India Cements

SH/ 02.05.2026

BSE Limited
Corporate Relationship Dept.
First Floor, New Trading Ring
Rotunda Building
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
MUMBAI 400 001.

Scrip Code : 530005

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block
Bandra-Kurla Complex
Bandra (E)
MUMBAI 400 051.

Scrip Code : INDIACEM

Dear Sirs,

Sub.: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of Earnings Call

In continuation to our letter dated 27th April 2026, please find enclosed the transcript of the Earnings Call held on 27th April 2026 on the Audited Financial Results for the quarter and year ended 31st March 2026.

The same is available on the website of the Company i.e. www.indiacements.co.in.

Thanking you,

Yours faithfully,

for **THE INDIA CEMENTS LIMITED**

Krishnagopal Ladsaria

Digitally signed by Krishnagopal Ladsaria
Date: 2026.05.02 12:34:12 +05'30'

CHIEF FINANCIAL OFFICER

Encl.: As above.

1st May, 2026

BSE Limited
Corporate Relationship Department
Scrip Code: 532538

The National Stock Exchange of India Limited
Listing Department
Scrip Code: ULTRACEMCO

Sub: Transcript of Q4 FY26 Earnings Call of UltraTech Cement Limited ("the Company")

Dear Sirs,

In terms of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached transcript of the Q4 FY26 Earnings Call conducted after the meeting of the Board of Directors of the Company held on 27th April, 2026, for your information and record.

The same is also available on the website of the Company viz. www.ultratechcement.com.

Yours faithfully,
For UltraTech Cement Limited

DHIRAJ KAPOOR

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Date: 2026.05.01 14:25:10 +05'30'

Dhiraj Kapoor
Company Secretary and Compliance Officer

Encl: a/a

Luxembourg Stock Exchange
BP 165 / L – 2011 Luxembourg
Scrip Code:
US90403E1038 and US90403E2028

Singapore Exchange
11 North Buona Vista Drive,
#05-07 The Metropolis Tower 2,
Singapore 138589
ISIN Code:
US90403YAA73 and USY9048BAA18

“UltraTech Cement Limited

Q4 FY '26 Earnings Conference Call”

April 27, 2026

MANAGEMENT: MR. KAILASH C. JHANWAR – MANAGING DIRECTOR
MR. ATUL DAGA – CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day, and welcome to the UltraTech Cement Limited Q4 FY '26 Earnings Conference Call. As a reminder, all participant lines will remain in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

I will now hand the conference over to Mr. Atul Daga, Chief Financial Officer, for opening remarks. Thank you, and over to you, sir.

Atul Daga: Thank you. Good evening to everybody. I want to begin not with numbers, but where we stand as a company because fiscal '26, in my view, is a year that will be looked back on as a genuinely significant year in UltraTech's story. And fiscal '27 started with an achievement of major milestones. UltraTech crossed 200 million tons of cement production capacity in India, a first for any company in a single country outside of China. Let me put this in context. We reached 100 million tons in 2019, added another 50 million tons in 5 years by 2024, and we completed a journey from 150 million to 200 million tons in less than 2 years. This is a feat, even more remarkable since we are a full year ahead of our targets as what we had set for ourselves. Let's be clear on what the number means. It's not simply a headline. It's an expression of our strategy to build scale that compounds in cost efficiency, in market reach, in raw material security and in sustainability. Every ton of capacity we add reinforces every ton that came before it.

Let's look at our position globally. Outside of China, UltraTech is today the largest cement company in the world by sales volume. And we are the only cement company anywhere in the world to have over 100 million tons of production capacity within a single country. We are 200 million tons. These are not rankings we have stumbled into. These are the results of a very deliberate strategy, disciplined organic growth, timely acquisitions, at the right price and a relentless focus on execution. From somewhere around 65 million tons in 2016 to 200 million tons today, we have more than tripled our capacity in a decade. Our next horizon is already set. We have committed to add a further 37 million tons, which will take us over 242.5 million tons in a phased manner by fiscal '28.

Now I want to speak to something that is very much on everybody's mind, the conflict in West Asia and what it means for us. Whilst I have given an indicative chart in our presentation on where the impact of these rising prices could be, let's be straightforward, it's a real headwind on fuel costs, packing bags and freight, on certain import-dependent supply chains, on near-term sentiment in some demand segments, and the way oil prices are, we could see an increase in domestic prices of petrol and diesel. The government's monthly economic review for March '26 also acknowledged that the outlook has become slightly uncertain. And yet, India's structural growth story is entirely intact, government capex is flowing, infrastructure execution continues, housing demand is robust, IMF has also raised the growth forecast for the country. Just to rattle some numbers out for you, India did approximately 10,660 kilometers of highways in fiscal '25 and has maintained a similar pace in fiscal '26. The PMAY housing program is driving cement consumption at scale. That tells us something important about the underlying demand base. On the construction cost environment, cement prices have been

largely stable in the last financial year with movement of maybe 0% to 5%. Steel prices have seen volatility. West Asia situation is near-term cost moderator, not a structural demand reversal. And we believe UltraTech, with our domestic strength, our 1.8 gigawatt green energy platform, our scale-driven cost efficiency is much better positioned to manage through this environment as well.

Fiscal '26 was a year of extraordinary execution. We crossed 200 million tons of capacity. We completed brand migration for both India Cements and Kesoram ahead of schedule. We continued building our green energy capacity, and we delivered volume growth and improved profitability. We said we would do these things, we have done them and we enter fiscal '27 in a stronger strategic position than at any point in our history.

