



Shri Keshav Cements & Infra Ltd.

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Date: 17/08/2025

To,
The General Manager,
Department of Corporate Services,
BSE Limited,
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai - 400001.

Dear Sir,

Sub: Analyst/Investor call Audio Transcript for the Quarter ended 30/06/2025

Ref: Scrip Code: 530977

Scrip Name: SHRI KESHAV CEMENTS AND INFRA LIMITED

Pursuant to Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, please find attached the Earnings call transcript of the Analyst/Investor Call, as conducted on 13th August, 2025, at 11:30 A.M., to discuss about the Company's performance for the Quarter ended 30th June, 2025.

The analyst/investor conference call was conducted after the Board Meeting Dt. 12th August 2025, wherein the Quarter ended 30th June, 2025 results were approved.

Kindly take the above intimation on record.

Thanking You,
Yours truly,
For **SHRI KESHAV CEMENTS AND INFRA LIMITED**

Nikita Karnani
Company Secretary



“Shri Keshav Cements and Infra Limited
Q1 FY '26 Earnings Conference Call”
August 13, 2025



MANAGEMENT: **MR. VENKATESH KATWA – CHAIRMAN AND
EXECUTIVE DIRECTOR– SHRI KESHAV CEMENTS AND
INFRA LIMITED**
**MR. VILAS KATWA – MANAGING DIRECTOR – SHRI
KESHAV CEMENTS AND INFRA LIMITED**

MODERATOR: **MRS. TEJAS – KIRIN ADVISORS**

Tejas:

Good morning, everyone. Myself Tejas on behalf of Kirin Advisors Limited, I welcome you all for the Webinar of Shri Keshav Cement & Infra Limited. From the management side, we are pleased to have Mr. Venkatesh Katwa, Chairman; Mr. Vilas Katwa, Managing Director of the company.

To begin with, I would like to give a short introduction of the company, after which, I will hand over the call to Mr. Venkatesh to give a detailed overview of the company. Incorporated in 1993, Shri Keshav Cement & Infra Limited is engaged in cement manufacturing and solar power generation and distribution in the State of Karnataka, India.

With that now I hand over the call.

Venkatesh Katwa:

Yes. Good morning, everyone, and welcome to Shri Keshav Cement & Infra Limited to Q1 FY '26 Earnings Call today. I sincerely appreciate your time and interest in joining us today. Shri Keshav Cement & Infra Limited, what we usually call SKCIL is engaged in the manufacture of cement and power generation from solar industry, primarily in the State of North Karnataka.

Our cement plant is situated in Bagalkot and solar plants in Koppal, both in the North Karnataka region of the state. And our distribution network for cement spans in North Karnataka, Coastal Karnataka, Goa and parts of Maharashtra, supported by over 350 cement distributors and 600 retail touch points and over 14 solar power consumers.

So let me take you through our performance in Q1 FY '26. We are very pleased to start the year on a positive note. For Q1 FY '26, total income grew by 32.53% year-on-year to INR41.4 crores, supported by robust cement demand, steady solar power contributions and improved capacity utilization for new kiln commissioned in March 2025.

EBITDA rose to INR10.41 crores, delivering a margin of 25.5%, while profit after tax surged by nearly 74% to INR3.09 crores. This strong performance reflects the benefits of our capacity expansion, a better product mix and disciplined cost control. The cement segment saw healthy traction from infrastructure and real estate projects in our core markets, while our solar operations continue to provide a stable low-cost energy backbone for our plants.

With increase in our cement capacity almost completed and powered entirely by renewable energy, we will -- we are well positioned to capture opportunities in the growing urban centers. Rising public infrastructure spending and continued momentum in housing and commercial construction provide a favorable demand backdrop for the rest of FY '26. Our strategic focus remains on optimizing capacity, deepening green energy integration, enhancing our product mix and expanding into high-growth urban areas such as Bangalore and trying to reach out to Kerala.

Before moving into a Q&A session, I extend my sincere thanks to our shareholders, partners, consumers and employees for their unwavering trust and support, which we continue -- which continue to be the cornerstone of our growth.

With this, I'm pleased to open the floor for questions regarding our earnings call and thank you once again for being part of us today. Thank you.

