Keshav CEMENT

Shri Keshav Cements & Infra Ltd.

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Date: 17/02/2025

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

Dear Sir,

Sub: Analyst/Investor call Audio Transcript for the Quarter/Nine Month ended 31/12/2024

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 attached the Earnings call transcript of Analyst/Investor Call, as conducted on 14th February, 2025, at 12:00 P.M., for the Quarter/Nine Month ended 31st December, 2024.

The analyst/investor conference call was conducted after the meeting of Board Meeting Dt. 12th February, 2025, wherein the Q3 2024-25 results were approved.

Kindly take the above intimation on record.

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

VENKATESH HANAMAN TSA KATWA
Digitally signed by VENKATESH HANAMANTSA KATWA
Date: 2025.02.17 15:19:52 +05'30'

Venkatesh Katwa
Chairman
00211504

"Shri Keshav Cement & Infra Limited Q3 FY-25 Earnings Conference Call"

February 14, 2025

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

MODERATORS: **MR. JAINAM SAVLA – KIRIN ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to the Q3FY25 conference call of Shri Keshav Cement & Infra Limited hosted by Kirin Advisors.

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 '*' and then '0' on your touchtone phone.

I now hand the conference over to Mr. Jainam Savla from Kirin Advisors. Thank you and over to you.

Jainam Savla: Thank you. Good afternoon, everyone. On behalf of Kirin Advisors, I welcome you all to the conference call of Shri Keshav Cement & Infra Limited for Q3 FY25. From the management team we have Mr. Venkatesh Katwa; Chairman. Now I hand over the call to Mr. Venkatesh sir for the opening remarks. Over to you, sir.

Venkatesh Katwa: Thank you Jainam. Good afternoon, everyone and a warm welcome to Shri Keshav Cement & Infra Limited's Q3FY25 Earnings Call.

I sincerely appreciate time and interest in joining us today. Shri Keshav Cement & Infra Limited, what we usually acronym as SKCIL, formerly known as Katwa Udyog Limited is engaged in the manufacture of cement and renewable power generation and distributed in the state of Karnataka. The cement plants are located in Bagalkot District, Karnataka and the solar plant is located at Koppa in Karnataka. The company supplies cement in North Karnataka, Coastal Karnataka, Goa and some parts of Maharashtra. So key differentiator for SKCIL is our unwavering commitment to renewable energy. Since April 2018 we have been meeting 100% of our energy needs through solar power significantly reducing the cost and reinforcing our ESG leadership. Our cement plants are among the very few in India operating on 100% green energy resulting in 75% to 80% reduction in the power cost, a major cost contributor and which has improved our margins. The company has a network of over 350 cement distributors and over 600 retail touch points and about 14 solar power consumers.

Looking ahead, we are very optimistic about industry prospects. The Indian government's continued emphasis on infrastructure development is expected to be a key catalyst for this structure.

Increased budgetary allocation towards infrastructure projects will drive this cement demand positioning us well for the future growth. As we move forward our strategic priorities remain centered on enhancing our operational efficiencies, leveraging renewable energy and capitalizing on emerging opportunities in the infrastructure and construction sectors. We are committed to driving long term value creation for our stakeholders and contributing to India's development journey.

So let me take you through the performance of Q3 and 9 months FY25:

So, in Q3FY25, our EBITDA surged by about 88% compared to Q2FY25, showcasing our ability to drive profitability through operational excellence and improve cost management. Cement dispatches have registered a robust 12.6% growth, contributing to 14% increase in turnover quarter-on-quarter. Further, our solar generation also improved by around 10.4%, reinforcing our leadership in sustainable manufacturing. This increase in solar generation is because we added a new 3 megawatt in August 2024.

From a financial standpoint, we recorded a total income of 29.04 crores, EBITDA of 7.38 crores, an EBITDA margin of 26.26% in Q3FY25. Our PAT stood at 0.64 crores with a PAT margin of 2.2% and EPS of 0.36. On a cumulative basis for 9-month FY25, we achieved a total income of 85.64 crores with EBITDA reaching 20.17 crores and an EBITDA margin of 24.29%. So, as we approach this question-and-answer session, I wish to commend my sincere gratitude to all the stakeholders, your unwavering support and active involvement has been an integral part of our growth journey, playing a very crucial role in our success. So, we genuinely appreciate the significant contribution each one of you has made with this company.