Let me look at the Q4 performance and the full year performance. And we'll also share some insights on the integration stories and our cost efficiency program. Consolidated sales volumes, as you have already seen, has crossed a rocking 44 million tons this quarter. Most important aspect about it is to note that UltraTech as a brand year-on-year has grown 19%. Nobody can take away that thunder from us. Realizations improved during the quarter, grey cement pricing strengthened about 2.5% in most geographies, supported by an improving trade mix and premiumization. Our blended cement share, premium portfolio contribution both moved higher, which is a conscious and a deliberate strategy going forward. EBITDA per ton, excluding acquired assets, is at INR1,296 per ton for the quarter. For the context, this metric was INR1,225 in Q4 '25. The trajectory has continued. On an aggregate basis, we have reported INR1,253 per ton in Q4 '26. If I were to split between India and overseas, thanks to our UAE operations doing very well, they have contributed substantially. But India has been no less. Remember, the India capacity is almost 196 million tons during this year. If I were to remove the aberrations of West Asia crisis, we have achieved EBITDA per ton of very close to INR1,240 per ton. What am I knocking out from here? The last month increase in the cost of bags and impact of exchange loss, the highly volatile and the frantic devaluation of rupee that happened in the last month. So, I believe we have done very well on EBITDA per ton as well.

Our renewable energy platform has been growing from strength to strength. Today, almost 43% of our power needs are being met from green sources. We have committed to reach about 85% of our power requirements from green energy by the end of fiscal 2030, and we are very confident of reaching that position. On the fuel side, we are actively managing our mix, optimizing between petcoke coal, alternative fuels and increasing the share of domestic coal wherever required and wherever possible. On the logistics front, our lead distance has reduced to 367 kilometers, our ever-expanding bulk terminal network, including the new Lucknow facility and other facilities are helping us reach the customer faster, thus helping us reduce our lead distance and our overall costs.

Let me spend a few minutes on the two acquired businesses, where the progress is, I believe, fantastic. Brand migration - 100% brand migration has been completed at the end of March '26. In second quarter fiscal '26, 31% of ICL volumes and 55% of Kesoram volumes were carrying UltraTech brand. December '25, they had moved to 58% and 69%. We have completed at the exit of March '26, 100% brand conversion. The EBITDA trajectory - India Cements EBITDA of INR497 per ton in Q4 '26 up from INR333 in Q2 and INR305 in Q3.

Sequential improvement every quarter since acquisition. This quarter, the company declared a PAT of INR60 crores for the quarter, which has been after a very long time. And this INR497 EBITDA per ton, please understand how we read it. As you know, under the related party transactions, we had put in place a tolling arrangement. India Cements manufactures and sells the UltraTech brand, but does not carry any direct marketing and distribution costs. Those sit with us at the consolidated level. At UltraTech, we charge a markup per bag on ICL volumes, which offset that element on a net basis. So India Cements' underlying operational progress towards UltraTech system is much higher than INR497 per ton. And the selling price improvements that happened in the southern markets will give it a further boost.

The investment phase is now underway. We had committed INR1,592 crores for India Cements for efficiency improvement, plus another INR400 crores for capex on capacity expansion, this definitely is going to take us over INR1,000 per ton, as committed by the end of fiscal '28. We are spending INR400 crores to INR500 crores for Kesoram cement assets. They are already operating at INR1,000 EBITDA per ton more or less in line with the other cement operations in South. These two assets today represent about 13% of our consolidated capacity. They are moving from integration drag to earnings contributor. As their cost improvement capex matures, they will be a meaningful and growing source of group-level EBITDA accretion.

Let me now look at how we see fiscal '27 and beyond. We expect a sustainable volume growth of 7% to 8% per annum. The structural drivers are firmly in place, India's urbanization story, the government's infrastructure commitment, you would have read about Mumbai City itself spending about $60 billion in improvement of infrastructure, the PMAY housing targets, rising rural demand, none of these have been diluted by the West Asia crisis. These are very strong structural forces and UltraTech is better positioned than anybody else to capture that demand in the long-term. The near-term environment has its complexities, nobody knows what will happen tomorrow. What will be the new comment that gets made, which could move the market. We will wait and watch.

On the integration side, we are through the hard work, both India Cements and Kesoram are fully migrated to the UltraTech brand. Cost improvements are underway, and fiscal '27 P&L will start reflecting the benefits of this investment.

I should definitely mention about the dividend the Board has discussed, debated and proposed. Our balance sheet remains robust with a net debt-EBITDA of 0.94x at a consolidated level and 0.92x at UltraTech India level. This gives us financial flexibility to continue investing in growth without compromising on returns to shareholders. We have already started charting out our growth story beyond 240 million tons, and we'll come back to you next year. The Board has recommended a dividend of INR240 a share for fiscal '26. This dividend has been stress tested against retained earnings remaining adequate for all planned investments and commitments. Credit metrics and debt covenants are unaffected by the proposed distribution. We'll maintain our leverage below 1x year after year after meeting our growth capex. And our growth capex requirement is not shrinking. We see a plan of investing around INR8,000 crores to INR10,000 crores every year for the foreseeable future. Future capex pipeline remains fully funded and the growth story is intact. It's a cumulative outcome of disciplined capital

allocation, operational excellence and consistent strategic execution over many years. We know it. You know it. Our operating cash flows are growing, and our Board has already taken a stance of improving the returns to shareholders. You would have seen our dividends grow from 10% of profits in 2020 to 37% of profits last year. And today, we are where we are. Dividend is not simply a financial transaction. It is a communication of our confidence and commitment to our shareholders and investors. It says we are confident in our earnings quality, in our forward outlook and in our ability to generate and sustain value. We are not keeping cash on balance sheet out of uncertainty. We are sharing it because we can and because we have planned carefully enough to do so without any constraint. I want to close with something very simple. UltraTech has made commitments to investors on capacity, on integration, on brand transition, on cost efficiency, on sustainability and on returns to shareholders. Year after year, we have delivered on these commitments, FY26 being the top-notch performer.

