Operator: Ladies and gentlemen, good day and welcome to NCL Industries Ltd. Q2 and H1 FY27 earnings conference call. 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 a touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you, and over to you, ma'am.

Purvangi Jain – Valorem Advisors: Thank you. Good evening, everyone, and a very warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent Investor Relations for NCL Industries Ltd. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the second quarter and half year ended of financial year 2027.

Before we begin, a quick cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ from those anticipated. Such statements are based on management's beliefs, as well as assumptions made by and information currently available to management. The audience is cautioned not to place any undue reliance on these forward-looking statements when making any investment decision. The purpose of today's conference call is purely to educate and create awareness about the company's fundamental business and financial performance for the period under review.

Now, I would like to introduce you to the management participating in today's earnings call and hand it over to them for their opening remarks. We have with us Mr. K. Ravi, Vice Chairman and Managing Director; Mr. Prasad, Executive Director and Chief Financial Officer; Mr. Utkal B. Goradia, Executive Director; Mr. Suresh Kumar, Vice President, Finance and Accounts; and Ms. Divya Bharti, Company Secretary and Compliance Officer. Without any delay, I request Mr. K. Ravi to give his opening remarks. Thank you, and over to you, sir.

K. Ravi – Vice Chairman and Managing Director: Thank you, Purvangi. My name is Ravi, Vice Chairman and Managing Director. Good evening, everyone. I would like to welcome you all to our Q2 and H1 FY27 earnings conference call. We are pleased to have this opportunity to engage with the investment community, share an overview of our business, and discuss our performance.

Before we take you through the business segments and quarterly and half-yearly performance, in the interest of those who may be new to the company, let me first start by giving you a brief overview about [trails off]

K. Ravi – Vice Chairman and Managing Director: NCL Industries Ltd. was established in 1979 by late Shri Ramachandra Raju. NCL Industries Ltd. has built a diversified presence across building materials and renewable energy. Over the years, the company has developed a strong operating platform supported by established brands, manufacturing capabilities, and a wide distribution network.

We have a 10-member board of directors headed by Mrs. Renuka Shabu as Chairperson, who brings over 40 years of experience and expertise in banking, merchant banking, risk management, and corporate governance, having held leadership positions in State Bank of India.

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Our business operations are spread across 4 segments: Cement, Ready Mix Concrete, Cement Bonded Particle Board, and Green Energy. Our flagship brands, Nagarjuna Cement, Nagarjuna RMC, and Bison Panel, have established their presence across their respective markets. The diversified portfolio allows us to participate across multiple stages of the construction and infrastructure value chain, while our green energy business complements our focus on operational efficiency and sustainability.

Over the years, we have also built relationships with distinguished clientele, including Tata Projects, Larsen & Toubro, ITC, NTPC, IVRCL, and Shapoorji Pallonji, among several other reputed organizations. I now hand over to our Executive Director, Mr. Utkal Goradia, who will take us through the business segments in detail.

Utkal Goradia – Executive Director: Thank you so much, sir, and good evening to all. I am Utkal Goradia, Executive Director of NCL Industries Ltd.

Cement remains our largest business. We operate 3 manufacturing facilities with an installed capacity of 4 million tons per annum and clinker capacity of 2.6 million tons per annum. Our manufacturing locations at Simhapuri, Kondapalli, and Vishakhapatnam, together with a distribution network of more than 2,400 dealers across Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Pondicherry, Kerala, Maharashtra, Chhattisgarh, and Odisha, support the reach of Nagarjuna Cement across our key markets.

Our product portfolio includes OPC and green products such as PPC and PSC, as well as other cement variants catering to diverse construction requirements. Our Ready Mix Concrete businesses complement our cement operations and serve customers in key urban markets.

We currently operate 10 ready-mix plants, comprising 6 plants in Hyderabad and 4 in Vishakhapatnam, with a capacity of 60 cubic meters per hour at each plant.

In Cement Bonded Particle Board, we operate 3 manufacturing facilities with a combined installed capacity of 90,000 tons per annum. The business is marketed under the brand Bison Panel, with a portfolio that includes Bison Panel Plain Board, Designer Board, Laminated Board, and Planks. These are suitable for ready-to-install and low-maintenance solutions for premium interior applications, decking, flooring, and wall cladding, with an attractive wood-like finish.

We have continued to expand our distribution reach, with the dealer network increasing from 229 in FY24 to 343 in H1 FY27 across India.

Our green portfolio comprises 42 megawatts of installed capacity, including 15.75 megawatts of hydropower, 18.3 megawatts of solar power, and 8 megawatts of waste heat recovery. This portfolio supports our energy requirements, with a substantial portion of the power generated being used for captive consumption.

Building on this foundation, we have taken a further step to scale up our renewable capacity. In continuation of our announcement in April 2026, when the board approved Phase 1 of the 130-megawatt solar and wind power projects at Tuticorin, Tamil Nadu, the board has now approved Phases 2 and 3, covering the balance capacity of 80 megawatts at an estimated cost of 595 crores.

