NUVOCO VISTAS CORP. LTD.

Ref. No.: Sec/70/2024-25

August 5, 2024

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

Dear Sir/Madam,

Sub: Transcript of Investor and Analyst Conference Call on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter ended June 30, 2024

Further to our letter no. Sec/60/2024-25 dated July 23, 2024, letter no. Sec/65/2024-25 dated July 31, 2024 and letter no. Sec/67/2024-25 dated August 1, 2024, please find enclosed the transcript of the Investor and Analyst Conference Call held on Thursday, August 1, 2024 on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter ended June 30, 2024.

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

This is for your information and records, please.

Thanking you,

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

SHRUTA JATIN SANGHAVI
Digitally signed by SHRUTA JATIN SANGHAVI
Date: 2024.08.05 19:01:20 +05'30'

Nuvoco Vistas Corp. Ltd. MUMBAI 70

Shruta Sanghavi
SVP and Company Secretary

"Nuvoco Vistas Corporation Limited Q1 FY'25 Earnings Conference Call"

August 01, 2024

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

Moderator: Ladies and Gentlemen, Good Day and Welcome to Q1 FY'25 Earnings Conference Call of Nuvoco Vistas Corporation Limited.

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

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

Madhumita Basu: Thank you, Michelle. Good afternoon, everyone, and thank you for joining our 1st Quarter of Fiscal '2025 Earnings Conference Call.

To begin with, let me briefly address the broader macroeconomic environment, after which I will provide an overview of our performance for the quarter.

The Indian economy signals a stable outlook, as indicated by several economic indicators. Manufacturing is gaining pace with the PMI having exceeded its long run average in June on the back of new orders. The timely arrival of monsoon is promising for agriculture and the rural economy. The IMD forecasts above normal Southwest monsoon rainfall. The improvement in the outlook for agriculture augurs well for the further revival in rural spending that is already outpacing urban segments.

Now, let's turn our attention to our "Performance for the Quarter."

Firstly, let me spend some time on prices, a much-discussed topic. Over the past year, the industry has experienced a downward trajectory in prices, which is not a positive sign. Q1 FY'25 too was particularly challenging in terms of pricing. However, the Company weathered the headwinds by effectively managing revenue per ton, driven primarily by our continuous focus on value optimization, trade share, premiumization, and geo optimization.

In our ongoing commitment to premiumization, premium products have maintained a critical role within our portfolio. During the quarter under consideration, premiumization recorded a high of 40% of trade volumes, registering an increase from 37% in the previous period. Given the headwinds, the Company remain focused on cost optimization.

At this juncture, let me also brief you on "Quarter Performance related to Key Cement Cost Elements." Power and fuel cost reduced 1% quarter-on-quarter. The Company has reached the lowest blended fuel cost in the last 11-quarters at Rs.1.57 per Mcal. It gives me immense pleasure to state that Nuvoco's power and fuel cost continues to be amongst the lowest in the industry.

On the raw material side, Nuvoco continues to be better placed due to its long-term slag supply agreement. Distribution cost per ton declined by 4% quarter-on-quarter due to improvement in lead distance and no road movement of clinker in the East.

On cost efficiency, we are happy to report that "Project Bridge 2.0" is on track. Railway siding projects in Sonadih and Odisha are at an advanced stage of completion which will further add to efficiency. Project at Sonadih is expected to be completed by Q2 FY'25 and Odisha by Q3 FY'25.

I would like to reiterate that despite the volatile demand environment over the past 1.5-years, we kept strict control on our cost lines.

Coming to "Volume":

The Company navigated a quarter, characterized by soft demand, mainly due to elections and weather-related factors. We delivered a volume of 4.8 mt. Some part of volume moderation was on account of our internal program with respect to upgradation of SAP across the organization. This was in line with our digital transformation journey. I shall touch upon this in more detail later in my speech.

In Q1 FY'25, the Company recorded revenue and EBITDA of Rs.2,636 crores and Rs.348 crores respectively.

As stated earlier, our blended revenue per ton dropped marginally quarter-on-quarter even amidst weakness in all-India cement prices.