We said we would reach 200 million tons ahead of schedule, we did. We said we would complete brand transition for ICL and Kesoram, we did and a quarter early. That consistency of delivery, ladies and gentlemen, is what defines UltraTech. And it is what will continue to define us in the decade ahead.

Thank you, and we are now ready for your questions.

Moderator: Thank you. We take the first question from the line of Rahul Gupta from Morgan Stanley. Please go ahead.

Rahul Gupta: Hi. Thank you for taking my questions. First of all, congratulations on hitting 200 million ton domestic capacity and a very good set of numbers. So I have three questions. First, just continuing on the capital allocation point that you made, Atul, sir, thanks for the clarity on that. Just to be clear on this, is it fair to say that given balance sheet strength and you funding your capex through internal accruals, we may see payout ratio staying higher for foreseeable future?

Atul Daga: I think so, but it will depend on the Board and company's performance. If we perform, if the cement markets do well, I think it should be possible.

Rahul Gupta: Got it. That's very helpful. My second question.

Atul Daga: And most important, Rahul, I would want to make is and I think I already said it, but I want to repeat, next few years, we are '26 till 2030, '31, I will see INR8,000 crores, INR10,000 crores of capex happening from our balance sheet every year. And as the operating cash flows grow because of our existing size, existing capacities, delivering more and more. The size of operating cash flow keeps increasing, making it very easy for the company to reward its shareholders.

Rahul Gupta: That's exactly the point. Yes. Very, very helpful. My second question is on realization. You, to some extent, have clarified how realizations have been better this quarter, your share of trade has improved, direct sales have improved and a brand transition of acquired assets have also ramped up fully during the quarter. So am I missing something over here or is that the brand

transition completion has helped in giving you the edge in terms of realization during the quarter?

Atul Daga: Significantly because if I were to look at, let's say, India Cements volumes for the quarter of 3.12 million tons, non-UltraTech volume was 0.39 million tons only. And everybody knows that UltraTech enjoys a premium positioning with brand transition that has definitely helped. Jhanwar-ji, do you want to add?

K. C. Jhanwar: Yes. Very good afternoon and I would add further what Atul said, actually fundamentally I think it is working on all engines. Actually there are a number of moving parts in the cement actually. So one, yes, of course, the brand transition Atul has clarified, which is rightly so. But there are at least four, five, six critical moving parts, actually, which also helps to improve the efficiency and at the end of the day, resulted into improved cost structure over the higher profitability.

Rahul Gupta: Got it. And my final question is, first of all, thank you so much for sharing data on Slide 6. Now my question is that in one of the slides you have mentioned that other opex got some impact of the West Asia crisis. Can you help us quantify what that would be and how should we see June quarter, assuming this current situation continues?

Atul Daga: So firstly, on Slide 6, I've just given an indication with what could be a potential impact and this cannot be annualized for the quarter. So please don't panic too much. And yes, in the last quarter, the immediate impact was because everybody has inventories of fuel, so nobody would have really felt the heat of rising prices of fuel. But bags became a crisis in the month of March and everybody got impacted, the costs went through the roof and our incremental cost on bags was approximately INR90 crores, which is reflected in other costs for the quarter on account of bag costs going up.

Rahul Gupta: Thank you. And any color on how should we look at the power and fuel cost for the June quarter?

Atul Daga: I don't think there will be too much of an issue in the June quarter and I will urge you, Rahul, to fly down to the White House and do something about it.

Rahul Gupta: Well noted, sir. Thanks.

Atul Daga: Well, I don't think so it will be too much of a pain. Prices are going up, which is a reality. Selling prices have also been increased to cushion the impact of rising input costs. Another important one-off, which we are not even talking about, but the fact is the way rupee devaluated, I have $950 million of foreign currency borrowings fully hedged. But when you have to do a mark-to-market, you have to take the impact of that currency into account. It hits your EBITDA. INR94.85 was the rupee to dollar 31st March. It strengthened by almost INR1.8 sort of on the 2nd of April, but we have to account for the dollar borrowings at INR94.85. So still it's noncash debit to the P&L but so be it.

Rahul Gupta: Got it. Well understood. Thank you so much and wish you all the best, sir.

Atul Daga: Thanks, Rahul.

Moderator: Thank you. Ladies and gentlemen, in the interest of time and fairness to others we request you to restrict to two questions per participant and re-join the question queue. We take the next question from the line of Pulkit Patni from Goldman Sachs. Please go ahead.

Pulkit Patni: Sir thank you for taking my questions and commendable results, very good quarter. So my first question is, you spoke about brand conversion having completed it in March. Could you highlight between March end and now how much has been the impact of this on India Cements and Kesoram?

