Ref. No.: Sec/160/2024-25

January 28, 2025

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001 Scrip Code: **543334** Scrip ID: **NUVOCO**	**The National Stock Exchange of India Limited** Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Trading Symbol: **NUVOCO**

Dear Sir/Madam,

Sub: Transcript of Investor and Analyst Conference Call on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and nine months ended December 31, 2024

Further to our letter no. Sec/151/2024-25 dated January 16, 2025, letter no. Sec/156/2024-25 dated January 22, 2025 and letter no. Sec/158/2024-25 dated January 22, 2025 , please find enclosed the transcript of the Investor and Analyst Conference Call held on Wednesday, January 22, 2025 on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and nine months ended December 31, 2024.

The same is also being made available on the Company's website at www.nuvoco.com.

This is for your information and records, please.

Thanking you,

Yours faithfully,
For **Nuvoco Vistas Corporation Limited**

SHRUTA JATIN SANGHAVI
Digitally signed by SHRUTA JATIN SANGHAVI
Date: 2025.01.28 16:36:42 +05'30'

Nuvoco Vistas Corp. Ltd. MUMBAI 70

Shruta Sanghavi
SVP and Company Secretary

Encl: a/a

"Nuvoco Vistas Corporation Limited Q3 FY '25 Earnings Conference Call"

January 22, 2025

MANAGEMENT: **MR. JAYAKUMAR KRISHNASWAMY – MANAGING DIRECTOR, NUVOCO VISTAS CORPORATION LIMITED**
MR. MANEESH AGRAWAL – CHIEF FINANCIAL OFFICER, NUVOCO VISTAS CORPORATION LIMITED
MS. MADHUMITA BASU – CHIEF INVESTOR RELATIONS, NUVOCO VISTAS CORPORATION LIMITED

Moderator: Ladies and Gentlemen, Good Day and Welcome to Q3 FY '25 Earnings Conference Call of Nuvoco Vistas Corporation Limited

We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks that the Company faces. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent development, information or events or otherwise.

As a reminder, all participant lines will be in listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0"on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Madhumita Basu – Chief Investor Relations. Thank you and over to you.

Madhumita Basu: Thank you, Yashashree. Good afternoon, everyone. And thank you for joining our 3rd Quarter of Fiscal 2025 Conference Call.

Let me start by briefly discussing the broader macroeconomic landscape linked to cement demand, followed by a review of our performance and the key events for the quarter.

As you were aware that during first half of the fiscal year, macroeconomic environment remains challenging, and India's growth rate turned out to be much lower than anticipated due to deceleration in industrial growth and CAPEX. However, high frequency indicators available so far suggest that,the slowdown in domestic economic activity bottomed out in Q2 FY '25 and has since recovered gradually, aided by festive demand and pickup in rural activities. A record Kharif harvest and increase Rabi sowing have contributed to a reasonable performance in agriculture and allied activities, leading to an improvement in the rural economies fortunes.

Meanwhile, India continues to be the fastest growing major economy. Although GDP growth has moderated to 6.4% for FY '25, primarily due to lower CAPEX by Center and States in the first half of the fiscal, the real GDP growth for Q1 FY '26 is projected at 6.9% and Q2 FY '26 is projected at 7.3%.

The Union Budget for FY '26 scheduled to be presented in February is expected to prioritize infrastructure development. Economic experts project a 30% increase in the infrastructure allocation, reinforcing the sectors critical role in driving economic growth. All this augurs well for cement demand going forward.

Moving on, let me first spend some time on the key milestone that the Company achieved in the recent period:

Friends, we became a successful resolution applicant for Vadraj Cement Limited, which is undergoing a corporate insolvency resolution process. And accordingly, Letter of Intent has been issued. Filing with NCLT has been done and approval to the Company's resolution plan is expected within eight to nine months. Asset wise, Vadraj Cement has a 3.5 million tonnes per annum clinker unit in Kutch and a 6 million tonnes per annum grinding unit in Surat. Both are equipped with equipments from top quality manufacturers. Production from the facility is targeted to start from Q3 FY '27.

The acquisition offers a valuable buy at sizable growth opportunity being available at a highly competitive cost of approximately $60 per tonne, compared to the recent high acquisition cost in the industry. By acquiring Vadraj Cement, the Company is poised to reach 31 million tonnes per annum cement capacity by Q3 FY '27, with 19 million tonnes per annum in East, and 6 million tonnes per annum each in North and West. Net-net, this investment follows the Company's drive for growth and diversification.

With the strategic acquisition, Nuvoco Vistas is set to expand and consolidate its footprint in the Western region of the country, becoming the third largest player by capacity across the combined geographies of Gujarat and Maharashtra. Additionally, by serving the Western markets from Vadraj Cement, the Company would also release much needed capacity to meet the growing demand of the Northern markets from its Rajasthan plant, thereby strengthening its competitive position across both regions. The acquisition will unlock significant synergies with the Rajasthan plant, enabling seamless operations in existing markets, optimizing logistics, and enhancing overall competitiveness.

To reiterate in line with our future expansion strategy outlined in earlier calls, the Vadraj acquisition meets the timeline of Q3 FY '27, and will be achieved at a significantly lower cost, reinforcing our commitment to strategic growth.

Let's now focus on our quarterly performance, reviewing our progress and discussing our outlook for the future.