Our results should be viewed in light of the fact that effective 1st April 2024 as a conservative accounting practice, we have decided to book the incentives income on realization basis. Accordingly, revenue and EBITDA for the quarter does not include any incentive income.

On the marketing front, to enhance brand equity, we launched an innovative campaign for Duraguard Microfiber Cement, the only patented product with unique microfiber technology.

Additionally, the Company introduced "Concreto UNO" a premium cement variant in West Bengal catering to the growing demand for high quality construction materials in the region.

During the quarter, we successfully completed the SAP upgradation across organization to facilitate the Company's digital transformation journey. The upgradation project was undertaken with the objective of bringing entities under unified infrastructure and streamlining the processes across the organization.

Moving on to "Cement Demand":

In Q1 FY'25, industry faced challenges due to factors associated with the general election such as the scarcity of labor and additional restrictions related to the model code of conduct. Furthermore, demand was impacted by extreme heat wave conditions across some regions and the early onset of monsoon in the east. Looking ahead, the near-term demand outlook remains uncertain. We believe recovery in demand hinges upon spending on infrastructure and housing.

Key drivers to watch out for includes:

Acceleration of infrastructure spending:

As we all know, the government has budgeted 1,100 crores for infrastructure CAPEX under the Union Budget in FY'25. And the pace of these infrastructure-led spendings on the ground will be crucial.

Pick up in housing spends:

The Government has increased the budget allocation for PMAY by 57% in FY'25 and traction in housing as a result will be a significant driver.

Regarding industry prices, we believe that cement prices will remain under pressure and the near-term outlook appears challenging. However, we are optimistic that players like us who have demonstrated the ability to optimize value in a challenging environment will benefit the most when the demand and pricing cycle picks up.

With regard to Ready-Mix Concrete and MBM businesses, both are continuing to perform well. In Ready-Mix Concrete business, we are currently operating 56 plants across India.

During the quarter, we launched two innovative products: first, Concreto UNO Concrete, which is India's first-ever hydrophobic concrete that repels water, setting a new benchmark in construction technology.

Secondly, Ecodure Thermal Insulated Concrete, which is an eco-friendly product designed to keep spaces cooler, offering a sustainable solution for temperature management. These advancements highlight our commitment to innovation and our ability to adapt to market demand.

On sustainability:

The Company's commitment to sustainability, a crucial element in today's business landscape, is highlighted by the fact that we are among the lowest carbon emission companies in the industry.

To confirm, our audited figure for FY'24 stands at 457 Kg CO2 per ton of cementitious materials. We believe that our sustainable practices will continue to add value for our stakeholders, including the communities we serve.

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

Moderator: We will now begin the question-and-answer session. The first question is from the line of Jashandeep Singh Chadha from Nomura. Please go ahead.

J S Chadha: Before I ask my question, can I have two bookkeeping numbers. Firstly, what is the RMX revenue? And also what was the net debt for this 1st Quarter?

J Krishnaswamy: You're asking about the RMX revenue?

J S Chadha: Yes, sir.

J Krishnaswamy: We don't report quarterly numbers for RMX. We can say our Q1 FY'25 volumes is to the tune of 580,000 cubic meters. As regards your second question, in terms of our net debt, as we entered June 30th, was 4,358 crores.

J S Chadha: Sir, I was asking the revenue number for RMX.

J Krishnaswamy: So, we are not doing segmental reporting for RMX revenue.

J S Chadha: Coming to my first question, I just wanted to understand what's the, plan for CAPEX? I understand last time also we had a discussion when you said around 3,500-4,000 crores is the mark you like to touch before going on expansion. So, any update on that and which region will be up in the pecking order, just wanted to get your view on that?