Atul Daga: So Kesoram, if I look at January, March quarter, it was already operating at INR1,000-plus EBITDA per ton. And everything else remaining the same, India Cements will improve further because again, I called out of 3.12 million tons, only 0.39 million tons was non-UltraTech brand, 2.73 million tons already rebranded. So everything else remaining the same, the impact will be felt on this less than 0.5 million tons of volume in Q4.

Having said that, price improvements and the real efficiency and integration benefits will start flowing now. To better explain, Pulkit, now it will be one product, which is leaving from all the 9 factories of India Cements as compared to earlier days, there were multiple brands going out, not just two, but there were more than two brands going out. So the real efficiency, which will be visible in logistics now seamless operation will be visible now. My performance will go up further in terms of earnings potentials from India Cements.

Pulkit Patni: This is very clear. Sir, secondly, I'm just following up on the question from the previous participant on the Slide 6 where you speak about the impact of West Asia conflict. And while clearly, longer term you've been able to manage costs really well, etcetera. I'm just wanting to understand these costs are quite meaningful because you mentioned in one of your remarks saying that these are manageable. I just want to understand like based on just rough math, this looks to be fairly high in terms of its impact. So any mitigating measures that you can highlight, which gives you confidence that you'll be able to manage through this?

Atul Daga: Yes, there are several measures and for the sake of confidentiality, I might not be able to reveal trade secrets. But diversifying my sources of procurement, identifying newer opportunities to deal with the situation, doing long-term contracts for fuel, which are going to be beneficial to us now. Last 2 years, our long-term contracts were unfavorable, these will become favorable for us and nobody has them. So UltraTech will be one step ahead. Again, for bags, we have nearly 150-odd suppliers across the country. And when there is a volume advantage for a supplier, obviously, their inclination to service a high-volume customer is much higher. Diesel impact, nobody knows. We are waiting, it might surface its horns next month. We'll have to wait and watch.

Pulkit Patni: Fair point, sir. Maybe can I slip in one more question if you allow?

Atul Daga: Yes, go ahead.

Pulkit Patni: Okay. Sir, you've mentioned the capex you've incurred on your cable and wire business and I know the numbers are small, but just to get an understanding, INR800 crores out of INR1,800 crores has been spent. Does it mean we are on track for an end of the year launch or it could get split?

Atul Daga: Yes, Pulkit. And since you cover this sector in so much detail you know what the implication is. I don't have to spend so much money.

Pulkit Patni: Yes. Sure. So we are on jump track?

Atul Daga: It speaks for itself. And my guess is we should be on track, on time. We had committed Q3, in the first month of Q3, we might launch instead of waiting for December.

Pulkit Patni: Superb. Thank you and great results as always. Thank you.

Moderator: Thank you. We take the next question from the line of Prateek Kumar from Jefferies. Please go ahead.

Prateek Kumar: Yes, good evening sir and congrats for the great results. My first question is, can you discuss sequential improvement in your performance stripping out international operations, which was also done very well during the quarter?

Atul Daga: Sequential as in quarter-to-quarter, what do you mean?

Prateek Kumar: Yes. Quarter-to-quarter, I mean, it seems like international operations have also contributed to sequential improvement of overall business.

Atul Daga: Yes. But they are only 5 million tons of capacity. One thing is that before the war broke out, they were operating at 100% capacity utilization. There was a drop in capacity utilization, which went down to about 80%. Now with the permanent peace program being there, capacity utilizations have started going up. Prices have started going up. So, they are doing well for themselves, but the bigger thing, Prateek, is that is only 5 million tons, I have had INR1,250 of EBITDA per ton in India on a much higher volume. Of course, I'm knocking off the impact of exchange rate and cost of bags, which we had to face. UAE operations are all bulk volume, so there's no bag cost over there.

Accounting for all the expenses in India, we are still at INR1,200 per ton out of the INR1,253 average per ton. UAE, I believe they are doing well now. Volumes are picking up. Prices have not fallen. And knowing the UAE economy, I think they will be the first one to turn the leaf, come up with some new programs for reviving the economy.

Prateek Kumar: And obviously, the UAE operations benefit from the construction demand wherever it is required?

Atul Daga: Yes. And sequentially, UAE had EBITDA of INR267 crores in Q3 and INR278 crores in Q4. So it's a stable journey.

Prateek Kumar: So it's stable Q-on-Q EBITDA of UAE operation?

Atul Daga: Yes.

Prateek Kumar: Okay. Other question is, can you split your pending efficiency improvement program, which you have given the INR185?

Atul Daga: Actually, I forgot to talk about it. I should have thumped my hand on the table and told you. As promised and we have delivered it. So we are at almost INR185 per ton on nominal basis, we have completed. And all these programs which are there, which will take us beyond INR300, whilst we had committed INR300, because I'm keeping, let's say, an emergency or a buffer in my pocket, but I think we will deliver higher than INR300 is what we're looking at. So yes, we are looking at a number higher than INR300 per ton. Fiscal '27 also, we should cross significantly higher, without giving a number upfront, I have a paper in front of me. But yes, we will deliver higher than INR300 by fiscal '28. I've highlighted all the parameters and how they are getting quantified and measured. I don't know what else to add further.

Prateek Kumar: Sure. Thank you. These are my questions.

Atul Daga: All right. Thanks, Prateek.

Moderator: Thank you. We take the next question from the line of Amit Kumar Murarka from Axis Capital. Please go ahead.

Amit Kumar Murarka: Thanks for the opportunity and congratulations on a great result. Just on the couple of data points, we just wanted to understand better. So, in the presentation, you mentioned that your other brand sales volume was 7.4 odd million tons, I think, in FY26. So is it fair to assume this number will be close to 0 in '28 given that total transition has happened now?