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With this approval, the entire 130-megawatt project entails an aggregate investment of approximately 987 crores, which will be funded through a mix of debt and internal accruals. The required debt financing has already been sanctioned by EXIM Bank and HDFC Bank.

Approximately 40% of the power generated from this project will be utilized for captive consumption, while the balance is proposed to be sold to other bulk consumers or through the Indian Energy Exchange, IEX. Upon implementation of this project, the company's debt-to-equity ratio is expected to increase from the present level of 0.26 to approximately 0.9.

This project is expected to further strengthen our renewable energy portfolio and enhance our long-term energy security.

Alongside strengthening our existing businesses, we continue to focus on strategic initiatives to enhance operational capabilities, improve cost efficiencies, and support sustainable long-term growth.

One such important initiative is the acquisition of Vishwambhara Cements Limited, which has a limestone mining lease spread across 322 acres. This acquisition is strategically significant, as it strengthens our raw material security and provides an opportunity for greater backward integration, supporting the long-term requirements of our cement business.

Another notable development is that the company is exploring the opportunity to set up a cement plant in Odisha and is approaching the government to pursue any relevant applications and approvals. The proposal is at a preliminary stage, and any further decisions to proceed with the project will be subject to applicable approvals and the company's further evaluation and approvals, as applicable.

I now hand over to our Executive Director and Chief Financial Officer, Mr. Prasad, who will take you through the operational and financial performance of the quarter and half year.

Prasad - Executive Director & CFO: Yes, thank you, Utkal, and good evening to everyone. The period from July to September is generally considered the off-season for the cement industry due to the monsoon, during which demand typically remains subdued. However, this year, the second quarter witnessed healthy demand, primarily driven by the housing sector and infrastructure development activities.

On the pricing front, cement prices remained subdued, while rising coal and fuel costs continued to exert pressure on margins. Despite these short-term challenges, the long-term outlook for the cement industry remains encouraging, supported by sustained infrastructure development and demand from the housing, infrastructural, and industrial sectors.

Let me take you through the performance of each of the business segments.

Coming to the Cement Division, which continues to be the key contributor to the company's operations, cement sales volumes registered growth of 16% during the quarter, reflecting healthy demand across our key markets and consistent operational performance despite the seasonal challenges associated with the monsoon.

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Consequently, revenue increased by 12% on a quarter-on-quarter basis and 11% on a year-on-year basis, primarily driven by higher sales volumes. Capacity utilization stood at 79% during the quarter and 74% for the first half of the year, based on our expanded capacity.

For the first half of the year, cement sales stood at 14.59 lakh tons compared to 12.63 lakh tons in the corresponding period of the previous year. On the operational front, EBITDA per ton stood at 484 rupees for the quarter and 475 rupees for the first half of the year.

In absolute terms, the Cement Division reported EBITDA of 38 crores during the quarter and 74 crores for the half year.

While cement remains our principal business, our Ready Mix Concrete operations provide us with an additional presence in the construction value chain. Let me now share the performance of this division.

RMC Division sales volumes registered growth of 9% on a quarter-on-quarter basis. However, volumes for the first half of the year declined by 18%. The decline was primarily attributable to challenging market conditions, constraints in manpower availability, and intense competition from the unorganized sector.

The RMC Division reported EBITDA of 1 crore during the quarter and 1.47 crores for the first half of the year.

Management: Moving on, our Cement Bonded Particle Board business, that is, Bison Panel, continues to be an important part of our diversified product portfolio. During this quarter, we undertook certain initiatives to strengthen the brand and improve its market reach.

The Bison Panel Division registered volume growth of 6% during this quarter as well as for the first half of the year. With the objective of strengthening our market presence and addressing the issue of duplicate products being sold under the Bison Panel name, we have launched an advertising campaign across various media platforms, including social media and television.

In addition, we have reduced Bison Panel's selling prices by approximately 17%-20% to improve affordability and enhance market penetration. We expect these initiatives to strengthen our brand presence and support higher sales volumes in the coming periods.

The division maintained a healthy EBITDA margin of 14% during this quarter as well as for the first half of the year. In absolute terms, this division reported EBITDA of 5 crores for the quarter and close to 10 crores for the first half of the year.

Coming to the Energy Division, we have 2 small hydropower plants with an aggregate installed capacity of 15.75 megawatts. Both projects are canal-based, and power generation is entirely dependent on the availability and release of water into the canals.

During the first quarter, there was no power generation from either plant due to the non-availability of water. However, during the second quarter, the plants generated 9.22 million units of power. Of this, 1.81 million units were utilized for captive consumption, while the remaining power was sold to the grid under the respective PPAs, or power purchase agreements.

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The Energy Division reported EBITDA of 0.63 crores during the first half of the year.

