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"Exchange Plaza", Plot No. C-1, Block G
Bandra - Kurla Complex, Bandra (East),
Mumbai - 400 051
Symbol: DALBHARAT

Subject: Transcript of Q1 FY27 - Earnings Conference Call

Ref : Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir/Madam,

In terms of Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirement), Regulations 2015, please find attached transcript of the Q1 FY27 Earnings Conference Call held on July 24, 2026 for the quarter ended June 30, 2026.

The transcript has already been uploaded and is available on the Company's website at www.dalmiabharat.com

This is for your information and record.

Thanking you,

Yours sincerely,
For Dalmia Bharat Limited

Rajeev kumar
Digitally signed by Rajeev kumar
Date: 2026.07.28 13:31:44 +05'30'

Rajeev Kumar
Company Secretary

Encl.: As Above

"Dalmia Bharat Limited

Quarter Ended 30th June 2026 Earnings Conference Call"

July 24, 2026

MANAGEMENT: **MR. PUNEET DALMIA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – DALMIA BHARAT LIMITED**
MR. DHARMENDER TUTEJA – CHIEF FINANCIAL OFFICER – DALMIA BHARAT LIMITED
MR. YATIN MALHOTRA – CHIEF FINANCIAL OFFICER – DALMIA CEMENT (BHARAT) LIMITED
MR. PRASSAN GOYAL – HEAD, INVESTOR RELATIONS – DALMIA BHARAT LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Earnings Conference Call of Dalmia Bharat Limited for the Quarter Ended 30th June 2026. Please note that this conference call will be for 60 minutes and for the duration of this call all participant lines will be in the listen-only mode. This conference call is being recorded and the transcript will be put on the website of the company.

After the management discussion, there is an opportunity for you to ask questions. Should anyone need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. As a reminder, all participant lines will be in the listen-only mode.

Before I hand over the conference to the management, I would like to remind you that certain statements made during the course of this call may not be based on historical information or facts and may be forward-looking statements. These statements are based on expectations and projections and may involve a number of risks and uncertainties such that the actual outcome may differ materially from those suggested by such statements.

On the call, we have with us Mr. Puneet Dalmia, Managing Director and CEO, Dalmia Bharat Limited; Mr. Dharmender Tuteja, CFO, Dalmia Bharat Limited; Mr. Yatin Malhotra, CFO, Dalmia Cement Bharat Limited; and the other management of the company.

I would now like to hand the conference over to Mr. Prassan Goyal, Head of Investor Relations. Thank you, and over to you, Mr. Goyal.

Prassan Goyal: Thank you, Michelle. Good evening, everyone, and thank you for joining us today. I hope you had an opportunity to look at our financial results and the presentations we have uploaded.

Let me now hand over the call to Mr. Dalmia for his opening remarks. Thank you.

Puneet Dalmia: Thank you, Prassan. Good evening, everyone. When we last spoke, the global economy was navigating an increasingly uncertain economic environment marked by supply chain disruptions, heightened commodity price volatility and rapid technological shift.

Since then, those uncertainties have not only persisted, but in many ways, have become the new normal. Yet India remains one of the fastest-growing major economies globally with an RBI growth projection at 6.6% for financial year '27.

Despite maritime disruptions, industrial production and exports have performed well. GST collections reached an all-time high of INR6.3 lac crores in Q1 FY27, underpinning strong domestic consumption. Public capex remains another key pillar supporting economic growth.

Capital spending in the first 2 months inched up to 21% of the annual budgeted outlay, reflecting government's commitment to infrastructure development and long-term capacity creation. Inflation has largely stayed within the RBI's comfort range, but uncertainties surrounding the progress of monsoon due to potential effect of El Nino continues to warrant close monitoring.

These factors may create short-term fluctuations, but do not alter the structural growth drivers of the Indian economy. In this backdrop, I believe the cement demand will also grow at a healthy rate of 7% in this financial year.

Zooming into the first quarter, cement demand was stronger than most of us were expecting. For Dalmia, however, the quarter was somewhat distinctive as several of our key markets underwent state elections. Such periods typically result in a temporary moderation in construction activity with project execution slowing during the election cycle.

Despite these market-specific challenges, we have delivered a robust volume growth of 9% on a Y-o-Y basis. More importantly, this growth was accompanied by a marked improvement in the quality of our sales, and the share of premium products in our portfolio has moved to a healthy number of 25%.

During the quarter, we also introduced Weather365, our premium-plus offering, which has received an encouraging response from customers. I believe this launch will further strengthen our premiumization journey and enhance the quality of our revenue over time. This quarter was undoubtedly influenced by elevated input costs, yet I'm pleased with the progress we made through disciplined pricing and decisive cost management.

Pet coke prices surged to nearly $160 per ton before moderating to between $130 and $135 per ton, well above the pre-war levels of $110 to $115 per ton. In response, we intensified our efforts across procurement and operations through better planning and inventory management, diversification of sourcing and optimization of our fuel mix. Collectively, these initiatives generated savings of more than INR150 per ton during the quarter.

At the same time, healthy price increases of about INR10 to INR15 in South and INR15 to INR20 in East markets enabled us to pass on a significant portion of the input cost inflation. As a result, EBITDA per ton improved sequentially to INR1,055. As we consolidate our brand position and cost leadership through consistent and meaningful initiatives, I'm confident that we will continue to deliver profitable growth in the quarters ahead.

