“UltraTech Cement Limited

Q2 FY27 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to Q2 FY27 Earnings Conference Call of UltraTech Cement 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. Atul Daga, Chief Financial Officer of UltraTech Cement Limited. Thank you, and over to you, sir.

Atul Daga: Hi. Good afternoon, good evening, everybody. Ladies and gentlemen, thank you for joining our second quarter '27 earnings call. The September quarter is always the one where monsoon writes part of the script. This year, it brought a different twist, a weak monsoon that kept construction going alongside a West Asia conflict that flared up again and pushed fuel costs higher.

Time and again, we keep hearing chatter about cement prices, which is on everybody's mind, and that's where I want to start first. In a normal year, cement prices slip during July and August as rains slows sites and dealers chase volumes. This year, the industry largely avoided that. Pan-India, average trade prices for Q2 were stable in line with Q1, with the quarterly average 1%, 1.5% lower, mainly because of a soft August. In the second half of September, prices turned firmly upwards. Trade prices must have risen 7 to 10 per bag month-on-month and non-trade prices even higher. We exited September in trade at least about 3% above the Q1 average. The quarterly average is weighed down by a soft August. The run rate we take into Q3 is materially better. One more thing I want to clarify here for ourselves, UltraTech. We take a view on price changes with demand and macroeconomic trends. It's not a rocket science. If demand overshoots supply, it leads to price improvements. If there is a structural change in cost for the industry, ultimately, the end customers will have to bear the cost. Given the spread of the industry in the country, prices rise always with a lag to catch up on costs. This is nothing new. This is an age-old phenomenon.

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

If you were to split the realizations by zone for the quarter, West, the prices were steady through July and August, stepped up in September with Mumbai being the biggest market moving strongly up by 3% to 4% per bag for both bag and bulk. Rest of Maharashtra, small dip in August was followed by a big increase in September. Eastern markets, rains disruption pushed prices down during August, but we have seen prices playing a catch-up across most of the states in the Eastern corridor since early October. South have been the strongest momentum in prices, volume and capacity utilization. South markets are transforming. Mark my words. You might remember something which I had spoken to you a few quarters ago about the Southern markets. North held

steady, new prices have been absorbed, while Central has played a muted game. Into October, we are seeing continuous increase in prices. The festive weeks may slow down and how quickly these prices are absorbed, so we expect the full benefit of these price increases to reflect in the Q3 earnings rather than immediately. So that's about prices.

Three points stand out. Realizations in the previous quarter were essentially stable. So, prices were not the cause of any decline in performance. Fuel costs and raw material costs rose about 13% and 3% quarter-on-quarter. Fuel costs have risen from INR45 a bag to INR51.5 per bag. That is the contribution of fuel cost Y-o-Y as the fuel rates climbed to about INR2.09 per kcal. This is the West Asia crisis effect, which we can discuss separately. Third, other fixed costs per ton were 6% lower for us than the last year, even after absorbing new capacity because absolute fixed costs grew only 4%, well below the volume growth of 13.8%. This is the operating leverage working for UltraTech as intended. September month has given a glimpse of what comes next, that is an internal number. But as volumes remain strong, price increases have been coming through, when we look month-to-month performance, September was higher than the Q2 average.

Let me get to the next element of our industry, which is demand. Industry estimates put cement demand to grow closer to 10% year-on-year. Our growth of 13.8% this quarter is comfortably ahead, which means that our presence in the market is continuously increasing. North markets grew in high double digits. We have grown more than 20% in the Northern markets, in the range of 15% to 20% in the Southern markets, East around 5%, West around closer to 10% as well as 10% in the Central markets. Our capacity utilization was 71%, better than 66% last year on a higher base. We could have grown more. We could have sold more cement if additional capacity was available. And that's why we are excited about our next phase of growth. which is around the corner. Capacity utilization, people often ask me, let me give you the numbers upfront. North and South, both were upwards of 70%. West was a close second to about 70%, Central and East because of prolonged and heavy monsoons in the Eastern markets, till 2 or 3 days ago also I believe West Bengal was raining. That's why the capacity utilizations were a shade around 60%. This quarter, we have commissioned a greenfield cement capacity in the Southern markets. Demand is growing in South, prices are improving, and we are in a happy place in the Southern markets.

