Keshav CEMENT

Shri Keshav Cements & Infra Ltd.

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Date: 05/06/2025

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/Year ended 31/03/2025

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 Analyst/Investor Call, as conducted on 02nd June, 2025, at 05:00 P.M., for the Quarter/Year ended 31st March, 2025.

The analyst/investor conference call was conducted after the Board Meeting Dt. 27th May, 2025, wherein the Quarter/Year ended 31st March, 2025 results were approved.

Kindly take the above intimation on record.

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

Nikita Kanhiyalal Pediwal
Digitally signed by Nikita Kanhiyalal Pediwal
Date: 2025.06.05 21:40:40 +05'30'

Nikita Karnani
Company Secretary

"Shri Keshav Cement & Infra Limited Q4 FY '25 Earnings Conference"

June 02, 2025

MANAGEMENT: **MR. VENKATESH KATWA – CHAIRMAN, SHRI KESHAV CEMENT & INFRA LIMITED**
MR. VILAS KATWA – MANAGING DIRECTOR, SHRIKESHAV CEMENT & INFRA LIMITED

MODERATOR: **MR. HARSHIL GHANSHYANI – KIRIN ADVISORS PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Shri Keshav Cement & Infra Limited's Q4 FY '25 and FY '25 Results Conference Call hosted by Kirin Advisors Private Limited.

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

I now hand the conference over to Mr. Harshil Ghanshyani. Thank you, and over to you, sir.

Harshil Ghanshyani: Yes, thank you so much. On behalf of Kirin Advisors, I welcome you all on the conference of Shri Keshav Cement & Infra Limited for Q4 FY '25 and FY '25.

From the Management Team we have Mr. Venkatesh Katwa – Chairman; Mr. Vilas Katwa – Managing Director.

Now I hand over the call to Mr. Venkatesh sir for the opening remarks. Over to you, sir.

Venkatesh Katwa: Thank you, Mr. Harshil. Good evening, everyone, and welcome to Shri Keshav Cement & Infra Limited's Q4 and FY '25 Earnings Call. I really and sincerely appreciate your time and interest in joining us today.

Shri Keshav Cement & Infra Limited, which was formerly known as Katwa Udyog Limited, is engaged in manufacture of cement and generation and distribution of solar power, primarily in the state of Karnataka.

Our cement plants are situated in the Bagalkot district, while our solar power operations are located in Koppal. Our distribution network spans North Karnataka, Coastal Karnataka and Goa and parts of Maharashtra supported by over 350 cement distributors and 600 retail touchpoints and over 14 solar power consumers.

We have secured a credit rate upgrade for our long-term bank facilities advancing from IVR BB positive to IVR BBB minus with a stable outlook, and on the short-term facilities received a short-term rating of IVR A3. This year mark the completion of our cement plant of 1 million ton capacity with the kiln commissioning in Q4 and also an addition of 3 Megawatt of renewable power making it a total capacity of 40 Megawatt.

Now let me take you through the performance of FY '25:

FY '25 was a year of recalibration amid macroeconomic and sectoral headwinds. While total income for the year remains stable at Rs. 124.6 crores, our EBITDA stood at Rs. 25.17 crore, maintaining a healthy margin of 20.73%, despite revenue pressures driven by subdued infrastructure demand and policy uncertainties around renewables. Our emphasis on the cost efficiency and internal controls helped us preserve the profitability.

Looking forward to FY '26, we remain very optimistic. Our newly commissioned kiln began operations in March 2025, which will support our capacity expansion to 1 million tons per annum. The project is expected to unlock scale and scale benefits, optimize energy and fuel consumption, and position us for higher market share and improved margins.

Additionally, the increased allocation towards public infrastructure and strong real estate momentum are likely to drive demand for cement in our key markets.

Our strategic roadmap continues to prioritize capacity optimization, green energy integration, product enrichment and expansion to newer geographies, particularly high growth urban centers like Pune, Bangalore and Kerala.

So, before I hand over the detailed financial discussion, I want to thank you, our stakeholders, partners, customers and employees, for their continued trust and commitment. Your support remains the foundation of our progress.

With this, I am very pleased to open the floor for the questions. Thank you once again, all of you, for being with us today. And I am open for the questions now. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Bharat Gupta from Fair Value Capital. Please go ahead.

Bharat Gupta: Thanks so much for taking my question. Sir, I have a couple of questions. So first, in regard to the price realization, so can you provide some colors, what has been the realization trend during the Quarter 4 and what's the trend currently?

Venkatesh Katwa: Sure. So, if I do some comparison about the naked cement rate, which is what we use as a benchmark to understand the net realization, so compared to FY '24, the net realization decreased by around 425, which was a major impediment in achieving the EBITDA margins as well as EBITDA figures.

