Operator: Ladies and gentlemen, good day and welcome to the Shree Cement Ltd. Q2 FY27 earnings conference call, hosted by ICICI Securities Limited. 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 the operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Amit Gupta from ICICI Securities Limited. Thank you, and over to you, Mr. Gupta.

Management: [pause] Mr. Gupta, kindly unmute your line, please.

Navin – ICICI Securities: Can you hear me?

Operator: Yes, sir, we can hear you.

Navin – ICICI Securities: This is Navin here. Good evening, everyone. On behalf of ICICI Securities, I welcome you all to the Q2 FY27 earnings call of Shree Cement Ltd. On the call from the management, we have with us Mr. Neeraj Akhoury, Managing Director; Mr. Subhash Jajoo, CFO; Mr. Khandelwal, Company Secretary; and also Mr. Jain, Joint President, Finance. Without any further ado, I hand over the call to the management for their opening comments. Over to you, sir.

Neeraj Akhoury – MD: Thank you, Navin. Good afternoon, ladies and gentlemen, and welcome to the Shree Cement Ltd. earnings call for the quarter ended September 30, 2026.

Before we begin, I want all of us to remember Mr. Ashok Bhandari, our special advisor. He passed away suddenly two days after our Q1 results call. Many of you know him from these calls. He earned the trust of the investor community during his tenure. The market cap of Shree Cement grew significantly. At work, I will still remember him as a person who was firm and direct. With people, he was warm and caring. His passing is a real loss for Shree Cement and for everyone who worked with him. We will miss him. We miss him every time. Our condolences are with his family. May his soul rest in peace.

Going into our quarterly performance, the second quarter is usually a softer quarter for the cement industry. This year, it was also affected by the festivities in East India and by a weak monsoon in most regions. The weakness was across the board. Against this backdrop, our focus on volumes continued to deliver results. India sales volumes increased by approximately 18% year-on-year, from 7.91 million tons to 9.31 million tons. Realizations improved marginally by 1%, from Rs.4,840 per ton to Rs.4,870 per ton. Consolidated EBITDA rose by about 4%, from 974 crores to 1,016 crores. However, consolidated EBITDA per ton declined to Rs.966 from Rs.1,055 a year ago, primarily due to a higher fuel cost. Consolidated sales volumes also grew by about 14%, from 9.23 million tons to 10.52 million tons. This improvement in volumes was also supported by better capacity utilization in our India operations, which increased to 56%, compared to 52% in the corresponding quarter last year.

On a sequential basis, against the first quarter, the numbers are lower, which is what the season usually brings. India volume fell 11%, from 10.49 million tons to 9.31 million tons. Realization was 1% lower at Rs.4,870, against Rs.4,919. Consolidated EBITDA declined from Rs.1,272 crores to 1,016

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crores, while EBITDA per ton moved to Rs.966 from Rs.1,111. Consolidated sales volumes were down by 8%, from 11.45 million tons to 10.52 million tons.

Our capacity expansion program continues to progress. In September 2026, Union Cement Company, our step-down subsidiary in the United Arab Emirates, commissioned a new cement mill with an annual capacity of 3 million tons, which takes its total cement production capacity to 7 million tons per annum. In India, work is progressing on our greenfield integrated plant in Meghalaya, which is expected to be commissioned in the quarter ending March 31, 2028. We continue to evaluate and pursue our long-term growth objectives.

A few words on the ready-mix concrete business. Our ready-mix concrete business continues to grow, and it continued to grow in the last quarter as well. The commercial network is now 28 plants, and with captive units, the total is 35 plants. The plants which have been running longer did quite well, and the new ones are ramping up. Volume rose 153% year-on-year to 2.73 lakh cubic meters. Revenue rose 182% to 129 crores. The business stayed EBITDA positive, and as each plant fills up, its fixed cost is spread over more cubic meters, and that shows in the numbers. We have said for some years that ready-mix is where cement in India is heading. This quarter is a small step in that direction.

As you all know, sustainability remains an integral part of our operating strategy. In Q2 FY27, green electricity accounted for 65.2% of total electricity consumption, including our wholly owned subsidiaries in India. I believe these are among the highest levels in the Indian cement industry, if not in the global cement industry. Our green power generation capacity currently stands at 667 megawatts, including our wholly owned subsidiary in India, and we are progressing additional projects to further increase the share of green power in our energy mix.

