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12th February, 2026

National Stock Exchange of India Limited,
Exchange Plaza,
Bandra – Kurla Complex, Bandra (East)
MUMBAI – 400 051

SCRIP CODE: SHREECEM EQ
Debt Segment NCD ISIN: INE070A07061

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI – 400 001

SCRIP CODE 500387
Debt Segment NCD ISIN: INE070A07061

Sub: - Transcript of the Conference call

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Conference Call held on 6th February, 2026 relating to the Financial Results of the Company for Quarter ended on 31st December, 2025 is attached.

Kindly take the same on record.

Thank you,

Yours faithfully,
For **SHREE CEMENT LIMITED**

(S.S. KHANDELWAL)
COMPANY SECRETARY

Shree Cement Limited

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“Shree Cement Limited
Q3 FY26 Earnings Conference Call”

February 06, 2026



MANAGEMENT: **MR. ASHOK BHANDARI – SENIOR ADVISOR – SHREE CEMENT LIMITED**
MR. SUBHASH JAJOO – CHIEF FINANCE OFFICER – SHREE CEMENT LIMITED
MR. S S KHANDELWAL – COMPANY SECRETARY – SHREE CEMENT LIMITED
MR. K.K. JAIN – HEAD OF FINANCE & ACCOUNTS – SHREE CEMENT LIMITED

MODERATOR: **MR. NAVIN SAHADEO – ICICI SECURITIES**

- Moderator:** Ladies and gentlemen, good day and welcome to Shree Cement Limited Q3 FY '26 Earnings Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be 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 an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.
- I now hand the conference over to Mr. Navin Sahadeo from ICICI Securities. Thank you, and over to you, Mr. Navin.
- Navin Sahadeo:** Good evening, everyone. On behalf of ICICI Securities, I welcome you all to the Q3 FY '26 Earnings call of Shree Cement Limited. Today, we have with us Mr. Ashok Bhandari, Senior Advisor of Shree Cement; Mr. Subhash Jajoo, CFO; Mr. S S Khandelwal, Company Secretary; and Mr. K. K. Jain, who is Head of Finance and Accounts. So without any further ado, I hand over the call to the management for their opening comments. Over to you, sir.
- Ashok Bhandari:** Good evening everybody. This is Ashok Bhandari. As per my past practice, I shall not be making an opening statement as all the numbers are with you in the form of results. We may start the Q&A to use the time more efficiently. Thank you.
- Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Rahul Gupta from Morgan Stanley. Please go ahead, sir.
- Rahul Gupta:** Thank you for taking my question. A couple of questions. First, given you are prioritizing absolute earnings, your volumes have lagged the overall industry to some extent. Now in fact, your operating rates would be more like mid-50 utilizations. Now how should we think about your capacity expansion plans and target of 80 million tons from the next 2 years' perspective? How should we look at your volumes from the next 2 years' perspective? That's my first question.
- Ashok Bhandari:** Mr. Gupta, thank you for your question. Now please understand that since October '24, I had been maintaining that we will be concentrating on value over volumes. That was with a purpose. The purpose was very simple. We had a large divergence between our sales price and sales price of competitors like UltraTech. If you will notice by restraining our volumes, we have narrowed the gap from about INR30 a bag to about INR15 a bag.
- Now naturally, if you want to maintain discipline on pricing and narrow down the gap, you had to take the pain of sacrificing volumes. That is what we did. And I'm very happy to report that the December growth, though aided by additional demand over November, volume-wise November we sold about 2.7 million tons and December we sold about 3.3 million tons, and January is more or less in line with December '25.
- We expect the same momentum to continue with a much higher realization and it should automatically improve our capacity utilization. On the other hand, the capacity utilization will further be augmented by concentrating more and more on RMC plants, which shall give me a better geographical reach, a more logistical cost optimization and increase the volumes as well. Now coming to your second question of our declared capacity of 80 MT by FY'29. FY'29 is still far off. We are still sitting in FY'26. We shall get back to you in due course.