With this, I am pleased to open the door and floor for any questions and answers.

Once again, thank you for your presence and an ongoing support. Thank you. Now the floor is open for question and answers.

Moderator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on the touchtone telephone. If you wish to remove yourself from the question queue you may press '*' and '2'. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have the first question from the line of Manan from Wallfort PMS. Please go ahead. Mr. Manan can you hear us. As there is no response, we will move on to the next question. We have the next question from the line of Sanjay Shah from Magnum Equity. Please go ahead.

Sanjay Shah: So just wanted to understand like sir, our turnover is better. I think our margins EBITDAs are better. Nut sir bottom line is not showing any significant growth. Can we just some, what is that because we are not able to show that bottom line. What is that factor and can you just explain on that?

Venkatesh Katwa: Absolutely. So typically, you will always be going to be seeing a good EBITDA levels, that is because of the solar plant that we have. But the bottom level is typically a derivative of this pricing of cement which we see currently. So, for example, our pricing compared to nine months last year and compared to now, the realizations have gone down by almost 8% to 9% for us. And this has been an industry standard. But the biggest difference is the EBITDA margin exclusively on cement, what the major plants are generating is upwards of Rs. 700 to 800 whereas in our cases it is less than Rs. 50. That is mainly because we will be switching over to the new plant in March now. We have just now completed the CAPEX in December- January and we are in a process to switch over to the new kiln. So, with the new kiln, what we are going to expect is the power consumption will go down, the fuel consumption will go down and then we will have similar EBITDA margins like what we see in the industry level. So, with that we will be expecting the better PAT margins. So, to accurately again rephrase the answer on what you asked. It is mainly because of very less net realization that we are getting, particularly in South, which is affecting our PAT margins.

Sanjay Shah: Okay, so can we, can we understand like basically your solar is trying to make your margins better as per current status and your cement is not that great right now?

Venkatesh Katwa: Correct, as of now, yes.

Sanjay Shah: But so now coming to that macro again, if this is happening, so my question would be like, is there any industry headlines or means basically the orders or the offtakes are not happening or what is it?

Venkatesh Katwa: No, for Q3 and pretty much nine months of FY25, most of the issue had to do with the realization itself and particularly South where realizations were hit even more harder. So, just to give a perspective, which I did some calculation while we were working on this. So, in South, like I will give an example. In the South EBITDA margins have come down by almost 40% per ton, quarter-on-quarter EBITDA margins have increased by 22%. But as we have registered our EBITDA per ton margin by almost 86%. So PAT is a clear-cut derivative of the realization what is happening, Q1-Q2 was extremely bad mainly because of election and then the monsoons. The fag end of Q3 showed some kind of an improvement and Q4 has shown the very good offtake for all the cement plants in the country. But Q3 was most of the Q3 had very bad realization. So even on quarter-on-quarter our net naked cement rate has gone down. So had we got the same price like what we had got in FY24, our PAT margins would have been at par with the industry or better than that.

Sanjay Shah: Okay, great. Sir and like what you said in the prior question was like so your new capacity is coming up. Correct. So basically, I think what you said is in March probably we can expect that new capacity to be added.

Venkatesh Katwa: Correct.

Sanjay Shah: So again, your 1st Quarter and second quarter means after March there will be a 1st Quarter and second quarter. Correct. So how do we see that now? Like see after adding a new also so what type of margin appreciation or what type of order intake, what would be the whole idea about now going forward after means March?

Venkatesh Katwa: Okay, so with the new kiln and all the new infrastructure coming online in March. So, let's say then we're talking about Q-on-Q FY26. So, we are going to see an improved margin storms currently other than the initially the teething issues what we might likely face like typically any new machinery will have some initial hiccups. So, once the kiln starts running smoothly, we are we will be looking at the same EBITDA margin like most of the South players, upwards. For example, last year for Q3 for these kinds of prices what we see today, assuming that these prices continue to remain as it is. The South based industries are doing an EBITDA of around 422 whereas the top 18 instrument plants all over India which constitute 80% of the national capacity are doing EBITDA margin of Rs. 620. But if I just select the South out of that, they are doing around Rs. 420 the way we see it in Q3. So, assuming the prices remain same we will be at par with them. That is what I would be saying. And of course, cement prices are going to be showing an upward trend in FY26 because current prices are definitely not sustainable. Consolidation has almost is almost done. So, there is going to be a price discipline. Government is already spending on the infrastructure. So, it's a matter of time when we start getting realizations just like last year or even better.

