



Shri Keshav Cements & Infra Ltd.

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Date: 29/05/2024

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
31/03/2024**

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 the attached Earnings call transcript of analyst/investor call for the quarter/year ended March 31st, 2024, conducted after the meeting of Board of Directors held on May 24th, 2024, for your information and records.

Kindly take the above intimation on record.

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

Venkatesh Katwa
Chairman
00211504



“Shri Keshav Cements and Infra Limited
Q4 FY '24 Results Conference Call.”

May 27, 2024



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: **MR. ABHISHEK YADAV – KIRIN ADVISORS**



*Shri Keshav Cements and Infra Limited
May 27, 2024*

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY24 Results Conference Call of Shri Keshav Cements and Infra Limited 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 star then zero on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Abhishek Yadav from Kirin Advisors Private Limited. Thank you and over to you, sir.

Abhishek Yadav: Thank you. On behalf of Kirin Advisors, I welcome you all to Shri Keshav Cements and Infra Limited Q4 FY24 conference call. From the management team, we have Mr. Venkatesh Katwa, Executive Director and Chairman, Mr. Vilas Katwa, Managing Director.

Now I hand over the call to Mr. Venkatesh Katwa. Over to you, sir.

Venkatesh Katwa: Good evening or rather good afternoon, everyone. I am Venkatesh Katwa. I am the Chairman of Shri Keshav Cements and Infra Limited. Welcome and thank you for joining the conference call for Shri Keshav Cements and Infra Limited. We are delighted to have each one of you here and we explore and discuss the financial performance of Q4 FY24. So before we dive into the tiers of this quarter, let me offer a brief overview about our company and its robust business model.

So Shri Keshav Cements and Infra Limited, what we call it as SKCIL, is engaged in the manufacturing of cement and generation of solar power and distribution in the state of Karnataka. The cement plants are located at Bagalkot district in Karnataka and the solar plant is located at Koppal in Karnataka. The company supplies cement in North Karnataka, coastal Karnataka, Goa and some parts of Maharashtra.

The company has a network of over 350 to 400 distributors and retailers and about 10 to 12 solar power consumers. Since April 2018, the company has been meeting 100% of its energy requirement through renewable solar energy. The cement plants of SKCIL are probably the only ones running in India with 100% green power energy as on date, all the plants of the company, resulting in 75% reduction of the power cost.

So we are delighted to share positive updates regarding our ongoing capital expenditure aimed at expanding deep model making and modernizing our capacity. The cement plant is set to be commissioned by the end of Q3 FY25, which is this year, with the construction completion targeted for by November 2024, resulting in a total capacity of 1 million tons per annum. Solar generation capacity will enhance by 3 megawatts by the end of Q1 FY25, which is by mid of June next month.

With the power generation expected to add another 4 to 4.5 million units. So currently the company is generating about 56 million units per year and this will add to make another up to 16 million units upon commissioning. We are strategically position the company to increase the market share in the existing 250 to 300 kilometers radius by expanding our rural network

and supplying to the larger plants. We also plan to enhance our cement capacity utilization on the new capacity to about 60% to 65% in FY26 and 70% to 75% in FY27 and so on.

Our commitment to excellence is reflected in recent accomplishments like recognition by Bureau of Indian Standards for making the highest quality cement without any product failures for the past three years. Furthermore, our strategic capex initiatives combined with reduction in raw material prices and expansion of our solar capacity are aligning favourably, setting the stage for promising growth prospects for the remainder of FY24 and beyond.

Also, we are pleased to announce that the permission has been granted for the expansion of our solar plant which will see the light of day from next month onwards. The total capacity will increase from 37 to 40 megawatt capacity. These developments further solidify our position for continued success in the upcoming years.

In Q4, FY24, now we speak about the revenue and the figures and facts; our revenue from operations primarily driven by cement businesses constituting to around 70% of the total, with the remaining originating by solar energy and other sources. For FY24, the figures are similar to what we had seen in FY23, with cement contributing around 77.45% and solar energy and others contributing 22.5%.