Even the Q4, in spite of our capacity utilization reaching 92% from 79.5% in the Q4 FY '24, the cement price reduced by almost 11.5% and even the renewable price also reduced by about 12%. So, typically, the naked realization was around 3,350 in FY '25, similar which is in Q4 itself.

However, there was some beginning to increase of the price by the end of March and there seemed to be some better realizations going on in Q1 of this year. But then for sake of Q4, the NCR was pretty much low compared to the previous quarter of the previous year.

Bharat Gupta: So, the current realizations are nearly the same as it was in Q4.

Venkatesh Katwa: The current you mean to say Q1 FY '26 or you are talking about...

Bharat Gupta: Yes, Q1 FY '26.

Venkatesh Katwa: No, Q1 FY '26 is better off because the price has generally increased in the south and pretty much what is happening with other plants, we are sailing in the same boat.

Bharat Gupta: Sir, secondly, with respect to the demand recovery, how do you see the demand playing out currently with the early arrival of the monsoon? Do you think the demand recovery can take a longer time? And also, can you just brief us about the new capacity, whether it has stabilized or not? And also, with regard to the guidance, which you have shared earlier with respect to FY '26 and FY '27, so are we sticking to it?

Venkatesh Katwa: So, as far as demand revival, yes, there has been a strong demand revival in the Q1 itself of this year because there has been a general uptick in consumption of cement. Of course, the first two months, which are like April and May, was pretty much in line with our targets. We increased the sales.

However, the early monsoons have kind of shown a little step down on the dispatches, but we are hoping that these monsoons are going to be short lived and again before the real monsoons arrive, there should be an uptick in the demand as well as dispatches.

However, even during the monsoon, it is pretty much expected that the cement industry was expected to grow this year because last year there was not significant increase in dispatches all across India and particularly in South India. So, we would be able to achieve the rated 50% utilization throughout for the FY '26 and we think we are already on the course of it as of now. So, yes, this is about it.

Bharat Gupta: And with respect to the new kiln, which the project has been commissioned, I think, so, the plant has been stabilized. And with respect to the guidance which we shared earlier of Rs. 70 crores plus I think EBITDA for FY '26, like are we sticking to it? And what can be the part guidance for this fiscal year?

Venkatesh Katwa: So, typically, the guidance was based on the realization what we get. If there is a kind of realization we have got in May, if that continues to stay and if it improves, we will be on the target regarding the PAT as well as for the EBITDA figures.

However, the new kiln has just commissioned by end of March. So, we are going through the standard operating procedures and slowly the kiln is improving its performance. And as we speak, we are almost reached 77% of its rated capacity, expect to reach the rated capacity by the end of this quarter. So, with that, I am still hopeful that this year, hoping that the price continue to remain as it is, we should be able to comfortably achieve the EBITDA figures.

Bharat Gupta: And that would be like, roughly, can you provide a ballpark figure, like what would be the range of that during this year?

Venkatesh Katwa: So technically, what has happened in the past is whenever we have discussed the fact, because of lot of Ind AS adjustments and particularly when we are investing in the huge assets like solar capital investment, where there is a huge capital investment. However, since it is used for captive, there is an element of deferred tax, which is appearing on the books.

What I could give a foresight is on PBT, Profit Before Tax. And with EBITDA of around Rs. 70 crores, you can expect a PBT to be around Rs. 30 to 35 crores. So, that's the kind of foresight we are having for this year.

Bharat Gupta: And just a last question. What are the debt repayment plans and any CAPEX which we are looking for doing out this year in solar particularly?

Venkatesh Katwa: So, as said, the discussion has been going on internally to add another 30 Megawatt, but like discussed last time, it has not come to a final conclusion yet. And if it happens, there is going to be an additional 30 Megawatt adding up this financial year. But that, once it is confirmed and finalized, it is going to be evolving by itself.

So, debt is being reduced on a consistent basis. Even last year, around Rs. 26 crore debt has been repaid. And if you look at the long-term debt, in spite of having a new kiln, the debt has not increased significantly. But as we start gaining profits, the first course of action is to reduce the debt as soon as possible.

Bharat Gupta: That's it from my side, sir. I will join back the question queue.

Venkatesh Katwa: Thank you, Bharat.

Moderator: The next question is from the line of Abhishek Sharma, an individual investor. Please go ahead.

Abhishek Sharma: My first question is, what are your plans for the solar capacity expansion in Financial Year '26 and beyond?

Venkatesh Katwa: So, company believes that since we already have a 40 Megawatt and the management believes that renewable power is one of the industries which we would like to even further focus on. So, like mentioned earlier, right now about 30 Megawatt is on the cards, and it might take a while before concluding on the project and then coming back to the investors.