Atul Daga: Yes, 7.34 in '26 and 0.52 in Q4. Okay. Out of 0.52, 0.39 was India Cements and balance was Kesoram old brand. So this has all gone up. Next quarter, you won't see it.

K. C. Jhanwar: Yes, almost zero.

Amit Kumar Murarka: Great. And also on the trade, nontrade mix, like seems to be now 65-35, which is I think a bit higher than 70-30 earlier. So again, like on this mix, particularly, would it be because in the presentation, I also see that the industrial infrastructure was a bit muted in the quarter, but still this number is a bit elevated. So I wanted to understand like is this going to be now a sustainable mix or would you like to kind of take higher again?

Atul Daga: I have seen it fluctuating between 65, 67, 68. This has been the narrative or this has been the broad mix. And what you saw in infra, two red marks that we have given is again a temporary. Last quarter because things got over in one, let's say, Gujarat, when the high-speed rail project has passed through it. The work is coming to an end. That's why you saw a red mark there in the slide. But otherwise, I'm sure the government, the way everybody knows that infra is the foundation for growth, it will keep on happening. West, I think I'll have to create a darker green color for infrastructure going forward because the way Mumbai, and I'm quoting the newspapers yesterday or day before or 1-day earlier when the newspapers gave a summary of

how Mumbai is shaping up, 2035 will be totally new phase of Mumbai, $60 billion being spent here. So things are happening in the country.

Amit Kumar Murarka: Understood. Understood. And just one last question, if I may. Also on the clinker conversion ratio, it's now 1.48x how much more can it go to, let's say, in the next 1 to 2 years?

Atul Daga: We have targeted to reach about 1.54x. That road map is already there and let's see how things shape up beyond that.

Amit Kumar Murarka: Got it. Thanks. That's all from me and best of luck.

Atul Daga: Thank you.

Moderator: Thank you. We take the next question from the line of Indrajit Agarwal from CLSA. Please go ahead.

Indrajit Agarwal: Hi, Mr. Daga. Thanks for the opportunity and great set of numbers as always. I have two questions. In the last few weeks of March or early weeks of April, have you seen any concerns on availability because of the conflict, be it bags or pet coke, where you found it difficult to source even?

Atul Daga: No. no problems. Our dispatches have not suffered at any location in the country, bag availability has not been a crisis. It has become expensive, but it is not a crisis.

Indrajit Agarwal: Sure. Second, barring cement, all other building materials have become a lot more expensive, as you mentioned, steel, if you look at PVC or other commodities as well. Is it causing a demand concern for the overall IHB segment?

Atul Daga: Too early to say that. We have taken price increases for cement in the month of April. And by and large, we don't see a slowdown in demand, people will have an explanation too much of heat because of which there is a slowdown. Bengal and Tamil Nadu elections resulted in a slowdown just before the last 15 days, you see a slowdown. But generally, I think the undercurrent remains strong.

Indrajit Agarwal: Sure. And lastly, if I may, per your best estimate, what would have been the industry growth for March quarter?

Atul Daga: 6% to 7% is what my learned team over here tells me.

Indrajit Agarwal: Sure. Thank you. That's all from me.

Atul Daga: Thank you.

Moderator: Thank you. We take the next question from the line of Jashandeep Singh Chadha from Nomura. Please go ahead.

Jashandeep Singh Chadha: Hello. Good evening, sir and thank you for the opportunity and congratulations on a very good set of numbers. Sir, my first question is regarding India Cements. As you have highlighted that

100% brand integration is done. And you also highlighted that only a small portion of volumes was under India Cements brand. I just wanted to understand that the delta of incremental EBITDA per ton for reaching INR1,000 per ton, how much of that will come from the cost efficiency measures that you are undertaking and realization improvement? Because I believe most of your India Cements volumes are already selling under UltraTech brand. So how much more potential is there for realization improvement and how much cost efficiency measures will be there? That's my first question?

Atul Daga: So first and foremost cost improvement programs. And again, I'll go back to my earlier quarter commentaries. January-March '28, you will see all the efforts on capex converting into efficiency improvement. We are still seeing INR200 per ton of efficiency improvement, which will come into the kitty of India Cements. Second point and I'll come to the one more aspect that you raised. How do we look at the earnings from the volume of India Cements. Mind you, there is INR200 of EBITDA per ton on India Cements volume, which is sitting in UltraTech books. The INR497 for the quarter and during the quarter, gradually the transition was done. So we have reached a number of INR670 per ton on India Cements. Now if price increases, along with efficiencies, new capacity addition, operating leverage, everything will take us beyond INR1,000 mark.

Jashandeep Singh Chadha: Understood, sir. And I'll ask my second question, it's a two-part question. So first is how you are looking at rural demand, how it has been in the March quarter? And in April, also how you're looking at rural demand? And second is, I know, I understand that UltraTech at the scale at which it operates, you will have multiple measures to mitigate this cost increase. But let's say, without those measures, what sort of realization improvement will be required to maintain the margins? These are my two questions?

Atul Daga: So you have asked three or four questions and I'll restrict you to two questions. So the last question, I will eliminate it because that's a very difficult question, difficult to quantify. As far as rural demand is concerned, we have operated at 90% capacity utilization across our network. Some plants would have operated at 95% and 100% also and average is all across the country, we are operating at more than 80%. If you marry this point to the fact that our trade mix has not diluted. We are 66%, 67%, hovering around those numbers only, which means my rural demand has continued to stay steady. I hope that answers your question. And too early to talk about the important aspect, cash flows in rural markets improve with good crops, which helps the rural demand. And too early to say now for the quarter how things will pan out in the remaining 2 months, we will see.