Now shifting gears to our capacity expansion plans. I'm particularly excited with the addition of Jaypee Cement assets to our portfolio. This acquisition brings 5.2 million tons of cement capacity, supported by 3.3 million tons of clinker capacity in the strategically important Central India region.

This asset also offers meaningful opportunity for debottlenecking and brownfield expansions. It is a great strategic fit for Dalmia, as it strengthens our presence in a key growth market and marks another important step in our journey towards becoming a truly pan-India company.

I'm equally encouraged by the speed and efficiency of the integration. We commenced operations at the Chunar Grinding Unit and started trial production run at Rewa clinker unit in just 50 days of completing the acquisition, a testament to the quality of our execution.

Dalmia has already established a strong brand presence in the region with the continuous seeding of markets since the past couple of years. This positions us well to deepen our market penetration and unlock the full potential of these assets in the coming quarters.

With this acquisition, along with our ongoing expansion projects at Belgaum, Kadapa and Pune, our cement capacity will reach about 67 million tons by quarter 3 of financial year '28. We are working on some more projects, which will be announced in due course.

Before I conclude, I would like to say that Dalmia is at an inflection point where we are adding capacity, diversifying into new regions, fortifying our brand position and strengthening our cost leadership. I'm deeply encouraged by what we have accomplished thus far and even more excited about the opportunities that lie ahead.

As we continue to make meaningful progress on our strategic priorities, building a high-performing organization, accelerating automation, advancing our sustainability agenda and upholding the highest standards of governance will remain a key focus area, enabling us to build a more agile, efficient and future-ready enterprise.

Before I hand over to Dharmender, I would like to take a moment to congratulate him on a highly successful tenure as CFO of Dalmia Bharat. Under his leadership, the company has delivered robust growth and strengthened its financial strategy.

I wish him the very best. Thank you, Dharmender, and over to you.

Dharmender Tuteja: Thank you, Puneet ji, for your kind words. I also thank you for having reposed trust in me and for your continuous guidance and support. It has been a privilege to serve the company through an important phase of growth and transformation. I'm pleased that we have been able to enhance governance standards and establish a disciplined capital allocation framework, maintaining a strong balance sheet.

I would also like to thank our Board members, finance team, my peers and team members in other functions and all stakeholders for their excellent cooperation and support during my tenure. Transition of my role to Yatin over the last 16 months has been a seamless exercise. As the company is entering into exciting phase of accelerated growth, I'm sure Yatin is perfect fit to take the organization to greater heights of success.

Coming back to my opening remarks, I wish good evening to everyone present in this call. I will start with an overview of our operating and financial performance during the quarter. As per analyst estimates, cement demand for the industry grew by about 7% to 8% Y-o-Y in quarter 1.

The first 2 months saw modest growth followed by meaningful improvement in June, supported by the return of labor to construction sites post elections, along with delayed monsoon. Despite a disrupted quarter for our operating regions, we delivered a robust growth of 9% on a Y-o-Y basis. If we set aside the one-off impact of the Rajgangpur breakdown last quarter, this is our third straight quarter of healthy volume growth.

Revenues from operations improved by 7% Y-o-Y during the quarter to INR3,890 crores, driven by higher sales volumes. Realizations improved 6% Q-o-Q, supported by healthy price increases, higher premiumization and strengthening brand position.

During the quarter, we accrued INR45 crores in incentives and collected INR60 crores. The incentive outstanding at the end of the quarter was INR822 crores. Incentive accrual should remain in a similar range of INR45 crores to INR50 crores per quarter in the next couple of years.

This quarter was largely impacted by cost escalations stemming from West Asia conflict. While input costs have moderated from their peak levels, the recent resurgence in hostilities will remain a key factor influencing cost trends in the near term. During the quarter, our raw material cost per ton of production increased 12% Q-o-Q to INR823, primarily due to increase in the limestone raising cost and other cost headwinds.

Power and fuel cost per ton of production increased by 10% Y-o-Y to INR1,045, reflecting a sharp escalation in fuel prices. As Puneetji highlighted earlier, we responded proactively by implementing a series of measures, including strengthening inventory planning and optimizing fuel sourcing and mix efficiency. These initiatives helped meaningfully mitigate the impact of fuel cost inflation and reinforce our cost competitiveness.

As the input costs remain above pre-war levels, we expect the cost environment to stay elevated in Q2. The blended fuel cost during the quarter increased Q-o-Q from INR1.36 per Kcal to INR1.47 per Kcal. Further, 48% of our power consumption has been sourced through renewable energy. This share will continue to rise as we add more renewable energy capacities during the year.

During the quarter, cement freight per ton of dispatches has remained largely flat on a Q-o-Q basis. Clinker freight per ton of dispatches has increased 11% Q-o-Q due to higher clinker movement through road during the quarter. Coming to fixed cost component, Employee cost increased 13% Q-o-Q to INR245 crores, primarily due to the increment impact and certain -- one-off favorable impact in Q4 last year.

Other expenses rose 3% Q-o-Q to INR632 crores, mainly on account of sharp increase in packing bag prices from about INR9.5 per bag pre-war to almost INR14 per bag in Q1. While prices have moderated from the quarterly average, they continue to remain well above the historical levels. EBITDA per ton improved 3% Q-o-Q to INR1,055 during the quarter. On an absolute basis, EBITDA declined 11% Q-o-Q to INR805 crores as the benefit of improved realizations was offset by lower volumes and higher costs arising from external headwinds.