- Rahul Gupta:** Got it. So two follow-ups, sir. One, given you have narrowed the gap from INR30 to INR15, is it fair to say that you would continue to focus on reducing this further? And my second question is what would be the absolute revenues of the RMC business and how much cement your RMC would be using internally?
- Ashok Bhandari:** My dear friend, your first question is infructuous. You are saying that will you keep on reducing the gap? It is obvious. I'll keep on increasing my profits. So that is one part. The increase in profit mainly in cement is because of top line. The cost is more or less the same for the industry, except in a few factors.
- Point number two, as on date, we have 19 commercial RMC plants. We intend to take it to 45 within next 6 to 8 months, means you can easily assume that by September'26, the number of plants will increase to 45 from 19. We started RMC about 2 years back. And in 3-3.5 years, we will be achieving 45 plants.
- Whereas leading players in RMC like UltraTech has over the last 25 years setup to reach its current scale. So we are on track. It is very difficult for me because much depends on how the demand scenario emerges. But certainly, all my RMC plants will be using my cement and it will aid the cement quantity and capacity utilization.
- Rahul Gupta:** Just what would be the revenues from RMC as of now?
- Ashok Bhandari:** One second, I'll ask Mr. K.K. Jain to give the answer.
- KK Jain:** It is INR 71 crores for the quarter.
- Ashok Bhandari:** For the quarter, we did INR71 crores, my friend on 19 plants.
- Rahul Gupta:** Got it. And how much captive consumption of cement is going into RMC?
- KK Jain:** So 45% is the captive consumption for RMC plant for the quarter.
- Rahul Gupta:** Got it. Thank you. Wish you all the best.
- Moderator:** Thank you. The next question is from the line of Pinakin from HSBC. Please go ahead.
- Pinakin:** Yes. Thank you very much. Sir, in the September quarter the sales volume was 7.9 million tons. What would be the comparable sales volume in the December quarter?
- KK Jain:** 8.7 million tons.
- Pinakin:** That would imply a roughly 7% decline in blended realization, which seems to be higher than what the peers have reported. What would be driving this decline in realization sir?
- Ashok Bhandari:** No. You have to do your math correctly. Please understand that my per ton realization has gone up. The blended realization, I don't know how you are calculating. If you want we will give you a detailed calculation sheet. Mr. Jajoo, CFO of the company will send you a mail or you can send him a mail asking precise question. I think you are mistaken somewhere.

- Pinakin:** Got it. So we were just basically dividing net revenues?
- Ashok Bhandari:** So that is the point. You have to be slightly careful my friend. You write a mail to Mr. Jajoo and Mr. Jajoo will give you the reply.
- Pinakin:** So sir, what would be the comparable Q-on-Q change in pricing for the company?
- Ashok Bhandari:** December '25, realization was INR 4,652. December '24 is INR 4,554. I don't have the September '25 numbers.
- Pinakin:** Got it. Sir, any colour on the capex for next year at this point of time? How much will the company be spending?
- Ashok Bhandari:** As I said, we will be adding about 26 to 30 RMC plants. And the capex expected is about INR500 crores in FY '26.
- Pinakin:** Sure. And sir, my last question that it looks on a per ton basis, there is a decline in power and fuel costs?
- Ashok Bhandari:** Obviously, there are two reasons. One is that per kilocalorie cost is lowest in the industry sitting at 1.56. And my renewable energy has kept on increasing and it has reached almost 61%.
- Pinakin:** Okay. So this trend should continue, right?
- Ashok Bhandari:** This trend, why it should not improve, my friend? You see, as far as the per kilocalorie cost is concerned, you have to understand that it is the function of international coal prices or pet coke prices. I cannot take a call there. What I can say is over the 40-year existence of this company we have always been the lowest price procurer of fuel. And that is why my fuel cost is lower.
- My renewable energy portfolio has kept on increasing. We are having the highest renewable portfolio today, and we have reached almost 61%, and we are trying to add 2% or 3% more. As far as Kodla, the new unit, which is due to be commissioned by March, I'll be having a Waste Heat Recovery System there, which will add up to my renewable or alternative energy. So the energy cost should logically come down if the coal and pet coke prices do not go up.
- Pinakin:** Got it. That's very clear. Thank you very much, sir.
- Moderator:** Thank you. The next question is from the line of Rajesh Ravi from HDFC Securities. Please go ahead.
- Rajesh Ravi:** Hi, sir. Good evening. Sir, just a few housekeeping questions. What were the trade and blended cement share in this quarter and lead distance?
- Ashok Bhandari:** I will give the line to Mr. Subhash Jajoo, he will give you the answer.
- Subhash Jajoo:** The lead distance for the quarter is 446 kilometer and the trade sale is 65%. What else you want?
- Rajesh Ravi:** Blended cement?

Subhash Jajoo: Blended is also 65%.

Rajesh Ravi: Okay. And if I look at your fuel costs sequentially, this has come down by around INR0.10. So there is a INR50 per ton saving and your green power mix remains similar. So how is the power cost per ton at a company level? Power cost per unit. Average power blended?

Ashok Bhandari: Means bought out and renewable and waste heat recovery and everything?

Rajesh Ravi: Yes, yes.

Ashok Bhandari: I may not be having that data immediately. I will send you.

Subhash Jajoo: We will get back to you, Rajesh, on this.