So, for this year, if anything has to happen regarding renewable power, it is going to be an addition of 30 Megawatt. And after that, in the next three to five years, the company does have plans to increase the renewable power capacity to beyond 100 Megawatt. And that's the timeline what we are thinking about.

And regarding cement, you know, as such, we are going to continue with 1 million tons. And once this stabilizes, there will be a possibility of further growth after a few years down the line.

Abhishek Sharma: And what is the expected payback period for the kiln modernization and solar expansion investment?

Venkatesh Katwa: Kiln modernization, we are talking about seven to eight years is a typical payback period with the kind of power and fuel savings. And solar also typically about six to seven years based on current regulatory cost and the pricing available.

Abhishek Sharma: And sir, my last question is, with the total solar power installed, what is the current captive consumption versus external sales ratio?

Venkatesh Katwa: So, right now as we speak, our captive consumption for this, I mean, till last year it was around 40%-45% was captive consumption. This year with the 1 million ton, taking up to nearly 50%-60% capacity, we are hoping to achieve around maybe about 60%-65% of power to be utilized captively within the existing 40 Megawatt. And balance will be sold. Once we reach around 80% to 85%, we will be utilizing around 95% of our renewable power capacity.

Moderator: The next question is from the line of Hemnath, an individual investor. Please go ahead. Mr. Hemnath, please go ahead.

Hemnath: Hi sir, good evening.

Venkatesh Katwa: Good evening, Hemanthji.

Hemnath: First of all, congratulations to you on starting the upgraded plant. So, my first question is related to this tax for FY '26. What will be the tax percentage for this year?

Venkatesh Katwa: So, since we already have a lot of carry forward depreciation loss in the income tax books, we would be looking forward to have the MAT, which is around 15% to 16% for next couple of years.

Hemnath: Next couple of years. Okay. And what will be the depreciation and interest amount for this year?

Venkatesh Katwa: So, this year with the new CAPEX, the interest amount is going to be in the range of around Rs. 25 crores with the new addition of the loan. And depreciation is going to be also in the range of around Rs. 18 to 20 crores.

Hemnath: Rs. 18 to 20 crores And what is the capacity utilization in Q1 till now for the upgraded plant?

Venkatesh Katwa: I am not sure if I can give all those figures, but it is much better than Q1 of the last financial year. It has improved drastically and the price also has improved in line with our expectations. So, pretty much what we are thinking of reaching out to target of 50% this year on overall basis, even though we are kind of starting ramping up slowly, we should be able to achieve about 50% capacity utilization in this financial year.

Hemnath: And as we are starting to consume this solar capacity internally, are there any chances to lose the 12 to 13 customers we had till now?

Venkatesh Katwa: I didn't understand the question.

Hemnath: If we start consuming this solar internally, so we can't sell it to the existing customers, right? Till the new upgradation happens. So, what's the plan to keep those 12 to 13 customers?

Venkatesh Katwa: So, assuming that we don't add another 30 Megawatt this year, yes. So, eventually we will be starting to consume nearly 60% to 65% of our captive and still sell it 35%. And once we keep on increasing the capacity of our cement plant, the selling portion of renewable power will start reducing.

But that is assuming that we don't add 30 Megawatts, which is already on the cards right now. And in any case, either we sell it or consume it, basically, if we have not sold it to that extent, we would have saved it in any case. So, the EBITDA for solar very specifically will continue to stay on the books.

Hemnath: And how much time it might take to start this 30 Megawatt, if we have any plans?

Venkatesh Katwa: So, technically, once we start the project, it will take roughly around about 9 months to 12 months with all from the point of getting the approach all the way till the date of commissioning.

Moderator: Next question is from line of Aditi Roy from Patel Advisor Private Limited. Please go ahead.

Aditi Roy: Good evening sir.

Venkatesh Katwa: Good evening, Aditiji.

Aditi Roy: My question is, with over 600 retail touchpoints and 350 plus distributors, what initiatives are being taken to increase market penetration in FY ‘26?

Venkatesh Katwa: So, as such, we have drastically increased our sales and marketing team across the board in all the regions and last year itself. And we are already beginning to see that benefits accruing in this quarter. And typically company is going to work towards a lot of new digital and sales marketing techniques to increase the penetration.

So, what I mean to say is we are looking forward to increase our market share. Plus, now that we are a 1 million ton plant, we qualify for a lot of government related projects which we were not qualifying earlier. So, that is going to be an added benefit and the company is already actively pursuing with state government for state level projects. And as such we have already achieved some breakthrough, and in times to come we will start selling to the state government and the state related projects too. But the company is actually working on many other initiatives to increase the market penetration and also add to the new areas part of better areas like Pune and Bangalore if there is a need.