For us, saving energy and saving costs are the same thing. Every unit of green power we add makes each ton cleaner and, not only cleaner, cheaper to produce. All our manufacturing locations operate on a zero-liquid-discharge basis, treating, recycling and reusing 100% of the wastewater generated by our operations. These initiatives helped us achieve a water positivity index of more than eight times in FY25-26. We remain committed to sustaining and improving this performance in the current financial year.

October is also the month of Mahatma Gandhi's birthday, and he very aptly said, “To destroy something is easy; to build requires great skill and care.” This thought resonates strongly with our business. Building a sustainable enterprise requires the same discipline and care, not only in the quality of our product but also in how we serve our customers, invest for the future and contribute to nation-building.

In terms of the outlook, India's economy remains supportive. Infrastructure investment, urbanization and stable macroeconomic conditions are all helping. A weak monsoon may hold back rural demand for some time, but we expect it to recover as the harvesting season begins. Overall, the industry outlook remains positive as we prepare for a stronger second half of the financial year. With this, we have policy preparation. We remain focused on strengthening our market positions, improving operational efficiency and executing our growth plans while navigating the near-term pressures facing the industry.

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With these remarks, I now hand over the mic to our colleagues Mr. Subhash Jajoo, Mr. K.K. Jain and Mr. S.S. Khandelwal for your questions. I am very cognizant that we have a high presence since we are in the cement business. We will try to make sure these discussions do not become too quick and that your questions are well answered. Thank you, Navin. We can now open for Q&A.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Parth Bhavsar from Investec. Please go ahead.

Parth Bhavsar – Investec: I wanted to get a sense of fuel costs. What was our landed fuel cost on a kcal basis? And how do we see this going ahead into Q3 and Q4?

Management: [pause] For the current quarter, the landed cost was Rs.2.09, as against Rs.1.66 last year and Rs.1.95 in the June quarter. For Q3 and Q4, we believe this will be around Rs.2.15–Rs.2.20.

Parth Bhavsar – Investec: My next question is on raw material cost. There is a swing in the change in inventory, which is around 100 crores. This number was around 69 crores even in Q1. What is this related to, and how should we see this in H2?

Management: [pause] This quarter, our clinker production is higher by, say, 33% compared to September 2025. We hope that demand will be good in the next two quarters. The clinker produced will be consumed.

Parth Bhavsar – Investec: What would be the sustainable number going ahead?

Management: It should be around Rs.60–70 crores by year-end.

Parth Bhavsar – Investec: Those were my questions. Thank you so much.

Operator: Thank you. The next question is from the line of Pinakin from HSBC India Private Limited. Please go ahead.

Pinakin – HSBC India Private Limited: I had two quick questions. My first is that there was very strong volume growth in the first and second quarters of 17%. As we move into the second half, what volume growth do we expect the company to see?

Management: As I said, the demand triggers are strong. There is only one concerning topic, which is the weak monsoon. Other than that, we are seeing demand to be supportive in infrastructure, railways, data centers and many other sectors.

Last quarter, there are different figures, and we still have to assess them, but it looks like demand growth in India for the industry was about 10%. Other estimates are about 7%. So, let us say demand growth was 7%–10%. We will get a more real picture sometime soon.

If this trend continues, then what we have promised you all is that our growth will be slightly better than the industry. If demand growth is around 7% in the next two quarters, we should grow a little

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better than that. At this moment, any forecast beyond that is difficult to give, but we remain confident that we should be able to deliver slightly better numbers than the industry growth.

Pinakin – HSBC India Private Limited: My second question is that there are a lot of moving parts on costs. You gave some color on coal. But overall, between packaging, other variable costs and freight, on a consolidated cost outlook, how should we see the second half versus Q2? There will also be benefits of operating leverage in terms of higher volumes.

Management: [pause] It is a difficult one to say. What we do know is that one of the major cost drivers, which is fuel, should be possible to forecast based on the kind of purchases that we have already made, which is what our CFO, Mr. Subhash Jajoo, just spoke about.

There are other elements of the cost where things are moving rapidly. For example, the bag cost. Today, it is not a matter of worry, but we do not know what will happen in the future. I think any cost line which is external to us is difficult to forecast. Having said that, my sense is that quarter three costs should not be very different from what we have seen in quarter two.

Pinakin – HSBC India Private Limited: My last question is on cement pricing. Companies which have reported so far have indicated a Rs.20–Rs.25 per bag price increase in markets in the North and East. From your vantage point, are you seeing similar price hikes in October or in September versus the Q2 average? Do you think the price increases should be able to offset the cost inflation we saw in Q2 and probably see in Q3?