Sanjay Shah: Yes. Thank you so much, sir. I will be in the queue back again once other participants ask questions. Thank you, sir.

Venkatesh Katwa: Sure.

Moderator: Thank you. We have the next question from the line of Deep Parekh from Blue Chariot. Please go ahead.

Deep Parekh: Hello sir. Good afternoon.

Venkatesh Katwa: Good afternoon.

Deep Parekh: Sir, as we know that you have increased your capacity from 0.35 million to 1 million ton per annum capacity, right?

Venkatesh Katwa: Correct.

Deep Parekh: So sir, I just want to know that at the financial year '26 end how much percentage you will utilize?

Venkatesh Katwa: So typically, any cement plants and basically what we have done is we have projected to begin with, we have projected 50% utilization. But if the market demand increases, there's always a scope for improvement. But to be on the safer side, we have taken 50% capacity utilization.

Deep Parekh: Okay. Understood, sir. And how it will impact the financial of the company at the end of financial year '26?

Venkatesh Katwa: So, with the new kiln and the new machinery, two things are going to happen. One, the fuel consumption will go down on per ton basis, per ton of manufacturing of cement. Even the power cost is going to go down. See today if you look at our EBITDA margins, we are one of the highest in the cement industry, almost 25%-26%. That is solely because of solar. So, once I remove the benefit of solar out of the equation, we have to be at par with other cement plants in the South. So once that adds up plus, we have a benefit of solar, together we are expecting a good bottom line in FY26, mainly because of the new plant and reduced consumption of fuel and power.

Deep Parekh: Understood, sir. And one last question, sir. That in cement industries average profit per ton is around 700 to 900 per ton. Right sir? And Shri Keshav Cements is now at Rs. 100 to 150 per ton. Then at the end of financial year '26, what will be the expected improvement in this margin?

Venkatesh Katwa: So, it looks like you're referring to the EBITDA per ton margins. So, for example, now like just in my previous question, I probably answered this again I am repeating, I mean just to make sure that we are on the same page. So, if you look at the top 18 cement brands all over India which constitute 80% national capacity, EBITDA per ton in Q2 was Rs. 620 and Q3 is around Rs. 719. This is national average. If you look at clearly at the South, the EBITDA per ton is around Rs. 422. But if you look for the nine months for this year for only for the southern region, the EBITDA per ton they have realized is Rs. 463, ours is around Rs. 50 or even less. So, what we will be targeting is to be as close as or equal to what we see in the South and even better. Plus, we also get a benefit of solar which I am not counting in these margins.

Deep Parekh: Understood, sir. Thank you so much.

Venkatesh Katwa: Sure sir. Thank you.

Moderator: Thank you. We have the next question from the line of Manan from Wallfort. Please go ahead. Mr. Manan, can you hear us? As there's no response, we'll move on to the next speaker. We have the next question on line of Mahesh Sheth, an individual investor. Please go ahead. Mr. Mahesh, request you to kindly go off the speakerphone or come closer to the microphone. Your audio is very low.

Mahesh Sheth: So, my first question is that cement revenue contributed around 76.34% in Q3FY25. So, what are the key trends in cement demand that you are observing?

Venkatesh Katwa: So typically, Q1-Q2 was definitely very bad. Q2 mainly because monsoons plus the central government had just formed. So, there was no impetus from the industry. Q3 was just beginning to show some kind of discipline in the volumes. But something really happened by the last week of December or first week of January. So Q3 I would say the prices stopped falling. That was one good thing about Q3. In Q4 what we are seeing, even though the price have not increased significantly but volumes, you would see improved volumes across for all the cement plants. So that these are pretty much the trend what we're looking. And since the consolidation is complete, we are hoping that there is going to be a better price discipline and the realization is set to improve by the end of FY26.