Aditi Roy: My next question is, what is the company leveraging digital tools or data analytics to optimize distribution and dealer engagement?

Venkatesh Katwa: Are you asking me if we have a data analytics to address the sales and marketing?

Aditi Roy: Yes, sir.

Venkatesh Katwa: So, we have our own internal statistics to know which area and what area we are covering. We are using a lot of digital analytics to see, for example, we have some incentives for the end customers, basically, with the point system by which if they order once, they will keep accruing points, and then with those points, they can get certain benefits and gifts from the company.

So, that is becoming a good strategy for us because till now the incentives were only given to the dealers and retailers, but now we are reaching out to the engineers, the masons who consume our cement and they pretty much get those points. So, some of these activities are already helping us and we are seeing that increase in sales this quarter.

Aditi Roy: And my next question is what proportion of revenue is expected from solar sales versus cement post the shift in captive usage?

Venkatesh Katwa: So, then, the more I use captive is better for me because eventually cement is the mainstay of the business. So, as we keep increasing the capacity utilization, so we would be expecting eventually 95% to 96% of sales coming from cement and only the balance coming from solar. So, that's, and this year maybe it is going to be, compared to last year, the cement sales percentage will increase this year because of the bigger capacity and the higher captive production. So, yes, eventually solar sales is going to be extremely reduced till we add another solar power plant.

Aditi Roy: And my last question is, are there plans to diversify into adjacent building materials or enter a new regional market?

Venkatesh Katwa: There are a lot of plans. We already have consultants working on what is the next best course of action. Just that we haven't reached a point of conclusion that we would be certain to go in that direction. But as of now, apart from renewable power, we are also thinking of RMC.

With RMC, what is going to happen is when you start consuming the cement internally, increase in RMC would mean that we would be reaching the end customers plus the top line and will increase drastically plus there is going to be an addition of EBITDA margins. We would be looking into RMC too very soon. I think maybe another quarter or so we would have some understanding on which direction we want to go.

Moderator: The next question is from the line of Bhusan Singh, an individual investor. Please go ahead.

Bhusan Singh: So, sir, is the company evaluating other sources of alternative energy or waste heat recovery to further lower energy costs?

Venkatesh Katwa: Thank you, Bhusanji. So, typically what we are looking right now is waste heat recovery may not be something which is urgently required for the company as of now because we having our own renewable power and production of our renewable power cost is less than Rs. 1.70 or Rs. 1.80 per unit. It may not be a pressing need for us even though there is a possibility and a scope to do it sometime in the future.

But alternative fuels, yes. Once the kiln stabilizes, we would be looking into the possibility of alternative fuels because this project, when it was done, we had made some civil provisions to utilize the alternative fuels.

Bhusan Singh: And sir, what portion of your energy cost is hedged or contractually fixed under current power purchase agreements?

Venkatesh Katwa: So, typically our solar renewable power projects were commissioned in 2018 which had a government related incentive wherein we could sell the power to anyone without any regulatory cost. This being the case, the company thought it's strategic not to sign a PPA. And the reason is with the PPA, we could have been bound to the price that had been fixed. And if we had signed the PPA in 2018, the price would have been around Rs. 5, Rs. 5.10.

But today we are selling at almost Rs. 6 because we did not sign the PPA. So, company is selling on the basis of letter of interest from various consumers. And as such, we are getting a very good price as well as very good easy sales on renewable power is concerned. So, PPA is not considered this time.

Bhusan Singh: Sir, what is the current outstanding debt? And how does the management plan to maintain a healthy debt-to-equity ratio post CAPEX?

Venkatesh Katwa: So, as such, right now, our debt-to-equity is, I think, less than 2. And management, the newest debt which has come up last year is because of this CAPEX, which is showing on the books. However, the benefits of the debt is going to accrue this year. So, as we move forward, the current profitability as well as from the improved margins, we will start paying the debts as when company has some excess cash that will be generating.

Bhusan Singh: Sir, has the company encountered any regulatory or environmental hurdles during the expansion phase?

Venkatesh Katwa: Not at all. Because we have taken all the clearances from the, you know, be it environmental or all the clearances before starting the project. In fact, if you look on our balance sheet, our long-term borrowings have increased from Rs. 165 crores to Rs. 169 crores. Increase of just Rs. 4 crores.

That is mainly because most significant debt has been repaid last year with the new debt of around Rs. 26 crores or maybe about Rs. 30 crores coming on the books last year, we have paid around Rs. 25 crores, Rs. 26 crores. So, net debt increase has not been very significant. Even the capacity has increased three times now.