Rajesh Ravi: Sure, sir. Yes, certainly. And the realization for the quarter you mentioned was 4,625, right? Grey cement?

Ashok Bhandari: 4,652. Yes.

Rajesh Ravi: 4,652. So which is almost 3% - 4% decline quarter-on-quarter?

Ashok Bhandari: That is what I'm trying to figure out. The earlier, somebody had asked a similar question.

Rajesh Ravi: No, on a blended basis, because you don't disclose the power revenues, that is why the blended number.

Ashok Bhandari: Ravi, listen to me for 2 minutes. What I'm saying is that you write a mail to us. We will reconcile the numbers and get back to you.

Rajesh Ravi: Understood. And just wanted to understand, you mentioned that you'll be focused more on bridging the gap and getting a better price realization. So at least on the volume, what sort of growth one should build in for this year because earlier we were looking at 37 million to 38 million tons for this year, which seems there could be a slip of 1 million to 2 million ton on the volumes?

Ashok Bhandari: So I explained. I already explained what was the rationale.

Rajesh Ravi: Right, understood.

Ashok Bhandari: Mr. Ravi, please hear me out fully. Number one, the demand in October and November was low that you know, which I had no control. December, the demand picked up, we have picked up more. January, the trend is similar to December. We don't find any let up in February and March because the central government budget has to be spent by 31st March, so I don't think there will be any let up in volumes.

I can easily and with a great deal of confidence, say that within this quarter, we will do 9 million to 9.5 million tons. In total, yes, I will not be growing at 7% to 8%. But then that was a function of low demand, what to do. But going forward, I'm confident that we should do.

You see today, the RBI governor has pointed out to a 7.4% GDP growth rate for FY '26-'27 in his MPC. And I have been maintaining that cement generally grows at 1x to 1.1x national GDP. So next year, I expect the demand to be around 7.5% to 8%.

- Rajesh Ravi:** Great, sir. And lastly, if you could share the UAE performance, which you did in last quarter?
- Ashok Bhandari:** It is getting better by the day.
- Rajesh Ravi:** Okay. Possible to share the volume revenue and EBITDA number?
- Ashok Bhandari:** I don't have the UAE numbers with me at the moment. We'll share with you.
- Rajesh Ravi:** Great sir. That's all for now. I'll come back in queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Indrajit Agarwal from CLSA. Please go ahead.
- Indrajit Agarwal:** Hi sir, thank you for the opportunity. Couple of questions.
- Ashok Bhandari:** I'm sorry I missed your name.
- Indrajit Agarwal:** Indrajit Agarwal from CLSA. Sir first, on pricing, can you indicate how the trends have been so far in January and heading into February.
- Ashok Bhandari:** As I said, the December pricing was much better, and the same trend is continuing. We don't see any let up in demand because of the central government compulsion of exhausting the budget within this quarter. So if demand is good, the pricing will remain good. As a matter of fact, as we have been focusing and we have been reducing the delta between our price and UltraTech price. I expect the same trend to maintain maybe at a slower pace because I'll be doing volumes now also.
- Indrajit Agarwal:** And sir, secondly, do you think that from now on, we will continue to grow ahead of industry or largely in line with industry at least?
- Ashok Bhandari:** Let us say, if I want to push volume, then I have to sacrifice price, isn't it? Both don't go hand in hand. So it is a calculated equilibrium game, which we have to play. And as the scenario emerges, we'll keep on updating you. As on date, I expect no let up in demand and no let up in pricing.
- Indrajit Agarwal:** Sure. Thank you, that's all from my side.
- Moderator:** Thank you. The next question is from the line of Jashandeep Singh Chadha from Nomura. Please go ahead.
- Jashandeep Chadha:** Thank you so much sir for the opportunity. I won't trouble you much sir. Just a couple of quick questions. Firstly, sir, Shree Cement has been operating in multiple regions. I wanted to understand the basic understanding of how all these regions are performing? Not necessarily from Shree perspective, but from industry perspective?

