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SHREE CEMENT LTD.

An ISO 9001, 14001, 50001 & OHS 18001 Certified Company

Regd. Office:

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SCL/SE/2024-25/
18th November, 2024

National Stock Exchange of India Limited,
Exchange Plaza,
Bandra – Kurla Complex, Bandra (East)
MUMBAI – 400 051

SCRIP CODE: SHREECEM EQ
Debt Segment NCD ISIN: INE070A07061

Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI – 400 001

SCRIP CODE 500387
Debt Segment NCD ISIN: INE070A07061

Sub:- Transcript of the Conference call

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the transcript of the Conference Call held on 11th November, 2024 relating to the Financial Results of the Company for Quarter and Half Year ended on 30th September, 2024 is attached.

Kindly take the same on record.

Thanking you,

For **SHREE CEMENT LIMITED**

Shyam Sunder Khandelwal
Digitally signed by Shyam Sunder Khandelwal
Date: 2024.11.18 15:51:14 +05'30'

(**S.S. KHANDELWAL**)
COMPANY SECRETARY

“Shree Cement Limited Q2 FY25 Earnings Conference Call”

November 11, 2024

MANAGEMENT: **MR. NEERAJ AKHOURY – MANAGING DIRECTOR, SHREE CEMENT LIMITED**
MR. ASHOK BHANDARI – SENIOR ADVISOR, SHREE CEMENT LIMITED
MR. SUBHASH JAJOO – CHIEF FINANCE OFFICER, SHREE CEMENT LIMITED

MODERATORS: **MR. VAIBHAV AGARWAL – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Earnings Conference Call for the Quarter and Half Year ended 30th September 2024 of Shree Cement Limited hosted by PhillipCapital (India) 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. Vaibhav Agarwal from PhillipCapital (India) Private Limited. Thank you and over to you.

Vaibhav Agarwal: Thank you. Good evening, everyone. On behalf of PhillipCapital (India) Private Limited, we welcome you to the Q2 and H1 FY25 Call of Shree Cement Limited.

On the call, we have with us Mr. Neeraj Akhoury - Managing Director; Mr. Ashok Bhandari - Senior Advisor and Mr. Subhash Jajoo - Chief Finance Officer at Shree Cement.

I would like to mention on behalf of Shree Cement Limited and its Management that certain statement that we made or discussed on this conference call may be forward-looking statements related to future developments and these statements are based on current management expectations. These statements are subject to a number of risks, uncertainties and other important factors which may cause actual developments and results to differ materially from the statements made.

Shree Cement Limited and the management of the Company assumes no obligation to publicly alter or update these forward-looking statements, whether as a result of new information or future events or otherwise.

I will now hand over the floor to the Management of Shree Cement for their opening remarks which will be followed by interactive Q&A. Thank you and over to you, Neeraj sir.

Neeraj Akhoury: Thank you. Thank you, Vaibhav, and good afternoon, ladies and gentlemen, and thank you for joining Shree Cement's Earning Call for Quarter 2 of FY25.

While we are one of the late companies announcing results, let me summarize our view on the economic performance in terms of both - the cement industry and the Company performance as well.

So, in terms of the overall country economic outlook, as you all know, the union budget for FY25, was passed sometimes in August 24 post the Lok Sabha elections. This led to a bit of a slower rollout of the government expenditure on capital infrastructure projects. Also, the country witnessed for this year a very prolonged and intense monsoon, however, quite well for the agricultural sector, I am sure, it had a calming impact on the cement industry. Consequently, there was some softening in the manufacturing momentum as well. Reports suggest that the manufacturing PMI hit a 8 month low in September and the core sector output shrank by almost about 1.8% in August. These conditions created a weaker demand scenario across sectors, including building materials and cement, housing sales, and new launches fell during Q2.

Overall, urban demand moderated due to the softening of the consumer sentiments; however, the good news is that the RBI survey indicates improved business expectation for the upcoming quarter. Rural demand is improving as reflected in increasing FMCG volume sales and a rise in the three-wheeler and tractor sales. This has been supported by above normal monsoon, boosting Rabi sowing and an increase in minimum support prices as well and the government initiatives like increased allocation to MNREGA scheme. Overall, the outlook for the economy continues to be positive, -, underpinned by a stable external sector, positive agricultural outlook, expected improvements in demand supported by the festive season and the likelihood of an increase of government spending.

