“JSW Cement Limited

Q2 & H1 FY27 Results Conference Call”

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MANAGEMENT: **MR. NILESH NARWEKAR – CHIEF EXECUTIVE OFFICER**
MR. NARINDER SINGH KAHLON – DIRECTOR FINANCE AND COMMERCIAL AND CHIEF FINANCIAL OFFICER
MR. HITENDRA JARIWALA – CHIEF MARKETING OFFICER
MR. KUNAL MUKHERJEE – HEAD, INVESTOR RELATIONS

MODERATOR: **MR. VAIBHAV AGARWAL – PHILLIPCAPITAL INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to JSW Cement's Earnings Conference Call for the Quarter and Half Year Ended 30th September 2026. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand he conference over to Mr. Vaibhav Agarwal from PhillipCapital. Thank you, and over to you, Mr. Agarwal.

Vaibhav Agarwal: Thank you, Renju. Good morning, everyone. On behalf of PhillipCapital (India) Private Limited, we welcome you to the Q2 and H1 FY27 call of JSW Cement Limited. On the call, from JSW Cement, we have with us Mr. Nilesh Narwekar, Chief Executive Officer; Mr. Narinder Singh Kahlon, Director of Finance and Commercial and Chief Financial Officer; Mr. Hitendra Jariwala, Chief Marketing Officer; and Mr. Kunal Mukherjee, Head of Investor Relations.

I would like to mention on behalf of JSW Cement Limited and its management that certain statements that may be made or discussed on this conference call may be forward-looking statements based on current management expectations and also something that relate to future expected business development by JSW Cement's management.

Such statements are subject to a number of risks. The actual developments and results could differ materially from any management projections made on this call. JSW Cement Limited and the management of the company assumes no obligation to publicly update or alter these forward-looking statements, whether as a result of any new business development information or future events or otherwise.

Also, participants can download a copy of JSW Cement's Q2 FY27 results presentation from the company website or stock exchanges. I will now hand over the floor to the management of JSW Cement for their opening remarks, which will be followed by interactive Q&A. Thank you, and over to you, sir.

Kunal Mukherjee: Thank you, Vaibhav. Good morning to all, and we welcome you to the Q2 FY27 earnings call of JSW Cement. We have uploaded the results and investor presentation last night, and I hope you've been able to review these.

With this, I will hand over the call to Mr. Nilesh Narwekar for his opening remarks.

Nilesh Narwekar: Thank you, Kunal, and good morning to all. Quarter 2 FY27 has seen a challenging external environment, marked by geopolitical uncertainties arising from the ongoing West Asia crisis and weaker monsoon, which has impacted the broader operating environment. However, the underlying fundamentals of the Indian economy remain resilient, supported by healthy GDP growth, sustained government capital expenditure and infrastructure activity continuing to support cement demand.

We remain constructive on the demand outlook for the balance of the year, particularly as infrastructure execution and construction activity gather pace. We've seen robust cement demand during the quarter, and this has supported price increases across our markets in September and October. With fuel and other input costs remaining elevated, we expect these price increases to sustain and support the company's margins.

I would also like to highlight our continued momentum in the North region. Utilization at this plant has increased to 75% during the quarter. We are also continuing our dealer network expansion, while focusing on product quality, service levels and cost reduction initiatives.

Happy to announce that at Nagaur, we have achieved EBITDA breakeven in quarter 2. The additional 1 million ton per annum grinding capacity commissioned in October further strengthens our ability to serve this region, and our costs will continue to reduce over the coming quarters.

As I had highlighted in our previous calls, we have received several project approvals on the demand side, which are reflected in the current quarter's numbers for GGBS volumes which has grown by 7% Y-o-Y. The business continues to witness encouraging momentum, driven by growing demand from infrastructure and the RMC sector.

Moving to the key operational highlights for quarter 2 FY27. Firstly, on volumes. Our total volume increased very strongly by 26% Y-o-Y to 3.93 million tons, which is among the highest in the industry. Taking this product-wise, cement volumes sold was 2.29 million metric tons, increased by almost 40% Y-o-Y. We saw good momentum in both channel and the B2B segment. Giving the comparative, if I was to exclude the North operations, cement volumes grew by around 13% Y-o-Y. GGBS volumes grew by 7% Y-o-Y, as I already mentioned.