J Krishnaswamy: Mentioning that the plan for Nuvoco is to kick start new investment movement we hit a range of 3,500, 4,000 crores, and this quarter we are at 4,358 crores, but it's in line with our plans. If we look at our June-ending net debt for the last four years, June '21 it was 6,885, June '22 5,347, June '23 4506 and June '24 4,358. Always, June end numbers are slightly higher than the March end numbers. So, we are on course by the end of the year to be better than our March end numbers which we reported, around 4,030 crores end of March, and by the time we hit FY'25 March 31st, we should be well and truly in line to better these numbers. So, we are on course to a debt reduction program. As regards what is our plan for expansion, happy to report to you guys that by the end we would just want some stability in the industry as well as the stability in the overall performance as I mentioned in my previous call. By the end of this fiscal year, we should be ready to kick start our expansion plan.

J S Chadha: By end of this FY'25, right?

J Krishnaswamy: Yes, end of the fiscal.

J S Chadha: And my second question is regarding East industry. So, for the last couple of quarters we have been saying that Nuvoco has been underperforming its East peers and also industry as a whole. So, is Nuvoco losing market share in the east and what are your thoughts about demand recovery in that region?

J Krishnaswamy: I will just give you a qualitative response to it, because industry doesn't report data region wise, but we are a majority east player, so we know what's happening in the region when compared to our peers, so, we are more or less equal to all our peers in the eastern region. Certainly, East is extremely competitive as we speak. But, more than the competitive nature, it is all about pricing, which is happening in East, which is not improving, as Mita explained in her opening speech. And since the price is not improving quarter-on-quarter, year-on-year, one of the important things which we have been deploying in our Company is the value over volume strategy so that our realization has to be in line with our objectives, since our main objective is to pair the debt and keep the Company ready for expansion going forward. So, the single biggest agenda for the Company is to get the operational numbers on bottom line right to ensure that we are fit to grow going forward. So, that's the strategy Company has been practicing three quarters now and then even in this quarter we practice the same strategy. How I would like to answer your question is looking at the comparison all India numbers of every Company in terms of revenue per ton vis-a-vis our revenue per ton changes from Q1 last year to Q1 this year and Q4 last year to Q1 this year. I am very pleased to report that in terms of the realization per ton, mind you, as Mita mentioned in our call, we don't have incentives either in the top line or in the EBITDA line anymore from 1st of April. So, if you knock-off that number, our realization per ton drop has been the lowest when compared to all peer group companies on YoY basis and on a QoQ basis. Suffice to say that all the majors have dropped realization to the tune of Rs.250 to Rs.390 on a YoY basis, under QoQ basis, all of the peer group companies have dropped to the tune of Rs.100 to Rs.160. Nuvoco is a Company where on a YoY basis our realization per ton has dropped by Rs.90.00, on QoQ basis on Rs.40. This clearly gives us confidence that the value or volume strategy is indeed working for us. But your question is that with this kind of approach are we losing market share or not? In this quarter, one of the principal events that happened in the Company was the SAP migration and because of which we had a disruption of close to six days in the month of April. If I were to account for the disruption to SAP, I am not saying that whatever we lost could have converted to sales, certainly I think a large proportion of the gap would have been accommodated in sales because sales once lost doesn't come back in this industry. So, if I were to account for it, we would have certainly got flattish growth at an all-India level. So, it's not kind of something which is worrisome for us. You will see us getting the volume numbers as we go forward.

J S Chadha: Nuvoco has reached a such low blended fuel cost. So, is there room for further reduction in the coming quarters, just your thoughts on that last?