For us at Shree, it was a very challenging demand environment. We adopted very deliberately a strategy of value over volume with higher focus on the high EBITDA high value products. While all industry level cement prices declined on sequential basis, we were able to contain it with our disciplined pricing and focus on premium product strategy. Our revenue per ton dropped to just about 0.4% outperforming the industry average. Premium products were central to our strategy and with the share in that trade segment reaching the last quarter to about 15%.

In line with the industry wide phenomenon, our volumes declined by 7% year-on-year in the last quarter. We, however, kept sharp focus on efficiency in our operations, which helped us achieve about 8% reduction in the total cost excluding depreciation and interest from 4,503 per ton to 4,122 per ton on a year-on-year basis. Supported by durable international fuel prices, our average CV fuel cost reduced from 2.05 to 1.71 on a year-to-year basis. This operational focus positions us well to capture future demand and the price recovery. Going forward, we are very confident that government led infrastructure projects will continue to play a key role in demand growth. With good monsoon, higher demand is expected on the back of good Kharif crop and improved farm prices. However, sustained price improvement depends also on the steady demand recovery across segments. We believe that despite the current pressure, we are navigating these conditions by shoring our brand, focusing on key optimization and continuing operational excellence.

Very happy to report that on sustainability, we have made strong progress with green power comprising about 54.8% of our total power use, which is highest in the cement industry. Work on adding 90 megawatts of green power capacity is going on which we expect to complete - by March 25. All our facilities remain zero liquid discharge. We achieved over 7 times water positivity last year. With plenty of rains this year, we aim to improve this further. Our commitment to sustainability is reflected in our improved score of 73 on the Dow Jones Sustainability Index, which is the highest in the construction material sector in India and a significant increase from last year's score of 62.

Our ongoing expansion projects in Jaitaran, in Kodla, in Baloda Bazaar, in Etah are running on track and we expect all of them to be completed between April to June next year. We remain committed to reaching our goal of over 80 million tons capacity by FY 28 and are actively identifying growth opportunities to meet the target.

Thank you very much for giving me a patient hearing and now we can go to the question and answer as well.

Moderator: Thank you very much. We will now begin the question and answer session. We will take a question from the line of Jyoti Gupta from Nirmal Bang. Please go ahead.

Jyoti Gupta: Well, the numbers are quiet satisfying, but I just wanted to know, have we lost market share by any chance because there is a sharp decline of almost 7% in the East market or anywhere or has been some change in the strategy in terms of volume sales?

Neeraj Akhoury: So, as I said that we were quite aware that in Q2, the demand for cement was very subdued, if not negative, and hence we were very clear that we should try to retain and give more importance to price over volumes. And this is why you saw that while we have lost on the volume, but we were able to deliver relatively better result in terms of price. I do not have the market share figures, so I will not really quote there. I will not go in that direction, but what we are aware that by all the reported figures that even the country demand has been negative in the last quarter.

Jyoti Gupta: Sir, my next question is how do you perceive the Company with second-half for your Company and what would be your guidance in terms of volumes? And is there any increase in prices which you have seen in your key markets and do you see substantial improvement in EBITDA per ton or are we going to be in the same range in the third and the fourth quarter as well?

Neeraj Akhoury: So, ma'am, as we are speaking now, just about Diwali and Chhath festivals are over. On the macro side, we believe there is every reason for demand to be better in the next 6 months versus the last 6 months, largely because most of the budgetary allocations will now get converted into purchase orders across states. That is the hope and optimism with which we are working. So, demand growth should be positive in the next 2-3 months and 6 months. If that were to happen, then as you know in cement, our industry demand growth has a close linkage, with- the price -. If this were to happen, then we believe if demand is good, then we should see a better pricing environment. How much of that will translate into actual price is difficult topic, but my sense is that if demand goes up and improves the way it should improve now, then we should be facing a better price environment.

Moderator: Thank you. We will take the next question from the line of Amit Murarka from Axis Capital. Please go ahead.

Amit Murarka: So, my first question is like what was the cement realization in the quarter?

Neeraj Akhoury: Cement realization was Rs. 4,447 per ton.

Amit Murarka: Sir, this is better on Q-o-Q basis, because what I have is Rs. 4,469 for Q1, or was it flattish on Q-o-Q basis? Rs. 4,469 was the number in Q1, right?