Coming to the company's overall financial performance, revenue from operations for the second quarter of this financial year stood at 386 crores, registering growth of 12% year-on-year as well as on a quarter-on-quarter basis. EBITDA for the quarter stood at 37 crores, declining by 26% year-on-year and 6% on a quarter-on-quarter basis. EBITDA margin stood at 9.64%, contracting by 502 basis points year-on-year and 189 basis points sequentially. Profit after tax stood at 20 crores for the quarter, increasing by 1% year-on-year and 15% on a quarter-on-quarter basis. PAT margin was 5.18%, lower by 60 basis points year-on-year but higher by [trails off]

Operator: Ladies and gentlemen, the line for management is disconnected. Please stay connected while we reconnect them to the call. [line issue] Thank you for your patience. We have reconnected management to the call. Over to you, sir.

Management: I will start with the financial performance. Shall I start from the beginning? Regarding the overall financial performance of the company, revenue from operations for the second quarter stood at 386 crores, registering growth of 12% year-on-year and also on a quarter-on-quarter basis.

EBITDA for the quarter stood at 37 crores, declining by 26% year-on-year and 6% on a quarter-on-quarter basis. EBITDA margin stood at 9.64%, contracting by 502 basis points year-on-year and 189 basis points sequentially. Profit after tax stood at 20 crores, increasing by 1% year-on-year and 15% on a quarter-on-quarter basis. PAT margin was 5.18%, lower by 60 basis points year-on-year but higher by 12 basis points sequentially.

Moving to the half-yearly performance, revenue from operations for the first half of the year stood at 730 crores, registering growth of 7% year-on-year. EBITDA stood at 77 crores, declining by 25% year-on-year. EBITDA margin was 10.53%, lower by 453 basis points compared with the corresponding period of the previous year.

Profit after tax for the first half of the year stood at 37 crores, declining by 7.2% year-on-year. PAT margin stood at 5.11%, down by 80 basis points.

The compression in EBITDA margins during the quarter was primarily attributable to a decrease in selling prices and an increase in raw material costs, which exerted pressure on the overall cost structure. These cost pressures impacted operating profitability despite the growth in revenue.

At the segment level, cement contributed about 84% of the first half of the year, followed by Cement Bonded Particle Boards at 10% and Ready Mix Concrete at 7%.

We are happy to report that the company has a CRISIL A- Stable rating and a net worth of 969 crores as of September 30, 2026.

Going forward, our priorities will include strengthening the performance of our core cement business, improving operational efficiencies, expanding the reach of our building materials portfolio, and pursuing our renewable energy activities in a disciplined manner.

We will continue to focus on prudent capital allocation, customer service, and sustainable long-term value creation.

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With that, we conclude our opening remarks. Thank you for your continued interest in our company. We would be happy to take your questions now. Thank you.

Operator: Thank you very much, sir. 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 withdraw 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. [pause] The first question is from the line of Kinnar Mehta from Eureka Investments. Please go ahead. Kinnar Mehta, your line is unmuted. Please go ahead with your question. Kinnar Mehta, please proceed with your question.

Kinnar Mehta – Eureka Investments: Am I audible?

Operator: Yes, please go ahead.

Kinnar Mehta – Eureka Investments: Thank you. My sincere appreciation to management for holding this conference call. This would go a long way in improving the goodwill of the company.

Kinnar Mehta – Eureka Investments: My query is regarding the CAPEX that we are planning. Operations are something over which we have limited control, but regarding the CAPEX, we are undertaking {? 987 crore ?} of CAPEX, which has increased from what I believe was an earlier lower amount by 70 crores. In April, it was communicated at around {? 920 ?}, so why has this gone up?

My question is regarding the components of wind and solar, because we were told that it is a combination of wind and solar. What is the wind component? What is the solar component?

The third question is how many units will be generated from this {? 1,000 crore ?} CAPEX? How much will be utilized internally? How much will be sold? What would be the ROI on this CAPEX? How much do we intend to fund through debt, given that it is a very large CAPEX and we are also discussing the Odisha cement CAPEX? What are our plans? How much would be through debt and how much would be through internal accruals?

When you search online, the standard cost appears to be much lower, so why is our cost so high? I would request management to provide much more clarity on this CAPEX. Thank you.

Management: [pause] Thank you, Mr. Mehta. This is a hybrid power project consisting of solar and wind power. Solar will be about 170 megawatts and wind will be about 30 megawatts.

Initially, during April, we envisaged {? 917 crores ?}, keeping in mind that we would be using only non-DCR, meaning that the domestic content requirement would be zero. However, subsequently, there was a government stipulation that we should use some domestic solar panels. As a result, the total project cost has gone up by 68 crores. That is the reason for the escalation in the overall project cost.

Regarding funding, 70% of the project cost will be funded through debt, and the balance will be through internal accruals. We have received sanctions from HDFC Bank and ICICI Bank for {? 675

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crores ?}, representing 70% of the debt.

Regarding consumption, we will be using almost 40% of the power generated from this project for captive purposes, and the balance will be sold to other bulk consumers or through the exchange. That is the position regarding this project.