Now moving to non-EBITDA items. Other income increased to INR139 crores, mainly due to the mark-to-market gains on treasury investments. Depreciation during the quarter increased by 12% Y-o-Y to INR361 crores, mainly due to the capitalization of Umrangso clinker unit in January '26.

For full year FY27, we expect depreciation to increase by INR100 crores, as we commission the acquired Jaypee plants and commercialize Belgaum capacity. It would further increase by INR100 crores to INR150 crores in FY28 with the commissioning of Kadapa and Pune projects.

The finance cost during the quarter increased by 36% Y-o-Y to INR147 crores, primarily due to the increase in gross debt owing to acquisition funding. The average cost of debt has been range bound at about 7%. Exceptional item of INR182 crores primarily includes expenses towards stamp duties and transaction fees and other related overheads incurred by the company with the acquisition of cement assets.

Turning to our capital allocation priorities. We successfully completed the acquisition of the Jaypee Cement assets on 29th May 2026 at an enterprise value of INR2,850 crores. The transaction was funded through a prudent mix of debt and internal accruals.

In addition to this, we are further investing to enhance the operational performance of the acquired assets, including installation of an 18-megawatt WHRS facility at the Rewa plant. We have made an encouraging start to the integration process. We expect these assets to begin contributing meaningfully to volumes from third quarter onwards. At the same time, we are steadily embedding Dalmia's operating practices across these facilities with a strong focus on improving efficiency and enhancing productivity.

Our Belgaum expansion project is also progressing ahead of schedule and is expected to commission -- commence commercial production in the next 6 months. At Kadapa and Pune, site excavation is underway with contractors mobilized to begin civil and mechanical work. Excluding the cost of acquisition, we have spent about INR510 crores on capex during the quarter.

Our capex commitment for FY27 is expected to remain at around INR3,200 crores to INR3,400 crores, in line with our earlier guidance. Of this, projects would be roughly INR2,200 crores, while the balance would be towards maintenance, Jaypee catch-up capex and other ROI projects.

Our gross debt at the end of the quarter increased to INR9,108 crores, primarily due to the acquisition, while net debt increased to INR4,431 crores. Importantly, even after funding this acquisition, our leverage stood at 1.47x, comfortably below 2x net debt to EBITDA, demonstrating the strength of our balance sheet and disciplined approach to capital allocation.

With this, I open the floor for question and answers. Thank you.

Moderator: Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Navin Sahadeo from ICICI Securities. Please go ahead.

Navin Sahadeo: Yes, good evening, sir. Thank you for the opportunity and indeed congratulations for a good set of numbers. My first question is about Jaypee. And again, congratulations for bagging the deal. It was on our mind for a long time, and finally, we got it. My question is, INR2,850 crores is the price for the asset, and there is 100 million ton limestone. So, regarding this limestone, I wanted to understand if we have the entire land required to access this 100 million ton in control?

If not, what is the land that will be required and approximate cost? Or the company has a backup plan that since your mine, as you mentioned in the presentation, is very in close proximity to this existing, we cannot really bother about, you know, buying that land, if at all, the prices tend to shoot up? If you could just help us understand this bit-on limestone reserves and costs associated with it.

Yatin Malhotra: So, I think, Navin, it's a mix of both. Number one, yes, we have reserves in the vicinity, and I think it is not a great botheration for us. Having said that, what lands already exist with the Jaypee assets are enough for the initial few years, and land procurement to keep securing your reserves is a part of the process in any plant that we run. So, I think it's a continuous activity. We are good to go in the initial few years. We have an adjacent asset already available, and then, we'll keep expanding the land to augment this further.

Navin Sahadeo: But any ballpark number that so much cost because if you just want to understand the total, let's say, cost to this Jaypee acquisition, will it be additional like, you know, to get this entire 100 million ton, will it be additional INR100 crores, INR500 crores, INR1,000 crores any ballpark number there?

Yatin Malhotra: No, I don't think we can indicate an exact number, Navin, right now. We are in the process of assessing this. And for any practical purposes, this will happen gradually. So, this is not like a onetime hit that's going to come and hit you. So, I think it's an ongoing process.

Navin Sahadeo: Sure. My second question then was about like the clinker and cement capacity kind of a mismatch in the Eastern region and now, it's more so in the Northeast because we have surplus clinker there, but not much grinding. I believe the existing East also is the situation, probably other way around, we have more grinding there, but less clinker.

So how are we looking to utilize or make optimal utilization of the Northeast clinker plant that we commissioned, I think, a quarter or 2 back? So, are there more grinding units that are coming up in West Bengal or Bihar? How should one look at utilization of that asset? Thanks.

Yatin Malhotra: So for the Northeast assets, I think our commentary consistently has been that we believe in the potential of that geography. We have invested ahead of time in clinker and grinding. Yes, we have a little excess clinker available in that place.

In our journey to reach our Pan-India story and expansion, setting up a grinding unit somewhere near that clinker unit is on the table. We have not yet announced that exact project, so I can't detail it beyond this. But I think balancing the clinker from Northeast and setting up some additional grinding is there on the agenda.

Navin Sahadeo: I have more questions, but I'll come back in queue. Thank you.

Yatin Malhotra: Thank you.

Moderator: The next question is from the line of Amit Murarka from Axis Capital. Please go ahead.