As for your other point you mentioned, it's a moving target. Costs, let's say, bags from INR9 to INR15 a bag, that's a INR6 delta, which has already happened. So that much price increase is required. Similarly, fuel is a very difficult one. At least this quarter, I don't expect my fuel cost to go haywire. We were at INR1.77 per kcal, max it might go to INR1.8. I'm just throwing this number off the cuff. I don't remember exactly where we will land at. The biggest impact, which was there in our EBITDA profile was exchange. Dollar, INR94.85 and today, it's INR94.2, it had come to below INR93 also. The quarter-end reporting, what is required remains to be seen. So price increases that have already happened, well, in my view, sustain the profitability.

Jashandeep Singh Chadha: Understood, sir. I know you don't like answering price-hike questions, so I was trying to hide it, but thank you so much. I will join back the queue.

Atul Daga: Yes. I'm also slightly smart.

Moderator: Thank you. We take the next question from the line of Ritesh Shah from Investec. Please go ahead.

Ritesh Shah: Hi, sir. Congrats for a good set of numbers. I have four questions, if you allow.

Atul Daga: Go ahead, but only two.

Ritesh Shah: Okay. Sir, 2A and 2B. One is India Cements, you're doing the right things, when do we see the day when we actually merge it? I understand there are a few legal cases which are there. But any time lines over here. Second, not so related, RCB, it's something which the group has pursued. Any assurance from you that UltraTech's balance sheet won't be touched or it's something which is ring-fenced? I'll just wait over here, if you allow then I'll go for the other two, sir?

Atul Daga: So, the second question, I think our Chairman himself had said UltraTech's balance sheet is ring-fenced long ago when aspersions were made about UltraTech supporting Voda-Idea. I think those were the days, I'm going back. Not a penny has moved from UltraTech balance sheet for any other purposes. So, we remain committed. And again, as I said unless you missed the point, I have INR10,000 crores of capex happening every year, at least for 4, 5 years going forward, that's about INR50,000 crores of incremental capex, okay. So my operating cash flows is meant for meeting my capex requirements and for my shareholders.

Ritesh Shah: Perfect. Sounds good. Yes sir India Cements?

Atul Daga: There are those complicated legal issues, which we have inherited. As I mentioned, we don't want to take any risks with UltraTech, the main company and our main Board. And we are trying our level best to get those cases closed because they are donkey's years old cases and there's been no movement, nothing. Once we are convinced that there is no risk to us. We could look at the next phase of integration.

Ritesh Shah: Sure. Sir, I'll just try my luck. Sir, third question, RMC, we have done very well. What's the end goal over here? I think the number of plants, revenue growth, revenue growth is more than volume growth. What is correct that we are doing over here and eventually in plants to monetize this particular business? That's on RMC.

Second, sir, ESG, clinker factor, you indicated our target is 1.54x. I just wanted to get a sense by what year is this? And how do you see the industry's ratio equivalent to 1.54x going forward? I understand we are OPC heavy and we have historically maintained that whatever we do, we will have clinker backing at 70%. Is it something which will change going forward or we continue to be on the same hypothesis?

Atul Daga: We will always be fully clinker backed. Second point, 1.54x is our target to reach by fiscal '28. I don't want to comment about the industry. But all I can say is UltraTech is a far stronger company in all aspects as compared to rest of the industry. Quarter-on-quarter, I don't have to say enough data, but actual data which is available if you just sum up the performance of cement industry. Rest of industry put together and UltraTech on one side, we have delivered growth higher than the industry, EBITDA per ton higher than the rest of the industry. This doesn't come by magic, all the efforts, whether it is clinker conversions, which means composite cement, which gives me more profitability, RMC or all other aspects of our business, which we are doing or which help us to be far ahead. As for RMC, RMC is an integral part of our business. I don't see a need or don't see that thought process as of now to monetize it.

Ritesh Shah: Eventual target?

Atul Daga: Sorry, what?

Ritesh Shah: Sir, Eventual targets on RMC?

Atul Daga: Target in terms of number of plants?

Ritesh Shah: So we are 3% of the volumes, like is there a target to go to 6% in 3 years, something of that...

Atul Daga: Not really.

K. C. Jhanwar: Not really in terms of percentage. But yes, we will continue to grow because RMC is the future growth engine. Obviously, the more and more urbanization is happening, I think the RMC is going to be.

Atul Daga: I think we are invested for the future, Ritesh, to be honest, to meet the requirements. And if you look at our UAE business, it is zero trade sale. It's all sales to RMC people. Or globally, U.S. market or anywhere else, you see they are globally bag cements are in very few places only. So RMC is an integral part of our offering and of our business model.

Ritesh Shah: Sure. Sir, I have one more question probably I will join the queue.

Atul Daga: Ritesh, this is 10A. Okay. Next one, please.

Ritesh Shah: Thank you. Thanks.

Atul Daga: Yes, thanks.

Moderator: Thank you. We take the next question from the line of Pinakin from HSBC. Please go ahead.

Pinakin: Thank you very much, sir. Sir, congratulations on a great number. Sir, one question we keep on getting from investors over the last few months is that the other industries, industries like steel and agri and PVC has taken aggressive price hike in the face of cost pressures.