Neeraj Akhoury: Q1 figure was Rs. 4,464.

Amit Murarka: So, in that sense, the cement realization actually was flattish for you on a Q-o-Q basis?

Neeraj Akhoury: That is what I was saying, that our focus has been to maintain the realization knowing fully well that in Q2 demand was subdued. The larger focus was how do you manage your realization.

Amit Murarka: And also in terms of the clinker sales, like what would have been, how much was the clinker sales in the second quarter?

Neeraj Akhoury: Clinker sales were also as about 3.63 lakh tons. This is also low compared to 5.26 in Quarter 1.

Amit Murarka: And lastly, on the capacity expansion, so what I understood you said that all the units will get commissioned in April to June next year. So, till March then, there is no commissioning that is planned, is it?

Neeraj Akhoury: So, our estimate as we speak in November is that the commissioning should be happening in April to June. Of course, as management, we will try if we can prepone few things, but I am reasonably sure that commissioning should happen between April to June next year.

Amit Murarka: And this is both for clinker and cement units, right?

Neeraj Akhoury: Absolutely.

Moderator: Thank you. Next question is from the line of Keshav Lahoti from HDFC Securities. Please go ahead.

Keshav Lahoti: Sir, may I know what is the regional sales mix for this quarter and the realization region wise?

Neeraj Akhoury: I can give you a regional sales mix. We have done about 58% in the North, about 31% in East and 11% in South. Remember that our North constitutes both Gujarat as well as parts of UP. So, 58-31-11. I don't have the realization breakup, so I will not be able to give you figures. I am asking my CFO, Mr. Subhash Jajoo if we can share those numbers with you later.

Keshav Lahoti: And can you give an idea about how has been the growth region wise in this quarter, year-on-year, volume growth?

Neeraj Akhoury: So, North growth has been about negative, you are talking about Shree, right, not the industry?

Keshav Lahoti: Yes, Shree, not the industry?

Neeraj Akhoury: It is -6% for North, -8% for East and about -10% for South.

Keshav Lahoti: It is good to see, heartening to see 15% premium sales made. So, how will this number shape up in upcoming quarters?

Neeraj Akhoury: So, as we speak now, we will like to stabilize it going forward also at around the same numbers. Once we stabilize, then we will take the next jump to a higher level.

Keshav Lahoti: And what was the lead distance for this quarter?

Neeraj Akhoury: 433, again, it is down from 475 kilometer last year. Current, this year is 433.

Keshav Lahoti: So, the Company possibly sold less in far off markets?

Neeraj Akhoury: Absolutely, because that is why lead distance has come down.

Keshav Lahoti: So, ideally, this lead distance will stay over here or possibly in upcoming quarter as the prices will pick up, this lead distance might increase?

Neeraj Akhoury: Too early to say, our intent would be to manage the lead distance around the same numbers, but in case, there are some markets where we find that attractiveness of prices is high, we might try to go back to those markets.

Moderator: Thank you. Next question is from the line of Ritesh Shah from Investec. Please go ahead.

Ritesh Shah: My question is on credit days, it has increased for first half as well as last couple of years. How should one read into this?

Neeraj Akhoury: Your question is about credit days increasing, right?

Ritesh Shah: Yes, sir. So, March '21, it was 20 days. If you look at March '24 and even for the quarter ended, it is like 36 days. So, the number has increased continuously. So, is there some change in strategy? How should we understand that?

Neeraj Akhoury: We will get back to you on this, yes, our numbers are little different than what you were putting. But having said that, there is no change in strategy in terms of market approach. We still operate on the same terms which we operated in the last few years and it could be possible that last quarter the demand being low, the outstanding has gone up slightly otherwise, but there is no change of strategy.

Ritesh Shah: And sir, my second question, if I look at last 2 years or say last 5 years, the discounts that we offer on a per ton basis, it has increased significantly. So, if I look at the CAGR of last 2 years, the number is nearly Rs. 600 per ton, which in FY19 used to be Rs. 330 per ton. Again, is this a conscious measure to increase the discounts as we widen the spread or as we try to push more volumes, how should we understand this variable?