Amit Murarka: Hi, thanks for the opportunity. So, the first question is on this exceptional expense that you've highlighted of INR177 crores. I was just wondering like on an asset acquisition value of INR2,850 crores, it seems at 7% of the acquisition cost. So just wanted to understand this better that how much of this was stamp duty? And what really were the other expenses that have been booked out?

Yatin Malhotra: Amit, I think it's been a couple of months since we have entered this transaction. There is a lot of activity that is going on in terms of assessing the right stamp duty amount and other incidental cost. We have taken a provisional conservative number. This is a preliminary assessment that we have done so far.

I don't think this exact number will be the final number. I think give us a couple of months. Anyhow, we have to do this entire registration in next 2 months. So, I think by the end of next quarter, we'll have more clarity on this. But I can just say that this is a provisional conservative number. We should end up being a little better than this.

Amit Murarka: Got it. Sure. And also, could you just give some guidance on the ramp-up of the Central India assets? What utilization you are looking in Q3, Q4 or broadly FY28?

Yatin Malhotra: I would just say that as Puneet ji mentioned, and we've also given it out in our investor deck, in the first 20 days, we got the first grinding unit up and running. Then, we started the trial run at Rewa clinker unit. So it's a topic that we are attending to with utmost urgency.

Having said that, I think we will give it some time for it to stand on its leg, and we will be able to give a little more realistic estimates once we have taken a complete control of the asset in the market and might be we are hopeful that we'll be touching decent capacity utilization in a few quarters, but no guidance as of now.

Amit Murarka: Got it, sure. And a last question, if I may put in. So what's the expectation on cost now given that like we have a good sense of the pet coke pricing and all, like what is the outlook for Q2 and then forward?

Yatin Malhotra: Q2, 10 days prior to today, I think we were more clear on which way the Q2 is going to sort of pan out. But now, we again are in very turbulent times. Again, I can give you an estimate that we're looking at roughly INR70, INR80 increase in terms of input cost. I would say the tail impact that was supposed to come and hit us in Q2 over and above Q1. But as things are evolving, we will have to reasscertain this number. So let us see how this pans out for us and for the industry.

Amit Murarka: And just to be clear, this is excluding negative operating leverage, right, we see in Q2?

Yatin Malhotra: No, I'm just telling you the macro headwinds. Negative operating leverage is a part and parcel of business seasonality will come and hit us. So that's a separate discussion.

Amit Murarka: Sure. Thanks a lot. I'll come back in the queue.

Moderator: The next question is from the line of Kunal Shah from DAM Capital. Please go ahead.

Kunal Shah: Yes, sir. So, first, on the Jaypee ramp-up bit, I understand it's a bit early. But could you just explain or give us some insight on what would be the quantum of volumes we would have done in FY26 to the existing, I mean, to the potential markets of Jaypee from our existing plants? Like is the network still active? And can it be sort of capitalized to ramp up Jaypee?

Yatin Malhotra: Sorry, Kunal, what was the second part of the question?

Kunal Shah: No. What I'm trying to understand is how much volumes would we be selling to the potential markets of Jaypee, let's say, MP, UP, from our existing plants in East? if you could just help like during FY26, what would be the quantum of it? And if the network over there is still active, sort of can we capitalize it to ramp up the Jaypee quickly?

Yatin Malhotra: So, the answer to your second question is a definite yes. I think we have been very consciously kept investing in that market. So, we have a decent presence in terms of network and brand. And the answer to your first question is that I would rather not give exact numbers of how much we sold in Central market from East. So yes, that's it.

Kunal Shah: Understood. Second, sir, also, company would be adding almost 40% capacity increase. That will be the quantum within like 1.5 years. And along with like a potential turnaround of the Eastern market, how to think of volume growth outlook over the next 2 years? Like could you provide any guidance over there?

Yatin Malhotra: Kunal, we really believe the industry per se would grow 7% to 8%. I think for our organic numbers, we should be in line with the industry. We are chasing more, but at least in line with the industry. And so the additional capacities, as we ramp that up, I think that should give additional volume. So I think we can put two and two together on that one.

I can just tell you that, as we said, Jaypee, we are deeply entrenched in the market so that we get a head start, Belgaum, Kadapa, when the capacities come in. Again, these are markets that we know like back of our hands. So, for us to ramp up should not be an issue. So we are hopeful that we'll be delivering decent growth, both organically and also with the additional capacity that we are bringing online.

Kunal Shah: Understood. And lastly, just one bookkeeping. In terms of our 9% volume growth during the quarter, how would this be faring versus our operating market growth? If you could just give some bit of...

Yatin Malhotra: Faring versus...

Kunal Shah: Our operating market, like East and South and Northeast, what would be the blended growth in those markets and versus that our 9%, like how does that fare?

Yatin Malhotra: So Kunal, early days, not all results are out. Our gut says that we would be at least 200 to 250 bps higher than the industry. But I think once the numbers are out for everyone, we can understand this better.

Moderator: The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Thank you. Sir, just to get more sense in terms of the capacity. So obviously, with the Jaypee and the ongoing expansions, we will be close to 67 million tons by Q3 FY28. So one, obviously, we have mentioned that Northeast, we will be adding up. A broad idea, let's say, even if we announce now also, by FY28, and can we add 2 million to 3 million tons there?

And second, previously, we were looking to reach a 75-odd million ton by FY28. So particularly the Jaisalmer 6 million tons. So will that now be in FY29 that one can look at? I understand we will be announcing, but broadly, it will not be coming in FY28. That is kind of a clear that way one can look at?