I also wanted to touch on realizations as shown in our presentation. Cement realization for quarter 2 FY27 was INR4,781 per ton, an increase of 3% Y-o-Y, but a softening of 3% quarter-on-quarter. We saw a decline in prices across regions in the early part of the quarter. But as I mentioned in my opening remarks, cement prices have increased across zones in September in the latter half and of course, in October. GGBS realizations for quarter 2 FY27 was INR3,749 a ton. We would consider this a normal variation due to mix, and we continue to maintain our strategy of stable pricing.

Within cement, trade mix remained stable at 52%. Our clinker-to-cement factor increased to 58% with the ramp-up of North operations, especially as we currently are selling a higher quantity of OPC to maximize our kiln usage. Lead distance increased by 9 kilometers in the quarter to 294 kilometers.

Lastly, I would also like to briefly touch on the capacity expansion program. As committed, during quarter 2, we commissioned the waste heat recovery system and the alternate fuel rehandling co-processing system in the Nagaur Integrated Unit. Early this month, we also commissioned the additional 1 MTPA grinding capacity at Nagaur and the overland belt conveyor for transporting limestone from the crusher to our plant.

These initiatives are expected to substantially reduce our cost in quarter 3 and quarter 4. In addition to the Nagaur WHRS unit, we added 36 megawatt of wind capacity in quarter 2 at Nandyal and Vijayanagar. And together, this has increased our green power share to 41% in quarter 2.

Let me now hand over to Narinder to take you through the key financial highlights.

Narinder Kahlon: Good morning. I will summarize the performance of Q2. Consolidated revenue was INR1,912 crores. That's an increase of 33% year-on-year and 0.8% quarter-on-quarter, despite this being a monsoon quarter.

Consolidated operating EBITDA was INR278 crores. That's an improvement of 4% year-on-year. We saw improvement in realization in both cement and GGBS year-on-year. However, both fuel and packing costs also increased on a Y-o-Y basis. Consolidated operating EBITDA per ton was INR708 for the quarter.

As has already been mentioned, the company achieved EBITDA breakeven in North in this quarter with a slightly positive EBITDA contribution. Excluding the North region, on a like-for-like basis, revenue grew 14% Y-o-Y in Q2, while operating EBITDA increased by 3% Y-o-Y to INR275 crores, which equates to INR821 per ton.

On a consolidated basis, total EBITDA, including other income, was INR295 crores. PBT was INR101 crores during the quarter, including positive contribution of nearly INR20 crores from JV. PAT for the quarter was about INR77 crores.

In terms of the trend in the main cost elements during the quarter, raw material and power and fuel decreased by 2% quarter-on-quarter with slightly higher fuel cost on a Q-o-Q basis, offset by product mix changes. Blended fuel costs increased slightly from INR1.80 per MCal in the first quarter to INR1.84 per MCal in this quarter. As all of you are aware, pet coke prices are at very high levels, and this will create more cost pressure in the coming quarter. But we are actively working towards increasing our share of domestic fuel and optimize our costs.

Logistic cost was stable on a Q-on-Q basis with the impact of higher lead distance offset by savings from the railway busy season surcharge waiver and reallocation of volumes between Vijayanagar and Dolvi plants. Employee and other expenses per ton were stable on Q-o-Q basis.

In terms of balance sheet, net debt was INR4,287 crores at the end of September. Net debt to EBITDA stood at 3.2x. Average cost of debt for the quarter was stable quarter-on-quarter at 7.67%. The company incurred capex of INR483 crores during the quarter and INR820 crores during the first half of the year. This is the cash outgo, though the capex number will be slightly higher.

We will be happy to address your questions now. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Prateek Kumar with Jefferies. Please go ahead.

Prateek Kumar: Yes, good morning, sir. I have a question on your cement realization, which has fallen like 3% Q-on-Q seems highest versus peers, especially background of your lead distance also increasing. Why is this divergence? We like sold more aggressively in volumes versus competition, driving a pricing decline?

Nilesh Narwekar: Yes. Prateek, see, the thing is, it's good to compare with the industry numbers and the decline, but our geographic spread compared to others, our geographic footprint compared to the others are quite different. And actually, that's what's playing out. We have not taken any aggressive price cuts if that's what you were alluding to because of which the volume increase has happened.

That's not what has led to it. In terms of price, we maintain ourselves as what we were in quarter 1 as well. And it's primarily the geographic spread, which has led to the kind of numbers that we're looking at.

Prateek Kumar: Sure. And does that flow through to your EBITDA also, change in geo mix, which impacts your realization? Does that neutralize on cost, and as a result, EBITDA per ton impact is not there?

Nilesh Narwekar: It flows through all the way, right, to EBITDA. And then, what we reported is fundamentally factoring that in.

