Investor Relations, Valerum Advisors
Thank you. Good evening everyone and a very warm welcome to you all. My name is Purvangi Jain from Valerum Advisors. We represent the investor relations of NCL Industries Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings call. For the 2nd quarter and half year ended of the financial year 2027. Before we begin, a quick cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties which could cause actual results to differ from those anticipated.

Such statements are based on management's belief as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's conference call is purely to educate and bring awareness about the company's fundamental business and financial performance for the period under review. Now I would like to introduce you to the management participating with us in today's earnings call and hand it over to them for their opening remarks.

We have with us Mr. K. Ravi, Vice Chairman and Managing Director, Mr. Prasad, Executive Director and Chief Financial Officer, Mr. Utkal B. Goradia, Executive Director, Mr. Suresh Kumar, Vice President Finance and Accounts, and Ms. Divya Bharti, Company Secretary and Compliance Officer. Without any delay, I request Mr. K. Ravi to give his opening remarks. Thank you, and over to you, sir.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Thank you. My name is Ravi, Vice Chairman and Managing Director. Good evening, everyone. I would like to welcome you all to our Q2 H1 financial year '27 earnings conference call. We are pleased to have this opportunity to engage with the investment community, share an overview of our business, and discuss our performance. Before we take you through the business segments, quarterly and half-yearly performance, in the interest of some of the people who may be new to the company, let me first start by giving you a brief overview about NCL Industries.

Established in 1979 by late Sri Ramachandra Raju, NCL Industries has built a diversified presence across building materials and renewable energy. Over the years, the company has developed a strong operating platform supported by established brands, manufacturing capabilities, and wide distribution network. We have 10-member strong board of directors headed by Mrs. Renu Chaddu as chairperson, who brings over 40 years of experience, expertise in banking, merchant banking, risk management, and corporate governance, having held leadership positions in State Bank of India.

Our business operations are spread across 4 segments: cement, ready-mix concrete, cement bonded particle board, and green energy. Our flagship brands include Nagarjuna Cement, Nagarjuna RMC, and Bison Panels have established their presence across their respective markets. The diversified portfolio allows us to participate across multiple stages of construction and infrastructure value chain While our green energy business complements our focus on operational efficiency and sustainability. Over the years, we have also built relationships with distinguished clientele including Tata Projects, Larsen& Toubro, ITP, NTPC, IVRPL, and Shapoorji Pallonji, among several other reputed organizations.

I will now hand over to our Executive Director, Mr. Utkal Goradia, who will take you through the business segments in detail.

Utkal B. Goradia - Executive Director, NCL Industries Limited

Thank you so much, sir, and good evening to all. I am Utkal Goradia, Executive Director of NCL Industries. Cement remains our largest business. We operate 3 manufacturing facilities with an installed capacity of 4 million tonnes. Per annum and clinker capacity of 2.6 million tons per annum. Our manufacturing locations at Simmapuri, Kondapalli, and Vishakhapatnam, together with a distribution network of more than 2,400 dealers across Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Pondicherry, Kerala, Maharashtra, Chhattisgarh, and Orissa, support the reach of Nagarjuna Cements across our key markets.

Our product portfolio includes OPC and greener products like PPC and PSC and other cements, cement variants catering to diverse construction requirements. Our ready-mix concrete businesses complement our cement operations and serve customers in key urban markets. We have- we currently operate 10 ready-mix plants comprising 6 plants in Hyderabad and 4 in Visakhapatnam with a capacity of 60 cubic meters per hour at each plant. In cement bonded particle boards, we operate 3 manufacturing facilities with a combined installed capacity of 90,000 tons per annum.

The business is marketed under the brand Bison Panel with portfolio that includes Bison Panel, plain boards, designer boards, laminated boards, and planks, which are suitable for ready-to-install and low-maintenance solutions from premium interior applications, decking, flooring, and wall slidings with an attractive wood-like finish. We have continued to expand our distribution reach with the, with the dealer network from 229 in FY24 to 343 in H1 Fi27 across India. Our green portfolio comprises 42 megawatts of installed capacity, including 15.75 megawatts of hydropower, 18.3 megawatts of solar power, and 8 megawatts of waste heat recovery.

This portfolio supports the energy requirements, with a substantial portion of the power generated being used for captive consumption. Uh, building on this foundation, we have taken a further step to scale up our renewable capacity. In continuation to our announcement in April 2026, uh, when the board had approved phase 1 of the 50-megawatt solar and wind power projections at Tuticorin, Tamil Nadu, the board has now approved phase 2 and 3 covering the balance capacity of 80 megawatts at an estimated cost of Rs 595 crores.

With this approval, the entire 130-megawatt project, which entails an aggregate investment of approximately Rs 987 crores, which will be funded through a mix of debt and internal accruals- the required debt financing has already been sanctioned by ICICI Bank and HDFC Bank. Approximately 40% of the power generated from this project will be utilized for captive consumption, while the balance is proposed to be sold to other bulk consumers or through the Indian Exchange, IEX. Upon implementation of this project, the company's debt-to-equity ratio is expected to increase from present levels of 0.26 to approximately 0.9.

This project is expected to further strengthen our renewable energy portfolio and enhance our long-term energy security. Alongside strengthening our existing businesses, we continue to focus on strategic initiatives to enhance the operational capabilities, improve cost efficiencies, and support sustainable long-term growth. One such important initiative is the acquisition of Vishwambhara Cements Limited. Which has a limestone mining lease spread across 322 acres. This acquisition is strategically significant as it strengthens our raw material security and provides an opportunity for greater backward integration, supporting the long-term requirements of our cement business.