Yatin Malhotra: I think the way I would see this is that the path is clear. The date, the milestone is definitely something we're looking at, but it's an indicative milestone. At 67, we are very clearly on that path. East grinding unit, as we mentioned, as you also mentioned, should take us in the vicinity of 70 soon. Whether it happens in the last quarter of '28 or first half of '29, it doesn't change the game too much.

And as you would appreciate, Shravan, we are right now in the midst of executing roughly capex including if I were to see Jaypee because we are stabilizing Jaypee. So, we are handling 116 million to 17 million tons as we speak.

So, we have to be careful how many fronts we open. I think once we have this settled, give us a couple of quarters, you might end up hearing more announcement from us. But if the way we see it, the journey to be a Pan-India player by FY31 in roughly 110 million-odd tons, that path is clear. So a few quarters here and there actually don't make too much of a distance on this.

Shravan Shah: Okay. So even if, let's say, 70 -- 67 and even if I add 2, 3 million tons Northeast, 70 million by FY28, then in next 4 years: '29, '30, '31, in 3 years, we need to kind of add 40 million tons. Do we still kind of want to achieve 110 million tons by FY31 because given that to achieve that we need to do a significant capex, and then obviously, the net debt will also significantly rise. So are we also kind of thinking that even we'll not mind it to reach by even FY34, '35 also? So or still we're sticking that by FY31, we want to reach 110 million tons?

Puneet Dalmia: I think I've already said in many of my earnings calls earlier that this is a directional number. But depending upon how the industry is going, we can calibrate our speed, we can dial it up or dial it down. So like a couple of years here or there doesn't matter.

Broadly, the direction is Pan-India, and the direction is going to be 110 million to 130 million tons. So I think let us see how the industry evolves. Let us see how the macro situation is. And I think based on that, we will remain flexible. We have said this earlier also, and we are saying this now also.

So let us take the example of 75. Our earlier target was financial year '27. And now, we are going to get close to it in financial year '28. So okay, we are 1 year behind schedule. Heavens are not going to fall. So I would just say that we will be disciplined about our capital allocation. We will be very focused on our strategy, and we will focus on growth, which is financially accretive.

Yatin Malhotra: And making sure that our balance sheets are healthy. So we will not burst the bank, of course.

Shravan Shah: Sir, that's what the feedback I also wanted to give. So the more we delay would be better. Yes, I know, I'm just completing the sentence, you listen. So that's what the feedback is. So we should be looking at the balance sheet. We should not be minding in terms of delaying. The focus should be to keep on increasing the existing assets utilization and keep on improving the balance sheet. So that's the feedback I just wanted to give.

Yatin Malhotra: Rest assured, we will be cognizant of that.

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

Siddharth Mehrotra: Sir, just wanted to clarify, this INR3,200 crores to INR3,400 crores number, that is excluding Jaypee, right? It does not include Jaypee?

Yatin Malhotra: Yes. Actually, I don't think the Jaypee capex would change this number significantly. It's anyhow a INR200 crores range. And we will be in the vicinity of this number, even including the Jaypee capex because even if we start executing the project, the cash flows will not happen immediately. So you can pick up the same number, including Jaypee also.

But definitely, this is not with the bulk INR2,850 crores. So that is on top of it. But all the efficiency start-up capex is a part of INR3,400 crores.

Siddharth Mehrotra: Okay. Understood. Sir, I just wanted to clarify, in the slide we gave to investors when we first announced this deal, we noted a number of around INR550-odd crores, including refurbishment and efficiency. So now that you're almost a couple of months away from when you gave out that number, is our estimate materially different?

Yatin Malhotra: No, they're not materially different, but it is still a WIP thing for us, Siddharth. So, this will phase out gradually, but I don't think there are a lot of nuances and anyhow the plant that we run, it is an evolving thing for us, but I can tell you this INR550 crores is the initial thing on the table. Let us give ourselves a few quarters to execute this. And then, we'll keep adding as and when the needs arise.

Siddharth Mehrotra: Understood, sir. And sir, we had also highlighted that we can grow our capacities there by around 2 million ton odd number. So any sort of ballpark estimate on the timelines where we actually think about expanding capacity in these acquired assets?

Yatin Malhotra: Again, Siddharth, very early in the day. Give us some time, let us get a little more acclimatized with where we are. That is pretty much on the agenda, but that will happen sequentially. We can't jump the gun on day 1.

Siddharth Mehrotra: Understood, sir. Sir, secondly, I just noticed that in our slides, we were slightly pushed forward the start-up of our Pune plant. So is that with a view to balance our balance sheet situation? Or are we sort of running delayed on the operational side of things in terms of execution?

Yatin Malhotra: We had some teething troubles on the execution start point, and that is the reason. So Pune is not something that we have done for balancing our balance sheet right now. It's a new place for us. I think it took us a little more time to sort out certain issues, but I think we are back on track.

Siddharth Mehrotra: Got it, sir. And sir, for this entire year, do we expect to grow in line with the industry, around 7%, 8%? Or now that we have Jaypee assets, would we be more optimistic of a slightly higher number?

Yatin Malhotra: I think I'll maintain my position. Outside of acquisitions or new capacities, we want to grow in line with the industry. We actually want to do more, but you can take a guidance in line with the industry. And whatever we add as capacity, either by acquisitions or new projects, that should be on top of it.

Siddharth Mehrotra: Understood, sir. Sir, if I could just squeeze one last question...