- Ashok Bhandari:** Can we be at divergence with the industry region-wise? So we will be in line with the industry only. Exactly how much Shree has sold in each region of its capacity, the number I'm asking Mr. K.K. Jain to share with you. That in this region, we say Shree's capacity is 100, then region-wise, how much we have sold in this quarter. And that should be roughly the line of operation of all pan-India cement companies. For regional companies, it's not comparable. So I'm asking Mr. Jain to give you the reply.
- K.K. Jain:** Yes. In North region, the sale is 53 lakh tons, East 23 lakh tons and South 11 lakh tons. And in percentage term, it is 61% in North, East 26% and South 13%.
- Jashandeep Chadha:** Thank you so much sir. This is very valuable information. But I was also looking from January and going ahead, which region you are seeing uptick coming in volume demand?
- Ashok Bhandari:** What is the date today my friend? It is 6th of February. Let the January numbers come to me.
- Jashandeep Chadha:** Okay, sir. Once they are out, I'll reach out. Sir, second question. I understand on per kilo calorific value, Shree Cement has been the lowest and will continue to be the lowest. But with pet coke international prices going on, what kind of impact will be on the cost for fourth quarter? Any sense can give us?
- Ashok Bhandari:** Please understand that nothing stops me from changing from coal to petcoke or petcoke to coal. I have multi-fuel burners. This is a constant exercise which my purchase people do, that which mix gives them the best landed fuel cost. I am not at all concerned with international prices.
- I am concerned with landed cost of fuel because that is the actual cost to me. So, this is a constant exercise. As on date, we are at 1.56 per kilocalorie. It may remain same for January, but it may go up in February and March. In any case, I don't think it should increase to 1.80, which is my peer group fuel cost.
- Jashandeep Chadha:** Understood, sir. And thank you for that. Just one last more of a clarification. If I can understand from your previous, answer to the previous question. You are expecting 7 to 8% Y-o-Y growth for the industry, and Shree Cement will largely be in line with the industry. Is my understanding right, sir?
- Ashok Bhandari:** Your understanding is correct, with a caveat that we had generally grown better than the industry. Last one year you leave, because that was with the strategy of narrowing the gap between the selling prices. But once we have achieved that, then probably we may grow better than the industry also. But let the time tell its own story.
- Jashandeep Chadha:** Sure, sir. Thank you so much and all the best for the future, sir. Thank you.
- Ashok Bhandari:** Thank you.
- Moderator:** Thank you. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Yes, thank you, sir. Sir, two questions. First, in the last con-call Q2, you highlighted that investors should look at the Shree Cement from the consolidated perspective. But in last two

quarters, you have shared the UAE volume, and this time, this is not part of the press release. And also post the call, when we try to connect with the CFO, sir, Mr. Jajoo, he is not ready to share the numbers. So, how can one look at these things? This is first part.

Ashok Bhandari: One second. Now let me stop you here. One second. Do you mean to say that we have not published consolidated numbers?

Shravan Shah: No, volume, I'm saying the volume?

Ashok Bhandari: Wait a minute, no, one second. So, please go through the results. I don't think you have gone through the results. Please go through the results. Standalone is there, consolidated is there. And you very well know how to calculate UAE from the two numbers. So, what are we trying to say? You try to make simple things difficult at all the times whenever we receive your call.

Shravan Shah: Sorry, sir. When did I make it difficult?

Ashok Bhandari: Let us not argue on this. You ask your second question.

Shravan Shah: Yes, sir. What's our clarification on the MCA investigation that is on under section 210?

Ashok Bhandari: It is a routine inquiry. They have asked for information; the information has been shared. Now, they have not come up with any report. So, what do I do?

Shravan Shah: Okay, no issue, sir. Sir, road rail mix for this quarter and fuel mix for this quarter?

Ashok Bhandari: Mr. Jajoo will give you.

Subhash Jajoo: Road-rail is 88% and 12%.

Shravan Shah: And fuel mix, petcoke and coal?

Subhash Jajoo: It's 76% petcoke, 6% coal, and balance is alternative fuels.

Shravan Shah: And capex till now how much we have done for FY?

Subhash Jajoo: Till now, we have done around INR1500 crores. And another INR400-INR500 crores is to be done in this quarter.

Moderator: May we request that you return to the question queue for a follow-up question. The next question is from the line of Satyadeep Jain from Ambit Capital. Please go ahead.

Satyadeep Jain: Hi, thank you. Just first question on the strategy - pricing versus utilization. You've added capacity in North and South in the past few quarters. How do you look at an ideal utilization given these capacities have been added, but overall volume increase is not there? So, is there an ideal utilization you look at when starting an asset to optimize the operating leverage, fixed costs there?

Ashok Bhandari: Please appreciate that I had always been maintaining that demand is not in the hand of any cement manufacturer. Demand emanates from overall growth within the economy. We are not

happy with our current capacity utilization. We are taking steps to correct it. We have corrected it largely to some extent in January.

I have also pointed out that we are concentrating on setting up more and more RMC plants, which should give me a fillip in capacity utilization. But at this point of time, especially in this quarter, because in this quarter the demand may be abnormally high due to pull from the central agencies, we may better answer this question in the first quarter of FY '26-'27.