Prateek Kumar: Sure. The other question is on leverage. There's an increase in leverage Q-on-Q and interest cost Q-on-Q, while your capex seems, on a run rate basis, is not higher. So, what are the key reasons that's attributable to the change?

Narinder Kahlon: No. So, capex continues in North, and some land acquisition also continues for the projects which we had shared with you earlier in the previous calls. Now, we have been utilizing the IPO proceeds that reflect in the net debt situation. And there has been a marginal additional drawdown of debt, but that number is quite small. It's more of the utilization of the cash proceeds of IPO.

And coming to finance cost, we all know that there has been a reset in the repo. MCLRs have been going up. So, of course, this number is very marginal, but we will see more impact of this going forward. However, though I make this statement, we don't see a huge impact on our average debt cost because of the way we have financed or the debt mix itself.

And we do have FX loss. Not all the foreign debt is hedged by us as a policy. We go as per our forex policy, and you all know that there has been a sharp appreciation in the dollar. So, that has reflected in our finance cost.

Moderator: Next question comes from the line of Sanjeev Kumar Singh with Motilal Oswal Financial Services Limited. Please go ahead.

Sanjeev Kumar Singh: Thank you for the opportunity, sir. In the previous answer, you mentioned that there has been some regional mix change in this quarter. So even if ex-North basis, my sense is that the volume has grown by 11% year-on-year. So, does it mean that you have sold higher volume in the East market where pricing was under pressure?

My question was that in answer to the previous question, you mentioned that there has been some regional mix change, which led to a sharper fall in realization. So ex-North basis, volume seems to be around 11% up year-on-year. Does it mean that you have sold higher volume in the East region where we believe that the prices were under pressure? So can you give some sense on your regional volume growth in the South and East markets in this quarter?

Narinder Kahlon: No, definitely, in the East, our volumes have gone up substantially. We'll just share the number.

Nilesh Narwekar: So, for cement, the volume numbers in the East, the growth has been around 20% Y-o-Y, and across the South and the West, South has been around 13%. So, because of that, the mix is fundamentally changing. I think you're right, Sanjeev. That's what is fundamentally causing it.

Sanjeev Kumar Singh: Okay. And my second question is on North India operations. So, with the kind of cost initiatives like WHRS commissioning, AFR, we have seen in this quarter, how do you expect the variable cost or cost of production to move in the second half for this plant?

Nilesh Narwekar: Yes. So our own reading is, we are expecting our cost to come down by anywhere in the range of INR550 to INR600 a ton with all this. And despite the increase in the fuel cost, we expect to be broadly in line with what the industry numbers are, with the commencement of OLBC, which is a significant cost saving, with the commencement of WHRS and AFR, which will come into full effect in this quarter. And as our volumes start to ramp up and our clinker utilization starts to go up, we expect these numbers to start to get corrected.

Sanjeev Kumar Singh: Okay. And my last question would be on the fuel consumption cost. So, you mentioned in your opening remarks that there has been increase in fuel prices. So, with current fuel prices, how do you expect the variable cost to move in 3Q and 4Q FY27?

Nilesh Narwekar: Yes. So, as was mentioned by our Director of Finance, INR1.84 per MCal is moving up to INR2.10 per MCal, which translates to approximately INR90 a ton increase in cement cost, based on our clinker factor. However, we believe, because of our increase in green energy as we're jumping up from 41% to a higher number upwards of 50% and the price increase that has come through in the second half of September and continues in October, should offset increase in cement cost. We believe that the impact, primarily on margins, which is where I think you were taking this argument, would probably be held, and we'll be able to maintain that.

Sanjeev Kumar Singh: Okay, sir. Thanks a lot. I will come back in the queue.

Nilesh Narwekar: Sure, thank you.

Moderator: Thank you. Next question comes from the line of Siddharth Mehrotra with Kotak Securities. Please go ahead.

Siddharth Mehrotra: Thanks for the opportunity. A small question on our capex number. So I was under the impression that we did not have sufficient land in Dolvi for an immediate expansion. So, the number given for capex is roughly INR500 crores, INR550-odd crores, is that including the land?

Narinder Kahlon: So, I'll give you a small brief. Earlier, our plan was to put up a unit across the creek only, next to the PNP Jetty. Now, at our existing location, JSW Steel has cleared up some land, which we are in a position to use now. So, answering your question, it will only be the lease rental or the lease premium for this additional piece of land that we will be receiving from JSW Steel. And this is where we'll be putting up a 2 million ton additional grinding unit.