Bhusan Singh: Are there any strategic partnerships been explored to improve product reach, technology or financial strength?

Venkatesh Katwa: So, partnerships, when we talk about partnership for the sale of cement, typically, not in the format, like, we are having some kind of a fixed sale agreement or something like that. But we are reaching out to institutional buyers as well as the government-related projects. And we are beginning to see some kind of a success in both these regions. And we are also talking to few large RMC plant chains and we are beginning to have some kind of progress in that. But for now we have got some breakthrough regarding government-related projects. So, maybe by the end of this quarter or beginning of next quarter we should see that showing up on the books.

Bhusan Singh: That's it from my side.

Venkatesh Katwa: Thank you, Bhusanji.

Moderator: The next question is from the line of Riya Gandhi, an individual investor. Please go ahead.

Riya Gandhi: So, how is SKCI positioned to benefit from the government of India's infrastructure pipeline?

Venkatesh Katwa: That would be great news because last year typically what happened was the 1st Quarter started off with elections, next monsoons and 3rd Quarter, government barely firming up to start the projects. So, it is the 4th Quarter where actually government started involving itself into setting, you know, for the large infrastructure projects. But at that time, we were not qualified because the size of our plant was not something which we could pass the bar of a qualification. But now with the 1-million-ton plant, we would be qualified and then looking forward to venture into government-related projects.

Government has got a huge push as well as rural housing and highways and other infrastructure projects. And I believe we are already seeing that benefits in this quarter and will more likely continue in this entire year. So, with this government push, we are hoping that dispatches as well as the pricing will improve for this financial year.

Riya Gandhi: So, what macroeconomic or policy risk, for example, coal-powered or construction demand cycles could materially impact performance?

Venkatesh Katwa: Typically anything that, see, apart from monsoons, which is cyclical and affects all the industries, any act by the government wherein it is a lack of infrastructure or delay infrastructure projects will definitely impact this industry. And for now, with even the petroleum coke, what we are buying, has shown a lot of stability in the entire last year. And it is expected to show the same stability this year.

In fact, the management is hoping that the price of fuel will start reducing a little bit because a lot of alternative type fuels have emerged all across the world and that is most likely going to help this industry which depends significantly on fossil fuels.

So, apart from any increase drastically increasing the fossil fuel cost or petroleum products, or any delay in any infrastructure executions, I don't see any policies other than this would impact this industry as such.

Riya Gandhi: There is one last question from my side. As one of the few cement plants running 100% on green power, is the company exploring carbon credit monetization or ESG-linked science?

Venkatesh Katwa: So, carbon credits, there are certain carbon credits generated based on a renewable thing, but the monetization of that is not very significant. In fact, last to last year was at least there are some better pricing, but last two years we don't see any good pricing for carbon certificates, and we are accumulating them till we get a certain price level.

Regarding ESG, yes, once the Kiln stabilizes, the company is, you know, the larger part of ESG, we have already complied by being 100% renewable power compliant. But there are a few other steps which company will continue to do to focus on ESG.

Riya Gandhi: That's all from my side.

Venkatesh Katwa: Thank you, Riya.

Moderator: The next question is from the line of Priya Jain from Green Capital. Please go ahead. Priya Jain, please go ahead.

Priya Jain: Hello.

Venkatesh Katwa: Yes, Priya, go ahead.

Priya Jain: So, I have a few questions with me. So, what is the break-even point in terms of capacity utilization for the newly expanded cement plant?

Venkatesh Katwa: So, with the current pricing or the breakeven point will be around 37% to about 40% of capacity utilization.

Priya Jain: Sir, also amid the rising demand for the real estate and infra sector, is Shri Keshav targeting any specific large scale institutional clients?

Venkatesh Katwa: So, in general, the company is approaching institutional buyers. There has already been a significant uptick in rural consumption of cement, which is where our company is focused on.

Apart from institutional buyers, we are also looking at government-related projects. And like mentioned earlier, we seem to have some breakthrough, but we will see some benefits accruing by end of this quarter or beginning of next quarter.

Priya Jain: Sir, I have been following Shri Keshav for since a good amount of time. When can we, investors, expect a positive PAT?

Venkatesh Katwa: I think this financial year should be something we should typically expect. In fact, last year also, the PAT was negative squarely on account of the deferred tax liability, which otherwise, company is making healthy cash profits because of the huge CAPEX and the depreciation we are losing out on PAT. But this year, we should be able to achieve positive PAT, definitely.

Priya Jain: Sir, also are there any updates or expectations regarding government subsidies or incentives for renewable power producers in Karnataka specifically?