- Tejas:** Venkatesh, sir. So with that, now we open the floor for Q&A. Investors you can raise your hand, and I'll allow you to unmute or you can also drop your questions in the chat box. Yes, Priyank, please go ahead with your questions.
- Priyank:** Congratulations on commissioning of the new capacity and it's good to know that the rationale for expanding the capacity in the South market has been volatile most of this capacity expansion.
- Venkatesh Katwa:** Priyank, I lost some part of your question. So I heard till the point where it says has it been. Can you just repeat the question real quick again?
- Priyank:** So I just want to know the rationale for increasing the cement capacity since the bigger players have also greenfield and brownfield plans to increase the capacities. Do you think this capacity expansion can really have sustained realizations?
- Venkatesh Katwa:** Absolutely. So let me come back. The whole rationale for going for this CapEx was basically to increase our EBITDA margins or EBITDA per ton, which is what was lacking because of very high fuel and power consumption. So as expected since the kiln has just started and as we kind of stabilize, the EBITDA per ton has grown now from around hardly INR100 or less than INR100 last year to over INR365 this year -- this quarter.
- And of course, with the increased capacity, we qualify for a lot of other government-related projects and we are beginning to get some traction and also some sales have been generated for infrastructure projects by the government of -- state government and it will continue to increase as we move on.
- And I also heard regarding overcapacity in the South. Yes, South is adding significant capacity as well as the realization in the South is not very significant compared to the rest of India. And we are almost huggy backing on the South performance. So for example, the cement prices year-on-year for South reduced by 3%, whereas for SKCIL it reduced by about 1.2%, almost the same.
- The EBITDA per ton for South-based industries was around INR560. This data -- and for our SKCIL is about INR360. This data I have received from various sources where only dominant South players we have taken. And based on that, these are some of the results we have observed. So pretty much...
- Priyank:** Sorry, can we expect our company to also reach this figure of INR560 or near about?
- Venkatesh Katwa:** Yes. As we move along, as we stabilize our plant, of course, it has just been 1 quarter and we have not got fully the desired results what we were expecting. But then again, as we continue to operationalize the plant, as we continue to enhance our efficiency, eventually, by another couple of quarters, we should be able to be close to what we see in the Southern region.
- Priyank:** And this average realization and stabilization of EBITDA, do you think it will be complete within 1 year?
- Venkatesh Katwa:** I believe so, because this year, the whole -- the plan has been to stabilize the plant in such a manner that we reach all the efficiency parameters as was designed to set up this plant itself.

- Priyank:** My next question is regarding the solar business. Can you throw some light on whether you are able to sell some power to third parties, merchant power? And what are the rates which the company is able to command on what capacities?
- Venkatesh Katwa:** So approximately now solar generation compared to year-on-year almost remains same instead of adding -- in spite of adding 3 megawatt to make it a totally 40 megawatt because we experienced early rains this quarter compared to general rainy season. The realization part compared to Q4, marginal increase in pricing we received from 5.82 in Q4 FY '25, we have reached to 5.98 in Q1 FY '26.
- So Solar pricing will remain stabilized between 5.9 to 6 throughout the year. And unless there is a change in DISCOM prices, these prices are going to remain stabilized. And solar power generation, as usual, is giving the -- a lot of EBITDA contribution to the reserves as of now. Thank you.
- Priyank:** The final question I have is regarding the debt servicing and debt repayments. Is there any substantial repayments coming up in next 1, 1.5 years?
- Venkatesh Katwa:** This year -- this financial year, we'll see three term loans being closed, out of which 2 -- one has already been closed out of the -- when there is a maturity. One term loan was closed ahead of time. In fact, another term loan was supposed to be closed in January, due to cash inflow, we closed ahead of time. And another term loan will get closed by March.
- So this year, three term loans are getting closed whose initial value is around INR42 crores plus about -- almost INR62 crores worth, which was sanctioned will get closed this year. And only this year, we will have a repayment liability highest. From next year onwards, the repayment liabilities will start going down because the term loans are getting closed one by one.
- Priyank:** So you are confident that you will be able to close these loans through internal accruals or you'll have to raise some more capital because this is being first year of operations for the cement plant?
- Venkatesh Katwa:** I believe so, yes. This year also, with the increase, if you look at the Q1 results and EBITDA margins and cash profits, we are at cusp of the point where our realization will start going up, sales will start going up, profit will start going up and the borrowings will start going down. So I'm pretty confident that for this year, we should be able to repay the loan through internal accruals. And if there is any shortage, the management will always pour in funds when there is a need.
- Priyank:** So that means, in effect, you are saying that the company's EBITDA will surely more than be doubled from last year?
- Venkatesh Katwa:** This year, definitely, yes, because our first quarter EBITDA itself is around INR10.5 crores to INR11 crores. So -- and typically, this first quarter, we had early monsoon. So second quarter is also going steady. And the most we will expect to accrue is in Q3 and Q4 where we should be expecting EBITDA levels where we should be able to service debt and repayment smoothly.

- Priyank:** My best wishes to your whole team. You have done an incredible job of trying to fund this expansion more through internal accruals and a little bit from shareholders' help. My best wishes to all of you. Thank you so much.
- Venkatesh Katwa:** Thank you, Priyank.
- Tejas:** Thank you Priyank. Aman, please go ahead.
- Aman:** So my question is around the cement rates. Let's say, with the last year or last quarter, how much cement rate has increased now?
- Venkatesh Katwa:** So compared to year-on-year, the cement prices -- so across the year you're saying? So typically, Mr. Aman, the realization has slightly increased in Q1 of FY '26 compared to last year. Last year, only except Q1, Q2, Q3, Q4 were pretty bad, but the increase has been around -- see, all over -- quarter-on-quarter, the price have increased by 7%, but year-on-year, the price have reduced by around 1.2%, pretty much what we have seen in South India.
- So as of now, being the monsoon for Q2, price have not been so encouraging. But typically, what we expect in Q1, we have seen some increase in prices. So to give you an example, our naked cement prices were around INR3,433 for Q1 FY '26 compared to INR3,477 for Q1 FY '25. In spite of that, our EBITDA levels were higher because of the new kiln and the new efficiency that has flown in.
- Aman:** Okay. And how much is the current utilization of new plant? And what is your target for this year and next year in terms of utilization?
- Venkatesh Katwa:** Sure. So as of first quarter, 36% is what is utilized because this being the first quarter itself. So we are targeting around 45% this year and then slowly wrap it up to about 60% -- 55% to 60% next year and around 70% in the following year.
- Aman:** And when this new plant has been operated, which month or which, let's say, which week in this quarter?
- Venkatesh Katwa:** So only the kiln is operation as of now, which was by end of March 2025. The rest of the supporting equipment are added one by one as we speak. So technically, we have a kiln which can help us produce 1 million ton of cement. So balance in equipment, it will be added online maybe this month and a few next month itself.
- Tejas:** Thanks Aman. Mr. Kush, please go ahead.
- Kush:** Congratulations for the good set of numbers. So actually, sir, I wanted to understand that the new plant is in South India, right?
- Venkatesh Katwa:** Correct.
- Kush:** So is it going to impact our growth as the price realization is better and even the demand of cement is better in North and Middle India. So what -- so do we have any capex plans going forward?