In Q3 FY '25, the Company recorded revenue and EBITDA of Rs. 2,409 crores and Rs. 258 crores, respectively. Allow me to take a moment to highlight the key factors that contribute to these headline figures. Firstly, let me touch upon the volume growth of 16% Y-O-Y to 4.7 million tonnes in Q3 FY '25. Following the challenging conditions in H1 FY '25, demand conditions showed improvement in Q3 FY '25. In response, the Company undertook several initiatives to drive strong volume growth during the quarter.

However, cement prices in our key markets plummeted in the month of October and November and remained subdued for the major part of the quarter. Price improvement was observed only towards mid-December. Consequently, our realization was impacted during this period. The positive news is that price improvement has been observed in the market. We remain optimistic that sustained demand recovery will continue to support prices moving forward.

I would now like to give an overview of the quarter's performance, specifically focusing on key cement cost elements:

Power and fuel cost per tonne were reduced by 6% quarter-on-quarter. The Company has reached the lowest blended fuel cost in the last 13 quarters at Rs. 1.45 per million cal. I would like to emphasize that Nuvoco's power and fuel cost continues to be amongst the lowest in the industry.

On the raw material side, Nuvoco continues to be better placed due to its long-term slag supply agreement. Distribution cost per tonne declined by 3% quarter-on-quarter due to efficiency in operations. On cost efficiency program Project Bridge 2.0 is on track, delivering a reduction upwards of Rs. 50 per tonne YTD.

Turning to our balance sheet:

Net debt as of December 31st, 2024 stood at Rs. 4,350 crores, reflecting a year-on-year reduction of Rs. 183 crores. This demonstrates our consistent effort towards effective debt management. On a quarter-on-quarter basis net debt further declined by Rs. 151 crores, mainly driven by release of working capital. The Company stays on course, with its objective to bring net debt below Rs. 4,000 crores to support our future investment.

Cement demand:

The cement industry has witnessed a recovery following a challenging first half of fiscal '25. After grappling with subdued demand, the industry's showing signs of improvement driven by improved market dynamics. Going forward, we believe a key driver to watch out for would be pick up in unspent capital expenditure at both center and state level. As of November 2024, the Center has Rs. 5.97 lakh crore in pending CAPEX, while States have Rs. 5.34 lakh crore CAPEX spending to be executed.

Region wise, in Eastern states, including states of West Bengal, Bihar, Jharkhand, Chhattisgarh and Orissa, pending states' CAPEX on an average is upwards of 65%. This implies significant potential for increased infrastructure activity in the coming months and thereby acting as a catalyst for cement demand. Additionally, rural housing demand is poised for growth, supported by a healthy monsoon. Improved agricultural income and favorable rural economic conditions are expected to drive construction activities, further boosting the industries outlook.

With respect to our Ready-Mix and MBM business, focus on innovation continues. In Ready-Mix business, Concreto UNO Concrete launched in FY '25 is gaining traction across different markets. The MBM business introduced three new products, Tile Adhesive T5, Tile Glitter and Tile Bonder under the brand ZERO M to strengthen the product portfolio. Additionally, tile adhesive, construction chemicals and cover blocks continue to witness improvement in sales.

On the sustainability front:

Our commitment to sustainability is a fundamental part of our operations, reflected in our leadership in low carbon emission. The audited emission rate for FY '24 stands at 457 kg CO2 per tonne of cementitious material, which is amongst the lowest in the industry. We believe our ongoing sustainability efforts will consistently deliver value to all our stakeholders, including the communities we impact.

With this, I conclude my opening remarks. I am joined here by Mr. Jayakumar Krishnaswamy – Managing Director, Nuvoco Vistas; and Mr. Maneesh Agrawal – Chief Financial Officer of the Company. We are here together to answer your questions. Thank you.

Moderator: Ladies and gentlemen, we will now begin the question and answer session. We will now begin the question-and-answer session. We will take our first question from the line of Naveen Rameshwar Sahadev from ICICI Securities. Please go ahead.

Naveen Sahadev: Sir, my first question was with respect to Vadraj Cement. So, if you can just help us understand that you said it's going to take about, I mean, in the initial comments madam did mention that it will take about eight to nine months for the deal to get consummated. So, if you can just help us understand, once the approval is received, what is the bullet payment that will be due to the process or to the banks, consortium of banks in general? And thereafter, how do we plan to spend the balance payment? As I understand, you are mentioning the acquisition at about $60, so roughly give or take it's more close to Rs. 3,000 crores or so. So, if you can just help us understand that part, please. Thank you.

Jayakumar Krishnaswamy: Thank you very much for this question. As you would all know, Vadraj Cement is based in Gujarat. They have a clinker unit in Kutch for 3.5 million tonnes of clinker, and they have a grinding unit in Surat for 6 million tonnes. Both these plants were operational when they were shut five, six years ago, and then on they have been in idle condition. And finally it came through the IBC(Insolvency and Bankruptcy Code) route. And we successfully bid for it, and as mentioned earlier by Madhumita, we have got LoI in the month of January. So, the bid amount was for Rs. 1,800 crores, and the papers have been sent to NCLT now. Subject to the approval of the honorable court, which should take eight to nine months, the payment will happen subsequent to that.