Venkatesh Katwa: No, as such right now the incentives are only applicable to the captive power generation. So, which is why the company is considering to set up another 30 Megawatt because our existing power plants do already have incentives when we sell the power. But today, if we have to set up a renewable power only to sell, I wouldn't consider it a very promising industry as such due to be the current regulatory framework.

However, with the current regulations for a large-scale capacity, of course, there is already a scope for lead captive or independent power producers to sell the power. But as such, for our existing, whatever incentives we got will continue for a few more years because of the time limit.

And then if the 30 Megawatt is materialized, based on the captive consumption, those regular exemptions for regulatory expenses will not be applicable to us.

Priya Jain: Any timeline for you, would you like to quote for this project computation? Two, three years or whatever, anything?

Venkatesh Katwa: No, it won't take that long. I mean, typically, by the end of next quarter, we should have an answer on the shape of this project. And if it happens anything before that, we will definitely publish it. But as such, it is only on discussion stage, evaluation stage and economic evaluation of the plant.

Priya Jain: Also, any expansion in plants beyond the current geography?

Venkatesh Katwa: As such, we have deeply penetrated the existing geography. And like I said, this quarter has been fruitful in as far as dispatches are concerned. But yes, as we grow, as our plant starts to stabilize, our kilns start to stabilize, all the machinists start to stabilize when we start getting the increased production, company will look at new geographical areas, bordering the existing geographic area, increasing the geography by another 50 to 100 kilometers, probably reaching out to Pune and Bangalore.

With that, the consumption pattern in these areas would far outstrip our production. So, yes, there is a scope for that, but we will approach it as and when our current kill stabilization takes us to a 100% level.

Priya Jain: Sir, we know that cement is always been a very attractive sector from investor perspective. So, is there any specific strategies we can follow?

Venkatesh Katwa: So, a very specific strategy, what I would say is one strategy which worked us very well is 100% renewable power, which is we were the first plant in the entire country to do so. So, that gives us a huge cash generation because of that even the cement was doing with the kind of fuel consumption, power consumption, only cement would have been difficult to run.

But ours still being 1 million ton, a small capacity, we would be more focused on penetrating people because if you are selling close to the cement plant, your logistic costs are going to be in control and you would realize better margins. So, for a small plant like ours, which is located very close to, we already have a location advantage because a small plant like ours, we are very close to the consuming markets.

So, our strategy is, we are placed in such a position where in the twilight zone, we are not a small plant, not a very large plant either. But then, because of the small nature of the plant, we will be explicitly focusing on the local area which has got the capacity to consume the entire 1 million tons easily.

In fact, the areas that we are serving, the market capacity or the market consumption in the areas that we are serving is around is around 25 to 30 million tons. So, for us it is, you know, our only focus is going to be penetrating deeper because this market has the capacity to consume this capacity.

Priya Jain: Good to hear, sir. That's it from my side.

Venkatesh Katwa: Thank you, Priyaji.

Moderator: The next question is from the line of Uday from MK Capital. Please go ahead.

Uday: So, the first one is, can you please provide a timeline for achieving full operational ramp up post kiln commissioning?

Venkatesh Katwa: So, technically, I mean, we are hoping to reach it by the end of this quarter or the mid of next quarter. The ramp up is going on slowly. I mean, in fact, when we started, we could produce only about 30%-40%, but now we have reached almost 60%-65%. So, the kiln capacity to reach its optimum level may be another month or two months or so. So, that's a timeline what our consultants have given us and we will be confident to achieve that.

Uday: And the second is what internal KPIs or benchmarks does management track regularly to assist operational and financial performance?

Venkatesh Katwa: The most important KPI that we look at is the fuel consumption, the power consumption values. And that is the major focus of management, apart from other KPIs which are started in the industry. But for now, fuel consumption is something which we are extremely focused on. We want to achieve the fuel consumption typically which is started in the cement industry.

Uday: And how has per dealer or channel retention and satisfaction been during FY '25, especially at volatile pricing?

Venkatesh Katwa: So, we retained, I think, almost 100% of our dealers, barring few here and there, who are extremely price sensitive. Like again, being a small plant, there are going to be certain advantages where the reach is going to be very aggressive for the existing market. And yes, typically we have been successful in retaining all our dealers. And now with this new expansion, we are going up to bigger network too.

In fact, there are few dealers who always consume in large quantities whom we were not able to approach earlier, again, because of the capacity and the other restrictions. But now this gives us the benefit of approaching not only large dealers, like I said earlier, to institutional buyers as well as government-related projects.

Uday: And also wanted to know what is the planned maintenance schedule or CAPEX allocation for existing solar, cement assets in FY '26?