Mahesh Sheth: Okay. And also, the solar energy revenue contributed around 15%. So, do you expect this contribution to increase in the future or are there any capacity expansion plans?

Venkatesh Katwa: So solar as we start with a new plant and 50%-60% or even 70% of the generation, we reach 70% to 80% of our cement plant utilization levels. Then of course there won't be any solar revenues coming into picture. But it does not mean that we would lose out on those EBITDA because even the figures, what I am speaking today is excluding the benefits of solar. So even what would typically happen is we will be getting the power at less than Rs. 1.50 paisa once the entire power is used for cement plant. Regarding expansion, yes, the board and company is thinking of adding more solar capacity. But as such as of now nothing has been finalized. Maybe by next quarter we will have some answer to our plans and expanding on renewable power.

Mahesh Sheth: Okay, got it. And sir my last question is that is the company considering any partnership or government incentives to further expand solar power generation?

Venkatesh Katwa: No. Company, I mean as such company does not get any kind of incentives specifically on company wise. Now a lot of times government does some kind of, they incentivize certain industries to promote them. Like solar, renewable power was promoted in 2014-2018 Karnataka. So, during those times anyone who set up their plant did have benefits. So as such, I would say even today the policy of Karnataka government regarding renewable power is still positive. And I see that is going to be a good vertical to be started into. So, company will look into these things and then continue to grow. Even with these current policies, there is a scope for the company to add more capacity.

Mahesh Sheth: Got it. That's it from my side sir, thank you.

Moderator: Thank you. We have the next question from the line of Prashant, an individual investor. Please go ahead. Mr. Prashant, can you hear us? As there is no response, we'll move on to the next speaker. We have the next question from the line of Adity Roy from Patel Advisors. Please go ahead.

Adity Roy: Congratulations sir. My question is what were the cement prices in the reported quarter compared to the same quarter last year and what are the current prevailing prices?

Venkatesh Katwa: You're talking about cement pricing, right?

Adity Roy: Yes, sir.

Venkatesh Katwa: Okay. So, in Q3 of FY24, what I generally use the word naked cement rate is because it excludes logistics, it excludes the tax, everything. So naked cement price of Q3FY24 is Rs. 3,761. Now it is Q3FY25 is Rs. 3,302. So, if you look at your realization standpoint, it has reduced by 8%. And industry has reduced by around 10% to 12%. So, we are at par over there. And similarly, the price compared to the previous quarter also, it has reduced by 1%. So, these are the statistics.

But in Q4 we will be looking at some kind of an improvement in both the pricing as well as the dispatches.

Adity Roy: Okay sir, and I have one last question. How does the company plan to navigate pricing pressure in a competitive market?

Venkatesh Katwa: So, cement is at some point apart from being brand driven, cement has been used by many institutional players who will go with the quality and the commercial aspects. So, we are able to make some inroads over there. So, in spite of all these challenges, the company has maintained its market share and we have still maintained our pricing based on our competition. So, I am pretty confident that with this and future expansion company will continue to grow.

Adity Roy: Okay sir, thank you. That's it from my side and congratulations.

Venkatesh Katwa: Yes, thank you Aditi.

Moderator: Thank you. We have the next question from the line of Manan Vandur from Wallfort PMS. Please go ahead. Mr. Manan, can you hear us? Mr. Manan, if you're on a headset or a speakerphone, please go off that because we can't hear you. As there is no response we move on to the next speaker. The next question is from the line of Sanjay Shah from Magnum Equity. Please go ahead.

Sanjay Shah: Just follow up question, like what is our basically solar installed capacity now? The overall capacity, I am just talking about in the solar this thing.

Venkatesh Katwa: So, the overall capacity as on it is 40 megawatt.

Sanjay Shah: And this is all basically for our internal consumption and the captive?

Venkatesh Katwa: No. Currently we are consuming around 50% internal consumption and 50% we are selling it outside. So, once our new plant comes in, maybe almost 90%-95% will captively consume and 5% we will continue to sell outside.

Sanjay Shah: Okay, got that. So basically. But are we expanding in solar furthermore or this is what we are envisaging as the current status?