And then on, based on the due diligence and the various assessments we have carried out in the two sites, we have a range of spend from Rs. 900 crores to Rs. 1,200 crores. So, which should be the money needed over a period of 18 to 24 months to make the assets fully operational. However, we target to operationalize one mill initially and then the clinker line, and then the CAPEX would be for a period of 18 to 24 months. So, we are looking at Rs. 1,800 crores of payment post the court approval, and then on another Rs. 900 crores to Rs. 1,200 crores over a period of the next 18 to 24 months. So, that's how it is. By around quarter three this year that's when, subject to approval of the court, that's when the payment will happen.

Naveen Sahadev: Thank you. And sir, my second question then was about, how confident are we of the balance payment, as you said initial payment is Rs. 1,800 crores, which is the bid amount, but Rs. 900 crores to Rs. 1,200 crores. So, just wanted to get a sense that have we got, what do you say, some sort of assurance or guarantee from the initial equipment manufacturers? Because we would appreciate that this plant was not operational for quite some time, of course you would have looked into it, but my only simple question is, if there is a guarantee some sort of with the original equipment supplier that it will not exceed this range of Rs. 900 crores to Rs. 1,200 crores. Thank you so much.

Jayakumar Krishnaswamy: Obviously, when we bid for it, so we have done our homework and that's how we kind of participated in this entire bidding process. So, we have fairly elaborate and detailed assessment of both the sites. So, we have personally visited the site along with the OEMs. As you would know the lines are all best European machines. You have an FLS line and Loesche mill, and rest of all the stuff is as per the best OEM, almost all cement companies have this kind of technology. Just that these assets have been idle for many years so they kind of have the wear and tear and not have been operating. So, that's the X Factor net. But other than that, in terms of assurances from the OEMs and the technical assessment guys, we were pretty confident of our ability to restart the plant in the timeline which we had in mind, and hence we participated in the bid. And that's how we offered and bid at this level of Rs. 1,800 crores to acquire the asset.

Naveen Sahadev: Appreciate. And just one last question, if I may slip in, please. Does this amount, this Rs. 900 crores to Rs. 1,200 crores also include the captive power plant cost as well? Because I believe 50 megawatt of power plant is there, but currently it is not under the JSW Group. So, does this cost factor in that cost as well? And are we planning to put in a waste heat recovery? Thank you, that’s it from my side. Thanks.

Jayakumar Krishnaswamy: Yes, the CPP cost at Kutch is not part of the deal, so we are currently working on to work out what are the modalities of it. So, it's not part of this Rs. 1,800 crores, plus Rs. 900 crores to Rs. 1,200 crores. It will be above this, the CPP will cost us more than this.

Naveen Sahadev: And waste heat recovery is something that we will contemplate at the later stage?

Jayakumar Krishnaswamy: I am sorry.

Naveen Sahadev: I am saying, sir, are we planning to incorporate a waste heat recovery plant as well given the kiln size? Or not required since the grinding unit is too far?

Jayakumar Krishnaswamy: We will do, but it will be on Phase-2 and not the day we start the line. However, the Rs. 1,200 crores does include the cost of WHRS.

Naveen Sahadev: Great. That's what I wanted to confirm. Thank you so much, sir.

Moderator: Thank you. Next question is from the line of Jashandeep from Nomura. Please go ahead.

Jashandeep Chadha: Sir, my first question is on volume. I mean, you have a reported strong volume growth. Just wanted to understand from the East market side, so how has the market performed this quarter? And how are you looking at the fourth quarter and FY '25 in terms of volume? And adding to that also, sir, how is the volume mix between East and North? And have you seen more of non-trade this quarter? Just want some clarity on that, sir.

Jayakumar Krishnaswamy: Yes. As Madhumita mentioned, after Q2 and with the ending of monsoon as well as festive season, demand did pick up in both the markets of East and North, and we did fairly well double-digit growth in both the markets in both the North and East. And we certainly grew ahead of market in both the places. Our trade volume certainly picked up. And one of the reasons is also the base effect. But in general, we were able to get our volumes in Orissa, Chhattisgarh, Rajasthan, Western MP, these were the markets where we did quite well. We had a broad based growth both in trade and non-trade, and certainly we maintained our value strategy, our premium product percentage continued to be at 39%. And that's the focus. Always I have mentioned in the call that we will never run behind volume compromising on value. We did get our premium product number of 39% as well as the volume in both the market.

And as Mita mentioned, the only wet blanket in this quarter was prices kind of went to probably three years low in East as well as North, and that had a significant impact in the realization bit. But the positive note I always look at is around middle of December, I think we took price rises in both the markets as well as East and North, and certainly things looked up for us end of quarter. Since the question on this will come later, I just want to inform you as well that the December end realization was 6% of the quarter realization. So, we ended the quarter very strong. And as we enter January with this backdrop of volume growth, with the backdrop of focus on premiumization and also overall improvement in realization, I think we are on a very strong wicket as we enter quarter four.

Madhumita Basu: An additional data point, Jashandeep, to answer your question, our trade percentage share remained at 71% for Q2 and Q3.

Jashandeep Chadha: Thank you for that, ma'am. And just touching upon realization before I ask my second question, sir, our blended realization seems to have dropped around 5% quarter-on-quarter, which is slightly more than what we saw during our channel checks. Just wanted to understand is there a drop in RMC realizations also? Or if you can just give me how much your cement realizations have declined quarter-on-quarter that would be great.