Venkatesh Katwa: So, CAPEX allocation for FY '26 unless we come up with 30 Megawatt, there is not going to be any CAPEX, but if there is a CAPEX, the typical project cost is going to be around Rs. 130 crores to Rs. 135 crores for a 30-Megawatt solar plant. The entire CAPEX, yes.

Uday: Sorry, so please continue.

Venkatesh Katwa: So, please go ahead. Typically, we will be approaching the bank and getting that funded through a nationalized bank only.

Uday: And is the company addressing employee upskilling or recruitment to manage the scale of our new operations?

Venkatesh Katwa: We have hired significant new employees for the new plant and as well as two places we have hired most of the new managers. One for the plant where we have installed new machinery, high-tech equipments, and the other side is the sales executives, where we have added a significant portion and added more people to the area to increase our penetration.

Uday: That's it from my side. Thank you for answering.

Venkatesh Katwa: Thank you, Udayji.

Moderator: The next question is from the line of Bharat Gupta from Fair Value Capital. Please go ahead.

Bharat Gupta: Thanks for the follow-up, Venkateshji. Sir, in regard to your remarks like with respect to breakthrough with respect to government orders, so, just wanted to check like how much capacity are we planning? Like, I think we will be utilizing 50% of the overall capacity. So, how much we are looking forward for looking towards the B2C side of the business in comparison to B2C side?

Venkatesh Katwa: B2B versus B2C, right? So, breakthrough in the sense that there is this foot-in-the-door access right now. So, once I think so, to begin with, it is going to be very small and insignificant quantities, but then as we progress, as we see there is a possibility, the share of B2B will continue to improve.

In fact, it is observed that the pricing given by the government is better compared to the retail pricing. So, the company will focus on trying to penetrate deep into government-related projects. So, once you get a foot in the door, like I said, it is not going to be very significant in the beginning, but we are hoping once that goes through, the quarter-on-quarter will start increasing.

Figuratively, it is extremely difficult to give the percentage. All that I can say is that it might begin with about 4% to 5% of our total this thing. And quarter-on-quarterly it keeps increasing.

Bharat Gupta: And just to understand, sir, what will be the credit terms in terms of getting out a project from the government side versus how are our credit policies from the retail?

Venkatesh Katwa: So, if you look at our debtor days, these are around 16 days or so. So, we have maintained a tight, you know, cement plant, typically, if you look at large, all other cement plants, they are pretty much in line with those maybe 16 to 20 days are debtor days. With government, it might be up to 30 days, but then we are getting also better pricing. So, that this would be pretty much what will happen in this year also. Last year, our debtor days increased mainly because of bad demand and not lowering of dispatches, but we are hoping to improve it this financial year, which is already seeing increased cement consumption in the market.

Bharat Gupta: And sir, if I look at the retail side, so how do we fare in pricing terms versus the likes of JK and Darnia, which are also present nearby?

Venkatesh Katwa: So, till last year, we were, I mean, typically what I say and unofficial is pretty much like, you know, there are a couple of plants in India which are on the national level, I consider them as Tier-1. And then there are a lot of other cement plants between 1 million to 10 or 15 million capacity who are not on the national level, but they are significantly in pockets of maybe certain regions of India.

So, there was a huge price arbitrage between Tier-2 and like ours earlier. And as such, in the beginning, we don't expect to close it because we want to market and do an aggressive sales. But eventually, there will be a point in time our pricing will start getting close to Tier-2 brands.

I believe right now, the pricing difference is almost like Rs. 600 per ton, Rs. 600 to Rs. 700 per ton between ours and Tier-2 brands. And maybe almost around Rs. 1,000 from Tier-1 to our brand. But that gap will start reducing as we go with higher capacity and start reaching out to bigger institutional buyers because we are able to produce the same quality and everything.

Bharat Gupta: With the same quality, I think, sir, the Rs. 600 gap which is there, so I think that won't be the case with respect to government. There the pricing will remain at par, so we will be able to enjoy higher realization.

Venkatesh Katwa: We are as of now, correct. The kind of breakthrough we are getting through is, for them the pricing is same. For us, the pricing is better because it is for us going from down to up. It may not be a very good pricing for a lot of Tier-1 brands. So, there is a scope for us to kind of fulfill that.

Bharat Gupta: And sir, just to reiterate like the numbers which you mentioned, so PBT you are looking at near about Rs. 35 odd crores, which you said in my earlier question, I think.

Venkatesh Katwa: Yes. So, typically I would assume yes, with the current pricing. Come again, sorry, come again.

Bharat Gupta: Yes, I was just like in a way with respect to 15%-20% MAT rate, which will be applicable to us, so I think we will be anyhow, somehow reaching out to Rs. 30 odd crores PAT given out the current realization trend and with reaching out to 50% utilization.