Moreover, the increase in both similar solar capacity set not only to enhance our top line, but also the profitability at an exponential rate. We want to reassure the stakeholders that our comprehensive strategies are firmly in place, ensuring impressive growth in times ahead.

Now, let me take you through the performance of Q4 FY24. In the fourth quarter of FY24, SKCIL reported a total income of INR36.85 crores. EBITDA witnessed a growth by 34% reaching around INR11.55 crores, while EBITDA margin expanded to 32% from 29% marking a substantial rise.

The company achieved a PAT of INR2.41 crores resulting in a PAT margin of INR9.12 crores. For the fiscal of FY24, the total revenues grew by 2.89% to INR128.99 crores. EBITDA increased by 11.5% to INR41.45 crores and EBITDA margin improved by 264 basis points to 32.78%.

The PAT surged 213% to INR9.13 crores with a PAT margin of 7.07% and EPS diluted to 5.84, a 2.8x increase from the previous year. So, these figures indicate a positive trajectory for the company's financial performance in the fourth quarter and for the full fiscal year. Looking ahead, we anticipate additional benefits from economies of scale as we triple our planned capacity, achieve higher utilization rates, and enhance our Solar capacity.

These improvements coupled with a robust outlook for cement demand will further enrich our performance. Our aim is to ensure sustainable business growth and strengthen our market position with a continued focus on expanding our brand.

In summary, Shri Keshav Cements and Infra Limited emphasized notable improvements in margins during the fourth quarter and the company reported positive trends including an enhanced EBITDA margin and a significant increase in net profit margins. These developments signal a positive trajectory for the company's financial performance in the current quarter.

So, as we approach the question and answer session, I wish to convey my sincere gratitude to all the stakeholders. Your unwavering support and active involvement has been integral to our growth strategy, playing a crucial role in our success. We genuinely appreciate the significant contribution each of you has made.

So, with this, I am pleased to open the floor for any questions and answers. Once again, thank you for your presence and on-going support. Thank you.

Moderator: The first question is from the line of Hemant, an individual investor. Please go ahead.

Hemant: Hi, sir. Good evening.

Venkatesh Katwa: Sir, good evening, Hemant.

Hemant: Yes, my question is related to the current capex going on. So, what is the status of that capex?

Venkatesh Katwa: So, as probably discussed earlier in the last part also, the capex is going absolutely fine. There was a delay on account of availability of water. Our district and Taluka being worst hit on water resources. There was a request from the department not to use the water for any kind of activities other than for ideal purposes.

So, in the last part, as we had mentioned that the project water supposed to be commissioned by June has been postponed up to November. So, other than that civil construction which was halted has already started back. Almost 95% of machinery is already available on the site. So, as such, other than what was not in our control, the project is very much at pace and expected to commission by November or December of this year.

Hemant: Okay. So, we can start seeing the revenues from maybe Q4 of this year.

Venkatesh Katwa: Correct.

Hemant: Okay. And regarding the debt, we have taken some debt, right, for this capex expansion. So, that debt will come in now or it will come after the capex is over?

Venkatesh Katwa: So, the balance sheet is already showing the debt what we have taken. Out of INR80 crores sanctioned and the thing, about INR58 crores has been disbursed already. And the balance INR22 crores will be disbursed in the due course of time. But overall debt, other than the new debt, it has reduced from INR173 crores to INR140 crores. That is because of the continuous repayment, which is why you also see a reduction in the financial cost. It has gone down.