Another notable development is that the company is exploring the opportunity to set up a cement plant in Orissa and approaching the government to pursue any relevant applications and approvals. The proposal is at a preliminary stage. Any further decisions to proceed with the project will be

subject to applicable approvals and the company's further evaluation, approvals as applicable. I now hand over to our Executive Director and Chief Financial Officer, Mr. Prasad, Who will take you through the operational and financial performance of the quarter and half year.

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Yes, thank you, Vishal sir, and good evening to everyone. The period from July to September is generally considered as off-season for the cement industry due to the monsoon, during which demand typically remains subdued. However, this year the second quarter witnessed healthy demand, primarily driven by the housing sector and infrastructure developmental activities. On the pricing front, cement prices remain subdued while rising coal costs and fuel costs continue to exert pressure on margins. Despite these near-term challenges, the long-term outlook for the cement industry remains encouraging, supported by sustained infrastructure development and demand from the housing and industrial- infrastructural and industrial sectors.

Let me take you through the performance of each of the business segments. Coming to cement division, which continues to be the key contributor to the company's operations. During this quarter, our cement sales volumes registered a growth of 16%, reflecting a healthy demand across our key markets and consistent operational performance despite the seasonal challenges associated with the monsoon. Consequently, revenue increased by 12% on quarter-on-quarter basis and 11% on year-on-year basis. Primarily driven by the higher sales volumes.

Capacity utilization stood at 79% during the quarter and 74% for the first half year based on our expanded capacity. For the first half of the year, cement sales stood at 14.59 lakh tonnes compared to 12.63 lakh tonnes in the corresponding period of the previous year. On the operational front, EBITDA per tonne stood at Rs 480 for the quarter At Rs 475 crore for the first half of the year. In absolute terms, the Cement Division reported an EBITDA of Rs 38 crores during this quarter and Rs 74 crores for the half year.

While cement remains our principal business, our ready-mix concrete operations provide us with an additional presence in the construction value chain. Let me now share the performance of this division. RMC division sales volumes registered a growth of 9% on quarter-on-quarter basis. However, volumes for the first half of the year declined by 18%. This decline was primarily attributable to challenging market conditions, constraints in manpower availability, and intense competition from the unorganized sector.

The RMC division reported an EBITDA of Rs 1 crore during this quarter and Rs 1.47 crores for the first half of the year. Moving on, our cement-parted particleboard business, that is Bison Panel, continues to be an important part of our diversified product portfolio. During this quarter, we undertook certain initiatives to strengthen the brand and improve its market reach. The Bison Panel division registered a volume growth of 6% during this quarter as well as for the first half of the year. With this objective of strengthening our market presence and addressing the issue of duplicate products being sold under the Bison Panel name, We have launched an advertising campaign across various media platforms, including social media and television.

In addition, we have reduced Bison panel selling prices by approximately 17% to 20% to improve affordability and enhance market penetration. We expect these initiatives to strengthen our brand presence and support higher sales volumes in the coming periods. The division maintained a healthy EBITDA margin of 14% during this quarter as well as for first half of the year. In absolute terms, this division reported an EBITDA of Rs 5 crores for the quarter and close to Rs 10 crores for the first half

of the year.

Coming to Energy Division, we have 2 small hydropower plants with an aggregated installed capacity of 15.75 megawatts. Both the projects are canal-based and power generation is entirely dependent on the availability and release of the water into the canals. During the first quarter, there was no power generation from either plant due to the unavailability of water. However, during the second quarter, the plants generated 9.22 million units of power. Of these, 1.81 million units were utilized for captive consumption while the remaining power was sold to the grid.

Under the respective PPAs, power purchase agreements. The energy division reported an EBITDA of Rs 0.63 crores during this first half of the year. Coming to the company's overall financial performance, revenue from operations for the quarter, second quarter of this financial year, stood at Rs 386 crores, registering a growth of 12% year-on-year as well as quarter-on-quarter basis. EBITDA for the quarter stood at Rs 37 crores, Declining by 26% year-on-year and 6% quarter-on-quarter basis. EBITDA margin stood at 9.64%, contracting by 502 basis points year-on-year and 189 basis points sequentially.

Profit after tax stood at Rs 20 crore for the quarter, increasing by 1% year-on-year and 15% quarter-on-quarter basis. PAT margin was 5.18%. Lower by 60 basis points year-on-year, but higher by-

Operator
Ladies and gentlemen, the line for the management is disconnected. Please stay connected while we reconnect them to the call. Ladies and gentlemen, thank you for patiently holding. We have the line for the management reconnected. Over to you, sir. Over to you, sir.

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
So I will start from this financial performance. Shall I start from the beginning? Financial. Financial performance. Overall financial performance of the company. Revenue from operations for the 2nd quarter stood at Rs 386 crores, registering a growth of 12% year-on-year and also on quarter-on-quarter basis. EBITDA for the quarter stood at Rs 37 crores, declining by 26% year-on-year and 6% quarter-on-quarter basis. EBITDA margin stood at 9.64% contracting by 502 basis points year-on-year and 189 basis points sequentially.