Siddharth Mehrotra: Okay. So only expansions post 6.5 MTPA will perhaps require that land again?

Narinder Kahlon: Yes. So, we continue to buy that piece of land. But yes, right now, it will be this piece of land, which I just mentioned.

Siddharth Mehrotra: Understood, sir. Secondly, sir, on our GGBS volumes, sir, they sort of disappointed us with respect to the growth compared to, say, the cement growth, which we just highlighted in other regions. What would be perhaps a sustainable number to sort of take for GGBS volume growth? Would it be closer to 10%, maybe higher, lower? How should we think about it?

Nilesh Narwekar: Yes. See, as we had guided last time, high-single digits is the forecast that we've given for the year, and we continue to hold ourselves. And if you just go back, quarter 1, we were, I think, 2.3%. This quarter, 7%. With the momentum that exists, we expect to meet what we had committed in quarter 1, which is high-single digits and hoping to improve that.

Siddharth Mehrotra: Okay. Just one last question. We expect the cost to have sort of fully reflected in the highest from this quarter. Do we expect further pressure on margins in the remaining half of the year?

Narinder Kahlon: It's only the fuel, which, of course, today, we have enough fuel till December and early January. But let's see how things behave after the midterm elections, U.S. results are out.

Nilesh Narwekar: But the positive part, honestly, out here is, one, of course, is the fuel cost, which is going up, but the positive side, which I mentioned a little earlier, was that our power cost is something which will come down with a higher percentage of green energy, moving up from 40% to 50%, 55%-odd.

And of course, the third aspect is the price increase, which we've seen. We've seen a marked increase in the month of October. And with the kind of cost pressures that the industry is facing, we believe the price table that we and that the industry is targeting will hold on.

Siddharth Mehrotra: Got it, sir. Thank you and all the best.

Nilesh Narwekar: Yes, thank you.

Moderator: Thank you. Next question comes from the line of Harsh Mittal with Emkay Global. Please go ahead.

Harsh Mittal: Good morning, sir. Thank you for the opportunity. My first question, you've alluded to that cement prices have increased in later half of September and early October. Can you quantify the amount of price increase both in trade and non-trade in your operating regions?

Nilesh Narwekar: Yes, sure. So let me start with the non-trade. In the South, non-trade, as we speak for October, we're seeing a INR15 to INR20 per bag increase. In the East, we're seeing INR25 to INR30 a bag increase, and INR10 in West and around INR20 per bag in the North. This is for non-trade.

On trade, we're seeing a INR10 to INR15 a bag increases only in the East. The other regions, the prices are yet to see the increase and we're yet to see the reflection of that play out. And our view is, I think the prices should hold firm, primarily because of the cost pressure that the entire industry is facing.

Harsh Mittal: Got it. My second question is on the demand scenario. So, we have been hearing a lot on the drought situations. And our core operating regions are also in primarily Maharashtra and somewhat of South, and these regions are mostly impacted due to the drought. So, given that we are today at the month-end, how is the month of October trending in terms of demand? If you can throw some light on that?

Nilesh Narwekar: It's been fairly positive, in fact, across GGBS and cement all across. And for us, Maharashtra is primarily around Mumbai and the Mumbai metropolitan region because our cement unit in Dolvi is hardly around 110 kilometers. So, that hasn't been impacted. The infra growth that we're seeing is significant. So, that kind of supports it. And otherwise, in all the zones or the regions that we operate in the markets that we operate, our growth has been fairly positive.

Harsh Mittal: Understood. And sir, last question, what would be the RMC revenues for this quarter and your expectation for full year FY27?

Nilesh Narwekar: Yes. For quarter 2, it was around INR170 crores was the RMC revenues.

Harsh Mittal: And the expectation for the full year FY27?

Nilesh Narwekar: No, we would refrain from going down that path because they're still being set up and there are a number of things that are being sorted out. And going forward, we'll probably see if we can provide that.

Harsh Mittal: Okay. Thank you. These are the questions.

Nilesh Narwekar: Thank you.

Moderator: Thank you. Next question comes from the line of Gaurav Nagori with Avendus Spark. Please go ahead.

Gaurav Nagori: Yes, thanks for the opportunity. Just 2 questions related to GGBS segment. First one is that can you put some color on how the cost pressure in the GGBS cost per ton compared to the grey cement? And second, have we taken price hikes in GGBS in this quarter?

Nilesh Narwekar: Yes. So, I mean, I think you understand the product GGBS. So, there has been no major cost pressure other than marginal increase in whatever the power cost increase or the fuel increase that we keep for drying of the GGBS. That's been marginal. That's not been significant.