Kinnar Mehta – Eureka Investments: Sir, just a follow-up question. Basically, 100 megawatts of solar would cost around {? 400 ?} and 30 megawatts of wind would cost around {? 250 ?}. Even if you total it, it would come to around {? 650 ?}. So why is our cost this high?

How many units exactly will this generate? My estimate is that we will be able to generate around {? 30 crore ?} units. Is my calculation correct? What would be the ROI based on these {? 28 crore ?} units? Thank you.

Management: [pause] Solar capacity would be around 170 megawatts. Each megawatt will cost us almost {? 4 to 4.5 crores ?}. That itself will be around {? 700 crores ?}.

The balance, {? 250 crores ?}, is towards wind. That observation is also correct. Thirty megawatts multiplied by {? 8 crores ?} per megawatt will be roughly {? 250 crores ?}. The total would be approximately {? 950 crores ?}. Including the transmission line and all those items, the project will cost {? 980 crores ?}.

[pause] Regarding EBITDA, for captive consumption there will be savings of almost {? 3 rupees ?} per unit. At present, we are purchasing power at {? 7 rupees ?} per unit, while the cost of generation from this plant would be around {? 4 rupees ?} per unit. Therefore, there will be net savings of about {? 3 rupees ?}.

For the balance sold through the exchange or to bulk consumers, we can earn almost {? 4 rupees ?} per unit. Therefore, the total will be the same: {? 4 rupees ?} per unit that we can generate in terms of revenue.

Kinnar Mehta – Eureka Investments: Okay, so we will be able to generate around {? 90 crores ?} of EBITDA, and the excess power would be sold at the same price, correct?

Management: No, no. Savings will be around {? 3 rupees ?} per unit, and sales revenue will be around {? 4 rupees ?} per unit for the balance surplus power.

Kinnar Mehta – Eureka Investments: So on {? 28 crore ?} units, we will be able to make around {? 90 to 100 crores ?} of EBITDA, whether through savings or generation. Am I correct in this broad calculation?

Management: [hesitates] Correct, correct.

Operator: Mr. Mehta, may we request you to rejoin the queue for any follow-up questions. Thank you, sir. The next question is from the line of Keshwa Garg from Countercyclical PMS. Please go ahead.

Keshwa Garg – Countercyclical PMS: Sir, following up on the earlier discussion, we are investing approximately {? 1,000 crore ?}, which is more than our net worth, and we will basically generate {?

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90 crore ?} of EBITDA. Do you not think this is a very low-ROE project? If we are using only 40% captively, why not invest only {? 400 crore ?} instead of investing {? 1,000 crore ?}?

Management: [pause] Once we repay the debt, we have taken this loan with a 3-year moratorium and 9 years of repayment, for a total period of 12 years. After repaying this debt, the project will be completely debt-free, and whatever total generation is available can be utilized. Whatever the bottom line is, that will be a direct saving to the company.

For future expansions also, the balance power can be utilized. This is the main purpose of the present capacity.

Keshwa Garg – Countercyclical PMS: But since the CAPEX is being undertaken in Tamil Nadu, I understand, will we be able to wheel the power to Odisha or wherever we are planning to set up the new cement plant?

Management: Yes, sir. This is an ISTS project. We have received connectivity from the Central Transmission Utility. There is a Power Grid substation in Tamil Nadu near Tuticorin, and we are setting up this plant there. The power will be transmitted through the PGCIL substation, so we can use this power throughout India.

Keshwa Garg – Countercyclical PMS: Sir, what is the cost of debt at which you are getting the 70% loan?

Management: This is around {? 8.5% ?}.

Keshwa Garg – Countercyclical PMS: Is this fixed or floating?

Management: Floating, floating. It is linked to MCLR.

Keshwa Garg – Countercyclical PMS: Understood. If our net worth is {? 974 crore ?}, our market capitalization itself is {? 760 crore ?}, and the stock price is where it was way back in 2015, why not simply undertake a share buyback? That would make more sense. Our net worth per share and book value per share would increase by doing that instead of undertaking low-ROI projects such as this hybrid renewable project.

I think the loss we incurred in the door division should have been a lesson for us not to get into such misadventures.

Management: [pause] We are in the cement business, and cement is power-intensive. Naturally, once we repay this debt and complete all these things, there will definitely be substantial savings in power costs.

Keeping our future expansions in view, this project will definitely contribute revenue to the topline as well. That is what we think.

Keshwa Garg – Countercyclical PMS: Sir, our cement capacity is now 4 million tonnes. By when will we reach that volume?

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Management: [hesitates] We may not be in a position to utilize the entire capacity, but at least to some extent we will be able to utilize it for captive purposes. The balance can be sold.

Keshwa Garg – Countercyclical PMS: But why are we making all this investment upfront? Let the Odisha CAPEX come. Setting up a cement plant also takes approximately 5 years. What is the need to undertake all this CAPEX in an unrelated area and do it upfront? We can invest incrementally.