- Hemant:** Okay. Yes, that's it. I don't have any other questions. Thank you.
- Venkatesh Katwa:** Sure, sir. Thank you.
- Moderator:** Thank you. The next question is in the line of Jay Shah from Yadav Capital. Please go ahead.
- Jay Shah:** Good evening, sir. So, my question for the management is like, can you provide any production and sales volume for cement of Q4, FY '24 and the full year FY '24?
- Venkatesh Katwa:** Yes. So, for FY '24, quarter-to-quarter, I can give you a comparison. The cement quantity in Q4 of FY '23 was 55,000 tons. And for Q4 of FY '24 was 72,180 tons. So, there is an increase of around almost 17,000 tons in that quarter. For the whole year, it was 226,000 tons in FY '23. And now it is 246,000 tons in FY '24.
- Jay Shah:** Okay. And what is the current capacity and utilization rate of our cement business? And how do you compare it to your previous quarters?
- Venkatesh Katwa:** So, Q4 of FY '23, our capacity utilization was 61%. And Q4 of FY '24, we reached the capacity utilization of 80%. So, there is a continuous improvement in the dispatches as well as the areas that we are reaching. So, it's almost a 30% increase in sales as well as a 30% increase in the capex utilization.
- Jay Shah:** Okay. So, but despite the annual improvement, there was a difference in EBITDA and PAT margin as compared to Q3 of FY '24. Can you explain the factors that contributed to this dip?
- Venkatesh Katwa:** One basic reason is the pricing itself. Year-on-year, the pricing for, you want a quarter-to-quarter comparison, right?
- Jay Shah:** Yes. Like Q3, Q4.
- Venkatesh Katwa:** Okay, Q3 of the, so, all right, I can give both the things. So, basically, when you go for Q4 of FY '23 and Q4 of FY '24, the prices, the net realization reduced from almost 4,000 to 3,500. 500 is about 430, in fact, INR430. So, that impacted the profitability of Q4, even though dispatches increased. Even on the entire year, if you look at, even though dispatch increased, the prices reduced by nearly 2%. And even the power price also reduced by about 1%, which is why you must have seen the impact of that on some of these ratios.
- But if you look at purely from Q3 of FY '24 and Q4 of FY '24, even then there is a price reduction from around net, what we call is net unit realization, which means that the cost of naked cement, excluding the cost of logistics or anything outside the gate, the price is reduced from 3,760 to 3,579. So, that reduction also impacted the Q4 margins.
- Moderator:** Thank you. The next question is on the line of Vijay Chauhan from NCHC Advisors. Please go ahead.
- Vijay Chauhan:** Hello.

- Moderator:** Sorry to interrupt, Mr. Chauhan, your audio is not clear. Can you use the handset mode while speaking?
- Vijay Chauhan:** I am calling from my handset only.
- Moderator:** Sir, can you speak a bit louder? Because we are not able to hear you clearly.
- Vijay Chauhan:** Hello. Now, can you hear me?
- Venkatesh Katwa:** Yes, a little better, but still we need a clear voice. So, you can go ahead and shoot the question. Let me see if I can get that question as it is.
- Vijay Chauhan:** Okay, sir. Sorry for the inconvenience. So, I just wanted to ask that our revenue growth for FY '24 was only 2.89% despite our robust infrastructure and realistic demand. What were the main challenges or factors that limited our revenue growth?
- Venkatesh Katwa:** So, two aspects. One is even though we had increased dispatches on cement, only Q4 saw a certain increase in, you know, and certain increase of push towards dispatches. Otherwise, the prices have been going down. So, even though, like I mentioned, the quantity increased on a whole from 2,26,000 to almost 2,46,000, increase of 26,000 or almost 20,000 tons, which is almost 8.6% in the thing. But the price was pretty impactful. Like, for example, the last year, the price was around INR3,810 per metric ton. And this year, the price is around INR3,730 per metric ton. Even the power price shrank from 6.97, average price around INR6.9. So, typically, this squared off any benefits we could have got otherwise from the increase in sales.
- Vijay Chauhan:** Okay. So, I have one more question. Can you also provide an update on the status of our cement and solar expansion plan? And how much has been invested so far? And when we can expect the completion and commencement of the production of this project?
- Venkatesh Katwa:** Definitely. So, cement expansion, almost INR125 crores was the project cost. Out of INR125 crores, almost INR102 crores have already been spent. And, you know, the civil construction is 95% complete. And fabrication is going on right now with over 50% complete. So, as we speak, it is expected that we commission by the month of November 2024, November or December.
- So, realistically, we can expect that by Q4 will be the first month where you will see the results of the expanded capacity. Regarding solar, 3-megawatt peak is expansion is going on progress. And based on the reports what I have on the ground reality, we should be commencing in the next 15 days.
- Vijay Chauhan:** Okay. And I have another little question for you. Given the competitive landscape, does the Karnataka market have the capacity to absorb the increased cement production once our new plant is operational after that?
- Venkatesh Katwa:** Sure. So, in capacity terms, even 1 million tons is a very miniscule capacity. With the kind of capacity additions of over 80 to 100 million tons, what we'll see in the next couple of years, 1

million tons is not going to be very significant. Secondly, our plant is located very close to the consumer market, unlike the larger plants which are set up at, you know, a limestone cluster.