J Krishnaswamy: Yes, actually, if we look at our fuel cost starting from Q3 FY'22 when Mayhem hit the Indian fuel industry, we were trending at Rs.2.05 and then went all the way peaked at Q3 FY'23 at Rs.2.74 and then now it's been tapering down to Rs.1.57. What makes us do well on this power and fuel is, as we have mentioned before, all our factories have WHR, we have maximum percentage of blended cement, all our factories have got AFR consumption, and we had linkage tie-ups in all our main markets. At Rs.1.57, there is certainly some headroom to improve for that. How do we improve it further? It will happen through two levers. One is because of this little bit of a low volume scenario; all our kilns are not running to full capacity. The moment our kilns run at full capacity, our WHR generation will increase, and then the fuel cost and power cost will come down further. And secondly, all the new linkages for us have materialized now once from the Eastern collieries in Bengal, from southeastern collieries in Chhattisgarh and Western collieries from Maharashtra. All the linkage coal contracts have been signed and currently, the linkage coal rates are trending anywhere between Rs.1.4 to Rs.1.45 per MCal, slightly higher than our best period of 1.3, but certainly better than the number which was a year and a half ago at 1.6, 1.65 per MCal. And our AFR journey is also improving. In this quarter, AFR percentage was close to about 9%, but we were 12% in Q4, and once the kilns run, certainly AFR percentage will go to 16%, 17%. With improvement in AFR, increase WHR generation, maximizing linkage coal, there is good headroom to reduce this Rs.1.57 per MCal to around Rs.1.50 MCal. That's the opportunity we see for ourselves, and I am pretty confident that with the efficiency factor which I am talking, this number should be possible soon.

Moderator: We will take the next question from the line of Aman Agrawal from Equirus Securities. Please go ahead.

Aman Agrawal: So, first was again on the situation in the core markets of Bihar, West Bengal and Jharkhand. Last time, we mentioned we have started seeing improving since March, but the end market has actually kind of degrown. So, wanted to understand how is the situation right now? And on the volumes front, do we see a degrowth again in the second quarter?

J Krishnaswamy: So, if we look at our markets, certainly, Bengal has not shown any great green shoots in Q1. So, I think as Mita mentioned, the two things which will improve demand uptick in Bengal is about the infrastructure spending and the individual home builders. If the Rs.3 crores program of the government fructifies in the near future, more houses will be built, and we are a individual trade-centric player, and that's where the improvement will happen. In Bihar, we have done quite okay in Q1. We have not seen a territory in Bihar. In fact, all our premium growth, Concreto growth is close to about 18% in Bihar and overall premium percentages happened in Bihar. So, we are not worried about Bihar. Just is that indeed we recorded in the quarter of 4% volume growth which is also positive. Jharkhand, we grew quite well at 3% in the quarter. The corner concern for us was Odisha. I think it bore the brunt of attack due to the SAP down and Odisha should be back in the coming quarter or two. Overall, instead of looking at the outlook for Q2, I will look at the outlook for the 3Qs going forward, we should be able to do a catch up in the balance three quarters.

Aman Agrawal: Just secondly on the capacity front, if we dissect more into the state-wise, is it a case that we are facing shortages capacity constraints in any of the region on the eastern side?

J Krishnaswamy: Not currently. I guess we have got close to 9.5 mt of clinker and 19 mt of cement capacity in east and there is sufficient headroom for Nuvoco to grow in the East at least till two years from now.

Aman Agrawal: On the rake availability, we have highlighted that is an issue in the past. So, just wanted to understand how is the scenario currently?

J Krishnaswamy: I think April was a tough month, but I think this time around the challenges was cement rake rather than the clinker rake. But, as we entered May and June, rake availability indeed improved. In fact, one of the reasons for our overall better performance in the distribution cost is largely coming out of elimination of road movement of clinker. In fact, entire quarter, we have not moved clinker by road and everything has happened by rake and this is reflected in our rupees per ton distribution cost which is favorable. So, rake availability has improved. And the fact that our Sonadih siding is more or less going to be commissioned, it augurs well for us in terms of overall rake movement of clinker. So, Q1, not too much of issues due to rake availability, but indeed we were impacted due to the two rail accidents which happened. So, rail accidents are all temporary phenomena where I think immediate availability of rakes were not available or restrictions were imposed on many lines when the accident happened. But I don't think that can be a reason for the industry. In general, availability was okay in Q1.

Moderator: We will take the next question from the line of Mangesh Bhadang from Centrum Broking. Please go ahead.

Mangesh Bhadang: Sir, a couple of questions. Firstly, on the demand side, so just wanted to understand that post 1Q in the month of July, how the demand has been compared to expectation? And given the recent announcements in the budget regarding all the projects in Bihar, when do you expect that demand to start kicking in?