Jayakumar Krishnaswamy: Cement realizations dropped Q-on-Q by 3.6%. But as I mentioned, we ended the quarter with December exit realization of 6% over the quarter average. So, I guess the reported number in quarter and end December is 6%, so we have kind of overcome the realization drop of 3.6%, on top of it we have grown. So, I think we entered January on a strong wicket with good momentum behind us in terms of volume, focus on trade premium. So, that's where we look. Q4, we are very well placed.

Jashandeep Chadha: And just last question on this, I mean, in about six months we might be seeing Rs. 1,800 crores cash outflow, then another Rs. 1,200 crores cash outflow. So, how do we see net debt, how should the market look at your net debt? How will their trajectory grow? Are you looking to take more borrowings, are they expected to increase? I mean, if you can just give clarity on how your net debt will be, let's say, by the end of FY '26, just trajectory wise, that that would be great, sir.

Jayakumar Krishnaswamy: Yes, I will answer it in little bit of detailed one so that I think almost all aspects get covered. In all of our calls in the last few years we have maintained that we would be comfortable having a debt level of Rs. 3,500 crores to Rs. 4,000 crores. And around that time is when we will kick start the next growth plans for the Company. And even in the last investor's call I had answered a question from one of the analysts where I had mentioned that we will start of the next expansion with the Company either in Q1 or Q2 of FY '26. So, that's the position we had three months ago, six months ago.

And one of the principal endeavors of the Company was to pare down the debt from the IPO times till now. And very happy to report that from December '21, as is mentioned in the investors deck, you would have seen in the presentation, our December '21 debt level of the Company was Rs. 5,495 crores, and comparable December '22, December '23, December '24, this number has moved from Rs. 5,495 crores to Rs. 5,165 crores to Rs. 4,533 crores to Rs. 4,350 crores. Every comparable quarter ending we have been paring the debt all the time. And the trajectory certainly gives us confidence that by the time we finish this year, we would be Rs. 4,000 crores and thereabouts will be the debt level, and that's our committed number to make the next investment.

That is the backdrop of either through Vadraj or through own growth in brownfield expansion. We never envisaged Vadraj three months ago, six months ago. But certainly we were very clear that Nuvoco will start this expansion plan the moment we hit our internal target of Rs. 3,500 to Rs. 4,000 crores of debt level. And in between Vadraj happened, and then we did a cost benefit analysis of the value by Vadraj as well as our own investment. We found the Vadraj being very economically attractive for us, and hence we went for it and then successfully bid for it.

And the benefits of Vadraj, Madhumita are very well explained, that it gives us a growth opportunity in North where we can release capacity and go participate in North more aggressively going forward. Plus, it gives an opportunity for us to go in the West. 6 million tonnes in North, 6 million tonnes in West, 19 million tonnes in East, overall, 31 million tonnes, consolidated we will continue to be the fifth largest player.

The question you asked about, how do we kind of fund this deal. So, here we are currently in the process of working out the modalities. Suffice to say, we are mindful of the debt levels in our balance sheet and I just want to assure the investors that as we do the financing for this deal, which will takes minimum six to eight months, since NCLT is itself going to take that much amount of time, we are mindful of the debt and will ensure that all the covenant conditions of NVCL are always met.

Moderator: Thank you. Next question is from the line of Satyadeep Jain from Ambit Capital. Please go ahead.

Satyadeep Jain: I had a few questions on Vadraj, and then one on the quarter. So, on Vadraj I just wanted to understand some capital allocation perspective. The Company has Rs. 4,000-odd crores of net debt. Sitting outside, we would imagine that between brownfield expansion in North and this, given the situation, given the debt on the balance sheet, the less risky option would be brownfield expansion in the area you already know, the asset you already know. This one is an asset which is unknown in a way to you, the entire sea logistics, operating jetty, a very different model, going into an unknown territory to some extent. So, just wanted to understand from capital allocation when you are looking at this investment and you are evaluating at this stage, why now? And just not the acquisition itself, at the stage where you are, why did this make more sense versus brownfield expansion? That is the first question.

Jayakumar Krishnaswamy: Let me just take that question, Satyadeep. First of all, I guess, we have been in the industry for many years and certainly we have the requisite knowledge to start a plant, put up a plant, expand a plant anywhere in the country. So, I guess, we have got a good set of people, good teams, so that the confidence arises from the fact that we have a wonderful bunch of people who will be able to do it. But having said this, certainly as you mentioned that there is always this jetty element which we do not have experience, plus also it is going into a new territory.

Let me address the first question of new territory. Already we sell close to 1 million tonnes in Gujarat. So, expanding from 1 million to 2 million and above in a span of a year and half will certainly happen. But this capacity of 6 million is not going to be consumed in one or two years, it will take probably three to four years for us to consume this capacity. And as we ramp up the capacity from this asset, the Chittor and the Nimbol facility which we currently use to feed Gujarat will get reused in Rajasthan, Haryana and beyond, and also with the Bhiwani grinding unit we are very nicely placed to go up North to grow in that side of the country.

Coming to the jetty bit, yes, I acknowledge the fact that we currently do not have experience in jetty operations, but we are mindful of the fact. We will bring onboard the experts who know how to operate a jetty and manage a jetty. And they will come on board pretty early in the journey, so that by the time we start this expansion work, we would have a wonderful team of expert jetty operators who will be onboard, and that's how we plan to address this issue.