Housing markets, individual homebuilder markets, the backbone of retail demand kept buying through the quarter, helped by fewer rain lost days. Public capex, Central government capex was very strong through July, though road construction has been weak. However, we are seeing new awards have picked up, which will result into higher demand in the following quarters or in the next couple of years. The project pipeline keeps growing. I believe there were 100 announcements worth about INR13.4 lakh crores by early September, which include Tamil Nadu's INR55,000 crores power plant, INR65,000 crores Gorakhpur Industrial Park, Assam's INR50,000 crores 5-year infra program, Odisha's Coastal Highway, Metro 1 in Thiruvananthapuram and the Bawal-Behror RRTS, power, industrial parks, data centres, all are growing and all are cement intensive. In the state of Bihar, West Bengal, we are waiting for demand to unleash. There are multiple projects in pipeline, which will boost capacity utilization for us in the Eastern corridor as well.

Looking ahead, most estimates put industry should grow very strong. We expect to grow stronger, supported by our capacity addition and market reach. Activity typically picks up mid-November or as you are all aware, after what is called Chhath Puja, after all the festive season is over and monsoons out of the way completely. We have already seen good signs of strong momentum in demand. Much talked about monsoons, let me not shy away from that. Monsoons were very weak this year since 2015. And I guess I'm told it's the fourth lowest since 2001. But India has seen 4 very good preceding years with good monsoons, which is a very positive sign. There are drought situations in some part of the country, which I'm sure you're all aware of. How does it impact us? Fewer rain loss days kept sites working and made the usual seasonal dip in volumes much lower. This is one of the reasons why industry would be growing very close to 10%, which is in a quarter which is normally a weaker quarter. East was the exception because East had torrential rains, local spells in July and August, heavy rains, flooding disrupted construction and pulled down both volumes and prices in that region. Weak monsoon can hurt farm incomes and, with a lag, rural housing. But an important point to keep in mind is that Indian economy has been evolving. There are several non-crop activities, which are contributing to almost 40% of rural economy with the help of MSME, non-agri sectors growing, mushrooming everywhere in the country. Besides, as I mentioned, last 4 years of good monsoons will also help or act as a cushion. We expect rural demand might soften in some areas, while urban housing, infrastructure, private sector capex will continue to grow very strongly.

West Asia crisis, last quarter, we were expecting a deescalation, crude prices falling and things becoming normal, but a candid acceptance from my end, predicting a roll of a dice is easier than what will be the outcome on the West Asia crisis. How it is impacting us? Pet coke prices have shot through the roof. They were trading around $180 per ton as I last checked. Pet coke, what we have done is we have reduced our dependence on pet coke since the last quarter. Today, we are down to about 25% of pet coke consumption in our overall mix. Coal power plants are being required to blend imported coal. Coal India is giving priority to the power sector, which tightens the domestic availability for the industry. Industrial diesel prices have been continuously increased by the government. I believe they are at an all-time high as we speak, which impacts the raw material costs vis-a-vis the mining cost or the transportation costs.

These cost pressures, as we speak, we don't know what will happen, as I mentioned, about the West Asia crisis, are here for some more time. That's all I can imagine. So far, we have not seen any direct impact on cement demand. Our volumes show that clearly. The indirect risks are higher inflation, tighter monetary conditions and less fiscal room if fuel does not come down in terms of costs. We are watching all the 3 elements. Our response follows a strategic plan, price discipline, product mix and premium products and relentless cost work across fuel sourcing, power and logistics.

Our growth plans is the next topic, which I want to touch upon. We commissioned 4.6 million tons of capacity in the month of September, taking our domestic cement capacity to 204.7 million tons, which includes the 3.6 million tons greenfield capacity at Petnikota in Andhra and 1 million ton of debottlenecking at 3 other units. During the quarter, we also added 116 megawatts of renewable power, 10 megawatt of waste heat recovery. So our green power index keeps on rising, 47% of our power needs were met from non-fossil fuel sources. We have also achieved a

unique status of having 2 gigawatts of green power for captive consumption as a manufacturing sector. We have commissioned AFR systems at 2 plants, taking our thermal substitution rate to about 7.2%. We are on track to reach 240 million tons of capacity as planned without any surprises.

Ultravolt - On 3rd September this year, we launched our Wires and Cables business under the brand Ultravolt. We already have a huge channel partner force in place. The investment of INR1,800 crores, which has been planned, we have spent around INR1,100 crores till date and the balance will get spent in the next maybe 2 quarters. This is the first month of launch or first month of operation, not even full month, maybe 27 days or 25 days of operation. Please have patience, we will deliver an electrifying performance. UltraTech has helped build walls, and now we are getting behind the walls. We have started with wires and light-duty cables. It appears to be a very exciting space, and we are confident of growing rapidly. Currently, dealers, distributors, retailers, builders, contractors, electricians are all EPC firms and panel builders are all getting on board. More than 1,500 UltraTech UBS channel partners have signed up to become dealers for our Ultravolt as a brand. Our retail reach has already crossed about 80,000 points and growing very rapidly. Supply chain is in place. We have a mother plant at Jhagadia in Gujarat, 1 main warehouse with 5 regional distribution centres and 16-odd branch warehouses.