But the cement industry has struggled to raise prices. Starting in November, the price hikes have been relatively muted, even as demand has been strong. What would you attribute cement's relative underperformance versus other building material industries in terms of taking price hikes?

Atul Daga: Fragmentation of the industry is as sweet and small answer, Pinakin, that I can give you. Yes, I think that would sum up everything.

Pinakin: So sir, just taking that point forward to the second question, assuming sir, that the Middle East conflict stays where it is. We have pet coke at 160, oil at $100 a barrel for the remainder year. Does this mean that the industry would struggle to pass on fully the cost pressures eventually this year?

Atul Daga: No. If every industry is passing on the cost, so are we. March, somebody had asked me why prices are not going up in the month of March. March is never a period to increase prices because it's a volume period. Price increases always happen. And every industry has its own fabric and own pattern of behavior. July, September, monsoons impact cement industry only. So, price increases generally are seen in the first quarter of the financial year, not in the last quarter of the financial year And Pinakin, besides, obviously, demand-supply is always there. If demand is robust, prices go up. And you are there, I am also here. On this very day, we'll meet again next quarter. We will talk and we'll demonstrate. I think UltraTech will be steps ahead in terms of performance.

Pinakin: Got it. Thank you very much, sir.

Atul Daga: Thanks, Pinakin.

Moderator: Thank you. We take the next question from the line of Raashi from Citi Group. Please go ahead.

Raashi: Thank you. So just on your point that the fuel cost will go from 1.77 to 1.8 in the quarter. This is due to your long-term contracts, right?

Atul Daga: Multiple things, long-term contracts, inventory, sourcing, changing the fuel mix, multiple things.

Raashi: How long do your contracts and inventory last? I'm just trying to understand that should the situation persist wherein pet coke prices sustain at like the 160 or 150 plus. When do you start feeling the impact?

Atul Daga: July, September would be some ripples that you will see, again, which we will be able to manage better than the industry because of our supply contracts and domestic sources of coal. Please end the war early, Raashi, why are you wanting it prolonged?

Raashi: No. I'm just trying to gauge that on your supply contracts, like how do these work? Like do you have them going on? I mean, it's a continuous rotation and therefore, this can persist?

Atul Daga: Yes. It will persist.

Raashi: Okay. And on the packaging side, between the fourth quarter to now, what is going to be the delta?

Atul Daga: Fourth quarter to now roughly INR9 a bag.

K. C. Jhanwar: Yes, fourth quarter to now, there was some increase and there was some decrease also. So I would say it should remain in the same range.

Atul Daga: Not INR9, sorry INR6 a bag, sorry. INR9 to INR15, so it's about INR6 a bag.

Raashi Chopra: Essentially, the price hikes that the industry has taken, should be, in your opinion, adequate for you to offset the INR6?

Atul Daga: Yes.

Raashi: Okay. And just on the industry demand, you mentioned that the industry demand likely grow at 6% to 7% in this quarter.

Atul Daga: Yes.

Raashi: Full year number is again similar?

Atul Daga: 6.5% is what my colleagues tell me for the full year.

Raashi: And UltraTech's volume expectations for FY27 like growth wise?

Atul Daga: For '27?

Raashi: For fiscal '27…

Atul Daga: Next financial year. We would target double-digit growth.

Raashi: Okay. Got it. Okay. Thank you.

Atul Daga: Thanks.

Moderator: Thank you. We take the next question from the line of Ashish Jain from Macquarie. Please go ahead.

Ashish Jain: Hi, sir. Good evening. Sir, my first question is the price hike is sufficient to offset cost. In that you're factoring coal cost also or just packing cost, given coal, you said will not impact in June?

Atul Daga: All. I'm factoring in everything.

Ashish Jain: Okay. Sir, secondly.

Atul Daga: Except for if you take dollar to INR100, that I'm not factoring in, which is a notional debit to P&L at the end of the quarter.

Ashish Jain: And diesel as well, which we will know when we will know?

Atul Daga: Yes. That has not been factored in.

Ashish Jain: Yes, correct. Sir, secondly, earlier on the call, I think you said that there is a mark-to-market hit on your forex loan, can you quantify that and is it above EBITDA?

Atul Daga: What do you mean above EBITDA? It's part of my cost, yes, it's within EBITDA. It's not an extraordinary item, not a finance cost. Yes, hit to EBITDA.

Ashish Jain: Can you quantify that?

Atul Daga: INR30 a ton. INR120 crores, INR130 crores.

Ashish Jain: Okay. Got it. Sir, secondly, you also said that packing cost impact was felt only in March month. And if I heard you right, you said it is INR90 crores just for the month. Did I hear you right?

Atul Daga: Yes. You did.

Ashish Jain: So shall we assume that that's the run rate which will continue given there's no relief on packing?

Atul Daga: No. Because as Jhanwar-ji also mentioned, prices have stabilized, we have built volumes of our inventories and doing alternate sources. Mind you, nobody, I think, would have as many sources like UltraTech does. We have almost 150 suppliers across the country supporting us with bags. We are doing some other things also to ensure we are able to source bags and maintain costs. So INR90 crores was a hit, the cost of the bag had gone up further also beyond INR15, then it stabilized to INR15 or even today, it would be INR13, INR14. Yes, it's marginally reduced. So not INR90 crores, cannot be annualized. More importantly, Ashish, we have taken care of that with price increases.