Management: [pause] So far, we have seen better prices. October is better than September, for example. But again, price is purely a function of demand and supply. We have to see how it evolves in the coming quarter. With the internal actions that we have taken, especially on premium percentages, I feel we should be able to deliver a better price than what we saw in Q2.

Pinakin – HSBC India Private Limited: Got it. Thank you very much, sir.

Operator: Thank you. The next question is from the line of Rashi from Citi Group. Please go ahead.

Rashi – Citi Group: Just on the cost of production for cement, roughly what was the actual on a sequential basis?

Management {? Subhash Jajoo ?}: The blended cost of production is Rs.4,636 per ton for this quarter, against June of Rs.4,629, and against {? September 25 ?} it is Rs.4,445. Blended cost of production.

Rashi – Citi Group: Rs.4,636?

Management {? Subhash Jajoo ?}: Rs.4,636.

Rashi – Citi Group: And can we get the purely cement cost of production?

Management {? Subhash Jajoo ?}: Cement data, I mean pure cement data, is not available. We will give it to you later.

Rashi – Citi Group: Got it. How much was the capital expenditure in the first half?

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Management {? Subhash Jajoo ?}: It is 895 for the first half, and we expect that in the second half it would be around 700-800 crore rupees.

Rashi - Citi Group: What would be your consolidated net cash at the moment?

Management {? Subhash Jajoo ?}: Consolidated net cash is around 8,168 crore rupees at the group level.

Rashi - Citi Group: 8,168.

Management {? Subhash Jajoo ?}: Right.

Rashi - Citi Group: In the last quarter, you had said that 40 million tons was achievable for the year. I would imagine that is still the case: 40 million or more in the second half despite the concerns about the monsoon?

Management: As we said, we should be between 40-41 million tons. If you are all wishing us so much, then most probably we will be able to reach up to 41 million tons.

Rashi - Citi Group: What tax rate should we take for the year?

Management {? Subhash Jajoo ?}: The tax is coming around 32% for the quarter and almost the same at the half-year level also, at 31%. You should assume that it will be between 31%-32% for the year.

Rashi - Citi Group: Got it. Thank you.

Management: Rashi, we continue to remain in the old tax regime, and that is why the rate is around 30%.

Rashi - Citi Group: Understood.

Operator: Do you have a follow-up question, Rashi?

Rashi - Citi Group: I will join the queue. Thank you.

Operator: Thank you. The next question is from the line of V. Nahar from Phillip Capital Limited. Please go ahead.

V. Nahar - Phillip Capital Limited: Good afternoon. Congratulations on a good set of numbers. We have just one question about what kind of action you have taken on using EVs for your mining operations as well as for the transportation of your cement or clinker.

Management: EV renewable means what for mining?

V. Nahar - Phillip Capital Limited: No, not renewable. I mean your mining equipment. Are those still running on diesel, or are you converting to electrically operated equipment? This is regarding the mining part.

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Management: [pause] We are experimenting with EVs in mining equipment. It is at a very initial stage, so we are not able to give you a response yet. It is a testing period for us to see how this equipment performs. Historically, all of us have always used equipment with traditional fuel. We have started using EVs, and give us a few more quarters before we give you a stronger response on how the equipment is performing.

V. Nahar – Phillip Capital Limited: Regarding the transportation of clinker or cement, are you using EV trucks?

Management: We are trying to introduce EVs everywhere, not only in mining but also in clinker transportation. We are also testing cement transportation. As I said, this is the first phase of this activity. We are still evaluating how complex it is to manage, what the real returns on this investment will be, and how we will manage it. Give us a few more quarters, and we should be able to tell you our longer-term plans around EVs, both in mines and in road movement.

V. Nahar – Phillip Capital Limited: Along the same lines, in any of your plants, to optimize the use of renewable energy, have you installed BESS, or Battery Energy Storage?

Management: I am not able to understand the question. I am sorry.

V. Nahar – Phillip Capital Limited: Battery Energy Storage for renewable power?

Management: Regarding renewable power, as I said, we are putting up about 80 MW more. Currently, we are at 667 MW, and we are putting up 80 MW more.

Operator: Sorry to interrupt, Mr. Nahar. Due to time constraints, I request you to join back the queue for more follow-up questions.

V. Nahar – Phillip Capital Limited: Okay, thank you.

Operator: Thank you. The next question is from the line of Sanjeev Singh from Motilal Oswal Financial Services. Please go ahead.