Venkatesh Katwa: Yes, it is possible. See, the prices continue to improve the way they are doing right now. See, the biggest impact that happened last year was in spite of our dispatches increasing by almost by around 10%-11%. I mean like we did almost 2,57,000 tons dispatches last year compared to previous year of 2,46,000. We lost around Rs. 16 crore to Rs. 17 crores EBITDA only because of the decrease in the price.

But the projections what we had done earlier was increasing the price by another 5%, which means that almost Rs. 700 per ton we lost because of non-realization of the price as per the projected value. So, having said that if the projections stay at par, it is just a sudden mathematics that we will be using these kind of figures.

Bharat Gupta: And sir, with respect to prioritization over solar versus the incremental addition towards cement capacity, I think we have a kiln installed of 1.8 million tons. Which is a preferable thing? Like who is the stabilization of this unit of 1 million tons? Do you have any plans like with respect to FY '27 or '28 to increase the further throughput to 1.8 million tons?

Venkatesh Katwa: Yes, as the company continues to grow, the moment we have the stabilization, cash flow generating, the next course of action is going to be addition in both renewable as well as cement. There is still a scope for us to improve the capacity in cement plant. But I think another two years, it will be too early to discuss any kind of projections on that because our whole entire focus is to make sure that not only cement plant stabilizes, our sales and everything else also stabilizes.

But yes, after a couple of years when everything, what these projections start showing up, cement is also going to be on expansion stage. And we will continue to work on renewable power. Plus, there is going to be an RMC development too. So, these three things are there where companies want to focus on eventually.

Bharat Gupta: And sir, like, with respect to fundraise, so are you evaluating any strategy, like, are we further, like, we can do an equity dilution or debt will be a preferable move for funding out the projects going forward?

Venkatesh Katwa: As such, with the current project in hand what we have, which is what we are considering for 30 Megawatt, we will go entirely with funding from the banks. But yes, as we look for a much bigger expansion, anything that management feels will improve the shareholders' wealth, we will continue to focus on that. Equity dilution is not a problem as long as it ultimately gives wealth to all the stakeholders.

Bharat Gupta: And any incentives which we have, sir, with respect to solar power from the state government?

Venkatesh Katwa: For the existing plant, yes. That also for another few years. But for the new plant for 30 Megawatt, what we are planning, there is no incentive if we sell the power. But it is incentivized or rather it is the same incentives across India, across all the states, if we consume it captively. So, the strategy would be to set up a new plant for captive consumption and existing plant relieves the capacity for selling the power where incentives apply. So, we don't have incentives directly, but indirectly we will accrue the incentives because our strategy is to kind of build some capacity for captive consumption.

Bharat Gupta: The pricing trend has remained above Rs. 6 odd for this large fiscal year. And currently, how do you see the trend in the pricing for solar?

Venkatesh Katwa: Last year, I think so, we got an average price of around Rs. 5.90 or so. This year, we are beginning with around Rs. 6. I mean, unfortunately, the price of power is being a very, very commodity very much dependent on the regulatory cost. So, it looks like based on the current approvals or whatever guidance we have, we should reasonably get around Rs. 6 for this financial year.

You can see last financial year, the government reduced the price of power by almost Rs. 0.30-0.35 for the industrial buyers to whom we sell. And even the commercial buyers, they reduced the price by nearly Rs. 2 last year. But commercial buyers were not our significant. In fact, we had few commercial buyers. We shifted from them to, again, industrial consumers to whom we have already signed an LOI. But yes, it is typically dependent on regulatory cost. And with that being stable, we will continue to get Rs. 6 this year.

Bharat Gupta: And sir, is it safe to assume that with respect to Rs. 70 crores plus EBITDA which we are projecting for this year, nearly Rs. 30 crores to 35 odd crores will be coming out from solar and remaining from the cement? So, the distribution will be 50-50 for both for this year.

Venkatesh Katwa: Correct. Yes, typically yes.

Bharat Gupta: That's it from my side, sir. Thank you so much for answering all the questions.

Venkatesh Katwa: Thank you, Bharatji.

Moderator: Thank you very much. As there are no further questions from the participants, I now hand the conference over to Mr. Harshil Ghanshyani. Thank you, and over to you, sir.

Harshil Ghanshyani: Yes, thank you. Thank you, everyone, for joining the conference call of Shri Keshav Cement & Infra Limited. If you have any queries, you can write us at research@kirinadvisors.com. Once again, thank you for joining the conference call. Thank you.

Venkatesh Katwa: Thank you, everyone.

Moderator: Thank you very much. On behalf of Kirin Advisors Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.