Management: [pause] No, no, that is not possible. You cannot keep adding transformers and other equipment. Power Grid has given us 130 megawatts, and that is what is available there.

If you ask for less than that, they will probably give preference to another party. The transmission line and other infrastructure also cannot be executed in parts. The transmission line has to be laid from the project site to the Power Grid substation, and we have to erect our own pooling substation.

With all of that, if you start executing it in phases, it is not viable. Power Grid would also prefer to give the balance to somebody else. Only {? 130 megawatt ?} was available, and that is what they have given us. We have agreed to set up that facility. And [trails off]

Management: Another feature here is the solar power, which can also be stored. Batteries are becoming available nowadays. Once the power is stored, it can be utilized during nighttime as well, even though this is a continuous-process industry.

If we start utilizing it at night-time around the clock, there may not be any surplus. Whatever we generate will all be consumed in the existing cement plant itself.

Thermal power systems cannot survive in the cement industry. Cement is a power-intensive industry, and all our competitors have their own captive power. In the long run, those who do not have their own captive power definitely cannot remain in the cement business. That is the background.

Keshwa Garg – Countercyclical PMS: Great, sir. Thank you very much.

Management: You are welcome.

Operator: Thank you. Ladies and gentlemen, in order to ensure that management is able to address questions from all the participants in the question queue, please limit yourself to 2 questions only. Should you have a follow-up question, please rejoin the queue. The next question is from the line of Vikram Damani from Damani Family Office. Please go ahead.

Vikram Damani – Damani Family Office: Hi, good afternoon. Am I audible?

Management: Yes, please go ahead.

Vikram Damani – Damani Family Office: I thought I had misheard one clarification. Are you setting up 100 megawatts of solar, or is it more than 100 megawatts?

Management: [pause] Hello? Yes, we are able to hear you. Please go ahead.

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Vikram Damani – Damani Family Office: Hi, am I audible? Can you hear me?

Management: Yes, please go ahead.

Vikram Damani – Damani Family Office: I just want to clarify one thing regarding the first gentleman's question. Are we doing 100 megawatts of solar plus 31 megawatts of wind? Is that what you said?

Management: No. It is 170 megawatts. The DC capacity will be 170 megawatts of solar and 31 megawatts of wind.

Vikram Damani – Damani Family Office: Your investor presentation says 130 megawatts, {? [unclear] ?}.

Management: Yes, definitely 130 megawatts. That will give us AC capacity of 130 megawatts. The DC capacity is 170 megawatts.

Vikram Damani – Damani Family Office: Okay. Regarding the points made by the earlier participant, we are spending about 125 crores a year on power currently. After we set this up, how much of that cost will come down after accounting for the surplus power that we sell to the market?

Management: Roughly 35%–40% should come down.

Vikram Damani – Damani Family Office: Let us say we save about 40 crores there. Given that it is solar and wind, and we have no plans to set up BESS, which would additionally cost more money, can we still obtain 7 rupees per unit at the time of day when this power is generated?

Management: Yes. At present, that is the procurement cost. We are purchasing at 7 rupees. [pause] At 7 rupees, it is going up to 9 rupees. Yes, at 15 hours it is going up to 9 rupees, with 9 rupees during peak hours. The generation cost will be around 4 rupees.

Vikram Damani – Damani Family Office: Once this plant is set up and we receive 7–8 rupees, or whatever the price is, for the power we sell in the market, do we expect our power cost to go down to around 10–20 crores per year from the current 125 crores? Is that the right way to look at it?

Management: [off-mic discussion] How much would it be? Three rupees. Three rupees per unit. Three rupees per unit... multiplied by 20... 60 units per unit... multiplied by 28 lakhs... multiplied by... multiplied by 67... it is around 70 crores. 70. 70. 70 crores. 70 crores. Yes, 70 crores per annum is going to be the saving.

Vikram Damani – Damani Family Office: What part of that will be offset by what we sell in the public or open market?

Management: Basically, what he said is that [trails off]

Vikram Damani – Damani Family Office: We utilize 40% in-house. The 125 crores that we spend would reduce by, say, 50 crores, although it would increase slightly due to our CAPEX. We would also receive an additional 60–70 crores from what we sell in the open market. Therefore, should the net power cost trend toward approximately 10 crores a year? Is that a roughly correct number?

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Management: That is roughly correct. Yes, more or less correct.

Vikram Damani – Damani Family Office: Okay, fantastic. Thank you. Now...

Operator: [cut off] Sorry to interrupt, Mr. Damani. We request you to rejoin the queue, sir. Thank you. The next question is from the line of Aditya Nayar from Frontview Research LLP. Please go ahead.

Aditya Nayar – Frontview Research LLP: The fuel cost was around 144 rupees per ton of cement in Q2, which was 22% higher than a year ago. As I understand it, you use a mix of pet coke, imported coal, and Indian coal.