Profit after tax stood at Rs 20 crores, increasing by 1% year-on-year and 15% quarter-on-quarter. PAT margin was at 5.18%, lower by 60 basis points year-on-year but higher by 12 basis points sequentially. Moving to the half-yearly performance, revenue from operations for the first half year Student, Rs 730 crores, registering a growth of 7% year on year. EBITDA stood at Rs 77 crores, declining by 25% year on year. EBITDA margin was at 10.53%, lower by 453 basis points compared with corresponding period of the last year.

Profit after tax for the first half year stood at Rs 37 crores, declining by 7.2% year on year. PAT margins stood at 5.11%, down by 80 basis points. The compression in EBITDA margins during the quarter was primarily attributable to decrease in selling prices and increase in raw material costs, which exerted pressure on the overall cost structure. These cost pressures impacted operating profitability despite the growth in revenue. At the segment level, cement contributed about 84% of first half of the year, followed by cement bonded particle boards at 10% and ready-mix concrete at 7%.

We are happy to report that the company has a CRISIL A stable rating and a net worth of Rs 969 crores as of 30th September 2006. Going forward, our priorities will include strengthening the

performance of our core cement business, improving operational efficiencies, expanding the reach of our building materials portfolio Pursuing our renewable energy activities in a disciplined manner. We will continue to focus our prudent capital allocation, customer service, and sustainable long-term value creation.

With that, we conclude our opening remarks. Thank you for your continued interest in our company. We would be happy to take your questions now. Thank you.

Questions & Answers

Operator
Thank you very much, sir. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press star and 2. Participants are requested to use handset while asking a question.

Amit Saxena - Individual Investor
Ladies

Operator
And gentlemen, we'll wait for a moment while the question queue assembles. First question is from the line of Kinnar Mehta. From Eureka Investments, please go ahead. Your line is unmuted, please go ahead with the question. Please proceed with your question.

Kinnar Mehta - Analyst, Eureka Investments
Am I audible?

Operator
Uh, yes, please go ahead.

Kinnar Mehta - Analyst, Eureka Investments
Yeah, uh, so thank you, uh, my sincere appreciation to management for holding this phone call. This would go a long way in improving the goodwill of the company. Uh, so for this, uh, my query is regarding the CapEx which we are planning. Uh, operations, we have limited control, but the CapEx Now, sir, we are doing Rs 987 crore CAPEX, which has increased from- I guess earlier it was lower by Rs 70 crores. So what, uh, in April it was communicated around Rs 920. So why this has gone up? Uh, my question is regarding what is the component of wind and solar, because we have been told it's a combo of, uh, wind and solar.

So what is the wind component? What is the solar component? Uh, the third question is, how much unit will- shall we generate from this Rs 1,000 crore CapEx? How much shall be internally utilized? How much will be sold? What would be the ROI on this CapEx? And how we- how much amount we intend to fund it through debt? And because it's a very large CapEx, and we are also talking of Odisha Cement CapEx. So what are our plans? How much would be through debt? How much would be through internal approvals?

And so when you Google it, the standard cost appears to be much lower. So why our cost is so high? So I would request management to give much more clarity on this, uh, CapEx part. Thank you.

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Yeah, thank you, Mr. Mehta. Thank you, Mr. Mehta. Yeah, this is a hybrid power project consisting of solar and wind power. Solar will be about 170 megawatt and wind will be about 30 megawatt. So initially in the month of April, so that time we envisaged that some 917 crores. Keeping that in mind, we will be using only non-DCR, that is, uh, domestic content requirement will be zero. But afterwards there is a government stipulation that we should use some domestic solar panels. So as a result of that one, the total project has cost- project cost has gone up by 68 crores.

So that is the reason for the escalation in the project cost, overall project cost. See, regarding this funding, so 70% of this project cost will be funded through debt, so balance will be through internal accruals. So we got the sanctions from HDFC Bank and ICICI Bank for 675 crores. Consisting by representing the 70% of the debt. Coming to the consumption point of view, we will be using almost 40% of the power generated from this project for our captive purposes, and balance will be sold to other bulk consumers or through the exchange.

So that is about this project. Yeah.

Kinnar Mehta - Analyst, Eureka Investments
So just, there's a follow-up question. The- so basically 100 megawatt solar would cost around 400 and 30 wind would cost around 250. Uh, even if we total it, it would become around 650. So why our cost is this high? And this, this would, uh, how much, uh, unit exactly? Uh, because my, my maths says that we'll be able to generate around 30 crores unit. Uh, is my calculation right? And, uh, how- what would be ROI based on this, uh, Rs 28 crores unit? Thank you.

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Yeah, yeah, solar capacity would be around 170 megawatts. So each megawatt will cost us almost Rs 4 to Rs 4.5 crores. So that itself will be around Rs 700 crores. And balance Rs 250 crores, that is towards wind. That is your observation is also correct. So 30 megawatts into Rs 8 crores per megawatt, that will be roughly about Rs 250 crores. Totaling to 950 crores, something like that, including transmission line and all those things. That will be costing 980 crores for this project.

Kinnar Mehta - Analyst, Eureka Investments
What would be our units? Uh, how much, uh, would save? I mean, so what is the EBITDA we'll be able to generate with this?

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Yeah, EBITDA in terms of this, uh, For captive consumption, there will be a saving of almost Rs 3 per unit. See, as of now we are purchasing about Rs 7 per unit, and the cost of generation from this plant would be around Rs 4 per unit. So there will be a net saving of about Rs 3. So balance in the exchange, through the bulk consumers, we can, uh, we are in almost Rs 4 per unit. So total will be same, Rs 4 per unit we can generate in forms of revenue.