Ashok Bhandari : Please understand that if we are saying that our rebate and discount are better than how our EBITDA is increasing, there is some disconnect in the understanding itself. You will appreciate that this quarter amongst the peer group, we have the highest EBITDA per ton. We have a realization which has a minimal drop. We have taken a large volume drop, but that doesn't mean that we have to do a rebate and discount increase also. And if that would have been there, then our EBITDA would not have been Rs. 780 a ton. It is highest in the industry. Will you acknowledge that?

Ritesh Shah: Yes, sir. But sir, my question was from FY19 to FY24, if?

Ashok Bhandari : My friend, please appreciate that 19-21 is not comparable at all because of COVID years. 21-24, if I have an increasing EBITDA trend, then irrespective of rebate and discount, my NCR is keeping on increasing or my cost is going down at a much higher pace than the NCR, you appreciate that? So, we will do the analysis as you have pointed out, we must know, but then how is it possible that I am having an increasing EBITDA with an increasing rebate and discount, it can't be? If the market dynamics have changed, or if my market geographies have changed, then the discount might have got adjusted, but then ultimately my - profitability is increasing.

Ritesh Shah: Sir, I will agree to what you say at the credit days been steady, but the credit days have also increased besides the discounts?

Neeraj Akhoury : As I said, one of the topics that we covered is that last quarter has been a difficult demand month before outstanding may have gone up. I do not have the last 5 years figure, but last 3 years, if I look at it that figure I have that we are operating in a discount of roughly about the same range of 600-650 and that has not really changed. So, I don't have the 5 years figures, so I am not giving you that, but last 3 years I am not finding any change.

Ashok Bhandari : What I suggest is that you exactly word your query and send it to either Mr. Subhash Jajoo or me and we will give you exact calculation. There may be some different ways of calculating things.

Moderator: Thank you. We will take our next question from the line of Rahul Gupta from Morgan Stanley. Please go ahead.

Rahul Gupta: Sir, I just want to understand one thing, this quarter you prioritized premium products versus volume. If I remember right, in the first quarter, you shifted some volumes from North to East where prices are relatively low, right? And you gained market shares on volume. So, just trying to understand what is your strategy on volumes going forward? Can you just help us guide how you will fare versus the industry over the next couple of years?

Neeraj Akhoury : What we have done, if I compare the last 2 quarters, it is true that last to last quarter, Quarter 1 of this year, we had taken certain strategy. For now, what we have done, let us say in North that we have considerably reduced our non-trade sales. So, our trade sale as an example in the North has gone up to plus 65% odd which was up from 59% in Quarter 1 and in non-trade, we were at

41% in Quarter 1, we have come down to a level of 35%. So, that is the kind of approach that we had taken, which I told you in the very beginning, that price was more important for us than volume in the last quarter and the number of actions were taken of the right geography, right segment, right product to make sure that we are able to deliver a better result on the realizations.

Rahul Gupta: So, just one follow up, given that you have reached your initial target of 15% premium product, and you would want to normalize this going forward, how should we look at volumes over the next couple of years?

Neeraj Akhoury : Volumes performance, I am convinced, we should be in line with the industry demand growth. Sometimes little higher, sometimes a little lower, but we should be broadly in line with the industry demand growth.

Moderator: Thank you. Next question is from the line of Satyadeep Jain from Ambit Capital. Please go ahead.

Satyadeep Jain: I wanted to follow up first on the question asked by previous participant. Just want to understand the strategy a little better and then I will ask a follow up question. There was a strategy of taking market share, improving utilization and improving pricing. And quarterly, we are not able to figure out what exactly is the strategy because it seems like the goal posts are changing every quarter, if I am not mistaken, just to understand when you say market, you expect volumes to grow in line with the industry, you have dropped the utilization, market share, guidance and focusing on maybe improving pricing and how do you plan to improve pricing from here on? And then I will ask the follow up question. That is the first question?