Sanjeev Singh – Motilal Oswal Financial Services: Thank you for the opportunity, sir. I have two questions. Firstly, in terms of volume growth, which is around 18%, can you give us some regional mix? As we understand, there was some volume pressure in the eastern region. It would be helpful if you could give some regional mix and also explain how growth has been in both the trade and non-trade segments.

Management: A large part of Shree's volume comes from the North, and the balance is equally mixed between the East and the South. Of course, when we say North, part of that material also flows into states such as Madhya Pradesh or Gujarat, which are not really North for the industry; they are more West and Central for the industry.

Having said that, our growth is very balanced across regions. We have grown slightly stronger in South India, followed by the North and then the East. However, it is something that we monitor very closely. It is equally balanced across regions. As I said, the South leads, followed by the North and then the East.

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Sanjeev Singh – Motilal Oswal Financial Services: Secondly, channel feedback also suggests that we are trying to withdraw from some of the markets which are not remunerative, or are less remunerative compared to other markets. If that is true, can you throw some light on what actions are being taken to improve profitability?

Management: This is totally untrue. In fact, we are trying to increase our penetration across markets. For example, we are now a significant player in Jammu and Kashmir. We are now also a significant player in Gujarat. We are also making our presence felt in parts of South Karnataka. So it is not true that we are withdrawing from markets. In fact, we are increasing our penetration.

Sanjeev Singh – Motilal Oswal Financial Services: Sure, sir. Thank you so much.

Operator: Thank you. The next question is from the line of Amit Murarka from Axis Capital Limited. Please go ahead.

Amit Murarka – Axis Capital Limited: Good evening, and thanks for the opportunity. In the quarter, what was the trade/non-trade mix? I just missed that data.

Management: Trade and non-trade—we have done better on non-trade. We are now at 61% trade, and the balance is non-trade. It is 61% trade.

Amit Murarka – Axis Capital Limited: Okay. Because if I use that number, then essentially I get flat year-on-year volume on trade from you, and non-trade is obviously a big chunk of 50%-52%. Is that correct?

Management: No, trade has also grown. That is not true. Trade has also grown based on the data which was shared in last Q2. I will ask Mr. Jajoo to send you the trade and non-trade breakdown.

Amit Murarka – Axis Capital Limited: Generally, on pricing, we have typically seen strong hikes being taken in the last couple of weeks. Does that change your outlook on how you do volumes in trade and non-trade? Over the last few quarters, we have been doing stronger volumes on the non-trade side, as you yourself have indicated. That is one question.

Secondly, in the previous call it was also said that because of the change in the fuel mix, you had been forced to do more non-trade. Is that continuing to be an issue for you, or do you think you have now gotten over that problem?

Management: The realization gap between non-trade and trade is somewhat coming down. Having said that, as Shree, we are actively looking at participating in some of the nation's core projects, which is why you are seeing an increase in non-trade. It in no way means that we are not pushing trade equally hard or even harder. Trade has been our bread and butter, so we will continue pushing trade.

But the nature of the market is also changing, with large institutional sales.

Management: These include larger infrastructure projects, railway projects and so on. So we are seeing this kind of a shift.

Amit Murarka – Axis Capital Limited: Got it, sir. Could you also share the fuel mix as of now?

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Management: Amit, the fuel mix for this quarter was almost 11% pet coke, 75% imported coal, 2% Indian coal and 12% alternative fuels. We have gradually reduced the use of pet coke because of the increase in prices. Last year, the same figure was almost 66%, so it has come down to 11%. We have started using coal.

Amit Murarka – Axis Capital Limited: Got it. Sure, thanks. I will come back in the queue.

Operator: Thank you. The next question is from the line of Siddharth Mehrotra from Kotak Securities Limited. Please go ahead.

Siddharth Mehrotra – Kotak Securities: Thank you for the opportunity, and congratulations on very strong results. Freight costs seem to have come down significantly, and if I try to calculate them on a per-ton basis, they are significantly lower on a consolidated basis. Can you tell us why this is so?

Management: [pause] For quarter-on-quarter, 2-3 things are happening together. One is that our lead distance run-to-market has come down. Second, this is a period when we get some special discounts from the railways as part of the lean-season discount. Third, we have some new processes where freight fixation is now more database-based, using modern tools, which is allowing us to correct a lot of freight rates across markets.

All these three steps have given us an opportunity to reduce our freight to this level. But, as I said, we have to see how far we can stabilize it over a longer period. This one quarter does not say much, and it could also be because demand was good. As we progress, we will see how robust this freight cost is and whether we will really be able to retain it.

Siddharth Mehrotra – Kotak Securities: So there is no one-off in this number? Is that understanding correct?