Production and sales of house wire, panel wire and multicore cable has already started. Remaining power and control cable lines will be commissioned through the second half. Our focus for this quarter shifts from building the network to stabilizing it. That means consistent fill rate at the counter reliable replenishment from warehouse dealers, credit discipline, tracking of secondary sales. The aim is that every new partner sees the business turnover steadily, not just onetime launch. We are building this business. Our performance will speak.

To sum up, cement is our core. We are growing very strongly in cement. And as I alluded to, we are looking forward to our next phase of growth, which will take us way beyond 240 million tons of capacity. Cement demand is resilient, and we shall keep growing very strong. Prices have held through the monsoons are turning up at the exit and seem to be holding. Cost remains a challenge whilst West Asia situation unfold on an everyday basis.

We are entering now the strongest season of the year with a better price run rate, more capacity and cost structure that improves with scale. I won't pretend that second half will be free of cost pressures. What I can promise is that we will manage it much better than anybody else under the sun. And you will see similar performance from UltraTech quarter after quarter.

Thank you, as always, for trust in UltraTech, and over to you for questions.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Indrajit Agarwal from CLSA.

Indrajit Agarwal: Congratulations on a strong volume growth. A couple of questions. First, if we were to take spot costs across all front, fuel, industrial diesel, etcetera, what kind of variable cost inflation can we see in the second half from the current levels?

Atul Daga: Costs, as I mentioned, Indrajit are already elevated. And whether they have peaked, I'm not an authority to comment on that. So really don't know. Sorry, I don't have an answer to that, Indrajit.

Indrajit Agarwal: Sure. I was actually coming from if I take today's cost, as you mentioned, pet coke is at $180 today. Yes, if I extrapolate that...

Atul Daga: Yes. So if you extrapolate that, as I also mentioned, the cost of fuel has gone up from INR45 a bag to INR51.5 a bag, INR6 per bag is an impact of fuel increases.

K.C. Jhanwar: Yes. But there is always inventory in the pipeline.

Atul Daga: Yes, inventory also is there in the pipeline. So you might have around 10-20 bucks a bag kind of increase in…

K.C. Jhanwar: No. The reason is $180 is on today, but the past inventory with most of the players. Third quarter may not have a big impact actually. Maybe definitely some marginal...

Atul Daga: Marginal impact in the fourth quarter. Yes.

K.C. Jhanwar: Because it's a combination of imported fuel, domestic coal and....

Atul Daga: So not too much is what we are expecting going forward, Indrajit.

Indrajit Agarwal: Sure. This is helpful. Second question on Ultravolt. Any change in strategy over there to enter into cables or broad consumer electrical segment? And how are we pricing the current wires versus the existing players?

Atul Daga: Firstly, the feedback, the response that we have got is phenomenal. So we are scaling up our business, and we will want to grow this business at a much faster pace than we had planned. Other than that, I'm not able to comment any further. As for pricing, I think there is a lot of confusion about pricing. Now there is one thing which you need to understand is that we have launched unique products, which were not existing in the marketplace. The classic is Class 5 insulation material or e-beam technology product. That nobody has. And that product is what is commanding a premium now.

Our positioning is at market parity. Differentiation is being driven by our product proposition and not any undercutting of prices. So, we are almost at par with whatever the market prices would be. So, for example, there is Greencore, which is the entry-level Class 5 HR FR, heat-resistant, fire-resistant wires, which are at par with any other product in the marketplace.

Moderator: Next question is from the line of Amit Murarka from Axis Capital.

Amit Murarka: Just first question on India Cements. So that INR160 per ton of Tamil Nadu levy, is this accounted for in this quarter or not?

Atul Daga: It's already accounted for. There's no reversal in that, Amit.

K.C. Jhanwar: Whatever has been paid, it has been paid, no relief would be there.

Amit Murarka: No. I'm talking about like the future only like because it happened during the course of Q2. in Q2, was it accounted?

Atul Daga: Yes. So, we're not incurring any additional cost.

K.C. Jhanwar: Now onwards.

Atul Daga: From that effective date, whatever date it was.

Amit Murarka: Okay. Great. And just also on cables and wires. So, the press release that was put out that mentioned that we are also looking to expand into a broader range of electrical accessories. So, could you just clarify what exactly it means, what segments are being looked at?