Venkatesh Katwa: So, the management is of the opinion that we should keep continuing to add more renewable power capacity because now that there is a requisite experience and there's a requisite understanding of this industry. But as such no decision has been made for new capacity but there is a discussion going on. So, if something does come to that point, we will definitely mention it to the shareholders.

Sanjay Shah: Okay. And sir, basically now our capacity utilization on the overall now all the three segments or the overall what is fine tuning done there or any bottlenecks or further we need to figure or what can we just some throw some light on that point also?

Venkatesh Katwa: So, you're talking about capacity utilization of cement or solar?

Sanjay Shah: Cement. Solar, we understood now but more of cement.

Venkatesh Katwa: So, cement Q1-Q2 and most of the Q3 was not very encouraging. But we made an average, I think Q3 showed in 65% capacity utilization to 76% of Q3 FY24. But like mentioned earlier, it is mainly because Q1-Q2 had election and then monsoon. Q3 was just the beginning of the new political dispensation spending. So, the capacity relation remained at around 65% as opposed to targeted 80%. But Q4 is already showing promises, so we would be able to beat the trends in Q4.

Sanjay Shah: Okay. Thank you, sir.

Venkatesh Katwa: Thank you.

Moderator: Thank you. We have the next question line of Swaraj Singhania, an individual investor. Please go ahead.

Swaraj Singhannia: My first question is the decline in EBITDA and the increase in raw material cost suggests potential operational challenges. And what measures are being taken to improve operational efficiency and reduce cost in cement production?

Venkatesh Katwa: Thank you. So typically, the margins or EBIDTA is hitting mainly because of the realization of cement prices. So suddenly there is an increase in capacities everywhere. But also, there is a consolidation going on. Everyone wants to capture the market share which is why there's a lot of pressure on EBITDA. And if you look at industry trend you would see EBITDA going down for everyone. And that is definitely a concern for everyone. But again, some of the factors like election and monsoon is out of our control. But now that the government is beginning to spend from Q4 onwards and then further in Q1FY26 onwards, we would be able to see that recovery happening from now onwards.

Swaraj Singhannia: Okay. And as you said, current market condition affecting the cement business. So what competitive strategy are you employing to maintain increased market share?

Venkatesh Katwa: So currently what we have done is, the company is aware that then we will be having 1 million ton from by end of March 2025. So, company has already begun to work on hiring the best talent in the industry. We are already reaching out to a lot of new dealers, lot of new institutions and there is a continuous effort to make our existing dealers, speaking to their customers. So, there are a lot of including digital marketing. So, company has taken various steps to reach out to the end consumers. And we are already seeing that some kind of a benefit from beginning of Q4 onwards even though price have not increased significantly or remain flat. But we have seen a significant improvement in the dispatches. And with this strategy we'll continue to work to make sure that we dig deeper and there is a certain competitive advantage that our company enjoys which is we are targeting and focusing on the closest market where our logistic cost is as low as. So, we are at a better competitive advantage and it is definitely helping us to improve our market share. Like we have seen in beginning of Q4 as of now. So, these are some of the steps company is taking. Plus, company will continue to invent and reinvent to make sure that our capacity utilization, sales despite of everything improves. Thank you.

Suraj Singhannia: Okay, that's it from my side. Thank you.

Moderator: Thank you. We have the next question line of Priya Jain from Green Capital. Please go ahead.

Priya Jain: Hello sir, would like to know what's the current working capital cycle.

Venkatesh Katwa: So, our current working capital cycle is around, the inventory levels are about 150 to 160 days. Our current working capital cycle is around 20 to 25 days.

Priya Jain: And how does it compare to industry peers?

Venkatesh Katwa: We're at par with the industry. If you look at all the major plants, the top five plants also, everyone has a inventory level of between 150 to 160 days which is same in our case and they might have, a big brands will have little smaller working capital cycle. So that maybe 10 days or 15 days lesser. Otherwise pretty much for our size capacity or the southern based capacity, the working capital cycle is pretty much similar.

Priya Jain: Okay. So, like to understand like how the company addressing the impact of inflation and energy cost on profitability, especially when we talk about cement industry?