Satyadeep Jain: Wanted to ask a follow-up on this jetty situation. If I look at, the only two players I can think of, and maybe you can correct me if I am wrong, is UltraTech when they acquired the Sewagram, they were already operating in that area; and then largely Ambuja. But barring that, I am not too sure of too many players being successful. Many players have tried this entire coastal movement and nobody I can think of has been successful. Maybe I just want to understand, when you evaluated different case studies and how they played out, what do you think went wrong for some of the players and where do you think you can replicate what UltraTech and Ambuja have been able to do and maybe others have not been able to do? Why do you think what gives you confidence that you can do what these two players have done?

Jayakumar Krishnaswamy: Okay. Quick one, Satyadeep. Obviously, we have done our internal homework. Obviously, we have not ticked all the boxes when we have gone. Suffice it to say that with the knowledge which we have and the expertise we acquire in the organization, we would be able to address the issue. That is the first point I want to make. And in terms of the people who have been successful in that region, obviously, the place where we operate there are a couple of other neighbors.

In fact, the topography of the place is in such a way that the ocean depth and the estuary mouth and all are going to be shared between us and the other two players. But then we have come to this Porbandar, then you come to Gir area, Namreli area, and you go to Saurashtra area, then you got three, four more cement companies who have got clinker as well as cement movement. People have tried, some of them have been successful, some of them have not been successful.

We are running a Company and we are pretty optimistic that we will be able to learn and operate. We have got time. It is not like tomorrow morning I need to operate the jetty. Starting now, NCLT takes few months from now, six to eight months, and then another 12-odd months for the plant to come. We have got time from now till the end of next year, so that's where we plan to build capability in the organization to try it out, bring in reputed people to make this work.

In terms of lessons learnt, too early for me in this call to tell you what are all the potential lessons. But I promise you that in a quarter from now, two quarters from now, once we gain knowledge, I would be able to share with you our plans. And then at that time I would be much more competent to answer your queries.

Satyadeep Jain: Thank you. Just one clarification on this, is it a fair-weather port or an all-weather port?

Jayakumar Krishnaswamy: No, it is a fair-weather port, certainly in the pre-monsoon months of May, June, and July. So, normal recommendation is it cannot move. So, it's factored in our plan. So, we would either, there is adequate space in the Surat facility to store. We have done some calculations, technically we need to store about 2 lakh tonnes of clinker, and we plan to have capacity to store that kind of clinker to manage the pre-monsoon area. Otherwise, I guess, we will take an external space, some handling cost will increase for those three months, but certainly that is factored in the overall plans for the Company.

Satyadeep Jain: Just one quick question, last question if I can squeeze on this quarter. Historically, we understood the Company was avoiding certain markets where pricing was lower, maybe Chhattisgarh, and if I am not mistaken, maybe Orissa or West Bengal, I do not recall. And the idea was quality over quantity. And this quarter it seems to be, do we assume that maybe some markets where Nuvoco had historically vacated, is entering? There's also been a change in sales team recently. So, just wanted to understand is there a change in strategy there of chasing quantity volume over pricing? Looking at the numbers, it looks like it. Just wanted to check if that is a wrong assumption.

Jayakumar Krishnaswamy: No, I guess, it's a fair question for you because you are observing a 16% volume growth and I guess you will have this in mind, did we change our strategy. I just want to assure you that we were always committed to premium products. We pride on our ability to sell premium products in the country. I think that's the DNA of the Company and I do not think we will move away from the basic DNA of the organization, even in this quarter we have not moved. That is why with this 16% volume growth as well, our premium product continues to be 39%. So, obviously we grew more in premium products also in absolute volume terms. So, there, there is no compromise.

But certainly, in the previous calls you would have heard that in Bengal and Jharkhand markets I think the demand was pretty tepid in the past quarters. I think that opened up a bit and we sold more in Bengal, we did sell more in Jharkhand. Chhattisgarh, I guess it's a home market for us. So, I would not say there's a strategy shift for us in Chhattisgarh, but I think one of the priority areas I have kept for my Company is, we have three factories with IU facilities, and we are equal to any of our competitors in that market. Certainly, we would like to play aggressive, not as in dropping price, but using the proper resources because the contribution margins are highest in that market.

We ran a program called Vijay Chhattisgarh in Chhattisgarh. There's an internal program which we deployed, looked into markets which hitherto we did not participate, and hence we participated. Even in Chhattisgarh, our microfiber is a premium product. Even microfiber target for actual achievement for the quarter was well into double digits. So, I think there again we made good inroads. So, in Chhattisgarh, we participated with micro fiber. In Bihar, we participated with launching Concerto UNO in Bihar, Bengal and Jharkhand. So, you will see us coming up with top end products which will be higher than the highest priced product in the market to maintain our premium position.

Moderator: Thank you. Next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Most of bigger questions have been answered, a couple of data points. Lead distance for 3rd Quarter, road rail mix, and if possible, fuel mix if you can share.

Jayakumar Krishnaswamy: We will be able to give you. Quarter three FY '25, our lead distance is 327 kilometers vis-à-vis Q2 number of 330, a 3 kilometers reduction in lead distance. Our road share increased from 60% to 64%, I mentioned that we focus more on Chhattisgarh, so road percentage did increase, rail share reduced from 40% to 36%. That's how. So, it is 64% road share, 36% rail share, 327 kilometers lead distance.