So, with the kind of, you know, consumption, what we see around 200 to 300 kilometres radius, management is quite confident that we should be able to achieve significant sales improvement within the existing market.

Vijay Chauhan: Okay. And how have you coal and pet coke prices rendering Q4 FY '24 and what is your outlook for these prices in the coming years?

Venkatesh Katwa: So, compared to Q4 and earlier Q3, the prices of pet coke have stabilized. So, it is not further going down or rising up significantly. Whatever difference you see, it is going to be plus or minus 2% or 3%. But the biggest, you know, pet coke reduction has started in Q4 FY '23 itself. So, having said that, in the coming years, unless there is no significant any political atmosphere I mean political means any violent political atmosphere outside the pet coke prices are expected to remain stable going forward.

Vijay Chauhan: Okay. Thank you for the great response.

Venkatesh Katwa: Thank you.

Moderator: Thank you. The next question is from Shveta an individual investor. Please go ahead. Good evening, sir.

Shveta: Good evening sir.

Venkatesh Katwa: Yes. Good evening, Shveta.

Shveta: First of all, congratulations on your FY24 results. Sir, could you elaborate on your current dealership network and any expansion in FY24? Is there any plans for FY25 to enhance the distribution?

Venkatesh Katwa: Absolutely. So, as of now like I mentioned, we have our 400 to 500 retail outlets in North Karnataka, South Maharashtra, and Goa. But as we speak, we are already increasing our footprints in -- we're going another 100 kilometers in depth in all the directions and when we go towards Maharashtra we are going all the way to Karada and Satara and we are going towards East.

We are reaching out to the North Eastern part of Karnataka and then in Cholanpur. And South-West – South Eastern region we are going all the way closer to -- not closer to Bangalore, but in that direction itself. So, that is the strategy, what we have adopted, but as we speak we are already implementing some safe narratives to handle the expanded capacity. In FY24 like discussed earlier, we're expecting the plan to commission in November or December.

And basically, the plan will be two, three times the capacity and we would be expecting certain enhanced revenue generation in Q4. So, regarding power even though we are consuming

around, out of 37 megawatt peak what we are producing, we are consuming about 15 megawatt to 16 megawatt now about 18 megawatt of power, but once the plan gets commissioned we will be consuming around 35 megawatt of power for self-use and probably sell the power very less outside.

Shveta: And also I wanted to ask that how have cement prices fluctuated in FY24 and what is your outlook for the price movements in FY25?

Venkatesh Katwa: So FY24 compared to earlier years or earlier quarters price has dipped a little. Even though there are sudden dispatches happening, but price gave a dip of around 0.5 to 1%. FY25 first quarter being into election year we have not seen a significant uptick. In fact, there was a jump in pricing in the beginning of Q1, but that collapsed immediately within a week or so which could not withstand.

And after the elections by the time new government settles in so it might take a while. So, I wouldn't be very optimistic about Q1. Q2 being a monsoon we'll continue to perform very similar or a little better than the last thing. But I'm pretty sure that Q3 and Q4 will start becoming a huge drawdown for infrastructure because the new government will be in place and with the challenges like unemployment, other things, construction industry is known to be given the highest level of an employment creator.

So, overall for the year, I have a very good outlook on a year-to-year basis, but a couple of quarters are going to be a little slow because of the election and the ongoing monsoon month.

Shveta: And, sir, any insights on the working capital and any steps taken to optimize it?

Venkatesh Katwa: So, our working cycle inventory days has been -- are pretty much at par with a lot of cement plants. But like we said as we -- in fact inventory has reduced from around 215 days to 240 days for our plant and that will continue to reduce going forward. As we keep adding the profitability new cash flow generation other things it is going to be stabilizing further.