Satyadeep Jain: Sure. Sir, in that context, the focus on utilization, how do we look at the 80 million ton? Would you rather wait to improve utilization? And what's the progress on Jaisalmer?

Ashok Bhandari: Generally, your thinking is correct, that we are not announcing specific sites and specific plants only because we want the capacity utilization to increase. I had hinted that 80 million tons by FY '29 may get deferred or may culminate is completely dependent on how the demand pans out in FY '26-'27. So, this is a question for which I don't have a ready answer.

I would like to expand. Please understand that Shree Cement has increased its capacity 110 times from 1985. Means in last 40 years, we have gone 110 times in capacity. So, our growth has not been lagging. Our CAGR for growth is 12.5% plus. And we expect to do it better. But then you must set up capacity not for idle capital but for productive capital, which is a function of demand.

If demand doesn't have the necessary leverage, what is the point in setting up capacity and keep on operating at 56%, 60%, or 62%? Ideally, we should reach 70% kind of a capacity utilization. Now, whether it takes place in one year or in one and a half years, time can only tell.

Satyadeep Jain: Okay, perfect. Thank you, sir, so much.

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

Siddharth Mahotra: Thank you, sir, for the opportunity. Sorry if I missed this number. Sir, what is the capex we are expecting for say 2027?

Ashok Bhandari: Look, my major focus is going to be 26 RMC plants, 26 or 30. Per RMC plant it costs about INR5 crores. So, 150 crores visibility I have. Balance is completely dependent on how I try to attain. Like March '26, we will be completing Kodla plant. We have spent about INR2000 crores of capex in this financial year.

Next financial year, I'm giving you a INR150 crores capex. I'm also working on railway sidings, which should be about how many crores?

KK Jain: About INR150 crores to INR250 crores on railway siding.

Ashok Bhandari: About INR200 crores to INR250 crores on railway siding. So, INR400 to INR500 crores of capex visibility is clearly there. Balance visibility I'll be able to give you once I start planning my further capacity addition. So, you will have to give me one more quarter to give you more clarity on this.

However, you may be fully aware that we are completely net debt free and we have about INR6000 crores of free cash sitting in our balance sheet. So, we are not worried about the quantum of capex we need to spend. We would like to be watchful of the demand and the potential capacity utilization.

Siddharth Mahotra: Understood, sir. So, essentially that means we are planning to put at least two railway sidings, approximately INR150 crores to INR200 crores per siding, as well as the RMC plants. INR500 crores, we have clarity and maybe some additional capex basis whatever your capacity schedule sort of decides. Is that correct?

Ashok Bhandari: Exactly. Which I'll be able to tell you either in next con-call or in the June con-call. I don't know. You will have to give us time.

Siddharth Mahotra: Okay. Second sir, could you sort of quantify what sort of industry growth was prevalent in 3Q for the industry? Some ballpark number?

Ashok Bhandari: Q3, you see, it is not comparable. I had a different strategy of operating my plants. The industry had a different strategy. So they are not apple-to-apple comparison. I was concentrating more on value, less on volume. So obviously my growth was lower than the industry. If you want we can share those numbers.

Those numbers will be available elsewhere also. But you can write a mail either to Mr. Subhash Jajoo or to me and we will give you the reply. We have not grown to our fullest potential, by design. Now we will see how it moves.

Siddharth Mahotra: Got it sir. Sir can I just please get the power mix split sir if possible? It's 34 megawatt was the total green power mix. There should also be additional captive power. So could you just lay out what are the individual components? Say solar, WHRS?

Ashok Bhandari: Wait a minute. Mr. Jajoo will give you exact power plant capacities of various kinds.

Subhash Jajoo: See our total power capacity is currently 1137 megawatt, out of which 503 is the thermal power capacity and balance is all green. WHR is 265 megawatt, Solar is 314 and Wind is 56. So 634 megawatt of green capacity, 503 megawatt of thermal, total 1137.

Siddharth Mahotra: Understood sir. Just one last question sir if I could squeeze in. Sir a couple of your peers have sort of sounded out, that they see a very interesting and exciting opportunity in UAE to either sort of increase their stake in subsidiaries there or expand their capacities there in additional grinding units. So sir, given the fact that we already have a long standing exposure to that geography...

Ashok Bhandari: Let me stop you here my dear friend. Do you think that if there is a profit opportunity Shree Cement will let it go a-begging? If there is potential, if there is real demand perk up, if the operations are profitable or good enough profitable, we will certainly do whatever is required to be done. We have the largest cement plant in UAE today in our control.

Siddharth Mahotra: So nothing has changed at least from our perspective in terms of the market opportunity there?

Ashok Bhandari: I would not like to comment on that as yet. I'll comment in March.