In terms of fuel mix, as mentioned in earlier part of the call, our rupees per million cal for Q3 stood at 1.45, lowest in the last13 quarters. And out of which linkage coal 1.32, non-linkage coal 1.3, imported coal a little bit we used too, petcoke at 1.66, AFR was at 1.04. Percentage wise, if you want to know, our coal was 42%, pet coke 48%, and AFR 10%.

Shravan Shah: Sorry, AFR was sir how much?

Jayakumar Krishnaswamy: 10%. Q2 was 8%, Q3 10%, but still lower than Q3 of last year. But we were improving, in Q4 you will see much more AFR in Q4.

Shravan Shah: And in terms of, sir, from here on the project bridge, last time we were saying that we are looking at 75-odd kind of a cost reduction in second half of this year FY '25. So, now how much one can look at in this Q4, how much more is left? And going forward, in FY '26-'27, how one can look at in terms of the cost reduction?

Jayakumar Krishnaswamy: In terms of actual rupees which we will clock in Q4, I can give. At nine months we are at Rs. 54, I guess with the increase in volumes expected in Q4 and all the programs coming to fruition, this number can certainly go up another Rs. 15, Rs. 20. So, that's the number we will have in Q4. Our Q4 number could be about Rs. 75, full year number will be a little bit lower than that because nine months is at Rs. 54. But the projects which we will certainly continue to do next year, the grid integration, power sale, as well as increase in AFR are key program.

Sonadih railway siding is completed, so we used to do about 3 rakes per day movement of clicker. Recently we have moved from three to four rakes, and our target is to move five rakes, which would mean that no more of road movement of clinker from Sonadih, everything will be by rake movement. Jajpur siding is an advanced stage of completion, so I think the last 100 meters of track needs to be laid, so it should be ready in the next six to eight weeks. Come Q1 FY '26, Jajpur should be on. And the last movement of clinker by moving from the siding which is close to Jajpur into the plant sidings will happen. And also, cement movement from Jajpur into South Bengal will also happen through rake. So, those savings will happen from Q1 next year.

Shravan Shah: And then in terms of the CAPEX, in nine months how much we have done and what is left in the fourth quarter?

Jayakumar Krishnaswamy: YTD CAPEX this year has been Rs. 299 crores, and I guess in Q4 we are looking at this Jajpur and a little bit of sustaining CAPEX which should be close to the tune of another Rs. 50 crores to Rs. 60 crores.

Shravan Shah: So, broadly, if I look at Vadraj, Rs. 3,000-odd crores to be spent in '26 and '27, and plus I think Rs. 300-odd crores kind of a maintenance every year, so Rs. 600-odd crores. So, Rs. 3,600 crores kind of a CAPEX one can look at in FY '26 and '27. Is it a fair assumption to look at? And also, if possible, can you share what kind of a volume in the Q3 FY '27 or Q4 FY '27 from Vadraj?

Jayakumar Krishnaswamy: That will be very difficult, Shravan, to answer in this call. But I am looking at a ramp up. I will just give you a number which we are working on. Q3 FY '27 is when we are going to be ready with the plant. So, I will get one quarter of FY '27 and then '28 and '29. I am looking at a very optimistic 1 million coming out of Vadraj in FY '27, and then it goes to 2 million in '28, and 3 to 4 million in '29. But however, the sale of the Company will increase because the capacity which gets released from Chittor will be sold in North of India.

Moderator: Thank you. Next question is from the line of Naveen Sahadev from ICICI Securities. Please go ahead.

Naveen Sahadev: In the previous question, sir, you did mention about plans for our volume ramp up, which is 1 million tonne, 2 million tonne and 3 million tonne in FY '28, '29 and '30. Is that what you just mentioned correct?

Jayakumar Krishnaswamy: 1 million '27, '28 2 million, and then '29 3 to 4 million will come out of it. But then that's far ahead looking currently right now. But if you look at our Company, I am really looking with the kind of volumes we did last year at 18.7 million and then with the kind of Q3 numbers and overall forecasting for this year, if I hit a indicative number and give plus/minus 0.1, 0.2 you should always keep, I am looking at a 10% growth year-on-year. From next year we should have all the way to 21 million tonnes, 23 million tonnes, 25 million tonnes, 27 million tonnes. That's the kind of 2 million increase in sales which is the target I am keeping for ourselves going forward for the next three to four years.

Naveen Sahadev: Correct. But just from our capacity utilization point of view, I am talking about specifically Vadraj here. So, if the clinker is 3.5 million tonnes, it is only a fair-weather port, which means one quarter the operations could be impacted. The reason is both Gujarat and Maharashtra are non-trade dominated. So, if I, let's say, broadly assume a 50:50 mix between OPC and PPC in that market for a 75% clinker utilization, max what we can extract from this 6 million tonnes capacity is about 3.5 million tonnes at its peak.

Jayakumar Krishnaswamy: That's the way you are looking at the calculation. I will tell you the way I am looking at the calculation, we are looking at the calculation. First of all, if it's a fair-weather port, certainly I think we will stock clinker. That's how all industries work, even in the East, call for a shut down and rest of the moment. I always keep clinkers stock in Q2 and Q3, so that when Q4 comes, cement industry is also somewhat seasonal, and then certainly I think every player in the cement industry has the ability to stock and use clinker, we will also stock and use clinker.

So, certainly before the onset of this fair-weather period, we will plan in such a way that the non-movement of clinker during those months will not impact our cement production. That's the first thing. There will be some impact, I cannot say everything is going to be hunky dory in real life. There will always be some gap. So, that's the first thing, clinker will not kind of be a spoil sport for me.