Venkatesh Katwa: So, Priya ji, one is the inflationary trends that affects all the industries. So, one of the reasons why most and almost all I would say including major two miners, even plants there was a difficulty in Q1-Q2 and Q3. Everyone had to face that brunt which is why consolidation faced in last 2 years. But regarding the pricing of electricity or power, two components come into mind. One is fuel and another is electricity. I will be happy to announce that we are the only company in the country to reach 100% renewable power consumption. We are the first company in the country. In 2018 we achieved that 100% power is from renewable means. And today our cost of renewable generation is less than Rs. 1.50 paisa. Whereas the cost of power outside even by DISCOMs is upwards of Rs. 7. So that's a huge benefit the company is going to continue to enjoy. So, regarding fuel again it is going to cut across all the cement plants. And in our specific case I would say till now we were utilizing our kiln inefficiently which is why we have gone for this CAPEX. The CAPEX is complete. It's just that we have to switch over to the new kiln by March. The reason we could not do it till now is again because dispatches suddenly improved and we didn't want to have any kind of impact on dispatches when the market is on the upper trend. So having said that, with the new kiln, our fuel cost consumption also will go down and we should be at par industry. Plus, there are going to benefits of renewable power which only our company enjoys in the entire country right now. So, I hope that addresses the question you were asking for.

Priya Jain: Yes, fair enough. That's from my side. Thank you.

Venkatesh Katwa: Thank you.

Moderator: Thank you. Participants who wish to ask a question may press '*' and '1'on your touchtone telephone. Participants who wish to ask a question may press '*' and '1' on your touchtone telephone. We have the next question on the line of Prashant, an individual investor. Please go ahead. Mr. Prashant, can you hear us? Request to kindly unmute your line. We are unable to hear you. As there is no response, we'll move on to the next participant. Participants who wish to ask a question may press '*' and '1' on your touchtone telephone. We have the next line of Manan Vandur from Wallfort PMS. Please go ahead.

Manan Vandur: Sir, first question would be that could you please give us what were the volume Q3FY25 versus Q3FY24 in terms of the selling the ton and also nine month for year-on-year?

Venkatesh Katwa: Sure. So, the volumes of Q3FY24 was 68,610 tons and Q3FY25 was 58,960 tons. So, there's a dip of around 14%. For the nine months I don't know exactly, but we have remained on the similar, it's around 100. I can do a calculation here. So, for nine months FY24 is around 1,74,000 and similarly almost 1,73,600 for nine months FY25.

Manan Vandur: Okay. The 68,000 you said was for FY25 or '24? 24,610.

Venkatesh Katwa: 68,000 is for Q3 FY24, 68,610 and Q3FY25 is 58,960.

Manan Vandur: So, the volume also took a hit?

Venkatesh Katwa: Yes.

Manan Vandur: Okay, understood. Sir next question is I think last call you said that our kiln and everything is ready. And we also had another problem with some government having our power lines. And then you said that we will commence mostly by January. But now it has come to March. So can you please address all of this that why are we starting at March now? Then what happened about the government giving the power line?

Venkatesh Katwa: Absolutely. So finally, we received the new power line by end of January. Access the kiln and everything is ready right now. Now what has happened is suddenly there is a huge increase in dispatches from January. And once we start doing the switchover, it might take about 25 days for us to shut down the kiln. So, we will not have any production of the clinker during that period. So had we taken this last quarter when the sales were low, it would have helped us. But now since we're reaching over 90%-95% capacity utilization, we don't want to have any kind of gap for dispatches. That is why companies waiting to start the switchover process by the end of February or first week of March. Within 20-25 days we'll be switching over to the new kiln. That's only intent. Otherwise as such, all the project is complete for commissioning.

Manan Vandur: Okay. Understood. And sir earlier you had said that we will do 50% utilization in ‘26. So that was of the whole 10 lakh ton you are saying, right?

Venkatesh Katwa: Correct.

Manan Vandur: Okay, understood. And sir, I know that you earlier also said that right now the industry leaders it is at 430-460 something EBITDA per ton in the South side. And in generally earlier we used to be, we as in not us but the industry used to be around 900 per ton, something like that. So do you think that the industry would shift towards that again in the coming sometime?