Moderator: Mr. Mehrotra, I'm sorry to interrupt you, sir. I will request to kindly rejoin the queue. We'll take the next question from Pinakin from HSBC.

Pinakin: Thank you very much. So my question is on cement prices. We have seen after some time, East India price increases going through and sustaining, but they still remain well below other regions in Pan-India. So in your view, you being a large player in Eastern India, what will it take for this price gap to narrow? I mean, given what's happened in Bengal recently, can we expect the price gap to narrow this year? Or is it more like the next 2 to 3 years where pricing gap between East and other regions can narrow?

Yatin Malhotra: Again, we don't have an answer that what will it take to make the prices stick. I think it's a very dynamic part of the industry, and I think you know this as good as I know it. So, we are hopeful good sense will prevail and better prices can happen but let us see how it pans out.

We have no other take on this topic. What we can tell you is that as a brand, we work on premiumization as a topic. So whether it is premium products or whether it is premium pricing, that is an agenda that we very strongly chase. What happens to market price is something for all of us to see together.

Pinakin: Thank you very much.

Moderator: Thank you. The next question is from the line of Satyadeep Jain from AMBIT Capital.

Satyadeep Jain: Hi, thank you. Just on Jaypee, follow-up to one of your questions on, when you were doing the tolling arrangement, you obviously built some distribution network. And it's been a while, our channel check suggests that the volumes into the market were toned down significantly after the tolling period ended.

So again, just following up, what kind of network you already have? And how long will it take maybe to rebuild or build on what you already had? And when do we look at profitability, absolute EBITDA profit from this plant?

And tied to this would be that Jaypee also has another asset, which I believe is for bidding the other, Bhilai and Nigri and all. Is that something that is on the table for you also to evaluate the other set of assets at Jaypee?

Yatin Malhotra: So I'll answer your question in parts. Number one, I think I'm repeating myself, this is not a new market for us. We did stay invested in the market by continuously supplying and continuing our relationship with the channel and making sure the brand is there in the market. So I think for us to take a decent start should not be a major concern. There is still a lot of legwork that we have to do in the market because we have to multiply our numbers many fold. But we have good start point in terms of presence.

Point number two, I think how much time it will take for us to get our EBITDA, I think we would allow ourselves as you would expect, we have taken the assets. We have got the fixed costs, and we have got the legacy issues, some legacy issues also, and we are still yet to ramp up volumes and sell. So initial period will be tricky. It should take us a couple of quarters to be EBITDA neutral, I would say. But I think we should be on track by the end of this year. And we will give us, I don't know, it might be, 7, 8 quarters for this asset to give EBITDA in line with the normal Dalmia EBITDA.

And to your third point, can you repeat the last question? Sorry, I missed that.

Satyadeep Jain: The other set of assets that Jaypee had?

Yatin Malhotra: Other assets, I think we are participating in the process. We will wait and see how it pans out.

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

Raashi: Thank you. Just checking by when would you expect the Jaypee assets to coincide with Dalmia's organic EBITDA per ton?

Yatin Malhotra: Raashi, I just answered that. As I said, a couple of quarters for us to break even on EBITDA and might be 7, 8 quarters to deliver EBITDA per ton in line with the other states of Dalmia overall average. But again, as you would expect, early days for me to give a definite guidance. So we will see how this pans out. I can tell you that we are very strongly working to make sure that it gets online ASAP.

Raashi: Got it. And on the overall cost for Dalmia, I think earlier you mentioned that you were targeting cost reduction on internal efficiencies to the tune of 50 to 100 per year. Is that still on track?

Yatin Malhotra: That is definitely on track. When we closed March quarter, Q4, we said that what we promised a couple of years ago, we have demonstrated that we have delivered. And now, it is a continuous activity. So I don't want to treat that as a guidance, but you can trust as we are working on that 24/7.

Raashi: Just one last question I missed. What was the accrual incentive in this quarter?

Yatin Malhotra: I think we mentioned that number, INR45-odd crores.

Raashi: Okay. And you received how much?

Yatin Malhotra: INR60 crores.

Moderator: The next question is from the line of Sarthak Tita from DSP Asset Managers.

Sarthak Tita: Hi, good evening. Thank you for the opportunity. I just have a small question on the cost side. So on the power and fuel cost on the presentation, we have highlighted that we were able to weather the storm and we contained the fuel inflation by around INR150 per ton. Does this imply or will this cost be coming in, in Q2? Should we think around that line or INR70 to INR80 that you highlighted will be the only uptick in power and fuel cost in second quarter? Just some clarity on that would be helpful.

Yatin Malhotra: So INR150 is something that we were able to avoid. And I think there is no reason for us to believe that this will come and hit us in Q2. I think this is a permanent change in the way of working that we were able to do. And that's also included some part as an opening inventory impact.

Looking at Q2, as I said, 10 days ago, we were looking at 70, 80-odd bucks Q2 over Q1. But now, with this evolving situation, we'll have to see how the story pans out. Right now, I would work with that number, but again, it's a very evolving place. So let us look out for that.

There is one more factor of cost. I think diesel increases happened towards the end of May. So last quarter only had 1 month with full diesel cost impact that there would be an impact for that. But packing cost was very high in quarter 1. That is improving in quarter 2, unless things go bad again. So all put together, I think somewhere in the range of INR70, INR75 is what you would expect, unless things turn drastically bad from where we are today.