Atul Daga: PVC conduit is an immediate thing that we are developing, which is required for our wires.

Amit Murarka: Okay. So, it doesn't include like things like fans or other electrical appliances or anything like that?

Atul Daga: No, no.

Amit Murarka: Just clarifying because there was some confusion about the...

Atul Daga: I had clarified this. Maybe we did not have a conversation, but we are not doing fans and tube lights and whatever else you might think of. Decorative and bulbs or I'm just looking around the room and thinking what is electrical. No, I'm not doing that.

Amit Murarka: I get it. Just also on the capex, the first half seems to have been pretty strong at INR6,000-odd crores of capex, INR5,882 crores as I see. So, the full year guidance stands at INR10,000 or like it will go higher now?

Atul Daga: I will still stick to INR10,000, but it will be better to look at a full year number after the Q3 results. Plus minus INR10,000 crores.

Amit Murarka: Sure. And just a last question, if I may. like interest costs jumped quite a bit in the quarter, up 22% or so Q-o-Q. Could you just understand why that happened?

Atul Daga: Yes. I had raised NCDs of about INR5,000 crores at 7.25%, which were there for 2 months. So my borrowings I have taken up. I think in hindsight, it was a fantastic decision because now nobody will get the money at 7.25%.

Moderator: The next question is from the line of Prateek Kumar from Jefferies.

Prateek Kumar: Congrats for good results. A couple of questions. Firstly, on expenses related to Wire and Cables, is there any attributable amount which you can highlight for this quarter and how much you expect to do in 3Q and 4Q?

Atul Daga: No, nothing specific, Prateek. These are all routine expenses. Our brand ambassador is common, so expenses are also common. And for the next 2 quarters, as I said, we are building the business. Difficult to quantify. And first month is hardly anything.

Prateek Kumar: So it's not as material, so I have to strip out and annualize EBITDA per ton.

Atul Daga: It's not material at all.

Prateek Kumar: Okay. Sure. You talked about price increases in September and October and thereafter further. With these price increases, do you expect to absorb cost implying your EBITDA per ton on a year-on-year basis remain higher on the next 2 quarters as well?

Atul Daga: That's the intention.

Prateek Kumar: Okay. Lastly, on your debt, net debt has increased. You said you have raised some NCD, but your net debt has increased in second quarter versus first. Is it related to dividend payment?

Atul Daga: Multiple things. It was more about capex. Dividend was one slug which had to be paid out on a particular day. We were always in net debt position. March end, we were at 0.94x net debt EBITDA. We are at 1.26x net debt EBITDA at the end of September '26. But by the end of March, I will be below 1x net debt to EBITDA.

Moderator: The next question is from the line of Raashi from Citigroup.

Raashi: Just a few questions. On pricing, what is the quantum increase in both September and October vis-a-vis the second quarter average on a percentage?

Atul Daga: I knew this question was coming, so I'm better prepared. Q2 average, say, about 5% is what we have seen an increase.

Raashi: Spot realization today are 5% higher than 2Q.

Atul Daga: Yes, please.

Raashi: Okay. Then on the cost side, you mentioned in the presentation that the kcal cost of fuel is INR2.1. What does that translate into dollars per ton? And I'm just trying to understand where we are at now.

Atul Daga: Dollars per ton, I think it's lost its relevance because the way rupee exchange have been fluctuating. But if I were to take a shot at it, it should be anywhere between $140 to $150 per ton.

Raashi: Got it. And so the INR2.1 per kcal, where is that today?

Atul Daga: INR2.1 might have gone to INR2.2.

Raashi: Okay. And you're suggesting that 3Q, 4Q should be similar, around INR2.2.

Atul Daga: Yes.

Raashi: But there should be a decent reversal on your fixed costs in the next quarter?

Atul Daga: Yes, please. The operating leverage advantage will kick in.

Raashi: Got it. And you just mentioned that you want to grow faster on the cables and wires than you planned originally. Does that mean the pace of ramp-up? Or does that mean the pace of capital expenditure beyond the INR1,800 crores?

Atul Daga: No, there's no sanction. The Board hasn't approved anything beyond INR1,800 crores at the moment. Ramp-up is what I was referring to because we have still spent and committed is INR1,100 crores, and we have to double the production from where we are today. So it's still in the build mode. And with that capacity of 78,000 tons of copper consumption on an annualized basis, we are already number two in our space.