J Krishnaswamy: Hey, right question to the wrong guy. About the number two question, I cannot do a crystal ball when the government will sign a cheque to the Bihar government. I think I can only hope that they sign the cheque very quickly and things kick off very fast. As regards the overall demand pickup in the month of July, it's still sluggish. I think unseasonal or early monsoon has happened almost everywhere in the core markets. July has started a little bit. But I think, thing should happen, it's the monsoon quarter, and considering the monsoon quarter still I have got two more months to go and things should only improve.

Mangesh Bhadang: Second is on pricing. So, we have been hearing on the details on the channel check that the prices in Calcutta and Patna are at multi-year lows and a similar situation is happening around the rest of the region. So, basically after 1Q, how that pricing has changed in the month of July? And again the same question is that where do you see this stop now, where will the bottom be for these prices given the competitive intensity?

J Krishnaswamy: I have not been in the industry for a few decades as many of other industry captains were there, but certainly I have been long enough to observe the industry. One of the things I am noticing in the industry is I think the current pricing not only in East, in North and West of the regions, we don't participate, but in general, we operate in some parts of Central, East, North and parts of West. Pricing is not encouraging at all. Some of the price lines are pretty low when compared to historical numbers. But this is not a sustainable model at all actually. At this kind of prices, overall profitability numbers of the entire sector is a little bit low. Should improve. I think demand should improve going forward and prices will automatically follow the demand. Even though monsoon is a little bit of a weak period for cement industry, I think post-monsoon into October Puja and then into year end and Q4, I am expecting an improvement in prices.

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

Shravan Shah: Sir, a couple of questions. First, in the last quarter, we were looking at the volume growth for ourselves in line with the industry growth of 7% to 8%. But given the kind of a degrowth, now, how do we look at in terms of the volume growth for FY'25?

J Krishnaswamy: I think if you really look at the results published by all the companies, industry itself has grown close to about 1% to 2% number. So, in light of that, our numbers, as I said before, got impacted due to SAP, but certainly in the near term, at least in the monsoon period, the demand is not going to accelerate, but I think post-monsoon and come October when the government proposals reach the ground and things start happening in infrastructure and housing, demand should pick up. GDP continues to be at 7%, 7.2%. So, technically demand should increase going forward. And if not in the coming two quarters, certainly, I am confident in Q3 and Q4 and beyond, things should improve in terms of uptick, and we should be there to ensure that we participate in the growth. Suffice to say that in Chhattisgarh, Bihar, Maharashtra, MP, we indeed are getting numbers which are much more than the previous quarters in the previous year, we are indeed growing as a Company. The challenge has been Bengal, and Odisha I also mentioned, but Odisha should get sorted out in the next one, two quarters. Bengal, we will have to see an overall uptick in the industry. Bihar seems to be okay as of now, but that should also improve in the coming three to four months.

Madhumita Basu: We have seen a good play in Jharkhand also.

J Krishnaswamy: But Jharkhand is never a one of those double-digit growth market, it's kind of a low to mid single digit growth market and we continue to maintain our market share. In Chhattisgarh, we have indeed grown with the kind of volume numbers which we are doing. In MP, we have done a much better job in the last two quarters. There are areas we are doing pretty well. Bengal is a large market for us as for other people, but that's where I think the challenge is there for the entire industry, because overall demand is not picking up in Bengal.

Shravan Shah: Just to harp on in terms of the pricing, just if I get the number, so in July month, on an average in East and North where we operate, how much prices would have declined?

J Krishnaswamy: It will be very difficult to comment on July because we are in the quarter. So, in this call it will be difficult for me to tell what's the kind of numbers which are prevailing in the market as we speak. But I can only tell in this call that not much of movement in prices.

Shravan Shah: I need a couple of data points. What was the CC ratio, lead distance, OPC share and the fuel mix for this quarter?