Siddharth Mahortra: Understood sir. Thanks a lot for your time sir.

Moderator: The next question is from the line of Tushar Chaudhari from Prabhudas Lilladher Private Limited. Please go ahead.

Tushar Chaudhari: Good evening sir.

Ashok Bhandari: Good evening. First of all, please do me a favor. If you meet Amisha Ben tomorrow please give my regards to her.

Tushar Chaudhari: Sure sir. Sir just wanted to know this employee cost is little bit higher this quarter. Is it because of Baloda Bazar?

Ashok Bhandari: Read Note number 3 of the result.

Tushar Chaudhari: Okay I missed that then. So volume actually I wanted to know?

Ashok Bhandari: Listen. The new labour code has made me provide for all back liabilities which is amounting to INR56 crores. We do not show any expense as an exceptional expense, because it is all in routine course of business. So we have additionally provided INR56 crores as required by the law and we have disclosed it by way of a note in Note number 3. This is all employee cost. Now what is the second question?

Tushar Chaudhari: Volume 2% growth is written. Last year it was 8.77%.

Ashok Bhandari: So last year what had happened my dear friend? Last year what was my realization? This year what is my realization? I gave this number.

Tushar Chaudhari: I have only blended realization?

Ashok Bhandari: December '24 my realization was INR 4554. And December '25 my realization is INR 4652. So you sell to lose money or you sell to make money? We have deliberately constrained our volumes to decrease the delta between other selling price and my selling price.

Tushar Chaudhari: Understood that.

Ashok Bhandari: We have reduced it by 50%. Now it is fine. Now we will see what to do.

Tushar Chaudhari: I understood that sir. You had explained it pretty well earlier. 2% volume growth, is it including clinker?

Ashok Bhandari: That I don't remember it off hand.

Tushar Chaudhari: Because press release is saying 2% volume growth?

Ashok Bhandari: I will get back to you. You send a mail to Mr. Jajoo and Mr. Jajoo will get back to you with exact numbers.

Tushar Chaudhari: Sure sir. Thanks.

Moderator: Thank you. The next question is from the line of Navin Sahadeo. Please go ahead.

Navin Sahadeo: Yeah, good evening sir. Am I audible?

Ashok Bhandari: How can you not be audible? You are the host man.

Navin Sahadeo: Thank you sir. So my question was on this value versus volume strategy in the context of market share as well as industry superior profitability. Like past four quarters as you mentioned in your opening comments, since October '24, the strategy of value over volume was clearly I think rewarding us in terms of significantly higher EBITDA per ton or margins versus the peers. In this quarter it is a bit of a dampener and also of course the volumes are also like, some maybe if I may say some loss of market share as well?

Ashok Bhandari: Navin, slow down. Hear me out. There were two major changes in our sales strategy in last one year. One was that we had made our rebate and discount policy so transparent, non-negotiable and non-discretionary that the favoured dealers were getting pissed off. So it took some time for them to realize that this is a non-negotiable policy and now they have fallen in line.

And number two is that end November we have inducted a new President Marketing and he has shown good results in last one month, one and a half month. So I expect that the things should be better in coming times. Now of course I can say anything. I cannot but be bullish on cement. So I will keep on talking bullish sentiment on cement. But please understand that demand is not in my hand. If demand is there you will not find us wanting.

Navin Sahadeo: Helpful. Thank you so much. My second question was on realizations. So in, I think in Q3 we have sequentially, I think, realization drop is about four odd percent?

Ashok Bhandari: All of you are saying this. Unfortunately I don't have this number. But since all of you are saying it maybe this is correct. Maybe there was a drop in realization or whatever. But you ask me a pointed question or you come to Calcutta. Come one day. I will give you good tea. We have nice tea. I will give you good lunch also if you want. And we will discuss this threadbare.

Navin Sahadeo: Right sir. So then I'll have the discussion over tea. Thank you so much.

Ashok Bhandari: It is better. By sitting face to face we talk more freely and with all the data.

Navin Sahadeo: Sure sir. Thank you.

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

Indrajit Agarwal: Yes sir. I just wanted to clarify one number. Did you say fourth quarter run rate to be similar as December and 9 to 9 and a half million tons volume in fourth quarter?

Ashok Bhandari: Yes, I did.

Indrajit Agarwal: So that would imply more or less flattish Y-o-Y number. Is that understanding correct?