Coming to the second part, which is in terms of price hikes, no price hikes have been taken. We maintain our stance of continuing the price point so we guys can drive more penetration of GGBS across all the applications of concrete.

Gaurav Nagori: Understood. So just to understand it better, so even the flat procurement price for you is similar to, let's say, the last year?

Narinder Kahlon: Yes.

Nilesh Narwekar: Yes, absolutely.

Narinder Kahlon: Okay. The previous speaker did make a reference to RMC revenue. I just want to highlight here is that because we are just setting up the unit, our margins are very minimal. Just keep that in mind. It's very minimal because we haven't yet ramped up the volumes enough to cover the fixed costs.

Moderator: Thank you. Next question comes from the line of Navin Sahadeo with ICICI Securities. Please go ahead.

Navin Sahadeo: Yes, good morning and thank you for the opportunity. My question was on the GGBS realization. So, if I'm not wrong, in the past, what we understand is that whenever OPC prices are under pressure, the GGBS realization also tends to come under pressure because of, I think, the product mix at the RMC level, which the RMC maker has to match, some sort of a link around that.

But in the current scenario, wherein cost is rising and because of which the industry is attempting price hike, directionally, do you see scope to see some pricing improvement in GGBS or as you mentioned that the priority is still towards volume and not really prices?

Nilesh Narwekar: Navin, that's a great question. In fact, we evaluate that on a regular basis. We keep evaluating concrete mix designs for the different geographies, keep assessing the fly ash mixes versus GGBS mixes versus pure OPC mixes. But our current stance is to drive volume, drive penetration of GGBS in the RMC by maintaining the GGBS price.

If the arbitrage becomes fairly significant, we may probably revisit it. But if that's the case, then we'll definitely get back. For now, it's about maintaining the GGBS price so that we can drive penetration of GGBS across the concrete applications.

Navin Sahadeo: Understood. And just the previous participant did touch upon the question about drought situation. So, in Maharashtra, I understand our sales are largely concentrated around Mumbai and maybe around Pune at max. But in Karnataka, where again, the situation of water or also in Andhra, I think there is press release of government trying to impose some restrictions. So, do you see any red flags there or it doesn't really matter for our catchment area? So, my question basically was around drought situation, not in Maharashtra, but in Andhra and Karnataka markets. And, are we of the view that it is a potential red flag or it does not really matter in our catchment area?

Nilesh Narwekar: Okay. Sure. Thanks, Navin. Navin, before I answer that, I'll just take your previous one, where you mentioned about opportunity for price increase in GGBS to drive realization since the OPC prices are going up. Trust me, we keep evaluating this regularly. And what our current thrust is to drive the GGBS penetration in the concrete mix design. Currently, it's around 35% to 40% thereabouts.

Our endeavor is to take it to 50%, which is approved as per the BIS norms and probably move it beyond because there are certain applications, it can go significantly beyond. So those trials are underway. The conversations are underway, technical conversations are underway. That's the direction that we are headed. And if the opportunity definitely arises, if the arbitrage is significant, then over time, we will definitely evaluate that as an option to increase the realization.

Coming to your specific question that you asked now around the drought situation, in our catchment area, we are not seeing that play out for now, the geography that we sell. And we're having a fairly healthy run in terms of volumes for the month of October.

Navin Sahadeo: Just one more question, if I may. This was around the net debt position and the capex plan in general. Of course, the company has ambitious aggressive growth plans. And I totally appreciate it more so coming from the group because in general, I have a view that JSW Group itself has been known to be very aggressive in terms of capacity expansion, be it even high leverage.

So, in cement-specific thing, since the current net debt-EBITDA is around 3.3x, what is the comfort level for us to continue pursuing these aggressive expansions or take a pause in terms of the leverage? Or you think leverage is just an interim number, and we'll still pursue very aggressively with our expansion plan?

Narinder Kahlon: Navin, yes, the plan is always to stay aggressive. But at the same time, we have a mandate to keep the net debt to EBITDA below 3. We will continue to be around 3 for maybe a year or so more. And definitely, it is going to be below 3 in the coming years.

Moderator: Next question comes from the line of Shravan Shah from Dolat Capital.

Shravan Shah: A couple of things. So first, in terms of the -- just to get again the guidance on the capex absolute number for this year, '27-'28. Last time, we said INR2,300 crores and INR2,000 crores. So, that number remains intact? Just to recheck in terms of the capex number that we have last time said, INR2,300 crores and INR2,000 crores for '27-'28. So, that number remains intact?