- Venkatesh Katwa:** As of now, for cement, we want to stabilize the existing -- the recent capex that we completed. So once we stabilize this plant, then we would consider think of adding another level of capacity. But right now, South is overcapacity. But in spite of that, we are able to -- for example, our year-on-year volume growth is around 42% compared to average South year-on-year volume growth is only 9%.
- So we are pushing our -- and we are capturing more market than what our South other peers are doing. So as of now, there's no plan of capacity addition until we stabilize this existing plant.
- Kush:** So from it, I can understand that for the next 2 years, like until FY '27, we don't have any capex plans, right?
- Venkatesh Katwa:** Not in cement, yes.
- Kush:** Yes. So again, if we look at the South market as well, so the EBITDA -- growth in EBITDA is mostly due to volume growth and not because of the value growth, right?
- Venkatesh Katwa:** Yes, pretty much, I would think so.
- Kush:** Okay, sir. And what's the growth in our other segments of business other than cement?
- Venkatesh Katwa:** Our other segment is solar. Solar last financial year, we added another 3 megawatt. So the total plant is of around 40 megawatts. Around INR200 crores has been capital expenditures on establishing this plant since 2018. And right now...
- Kush:** How much we have invested, sorry?
- Venkatesh Katwa:** Almost around INR200 crores. I think about INR195 crores, INR196 crores is what we have invested in solar projects to set up around 40 megawatts of plant.
- Kush:** Okay. And how much do we earn per megawatt?
- Venkatesh Katwa:** So the realization for this quarter has been about 5.98. The last year, entire realization was around INR5.95, the entire year. So that is a net realization what we are getting because the solar plants are incentivized by the government for 10 years. Another 3 years is to go. After that, there are certain statutory charges will be applicable, but they're not going to be significant once we have our plant stabilized.
- Kush:** Okay. So -- actually, I missed your number. So INR5.98 is for Q1 or the whole FY '25?
- Venkatesh Katwa:** So average price is INR5.98 per unit. But out of total EBITDA of around INR11 crores, around INR7.8 crores is contributed by solar and only INR3.2 crores is contributed by cement. Solar has always been a highest EBITDA contributor currently.
- Kush:** Okay, sir. So what would be the payback period for us from our solar project?
- Venkatesh Katwa:** So solar is project typically about 8 to 9 years, what is applicable to other solar plants in the country.

- Kush:** Okay, sir. And do we see any major opex in solar because in maybe 5 years down the line, we might need to change some solar panels?
- Venkatesh Katwa:** So there are a couple of things on solar. One is once the cement plant stabilizes, management would like to consider addition of more solar capacity. Plus somehow current evacuation capacity of the solar plants will support a very high -- almost 3x higher generation. For example, if we have 40 megawatts right now, the evacuation capacity of nearly 200 megawatt.
- So in future, what a lot of other old plants are doing is they're simply changing the panels from the old capacity, new capacity and adding few transformers by which they can drastically increase the capacity. And we would be looking at that kind of a transformation, not right now, maybe about 5 to 6 down the line.
- Currently, for example, we are using 320-watt peak modules for the existing plant. There will be a point in time where we could expect to reach around 1 kilowatt peak modules. At that time, it will make sense to replace the panels and made some internal infrastructure adjustments to immediately instantly achieve higher generation.
- Kush:** So our payback period would be around 10 years in this?
- Venkatesh Katwa:** For the existing plant about 8 to 9 years. But in future, when we -- assuming that the solar panel price do not change, the payback period is going to be lesser because then our existing land, our existing what we call modeling structures and a lot of other infrastructure will remain constant. The only change will be in the panels and transformers. So the investment is not going to be significant. And thus, we would expect lower payback period.
- Kush:** Okay. And do we expect the price per unit to remain same throughout...
- Venkatesh Katwa:** This year, yes, because typically, the regulatory charges are done for a year long. So for this year, whatever regulatory charges have been applied in the State of Karnataka will remain same. So I would expect currently in Q1, I have received 5.98. So typically, between 5.9% to 6% is the range what you would reasonably expect for this year, the price -- average price for solar sale.
- Kush:** Okay. And in the whole year, how much we are expecting from solar in FY '26?
- Venkatesh Katwa:** So solar will continue to go down now as we keep ramping up on the capacity, solar sale units are going to go down. So once we reach around 60% to 70%, I think almost all the solar capacity will be utilized.
- Kush:** Okay. So what would be the numbers?
- Venkatesh Katwa:** What number? I mean...
- Kush:** From solar. The top line from the solar or the bottom line from the solar for the whole year FY '26?