Kinnar Mehta - Analyst, Eureka Investments
Okay, so we'll be able to generate around 90 crores of EBITDA. I mean, in the same price it would be sold, right? I mean, the excess

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Savings will be around Rs 3 per unit and sales revenue will be around Rs 4 per unit for the balance surplus power.

Kinnar Mehta - Analyst, Eureka Investments
So on 25-28 crores unit, we'll be able to make around 90 to 100 crores of EBITDA. I mean, saving or generating, am I right? I mean, this broader calculation. Yes,

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Sir. Correct, correct.

Kinnar Mehta - Analyst, Eureka Investments
So this leads to this- Sorry to interrupt, Mr.

Operator
Mehta. May we please request you to rejoin the queue, sir, for the follow-up question?

Kinnar Mehta - Analyst, Eureka Investments
Thank you.

Operator
Thank you, sir. Next question is from the line of Keshwagarh from Countercyclical PMS. Please go ahead.

Keshwagarh - Analyst, Countercyclical PMS
Sir, taking from the earlier speaker, uh, so you basically- we are investing approximately Rs 1,000 crores, which is more than our net worth. And basically we will generate 90 crore kind of EBITDA. And so, so don't you think it's a very low ROE project? And why, if we are only using 40% captively, then why not invest only 400 crore instead of investing 1,000 crore?

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
See, the thing is that once we repay this debt See, we have taken this loan for 3 years moratorium, 9 years repayment, that is for the period of total 12 years. After repaying this debt, the project will be completely debt-free, and total generation, whatever is there, that can be used at whatever is the bottom line, that will be straightaway saving to the company.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Future expansion?

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Yeah, for the future expansions also, the balance power can be utilized. This is the 40% of the project capacity.

Keshwagarh - Analyst, Countercyclical PMS
Since the CAPEX is being done in Tamil Nadu, I understand, so will we be able to wheel the power to wherever Orissa or wherever we are planning to set up the new cement plant?

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Yes, sir. This is an ISTS project. We got the connectivity from the central transmission utility. This is a power grid substation in Tamil Nadu near Tutukudi. So there we are setting up this plant. The power will be transmitted through that PDCL substation. So throughout India we can use this power.

Keshwagarh - Analyst, Countercyclical PMS
Sir, and what is the cost of debt that you are getting, uh, the 70% loan at?

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
This is around 8.5%.

Keshwagarh - Analyst, Countercyclical PMS
Is this fixed or floating?

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Yeah, floating, floating. That is related with MCLR.

Keshwagarh - Analyst, Countercyclical PMS
Understood, sir. So if we see, our net worth is Rs 974 crore and our market cap itself is Rs 760 crore. And the stock price is where it wasn't way back in 2015. So why not just do a share buyback? That will make more sense. I mean, our net worth per share will increase, book value per share will increase by doing that instead of going for low ROE projects like, uh, this, uh, hybrid, uh, renewable project that we are, uh, setting up. I think the loss that we did in the door division should be- have been a lesson for us.

Not to get into such misadventures.

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
There is a- we are into cement business. Cement is power intensive, so naturally once we repay this debt and all those things, definitely there will be a lot of savings in power cost. For keeping the- our future expansions also in view, definitely this project is going to be a revenue contributor to the top line also. That's what we feel.

Keshwagarh - Analyst, Countercyclical PMS
So now 4 million tonnes is our capacity, cement capacity. So by when will we reach that volume?

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
We may not be in a position to utilize completely, but at least to some extent we will be in a position to utilize for captive purposes. Balance can be sold.

Keshwagarh - Analyst, Countercyclical PMS
So why are we putting all this upfront investment? Okay, let the Orica CAPEX come. Because cement plant, uh, setting up a cement plant also takes some 5 years. So what is the need to set all this CAPEX in an unrelated area, and that too upfront? I mean, we can put incrementally.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
No, no, that's not possible. You can't keep on adding transformers and see. The power grid has given us 130 megawatts. That is the That is what is available there. So I mean, if you ask less than that, probably they will give preference to the other party. As the transmission line and all that, I mean, if you are doing in smaller, you can't do it in number of phases. See, the because the transmission line you have to lay from the project site to the power grid substation, and you have to erect a substation.

Our own cooling substation. And see, with all that, and see, the- if you start doing it in phases, see, it's not viable. And the power grid also, see, we prefer to give it to balance to somebody else. There's only 130 megawatts was available, only that much they have given us, and we have agreed to set up for that facility. And see, the another feature here is the solar power You can also store it. Nowadays, the battery is coming up, and once you store it, and then you can utilize it. Cement being

a continuous process industry, you can utilize it during nighttime also.

If you start utilizing it nighttime, around the clock, obviously there may not be any surplus. All the whatever we are generating, all that will be consuming only in existing cement plants itself. And see, without power, you cannot survive in cement industry, being a power intensive, and all our competitors, they have their own captive power. In the long run, see, definitely those who do not have their own captive power, definitely they cannot remain in cement business. That is the background.

Keshwagarh - Analyst, Countercyclical PMS
Great, sir. Thank you very much.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Right, welcome.

Operator
Thank you. Ladies and gentlemen, in order to ensure that the management is able to address questions from all the participants in the question queue, Please limit yourselves to 2 questions only. Should you have a follow-up question, please rejoin the queue. Next question is from the line of Vikram Damani from Damani Family Office. Please go ahead.