Narinder Kahlon: Yes.

Shravan Shah: Okay. And to reach 43.5 MTPA, the total capex from here on, is it INR7,500-odd crores that we need to still spend?

Narinder Kahlon: Yes. Correct.

Shravan Shah: Okay. Further, in terms of just to get a timeline. So, two expansions that we announced yesterday with the results, where the timeline is there, just to get further in terms of the 2.5 MTPA Nagaur, when we are looking at in terms of to start that plant? And 2 MTPA Vijayanagar, when is this supposed to -- sorry, 2 MTPA Dolvi because in presentation, it is 4 MTPA. 2 MTPA, yesterday, we have mentioned in the timeline. So, the balance, when it will come? And the Fujairah 1.7 MTPA, when it will start?

Narinder Kahlon: So, I'll answer each of them. Nagaur, 2.5 MTPA should be ready in Q4 '28. Fujairah, Q1 '28.

Shravan Shah: Q1 FY28?

Narinder Kahlon: Correct. It should be around May and June next year. Dolvi, the work starts and should be completed within 20- 21 months from January '27. So that's again FY29, probably the second quarter or the end of third quarter, early third quarter.

Shravan Shah: Yes. So Dolvi is for 2 MTPA, but in the presentation have 4 MTPA.

Narinder Kahlon: I agree. So initially, because of the land, because we didn't want to wait, JSW Steel's blast furnace is ready in calendar '28 sometimes. So, we want to be ready for that slag. Hence, this urgency to go ahead with the 2 million tons. In parallel, we are still working on the land.

As I mentioned earlier in the call, we are working on the land piece on the PNP Jetty. As and when that happens, we'll take a decision on the balance 2 million. However, Vijayanagar, we are starting again because Vijayanagar steel plant is ramping up from 18 million to 24 million, and we want to be ready to catch that slag. That work starts December this year, and it will be 1.5 years to commissioning.

Shravan Shah: Okay. Got it. And in terms for cement volume for this year, how one can look at GGBS you have mentioned for this year on the cement front, how we can look at? And at the same time, Nagaur, now it is -- 75% utilization is there. So, in the second half, can we see the similar, or will it further improve the utilization?

Narinder Kahlon: No, we continue to maintain it will be high-teens growth over last year.

Shravan Shah: Okay. Got it. And for Nagaur, how one can look at in terms of the second half utilization?

Narinder Kahlon: No, Nagaur should definitely improve from here. If you can see, we did about five lakh eighty thousand in this quarter, including sale of clinker. So, this number has to improve from here. We are consistently working on now that we have another 1 million grinding operational. Right now, as we have about 3.5 million grinding operational, so the number will be definitely going up from here as against about five lakh eighty thousand that we did in Q2.

Shravan Shah: Okay. And lastly, incentive, sir, anything have we finalized with the auditors for this Nagaur, the INR650 crores incentive that we were having for 10 years?

Narinder Kahlon: So, we are awaiting the entitlement certificate from RIPS, the Rajasthan body. So, that should be coming any time. We are awaiting the date of the next meeting there, which maybe sometime next month. So, once we have the entitlement certificate, we will be recognizing this revenue.

Moderator: Next question comes from the line of Amit Murarka with Axis Capital.

Amit Murarka: So, on North, you can see that there is INR3 crores EBITDA loss in the quarter. And you had earlier mentioned a breakeven by end September. So, could you just guide some more now on North EBITDA bridge from here to, let's say, going into Q4, which is generally the high quarter for the sector?

Narinder Kahlon: No, it's not a loss. I think I mentioned it's INR3 crores profit for the quarter. It's not EBITDA loss.

Amit Murarka: Okay. Sure. But generally, how will this EBITDA scale up?

Narinder Kahlon: No, it should be hitting about probably INR650 to INR700 in Q4. And that has necessarily to do with the -- majorly to do with the underutilization of the clinker line as of today, because as you can figure out, we just have 3.5 million grinding, and the clinker is 3.3 million. Now, about 2.2 million, 2.3 million is sufficient to give us this cement volumes that we are looking at. So, once that ramp-up happens, probably when we have another 2.5 million grinding ready is when we'll be hitting a higher number, much higher number, maybe close to the industry numbers. But in Q4, we see around INR700.

Amit Murarka: INR700 for North. Okay. And from WHRS and OLBC, is there any cost reduction number that you'd like to guide for the North plant, let's say?

Narinder Kahlon: It's part of that INR700.