The second thing that comes is, you mentioned about 50:50 OPC and PPC market. I am looking at Gujarat market at 40% PPC and 60% OPC. In fact, consider then you have taken 50:50, my personal model looks at 60:40. And trade to non-trade ratio is also about 65:35, 40:60 is what I have taken. With all these numbers, the kind of volume that will come out of 3.5 million tonnes, CK ratio of close to about 1.4, 1.5 will take the overall capacity to close to 5 to 5.2 million tonnes.

But one thing we are very clear is, at this point of time it's 3.5 million tonnes. But our clinker line in Risda factory, when we acquired Emami factory came with 10,000 TPD. Today, the line has been debottlenecked to take to 12,000 TPD. So, I think we are not looking at 12,000 TPD in Vadraj on day one. But I think as we grow the market and we understand the market and ramp up volumes, at some stage in FY '27 and '28, and the debottlenecking which you have done at Risda is not like making huge CAPEX, it was about Rs. 100-odd crores kind of a CAPEX where we kind of changed the coolers and the blowers and the RPM of the kiln. And then in what you call the air circuits and the back filters, that's how we kind of debottlenecked. We will debottleneck this line, it is a copy of Risda kiln. So, we have got good experience with Risda kiln, same improvement we will do, take the capacity from 10,000 TPD to 12,000 TPD at some stage in the future.

Madhumita Basu: Naveen, we will be happy to engage with you on more details on the mix. Just would like to add, our model also factors in the trade market a product like PCC, because there is access to slag cement in that market. And one of the lead players has already introduced this product. We also see in a period of four to five years there will be substantial demand from sustainability point of view on the entire industry. Because as you know, in the Eastern region there is not any predominant cost for staying with OPC in infrastructure. So, changes are there, some of these are factored in. And as I mentioned, you may reach out to the investor cell at any time for greater clarification on these numbers.

Naveen Sahadev: Thank you so. I really appreciate the clarity of the operations that you have in mind so early in the scheme of things, so congratulations on that. My last question is it safe to assume CAPEX of roughly Rs. 2,000-odd crores each in FY '26 and '27? Thank you.

Jayakumar Krishnaswamy: FY '26 and '27 CAPEX, it cannot be Rs. 2,000 crores per annum, not possible.

Madhumita Basu: CAPEX is Rs. 3,600 crores for both years, about 1,800 would be …

Jayakumar Krishnaswamy: Yes, I would spend Rs. 1,200 crores to get the Vadraj rights, Rs. 1,800 crores to buy out is not CAPEX, it is financing of the debt, so that cannot be considered CAPEX. The CAPEX will be about Rs. 1,200 crores here. And as I mentioned in the previous call, there was a question about how we will expand our Brownfield expansion was a question to me last time, and I had mentioned that there would not be any major growth CAPEXs in any of our plants in East. It will be the sustaining maintenance CAPEX which should be to the tune of about, in fact one of the analysts had asked what should be the typical routine CAPEX for the Company? I had mentioned, Rs. 300-odd crores will be the kind of routine CAPEX for the Company.

And hence, with this kind of CAPEX to run the operation and also do Rs. 1,500-odd crores or Rs. 1,700-odd crores to set up the brownfield we would be able to fund the CAPEX with the internal cash flows and the profitability improvement in the next two years. That's how I had answered a question. The same thing holds good, just that the location is changed, the level of spend is slightly more, brownfield expansion was much expensive than this expansion. Funding of this deal we are working, as I mentioned before. So, I think that's the view we have, over a period of two, two and a half years, internal accruals, proper cash flows, improvement in profitability should be able to help us fund these CAPEX programs.

Moderator: Thank you. Next question is from the line of Prateek Kumar from Jefferies. Please go ahead.

Prateek Kumar: My first question is on your cost, so despite like 4% decline in pricing, unit EBITDA has actually slightly expanded quarter-on-quarter, largely implying a very sharp reduction in cost trends for this quarter versus Q2. Maybe some of it is operating leverage, but there is a nearly like 200, 250 plus reduction in the variable cost of the Company. I am including RM, power and fuel and freight there. So, is this largely due to the cost saving initiative which you said like a much lower number? But is there any one-off there? And do you expect this number to like sort of continue, because in past quarter we have not seen such kind of declines on a quarter-to-quarter basis for the Company.

Jayakumar Krishnaswamy: The principal components of cost reduction are of three fold, one is reduction in power cost. The number of power cost is lowest in 13 quarters of 1.45, that contributed to the reduction in the energy cost for the Company. The second one was a reduction in logistics cost by close to about Rs. 50, which comprised of lead distance reduction by 3 kilometers, handling cost reduction by about Rs. 20-odd, and also maximum utilization of the Sonadih siding. That was the second variable. The third variable cost reduction was coming from raw material cost reduction, which contributed about Rs. 50-odd. So, all this certainly contributed to overall variable cost reduction for the Company.

But as you asked a pertinent point, the price drop which happened, or the realization reduction simply chewed away all the cost savings which we did. But the positive thing for me is, as we ended December, the realization got reinstated by 6% over quarter average. So, what I lost in the first two and a half months of quarter, I reinstated by end of December

Madhumita Basu: Prateek, trust we have responded to your query.