Ashok Bhandari : Please understand that there is a classic disconnect between increasing volume and increasing pricing. If you want to increase volume, you have to give up some pricing because everybody else will drop the prices to chase the same value. That is one part of the thing. Number two, as Mr. Akhoury pointed out, we were seized of the fact if you will recall my concall of June '24, I had said two quarters, I find the industry to be in a difficult phase. We were seized of the fact that the volumes will be lower, A, because of delayed union budget, B, because of monsoon season. Both got aggravated. The budget ultimately got presidential assent on 16th of August. So, we were anticipating practically no demand from the Government who is the major buyer for infra. If you think that 60% is housing, 30% is infra and 10% is industry and if we have operated at about 60%, then we have catered to the housing, but 30% demand was just not there. This is all a dynamic situation, my friend. Tomorrow, if the government demand comes up, if the pricing moves in a different manner, we will not be hesitating in increasing our non-trade share. It was well thought out, well understood that there will be very low infra demand and that is why this strategy was adopted. You have to be dynamic enough in the business to make more and more money, whichever sale mix really gives you the best result, you will move to that. So, what is the strategy? The strategy is to maximize profits, come what so may.

Satyadeep Jain: Mr. Bhandari, are you saying the industry volume growth was -7% for the entire industry in this quarter Y-o-Y?

Ashok Bhandari : My dear friend, one second, you are forgetting a major data point. Q1, the entire industry was negative and we were 1% plus. And we had at that time thought that the demand should be robust enough and when we realized the delay due to the elections and the monsoon, we had changed the strategy. We are lowest in growth in volume terms, but then our EBITDA has become highest. Please understand that we are running a business. You try to maximize profit. Back to Mr. Akhoury.

Neeraj Akhoury : You have said very well. That is what we are doing about strategies, more of a tactical decision depending on what kind of macro environment we are facing and therefore what is the right thing to do.

Satyadeep Jain: Second question, just wanted to ask on a follow up to that, the volume guidance of growing in line with the industry for the next 2 years, just want to understand why the urgency to add so much capacity if you want to grow in line with the industry -The rational for adding capacity, if you are going to grow in line with the industry?

Neeraj Akhoury : No, by next 6 months, we are talking about projects that are already in the pipeline under construction. In fact, now in the last part of the construction, which will be now commissioned in next 5-6 months, 7 months. What we are saying if the demand were to grow at the CAGR what we have observed in the past, it makes sense for us in order to conserve and maintain our market share to go up to 80 million tons by 2028 is what the guidance we have given to all of you.

Moderator: Thank you. Next question is from the line of Rashi Chopra from Citigroup. Please go ahead.

Rashi Chopra: Just on the premium product, you mentioned that you wanted to stabilize at these levels. Are we talking about like a 15% for a stable level for premium product?

Neeraj Akhoury : For next few quarters, 15% is what I have said, yes.

Rashi Chopra: And the last quarter was about 8%, right 1Q?

Neeraj Akhoury : 9%.

Rashi Chopra: And what was the overall trade sale proportion when mentioned for the North, but just your overall trade sale?

Neeraj Akhoury : We are at about 74% plus, ma'am, totally 74% at all India level.

Rashi Chopra: Then, just moving to the cost side, you mentioned that the second quarter costs are about 4122. So, that is essentially the total cost dividing by your cement volume, right? That is not just cement cost?

Neeraj Akhoury : Total cost.

Rashi Chopra: So, the decline that we see in the EBITDA on a sequential basis, despite having a flattish realization is attributed to both costs as well as some other income going down, correct? Power or other miscellaneous income?

Ashok Bhandari : Let us not put it like that, Rashi. Yes, the realization has dropped, the power is we don't give any separate figures, so we are talking of blended EBITDA and obviously if there is a dilution in margin it is because of a relatively lower reduction in cost. Other income is more or less the same. Other operating income has also slightly gone down, so revenue from operations have deflated more because of other operating income. My other income is which is treasury income is about Rs. 130-Rs. 135 crores. And cost, though we have some declining trend, if you want I can exactly quote you the numbers. Quarter-on-quarter, the capacity utilization went down to 56%, so obviously the recovery of fixed cost has gone lower. Our total sale (including clinker sale) is 76 lac ton versus 96 Q-on-Q. so you can understand that all these reductions have led to lower recovery of fixed costs and lower contribution. Am I clear to you Rashi?

Rashi Chopra: Yes, sir, clear and on the fuel pricing 1.71 that is the consumption cost, where are we at now?

Ashok Bhandari : This quarter, we will be at about 1.65-1.64 because of the pipeline inventory which we are carrying, but today we are purchasing 1.51. So, the effect will come only in Q4 FY25 or maybe partly in Q1 FY26.

Rashi Chopra: Again, on the green energy you indicated you are adding 90 megawatts by March 25 and beyond that, what is the plan beyond of March 26?