Nilesh Narwekar: As I mentioned earlier, there was INR550 to INR600 per ton reduction in the clinker cost because of OLBC, AF and WHR has been factored in. It's a part of the entire EBITDA number that has been discussed.

Amit Murarka: Sure. Also in the previous quarter, I think you had mentioned you spent INR33 crores in marketing in North. So, any more marketing spends planned in North as you scale up?

Narinder Kahlon: No, not as of now. We may look at that number sometimes in Q4 end, but not as of now. We don't have any plan.

Amit Murarka: And in Q3, there was no high spend and has been normal marketing only in Q3 -- Q2, sorry?

Narinder Kahlon: No.

Nilesh Narwekar: Yes, it was normal. It's usually an off-season, so nobody -- I mean, no, there's nothing which is extraordinary.

Amit Murarka: Sure. And just the last question, if I may. So, could you also give a split of trade, non-trade in North that you're doing?

Nilesh Narwekar: Yes. We're currently at around 53% of trade. We expect these numbers to start to go up. We are targeting close to 60% by end of the year.

Moderator: Next question comes from the line of Rajesh Ravi with HDFC Securities.

Rajesh Ravi: Congrats on healthy ramp-up at the North operation and turning EBITDA positive. My first question just on the cement and clinker, you said 5,81,000 in North operations, which would imply that it would be around north of 1 lakh clinker sales from the North operations? Would that be fair, given that 75%...?

Narinder Kahlon: Yes. You are right.

Rajesh Ravi: Understood. Sir, this GGBS capacity which was planned, 4 million tons, and capex number earlier was pegged at INR1,600 crores. Now these 2 million tons, INR550-odd crores, which you have mentioned. So is the remaining INR1,000 crores still remaining on book for the remaining 2 million tons because of the expensive land additions or preparation which would be required?

Narinder Kahlon: No, that number will be much less.

Rajesh Ravi: Okay. And the second phase would come immediately soon after? Or we should factor in a lag of 1 year or 2 years?

Narinder Kahlon: No, there will be a slight lag because once we have this 2 million that one that we are setting up, we will wait for utilization levels to hit about 65%, 70% before we start the work on the next 2 million.

Rajesh Ravi: Okay. And on the GGBS, one more question. This year, you're targeting high-single-digit growth. But for next year onwards, fair to assume that 15% CAGR can resume? Is that a possibility?

Narinder Kahlon: No, it should not because once we start getting -- probably we can -- we will see a small slowdown in FY28, but then the number starts going up once we have additional slag coming, both at Dolvi and Vijayanagar.

Rajesh Ravi: Understood. So for FY28, we will be factoring in high-single-digit growth? Is that a...?

Narinder Kahlon: Yes.

Rajesh Ravi: Understood. And lastly, if you look at your balance sheet, the trade payable stand on a consol level at around 80 days, which is more than the industry average of 30 to 40 days. There is a large amount of acceptances. Can you please elaborate on it?

Narinder Kahlon: No. As you understand, see, today, we are in the growth phase and somewhere something suffers, right? But not that our vendors are unhappy with us. Now, these numbers will be coming down very shortly. See but at the same time, keep in mind, I have to be mindful of the debt number also.

So, I do not want my debt to go up beyond a certain number. At the same time, I want to do my capex. So, there is a lag between when I spend and when I start generating cash from the investment. So, once it starts -- like Rajasthan, once it starts throwing up cash, enough cash probably in Q4 end or sometimes Q1 next year, you will see a substantial drop in the payables.

Rajesh Ravi: Understood. And lastly, this capex number, we have shortfall in terms of the run rate for full year, INR2,300 crores, but you are still confident that we would be able to complete the whole INR2,300 crores by end of FY27? INR800 crores in H1?

Narinder Kahlon: No, as I mentioned, the number that we read earlier, INR400 crores something and INR800 crores something, that's the cash outgo we are talking of. So, we will have some acceptances, etcetera. So definitely, we will be closing the capex number, the actual spend close to about INR2,200 crores, INR2,300 crores, not that we have slipped on that number.

Rajesh Ravi: So just to clarify, the cash flow statement, which is INR800 crores reading for H1, would that still go to INR2,300 crores? Or that would be including acceptances and all?

Narinder Kahlon: No, definitely, there will be some outstandings. Whatever spends are done in the Feb or March month probably may get paid in either March end or April. So, though we may end up doing the capex, the payments may get deferred to April.

Rajesh Ravi: Understood. That’s all from my end. Thank you, we will come in queue.