Management: No, there is no one-off. There is no one-off.

Siddharth Mehrotra – Kotak Securities: [pause] Understood. Secondly, we have been hearing that... [pause] Yes, okay, we will be on the lookout for the number in the coming quarters. There has been some news that our Meghalaya plant is facing certain protests on the ground. What is the latest update on that?

Management: [pause] There was a hearing by the state authorities in which various people who were supporting the project also participated, and some who have an issue with the project also participated. I understand that their doubts have been cleared by the state government, and very soon we should be able to start project construction. Our entire workforce is now at the site, the contractors have been mobilized, the orders have been placed, and very soon we should actually start the construction activity.

Siddharth Mehrotra – Kotak Securities: Got it, sir. So basically, no delays are anticipated there?

Management: As I said in my opening remarks, we should be able to commission it in FY28.

Siddharth Mehrotra – Kotak Securities: Got it, sir. Just one small question on our working capital. It seems that we increased our inventory by around 800-odd crores in the cash flow statement. That

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is an anomaly versus our earlier numbers. What exactly is this inventory increase of 800-odd crores?

Management: [pause] There is some increase in trade receivables, as well as some investments were sold on September 30, with the payment received on October 1. Therefore, that amount has been classified under other financial assets.

Siddharth Mehrotra – Kotak Securities: So you are saying it is essentially delayed receivables, correct?

Management: Yes, it is trade receivables of around Rs.300 crores or something, and around Rs.500 crores from the sale of investments, for which the funds will be received on October 1.

Siddharth Mehrotra – Kotak Securities: Okay, sir. Understood. Thank you.

Operator: Thank you. The next question is from the line of Yashdeep Singh Chadha from Nomura Asset Management Company. Please go ahead.

Yashdeep Singh Chadha – Nomura Asset Management: Thanks for the opportunity. I hope my voice is clear.

Management: Yes.

Yashdeep Singh Chadha – Nomura Asset Management: I have three questions. Firstly, I see that the thermal substitution rate has increased significantly, which means we are using more AFR. Is this 5% sustainable? Is there any further potential for improving that? How much cost benefit can we forecast on the basis of this? That will be my first question.

Management: [pause] We have now started pushing our performance around TSR or AFR consumption, which is why you are seeing some good results, from 2%-3% to about 5% now. Some more plants are now becoming capable of handling AFR consumption. As they come in line and are commissioned, this 5% should improve in the coming quarters.

As far as the advantage we get from TSR is concerned, I think it is a little too early because currently we are testing it with all kinds of alternative fuel, be it agricultural waste, RDF, liquids, carbon black or other kinds of fuel. Give us some more time. At around 7%-8%, when we achieve that number, we will really know the cost basis for AFR versus conventional fuel.

Yashdeep Singh Chadha – Nomura Asset Management: Understood, sir. In a couple of quarters, I will come back to this and we can have a further discussion. My next two questions are more from a strategy point of view.

Firstly, on capacity, there is another 3 million tons of capacity in the UAE. If I remember correctly, the UAE used to be a dull market compared to India. Are you seeing incrementally higher EBITDA per ton in that market? I want to understand the logic behind redirecting a lot of cash toward the UAE.

Again, in India, despite delivering strong performance, the utilization rate is between 65%-67%. What is the strategy to improve utilization, which I believe will be a very good value unlock for the

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company? Could you shed some light on this before I ask my third question?

Management: [pause] The first thing is that, as a company, we are very happy with our performance in the UAE. We are also very confident about the kind of demand potential for cement that exists in the UAE. There is a slight issue because of the West Asia crisis, the Middle East crisis. But we are seeing that the UAE continues to build and continues to push cement demand.

The new airport in Dubai is now being constructed, which itself will consume a very high quantity of cement. That is part number one.

Part number two, we were selling clinker in the UAE as well as cement. Given the fact that market demand for cement is robust, it makes ample sense to convert that clinker into cement and then sell it. This is why, in our view, this investment of 3 million tons is justifiable.

We are closely watching the market. The UAE is also one of the places from which we can make specialized products such as oil well cement and export them to many other countries in the Middle East, as well as to distant countries such as the US and parts of Europe. Because the UAE is a coastal plant, once the war-related topics subside, we should be able to see much bigger demand emanating from the UAE.

Having said that, even over the last few months, we have seen cement volumes that are very promising and much in line with our forecast. That is part number one. What was the second question? India...

Yashdeep Singh Chadha – Nomura Asset Management: Utilization improvement in India.