Sarthak Tita: Got it. Thank you, sir. One small question, I don't know if you mentioned it earlier, but any number of volumes that you can indicate in the ramp-up of the new acquired unit that we started in last 10 days? Will that be material or it will be very small in amount?

Yatin Malhotra: It definitely would be small. I don't know whether it will be very small, but I would not want to call out any numbers. I would again say, give us some time. And I think we can share more details as time passes by.

Sarthak Tita: Yes, got it. Thanks so much. All the best. Thank you.

Moderator: We'll take the next question from Pulkit Patni from Goldman Sachs. Please go ahead.

Pulkit Patni: Sir, I just have a bookkeeping question. This exceptional item that you have booked, I just wanted to understand, since this is part of an acquisition, would it not be capitalized? Why has it been taken through the P&L, if you could help me understand that a little better.

Dharmender Tuteja: Pulkit, when you acquire a business, normally, the accounting standards ask you to choose either the business combination method of accounting of acquisition or the asset purchase. So since this was a business purchase, it was a lumpsum amount for the whole lot of assets. So it qualifies as a business combination.

So in business combination, you fair value the assets and account for, and then, of course, allocate to respective assets pro rata depending on the valuation report, purchase price allocation is done.

But once this fair valuation has been done, stamp duty does not add any additional value to the asset so that this additional cost has to be charged off as per accounting standards. But for tax purposes, this will be, again, considered as a capital asset and depreciation will be claimed on that.

Had we followed the asset purchase, had we purchased individual asset that this asset we are purchasing for this much value, then we would have gone. It would not have a slump sale purchase, it would have been asset purchase, then stamp duty would have been capitalized. So business combination, you have to expense off all these transition costs, which do not add value to asset which is already fair valued.

Pulkit Patni: Thanks for that.

Moderator: Thank you. The next question is from Prateek Kumar from Jefferies. Please go ahead.

Prateek Kumar: I have one question on like you have acquired like quite a few small assets like Murli, Kalyanpur, Northeast operations, Jaypee. How would you rate assets of Jaypee versus some of these assets in terms of ability to scale up EBITDA per ton in line with your company benchmark? And how is the pricing of central market for yourself versus your company average or like market average?

Puneet Dalmia: I think we have to look at it from 2 lenses. One is that the strategic aspect. I think it accelerates our entry into the central market, which we think is long term, a very attractive market, both from a market structure point of view, as well as a growth point of view. So that's point number one.

Point number two, it gives us a lot of flexibility in doing brownfield and debottlenecking options. So, there is we can average our cost down further from here. These are the big positives that we see. And a lot of infrastructure is already here, like there is railway siding, there is colony, there's a lot of surplus land. So I think this is a very large asset in terms of its footprint and a lot of infra already exists here. So I think those are the positives.

I think the negative here is that, this plant was shut for a long time, and it is a relatively older plant. So I think we have to put some money into bringing it down in terms of the efficiency, the cost curve. That is what we are ascertaining.

But overall, I think Jaypee is known for building very good plants and technically excellent asset. We acquired Bokaro also from them in 2015, and I think it really delivered very well for us and I think our team was familiar with this asset because we've done tolling as well.

So I think overall, we think strategically, we are quite well positioned. It is just a slightly higher cost plant because they have not done enough capex that they should have to bring it down the cost curve. And that is something we have to do some catch-up capex and efficiency capex to restart the plant and bring it down to the Dalmia efficiency curve. So overall, I think it ticks all the boxes in terms of what we think is strategically attractive and financially accretive.

Prateek Kumar: Another question on pricing...

Moderator: Mr. Kumar, I'm sorry, sir, you will have to rejoin the queue for follow-up.

Prateek Kumar: No, this question was asked in the first question only.

Management: Yes, what pricing?

Puneet Dalmia: I think we are pretty much buying it at not a very expensive valuation. We haven't paid a very high premium. It's like a close to replacement cost.

Yatin Malhotra: Your question was on...

Prateek Kumar: Sir, the question was on market pricing, cement pricing.

Yatin Malhotra: Can you repeat your question, Prateek? Just come back with the question quickly, Prateek.

Prateek Kumar: So, the question was how is the pricing this season, your pricing versus your average pricing and your pricing versus central market's pricing?

Yatin Malhotra: I can just tell you I don't have that data off hand, but I can tell you that once we enter the market, we'll enter at the level our premium price positioning would be at par with the industry leaders. So I can tell you that. So there won't be any discounting as such in our pricing. How much does it compare versus our overall average? I don't have that number offhand.

Prateek Kumar: Thank you.

Moderator: The next question is from the line of Indrajit Agarwal from CLSA. I'm sorry, sir, your audio is not clear. Mr. Agarwal, I would request you to kindly use your handset.

Indrajit Agarwal: Can you hear me now?

Moderator: Sir, some disturbance, but you may try. Please use your handset while talking.

Indrajit Agarwal: What is the price versus...

: We can't hear.

Moderator: Sir, it's not clear.

Indrajit Agarwal: Do we have a brownfield expansion opportunity at Jaypee?

Yatin Malhotra: I think we answered that question. We called it out in our investor deck also when we acquired the asset. We definitely have brownfield expansion, and we also called out the numbers, but we are to yet to do a full assessment. So we will come -- sorry, sorry, sorry, brownfield, yes, so both brownfield and debottlenecking are there on the table.

Debottlenecking, we mentioned about that in our earlier investor presentation. And brownfield also, as Puneetji mentioned, there are enough reserves, enough land. I think we should be able to look at it, but we'll be detailing as we go forward.