Prateek Kumar: Right. Yes, so you were saying that like this quarterly savings and cost are like sort of sustainable, and next quarter particularly there will be further benefit of operating leverage. I mean, obviously you have talked about a 6% price increase which is like through January, so like not looking at forecast, but like a Rs. 300, Rs. 400 swing in EBITDA per tonne in fourth quarter are you looking at?

Jayakumar Krishnaswamy: I guess I cannot comment on your numbers, but certainly I am looking at certainly restatement of realisation at the end of December and in January.

Prateek Kumar: My other question is on Vadraj acquisition. So, do you want to see, because we have seen, like, some recent events related to that, but do you also see any chances of this deal while we have sort of won this acquisition, any reversal on the whole process and deal not going through?

Jayakumar Krishnaswamy: Possible, because recent issues which happened in others, I guess there are various reasons. Technically, I guess, if somebody wants to put a spanner on reverse, it is possible. But I do not think in terms of the reasons which hampered others' issue may not be the reason which will come for us, because our due diligence was pretty exhaustive and the kind of considerations we made were clear. But certainly, I think I cannot rule out any hiccup which may come on the way.

Prateek Kumar: Sir I am asking cause for modeling purpose, so we should like sort of look to get more confirmation closer to even prior maybe Q2 FY '26, and then probably want to model it? Or like how do we think about the same as, kind of confirm call?

Jayakumar Krishnaswamy: I will not be able to, because the NCLT process we have filed only two days ago, I guess typically it should take optimistically six months, in the worst-case scenario maybe eight, nine months. That's the kind of window we are working on. But I think, certainly I think in terms of the modeling and in terms of overall the Company's outlook for the next four to five years, I would certainly suggest you to consider the projections which we have factored. But there is always a factor which I do not think we cannot control, but that can happen. I do not think I can comment on that. But certainly, the other way I would look at is, in any unlikely event of anything happening, our story of expanding through brownfield still holds good, and there we are committed to doing the business in North/West.

Prateek Kumar: Yes, that's true. But in other case also that was the case, but there was like a lot of, I would say, rather, time based which happened in this whole process of acquisition. So, that was the only point I was talking about.

Jayakumar Krishnaswamy: No, fair. I think you are fairly pretty, I think, right in asking this question. But I think having made all the assumptions that went behind this acquisition and having fructified the deal right now, I think I would not be in a position to say that whether we will lose out or not, but there is always a business risk that is associated with stuff. So, what you are mentioning can be a risk, which as a Company which we have gone for it, I will not be able to say that it will happen, it will not happen. But we are confident of overcoming the point, but you can consider this if you want to.

Moderator: Thank you. Next question is from the line of Kunal Shah from DAM Capital. Please go ahead.

Kunal Shah: Sir, just a couple of questions. One, I think you briefly mentioned upon this, but is there any discussion with Arcellor in Surat for slag procurement? And could you sort of launch either composite cement or GGBS in Gujarat to sort of create some bit of differentiation?

Jayakumar Krishnaswamy: There's no any conversation with anybody at this point of time, just that the history of this asset when it was set up, whenever it was set up, factored that they would have some tie up with the Company, which you mentioned, for slag. And the fact that they are close by and then they generate slag, there's always a possibility. And Nuvoco being a strong player in East with making blended cement has the ability to use slag, this opportunity will always be there. But at this point of time, there's no conversation going on with anybody. But as Mita mentioned, another player has already launched a composite cement in this market. So, as we kind of navigate the next few months, we will observe this particular trend very, very closely. And we will plan our strategy based on this and formulate our plans based on how the market is picking up this blended cement and if there's an opportunity to procure slag from people who generate this slag.

Kunal Shah: And the other bit is, you mentioned in your opening remarks there is a very big shortfall on the government CAPEX, especially until November. But just wanted to understand, how is December and January sort of spanning out on the ground, are we seeing sort of a robust pickup or it still remains sort of moderate? Thanks.

Jayakumar Krishnaswamy: I think sitting at the beginning of the quarter for me to tell how the market demand, I think it will not be appropriate. But certainly, I can vouch for price sticking to the market because that's published, that's a number which all of us pick up during trade checks. But I am pretty optimistic that Q4 overall demand should improve for industry, and certainly for our Company.

Moderator: Thank you. Ladies and gentlemen, we will take that as last question for today. I now like to hand the conference over to Ms. Madhumita Basu for closing comments. Over to you, ma'am.

Madhumita Basu: Thanks again, Yashashree. To wrap up, I would like to mention a few points. We believe that the cement sector is witnessing a promising demand recovery. A huge unspent capital expenditure from center and state, and an expected revival in rural housing demand, aided by favorable monsoon, provides a catalyst for the cement demand. The price increase observed in the recent period continues to sustain, reflecting a positive trend, while sustained demand improvement should support prices further going ahead.

We are confident in our strategy and ability to execute our growth plans with respect to Vadraj Cement, which will enable us to consolidate our footprint in the Western region. We are excited about our prospects for the future.

Meanwhile, our strategic priorities will continue to focus on premiumization, geo mix optimization, enhancing fuel mix efficiency, strengthening our brand, and maintaining focus on cost excellence.

Prateek, I would just like to add that while we are cognizant of business risk, we repeat we are confident in our approach, strategy and actions we have taken on the Vadraj front. Our Investor Relations team will remain available for any clarification required. Thank you for being with us today.

Moderator: Thank you members of the management team. On behalf of Nuvoco Vistas Corporation Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.