Management: [pause] Regarding utilization, our strategy has always been to build as we progress. We do not grow through acquisitions. If you acquire, you also acquire a typical market share. In our case, we build a plant, and it takes some time before it is stabilized and the market starts accepting the higher volumes.

When we say this, remember that three years back—okay, four years back—our capacity was 40.6 million tons and we were doing about 24-25 million tons. Three years later, we are now doing about 40-42 million tons, and our capacity is 57 million tons.

Essentially, what it means is that a new plant which is organically built and comes into the market takes about 3 years to be fully utilized. That is exactly the journey that we are on in India.

Yashdeep Singh Chadha – Nomura Asset Management: Understood, sir. We will discuss this better offline. My last question is largely about the next 5 years. What is the key focus of Shree Cement in terms of strategy? I ask because till FY17, Shree was the cost leader. Then there was a period till FY22 when Shree was expanding outside India. Then came a period when Shree was focusing on price appreciation.

Given that, what will be the key focus for Shree from now on, and what will be the value system? Will it be price appreciation, which you have been pursuing, or will it still be cost control? I wanted to understand in what mode Shree Cement is operating.

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Management: [pause] Shree has a core DNA. The core DNA is to do all three things that you talked about. We have been building new plants for ages. We are a low-cost producer—I do not say that. What I say is that we are the most efficient producer. That is our core DNA, and we will continue to push it.

In recent times, we have added one more topic, and that topic is getting the right price for our product. This is what we have done since last year. One year later, we are finding that this strategy has played out, and we have been able to improve our price positioning.

Now, as you see, at that price positioning, volumes are also returning in the last two quarters. We have delivered higher double-digit growth, I think 15%, 17% and 18% in the last quarter, for example.

Our core strategy remains to be the most efficient, whether in clinker by bringing in EVs, by bringing in new technologies or by making sure that our technical parameters are among the industry's best. We continue to grow. As I speak, we have a commitment to all of you to reach 80 million tons very soon, and we are working to reach that level.

At the same time, we have also worked a lot over the last few years on improving our price position so that a better price can be realized for our product. This is the three-pronged strategy that we are following.

Yashdeep Singh Chadha – Nomura Asset Management: Understood, sir. Thank you for such an elaborate answer. That is all from my side. Thank you.

Operator: Thank you. The next question is from the line of Harsh Mittal from Ambit Global Financial Services Limited. Please go ahead.

Harsh Mittal – Ambit Global: Thank you. Good evening, team, and thank you for the opportunity. My first question is on the premium mix. We have seen a sharp jump in the premium share, which is 29% this quarter compared to 21% last year and 23% in the previous quarter. Is there any threshold in your mind that you want to reach from here onwards? This is my first question.

Management: [pause] If you are asking me, the ambition would be to do 100% premium. What we have kept as an internal target is that in a few years we should cross a 40% premium share. I think we gave this promise for about 28%-29%. I was not so confident of reaching 30% so soon. I am happy that we have reached there, and a lot of work has happened. I was explaining to your colleague a while back that... [trails off]

Management: We are now ready to ensure that we get the right price for our products, as well as bring the right products to the market. Recently, we launched a new brand called Bangur Total, which is the first waterproofing cement that we have brought to the market. This is again a high-premium cement. The idea is to bring in products that are closer to market needs and get the right price. 40% is what we have achieved in this quarter, and as I said, our aim is to cross 40% in the next 2 years.

Harsh Mittal – Ambit Global: In the same context, what is the gap between Shree's mass product and premium product versus the top-tier brand in each of your markets? Has this gap reduced, or what is the quantum now?

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Management: [pause] Typically, premium cements are Rs.25-Rs.35 more expensive than our base products. At the retail level also, you will see that premium products are sold at about Rs.25-Rs.35 higher than our base product. The new development is that we now have products such as Total or Marbal, which are priced slightly higher, where you can expect them to be about Rs.35-Rs.40 higher than the base product.

Harsh Mittal - Ambit Global: Got it. A few bookkeeping questions. What has been the rail-road mix from the previous quarter?

Management: [pause] Rail is 8.5% for the quarter. Against this, in September 2026, it is 8.5%. In September 2025, it was 11%, and in June 2026, it was 9%.

Harsh Mittal - Ambit Global: Sorry, can you repeat? Just the rail mix for last quarter and earlier.

Management: [pause] Rail is 8.5% for the quarter. Last September 2025, it was 11%, and in June 2026, it was 9%.

Harsh Mittal - Ambit Global: 9%. Okay. What was the lead distance this quarter?