Moderator: Thank you. The next question comes from the line of Shravan Shah with Dolat Capital.

Shravan Shah: Sir, two things. First, these INR100 crores this quarter employee cost, so this kind of a run rate to continue?

Narinder Kahlon: Yes.

Shravan Shah: Okay. And second, sir, in the CC ratio, the North plant has obviously declined from 1.82 to 1.72 this quarter. So how one can look at in terms of the CC ratio going forward?

Narinder Kahlon: No, clinker ratio will continue to be around this number only. See, we have ramped up. Today, we are selling OPC. This OPC number will start coming down in North. So, my clinker factor should be ideally lower than this number.

Shravan Shah: Okay. And then, the total clinker sale for this quarter is around 0.15 million, 0.16 million ton?

Narinder Kahlon: Correct. 0.16 million ton of which about 0.13 million ton is from Nagaur and the balance is from Shiva. In Q3, we do not see any clinker sales from Shiva. We are intending to run the kiln at full in Nagaur. And if we have to do that, we have to necessarily sell clinker, at least till December '27.

Shravan Shah: Thank you. And all the best sir.

Moderator: Thank you. Next question comes from the line of Navin Sahadeo with ICICI Securities. Please go ahead.

Navin Sahadeo: Yes. Thank you for the follow up. Just one question. This cost per kcal, which you have shared of INR1.80 going to INR1.84, based on your fuel mix and at the current spot rate, both of the various fuels that we use, pet coke or imported coal and even domestic coal where the premiums have shot up, this cost per kcal has gone up to how much at current spot rate? I know it will not hit in Q3 entirely, but just to understand the upper end of this fuel cost.

Narinder Kahlon: It's a blend. See, the pet coke is hitting now INR3.08 today if somebody has to buy spot. INR3.08 to even INR3.17. Imported coal today, U.S. NAPP is about close to INR3. Domestic is much lower. We work on lignite also to some numbers in North. So, our intent is to keep the cost down. As I mentioned, we have enough stock till December and January. That will be at INR2.10 for us in Q3, the fuel cost. Q4, it all depends where we will be.

Nilesh Narwekar: And one important thing here, just to add to what Narinder said, it's also the proportion of alternate fuel mix and other cheaper coals that we end up putting in the mix. So, it's a weighted average of that. And with the AFR systems now fully geared up across all the plants and our operability at a high level, we should be able to maintain the numbers that we are talking about.

Shravan Shah: Yes. Great. Thank you so much.

Moderator: Thank you. Last question comes from the line of Prateek Kumar with Jefferies. Mr. Kumar. Please go ahead.

Prateek Kumar: Yes. My question is on cement prices. So, you mentioned about trade, non-trade prices have risen up to INR30 per bag, but trade prices have only risen INR15 in East market. So, in other markets, have there been any reversals or the attempts have not been made? As you said, cost has been through the roof?

Nilesh Narwekar: I am not sure about the reversal or attempt, but yes, we are not seeing the reflection of the price in the market as we stand. We are anyways price takers. And however, with the cost pressures that we were alluding to earlier and the general increase in demand, we expect the entire price table to start to increase or the pricing to move towards the supply side. As it happened in non-trade, trade will start to reflect shortly, all of you will understand this. Non-trade sets in, then automatically trade numbers will start to look up more healthy.

Prateek Kumar: INR30 price hike in no-trade in East, is there a material difference in your trade and non-trade prices in East?

Nilesh Narwekar: Sorry, repeat your question again, please?

Prateek Kumar: You talked about INR25 to INR30 per bag hike in East in non-trade. What would be the gap in pricing in East in the trade and non-trade?

Nilesh Narwekar: See, because there's also a commensurate price increase in trade of INR15 a bag that is also taking, so it's a combined effect of that, that we see. Our trade ratio in the East is only at 70%. So, I guess that's going to flow out into trade. And if you want the exact differential, I think you can get in touch with our Investor Relations, and we will revert to you the exact number, please.

Prateek Kumar: Sure, thank you. This was my only question.

Moderator: Ladies and gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I now hand the conference over to Mr. Vaibhav Agarwal for closing comments.

Vaibhav Agarwal: Yes. Thank you. On behalf of PhillipCapital India Private Limited, we would like to thank the management of JSW Cement for the call, and many thanks to the participants for joining the call. Thank you very much, sir. Renju, you may now conclude the call. Thank you.

Moderator: Thank you. On behalf of PhillipCapital, that concludes this conference. Thank you for joining us. You may now disconnect your lines.