- Ashok Bhandari:** Maybe 1% or 2% growth I don't know. I have not done the maths.
- Indrajit Agarwal:** Sure. Thank you so much.
- Moderator:** The next question is from the line of Harsh Mittal from Emkay Global. Please go ahead.
- Harsh Mittal:** Sir just one question. So given that our cash levels as on December ending is INR6000 crores, and we are expecting an healthy cash flows in the coming years with a limited capex. So sir, can we expect a material upside in the dividend outlay going ahead?
- Ashok Bhandari:** Let us understand, material is a relative definition. So let me assure you that yes the dividend payout will be better. It is not my prerogative to say how much better, how much not better, that is up to the wisdom of the board. But I expect the dividend payout for FY '25-'26 to be better than FY '24-'25. And it is not a differential of INR5 rupees kind of a thing. We may give you a better one.
- Harsh Mittal:** Thank you sir.
- Moderator:** The next question is from the line of Lakshminarayanan from Tunga Investments. Please go ahead.
- Lakshminarayanan:** Yes, thank you sir. Sir some of the return metrics for the company, we see that it's currently trending downward. Predominantly because of lower profitability from incremental capacity.
- Ashok Bhandari:** No, my friend. Sorry. Please let me correct you. The profitability absolute number has gone down because we had by choice taken a value over volume path. Please understand. We have achieved the convergence vis-a-vis say UltraTech on per bag prices. So it is not that, the capacity utilization has substantially affected my profitability. It was my design that it had lower volumes to better my prices which had affected the profitability.
- Lakshminarayanan:** Got it. Sir my question is slightly different. I mean, I understand your point. So now our ROCE or ROEs are trending downwards over a period of time. Given this trend, what is the primary metric the company prefers to evaluate its long term performance?
- Ashok Bhandari:** One second my dear friend. Let us understand. If I keep on making profit, my capital employed keeps on going up. If the additional profit, I am not distributing or I am not utilizing for capex then it is giving me a 4% to 5% revenue return. So if you combine everything you find that, the ROCE or the ROE is going down.
- On the other hand, I am committed to add on capacity to 80 million tons. So what do I do? I have to bear the pain of rather inefficient cash utilization in the form of treasury, till I formalize my plan to have major capex. For the first time in my career, I think, I have spoken of a INR400 to INR500 crores capex visibility in next financial year.
- We had never done that. But then the demand scenario is such that I cannot give you a firm commitment on when my capacities will come up. As soon as the capacities come up the the return on cash of 4% will vertically jack up the ROCE or ROE. So you will have to bear with me.

- Lakshminarayanan:** Sure sir. Thank you so much.
- Moderator:** The next question is from the line of Uttam Srimal from Axis Securities Limited. Please go ahead.
- Uttam Srimal:** Yes, good evening sir. Thanks for the opportunity. Sir my question pertains to premium cement. So we have made a very good progress from 15% last year to 22%. So where do we see this number going forward in next year?
- Ashok Bhandari:** Have you read any cement research report which has talked of anything else but premium cement? So if everybody is going to make premium cement, then where is the premium? The premium cement becomes the normal cement. Number one.
- Number two, the brand belongs to the company. The classification of brand also belongs to the company. There is no standard which defines premium cement. So it is your ten brands, it is your pen, and it is your pencil. And whatever you want to put, you put as a premium brand and sell it. Because there is no yardstick to define what a premium cement is.
- So please understand, we are at about 21%-22%. We have defined our premium brands and we are sticking to it. We are not changing the mix of my total cement as per my convenience. And at the moment with the current demand scenario we are at 21%-22%, and we expect to maintain the same run rate for this financial year. Next year what will happen let us see.
- Uttam Srimal:** And sir, in next year what would be our depreciation cost?
- Ashok Bhandari:** Depreciation should be about INR1,600 crores.
- Uttam Srimal:** You said INR1,600 crores?
- Ashok Bhandari:** Yes, I said INR1,600 crores.
- Uttam Srimal:** Okay sir. Thanks a lot. That's all from my side.
- Ashok Bhandari:** INR1600 and INR1700 please don't hold me to the number. But it will not vary as it had been.
- Uttam Srimal:** Okay sir. That's all from my side. Thanks a lot.
- Moderator:** The next question is from the line of Rajesh Ravi from HDFC Securities. Please go ahead.
- Rajesh Ravi:** Hi sir, just a follow up question. On the realization which you explained that you have bridged the gap with UltraTech, can I believe that is visible in numbers. When I compare yours with the like-to-like numbers of UltraTech, in last one year while your competitor has shown a INR50 rupees decline, yours realization has gone up by INR100 rupees.
- And similarly is the trend in for last two years, there is a sharp swing upward on your number. However, if I look at the margin front, your margins have been more or less flatish year-on-year, while the competitor had seen a margin upswing, both on a year on year basis on a two year basis. So is it like you have maintained your pricing?