Let me be very clear, we do not require to invest any further to be a number two in terms of installed capacity. Second point, if you will recall, when we had announced our plans somewhere in January-March quarter '25. We had targeted a revenue of INR10,000 crores. Now if you'll understand this market, it is driven by prices of copper. If prices of copper go up, that INR10,000 crores number has already shot up by itself. It's on an autopilot mode. So, a INR10,000 crores number would be somewhere around INR16,000 crores to INR18,000 crores depending upon the prices of copper. So we are already number two in terms of installed capacity.

Raashi: So, this INR10,000 crores was on what copper price?

Atul Daga: Whatever was prevailing in February '25. I don't remember it off, but I'll give it to you.

Raashi: It's full ramp-up, right?

Atul Daga: Yes.

Raashi: And what kind of utilization are you expecting in the second half of this year and next year?

Atul Daga: It's very difficult because we're still building the business, but we should see matured performance for fiscal '28.

Moderator: The next question is from the line of Ashish Jain from Macquarie.

Ashish Jain: Sir, first, just one clarification. Cable and Wire will be reported in stand-alone financials from next quarter. It's not a subsidiary or something?

Atul Daga: It is a division. So, it's part of my financials.

Ashish Jain: Okay. Okay. Sir, secondly, earlier, you spoke about, current kcal cost for energy is INR2.2. And you think this INR2.2 sustains for whole of second half. Is that what you alluded to?

Atul Daga: Unless $180 becomes $300, very difficult to say.

Ashish Jain: No, no, no, sir. Obviously, I mean to say assuming $180 remains $180. That I'm saying.

Atul Daga: Yes, yes. So if nothing else happens, then yes, INR2.2.

Ashish Jain: Okay. Okay. Sir, then with this 5% price hike, we are fairly comfortable from a sequential margin standpoint. I think there is some other cost element.

Atul Daga: Ashish, we spoke about it already.

Ashish Jain: Okay. Okay. Got it. Sir, just lastly, in terms of our capacity expansion plans, in North, given we are consistently operating at fairly high capacity utilization, is that an area of focus for us from an incremental expansion point of view?

Atul Daga: Yes, please.

Ashish Jain: So will be catered to in the next round of...

Atul Daga: Yes, yes. I've already been hinting at it. We will come with our detailed plans before the end of this financial year.

Moderator: The next question is from the line of Siddharth Mehrotra from Kotak Securities.

Siddharth Mehrotra: Congrats on a good set of volume numbers. Sir, I just wanted to check on our capital allocation plans. Do we plan to sort of increase our payout ratios on a structural basis similar to this year?

Atul Daga: I'll let the Board decide that at the end of the year. I can't take a decision on my own. But the Board has taken a decision to keep reviewing its dividend distribution year-on-year basis the performance of the company.

Siddharth Mehrotra: Understood, sir. Secondly, sir, is there any plan to upsize our capex in the Wires and Cables division, given that we've almost spent 2/3 of the planned capex. So, any sort of update on that, sir?

Atul Daga: I think we've already mentioned in our presentation, we have spent INR1,100 crores to date. INR1,100 crores include commitments made. So, which means that machinery is still coming as part of our INR1,800 crores plan, which will help us ramp up.

Siddharth Mehrotra: Got it. Just one last question, sir. Can you just tell us about this corporate guarantee we've given to UHG Holdings? I understand it's majority owned by Hindalco. So just wanted to check what is the sort of end use of this corporate guarantee?

Atul Daga: So, end use for UHG, essentially that company will be buying aircraft and ships, which will be deployed in our business use. And UltraTech is 41% holding, 9% is held by Grasim, 50% is held by Hindalco. So, that company will be borrowing money for which we have given a corporate guarantee, which helps them get finer interest rates.

Siddharth Mehrotra: Understood. So, this is probably a shared resource between the group companies.

Atul Daga: Yes, please.

Moderator: The next question is from the line of Jashandeep Singh Chadha from Nomura.

Jashandeep S. Chadha: My first question is on demand. So, we have seen weaker monsoon and normally, the rural income or rural consumption, we have seen declines after the weaker monsoon. Plus, there is also household inflation, which is increasing. So, in light of that, how do you see the second half of this financial year and next financial year demand overall, both from trade and non-trade and especially from the rural segment, how will that be impacted?

Atul Daga: Good question, Jashandeep. I think demand is what is the strongest support for the cement industry at the moment and for period ending till March '29 we should see very strong momentum in cement consumption. New opportunities which are surfacing, data centres coming up in a big way, private sector capex, practically, most of the industry is expanding capacities. Semiconductor industry, that's a new animal on the block, which is rising in a big way. Urban housing continues to grow. There have been lesser announcements which people start getting worried about. But right now, a lot of projects are in the finishing mode and next phase of growth of these real estate players will surface. I had talked about a data point, I think, last quarter or earlier, the land buying, which all these real estate players have accumulated in '25 over '24 was almost 1.5x. That is where urban real estate will start playing. Government has started announcing big plans. Around 8 metro extensions have been announced, which will be cementitious. Mumbai is going through a breakneck phase for cement consumption. So, demand, all in all, will remain strong.