I would like to understand why the cost has been increasing. Of course, fuel prices as a whole have been increasing, but other than that, what is the split between the pet coke and coal that you burn together? How difficult is it for you to change the mix between the 2 if Indian coal prices or pet coke prices decrease?

Management: Earlier, we were using pet coke. However, at present, we are using 100% coal. We are using mostly {? imported ?} coal, although we cannot say it is 100%; mostly, we are using Indian coal.

Switching from pet coke to coal or from coal to pet coke is not a problem at all. We can change the mix overnight by any percentage. We have the infrastructure for that. It is not a problem at all.

Aditya Nayar – Frontview Research LLP: Okay, so that takes away the price sensitivity. Understood. Thank you.

Operator: Thank you. The next question is from the line of Pranay Shah from Karan Capital. Please go ahead.

Pranay Shah – Karan Capital: Hello. Thank you for the opportunity. I want to understand the commissioning timeline for Phase 1 and Phase 2. How should we see the ramp-up happening? I understand that you have marked February 28, but what about Phase 1, and when can we see Phase 2?

Management: The total project will actually be commissioned by that time. By March, March 28. March 28. Power Grid has said that it will be ready only by March 28... sorry, February 28, at the end of February. Therefore, we are trying to be ready with 100% of the project by that time.

Pranay Shah – Karan Capital: So we will not be commissioning it in installments? The entire Phase 1 and Phase 2 will be commissioned at the same time, rather than Phase 1 followed by Phase 2?

Management: We need to receive power, and therefore we have no other choice but to execute it in 1 phase. That is the reason we are now proceeding in 1 phase.

Pranay Shah – Karan Capital: Regarding the earlier participant's point about the cost of the hybrid power project appearing high compared with industry norms, and the cost escalation, does the project cost also include a BESS component, or are we not investing in storage?

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Management: No. As of now, BESS is not part of the project. However, we are discussing it with some technical experts, and our team is working on it. If we decide to proceed with BESS, the wind component may come down to that extent, but the overall project cost will remain the same.

Pranay Shah – Karan Capital: Have you signed any PPA?

Management: What is it? PPA?

Pranay Shah – Karan Capital: Have you signed any PPA for the 60% that you will be selling in the market?

Management: Not yet. No, sir, not yet.

Pranay Shah – Karan Capital: Okay. Thank you.

Management: We have an understanding with CTUIL. They have initiated work from their side, and we have started work on our substations. In fact, we have finalized the transmission line.

We have initiated the contract for approximately 7 kilometers of transmission line. Similarly, work on the substation has also started. That is the progress.

Pranay Shah – Karan Capital: Okay. Thank you.

Operator: Thank you. The next question is from the line of Saket Kapoor from Kapoor & Co. Please go ahead.

Saket Kapoor – Kapoor & Co: Greetings, sir. I hope I am audible.

Management: Yes, you are audible.

Saket Kapoor – Kapoor & Co: Thank you for this opportunity, sir. I joined the call somewhat late, but could you first explain how our EBITDA margins are likely to trend going forward for H2?

When we look at our contribution from the 3 verticals—cement, board, and energy—cement has the largest share, while the board and energy businesses have higher margins but their contribution is still small.

Going forward, what should the margin profile look like, and how are these segments likely to develop, especially the board division? Could you also provide an understanding of the seasonality in terms of utilization levels for the board division?

Management: Regarding EBITDA, for the first half of the year, cement has given us EBITDA of about 475 rupees per ton. For the second half, we are expecting some improvement, to the extent of approximately 50-60 rupees. In any case, for the full year, it cannot be more than approximately 550 rupees.

Coming to the segment-wise contribution, 84%-85% is coming from [trails off]

Management: The board division contributes the balance of the total revenue. Regarding margins, we are currently at 14% for the board division. Bison Panel is giving us a 14% margin. This is likely to

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improve in the coming periods because of higher sales volumes and other factors.

Keshwa Garg – Countercyclical PMS: In terms of utilization levels, do both divisions have any seasonality impact, or is utilization linear across all 4 quarters?

Management: It is largely linear across all 4 quarters.

Keshwa Garg – Countercyclical PMS: What is the utilization level for the board division?

Management: At present, we are close to 60%. It is likely to improve in the coming period.

Keshwa Garg – Countercyclical PMS: Are market constraints the only reason utilization is at 60%, or is it an industry practice that nameplate capacity can operate only at 60%–70%? Can we target 80%–85% going forward? I just wanted to understand how utilization can increase from 60% to 80%.

Management: We are talking about Bison Panel. Bison Panel is at 60%. Cement is operating at more than 75%.

Keshwa Garg – Countercyclical PMS: Yes, I am talking about the board division only, sir. You have already mentioned cement.

Management: That is not a problem. Once we receive the orders, we can go to 75% or even 100%, or close to it.

Keshwa Garg – Countercyclical PMS: Could you repeat that, sir? I missed the point.