Ashish Jain: Right, right, sir. Sir, lastly, just on pricing, if you can, like shall we think that given the kind of cost inflation and all price hike is here to stay? Or you are seeing some pushback in terms of the channel or demand impact? Are you seeing that kind of concerns on...

Atul Daga: I believe it's here to stay. Because this is impacting every cement player in the country in every nook and corner. It's not a one-off. It's not one region. Everybody is getting impacted. So everybody wants to protect their balance sheet and P&L.

Ashish Jain: Right. Sir, my second question is just on India Cements, given some of the EBITDA of India Cements is getting booked in UltraTech standalone, your INR1,000 per ton guidance includes that or that is what India Cements can eventually report you think in spite of the tolling agreement?

Atul Daga: I'm sorry. I missed your question. What did you say?

Ashish Jain: Given some of the EBITDA per ton of India Cements is getting booked in UltraTech standalone because of the tolling arrangement and the sales being done by UltraTech. The INR1,000 guidance, which you speak for India Cements includes that one which is getting booked in UltraTech or it is pure India Cements EBITDA per ton, which will come purely through cost savings and all?

Atul Daga: Yes. So all inclusive. So you will see INR800 in India Cements books and INR200 of that coming in UltraTech books. But again, Ashish, don't get disheartened because when we have committed INR300 of cost improvements and already delivered INR185, as the size and to the second decimal and I'm also saying that we will do more than INR300. So that gives you some indication of India Cements.

Ashish Jain: Sir, just on the long term, while you've kind of clarified that INR10,000 crores will be the capex for UltraTech. The cash generation will be much higher than that in my assumption at least. So how should we think about?

Atul Daga: You just saw what the Board did. I think you were not there on the call when I spoke about dividends.

Ashish Jain: I was.

Atul Daga: It's a very thought-through strategy by the Board, we have presented enough position to the Board before they came to the conclusion that, yes, it's now time to reward the shareholders.

Ashish Jain: Got it, sir. That's very helpful. Thank you so much. Thanks a ton and best of luck.

Moderator: Thank you. We take the next question from the line of Satyadeep Jain from Ambit Capital. Please go ahead.

Satyadeep Jain: Yes. Thank you. Mr. Daga, just a follow-up question on the dividend. Heartening to see that special dividend. You have a lot of confidence in the cash flow that's significantly higher than what the capex you're looking at. So because this is a special dividend, can we expect like a target on dividend payout, I missed part of it in the initial, just trying to understand, or maybe increase the dividend rate. And this is also in the context of sometime back when we saw the wire and cable investment, I think you mentioned that any other investment in the building material industry for the next 5 years, UltraTech is not looking at. Just seeking a confirmation that you're looking at INR10,000 crores capex, incremental cash flow will go to as a return of capital to shareholders. Is that understanding correct? And should we not look at higher dividend rate or maybe a target of return on capital?

Atul Daga: So I have my capex plan. And as I also mentioned during our commentary that we are already writing our blueprint beyond 240 million tons, 240 is already stitched. We have close to plus/minus INR15,000 crores to be spent, plus/minus I'm saying, not an exact number to be spent on that. There will be capex on cement beyond 240 million tons further. And that is what I'm talking about, INR10,000 crores of capex, which will happen on cement year-on-year. And yet our OCF will be large enough to reward the shareholders.

Satyadeep Jain: That I understood, but this was a special dividend. Just trying to understand, given this capex you're looking and OCF, why not consider a higher dividend rate or maybe commit to a return?

Atul Daga: This is as high it can get. So I don't know what's your question. So, whether next year also, it will be the similar dividend, I am not the person to call that out. It depends on the OCF for the year. It depends on the Board's decision once they look at the annual performance. My guess is the direction is already visible.

And certainly, again, I also called out 2020, we were at around 10% of profit. In 3 or 4 years, we jumped to 37% of profit and that's a leapfrog jump right now. It's 3x last year's dividend, which is fantabulous. So next year also, it could remain the same. It could go up or it could come down if performance is not good, then it could come down. We will manage our Balance Sheet, we will not over-leverage the balance sheet.

Satyadeep Jain: Okay. That's heartening. Just a clarification on that. So wire and cable was an investment decision. So apart from that, no other adjacencies for next few years, right?

Atul Daga: As of now, I don't have anything.

Satyadeep Jain: Okay. Just one last question, Mr. Daga. On the new plant that you're setting up, the on-going and the new ones you're looking at, are you adding any thermal plants here because you have ambitious green…

Atul Daga: No, thermal capacity. So we are adding a higher level of WHRS, tying up renewable and several locations, grid is also available now. So we are not adding any thermal capacity.

Satyadeep Jain: Okay. Thank you so much.

Atul Daga: Thank you.

Moderator: Thank you. Ladies and gentlemen, we take that as the last question and conclude the question-and-answer session. I now hand the conference over to Mr. Atul Daga for his closing comments.

Atul Daga: Thank you so much, everybody for joining us and patiently listening to us. For us, it has been a very satisfying rewarding and landmark quarter, landmark here generating INR3,000 crores of PAT for the quarter, INR8,000 crores plus of overall PAT for the year, integration done, volume growth rising and 200 million tons of capacity and a stable and growing cash profile that we see for our company. And icing on the cake was music to our ears when the Board considered this dividend of INR240 or 2,400%. So I think everything has gone very well for us this year and God willing, we will continue to deliver stellar performance year after year. Thank you so much.

Moderator: Thank you. On behalf of UltraTech Cement Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

Disclaimer - The transcript has been edited for language and grammar; it however may not be a verbatim representation of the call.