As for rural, I think I mentioned in my comments, almost 40% of rural markets are no longer dependent on agri sector. Plus, last 4-year monsoons have been very strong. There can be MGNREGA programs. I don't know about that, but I'm hoping and expecting there will be some new MGNREGA programs which the government might launch, which will result into reasonably improvement in cash flows in the rural hands.

Of course, it goes without saying that there are some really bad situations of drought, typical in South Maharashtra. These are standard pockets, 1 or 2 pockets in India go through a very bad drought condition. North averages will catch up, and we should still see good amount of demand.

Jashandeep S. Chadha: So, sir, I mean, will you be comfortable in sticking to your assumption that you gave last time around, let's say, 7%, 8% for Industry and double digit for UltraTech?

Atul Daga: Jashandeep, if you look at first half, the monsoon quarter gone by, and I imagine the industry will have a first half growth of 8% or thereabout. How much was first half, do you remember guys, how much? First quarter was 6.5%, this quarter could be 9%. So, you're already at 7.5%, 8% for supposedly a weaker period for the cement industry. Cement industry goes through the roof November onwards. So, the industry should do very well.

Jashandeep S. Chadha: Understood. And my second question is also related to this, sir. The industry has been doing very well on the volume front, but the pricing has not been and there are multiple factors I understand why the price has not gone up. Just wanted to understand that over the second half and next year also, is it largely that the demand has been driven by non-trade and industrial and

not, I'll say, housing that much? And do you see that happening next year also? I understand that urban...

Atul Daga: I think if I look at my own ratio, and I would qualify UltraTech as a surrogate for India's growth. Trade ratios are largely housing dependent, we are consistent in our trade ratios. So, whether it is 65.7% or 66% or 65.1%. So, it's between 65% and 67% our trade ratios, which reflects clearly on how the IHB or the retail demand is growing. Yes, the industrial volumes are definitely growing at a significantly larger pace, but housing or retail demand is not losing its share of the growth.

Last year, as in year ended March '26, the industry sales were 463 million tons. Our sales were 145 million tons. Our trade ratios, what they were at that point in time, we will be maintaining those ratios, albeit our volumes growing significantly higher. I think this is the way I would rather explain to you that please be comfortable that retail demand is not going anywhere.

Jashandeep S. Chadha: Understood, sir. And if I can squeeze in a very small question, sir. How are you looking at domestic thermal coal? Is there enough availability? And have the prices gone up? Just last question, then I'll join back.

Atul Daga: Yes. Domestic coal is squeezed because Coal India is first catering to the domestic TPP. So, I think availability is a constraint.

Moderator: The next question is from the line of Rahul Gupta from Morgan Stanley.

Rahul Gupta: Atul sir, one medium-term question. Industry demand looking good. We saw acceleration over the past couple of quarters. And also, at the same time, industry supply is looking to grow relatively slower than what we were expecting maybe earlier this year. So, do you think that pricing power is returning for the industry? Or do you think that cost savings will continue to remain the key driver of margin expansion?

Atul Daga: I think pricing is leading the way. Rahul, I had already mentioned earlier, cement industry with the way the dynamics of the industry are, the spread of the industry that exists across the country, prices rise always with a lag. Whenever there have been these macro events impacting the industry, still cement industry takes its time to first absorb its existing capacity in the market before price increases are taken. Now I think we are sold out. So, we have to take pricing. Till we are able to sell material, there was no need to take price increases. I don't care about what anybody else says. I know what we are doing. So now the prices are leading the way. So, this is a sweet spot to be in, price improvements, volume growth, cost optimization, what else one could ask for.

Rahul Gupta: Got it. That's very, very helpful. My second question is on Ultravolt. So you mentioned that fiscal '28 should be a mature business for the Cable and Wire business. So, what kind of utilization and margins are you expecting when you say that fiscal '28 should be a mature business.

Atul Daga: It's just 25 days. The baby is just born, and you are expecting the baby to run a marathon and asking me in how many hours will I complete the marathon. I think that's a little too much. Give

us some time. My sense is April-June 2027 will be a quarter worth talking about. Right now, let us build the business.

Moderator: The next question is from the line of Ritesh Shah from Investec India.