Ashok Bhandari : See let me make it clear to you. We have seen and we feel that 60% of the total energy max can be attained from green energy sources. We are trying to optimize this by having a combined hybrid kind of thing where wind and solar can also be done at the same site to have better PLF, but then these are all in working. We will get back to you. We are at 54.8. We will certainly reach 60 by June 25 or something.

Rashi Chopra: Sir, one last question on the capacity expansion. Everything is in 1Q FY26, the 3 million ton Bangalore expansion, when is that coming?

Neeraj Akhoury : We are still working on it. We are trying to getting some of the clearances done. Once that is done, then we will be able to be more accurate about when will the Bangalore facility come.

Moderator: Thank you. We will take our next question from the line of Prateek Kumar from Jefferies. Please go ahead.

Prateek Kumar: My first question is on this other operating income or like the numbers you mentioned, so does your reported realization of like 44 and 47, does it improve the impact of subsidies and has subsidies number changed on quarter-to-quarter basis?

Ashok Bhandari : Prateek, what I suggest is that Jajoo has these details. Let him answer you. So, we don't want to unnecessarily take say Rs. 130 crores of subsidy recognized by Ambuja as one off. Let Mr. Jajoo give you exactly the number of other operating income and subsidy included therein.

Subhash Jajoo: Prateek, first of all, the realization number that we have given of 4,447 does not include the other operating income. And you want the number of other operating income?

Prateek Kumar: Yes, if you can get that will be great.

Subhash Jajoo: It is roughly Rs. 66 crores as against Rs. 45 crores last quarter.

Prateek Kumar: The other question is we got from channel feedback like versus January, we had a big event in January regarding consolidation of brands into one brand and then focusing on premium brand etc., that was a big event and push there. And then there was some, in 2Q, particularly feedbacks, there was some discontinuation of certain premium products, but you mentioned that premium mix has actually gone significantly higher. So, just wanted to cross check, there was no change versus what was launched in earlier part of this calendar year?

Neeraj Akhoury : So, the January initiative, I don't know how much about the event, but for the initiative it was initiative of the Mother brand of the Umbrella brand, which is Bangur. That strategy could be the Bangur master brand continues. We have of course introduced some new products in the market. Having said that, once we have stabilized the volumes of the new premium brands, then we have also bought back some of our most tested brands back to the market. So, that is the strategy that we are following and I think it is working quite well given that in premium, we have been able to deliver a better result than last quarters.

Prateek Kumar: So, what specific products have we got back generally asking?

Neeraj Akhoury : So, Roofon was, for example, one product Roofon was one of our very time tested premium products in the market for Shree and that is what we have now reinstated. Similarly, Jung Rodhak was one of the iconic products in India and iconic brands in India. Now, it is coming back as Bangur Shree Jung Rodhak. So, we have made some tweaks, some changes, some alterations, more to suit the market, but overall, the results have been to our estimates quite favorable.

Prateek Kumar: And my last question on depreciation, this quarter, also like very high depreciation, So, what is the expected depreciation number for this financial year and next financial year?

Ashok Bhandari : If you look at the half-year number, it is at about 1311. So, if you just double it because we expect to commission new plants only in April-June, this year, the depreciation number should be 2,700 kind of. However, you have given me the opportunity to explain that I had always been maintaining vis-a-vis Shree that please look at cash profit numbers and not net profit numbers. And I am very happy to say that in spite of whatever we have done, the cash profit still stands at about Rs. 200 a share vis-a-vis 259-260 in last quarter, so Rs. 200 is the cash EPS, net EPS is 25 and it is nothing but because of an aggressive depreciation policy which we have been following.

We are cash centric, we are not net profit centric. And cash, you will appreciate as the cash EPS has gone down marginally only. 15% cash EPS decreased vis-a-vis 24% overall or 21% number is quite good and yes, we will be at about Rs. 2,700 crores of depreciation for the year. And one more thing, I want to point out that the half year depreciation number is almost double of last year's half year depreciation number because of commissioning of 6 million tons of new capacity and some waste heat recovery and other small capitalization.

Prateek Kumar: So, we will be commissioning like lot of more capacity like in next year also, so that number of Rs. 2,700 crore will remain at the same number as like even next year?