Shveta: Okay. And, sir, we raised funds in 2024, right?

Venkatesh Katwa: Correct.

Shveta: How much of these funds have been deployed so far and in which areas?

Venkatesh Katwa: So, typically we raise funds in two categories. One is secure the debt of INR80 crores. Out of INR80 crores, INR58 crores have been dispersed And out of INR45 crores preferential allotment via warrants and equity entire INR45 crores have been raised as of now. So, with these two funds all this has been deployed towards expanding the cement capacity from 0.35 million ton to 1 million ton as we speak.

Shveta: Okay, sir. That's all. Thank you so much.

Venkatesh Katwa: Thank you.

Moderator: Thank you. The next question is on the line of Pratik Dedhia, an individual investor. Please go ahead.

Pratik Dedhia: Yes, thanks for the opportunity. So, my question is regarding your solar power plant. So, you said that you would be consuming the entire capacity once the new capacity goes live. So, just wanted your thoughts until that point. Do you expect any increase in power realization -- price realization of the power that you will be selling. So, that is the first question. And second one - second question is regarding the expansion in solar power capacity. So, I think you mentioned you go from 35 to 38 if I'm not wrong or probably 40. The increased capacity will that be used to sell or will that be also consumed?

Venkatesh Katwa: Definitely. So, the first question is regarding the power price realization. So, let's say for example the power realization net power realization price realization has been going down quarter on quarter. So, if I give you a brief idea even though our on average price for the entire year was about INR6.89, but quarter-on-quarter, if I give you it was like it started off with INR7.01 in quarter 1 which has come down to INR6.53.

So, it might fluctuate around 6.2 to 6.5 where it's likely to stabilize. However, to me, it's not a very significant concern because our solar revenues will not - will stop once the plant comes up. So, we just have to for the next 9 months Q1, Q2, Q3 we will have to be content with whatever pricing we can get from the market and regarding the solar utilization factor pretty much.

So, let me give you an understanding of the generation itself. So, we are generating about 56 million units for in FY24 and that will after adding another 3 megawatt. So, our current capacity is 37 megawatt, another 3 megawatt added will add around 4.5 million units. So, typically around from 56 million it will go to 60.5 million units. So, 60.5 million units even if I run my plant at around 80% capacity utilization, I'll be consuming most of the power.

But since initially we're expected to capacity utilization is targeted to be around 60% whatever residual power we will sell it. So, that new 3 megawatt what we're adding right now initially we'll be selling it till our capacity utilization decreases around 75% to 80% and at that point in time, the entire power what we have produced will go exclusively into captive consumption.

Pratik Dedhia: Okay, got it. And in terms of scaling up your plant new overall capacity utilization, you anticipate the new capacity to go live around November, December this year. So, can you give some guidance on how do you see the capacity utilization inching up quarter-on-quarter from that time?

Venkatesh Katwa: Sure. So, let's say, you know, in all realistic sense Q4 will be the first quarter where we are fast in trial production the issues, [inaudible 28:53] issues and all those things. For the entire year, we have projected a capacity utilization of around 60% for FY26. In the beginning, cement is not a material where you can store it for a very long time which means that whatever is produced typically we have to sell it in a short period of time which obviously means that our marketing effort, sales effort has to coincide with the production levels.

Even though we might do a lot of marketing now the actual production will give the impetus to the sales. Having said that quarter-on-quarter I would assume that 60% is what we have targeted next quarter which means that from current 2.4 lakh ton -- 2.44 lakh ton in FY26 which is around 6.5 lakh tons FY26 and FY24 is around 3.32 or 3.5 lakh tons is what we are targeting.

Pratik Dedhia:

Okay, got it. Thank you.

Moderator:

Thank you. The next question is in the line of Manisha Agrawal, an individual investor. Please go ahead. Manisha your line is in the top mode. Please go ahead. As there is no response from the current participant, we will move on to the next. That is on the line of Akhilesh B an individual investor. Please go ahead.

Akhilesh B:

Hi, sir. Thank you for taking my question. Most of them are asking, but can you also comment on the EBITDA per ton expectation for next year once the full capacity is available to us?