Ritesh Shah: Sir, first question, do we have any low-price contracts on fuel or polymer, which will help better our cost curve placement versus the industry if we had to look at second half of the fiscal?

Atul Daga: I won't be able to reveal that to you on the call.

Ritesh Shah: Okay, sir, I'll call you separately. Sir, second question, you indicated INR2.1 probably going to INR2.2 per kcal. When we look at the headline numbers, be it pet coke, Indonesian imported coal, PP prices, we are looking at very, very steep inflation. So, when we say that we don't see much of cost curve increase into the second half of the fiscal, how should we appreciate that?

Atul Daga: Read your first question in line with your second question, you will know the answer. You'll be able to appreciate…

Ritesh Shah: Second question also includes…

Atul Daga: Includes what?

Ritesh Shah: I will call you separately, sir. I'll just buy a second question. Any sustainable cost improvement initiatives that we should look at for FY27, '28 besides the renewable energy stuff that we are doing, specifically.

Atul Daga: The steady-state programs, which are in place ongoing, those are the programs. If there's anything new, we are doing a lot, not quantifiable at the moment, but we are doing a lot with AI, which is helping us reduce our operations costs, whether it is manufacturing or logistics. But logistics, I've already called it out as a part of my cost reduction program.

India Cements, my colleague just pointed out, India Cements, where we clocked INR500 per ton in their books will get a lot of cost improvement advantage now to take us to a 4-digit mark because we will be taking major shutdowns for India Cements kilns, for upgradation, for attaching WHRS coolers, increasing the preheater, height, etcetera, which will result into, as promised and committed into the fiscal '28 January-March '28 quarter to be a fabulous quarter for India Cements.

Moderator: The next question is from the line of Pinakin from HSBC.

Pinakin: Sir, I have one question. We had a INR1,400 EBITDA per ton exit March '28 vision or guidance. Do we assume that it would be on hold until we see the peak of cost inflation behind us? Or in the current industry dynamics, even with price increases taking place with the lag, you are still confident of hitting that number of INR1,400?

Atul Daga: Pinakin, I think we had discussed this. Business as usual is what my expectation is to deliver that INR1,400. If the cost pressures come in, they will get covered by price increases. So yes, we will deliver our commitment.

Moderator: Next question is from the line of Sanjeev Kumar Singh from Motilal Oswal Financial Services.

Sanjeev Kumar Singh: My first question is on the South region. You gave a strong commentary about the recovery in this region. However, when I look at the presentation, I see that infrastructure activities have been muted for the last 2 quarters. This is as per the presentation. And I believe that, that is still is a very large part of demand driver. So overall, are you seeing a strong demand from other parts like commercial and rural or you are...

Atul Daga: Our capacities are fully sold out in South. While infra activity might have been slow relatively as compared to the other sectors, but demand continues to be strong. And if you read our analysis, there was a crisis on aggregates in Kerala and Karnataka and there were some movement bans in TN state also. These are temporary phenomena. Now Chennai is going through its next phase of metro construction. Tamil Nadu housing is growing. Auto sector is growing. Data centres are the biggest driver for growth. in the Southern markets.

Sanjeev Kumar Singh: Okay. And secondly, sir, for Ultravolt, we have mentioned that pin code presence is around 500 plus. So, is this the number where our products are available or we have onboarded dealers as of now? And secondly, have we booked any revenue from this segment? Because when I look at export and others revenue, absolute amount has increased to INR3.2 billion from INR1.5 billion in 1Q.

Atul Daga: Yes. So, it's not 500 pin codes. If I remember it right, 15,000 pin codes. And yes, material has to be available at all those pin codes. We have built inventories across our distribution network and waiting to supply. In fact, because production is not ramping up, quite often, we are reaching a stock-out situation. So, we are equipped to cater to all the pin codes that we have reached out to. The 80,000-plus network, which has been built till date, that is what is in a ramp-up mode.

Sanjeev Kumar Singh: Okay. And lastly, can you give the blended cement and premium share in this quarter?

Atul Daga: 37% is my premium cement and blended cement would be 67.3%.

Moderator: Next question is from the line of Gaurav Nagori from Avendus Spark.

Gaurav Nagori: Sir, in continuation to the last participant question, when you said the South is transforming, were you alluding to this because of the volume growth alone or you think the region is now ripe for a much better pricing growth compared to the other regions in India?

Atul Daga: You've asked a question and answered it also yourself, Gaurav. So pricing is strong. Capacity utilization is very strong. We grew between 15% and 20% volume terms on our capacity which is about 50 million tons in South already and growing. Prices are improving. Products are getting optimized, costs are going down. So yes, it's a very happy place to be in.