- Venkatesh Katwa:** So when I generally give out the solar EBITDA figures, these are all notional EBITDA figures because internal consumption is considered at the price what we are selling outside. But as we move on, the EBITDA figures will get embedded within the cement sales itself, only for the sake of notional EBITDA separation because when we compare cement plant to other cement plants, we will have to compare on cement EBITDA per metric ton considering apple-to-apple comparison. But as we move along once we start consuming entire solar power, there won't be any solar sales. However, cement EBITDA would show a significantly higher per ton basis.
- Tejas:** Mr. Bharat, please go ahead with your question.
- Bharat:** Congratulations for a good set of results. A couple of questions, sir. First, can you just talk a bit with respect to the institution's orders? I think you were mentioning in your opening remarks about the government tenders. So can you just share some highlight about the progress on the same?
- Venkatesh Katwa:** Yes. So last quarter on a mid or I think in the last month, we began to start striking -- having orders from what we call as KRIDL, who does a lot of development work in Karnataka. KRIDL itself is the Infrastructure Development Corporation of Karnataka who builds roads, bridges and the stuff like that. So we were able to dispatch around 3,000 to 4,000 tons last quarter since it was just the beginning.
- So this quarter, we are expecting to more than double that quantity. And once we establish here, we'll keep adding more such institutions. Only because right now, we have increased capacity and all other parameters we qualify for the -- for such kind of orders, it will start showing up fully another couple of quarters down the line. But already, we have put our foot in the door and we are beginning to get full-fledged orders from them.
- Bharat:** And sir, how the realizations will be like with respect to the B2C sales versus the government orders? The cement price remains the same for us?
- Venkatesh Katwa:** No, they are a little better because one advantage of institutional buyers is they price the same for certain grade of cement across all the cement plants. So there's no differentiation on the basis of branding. So that works out to be an advantage for us. So compared to a lot of Tier 1 brands, Tier 1 brands tend to give them a discount and those even discounted levels tend to be higher than our realization. So yes, it is going to be at least 10% higher than our existing net realizations.
- Bharat:** Right. And sir, like you mentioned that you are targeting 45% kind of utilization on the enhanced capacity. I think we were mentioning somewhere close to doing 50% and above. So has there been any downward revision in the guidance? Like earlier, we were guiding for INR70 crore EBITDA. So is there any negative revision on the guidance for this fiscal year?
- Venkatesh Katwa:** So typically, what happened was we expected the kiln to perform efficiently right from day 1, which of course, we had a little ramping up issues with the kiln. And some of the balancing equipment which will add to the kiln capacity have been a little slow in implementation. So they are almost in the final stages right now because of which we don't want to be over the board. So 45% as of now with the current cement scenario appears to be reasonable. But the way we are

trying to market and sell is we are trying to push it as much as possible, even targeting around 60%.

Just to be on the safer side, the revision has been done to -- looking at the current scenario. Yes, with a little dip in capacity utilization, there is going to be a little dip in the EBITDA expectations too. So reasonably, we are expecting EBITDA of around INR55 crores to INR60 crores this year compared to what we had predicted around INR70 crores, INR75 crores earlier.

Bharat: And on the PAT front, sir, it would be somewhere close to INR30-odd crores like you mentioned on the last con call?

Venkatesh Katwa: So PAT, this is something which is important to discuss. What happens in PAT is we have something called as deferred tax liability, which is showing before the PAT figures. So as a management, as the industrialist, we can typically target on EBITDA and PBT. So PAT is a derivative of some of the deferred tax liability, which are most of an IndAS adjustments.

So based on what I understand on how deferred tax liability is applicable, so about INR25 crores to INR30 crores is what I should expect. Typically, we are expecting very high PAT in Q3 and Q4, which we technically see in cement industry.

Bharat: Sir, also, we were doing some pilot phase with respect to RMC. So any progress there we have made in this particular respect?

Venkatesh Katwa: So RMC as of now, we are still studying on the project. I mean, in fact, the study has been completed. We have already the land required for the project. But the project will be initiated once we see some stabilization in the cement plant, which we were expecting earlier. But now with the teething issues that we had in the first quarter, so it might be delayed by another quarter or so.

Bharat: And sir, when do we see the stability built in like with the balancing act coming in place, so can we see the stabilization of the plant by Q2?

Venkatesh Katwa: Q2 or max by Q3. I would say, Q2 will be the point where all the stabilization process will be taking place. So you will see some better results in Q3. That is what is the realistic expression that we have right now.

Bharat: Right. And sir, any color on the capex for this year, like any plan of addition in the solar side?

Venkatesh Katwa: No, no plans on the solar side. There could be a possibility of solar and RMC, but decision has not been taken since we want to stabilize the cement plant first. So if I see complete stabilization by end of Q2, which is expected, then Q3, we would be thinking of CapEx in solar as well as in RMC.

Bharat: Right. And sir, like you mentioned, there has been an improvement in the realization on a quarter-on-quarter basis. So do you think that trend will continue over the rest of the year? Like particularly with respect to Q3 and Q4, do you see there will be uptick in the pricing realization?