Vikram Damani - Analyst, Damani Family Office
Hi, good afternoon. Am I audible?

Unidentified Speaker - Management, NCL Industries Limited
Yes, please go ahead.

Vikram Damani - Analyst, Damani Family Office
So one clarification, I thought I misheard. Um, are you setting up 100 megawatts of solar, or is it more than 100 megawatts?

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Hello? Yeah, okay, I think we're able to hear you. Hi,

Vikram Damani - Analyst, Damani Family Office
Am I audible? Can you hear

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Me? Yeah, yeah, please.

Vikram Damani - Analyst, Damani Family Office
Yes,

Unidentified Speaker - Management, NCL Industries Limited
Yes,

Vikram Damani - Analyst, Damani Family Office
Yeah, I just want to clarify one thing to the first gentleman who came on. Are we doing 100 solar plus 30 wind? Is that what you said?

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
No, 170, 170 DC capacity will be 170 solar. Okay. 131 megawatt of wind.

Vikram Damani - Analyst, Damani Family Office
Your investor presentation says 130 megawatt. Uh, just- yeah, that will

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Be- that will give us AC capacity of 130 megawatt. This is the DC capacity.

Vikram Damani - Analyst, Damani Family Office
Okay. And, uh, so to the points the earlier gentleman made, um, we are spending about 125 crore a year on power currently. Uh, after we set this up, our Strip out the bit that we are selling to the market, how much of that cost would come down from the Rs 125 crore?

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Approximately almost 30-40% that should come down.

Vikram Damani - Analyst, Damani Family Office
So say we save about Rs 40 crores there, and, uh, uh, how confident are we? What, you know, given that it's solar and wind, and then we have no plans to set up BES, which would additionally cost more money, uh, given the time of the day this power is generated, can we still get Rs 7 a unit at that time?

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Yes, yes. Presently, there is a procurement cost. We are purchasing at Rs 7.

Vikram Damani - Analyst, Damani Family Office
Okay.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Rs 7 is going up to Rs 9.

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Yes, yes. The peak hour, that is going up to Rs 9. Rs 9 peak hour. Yeah.

Vikram Damani - Analyst, Damani Family Office
So, so once the cost

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Of generation would be around Rs 4.

Vikram Damani - Analyst, Damani Family Office
So once this plant is set

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Up

Vikram Damani - Analyst, Damani Family Office
And, and we get Rs 7 to Rs 8, whatever it is that we sell in the market, so you are- we expect that our power costs will go down to about Rs 10-20 crores per year from Rs 125 currently. Is that a right way to look at it?

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Not Rs 10-20 crores, it will be much higher.

Divyeshwara Vora - Individual Investor
How

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Much? Rs 60

Divyeshwara Vora - Individual Investor
Per MDT.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Into 28 lakhs into 50%, it is around 70 crores will come down.

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
70,

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
70 crores will come. 70

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Crores.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Yes, 70 crores per annum is going to be the saving.

Vikram Damani - Analyst, Damani Family Office
And won't both part of that be set off by what we sell in the public, in the, in the open market?

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
I didn't get you. What exactly is that?

Vikram Damani - Analyst, Damani Family Office
So 40% we utilize in-house So the Rs 125 that we spend, say, goes off by Rs 50 crores, plus it will increase a little bit due to our CAPEX. And but we will get additional Rs 60-70-odd crores from what we sell out in the open market. So our net power cost should be trending towards maybe Rs 10 crores a year.

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Yes, more or less that same number.

Vikram Damani - Analyst, Damani Family Office
Okay, fantastic. Thank you. Now,

Operator
Sorry to interrupt, Mr. Damani, may we please request you to rejoin the queue, sir?

Vikram Damani - Analyst, Damani Family Office
I just asked the question. Okay. Okay.

Operator
Next question is from the line of Aditya Nair from Frontwave Research LLP. Please go ahead.

Aditya Nair - Analyst, Frontwave Research LLP
Yeah, hi. For the kiln was around Rs 144 per ton of cement in Q2, which was 22% up from a year ago. So I, as I understand, you use a split of pet coke as well as imported and Indian coal. So I would like to understand why the cost has been increasing. Of course, the whole fuel prices have been increasing, but other than that, also what is the split between the pet coke and the coal which you burn together, and how hard and difficult is it for you to change the mix of the 2 if the Indian coal prices decreases or the pet coke price decreases?

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
See, earlier we were using this pet coke, but as of now we are using 100%, uh, coal only. That's also- we are using mostly Almost 100%, we can say this is Indian coal only we are using.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
And changing from pet coke to coal or coal to pet coke, I mean, no problem at all. See, overnight we can change it with any percentage also. See, we have that infrastructure. See, that's not a problem at all.

Aditya Nair - Analyst, Frontwave Research LLP
Okay, so that takes away the price sensitivity then. Okay, understood. Thank you.

Operator
Thank you. Next question is from the line of Pranesh Shah from Caron Capital. Please go ahead.

Pranesh Shah - Analyst, Caron Capital
Uh, hello. Yeah, thanks for the opportunity. Uh, so I just want to know that in terms of the, uh, timeline of the commissioning for the Phase 1 and Phase 2, so like how we can see the ramp-up happening on that part? Um, I understand that you have marked February 28th, but what will be about Phase 1 and then when can we see the Phase 2?