Gaurav Nagori: Okay. So do you foresee the South profitability for you going at par with the all India average or, let's say, the other profitable regions?

Atul Daga: Yes, please.

Gaurav Nagori: Okay. Second question, sir, on your UBS outlet growth, which has been growing upwards of 20% for quite some time. Is it possible to quantify how much of the cement that you sell from the UBS outlets in terms of volume or value?

Atul Daga: It's a phenomenal number, more than 25% of trade sales is through UBS network.

Gaurav Nagori: And do you foresee this number, let's say, becoming 50-50, let's say, over the next 4, 5 years because it will lead to a good savings from a dealer margin point of view for you?

Atul Daga: Yes. So we have already reached about 6,500 store network. We will not stop before 10,000 stores, which should happen in the next 3 years which is 28-29, we should be reaching about 10,000 stores. And UBS network definitely contributes very well to our sales.

Moderator: The next question is from the line of Pathanjali Srinivasan from Sundaram Mutual Fund.

Pathanjali Srinivasan: Great set of numbers as usual. I have a few questions. So firstly, on cement. So, I think in terms of regions, you've been mentioning that South and East is where you expect things to get better over the next few years. But in terms of time line, how do you see this progressing, sir? Will it be a gradual improvement quarter after quarter or will it be like more of a timed event from our side as to how we want to play things here?

Atul Daga: No. Both in terms of?

Pathanjali Srinivasan: The price increases and profitability increase, will it be a gradual ramp-up across regions?

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

Pathanjali Srinivasan: Okay. So, any time line, sir, when we expect the...

Atul Daga: Always is linked to demand. If we are running on a fully sold out basis, then naturally, it leads to improvement in profitability. I think I'm waiting for the India Cements plants refurbishment or retrofit that we are undertaking now, you will see a big delta improve our profitability after that.

Pathanjali Srinivasan: And I have one more question, sir, on Ultravolt. So, I think you mentioned that your current capacity spends that you're doing will be enough to take up to INR17,000 crores, INR18,000 crores of revenue. And in terms of capital allocation, I think we currently do 13% ROCE last year, whereas the Wires and Cables is about 22% - 23%. So will we be getting towards that in this segment? Or will we try to find somewhere middle ground and try to gain more market share?

Atul Daga: No. The market is growing very well, and it's enough room for us to play. So, market share will come naturally. I think we are already in the first month for whatever insights I have we have gained substantial presence in the marketplace. As I said, again, I'm repeating, please give us some time. This is just 25 days old business for us.

Pathanjali Srinivasan: Definitely, sir. No questions on the time part, just on the strategy part, what we are thinking to do. That is...

Atul Daga: The strategy, I think we will be well capitalized for this business. Today, we have committed INR1,100 crores, which means cash spend is slightly lesser. Machines are still flowing in. So we will first consume over INR1,800 crores of capital, mature this business and then look further.

And we are not playing this business from ROCE averaging point of view. This is a good space to be in. We feel that it synergizes with our business. As you've seen, our dealer community is rapidly getting on to this bandwagon of our Ultravolt activity. We are confident and we are building this business very structurally. And thank you for complimenting our numbers. Nobody did that, which is very sad.

Moderator: Ladies and gentlemen, that was the last question for today. With that, I now hand the conference over to Mr. Atul Daga for closing comments.

Atul Daga: Thank you, everybody, for patiently listening to us and all your questions have been very pertinent and I hope we have been able to answer as many questions as we could. One point which I want to leave with all of you is if you were to look at UltraTech's performance quarter after quarter, compare it with the rest of the industry put together on one side and UltraTech on the other side, we have consistently grown at a pace higher than the industry and delivered profitability higher than rest of the industry. That's the hallmark of UltraTech Cement.

Second point, most importantly, is we are very focused. Cement is our core. I am waiting to announce our next phase of growth, which will take us beyond your imagination, beyond our 240 million tons of capacity, the organic growth plan. Don't let your imagination fly anywhere else. It's organic growth plan that we are talking about. The plan is getting stitched. We do a thorough homework and detailing around our plans before we get down to business of executing it. And when we execute it, it remains within the time lines and within the cost that we commit. India is in a very sweet spot or cement is in a very sweet spot in India today.

The next 2.5 - 3 years till March '29, we should be seeing a very good volume growth for cement. That is the biggest driver. That is the biggest ask that we as cement players are looking for. A good volume growth, good demand in the economy will lead to everything else also falling in line.

With that, I end the call, and thank you so much once again for listening to us. Wishing you all a very Happy Dussehra and a Happy Diwali to you and all your family members. Thank you.

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

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