Venkatesh Katwa:

Absolutely. So, what I will do is I will give a fair view on what happened in the last couple of years. Last year my EBITDA per metric ton excluding the benefits of power. See, the reason I always exclude the benefits of power is because it would be a right apple-to-apple comparison. So, we are only INR57 EBITDA per metric ton in FY23 which rose up to INR200 in FY24.

But in FY25 this year it is going to be definitely more than INR200, but FY26 is the place where the entire new capacity the new modernised plant will be in place. So, there we are targeting about INR900 to INR1,000 per metric ton EBITDA exclusively for cement that is excluding any benefits of power. If you include the benefits of power we would be reaching upwards of INR1500 per metric ton.

In fact, if you consider the power benefits we have already reached around 1400 to 1500 this year and last year itself. So, it is going to be better than this in any case because of optimisation of the cement plant and production.

Akhilesh B:

No that is the right way to exclude the power benefits to take it at market rate. So 900 to 1000 in FY26 and sir in some earlier interactions you had mentioned that we are currently kind of a tier 3 player. And so, there is a certain delta in pricing between us and Tier 2 and Tier 1. So, now with the expanded capacity, do you think there will be some benefit in the pricing and realisation also? Will the gap reduce next year?

Venkatesh Katwa:

Yes. In fact, the EBITDA margins, what I mentioned is excluding those benefits. So, that benefit will accrue over the course of time over 2 or 3 years because there is going to be a significant marketing and sales efforts before we start reaching the Tier 2 players. But having said that delta which is almost like right now it is about INR600 per metric ton, we will be able to cover at least INR300-INR400 in the span of 2-3 years. It might take a while before we reach the similar levels. But there is going to be some progress in that decision there too.

Akhilesh B:

And this INR60 gap is with Tier 2 or with Tier 1?

- Venkatesh Katwa:** The INR600 per metric ton is with Tier 2. And with Tier 1, it is almost INR1,000-INR1,200 gap.
- Akhilesh B:** So, almost INR40, INR50 per bank?
- Venkatesh Katwa:** Yes. Sometimes INR60. So, if I give an approximation, let's say we are supplying cement to Goa. Our daily work price is somewhere around 280 or so. But if I am not mistaken, the Tier 1 brands have reached about INR380-INR400 over there.
- Akhilesh B:** Over and above this 900-1000 EBITDA per ton of FY '26, maybe FY '26, '27, '28 every year, we can have additional INR100 increase in EBITDA from this delta also reducing between us and Tier 2?
- Venkatesh Katwa:** Absolutely. But this 900-1000 I mentioned for FY '26. FY '25 since most, all the 3 quarters have been utilized with the old production capacity and starting with Tier 4, we may not reach, we may realistically not be able to reach 900-1000 for FY '25. FY '26, yes. And yes, as the delta keeps closing in, that scope is always going to be there in our favor.
- Akhilesh B:** And you feel you can do this with the existing brands you have or you have to launch some new brand in a new name to get to that?
- Venkatesh Katwa:** No. Absolutely with the same brand. Our brand is also well known around here. In fact, it is accepted by all the departments. You talk about irrigation department or any government department and all the large infrastructure projects. It's just that we are not able to give you a longer vision on pricing because of this smaller capacity and other factors. Otherwise, quality-wise, brand-wise, we are already up to mark.
- Akhilesh B:** Thank you very much, sir, for answering all the questions. Exciting time for the company.
- Venkatesh Katwa:** Thank you, Akhilesh. Yes.
- Moderator:** Thank you. A reminder to the participants, anyone wishing to ask a question, may please press star and 1. Participants, to ask a question, you may please press star and 1. The next question is from the line of Manisha Agrawal, an individual investor. Please go ahead. Manisha, your line is in the talk mode. Please go ahead.
- Manisha Agrawal:** Yes, sure. Hi. Hello.
- Venkatesh Katwa:** Yes, Manisha, please go ahead. Good evening.
- Manisha Agrawal:** Sir, actually, I just want to know what is your capital expenditure plan for the financial year 2025 and 2026? And how are you going to align with your growth strategy?
- Venkatesh Katwa:** So, as of now, the only capex that we are discussing is the existing cement plant capex, which will complete in this financial year. Since we have already spent around INR100 crores in last financial year, the balance will be spent around this for INR25 crores on cement and another

about INR10 crores and 3 mega out of solar power. Other than that, as such the management is working on the new plants, but that we will discuss as and when it crystallizes.