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Yeah, the total project will be commissioned by that time,

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
By March

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
28th.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
See, because the power grid, see, they said they will be ready only by March 28th- sorry, February 28th, end February. So we are trying to be ready with 100% by that time.

Pranesh Shah - Analyst, Caron Capital
Okay, so we will not be doing on installment basis, like entire Phase 1, Phase 2 will be completing at the same time, not on Because they are ready to

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Receive power, and I mean, we have no other choice but to go do it in one phase. So that is the reason now we are going in one phase.

Pranesh Shah - Analyst, Caron Capital
Okay. And alluding to the earlier participant's point where he said we are comparing the cost of the hybrid power project, like it's looking a bit, uh, as compared to the industry norms, there's a cost elevation. So does it also include a best part to it, or we are not, uh, Investing on the storage side?

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
No, no, as of now the project BES is not there, but, um, see, that is, in fact, we are discussing with some technical experts, so our team is working on that. So if at all we are going for BES, maybe to certain extent we will come down, the wind to that extent will come down, but overall, see, project cost will remain the same.

Pranesh Shah - Analyst, Caron Capital
Okay, and have you signed any PPS?

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
What

Divyeshwara Vora - Individual Investor
Is that?

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Have

Pranesh Shah - Analyst, Caron Capital
You sign any PPS for the 40 percent which will be selling in the March?

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Not sir,

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
No no sir, not it.

Pranesh Shah - Analyst, Caron Capital
Okay, thanks sir.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
We have understanding with CTEOL, and I mean from there side, I mean they We have started, I mean, see, our, um, the- in fact, we have given- finalized the transmission line, say about 7 kilometers transmission line. I mean, we initiated, we have contract given, and similarly substation also, the work started, and that is the progress so far.

Pranesh Shah - Analyst, Caron Capital
Okay, thank you.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Thank you. Thank

Operator
You. Next question is from the line of Saket Kapoor from Kapoor& Co. Please go ahead.

Saket Kapoor - Analyst, Kapoor & Co.
Namaskar, sir. Hope I'm audible. Yes, you're audible. I joined the call a bit late, but if you could just explain to us firstly how are our EBITDA margins likely to trend, sir, uh, going, going ahead for H2. And when we look at our contribution from the, from the 3 verticals- cement, board, and the energy part- it is cement that has the largest pie, and boards and other having margins at higher side, but still the contribution is small. So going ahead, uh, what should be the margin profile and how are these segments, uh, likely to shape up, especially the board division?

If you could just give an understanding and the seasonality aspect also in terms of the, uh, the utilization levels for the board division.

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Yeah, yeah. So for the first half of the year, cement has given us an EBITDA of about Rs 475 per ton, and for the second half also we are expecting there can be some improvement to the extent of some Rs 50-60. Anyway, for the year it cannot be more than Rs 550 kind of thing. So coming to segment-wise, see, 84 to 85% we are getting from cement division only, total revenue. Uh, regarding the margins, we are at 14% as of now. This board division, Bison Panel, is giving us 14% margin. So that is likely to improve in the coming periods because of the higher volumes of sales and all those things.

Saket Kapoor - Analyst, Kapoor & Co.
Okay. And so in terms of then the utilization levels, and so for the board division, uh, do we have any seasonality impact or Or is it linear in, in all the 4 quarters?

Divyeshwara Vora - Individual Investor
It's pretty much linear in all the 4 quarters.

Saket Kapoor - Analyst, Kapoor & Co.
Okay. And if you- and the utilization level, sir, for the board division?

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
So presently we are close to 60%, so it's likely to improve in the coming periods.

Saket Kapoor - Analyst, Kapoor & Co.
And are these markets concerned that, that leads only to 60%, or is the industry practice that the nameplate capacity 80, we can go higher to only 60-70%, or can we eye for 80-85% also going ahead? I just wanted to understand, uh, what does 60%- how can 60% go to

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
80%? Yeah, this is- so we are talking of bison panel. Bison panel, we are at 60%. Cement, we are operating at 75% plus.

Saket Kapoor - Analyst, Kapoor & Co.
I'm talking about the boards only, sir. Cement, you have mentioned.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Not a problem. See, once we get the orders, so we'll see, we can go to 75-100% also.

Saket Kapoor - Analyst, Kapoor & Co.
Come again, sir. I missed your point.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
I mean, boards division, see, that's not a constraint. Capacity, not a constraint. Market, see, if we get orders, yes, we can go to- go up to 100%.

Saket Kapoor - Analyst, Kapoor & Co.
Okay, sir. We also find- sorry to interrupt, Mr.

Operator
Kapoor. May we please request you to rejoin the queue, sir? Thank you.

Saket Kapoor - Analyst, Kapoor & Co.
One more point.

Operator
Next question is from the line of Amit Saxena, an individual investor. Please go ahead.

Amit Saxena - Individual Investor
Yeah, um, capacity utilization that you talked about, close to 75% that we have, um, ballpark, is it, uh, is it better than the industry average in our region? Or, uh, and if so, uh, you know, what are the advantages that We have that, we do have a higher capacity utilization. That's my first question.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Sorry, you're talking about cement, isn't it?

Amit Saxena - Individual Investor
Yeah, yeah, yeah.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
What was the question, please?