Ashok Bhandari : Look, I will really get back to you on the predicted depreciation numbers. Will it all depends on when, whether we commission it on 1st April or 1st June or 30 June. So, as far as next year depreciation number is concerned, please give us some time. However, please understand I am again repeating that I always maintain that Shree is cash profit centric, not net profit centric and I shall be indeed very happy if you pass the same message to the investors that please don't look at net profit of Shree, look at cash profit of Shree. By doing such accelerated depreciation, I am at a faster rate changing the nature of my non-fungible fixed assets to fungible cash assets. And over a period of time that makes a big difference. That is the reason why we are being able to finance all our expansions from our own internal generations. We don't borrow.

Moderator: Thank you. Next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Sir, first is on the CAPEX, so 1H we have done close to Rs. 1,860 odd crores. So, for full year and maybe next 1 or 2 years or previously we said Rs. 4,000 crores CAPEX, so that number remains intact?

Ashok Bhandari : Yes it does. We will be roughly Rs. 4,000 crore every year for next 4 years.

Shravan Shah: And sir, in terms of the October and till now, November broadly - our region is South and North in terms of the prices, how are they versus the Q2 average?

Ashok Bhandari : Very marginally better.

Shravan Shah: And couple of data points are needed, blended cement sales in Q2, road share in Q2 and the fuel mix pet coke in Q2?

Ashok Bhandari : Mr. Jajoo will give you these data, please.

Subhash Jajoo: The blended sales ratio is 70% for this quarter and you wanted what, other thing?

Shravan Shah: Road share and fuel mix pet coke?

Subhash Jajoo: Road-rail is around 88% by road and 12% by rail.

Shravan Shah: And pet coke, sir, fuel mix?

Subhash Jajoo: Pet coke, 88% was the pet coke and balance was alternative fuel.

Shravan Shah: And then this 2028, when we say we will be having more than 80 MTPA, so is it a FY28 or calendar year 2028?

Ashok Bhandari : This is stretching too far my friend. Let us commission Q1 FY25-26 and we will get back to you. The Bangalore unit, Mr. Akhoury has said, we are awaiting regulatory approvals. Now, how does it matter if the commissioning is delayed by a quarter? You say in March it will happen or in December it will happen. At this stage it is extremely difficult to answer.

Moderator: Thank you. We will take our next question from the line of Lakshminarayanan Kg from Tunga Investments. Please go ahead.

Lakshminarayanan Kg: I just want to understand what is your average utilization, your target for the year across your Central, East and South markets?

Ashok Bhandari : You are asking for full year guidance and capacity utilization or you are asking regional guidances?

Lakshminarayanan Kg: Two parts. First, I just want to understand the first half, what has been our utilization across these three regions?

Ashok Bhandari : I am giving it to Mr. Jajoo, he will answer it.

Subhash Jajoo: Well, the overall utilization, as Mr. Akhoury said, it is 56%, in North it was 58%, East 63% and South 40%. This is for the September 24 last quarter.

Lakshminarayanan Kg: And in the next 6 months, among the 3 markets which market, you perceive that there will be relatively better growth if you just stack rank?

Neeraj Akhoury : Better growth as in better de-growth you are saying?

Lakshminarayanan Kg: Volume growth, if you are looking at the next 6 months volume growth, which market among these three would like a growth?

Ashok Bhandari : Are you talking of last quarter or in the future?

Lakshminarayanan Kg: Just looking at the next 6 months, among the 3 markets, which markets will you think will grow better?

Neeraj Akhoury : I think the way we see therefore will be to grow, as I said, in order to maintain our market share that will require us to grow across geographies depending on each geographies market demand growth. But my expectation would be that we should see in a relatively better growth in North and South and somewhat more muted in East.

Lakshminarayanan Kg: For this year, for the first half, what is the cash EPS for the Middle East unit?

Ashok Bhandari : Let me repeat the numbers for you. Q2, my cash EPS is 196-197. Q1, my cash EPS was 260. Half year FY 25 is 456. Half year FY 24 was 478. Irrespective of such bad market conditions, we are almost maintaining our cash EPS as per last year. That is why I am telling every one of you, please judge us on cash profits, not on net profit.

Lakshminarayanan Kg: Sir, my question is that our Middle East unit is making cash profits now?

Ashok Bhandari : Yes, it is.