Management: [pause] Lead distance for the quarter was 427 kilometers. In June 2026, it was 445, and in September 2025, it was 441.

Harsh Mittal - Ambit Global: Got it. And my last question...

Operator: Sorry to interrupt, Mr. Mittal. Due to time constraints, I request you to join back the queue for more follow-up questions. Ladies and gentlemen, in order to ensure that the management is able to address questions from all participants, please limit yourself to two questions per participant. The next question is from the line of Parvez Qazi from the Wama Group. Please go ahead.

Parvez Qazi - Wama Group: Good evening. Congratulations on a great set of numbers, and thank you for taking my question. What would have been the clinker volumes this quarter?

Management: [pause] Parvez, we will not be able to share the clinker volumes separately because, henceforth, since last quarter, we have decided to give total volumes and not clinker volumes separately. In any case, clinker is minuscule compared to the total. There is no point in giving separate volumes or numbers for clinker.

Parvez Qazi - Wama Group: My last question: what would have been the share of blended cement this quarter?

Management: [pause] Blended cement is around 78%. Compared to last year, it was around 78%.

Parvez Qazi - Wama Group: Thank you, sir. All the best.

Operator: Thank you. The next question is from the line of Rajesh Ravi from HDFC Securities Limited. Please go ahead.

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Rajesh Ravi – HDFC Securities: Good evening to the team, and congratulations on a great set of numbers. My questions are in two parts. First, could you explain the rationale for the China subsidiary and, specifically, the UAE step-down subsidiary? Are there any strategic reasons that we are looking into this?

My second question is around your cost metrics. You are already very strong on power cost. Your per-ton-per-kilometer freight cost is among the lowest, given the 430-odd-kilometer lead, and you are still around Rs.1,100 per ton. What further cost levers are we looking at from a 1-2-year perspective?

In terms of the India growth story, what other capacities are we looking at? Obviously, we know that your Meghalaya plant is on track by the end of the next financial year. Beyond that, for FY29, are we planning any expansion?

Management: [pause] The first part was the China story. China, as you all know, has become a major hub for the supply of cement spares as well as cement project items. China's manufacturing capacity for project-related items has doubled, and we see potential to reduce our dependence on European suppliers by using Chinese suppliers.

This is first-level work. We still have to see what kind of savings we will get from China. We still have to see whether, in reality, Chinese equipment will be more efficient and lower in cost compared to our traditional equipment.

What we are doing is opening an office there to start learning about China, its facilities and its equipment supply facilities, and to try to bring some of that equipment into our new projects. We will also try some of the spares available in China for our requirements in India as well as in the UAE.

China is, at this moment, a first step and an experiment that we are undertaking. Once we start and see over a period of time that it makes sense, we will further strengthen our China facility. The second part of your question...

Rajesh Ravi – HDFC Securities: The second part is about the cost-saving potential that you see in India.

Management: [pause] And the UAE—why not India and so forth. We find that from the UAE, the visa process is also easier. There is also a good presence of Chinese engineers in the UAE, so it is easier for us to negotiate, meet them and so on.

India-China relations are now quite positive, but historically we have known that there are some fault lines between the two countries, between us and China. That is why the UAE has been given preference.

As I said, and I would really highlight this, this is the first step that we are taking in China. The intention is more about learning how the Chinese industry operates, how they build, how they construct, how they keep costs at the levels they talk about, and whether we can bring some of that expertise and those skills into our operations in India and the UAE as well.

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Rajesh Ravi – HDFC Securities: What is the cost-saving potential in India for the next 2 years, given that you are already very strong on...

Management: [pause] Cost is something on which every company keeps working continuously. So do we. We have spoken about trying to increase our alternative fuel consumption from the current level to higher levels. We have already demonstrated an increase from 2.5% to 5%. With the kind of facilities that we are putting up, it should go up further in the coming years.

Alternative fuel is one of the big topics for us. Logistics is another big topic for us. We are also investing in some plants to create railway facilities. The intention is that this should bring down our cost of transportation. That is the second lever we are working on.

Beyond that, hundreds of experiments are being conducted in Shree's R&D, and each one of them will give us some kind of cost-reduction potential. That is what we are known for: being the most efficient. That is our DNA, and we will continue to push it.

Rajesh Ravi – HDFC Securities: What capacities are you planning to add in FY28 beyond Meghalaya?

Management: [pause] We have already given the target: 80 million tons is what we will be reaching in the short term.

Rajesh Ravi – HDFC Securities: Great, sir. Thank you, and all the very best.