Amit Saxena - Individual Investor
So we talked about the capacity utilization, cement capacity utilization of close to 75% for the, for the First half of the year. So I wanted to understand whether, um, you know, in general I understand that the South have close to 60-65% of capacity utilization. So our capacity utilization, is it better than the average? And if so, do the company possess some inherent advantages because of which we are able to utilize more of our plants?

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
That means Nagarjuna Cement is considered a premium brand in these markets, particularly Andhra Pradesh and Telangana. And see, we sell at a premium price. This is an excellent brand image we have. That is the added advantage we have compared to most of our competitors in this part.

Amit Saxena - Individual Investor
You're saying we sell at premium prices, is it?

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Yeah, we sell about Rs 5 to Rs 10 higher than most of our competitors' price in the market. High

quality we maintain, and it's a premium brand image we

Amit Saxena - Individual Investor
Have. And sir, the, the way the industry is Structured as of now, I mean, the, um, in the South, the capacity utilization has been less than 70% for more than a decade or so in general. So at this going price of cement, which has also not moved much during the last decade, do you, do you think it makes sense for a greenfield plant to be commissioned as of today? Does the investment make sense for a new cement plant?

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Depends on the location. See, maybe in the same belt it's meaningless to add capacity. At the same time, see, one more thing, while there is a lot of capacity, there are a number of smaller plants, see, they are dying down. See, I can quote about half a dozen names who went out of operation, see, like Aniam Cement and see, so many other plants, see, they went- they stopped their operations because it's not working out to them. So all the smaller capacities, less than a million ton plant, more or less they perished in this market.

So to that extent, that additional volume is coming to the existing plant and If you are talking about our Orissa project, that capacity- not many integrated cement plants exist in Orissa. So that is the added advantage, I mean, we have once we set up that facility there.

Amit Saxena - Individual Investor
Okay, thank you very much, sir.

Operator
Thank you. Next question is from the line of Vikram Damani from Damani Family Office. Please go ahead.

Vikram Damani - Analyst, Damani Family Office
Hi, thanks for the opportunity. Am I audible? Yes. So just first off, let me start by saying thanks for hosting these calls. It's, um, really useful for us to get our questions answered. I hope you continue doing that. Uh, just a follow-up I think it was the AGM in 2025, there was one promoter group that was selling shares in the open market, and that selling just stopped. I think in fact the same entities have started buying shares from the market again. So any sort of comments or clarification on that?

Can we expect any further movements there?

Naresh Ranka - Individual Investor
I think

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
This is-

Naresh Ranka - Individual Investor
I think

Vikram Damani - Analyst, Damani Family Office
It was P.N. Raju and NCL, I think one of them. Okay.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
See, he was a promoter, but he he he he started a big venture in Tamravati, Andhra Pradesh, assuming that that going to that market is going to boom. I mean, he left right and he borrowed money, then I mean set up built big housing complexes.

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
But

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
He was not able to market because by then the government changed and the the government, the Jagan government came and Jagan government did not encourage the Tamirawati area. So he lost very badly. So he sold his shares.

Amit Saxena - Individual Investor
Okay.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
In the open market. And see, the- but more or less the promoters, other promoters, more or less, see, they have purchased the similar quantity of shares. But overall, if you see, I think we are maintaining the promoters' Stake is overall is maintained. What is the-

Naresh Ranka - Individual Investor
42%.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
42% is intact.

Vikram Damani - Analyst, Damani Family Office
Yeah, okay, that makes sense. Um, okay, thank you. Uh, looking forward to the next call.

Operator
Thank you. Thank

Naresh Ranka - Individual Investor
You.

Operator
Next question is from the line of Naresh Ranka, an individual investor. Please go ahead.

Naresh Ranka - Individual Investor
Yeah, sir, am I audible? Yeah.

Operator
Yes, please proceed.

Naresh Ranka - Individual Investor
Yeah, so, uh, thank you, uh, uh, management for hosting this, uh, call. Uh, so my question is on the Vizag. So we have started this, uh, Vizag grinding unit, uh, in FY25. So I would like to know what is the capacity, current capacity utilization in this new- in the Vizag plant? And what are- what kind of- what grade cement grade are we selling there? And what will be the margin profile, EBITDA per ton,

in that Vizag plant?

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Okay, what the capacity is-

Operator
77%

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Is the capacity utilization in that Vizag grinding unit, and we are manufacturing 3 4 different grades. One is of course the OPC, then we are also manufacturing PPC, we call it.

Kinnar Mehta - Analyst, Eureka Investments
Then

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
We are also making slag cement there, excellent quality slag cement we are able to make because, see, from- for that unit, in fact, we are getting a very good slag from NMDC. NMDC, okay, we are getting it I mean, so by rail we are able to get an excellent quality steelcrete, we call it. We are making, and we are able to penetrate into Orissa market. We have launched our product last one year into Orissa and reasonably doing good volumes.

Unidentified Speaker - Management, NCL Industries Limited
And we

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Are also manufacturing GGBS, that is ground granulated slag that is used for mainly the coastal areas, all these RMC units. And see, some of this concrete, for production of concrete, I mean, they mix this GGBS. That also we are manufacturing and marketing from that unit.

Naresh Ranka - Individual Investor
Okay, okay. I mean, uh, sorry to interrupt, Mr.

Operator
Ranka, may we please request you to rejoin the queue, sir, for the follow-up question? Thank you. Next follow-up question is from the line of Saket Kapoor from Kapoor& Co. Please go ahead. Mr. Kapoor, your line is unmuted. Please go ahead with your question. Saket Kapoor, you are not audible. Please unmute your line. Hello.