Management: In the board division, capacity is not a constraint. The market is the constraint. If we receive orders, we can go up to 100%.

Keshwa Garg – Countercyclical PMS: Okay. Sir, we also find [cut off]

Operator: Sorry to interrupt, Mr. Kapoor. May we request you to rejoin the queue, sir? Thank you. The next question is from the line of Amit Saxena, an individual investor. Please go ahead.

Amit Saxena – Individual Investor: Regarding the capacity utilization of close to 75% that you mentioned, is that better than the industry average in our region? If so, what advantages do we have that enable us to achieve higher capacity utilization? That is my first question.

Management: You are talking about cement, correct?

Amit Saxena – Individual Investor: Yes, yes.

Management: Board? What was the question, please?

Amit Saxena – Individual Investor: You mentioned cement capacity utilization of close to 75% for the first half of the year. I wanted to understand whether, in general, the South has capacity utilization of approximately 60%–65%. Is our capacity utilization better than the average? If so, does the company possess any inherent advantages that enable us to utilize more of our plants?

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Management: NCL Cement is considered a premium brand in the Andhra Pradesh and Telangana markets. We sell at a premium price. Our excellent brand image is the added advantage we have over most of our competitors in this part of the market.

Amit Saxena – Individual Investor: You are saying that you sell at a premium price?

Management: Yes, we sell at approximately 5–10 rupees higher than most of our competitors. We maintain high quality, and we have a premium brand image.

Amit Saxena – Individual Investor: Given the way the industry is currently structured, capacity utilization in the South has generally been below 70% for more than a decade. At the current price of cement, which has also not moved much during the last decade, do you think it makes sense for a greenfield plant to be commissioned today? Does the investment make sense for a new cement player?

Management: It depends on the location. In the same belt, it may be meaningless to add capacity.

At the same time, while there is a lot of capacity, the number of smaller plants is declining. I can name about half a dozen plants that have gone out of operation, such as Bhavya Cement and several other plants that stopped operations because they were not viable.

All these smaller capacities, consisting of plants with less than 1 million tonnes, have more or less disappeared from this market. To that extent, the additional volume is coming to the existing plants.

Regarding our Odisha project, Odisha does not have much capacity. There are not many integrated cement plants in Odisha. That is the added advantage we will have once we set up that facility there.

Amit Saxena – Individual Investor: Okay, thank you very much, sir.

Management: Okay.

Operator: Thank you. The next question is from the line of Vikram Damani from Damani Family Office. Please go ahead.

Vikram Damani – Damani Family Office: Hi, thank you for the opportunity. Am I audible?

Management: Yes.

Vikram Damani – Damani Family Office: First, let me thank you for hosting these calls. It is very useful for us to have our questions answered. I hope you continue doing this.

As a follow-up, I believe that at the AGM in 2025, one promoter group entity was selling shares in the open market, which was putting pressure on the stock. In fact, the same entity has started buying shares from the market again. Do you have any comments or clarification on that? Can we expect any further movement, sir?

Management: [pause] Who was it? Was it P.N. Raju?

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Vikram Damani – Damani Family Office: I think it was P.N. Raju and NCL, one of the entities, I believe.

Management: P.N. Raju was a promoter. He started a large venture in Amaravati, Andhra Pradesh, assuming that the market there would boom. He borrowed money and set up and built large housing complexes.

However, he was unable to market them because, by then, the government had changed. The Jagan government, or Jaganmohan government, did not encourage development in the Amaravati area. As a result, he suffered significant losses and sold his shares in the open market.

The other promoters, more or less, purchased a similar quantity of shares. Overall, we have maintained the promoters' stake. It has been maintained overall. What is it? 42? 42%. The 42% stake remains intact.

Vikram Damani – Damani Family Office: Okay, that makes sense. Thank you. I look forward to the next call.

Operator: Thank you. The next question is from the line of Naresh Ranka, an individual investor. Please go ahead.

Naresh Ranka – Individual Investor: Sir, am I audible?

Operator: Yes, please proceed.

Naresh Ranka – Individual Investor: Thank you to management for hosting this call. My question is regarding Vizag. We started this Vizag grinding unit in FY25. I would like to know the current capacity utilization of this new Vizag plant. What kind of cement grades are we selling there, and what is the margin profile or EBITDA per tonne in that Vizag plant?

Management: The capacity utilization is 77%. Capacity utilization at the Vizag grinding unit is 77%, and we are manufacturing 3-4 different grades.

One is OPC. We are also manufacturing PPC, which we call Duraguard. We are also making slag cement there. We are able to make excellent-quality slag cement because we are getting very good slag for that unit from NMDC. NMDC is adjacent to Vizag Steel, and we are receiving {? [unclear] ?} by rail. We are able to obtain excellent-quality GGBS, which we manufacture.

We have penetrated the Odisha market. We launched our products in Odisha during the last year and are achieving reasonably good volumes. We are also manufacturing GGBS, or Ground Granulated Slag, which is used mainly in coastal areas and by all these RMC units.