Operator: Thank you. The next question is from the line of Shravan Shah from Dolat Capital Market Private Limited. Please go ahead.

Shravan Shah – Dolat Capital: I have a couple of data points. First, on the clinker factor or perhaps the CC ratio for Q2, how much was it? Second, regarding UAE revenue in rupees, which is part of consolidated revenue, how much was it? If you can share that number for Q1 FY27 as well, that would be helpful.

Management: [pause] Your first point was about the conversion factor. The conversion factor is around 1.51 for this quarter. Can you repeat the second question once again?

Shravan Shah – Dolat Capital: I am asking about UAE revenue for Q1 FY27 and Q2 FY27, which is part of consolidated revenue.

Management: [pause] We will not be able to give UAE revenue separately. We have already shared the volume with you.

Shravan Shah – Dolat Capital: For India, we have said that we are looking at 41 million tons of volume for this year. UAE volume in the first half is already down 6%–7%. How should one look at the second half for the UAE, or perhaps the full year, given the 3 million tons that we recently started?

Management: [pause] In the UAE, for the first 6 months, we have already done around 2.1 million tons. We expect similar levels going forward for the second half of the year. From the additional 3 million tons, we believe you can take around 30%–40%; you can take 30% from there. So total UAE will be around 4–5 million tons.

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Shravan Shah – Dolat Capital: 4–5 million tons. So this will be on a full annualized basis for FY...

Management: [pause] Full annualized, yes. When we start a new capacity, it takes around 2–3 years for it to attain maximum sales, as Mr. Akhoury said. In the first year, the utilization level will always be around 15%–20%. It grows over a period of 2–3 years.

In the UAE, EBITDA margin would be 1%–2% better than reported consolidated EBITDA. It is not possible to share UAE EBITDA margins separately.

Shravan Shah – Dolat Capital: Regarding power and fuel, just to clarify, you said that for Q2 it was Rs.2.59 per kcal, and we are expecting...

Management: [pause] No, in the second quarter, the fuel cost was Rs.2.09, as compared to Rs.1.66 last year and Rs.1.95 in the June quarter. For the forthcoming quarter, we have given guidance of Rs.2.15–Rs.2.20 based on our order pipeline.

Shravan Shah – Dolat Capital: Okay. And lastly, any, any...

Operator: Sorry to interrupt, Mr. Shah. I request you to come back to the question queue for more follow-up questions. Thank you. The next question is from the line of Siddharth Mehrotra from Kotak Securities Limited. Please go ahead.

Siddharth Mehrotra – Kotak Securities: Just one small data point. What were the external power sales for us this quarter? Am I audible?

Management: [pause] Yes, you are audible. Your question was about power sales?

Siddharth Mehrotra – Kotak Securities: Yes, external power sales this quarter, sir.

Management: [pause] No, Siddharth. Let me remind you that one year, three or four quarters ago, we decided that since power is not that significant, we are not going to share any number pertaining to power separately.

Siddharth Mehrotra – Kotak Securities: Understood, sir. Thank you.

Operator: Thank you. The next question is from the line of Bhaskar from Ananya Mutual Fund. Please go ahead. Mr. Bhaskar, can you unmute your line, please?

Bhaskar: Yes. Is it possible to help us with the earmarked capacity of power for external sales? We have 503 MW of CPC, out of how much of it is earmarked for external sales? How much of it is earmarked for external sales?

Management: Yes. [pause] I think it is better to avoid this question because we are not going to share any separate details for the power division. As I told you, looking at the overall numbers, the overall revenue and the contribution are hardly significant.

Bhaskar: Okay, sir. That was my—

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Management: [cut off] Yes, if you want a breakup of the total power facility, that we can share. The total power capacity is around 1,170 megawatts, out of which 503 MW is thermal and the balance 666 MW is green, including WHR, solar and wind.

Bhaskar: All right, sir. That was my question. Thank you.

Operator: Thank you. We take that as the last question for today's conference. I now hand the conference over to the management for closing comments.

Management: Thank you, and thanks a lot for attending our conference. Just a few last words. As I said, the last quarter has been encouraging for us in terms of our overall performance. We find that many obvious steps and initiatives taken some years back are now finding expression, whether in price or in cost.

We will continue to work on those levers in the next several quarters as well. What I see in quarter three and quarter four is that, with the demand and the kind of work that we have done on costs, we should be able to come up with reasonably better, if not similar, performance numbers compared to what we achieved in quarter two.

Again, thank you very much for attending today, and good day, everybody. Thank you.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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