Ashok Bhandari: Ravi, one second. Fixed cost recovery is completely dependent on capacity utilization, that you appreciate?

Rajesh Ravi: Yes.

Ashok Bhandari: To catch up on the value terms, I had sacrificed volumes. So my fixed cost recovery was less. So my margins dropped. Now if I play intelligently, my fixed cost recovery will improve and my margins will also improve.

Rajesh Ravi: Right.

Ashok Bhandari: This is the first time in the history of this company, that I have reported a more or less equal EBITDA per ton net of labour code expenses vis-a-vis UltraTech. Otherwise we had always maintained a INR100 to INR150 delta plus side. And I expect to catch that up.

Rajesh Ravi: Great, that's happening. And sir just on the adjusted for the labour cost still your employee cost is higher by INR20 crores quarter-on-quarter versus INR250 odd crores.

Ashok Bhandari: My dear friend, what happens if I increase my capacity?

Rajesh Ravi: Okay. This is with regard to the new plant ramp up?

Ashok Bhandari: Exactly.

Rajesh Ravi: Okay. So we should factor in this number as a recurring number and accordingly. And sir lastly just on the UAE business could you make it a practice to in the press release only to share the volumetric and the numbers in AED. Would that be more useful for us?

Ashok Bhandari: I will certainly give a thought to this. Give me one quarter, let us see what I can do in next quarter. If I can I will certainly do that.

Rajesh Ravi: And sir lastly could you repeat the capex number for full year and next year what are you targeting?

Ashok Bhandari: This year I'll be doing INR2,000 crores.

Rajesh Ravi: Okay.

Ashok Bhandari: I've already completed INR1,500. I will be doing about INR500 crores in this quarter. Means January-March.

Rajesh Ravi: Okay. And next year?

Ashok Bhandari: One second. Next year I have not firmed up my plan on further cement capacity addition. We have frozen the plan to set up about 30 RMC plants. One RMC plant costs roughly INR5 to INR6 crores. So you take about INR200 crores for RMC, INR200 crores for my railway sidings, and INR50 to INR100 -crores for normal routine capex. So I am giving a guidance of next year capex at INR500 crores.

Rajesh Ravi: Okay.

Ashok Bhandari: But I am putting a caveat that, this is only because I am not firmed up my plan of adding up further capacity. If that gets fructified the number will substantially change. But you will have to wait for that.

Rajesh Ravi: And so there is no capacities which will come on stream next financial year, at least because no concrete work is going on as per you know...

Ashok Bhandari: Yes. I don't think we will go beyond 72 million ton which we will achieve by March '26.

Rajesh Ravi: Okay. Great sir. That's all from my end. Thank you.

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

Navin Sahadeo: Yes. I'll take the last question sir. So in the like, you mentioned that we have narrowed the price gap versus the industry leader from INR30 to INR15. So what is then the next milestone? Is it coming at par or is it like, how should one benchmark it at that point of time onward then we again start chasing volume?

Ashok Bhandari: Navin, hear me out. I don't have the capacity or capability or even the enthusiasm of saying I will sell at par with UltraTech. If I say that, you will not believe it. But on the other hand, I with full confidence I can say, that I'll maintain the delta on EBITDA per ton basis, vis-a-vis the competition, which I had been doing except in this quarter. I had been doing it for 40 years that you know.

Navin Sahadeo: Of course.

Ashok Bhandari: This quarter we lost out on volumes it's all right. It was a calculated move.

Navin Sahadeo: Fair point sir. Sir on the staff cost I just wanted to know what would be the normalized cost?

Ashok Bhandari: You ask this to Mr. Jajoo. I don't know.

Navin Sahadeo: Okay. Last question to you sir. At a broader industry level, do you think non-trade share or non-trade exposure is rising because everybody is chasing those bulk volumes, RMC units? Is that a fair thing to observe?

Ashok Bhandari: No. As I told you my dear friend this quarter becomes very typical. Non-trade is basically large purchases by infrastructure projects. This quarter the government has to finish the budget allocated in FY '25-'26. So this quarter you may have a trend where non-trade may be more. But I don't think that is a sustainable trend. We will go back to 75-25 kind of a level. We are today at 65-35.

Navin Sahadeo: Understood. Very clear sir. Thank you so much.

Ashok Bhandari: Listen.

Navin Sahadeo: Yeah.

Ashok Bhandari: Is your last question finished?

Navin Sahadeo: Yes, yes. I'm done. There are no more questions.

Ashok Bhandari: So why are you always the last one to shaft me?

Navin Sahadeo: Over tea we will discuss this. Thank you. Nessia you can go ahead and conclude the call please.

Moderator: On behalf of ICICI Securities Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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