J Krishnaswamy: Let me just come with the fuel mix first. The blended fuel mix rupees per million KL 1.57 I mentioned, out of which coal was 42% and in 42% linkage coal was 23% and non-linkage coal was 18%, a small bit of 1% of imported coal, pet coke came at 49% which was 3% lower than Q4 and AFR slightly reduced, it should improve, AFR Q4 was 12%, we were 9% in. Q1. So, that's the kind of coal breakup we had in the quarter. Lead distance reduced from 340 to 330 in Q1 vis-à-vis Q4 and road share 60% and rail share became 40%. CK ratio for the quarter was 1.75.

Shravan Shah: And our OPC was how much in Q1?

J Krishnaswamy: If you can reach out to investor relations team, we will give you the OPC data exactly.

Madhumita Basu: We have given you the cement ratio. That's the data on the table at the moment.

Shravan Shah: And lastly on the CAPEX front, so how much we have done in Q1 and last time we said 300 to 400 crores CAPEX for this year FY'25. So, if you can help me with the revised number? And probably once we start doing the CAPEX by end of FY25, how much one can look at for FY'26 in terms of the CAPEX?

J Krishnaswamy: Certainly, I think this year, as I said in the previous call, 300 to 400 crores, that's the kind of ballpark number which we have. Most of it is all completing the Brownfield expansion, started last year and the rest would be sustenance CAPEX and land CAPEX. So, in Q1, we have spent close to about 100 crores which was a little bit of the Brownfield projects which we spent in Q1. Other than balance three quarters, we will do about 200 to 300 crores. When we reach Q4 is when we look at expansion. And in FY'26, the sustaining CAPEX of close to about 200 crores will always happen to run the Company. But we are looking at close to about 700-odd crores of development CAPEX or new factory CAPEX coming in FY'25. So, CAPEX could be the tune of ~900 to ~1000 crores next year.

Shravan Shah: If possible in terms of the Bridge 2, how much cost saving out of Rs.50 we have done and Rs.50 are we on track in terms of reaching by end of FY'25?

J Krishnaswamy: I think during the course of this year, we will be able to deliver Rs.50 per ton at a annualized level clearly. So, we are well on our course, but I'll just give a little bit of outlook on the key projects. On the distribution side, the first one will happen from the railway siding in Sonadih and the Jajpur railway siding to be in. The second big project would be home markets as well as increasing SO dispatches. Those are the two big projects on the distribution side. On the manufacturing cost side, it will be increasing alternate blast furnace slag. We also have a new sourcing model for bags. The other raw materials would be to get condition fly action, get FGD gypsum in small project, and in the ready-mix side we will have alternate raw materials. The big component in this is going to be optimization of power and fuel cost. The first one will be the grid integration in Chhattisgarh. I guess we are just a week or 10 days to complete it. So, we will surrender the last bit of MD during this month and then from September onwards the full benefit will come out of the grid integration, then the second one will be to increase the alternate fuel in all the kilns, and last but not the least, this year it may not fully fructify, but we will get the full benefit of the solar project in Bhiwani, Chittoor and Jajpur. The other projects will kick start during the course of the year, but the benefits of that will not happen during the course of the year.

Moderator: The next question is from the line of Parth Bhavsar from Investec. Please go ahead.

Parth Bhavsar: I have two questions. The first one is when we say that we might take up a CAPEX in '26, so what is the line of priority, which project will come in first and after that what is our ambition like?

J Krishnaswamy: Yes, I guess we have been speaking about our priority for expansion in all our cost. Our initial first priority will be to expand in North/West, which will be an additional line Brownfield expansion coming in our Chittoor plant. That's going to be the number one priority. But we have limestone reserves in Rajasthan, in Nagore, in Gulbarga, in Guntur. So, other reserves are there, but priority will be to get the second line going in Chittoor.

Parth Bhavsar: And what would be the capacity like or have we not finalized that yet?

J Krishnaswamy: We are working on various scenarios working, but it should be in the tune between 2 to 2.5 mt clinker with a split grinding unit elsewhere.

Parth Bhavsar: Sir, when I look at your cash flows like I think throughout the year we can approximately make anywhere between 700 to 1,000 crores of cash flows and we do take out the maintenance CAPEX, the CAPEX of 300 to 400 crores, we will be still left with 500 to 600 crores and that would be used to bring down debt. Are we like fixated on that you have to bring it down debt below 3,500 crores or even like 3,700, 3,800 crores would be fine, and we will go ahead with the CAPEX?