Indrajit Agarwal: Sure. And on price exit versus quarter average?

Yatin Malhotra: Sorry?

Indrajit Agarwal: The cement prices exit versus quarter average, how is it currently?

Yatin Malhotra: June exit versus quarter 1?

Indrajit Agarwal: Yes.

Yatin Malhotra: I think most of the markets have held steady. Bengal has seen some suppression of prices but in July, in initial period, we have seen some uptick in South again. So it's a very, very evolving space. We are not monitoring one date versus one average. Let us see how the quarter works for us.

Indrajit Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Gaurav Nagori from Avendus Spark. Please go ahead.

Gaurav Nagori: **A**ny update on the North region foray? And are we going to see the delay because of priority to ramp up the Jaypee assets? And also, are we looking to transport volumes from Central to North market because what we hear is a lot of activity on the logistics side in Rajasthan by Dalmia?

Yatin Malhotra: I don't think moving material from Central to Rajasthan or North market is on the table. That is definitely not on the table. And regarding your point regarding expansion in North, I think Puneetji detailed out very, very clearly.

Our stated aspiration is to be a pan-India player. We have given a milestone in terms of capacity and years. North is definitely going to be there on the table. But when it happens and when do we announce, I think that we will come back to you as we go along. We can't comment on that.

Gaurav Nagori: All right. Thank you.

Moderator: Thank you. The next question is from the line of Jashandeep Singh Chadha from Nomura. Please go ahead.

Jashandeep Chadha: Yes, hi. Thank you for the opportunity and congratulations on a good set of numbers. So, my question to you, Puneet, is over the FY '27-'28, as per you, what is the capacity that will be added in the Eastern region? And do you think the industry East industry is in the last leg of massive capacity addition?

And Yatin, just on Jaypee, while you were calculating your internal IRRs and returns, what sort of even if you can give us an indicative number, what sort of utilization and EBITDA per ton you were working with? Just an indication will also work.

Yatin Malhotra: Your first question is how much capacity is getting added in East? Is that, Jash?

Jashandeep Chadha: Yes, sir in '27, '28.

Yatin Malhotra: I think if we just put the numbers that we have in front of us, we are looking at 10 million to 11 million tons getting added in both the years industry-wide, but I think you can be a better judge of that than us. So we have a number of 10 to 11 in each year, '27 and '28.

And regarding your second question, what number I was working on in terms of EBITDA and volume? I think, Jashandeep, we will have to I don't think I'll be very specific on that. I can just tell you that it's a very, very promising region.

We're looking at higher capacity utilization. And as I said, in 6 to 8 quarters, I'm looking at EBITDA turning at the current Dalmia normal average level. So I think you can put 2 and 2 together with that.

Jashandeep Chadha: Right. And just one thing on capacity, do you think East beyond this will not see a massive capacity addition? Is the industry in the last leg of massive capacity addition that we are seeing for the last 5 years?

Yatin Malhotra: Jashandeep, I would not hazard a guess on that. What I'm very clear on is that East we have invested. Dalmia has invested a little ahead of time. We are very well entrenched. The markets are opening up. Every state, I think, offers a great promising opportunity in terms of demand.

So, I think East is going to be a strong region for the industry and for us. So that's the way we see it. How much everyone else is adding and what is that number adding up to, I think the demand should be able to take care of the supply.

Puneet Dalmia: With the West Bengal elections also, I think there is...

Yatin Malhotra: Yes. I think every state looks to us as a very promising state in terms of potential demand.

Moderator: Thank you, sir. Ladies and gentlemen, we'll be taking the last question for today from Rajesh Ravi from HDFC Securities. Please go ahead.

Rajesh Ravi: Yes. Hi, sir. Good evening. Just on the other income...

Moderator: Mr. Ravi, I'm sorry, sir, your audio is not clear. Please use your handset.

Rajesh Ravi: Better now?

Moderator: Yes, it's much better. Please continue.

Rajesh Ravi: Sir, could you explain this mark-to-market, the income which is booked in the other income? Is it related to IEX? And if I recollect earlier, this was moving to other comprehensive income?

Dharmender Tuteja: No. The IEX gain goes into other comprehensive income. Whatever is in other income is only for the treasury investments into mutual funds and bonds.

Rajesh Ravi: Okay. So, this would be fully volatile quarter?

Dharmender Tuteja: This is because of the market yields. If you remember, quarter 4, the yields had gone up. So we had a mark-to-market losses at that time. Now, market yields corrected in this quarter after the policy announcement and because of the attraction of RBI's measures to attract global capital in the form of FPIs and ECBs. So the rates have come down. That is why the mark-to-market gains have come. So on average, you can assume that treasury yields will be close to about 6.5% to 7%, not more than that.

Rajesh Ravi: That is it from my end. Thank you.

Moderator: Thank you. As that was the last question for today, I would now like to hand the conference over to Mr. Puneet Dalmia for closing comments. Thank you, and over to you, sir.

Puneet Dalmia: Thank you very much. Again, we appreciate your interest in us, and thank you for the engagement, and thank you for the feedback. We are very excited by the acquisition and the greenfield build-out that we are doing. And I think in the next few quarters and over the next 2, 3 years, I think we have very exciting times ahead. Thank you for your interest. Take care. Have a great weekend. Bye.

Moderator: Thank you, sir. Thank you, members of the management. On behalf of Dalmia Bharat Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.