- Venkatesh Katwa:** So EBITDA per metric ton has definitely been an uptick. This quarter, we achieved the highest EBITDA per metric ton since inception. For example, in FY '25, the EBITDA per ton was less than INR100. The year before that it was hardly INR75 EBITDA per metric ton. This quarter, we reached about INR365. And this is just the beginning. So once -- as the capacity starts adding up and once we start increasing the capacity utilization, the EBITDA per ton also is expected to grow and start hugging with the South-based plants.
- Bharat:** I was asking with respect to naked cement prices, sir.
- Venkatesh Katwa:** Naked cement prices?
- Bharat:** Right.
- Venkatesh Katwa:** So naked cement price year-on-year it has reduced by around 1.2%, but quarter-on-quarter around 7%, which is almost similar to what we have seen in South. So even though Q1 has shown some increase in prices, the Q2 has been very slow and because of early monsoons, very particularly because of early monsoon and heavy monsoons all over the region where we sell the cement.
- But always, we have noticed in the past that a good monsoon is always followed by a robust demand in cement and then the pricing itself. And if you look at some of the news articles from some top cement plant executives, they are predicting a significant increase in the prices of cement in -- by the end of FY '26.
- Bharat:** Right, sir. And just a last question from my side, sir, like with respect to the enhanced capacity which we have and with respect to increasing on the distributor connect, what sort of a progress we have been able to look? Like you mentioned that we were targeting newer territories or newer. So any progress which you have been like for penetrating into those markets?
- Venkatesh Katwa:** So yes, I mean, we are doing a lot of digital marketing. We are raising a lot of new loyalty programs and all the other stuff. So simple fact that what we are doing means that -- we started doing this from Q4 FY '25 because of which if you -- for example, average South volumes growth year-on-year was only 9%, whereas we reached 42% growth solely because we are becoming very aggressive to make sure the entire capacity is sold. So this is helping us to build on our volumes.
- But yes, apart from digital marketing and apart from loyalty programs, we are increasing the areas and we are beginning to see new customers added to the list. So the list goes on. And as expected, it is -- the ramp-up is going on. In fact, the ramp-up is going on as we speak in Q2 also.
- Bharat:** Except 300 kilometers areas, we are also looking at newer territories, whether it is market of Kerala or some other states?
- Venkatesh Katwa:** Right now, we're not reaching out over there. What we are trying to do is dig in deep in the existing market. We are increasing our market share in the existing market itself, which is giving us positive results. We would eventually go to longer places once we know that these areas will kind of reach some kind of a stabilization point.

Any cement plant would avoid to go as far as possible because of logistic cost. Typically, if a cement is selling out to a very long area, it means that they are reached a saturation point in their home areas. So in our case, we are increasing our volumes in our local area itself, which gives the highest realization, and we will continue to do so till we reach some saturation point. And only then we'll start reaching out to markets like Kerala, Pune or Bangalore.

Bharat: Right. And sir, for the overall capacity which we have of 1 million tons, what kind of a contribution do you expect? I'm not saying currently, but with respect to the next 2 years coming out from the government projects like from the institutions, how much contribution to the volumes can come in from the institution side?

Venkatesh Katwa: So I mean, we would -- this quarter, Q1 was around 3% to 4%. Q2, we are expecting around 10% to 12%. So I mean, like with the kind of orders, with the kind of capacities what they want, I think so eventually somewhere we should stabilize between 20% to 22% or 25%. So right now, this quarter, we would be expecting about 8% to 9%, 10% contribution coming from institutional buyers.

Tejas: Thank you Mr. Bharat. Akhilesh, please go ahead.

Akhilesh: I wanted to know like we are already in a fuel station business as well as a small contribution or we are planning to?

Venkatesh Katwa: No, I could not hear the question probably. Come again.

Akhilesh: Okay. Are we already in a fuel station business or we are planning to?

Venkatesh Katwa: In what business did you say, special? I couldn't hear the word.

Tejas: Fuel station I guess.

Venkatesh Katwa: Comes again.

Akhilesh: Fuel stations or petrol pumps, are we having those businesses or we are planning to?

Venkatesh Katwa: No, you're talking about the petrol pump, is it?

Akhilesh: Correct.

Venkatesh Katwa: No, no, yes. We have one in-house petrol pump since our plant is on the main highway. We had used it earlier for logistics. And currently, we are using it for any transporters who bring in raw materials or take our cement outside. But we are not planning to expand or whatever with that. Since that we are right on the main highway, we are just utilizing it to our advantage.

Akhilesh: Okay. That is a nice thing to know. And we are -- how much the volume growth has been in cement for Q4 to Q1?

Venkatesh Katwa: So the volume growth from Q4 to Q1 is around 7%, but year-on-year is around 42%.

Akhilesh: Okay. So subsequent quarters also, I think Q2, Q3, we should see the improvement, right?

- Venkatesh Katwa:** Absolutely. As such, we are already seeing some improvement in July and we will continue to do so. So we are being very aggressive in sales and marketing, which is why I mentioned to you. Even though on average, South prices increased or prices decreased by around 3%, it only decreased by 1.2% for us. However, volumes year-on-year, South increased by only 9%, but we increased by around 42% and it will continue to do so.
- Tejas:** Venkatesh sir, we have a few questions in the chat box, so we will take them. We have a question from Mr. Kartik Raja. Why our material cost is 55% of overall expenses whereas competitor of similar size is around 12% to 15%? Please provide some insight.
- Venkatesh Katwa:** So you are talking about cost of goods sold, is it?
- Tejas:** Material costs, yes.
- Venkatesh Katwa:** No. I mean, to look -- we will have to look at a very specific organization and other things because what -- our cost of materials is going to be a little high, not so much high like what it has been projected, a little high because we are purchasing limestone. And by cost, there is only 3% to -- maybe 5% to 6% cost difference between when someone has a captive mine compared to when we purchase from outside.
- Apart from that, our fuel consumption also is a little higher. Right now, even though we have started a new kiln, it has not reached the efficient stage compared to others. But the difference should not be like almost 50% what has been projected. It would be good to look at any particular company and what they are showing to make a correct judgment. But as of now, with the kind of fuel and power consumption that we have done, we should not be more than 25% to 30% away from what others are doing.
- Tejas:** Next question is whether our ramp-up is as per plan or do we see any interest reach full capacity?
- Venkatesh Katwa:** So as such, like whatever -- in fact, we had a significant roadblocks last year. And whatever remaining roadblocks that we had in the beginning of the quarter, to a large extent have been resolved. And as of now, I can very safely say that the hook-up of balance of equipment is going on in this month. So we should be able to have a full capacity by the end of Q2 without any challenges, because most of the challenges, it looks like we have already overcome on it now.
- Tejas:** What would be our renewable energy capacity by 2030?
- Venkatesh Katwa:** So renewable capacity right now is around 40-megawatt peak. And unless we add another capacity, it will continue to remain same. And if we have to add a new capacity, we will be looking at it after the cement plant stabilizes. So we are looking to add another 30 megawatt once eventually we see some strong ramp-up in cement and stabilization in this site.
- Tejas:** Mr. Vinod, please go ahead with your questions.
- Vinod:** Sir, my question is regarding solar. So with 60% to 65% solar output sold in the market, are there any long-term PPAs in place or is it sold in the spot market?

Venkatesh Katwa:

So what happened was our solar plant was established when there was a lot of incentives from the state government. We, in fact, as a strategy did not sign the PPA because PPA would have locked us on the pricing. Imagine if we had signed the PPA in 2018 when the solar plant was commissioned, the price we would have realized around INR5.50 or INR5 at that time. However, FY '24, we realized average price of around INR6.8. And now the average price is around INR5.98.

The only reason we are not signing PPA is because we knew at some point in time in future, we would do this capex. So once we start reaching 60%, 70% of the capacity, we will not have enough power to be sold. So we are selling the power not in spot market, but to the industrial customers out of -- we have around 14 to 15 customers who are authorized to buy from us and whoever is giving the best price, we are selling it. In fact, all our customers are so huge that last 2, 3 months, we just sold all the remaining power to just one customer.

Vinod:

Okay, sir. And what is our current market share in operating regions? Like -- and how much can it be expanded with the improved capacity, extended capacity? So how much can we improve on that?

Venkatesh Katwa:

So I can give an understanding, in the areas that we are selling, like typically North Karnataka, South Maharashtra and entire Goa, around 25 million to 30 million tons cement has been sold. And our capacity is just 1 million ton. So our capacity or in some of the strongest areas, we would have reached around 10% of the market share. On average, about 3% to 4% is what we are seeing. But yes, that also gives us a lot of scope of improvement now, which we have done successfully in Q1.

So we did dig in deeper. We increased the sales within the existing market itself. And that we will continue to do so. And we already have one locational advantage, which means that some of the regions where we are selling like Goa and South Maharashtra and North Karnataka, we are closest cement plant compared to most of the large cement plants, barring a few. So yes, I mean, the market share, maybe 3% to 4%. And if we keep digging bigger, we might reach 5% to 6%, and that should be almost reaching out to our 1 million ton capacity.

Vinod:

Okay. Sir, another question on solar. So solar contributes significantly to our profitability. Like -- and you mentioned I think that -- you have mentioned that we are planning to expand the solar capacity, right?

Venkatesh Katwa:

Eventually, yes. I mean the management is of the opinion that we should consider adding more solar capacity. But as such, right now, it is on the Board table just for discussion and when we want to take up the project yet.

Tejas:

We have few questions, with 65% capacity utilization in FY '27, can we expect to reach over INR100 crore EBITDA in FY '27?

Venkatesh Katwa:

With 65% to 70% production levels, INR100 crores EBITDA is a very safe bet. Yes, we should be able to do that.

Tejas:

Next is, can you quantify the total repayment of debt for FY '26 and FY '27?

- Venkatesh Katwa:** So FY '26, we have around INR25.8 crores as a repayment liability in FY '26. So FY '27, it will go down to around INR20 crores to INR21 crores. And FY '28 onwards, it will be less than INR15 crores for the existing debt. This year is our largest -- this year is the only year we have -- where we have highest liability for term loan repayment.
- Next year onwards, it is reducing, because out of all the loans, three term loans will be closing this year itself, which will save us plus with the new loan that we have secured for this capex, in spite of that, the net repayment of liability and obligation will start going down from Q1 of FY '26.
- Tejas:** Thank you sir. Akhilesh sir, your hand is still raised. Do you have any questions? I think there are no questions from his end. Okay. Mr. Kush, please go ahead.
- Kush:** Actually, sir, I just wanted one more information. So what is our guidance for FY '26 and the EBITDA margins as well?
- Venkatesh Katwa:** So assuming the prices remain stable like what we are seeing. So this year, if we see the same cycle of pricing that like what we have seen, typically, Q1, Q2 prices go down, Q3 prices increase, Q4 prices is generally the best. Assuming the cycle continues and we reach 45% of our capacity utilization, so I could safely assume that our EBITDA will be in the range of 50% to 60% or 55% approximately.
- Kush:** Okay. And margins would be around 25%?
- Venkatesh Katwa:** 25% to 30%, yes, we could safely assume.
- Kush:** And what was the absolute number for EBITDA, INR50 crores to INR55 crores, right?
- Venkatesh Katwa:** Yes. On average, INR55 crores, plus or minus INR5 crores, you could consider.
- Kush:** Okay, sir. And can you please repeat one more time what was the realization for this ton for cement?
- Venkatesh Katwa:** So EBITDA per ton for this quarter, we realized around INR365 per metric ton, which is the highest since inception so far.
- Kush:** And what is for industry, it was around INR500?
- Venkatesh Katwa:** So for South-based industries, I have only -- this is the study how I have achieved on how India and South-based. So there are about 17 companies which I have looked at. Out of 17 companies, 3 of them predominantly operate only in South. So if you look at the average of EBITDA per metric ton for South, it looks to be around INR560, whereas we reached around like INR360. Again, because it's just the beginning for us, our fuel consumption and power consumption efficiency has not been achieved like what we have projected. And eventually, what we're expecting is to hug the South-based parameters.
- Kush:** Okay. And we are confident that we'll be able to pace up with our peers, right?
- Venkatesh Katwa:** Pace up with what?

- Kush:** With our peers, like around -- we are going to see the upward trajectory...
- Venkatesh Katwa:** Absolutely, yes, because capacity has increased by 3x. So there is an aggressive push on sales. So simple 42% increase in sales from year-on-year itself is an indication that what kind of sales strategy we are putting in place.
- Kush:** Correct. Correct, sir. And just for my knowledge, can you also share the -- what is the new capacity addition we have done? And what is the total as of now after the new capacity?
- Venkatesh Katwa:** So our capacity was only 0.360 million tons earlier. Now it is 1 million ton.
- Kush:** Okay. So before it was 0.360 million?
- Venkatesh Katwa:** Yes, yes.
- Tejas:** Thank you, Kush. We have few questions in the chat box. When can we expect to start RMC plant?
- Venkatesh Katwa:** Yes. Like discussed earlier, the earlier plan was to start off in Q2 or beginning of Q3, but we just want to make sure the cement plant is stabilized first because RMC plant is an easy entry plant. Since we already -- company has already purchased the land for RMC, once we see a strong stabilization in cement, we will immediately go ahead and establish our first RMC plant. So if -- we are expecting some stabilization in Q2 -- by end of Q2, maybe by end of Q3, we should plan to work on first RMC plant.
- Tejas:** Question is, what are the synergy for venturing in RMC? Lot of peers have issues in connection in RMC making single-digit margin?
- Venkatesh Katwa:** Yes. RMC are known to have a very small margins, but this is where it will make a difference. First, most of the variable cost, the highest cost for RMC is cement. And because of irregular cement prices, what we see, typically, cement prices sometimes vary week over a week. In our case, we will have a strong possibility of having our own cement and converting it into RMC. Some of the mixtures that RMC plants do in the RMC plant, we can do it in our plant itself and bring it to RMC unit to add water and little other materials. So there are some strategic advantages what our company or any cement plant company will have to go with the RMC plant.
- See, one more good example I could give you is typically on a cement bank you can see the brand, which will give the brand equity and brand premium. But in RMC, what typically happens is most of the RMC products go to the either institutional buyers or its most of a B2B kind of a transaction, which means that for the similar grade, we could get a better pricing compared to if we were selling cement in the bag itself. So those kind of synergy will help us to bring in a little better margins compared to other RMC plants who do not have their own cement plants.
- Tejas:** Can we expand current cement capacity to 2 mn tons?
- Venkatesh Katwa:** Can we expect current cement capacity to what?
- Tejas:** Expand current cement capacity to 2 mn tons?

- Venkatesh Katwa:** To increase the capacity of current cement capacity?
- Tejas:** Yes, current cement capacity to 2 mn tons.
- Venkatesh Katwa:** 2 million tons. Okay. So our current kiln is designed in such a manner that eventually we can increase the kiln output by which we could technically reach around 1.6 million to 1.8 million tons. But that will happen once again a couple of years down the line once we start reaching around 70% capacity.
- All that we have to add is more crushing capacity and grinding capacity because the existing kiln is sufficient to give us enough clinker to produce around 1.6 million to 1.8 million tons of capacity. But that will be in the future, maybe once we stabilize around 70% of capacity utilization.
- Tejas:** Next question is any net debt EBITDA levels company is targeting? What's the vision for next 3 years?
- Venkatesh Katwa:** So the debt will continue to go down as we move forward and as it can be seen. In fact, the debt has been serviced regularly a couple of years down the line since I mentioned to you that 3 term loans are getting closed this year, out of which 2 have already closed as of quarter 1 and another to be closed by quarter 4. So debt will continue to go down unless we want to add a new cement or RMC plant in future.
- Tejas:** What's the vision for next 3 years?
- Venkatesh Katwa:** Based on the current strategy for the existing debt, the debt will reduce to almost -- about 30% to 40% of debt will be repaid in the next 3 years or approximately you can say around INR70 crores of debt will be repaid in the next 3 years.
- Tejas:** Yes, Mr. Kartik Raja, please go ahead with your questions.
- Kartik Raja:** I congratulate for the very solid numbers and a wonderful on-time execution of the expansion. I truly appreciate all the efforts. I have 3 questions. Our material cost expense is almost 50%, whereas of our similar size competitor material cost is around 12% to 15%. Why our material expenses are very high? This is my first question.
- Venkatesh Katwa:** Okay. I mean -- so to do a little apple-to-apple comparison, most of the cement plants do have what you call WHS and WHR and other sales. So currently, as I can say, when we look at EBITDA per ton would be the correct way to look at it, because for example, like even though we have not reached the optimum level of fuel and power utilization. But even now, we are not more than 25% to 30% away from what they have achieved.
- Once we start achieving the results with the high -- very low correct fuel and power consumption, our EBITDA would be almost equivalent to what other Southwest industries will be doing. So when we say the cost of materials, it could be a little -- I mean, these figures have to be checked on where they are arriving from. But EBITDA per ton would be the most correct statuses to go with.