J Krishnaswamy: I think we have always been saying that for us in this industry, we are comfortable with the debt level anywhere between 3,500 to 4,000 crores. So, beyond that, we will have to fund our growth. Hence I think operating with the debt of 3,500 to 4,000 is fine, which should be kind of 2x our EBITDA, which is quite okay and that's our intention and ambition and it should be possible to fund this CAPEX with this kind of debt levels.

Moderator: The next question is from the line of Jyoti Gupta from Nirmal Bang. Please go ahead.

Jyoti Gupta: Just one question is that we have not had a great Q1, possibly Q2 will not be great either and the entire industry is expecting Q3 is going to be good, the prices will mirror the demand. What if that doesn't happen? And the other thing is the huge government investment, which is likely to happen in Bihar and some extent in Northeast, when do you think that is going to materialize during which timeframe are we looking or expecting that to happen, maybe some visibility on that?

J Krishnaswamy: I guess the performance is all in the eyes of the beholder. So, I guess the big things which we have delivered, first of all, we have stayed our course in what we have been committing to all the investors and shareholders. The things which have worked for us in this difficult situation; firstly our realization drop is lowest. So, that's again relative stuff. Some people have high realizations drop; our realization has reduced less. So, for us, I think that's a positive win. We are a strong Company, we are a trade-centric player, we are a Company with premiumization, those are two levers which worked for us - at 40% premiumization in 73% trade mix. Our power and fuel cost is one of the best in the industry at 1.57. As I said a little while earlier there is some headroom to improve which should be around 1.5. If I were to get into Rs.1.5 per Mcal and all my WHRS swung, I still can squeeze out about Rs.50 per ton in power and fuel cost in the overall performance of the Company. That's an agenda which we are pursuing. Logistics cost, with all these projects of Sonadih siding and Jajpur siding and also focusing on home markets and SOs, our distribution cost has come down Q4 to Q1 full year to Q1 and that's the number which I think has worked very well for us in Q1. We have been working on deleveraging the Company. For 13 quarters, our debt levels are in line with what we inform all of you during our calls, and

I think we are very mindful of paring the debt to prepare the Company for future growth. The digitization journey of the Company is already happening and in the coming one, two quarters, we will have a customer facing app working, we will have a vendor facing app working, the SAP systems of the organization is unified. So, those are all positive stuff. In the sustainability front, our Company has delivered 457 KGs of CO2 per ton, certainly this is the best ever number in the history of Nuvoco and probably in the entire cement industry. So, these things are indeed working for us. So, we will pursue this and we will see improvement in overall volume uptick once outside market improves and certainly the bottom line numbers will improve with all the cost initiatives which we have taken and certainly the pricing returns to the industry. Yes, in that regard, what happens to the industry when the government investments are going to happen? I think that's a billion-dollar question and I am not going to hazard any guess when the on-grown changes will happen. But having seen this industry and also been in India for many years now, I think any announcement in budget will take one to two quarters for firm things to change. By the time Q3, Q4 happens, I think the mood will improve and things on the ground will happen. But certainly, all the big improvements the government has made will happen in fiscal '26.

Moderator: Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Ms. Madhumita Basu for closing comments. Over to you, ma'am.

Madhumita Basu: Thank you, Michelle. In my closing remarks, I would like to summarize that as we look ahead, we remain cautious about the demand outlook and pricing dynamics in the cement industry. Despite the challenges, our strategic priorities will continue to focus on premiumization, optimizing geographic presence, enhancing fuel mix efficiency, brand strengthening, along with a strong emphasis on cost optimization. I trust we have been able to answer your queries satisfactorily in this afternoon's call. Our Investor Relations Team will remain available for any clarifications you may require. Thank you once again for joining us today.

Moderator: Thank you, members of the management. Ladies and gentlemen, on behalf of Nuvoco Vistas Corporation Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines.