Operator: Ladies and gentlemen, good day and welcome to the Shree Cement Ltd. Q1 FY27 earnings conference call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Naveen Sahadeo from ICICI Securities Limited. Thank you, and over to you, sir.

Naveen Sahadeo – ICICI Securities: Thank you, Falak. Good evening, everyone. On behalf of ICICI Securities, I welcome you all to the Q1 FY27 earnings call of Shree Cement Ltd. From the management, we have with us Mr. Ashok Bhandari, Mr. Subhash Raju, Mr. S.H. Khandelwal, and Mr. K.K. Jain. Without any further ado, I hand over the floor to Mr. Ashok Bhandari for his opening comments. Over to you, sir.

Ashok Bhandari: Thank you, Naveen. Good evening, everybody. Before we start the actual Q&A, I want to make two specific points.

Point number one is that I have been pointing out to you that the time has probably come when we should look at consolidated numbers instead of standalone numbers. This quarter, almost 10% of the turnover has been contributed by my overseas subsidiary and a 100% subsidiary in India. The standalone number is only about 89-90%. All these are cement businesses, so we would like to request everybody to start looking at the consolidated results and not the standalone results.

Going forward, I sincerely believe that with the doubling of capacity at Ras Al Khaimah in the UAE, which should be upstream by Q3 FY27, and increased penetration into the Eastern market, the Shree Cement East performance should also improve. Going forward, in the not-too-distant future, standalone Shree Cement Ltd. should probably constitute about 75-80% of total revenue, and the other constituents will contribute 20-25% of revenue. To have a more transparent and clearer picture of how we are faring in our cement business, it is better to look at consolidated numbers. This is point number one.

The second point is that you have to appreciate the kind of hardship we had to face because of the Middle East war. Three things happened. Number one, the petcoke that was contracted could not reach us, which forced us to shift the fuel from petcoke to coal. The percentage of petcoke reduced from 54% to 9%, whereas coal increased from 26% to 74%. The other point is that the contracted gypsum quantity from Oman could not reach us.

Both had a similar effect. They adversely affected the company's cost of production. Since this Omani gypsum was not available, we had to procure more expensive, lower-quality gypsum domestically. Since petcoke was not available, we had to use lower-quality coal, which was available at a higher cost.

Because of these two factors, two things happened. Number one, raw material parity went up because gypsum prices went up. Number two, because of the lower quality of coal, our conversion factors, meaning the clinker-to-cement ratios, changed, which increased the clinker component in my cement. This is because high-ash-content coal, when it physically and chemically reacts with liquefied calcium oxide, results in greater absorption of ash in the clinker.

If the clinker has more in-situ ash, then I become limited on my conversion factor, and I have to reduce the quantity of pozzolanic or other cementitious material. Ipso facto, both these factors resulted in a higher cost of production and also affected my trade sales. If my conversion factor is going down, that means I am producing more OPC, and the biggest market for OPC is non-trade sales. So, on the one hand, I had a cost push; on the other hand, I had more quantity to sell in the non-trade segment. Both resulted in slightly lower realization and a relatively higher cost of production.

However, let me tell you that this in no way indicates what we intend to do in the future. We intend to go back to our old philosophy of increasing the conversion factor at every point, optimizing costs, and continuing to push trade sales.

Number two, you also have to bear in mind that the cement that will be produced, and the associated embedded fuel cost, has almost peaked out in our case. The lower-cost contracted petcoke had not reached us, but it has started reaching now. It was substituted by higher-cost coal. Instead of the guided 1.82 per kcal cost, we reached almost 1.95. I feel that, barring anything untoward happening in the Gulf War, fuel prices have almost peaked out. PVC prices have started coming down, and my packing cost has already started reducing.

Though I had said in the last concall that my cost would peak out in Q2 because of these factors, I think we have almost peaked out in Q1. If nothing untoward happens in the Middle East, this cost should more or less stabilize, or rather go down, because raw material costs should also come down. Having said this, I am now opening the floor for the question-and-answer session.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may please press star and one on your touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Rajesh Ravi from HDFC Securities. Please proceed with your question.

Rajesh Ravi – HDFC Securities: Hi, sir. Good evening. Am I audible?

Ashok Bhandari: Yes, you are very clearly audible.

Rajesh Ravi – HDFC Securities: Great, sir. Thanks for the opening presentation. Sir, first, on the housekeeping numbers, what was the blended fuel cost for Q1 and the trade-non-trade mix? You have already mentioned the fuel mix. What was the clinker factor, sir, and also the cement realization?

Ashok Bhandari: You have asked three or four things. All three or four points are in my opening statement. I said that my fuel cost for the quarter was 1.95 per kcal. I said that I had to push more non-trade sales because the conversion factor had come down. Number three, you have asked about realization. I will give it to Mr. Jain, who will give you the exact realization numbers for trade and non-trade. Number four, you have asked about the trade and non-trade mix. Mr. Jain can give you that as well. Over to you, Mr. Jain.

K.K. Jain: The average realization is 4,919 per MT against, in Indian rupees, 4,854 in June 25. This is for Indian operations only. 4,884. The average clinker factor, sir, or the clinker conversion, is 1.55 for the current quarter against 1.58 in the corresponding quarter.

Rajesh Ravi – HDFC Securities: Okay. And the trade mix and blended cement?

K.K. Jain: Trade is 62% against 71% in June 25, and the blend ratio is 60% against 70% in June 25.

Rajesh Ravi – HDFC Securities: Understood. Sir, you mentioned that the fuel mix became expensive when you moved to thermal coal or purchased it through India. When you normalize this based on the procurement that is now coming into Q2, how should the blended fuel cost look for Q2, assuming things remain steady?

Ashok Bhandari: Bhandari here. Rajesh, I told you that our fuel cost has almost peaked out, barring anything untoward happening in the Middle East. We are looking at 1.95 today. It may hardly go up by two paise, but that does not materially change the cost equation.

Rajesh Ravi – HDFC Securities: Understood. So this is with the petcoke that was to be received from the Ras Al Khaimah region?

Ashok Bhandari: From the contracted region. Of course, if anything drastic happens in the Middle East, the equation may change completely. But as of now, we do not feel that there will be a material increase. The one point, Rajesh, that you have to understand is that, in spite of all these challenges, quarter-on-quarter and year-on-year volume growth is standing at a staggering 17% plus.

Rajesh Ravi – HDFC Securities: Yes, and that was my next question, sir. What is the outlook on volume now?

Ashok Bhandari: No, it is not a question of focusing on volume or anything. We have never been volume-focused; we are profit-focused. We have never changed our focus. You will never find us changing our focus. You have to appreciate very clearly that 17% growth has already been achieved.

I had guided in the March concall that we should do 40 million tons in FY27. We have already done about 10.4-10.5 million tons from Indian operations in Q1. We are on track to do 9 to 9.5 million tons in Q2. So, by H1 FY27, our volume will—

Management: We should be at about 19.5 to 20 million tons. You also have to remember that, if you look at the general sales mix for the industry, 48% of the quantity is sold in the first 6 months and 52% in the next 6 months. If, with God's blessing, we can do 20 million tons, then you can do your own calculation that we can go up from 40 to perhaps 40.5 or 41 million tons. But I am not guiding that. I am still sticking to my guidance of 40 million tons, and I am saying that, as of today, with things as they stand, we should reach 40 million tons and should deliver healthier profits from Q2 onwards.

Rajesh Ravi – HDFC Securities: Right, sir. Continuing on the realization that you mentioned—4,919 for the June quarter, compared with 4,752—despite selling higher volumes in non-trade, you were able to see a decent improvement in realization of around 160 rupees. Is this understanding correct?

Management: Yes, your understanding is absolutely correct as far as the numbers are concerned. But what you have to understand is that you are again looking only at standalone numbers. If you look at the consolidated numbers, which I request all analysts to please pay heed to, henceforth we will be talking about consolidated volumes and consolidated EBITDA. We will not be discussing which component constitutes what or where it has come from. The total grey cement business of Shree Cement Ltd., including its subsidiaries, will deliver a consolidated number that should be accepted, along with total EBITDA. That is it.

Rajesh Ravi – HDFC Securities: Can we have the consolidated volumes for the first quarter?

Management: On a consolidated basis, the volume stands at 114.5 for the quarter. Operational EBITDA, excluding other income—I repeat, excluding other income—stands at 1,272. The corresponding June {? 23 ?} volume was 99.6. Remember, these are consolidated numbers. Operational EBITDA was 1,333, and operational EBITDA per ton was 1,339. Whereas this year, in this quarter, we have done {? 1,111 ?}, four times one.

Though we have taken a beating on EBITDA per ton, I explained that this was mainly because of our shift from petcoke to coal, which we were forced to make, and the lack of availability of Oman gypsum. This had taken its toll on raw material costs and the conversion factor. The change in the conversion factor compounded the effect on raw material cost and output costing, while the increase in non-trade sales added some depressing effect on margins in this quarter.

Rajesh Ravi – HDFC Securities: Great, sir. Could you also share the March 24 consolidated volumes?

Management: The March 24 consolidated volume was 119.4. There is a dip from 119.4 to 114.5 on a consolidated basis, is there not? This is mainly because there were practically no sales in April and May in the UAE due to the war.

Please understand that we are doubling capacity in the UAE. We are going to touch 7 million tons by Q3 FY27. So this number will keep increasing, my friend. That is why I am requesting everybody to start looking at Shree Cement Ltd. from a consolidated angle and not from a standalone angle.

Rajesh Ravi – HDFC Securities: Yes, this is great. This will make it more comparable and will also clearly enhance the overall profitability numbers for Shree Cement Ltd.

Management: I said that.

Rajesh Ravi – HDFC Securities: Great, sir. I am done. Thank you.

Operator: Thank you, sir. The next question is from the line of Amit Murarka from Axis Capital. Please proceed with your question.

Amit Murarka – Axis Capital: Hi, good evening, and thanks for the opportunity. I have a question on the non-trade segment. You said that the availability issues relating to gypsum and petcoke had an impact on fuel costs—

Management: Mr. Murarka, let me tell you one thing. Gypsum has no role to play in the shift from trade to non-trade. It is only the weaker quality of coal that affects my clinker quality, which affects my conversion factor, and that affects my trade sales. My non-trade sales had to increase because my conversion factor was lower and I had to enter the non-trade segment. Be very clear: gypsum has no role to play in trade or non-trade. Gypsum has a role to play in affecting my output per ton.

Amit Murarka – Axis Capital: Could you repeat that? That was my confusion. Why did you have to shift to non-trade because of this? You mentioned that clinker was involved—

Management: No, sir, I could not understand you. What are you saying? One second.

Amit Murarka – Axis Capital: Could you please repeat why you had to shift to non-trade because of the West Asia crisis?

Management: I explained it, my friend. Petcoke has very low ash content. It has hardly 1% ash. Coal, or solid fuel, chemically and physically reacts with limestone to form clinker. If I have a very low quantity of ash in my fuel, the ash absorption in the clinker will also be very low. If I use coal with 20% ash content, ash absorption in the clinker increases.

That means that, in the in-situ, or within the molecule of the clinker, there is more ash because of the low-quality coal. Therefore, I cannot dilute the clinker by adding more and more pozzolanic material. I have to use less and less pozzolanic material. That means more gypsum has to be consumed.

Gypsum itself became expensive. Clinker is two-thirds of the cost of production. If that component has come down from 1.5 into 1.50, please understand that it will have its own cascading effect. If I have a lower conversion factor, I will have to look at OPC buyers. If I am looking at OPC buyers, non-trade is the only segment where I can sell.

But this is a one-quarter phase. This is the effect in this quarter. I do not think this is a very unique situation that we have faced, and I do not think it will repeat in the future, provided nothing explodes in the Middle East.

Amit Murarka – Axis Capital: Sure. On a more sustainable basis, what trade-non-trade mix would you like to have?

Management: I would like to go back to 70% trade and 30% non-trade here. But if the situation continues like this, one cannot choose. Why should I not address that? The history of this company has proved that we are champions in trade sales. It is only because of this specific problem of having to consume low-quality coal, because of the reduced cost, that I had to reduce my conversion factor. This constrained my growth in trade sales, and I naturally had to address the non-trade market. Am I correct?

Amit Murarka – Axis Capital: Okay, got it. Could you also share the RMC performance for the quarter?

Management: The RMC business is expanding. We have 26 operational plants. We had 19 at the beginning of the year. We added 8 plants in the first quarter, and we intend to add another 10 plants in the next quarter.

But please understand that, as of today, RMC is almost a profit-making segment. As we learn the business and start putting in more volume, operating efficiency itself should bring the EBITDA of this business to about 5%. But as of today, RMC is not meaningfully contributing to my bottom line.

Amit Murarka – Axis Capital: Got it. Understandable. Thank you. That is all from my side. I will come back to the queue.

Operator: Thank you, sir. The next question is from the line of Kunal Shah from DAM Capital. Please proceed with your question.

Kunal Shah – DAM Capital: Hi, sir. My first question is on India operations and the 17% volume growth. Could you help us understand how this growth is distributed across our regions, primarily between North, East, and South? Also, could you provide some understanding of regional utilization during Q1?

Management: I am giving the line to Mr. Shrivastava. He has all the numbers and will give them to you.

Shrivastava: Hi, good afternoon, Kunal. First, coming to your question on capacity utilization, North capacity utilization is 66%, East is 60%, and South is 57%. Overall, it is 62%, which was almost the same. Obviously, this is on an expanded base because a lot of capacity has also come up.

On your question about which region saw the maximum growth compared with last year, South obviously grew because of the new plants added. It grew from almost 11 lakh tons to almost 16.9 lakh tons. In North, there was growth of 20%. So, these two regions saw the highest growth. East was almost flat compared with last year.

Management: Overall, I would like to add one more thing. The increase in South capacity utilization and the highest growth are factors of our selling more in the states of Maharashtra and Gujarat, and not only in the South. The South feeds the West India market. We have therefore been able to push our sales in Maharashtra and Gujarat, primarily.

Kunal Shah – DAM Capital: Understood. As a follow-up, given that East utilization has a lot of room and you are looking at flat volumes, is it that the overall industry East market was flat, or have we chosen not to push volumes there?

Management: For comparison, look at {? Nuvama ?} results. Look at the conversion factor of {? Nuvama ?}. They had a conversion factor of 1.7. They could do that because they had better-quality coal and better accessibility to slag. If I reach 1.7, I will beat {? Nuvama ?} hands down.

I had a problem with my coal quality, so I had to keep my conversion factor constrained, and that is why I could not grow as much in the East. At the beginning of the call, I stated that, on a consolidated basis, standalone Shree Cement Ltd. will gradually reduce from today's 88-89% to 75%. That means Shree Cement UAE volumes will increase substantially.

This is a 5-year plan, give or take 5% here or there. But please understand that the East is basically a trade market. In trade, you can push more cement with a higher conversion factor, and this time, because of the coal quality, I could not increase the conversion factor.

It is not that slag or fly ash is unavailable. It is only constrained by the limitation of my own process due to the low-quality coal.

Kunal Shah - DAM Capital: Understood. This is very helpful, sir. To close the loop on costs, as you mentioned, most of the impact has been absorbed during Q1. Is it fair to assume that in Q2 you are broadly looking at operating deleverage, which would be seasonal, and that most of the West Asia crisis impact would be over, assuming the situation remains unchanged?

Management: That is what I said, my friend: if nothing drastic happens in the Middle East.

Management: You should be able to look at H2 for the quantitative variation, which is seasonal. You should see better profitability because my fuel cost was likely to peak out fully in Q2 and has almost peaked out. I am saying the word "almost" again. Do not take it to mean that if I have a five-paise increase in fuel cost next quarter, you will say, "Sir, you had said the same thing." No.

As of today, we expect that fuel cost should not shoot up, provided calm prevails in the Middle East and in the minds of our great US President, Mr. Donald Trump.

Kunal Shah - DAM Capital: Understood, sir. This is very helpful, and all the best. Thank you so much.

Operator: Thank you, sir. The next question is from the line of Pinakin from HSBC. Please proceed with your question.

Pinakin - HSBC: Thank you very much, sir. While the second quarter is a seasonal quarter, if the external environment does not change and energy prices and petcoke prices remain where they are, should the second-half operating cost be lower than the first-half operating cost?

Management: My dear friend, we anticipate that it will. But, as you may be aware, we never give any EBITDA projections or anything because it is not in our hands; it is market-related.

Today, as we are sitting on July 31, I can share with you that we sold 3.1 million tons in this month. Demand is okay, our plants are operating well, fuel cost has not increased substantially, and if calm remains in the Middle East, it should not increase substantially.

Gypsum cost should come down, and the conversion factor should increase because of the larger quantity of petcoke being used. All this should result in better profitability. Why wait until H2? Look at Q2 only, which is just one month away.

Pinakin - HSBC: Got it, sir. You mentioned that whatever happened in the trade versus non-trade mix—will the situation normalize in the second quarter, with trade sales returning to their historical averages, or do you see that happening gradually in the second half?

Management: Hopefully, yes.

Pinakin – HSBC: Hopefully, yes. As you normalize and sell more in the trade segment compared with Q1, that should have a positive impact on pricing and EBITDA profitability, correct?

Management: That is a logical conclusion.

Pinakin – HSBC: Got it, sir. Lastly, how are prices today compared with the June quarter averages in your key markets?

Management: You are asking about today, but we have not even ended the month. How do I give you that number? We have given you the number for the June quarter 26 vis-à-vis the June quarter 25. You are asking what the average is as of July 31.

We are quite advanced in our digitalization, but unfortunately, I do not have a handle on that number. You can send an email to Mr. Jaju or Mr. Jain subsequently, and he will reply to you.

Pinakin – HSBC: Got it, sir. Thank you very much.

Operator: Thank you, sir. The next question is from the line of Siddharth from Kotak Securities. Please proceed with your question.

Siddharth – Kotak Securities: Thank you for the opportunity. Out of the approximately 200-odd crore EBITDA that is not in the standalone entity, what was the share of the UAE, since you said that the UAE share went down drastically this quarter due to the war?

Management: Can you come back again, please?

Siddharth – Kotak Securities: Out of the total EBITDA that is in the consolidated but not in the standalone statements, which is around 200-odd crores, what proportion is from the UAE?

Management: I would not like to go into these kinds of details for various reasons. But it is from the UAE only. So you can do whatever calculations you want to do. I will not go into a specific number game.

You are in the investment business. We have given you grey cement consolidated business EBITDA. We have given you the consolidated grey cement quantity. You figure it out yourself. My dear friend, I know how to catch the nose both ways, straight and roundabout. You are not going to get this answer from me.

Siddharth – Kotak Securities: Okay, sir, no worries. My second question is on freight costs. I noticed that they are lower quarter-on-quarter despite the diesel price hike. Any comments on this?

Management: Lower freight cost? Lower freight cost, yes? Do your math again. It is not lower.

Siddharth – Kotak Securities: Okay, sir. Just a final bookkeeping question. What would be our depreciation and tax rate for this year?

Management: Depreciation is 2,400 to 2,500 crores, and the tax rate would be about 25%, 30%—30%.

Siddharth – Kotak Securities: Okay, sir. Thank you.

Operator: Thank you, sir. The next question is from the line of Rahul Gupta from Morgan Stanley. Please proceed with your question.

Rahul Gupta – Morgan Stanley: Hi, thank you for taking my question. Continuing from the previous question, in the last quarter you highlighted that the UAE business reported 47 AED per ton of EBITDA. What would that number be in this quarter?

Management: I am not going to share it.

Rahul Gupta – Morgan Stanley: Then, sir, I request that you please disclose the number for ex-India operations.

Management: I have understood your request, and I am saying with folded hands that I will not disclose this number. We did not disclose 47 AED as EBITDA last quarter either. Last quarter, we had only discussed standalone numbers. This is the first time we are talking about consolidated results.

Rahul Gupta – Morgan Stanley: You had reported 247 AED of revenue. What would that number be this quarter?

Management: My dear friend, what is 247 AED? What is that number?

Rahul Gupta – Morgan Stanley: That is revenue for the UAE business. What would be the similar revenue for the first quarter?

Management: I am saying again that I have given you the quantity; I am not going to give you the numbers.

Rahul Gupta – Morgan Stanley: Thank you so much. Bye.

Operator: Thank you, sir. The next question is from the line of Jasandeep Singh Chadha from Nomura. Please proceed with your question.

Management: Chadha, welcome after all these years.

Jasandeep Singh Chadha – Nomura: Hi, sir. Good morning. Thank you for the opportunity. My first question is largely on the demand front. Would it be possible to give some regional trends regarding what you are seeing in different regions, both for the industry and for Shree Cement Ltd.?

Management: As Jaju just shared, this is how we fared in Q1. There was 20% incremental demand in the East. Regarding the South, we had started a new plant, and we were able to penetrate the West India market. He has already given you those numbers.

Nevertheless, the pan-India industry is expected to grow at about 7-8%. We hope to grow at 10%. We did 35.4 last year, and I am targeting about 40 this year.

Jasandeep Singh Chadha – Nomura: Understood, sir. I was actually looking forward to understanding how you are seeing the second quarter and this month, and perhaps the impact of floods.

Management: From Bombay, you cannot look up to Calcutta. You have to travel 2,000 kilometers.

Jasandeep Singh Chadha – Nomura: Definitely, sir. My second question is largely on capex. Could you share the capex guidance for FY27, FY28, and also regarding the Northeast plant?

Management: You see, I had guided total capex at about 1,500 crores. In Q1, we spent 456 crores. I maintain my guidance at about 1,500 crores for the year.

Jasandeep Singh Chadha – Nomura: Understood, sir. Regarding the Northeast plant, although you will commission it at the end of FY28—

Management: Q4 FY28.

Jasandeep Singh Chadha – Nomura: Yes, Q4 FY28. I wanted to understand what the economics or margins will be when we compare it with our Eastern operations.

Management: Please, I think you have misread one number. You are being guided by 1,800 crores for a 1 million-ton plant, correct? We are saying that the capital cost is 18,000 rupees per ton, so the viability will come from that.

Please understand that we have enough limestone in that region to go up to 4-5 million tons. We are creating the infrastructure for 4-5 million tons of final capacity. It is not that the first million tons will consume the entire capital. The facility is being created for 4-5 million tons.

We are starting with 1 million tons to test the market and see how quickly we can grow in that market. There are only two regions in the Northeast that can have cement: Assam and Meghalaya. There is almost a duopoly there—Star and Dalmia. You know how things develop where there are duopolies.

We have never proven ourselves to be fast enough to acquire $500 EBITDA plants at $110 capex. So we are taking rational steps and will proceed step by step. Perhaps we should be able to reach 4-5 million tons of final capacity. It will take its own time, but we have to create the facility accordingly.

Jasandeep Singh Chadha – Nomura: Understood, sir. Thank you very much. It means that the subsequent capex will be at a lower rate. Just one last question, if I may: over the last few years, Shree Cement Ltd. had been driving improvement in realization. Until last quarter, that drive had worked very well, and you had reduced the gap to around 10-12 rupees per bag, if I am not wrong. Was there any improvement on that front in this quarter or for this year?

Management: There has been no improvement in this quarter, but we are ahead. Please understand, Chadha, that in this quarter I had lower-quality cement to sell, or a lower conversion factor. I was fighting on the production front and on the cost front, and I was trying to push sales in the non-trade segment.

This was not the ideal quarter. This was a very difficult quarter, and we feel that, going forward, we should be on track to try to catch up on the delta.

Jasandeep Singh Chadha – Nomura: Understood, sir. It makes sense, and I hope to see you in Calcutta, sir. Thank you.

Management: It will be my pleasure.

Operator: Thank you, sir. The next question is from the line of Ritesh Shah from Investec. Please proceed with your question.

Ritesh Shah – Investec: Hi, sir. Thanks for the opportunity. Would you like to highlight any specific cost levers that we are working on? I would like to hear your commentary specifically on freight, rakes, and railway sidings. I think that is—

Management: Now listen, let me give you some insight. Electric commercial vehicles can cost 2.5 times the capex cost. A 40-lakh commercial vehicle with an ICE, meaning a diesel-based vehicle, costs us 1 crore for an electric vehicle, but the fuel cost comes to one-tenth.

We are working on the viability and on all kinds of adjustments in that area. We are committed to commissioning about 100 commercial ECVs, or electric commercial vehicles, this year, and hopefully this should keep us in good stead.

Not only this, in our mining activity, where we use a lot of dumpers, dozers, and similar equipment, there is a good possibility of electric vehicles replacing diesel vehicles. We are working on all that. These are new cost levers.

We are, of course, continuing to look for renewable energy. You will be surprised to know that our renewable energy component as a proportion of total energy increased from 61% to 65% in this quarter. We are working on all those levers.

Management: We believe that we will be able to do it, and we are working on it. Regarding railway sidings, we have applied under the—what is that scheme? The Gati Shakti scheme. We have given some contracts, but the railways deliver at their own cost and at their own pace. All these factors are there.

I have repeatedly told all of you that the focus of Shree Cement Ltd. is not volume or the top line. We are bottom-line-focused, and we will do all such things that augment our bottom line. This has been Shree Cement Ltd.'s strategy for the last 40 years plus.

Ritesh Shah – Investec: Would it be possible for you to quantify the volume transported by rail last year and where we stand today?

Management: Rail was about 11% or 9%? It was 9%. Rail accounted for only 9% last year. That is what I said.

Ritesh Shah – Investec: Okay. And, sir, last quarter you indicated that we were exploring BESS as well. Is there any progress here? You had indicated that we could potentially phase this across several of our plants.

Management: You mean Battery Energy Storage Systems?

Ritesh Shah – Investec: Yes, sir.

Management: Yes, we have identified a few, and we have implemented them on a small scale. If it succeeds, we will go all in.

Ritesh Shah – Investec: Sir, would it be possible for you to explain the benefit here [inaudible]?

Management: You have to understand BESS. The biggest bottleneck in using BESS is that if you put in 100 units, you can extract only 85 units. 15% of the total energy remains within the BESS system.

Therefore, whatever cost advantage or tax advantage we have, we have to load it with a factor of 85% availability to arrive at the actual cost-benefit analysis. These are all theoretical calculations. That is why we have put in a small system to see how it works and what the viability is, and then we can always multiply that number.

Ritesh Shah – Investec: Sure, sir. I have two linked questions. In one of the quarters, you indicated that we were looking at materials besides fly ash as an alternative, basically for blended cement. Could you—

Management: No, I should come back to that. What fly ash?

Ritesh Shah – Investec: Besides fly ash, we were looking at other cementitious materials that could actually go into PPC. Any update here, sir?

Management: No, we are looking around. We still have not found something. We can still use a few things, but I would not like to share them for trade reasons. However, we are working on additional cementitious material to increase or improve the conversion factor and bring my cost down.

Ritesh Shah – Investec: Okay. And, sir, just one last question: what was the clinker factor for the quarter, and what aspirations do you have for it a year from now?

Management: I said it before. We were at {? 1.58 ?} in the June 25 quarter, and in this quarter we are at {? 1.56 ?}.

Ritesh Shah – Investec: That is perfect. Thank you so much, sir. Thank you. I really appreciate it.

Operator: Thank you, sir. The next question is from the line of Satyadeep Jain from Ambit Capital. Please proceed with your question.

Satyadeep Jain – Ambit Capital: Hi, thank you. I wanted to follow up on the Northeast and the April 28 timeline. In the media, we keep seeing news about public protests, public hearing protests, and so on. Given the logistical—

Management: Today morning at 8:30, there was a meeting, and all approvals are in place. This is as of today's 8:30 meeting. You can put all your media reports in the dustbin.

Satyadeep Jain – Ambit Capital: Given the logistical challenges of setting up a plant in the Northeast, do you find it difficult to—

Management: It is never easy to make money, my friend. We do not mind meeting all those challenges. We have proved that we are the only Guinness Book World Record holder for commissioning a brownfield plant within 14 months. Please do not doubt our capabilities.

Satyadeep Jain – Ambit Capital: Okay. Thank you very much.

Operator: Thank you, sir. The next question is from the line of Naveen Sahadeo from ICICI Securities Limited. Please proceed with your question.

Naveen Sahadeo – ICICI Securities Limited: Thank you for the opportunity, sir. I have two questions. You gave the consolidated volumes, while the standalone volumes are reported in the press release. The difference is roughly 1 million ton. There is, of course, also a calculated difference between consolidated EBITDA and standalone EBITDA. Is that, on a per-ton basis, representative—

Management: You are making a point. In the consolidated business, I have two more businesses. One is Shree Cement East, which has grey cement volume. The other is an AAC plant. The third is a grinding station at Raipur operated through a 100% subsidiary.

It is not that easy that you deduct this, look at the volume, divide it by the volume, and say, "Oh! 2,100 rupees per ton is AED, and 2,500 rupees per ton is EBITDA." No, you cannot understand it like that.

Although I am not giving you the number—I am not giving you the number—I am saying that henceforth, please look only at the consolidated numbers.

Naveen Sahadeo – ICICI Securities Limited: Sure, I appreciate that. My second question was on RMC. In the previous quarter, I think revenues were about 90 crores, but we are scaling this up. Full-year revenue was also around 240-odd crores. Is it possible to share Q1 RMC revenue—

Management: Wait one second, please come back again. I am sorry, I missed the question.

Naveen Sahadeo – ICICI Securities Limited: My question was on RMC [inaudible]

Management: Sir, your voice is breaking up, my friend.

Naveen Sahadeo – ICICI Securities Limited: Okay, I will speak a little more slowly. Is it better now, sir?

Management: Otherwise, you can send me an email, and I will answer you.

Naveen Sahadeo – ICICI Securities Limited: Okay, fine. I will do that. Thank you.

Operator: Thank you, sir. The next question is from the line of Rajesh Ravi from HDFC Securities. Please proceed with your question.

Rajesh Ravi – HDFC Securities: Hi, sir. I wanted to clarify the capex comment, which I missed. You mentioned that around 500-odd crores was spent in Q1 and that the remaining three quarters would be 1,500 crores, or did I misunderstand that as the full-year figure?

Management: No, the total for the financial year is about 1,500 crores. We spent 500 crores in Q1.

Rajesh Ravi – HDFC Securities: Sorry, sir, your voice was not clear. What is the total?

Management: The total is 1,500 crores. We spent 450 plus in Q1.

Rajesh Ravi – HDFC Securities: Okay. What kind of capex should we work with for next year?

Management: Not at the moment. Please give me one more quarter. I will get back to you in the next January concall.

Rajesh Ravi – HDFC Securities: Sure. And, sir, how much were RMC revenues for this quarter and the March quarter?

Management: I am asking Mr. Jain to answer that.

Mr. Jain – Management: RMC revenue was 109 crores for this quarter. I will give it to you again: 109 crores for this quarter, 90 crores for March 26, and 40 crores for June 25.

Rajesh Ravi – HDFC Securities: Okay, and what EBITDA margin is this already operating at, sir?

Management: I said there is no EBITDA at the moment in RMC, my friend. I said that right at the beginning.

Rajesh Ravi – HDFC Securities: Sorry [inaudible]

Management: Let all these plants stabilize. Do not simply rely on the huge EBITDA number reported by one of the peer-group companies, where they talk of 474 plants. Those 474 plants are not under their direct ownership. They operate under a franchise model, where they have 200-250 plants and the balance are franchises.

They simply throw a number at you, and nobody looks at the ownership of those 474 plants. What can I say now?

Rajesh Ravi – HDFC Securities: Understood. I have one small request. We would also love to work with the consolidated numbers. If possible, could you share, for everyone's benefit, the consolidated quarterly volumes for the last few years, since FY25?

Management: My dear friend, any detail you want will be available from my colleague {? Mr. Subas Jadoo ?}. You can send him an email. But tell me one thing: does this hair-splitting exercise increase my ability to reward my shareholders, or does it do nothing for it?

Rajesh Ravi – HDFC Securities: Sorry, I am not able to hear you properly, sir.

Management: I am saying that I will give you all these numbers. You can get these numbers from Mr. Jadoo. But does it in any way affect my ability to reward my shareholders? My shareholders will be rewarded from the consolidated number only. Henceforth, look at the consolidated number.

Yes, for your comparative analysis, you want these details. To the extent possible, Mr. Jadoo will share them with you. You can send him an email.

Rajesh Ravi – HDFC Securities: Agreed, sir. I believe the consolidated number is more representative of the company, which is why it is always useful to work with the consolidated number.

Management: Lovely, thank you.

Operator: Thank you, sir. The next question is from the line of Harsh Mittal from Emkay Global Financial Services. Please proceed with your question.

Harsh Mittal – Emkay Global Financial Services: Thank you for the opportunity. I have a couple of bookkeeping questions. The first is the sequential change in lead distance, and the second is the net cash available on the balance sheet as of the June 25 quarter.

Management: First, on the lead distance, it has come down from 459 to 445. Now, do you want net cash or consolidated cash? My investment position has increased from 7,733. This is net cash. I look at the investment number, my friend. It does not matter.

As I see it, consolidated net cash was 7,733 for June 25, and it went up to 8,348 for June 26. The investment number is there somewhere. The investment number is 9,500. Anything else, Mr. Mittal?

Harsh Mittal – Emkay Global Financial Services: Given that we have such a large amount of cash on our balance sheet, have you considered pursuing any inorganic growth?

Management: No, we are not in that inorganic game at all, my friend. As I said, we do not have the appetite to buy a $5 EBITDA capacity at $110 and then come and say, and have the audacity to say, that we may have taken a wrong decision.

Harsh Mittal – Emkay Global Financial Services: Understood, sir.

Management: We have been in business for the last 40 years, my friend. We understand it.

Operator: Thank you, sir. The next question is from the line of Girija Ray from Nirmal Bang. Please proceed with your question.

Girija Ray – Nirmal Bang: Thank you for taking my question, and many congratulations on one particular thing: the capacity utilization has increased this quarter. I am very happy that capacity utilization is 75-80%. That was my only concern. How do you see pricing developing going forward, given that we are ahead of the monsoon quarter?

Management: Pricing? I have never, in my 40-year career, taken a view on how the selling price will behave. It is a market-related activity. I do not take a view. I do not want to lead my investors up the garden path.

You should do your own estimates and calculations. I can give you broad guidance on how costs will behave, provided the external environment remains stable, which I have given. But I do not take a view on price, my friend.

Girija Ray – Nirmal Bang: Thank you, sir. Thank you very much.

Operator: Thank you, sir. The next question is from the line of Pratik Kumar from Jefferies. Please proceed with your question.

Pratik Kumar – Jefferies: Hi, Premi sir. I have a couple of questions. First, on your—

Management: Go ahead. We have already passed one hour here, and I have a flight to catch. Please go ahead.

Pratik Kumar – Jefferies: Just one question, then. As you said, all your variable costs have peaked in Q2, on total operating costs, except for operating leverage, which could be around 100-150 rupees, are we not looking at any quarter-on-quarter cost changes? I know this is repetitive.

Management: Wait a minute, my friend. I have said that Q1 is a non-comparable, non-standard quarter. Have we ever come down to using 9% petcoke? It is unimaginable. So, please grant us the leeway that Q1 was extremely difficult for us. It was truly unimaginable.

Management: This quarter involved cement selling and cement non-trade sales, whereas for the last 3 years we have been talking about optimization and had been able to reduce the delta between the peer group and us. This is an absolutely abnormal quarter. Please give me one more quarter. In Q1, we will talk more meaningfully.

Pratik Kumar – Jefferies: To confirm, the 1,500 crore capex that you mentioned includes the UAE expansion, so it is the consolidated capex guidance for the company as you move to the consolidated model?

Management: No, UAE—one second, my dear friend. The 1,500 crore capex is for India operations. Thank you very much for pointing that out. The UAE expansion is already underway, and it is being funded out of UAE operations only. We are not remitting anything for the UAE. There is sufficient cash sitting there.

Pratik Kumar – Jefferies: What is the consolidated capex guidance for the company as you move to the consolidated model?

Management: I am very sorry, Pratik. I should have had this number, but I do not have it. I will share it with you as soon as I return to Calcutta. Today I am in {? Jhabua ?}. I should be there by the 4th or 5th. We will share this because I only need to look at the UAE data.

Pratik Kumar – Jefferies: Sure, thank you. That is all from my side.

Management: Yes.

Operator: Thank you, sir. Ladies and gentlemen, in the interest of time, that was the last question for today. I would now like to hand the conference over to management for closing comments.

Management: I want to repeat what I have been saying throughout this call. Please consider Q1 an abnormal quarter. I expect to do better from Q2 onwards, if nothing untoward happens on the external front.

Hopefully, we should regain our supremacy in trade sales. Let us see how things develop. Thank you very much. Have a good day.

Operator: Thank you, sir. On behalf of ICICI Securities Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.