Kartik Raja:

Okay. So do we have a limestone mine like on lease? We are buying from ad hoc price, something like this? So that is -- because most of the other competitors are having the secured limestone, their own mines, so they mine and they use it as a raw material. So how about us? Are we buying limestone from outside third party or some related party from our promoters company, something like that?

Venkatesh Katwa:

So the company has around 300 acres of mining lease given by the government of Karnataka. However, there is a dispute on the ownership of the land, which the matter has gone to the Supreme Court. Till that is resolved, we are purchasing limestone from locally. And one very good thing to tell you is we are the only buyers of limestone in that area. So all the limestone mine owners, there are a couple of other plants who have their own captive mining. Since we are the only buyers, we tend to have a better pricing.

And of course, compared to captive, the pricing is a little higher. But then the limestone itself does not contribute a significant cost. Typically, limestone by quantity, it consumes almost 95% of the volume, but by cost, it is about 15% to 16% -- so compared to other cement plants, they have almost 20% to 30% price advantage compared to us. So which means that if 15% is what we are dealing with, they will -- their cost will come down to around 10% to 11%.

Kartik Raja:

Okay. My second question is, so we need to ramp up to 100% to see how our new plant is able to do it. So I understood that next 4 quarters, we would be taking for a slow ramp-up. Are we seeing any technical glitches to ramp up or so far we are good and we have a full support from our suppliers? Do you give some insight on our ramp-up plan?

Venkatesh Katwa:

So no, we definitely have an excellent support from our suppliers. But again, like cement plant, hardcore machinery, hardcore metals everywhere. For example, kiln, even though we expected kiln did not give any mechanical problems, but then since the balance equipment was not ready yet, the fuel consumption was a little higher. So since the balance equipment is getting ready by the end of -- by this month or maximum by next month, so then we would be able to see kiln performing at the levels what the suppliers have promised us and given the guarantees at this point in time.

So as such, we don't see any hiccup right now. Whatever issues we had, 99% of it, we are already through it. In fact, our project got delayed for a certain period of time due to a lot of other issues, but we have overcome all of them right now and we are at the cusp of completely closing and putting the plant in operations on 100%. Main part of the plant like kiln has already been ready and commissioned. The little smaller things here and there will be hooked up as we move along.

Kartik Raja:

Okay. My last question. So I understand our management have a good gesture against future generation. So we are running on renewable energy. I totally appreciate on this for our future -- considering future generation wellness. So what would be our estimated capacity by financial year 2030, so 5 years from now?

Can we see solar capacity as a main business of ours, some -- any vision or any brainstorming happened on this with management? Can you give some insight? I don't hold based on the numbers what you give now, but I just want to see management vision on the renewable capacity.

Venkatesh Katwa:

Absolutely. So this is what the management overall thinks. It is like -- it is still in the close boardroom discussion. But yes, I think our shareholders should be privy to such information, which will help them.

So typically, what the management thinks is management is capable in two things very good. One is cement another is establishing solar renewable power. And we have next year experience. So what we believe in is even though we are building new solar capacities for captive consumption, but solar industry itself, the renewable power itself has a very high -- it has got a good future, mainly because of a couple of things.

One, eventually, solar would be the only way you could produce the cheaper hydrogen. And it appears that hydrogen could be one of the fuel in futuristic India if we have to go for non-fossil-based or oil-based fuel for our vehicles and other things. So that is one direction what management feels is a good direction.

And RMC, because having setting up multiple RMCs across North Karnataka, South Maharashtra, multiple RMCs, would mean that we would stop eventually selling cement, but selling only RMCs. What it gives is, it typically eliminates most of the middlemen and we reach out to the customer directly where net realization available for the plant will be higher.

And with the RMCs, what happens is your technically top line will go extremely high. Even if there is a small EBITDA generated from -- as a percentage from RMC, but because of very high turnover, those EBITDA -- absolute EBITDA also are going to be very significant.

So overall, that's the direction what management thinks should go. But again, this is like you rightly mentioned, it still is in the closed doors. We are still not very sure that this is the right strategy or this is the final strategy to go with. But that's the direction what management is thinking right now for the next 5 years.

Tejas:

Next question, please. Venkatesh sir, I think we have covered all the question. If there are no further questions, can we conclude the meeting?

Venkatesh Katwa:

Yes. I would like to just take a formal -- formally, I would like to thank you all the investors and all those who have asked the questions and have participated. It was a great opportunity and thank you for everything.

Tejas:

Thank you, everyone, for your time and participation. If there are any further questions, kindly reach out to us at research@kirinadvisors.com. Thank you, Venkatesh sir. Thank you, Vikas sir. Thank you, Harshil. Thank you, everyone. Have a great day ahead.