Moderator: Thank you. We will take our next question from the line of Amit Murarka from Axis Capital. Please go ahead.

Amit Murarka: Just one more question on the other expenses. So, I see that Y-o-Y there is a 70% drop in other expenses when volume is dropped 7% and two new clinker units are also in the base this year. So, I just wanted to understand why there is a big drop in other expenses.

Ashok Bhandari : You have to please appreciate, other expenses as a group include what? Number one, in last quarter, we had Royalties included in the other expenses, this quarter we have reclassified, and other expenses have been reduced by an amount of Royalty and added to the raw material cost as is being done by most of the cement Company. That is major reason. Rs. 100 Cr is because of that. Secondly, the logistic costs have also slightly improved because of the drop in lead distance. Number three, as the units are getting stabilized, the stabilization expenses which were high in Quarter 1 has also got sobered down and is likely to remain around this level.

Amit Murarka: Also, like you mentioned that every year there will be a Rs. 4,000 crores CAPEX that you plan to do, so given that most of the expansion plans at least announced ones are getting over in Q1, so could you just explain?

Ashok Bhandari : You are making slight mistake. It will reach 70 in June 25, whereas it has to reach 80. Even in this 70, if you see the brownfield and green field mix, maximum is brownfield. In 80, maximum comprises of greenfield.

Moderator: Thank you. We will take our next question from the line of Prateek Maheshwari from HSBC. Please go ahead.

Prateek Maheshwari: Just one book keeping question, what will be the power revenue for the September end quarter?

Ashok Bhandari : We have stopped giving power revenue separately and we don't intend to. I made it very clear in last quarter that we will be giving you blended revenue from operations and blended EBITDA.

Moderator: Thank you. We will take our next question from the line of Uttam Kumar Srimal from Axis Securities. Please go ahead.

Uttam Kumar Srimal: Sir, what is the current status of our RMC plant? How many plants currently we have got and how many plants we have commissioned in this fiscal?

Neeraj Akhoury : So, this is the first year of our RMC foray into this industry. We started in West and South in Hyderabad as well as in Mumbai where we have taken 5 plants in Bombay and 2 in Hyderabad. That makes 7 plants to date. We are also constructing plants in other regions now and what we had assured to the investors was 5 plants in year 1. We have already crossed that to 7 as I said and I hope we will be in double digit by this financial year end.

Moderator: Thank you. We will take our next question from the line of Prateek Kumar from Jefferies. Please go ahead.

Prateek Kumar: Sir, just one question on your standalone and consolidated operations, so couple of your plants are now in subsidiaries, so is this meaningful volumes and revenue and EBITDA output on those plants and would you be reporting like consolidated volume sometime in future?

Ashok Bhandari : Look, Prateek, what I suggest is that you send your exact query and we will reply. These figures, since we are sitting with standalones and consolidated, we don't have these numbers together at the moment. You send us a query and we will get back to you.

Moderator: Thank you. We will take our next question from the line of Ritesh Shah from Investec. Please go ahead.

Ritesh Shah: Sir, my question is on blended cement. You indicated 70%, is it possible if you could break it up between PPC, PSC, Composite cement and if at all we have any plans for calcine treatment? And the related question over here is any trends on fly ash and flag sourcing costs and if you have any contracts in place which would be longer duration and it helps us on the cost curve?

Ashok Bhandari : Let me put it like this that our fly ash cost quarter-on-quarter has come down. And PSC, PSCC or Calcine or whatever you are asking, we may like to keep it within ourselves.

Moderator: Thank you. We will take our last question from the line of Rahul Gupta from Morgan Stanley. Please go ahead.

Rahul Gupta: Can you just help me understand what was the lead distance in first quarter? I understand it would have come more of, but can you please help me with the number?

Ashok Bhandari 433.

Rahul Gupta: So, 453 was last quarter, right?

Ashok Bhandari : Right.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand over the call to Mr. Vaibhav Agarwal for closing comments. Over to you, sir.

Vaibhav Agarwal: Thank you. On behalf of PhillipCapital (India) Private Limited, we thank you the management of Shree Cement for the call and many thanks to participants joining the call. Thank you very much, sir. Yashashri, you may conclude the call. Thank you.

Moderator: Thank you. On behalf of PhillipCapital (India) Private Limited, that concludes the conference call. Thank you for joining us and you may now disconnect your lines.