Saket Kapoor - Analyst, Kapoor & Co.
Yes, we now- hello?

Operator
Yes, you are audible, please go ahead. Sir,

Saket Kapoor - Analyst, Kapoor & Co.
I'm just referring to the asset held for sale, uh, which we have mentioned in our balance sheet. What is that attributable to, sir, and what are we eyeing in terms of the realizable value for the thing?

Unidentified Speaker - Management, NCL Industries Limited
Yeah,

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Fixed assets as well as the inventories have been shown there. Coats division that was closed in the last financial year, March 31st, the assets held in that division is being shown there.

Saket Kapoor - Analyst, Kapoor & Co.
Yes, sir. We have, uh, not realized the value for the same as of now.

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Not it, not it. That is in process.

Saket Kapoor - Analyst, Kapoor & Co.
Okay.

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Yeah, yeah.

Saket Kapoor - Analyst, Kapoor & Co.
So what are we eyeing, sir, in terms of, uh, what should be the realizable value for the same?

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
More or less, whatever is the amount shown there, more, more, you know, in all probabilities we should realize that amount. So that we have to see.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
That we have advertised now and we started getting inquiry.

Saket Kapoor - Analyst, Kapoor & Co.
Okay, sir, our net advance tax payment is, uh, I think you mentioned here at Rs 5 crore 50 lakh income tax paid. So that is totally attributable to the advance tax, or is it any net of refund? Or if you could share the- what have been our advance tax? This is for the first half as of December?

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Yes, yes,

Saket Kapoor - Analyst, Kapoor & Co.
Right, right, sir. We hope for the continuity of this call and also meeting you. Sure, sure. Okay, thank you, sir, and all the best.

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Thank

Operator
You. Thank you. Next question is from the line of Divyeshwara, an individual investor. Please go ahead.

Divyeshwara Vora - Individual Investor
At the outset, let me congratulate you for coming on the call along with the shareholders. Sorry to interrupt, Mr.

Operator
Vora, your voice is not clear. Request you to please use your handset.

Divyeshwara Vora - Individual Investor
Yeah, okay. Am I audible now?

Operator
Yes, please go ahead.

Divyeshwara Vora - Individual Investor
We are setting up such a large CapEx plan and we really know that it's a very sensitive, uh, plan that we are going ahead with, which is almost equivalent to the net worth of the company. So are we taking any- who is the EPC contractor that we have in mind, and are we going to take any guarantees from him for the cost and cost overruns and the generation of the solar and the windmill capacities? Because if anything goes wrong on the cost part, we are again in trouble, and if anything goes wrong on the generation also, we are again in trouble.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
Nothing can go wrong in this. See, we are not trying anything new technology. See, solar is tested all over. And I mean, see, in our units also, last 10 years or so, we are utilizing solar power everywhere. So, and see, we are only- when here they say we are not dealing with any state government. Normally, see, if you're dealing with the state government, there are a lot of hiccups, and see, there can be some problems with the central government and the power grid substation. I don't foresee anything.

Divyeshwara Vora - Individual Investor
I'm just- I'm not- I'm talking about the EPC contractor who is going to set up this plant. So I just want to know the credibility check on the contractor who is doing it and the company taking guarantee on these 2 counts.

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
See, we have not given any EPC contract. These panels and materials, whatever is required, that will be sourced by the company directly. And for the execution part, we will be engaging some contractors.

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
See, mainly the major problem is acquiring the land. See, that we acquired almost 418 acres, we acquired, and already that is in our possession. So, and see, we have our own team. See, they are- they have long experience In this power and wind, and we are directly- I mean, we are not giving it to any contractor as EPC. We are doing ourselves. So I don't foresee any problem.

Divyeshwara Vora - Individual Investor
So are you saying that this purchase, a purchase of all the materials which will be there for this project, will come as a project expenses in our books only directly?

K. Ravi - Vice Chairman and Managing Director, NCL Industries Limited
No, is it going to come as a project expenses?

Unidentified Speaker - Management, NCL Industries Limited
Yes, whether all this comes under project expenses. Yes, yes, yes, sir, apparently yes.

Divyeshwara Vora - Individual Investor
And can you throw light on the- what is the ROE of this project? Because this question remains unanswered. ROE of this project?

Kinnar Mehta - Analyst, Eureka Investments
0.10%.

Divyeshwara Vora - Individual Investor
Yeah, Mr. Vora,

Operator
Does that answer your question?

Divyeshwara Vora - Individual Investor
No, no, no, we have not spelled out the ROEs.

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
That is 10%, around 10%.

Divyeshwara Vora - Individual Investor
10%?

Prasad - Executive Director and Chief Financial Officer, NCL Industries Limited
Yeah.

Divyeshwara Vora - Individual Investor
Thank you. One more question, can I go ahead with one more question please? Sir, we will take that as the last question

Operator
For the day, sir. Okay, ladies and gentlemen, we'll take this as the last question for the day. I now hand the conference over to the management for the closing comments.

Unidentified Speaker - Management, NCL Industries Limited
Thank you all for participating in this earning call. I hope we were able to answer all your questions satisfactorily and at the same time offer insights into our business. If you have any further questions or would like to know more about the company, please reach out to our investor relations managers at Valaram Advisors. Thank you.

Operator
Thank you. On behalf of NCL Industries Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.