Manisha Agrawal:

And I just want to know, what is the expected return-on-investment along with the current capex initiative, particularly the cement plant and the solar capacity expansion?

Venkatesh Katwa:

So, yes. So, with the expanded capacity, there is going to be a significant increase in the ROI, maybe up to 20%-22%. And regarding solar power, like we mentioned earlier, we are generating about 56 million units last year. And with this capacity addition, it will reach up to 60.5 million units. So, and even the capacity of the cement plant, it will increase from 0.35-1 million, which is 3 times the capacity. The whole idea behind the expansion of the deep bottlenecking is that currently we are using power and fuel very inefficiently. This is a plant which we had purchased in auction in 2007, and we could only modify it to a certain extent, which means that for example, industry is consuming fuel at the rate of about 650 to 700 kilocalories per ton of OPC cement, whereas we are consuming out around 1100 to 1200 kilocalories, which is significantly higher than the market. That is one point.

Second point is our power consumption is upwards in the range of 100 to 110 units per ton of cement, whereas industry has already reached around 50 to 60 units. But with this deep bottlenecking, we will come close to what they are doing. So, from 1100 calories, we will reach around 750 kilocalories to 800 kilocalories, which will save about INR350 to INR400 per metric ton of cement. Same thing with power, we will save around INR300, because our power consumption will come down from 110 units to around 65 units to 70 units.

Apart from that, there is no significant increase in the other fixed costs, the other expenses, because the plant is going to be highly automated and with all the features like PLC and computerized control, because of which there is going to be a delta benefit on the fixed cost per metric ton. So, all put together, we are expecting about INR700 to INR900 delta EBITDA to add up to the existing EBITDA. So, that's how the plan has been crystallized.

Manisha Agrawal:

Okay, that's really sound initiative from your side. Another question is that I can see that your long-term borrowing is increasing. I just want to know, are you prioritizing your debt repayment with the fund raised or what will be your debt management strategy for the future?

Venkatesh Katwa:

Sure. In fact, our debt has been reducing over the few years. Our debt has reduced from INR173 crores to INR140 crores. But what has happened is in FY '24 figures, you will see around INR58 crores debt that has been taken for the new project. So, if you exclude that, because typically the debt what you should see in the book is for the existing capacity, it has reduced from INR173 to INR140 crores. It is just that even though the new debt is showing up on the books, the interest is going to be capitalized. So, it won't impact the P&L. So, overall, if you look at debt per capita, the debt per capita of capacity will reduce as we increase the capacity significantly.

Manisha Agrawal:

Okay. And can you highlight the revenue and profit target for the next two, three years and the strategies, initiatives that will go to drive these goals?

Venkatesh Katwa: Definitely. So, we are typically targeting about 60% to 65% capacity relation for this year because the new capacity addition this year is going to be the last quarter and around 65% in the next year and around 75% in FY '27. So, with that, basically based on the projections, we are able to see around INR300 crores to INR350 crores as a top line.

Similarly, EBITDA for FY '26 with a 65% capacity relation, we should be able to reach between INR90 crores to INR100 crores and around INR150 crores to INR120 crores in FY '27. So, that's a foresight what we see based on the existing cost and other structures. And management is pretty confident that with additional capacity and additional savings and efficient plan, we should be able to achieve certain figures.

Moderator: Thank you. Ladies and gentlemen, that is the last question. I now hand the conference over to Mr. Abhishek Yadav for his closing comments.

Abhishek Yadav: Thank you, everyone, for joining the conference call of Shri Keshav Cements and Infra Limited. If you have any queries, you can write us at info@kirinadvisors.com. And once more, many thanks to the management team and participants for joining the conference call. Thank you.

Venkatesh Katwa: Thank you, everyone.

Moderator: Thank you, members of the management team. Ladies and gentlemen, on behalf of Kirin Advisors Private Limited, that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.