Management: This is a concrete product. They mix it with GGBFS. We are also manufacturing and marketing that product from this unit.

Operator: Thank you. Mr. Ankam, we request you to rejoin the queue for the follow-up question. Thank you. The next follow-up question is from the line of Saket Kapoor from Kapoor & Co. Please go ahead. Mr. Kapoor, your line is unmuted. Please go ahead with your question. Saket Kapoor, you are not audible. Please unmute your line. Yes.

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Saket Kapoor – Kapoor & Co: Am I audible?

Operator: Yes, you are audible. Please go ahead.

Saket Kapoor – Kapoor & Co: I am referring to the assets held for sale that we have mentioned in our balance sheet. What do those assets relate to, and what realizable value are we expecting for them?

Management: [pause] [off-mic discussion] The divisions whose fixed assets and inventory are shown there are the divisions that were closed in the last financial year, as of March 31. The assets held by those divisions are being shown there.

Saket Kapoor – Kapoor & Co: So we have not realized the value as of now?

Management: Not yet. That is in process.

Saket Kapoor – Kapoor & Co: What realizable value are we expecting for those assets?

Management: More or less, in all probability, we should realize the amount shown there. We will have to see. We have now advertised the assets and have started receiving inquiries.

Saket Kapoor – Kapoor & Co: Our net advance tax payment is mentioned as {? 5 crores 50 lakh ?} of income tax paid. Is that entirely attributable to advance tax, or is it net of any refund? Could you share the amount of advance tax paid?

Management: It is advance tax only. This is for the first half of the year, as of September.

Saket Kapoor – Kapoor & Co: We hope for the continuity of this call and for [inaudible].

Management: Absolutely.

Saket Kapoor – Kapoor & Co: Thank you, sir, and all the best to you.

Management: Thank you.

Operator: Thank you. The next question is from the line of Devesh Vora, an individual investor. Please go ahead.

Devesh Vora: At the outset, let me congratulate you for conducting the call with shareholders. I am very happy and wish you many happy...

Operator: Sorry to interrupt, Mr. Vora. Your voice is not clear. We request you to please use your handset.

Devesh Vora: Okay. Am I audible now?

Operator: Yes. Please go ahead.

Devesh Vora: We are setting up such a large CAPEX plan, and we recognize that it is a very sensitive plan, which is almost equivalent to the net worth of the company. Are we considering an

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EPC contractor? Who is the EPC contractor that we have in mind?

Are we going to obtain any guarantees from the contractor regarding the cost, cost overruns, and generation from the solar and wind capacity? If anything goes wrong on the cost side, we would be in trouble again. If anything goes wrong with generation, we would also be in trouble again.

Management: [pause] What can go wrong in this? We are not using any new technology. Solar has been tested everywhere, and we have also been utilizing solar power across our units for approximately 10 years.

We are only adding capacity, and we are not dealing with any state government. Normally, when dealing with a state government, there are many hurdles and problems can arise. However, since we are dealing with the central government and a Power Grid substation, I do not foresee any...

Devesh Vora: Sorry to interrupt. I am talking about the EPC contractor who will set up this plant. I want to understand the credibility of the contractor who is doing it and whether the company is taking guarantees on these 2 counts.

Management: [pause] We have not awarded any EPC contract. The panels and materials required will be sourced directly by the company. For execution, we will engage contractors.

The major issue is acquiring the land. We have already acquired it. We have acquired almost {? 418 acres ?}, and it is already in our possession.

We also have our own team. They have extensive experience in power and wind, and we are handling this directly. We have not awarded the project to any EPC contractor. We are executing it ourselves. Therefore, I do not foresee any problem.

Devesh Vora: Are you saying that the purchase of all the materials required for this project will be recorded directly as a project expense in our books? Am I correct? Or will it be recorded as a project expense for [inaudible]?

Management: Yes, yes, sir. It will be recorded in our balance sheet.

Devesh Vora: Can you provide some insight into the ROE of this project? This question remains unanswered. What is the ROE of the project?

Management: [pause] Around 10%.

Devesh Vora: [inaudible]

Operator: Mr. Vora, does that answer your question?

Devesh Vora: No, no, no. He has not specified the ROE.

Management: It is 10%. Around 10%.

Devesh Vora: 10%?

Management: Yes.

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Devesh Vora: Thank you. May I proceed with one more question, please?

Operator: Sir, we will take that as the last question for the day. Ladies and gentlemen, we will take that as the last question for the day. I now hand the conference over to management for the closing comments.

Management: Thank you all for participating in this earnings conference call. I hope we were able to answer all your questions satisfactorily and, at the same time, provide insights into our business.

If you have any further questions or would like to know more about the company, please reach out to our investor relations managers at Valorem Advisors. Thank you.

Operator: Thank you. On behalf of NCL Industries Ltd., that concludes this conference. Thank you all 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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