Venkatesh Katwa: Absolutely. So, I will give perfect math on that. So again, I have done a study on top 18 cement plants covering 80% of national capacity. So, 9 months FY24 industry generated Rs. 1,064 EBITDA per ton. And the same industries in 9 months FY25, in ‘24 they generated 1,065, in FY25 they generated around Rs. 800 per metric ton. This is the entire national level. But if you look at the South, EBITDA per ton generated by the South based leaders, they generated around Rs. 462 per metric ton for 9 months in FY25. So eventually this has to come at par with 1,000. But again, it is a derivative of the price. What the management thinks is because the consolidation phase is almost over, most of the small plants or most of the plants with whom generally we tend to compete have been taken over larger plants which generally have a better pricing discipline compared to smaller plants. Having said that, it will have a tandem effect on a plant like ours. And once the realization starts growing then again, we'll see an upward Rs. 800 to 1,000 EBITDA margins like what other plants are showing. So, I am pretty hopeful. But again, it is a speculation that we think based on our current trends what you see in the industry.

Manan Vandur: Correct. Got it. So, sir, for 9-month FY24 can you give the same for South all plants just as you said for 9-month FY25?

Venkatesh Katwa: So, 9-month FY25 is Rs. 462 for South and 9 months FY24 is around Rs. 750 for FY24.

Manan Vandur: Okay, understood. Sir, why is the South side realization is lesser than the rest?

Venkatesh Katwa: So, when we talk about rest, not only averages like prices of cement on eastern side or deep-down South are generally very higher because the cement clusters are located in certain pockets of the country. I would say, if you look up only at East it is going to be much higher. If you look at only at West, could be a little lower. And another reason is South generally tends to have very high capacity compared to other areas. Because bigger cement clusters in India are in Gulbarga region and Tadpatri regions.

Manan Vandur: Right. Understood. Okay, that's it from my side sir. Thank you so much for answering all the questions.

Venkatesh Katwa: Thank you Manan ji.

Moderator: Thank you. We have the last question from the line of Madhav Soni, an individual investor. Please go ahead.

Madhav Soni: Okay, thank you. So, my question is are there any strategic partnerships or acquisition plans in the pipeline that would significantly impact your business operations or market reach?

Venkatesh Katwa: No, currently we don't have any acquisition planned in the cement sectors. Not that we're looking at new renewable power either. But if there is some scope, if we see that there is someone who wants to sell in renewable sector, management will be keen to look at it. But currently with the current renewable impetus I don't see anything happening in renewable. But nothing is similar as such.

Madhav Soni: Okay, so tell me how does the company adapt its production and sales strategies to cope with future regional demand fluctuation in the cement industry?

Venkatesh Katwa: So, company has made its own name. We already have our own loyal customer base. And with the current marketing and sales effort that we are doing in the new kind of marketing we are doing; we are improving the market share itself. And typically, we are adding the same way, based on all how South plants are adding. Typically, I have noticed in the past also cement is a product which is required by everyone. So, with a little discount here and there and with a good rapport with the end consumers and a lot of institutional buyers who would like to buy, not necessarily they go for a very high-priced branded cement. When we match the quality and equivalence, they tend to buy it from us. So even though it's a challenge with a new capacity, but I don't see a difficulty and we are already seeing that with the new sales and digital marketing that we are doing, the sales has already improved this quarter.

Madhav Soni: Okay, the final question I have is in light of the unaudited financial results for Q3 and 9 months FY25, could you provide any preliminary financial guidance for the full fiscal year?

Venkatesh Katwa: So, I would say on approximation, since Q4 appears to be great so far. If that continues, we may not be able to reach the EBITDA levels like last year again because significant portion of this year has gone in low price realization. So, EBITDA wise I don't see a significant impact now knowing very well that our new kiln has not yet been operational. But typically, I would say our top line should reach the level what we did last year or maybe a little higher. And our bottom line might improve because volumes would be growing in Q4. Otherwise till the new kiln starts, I wouldn't see a huge what you call uptrend in the figures for FY25.

Madhav Soni: Okay, thank you. That's it for my side.

Venkatesh Katwa: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Mr. Jainam for closing comments.

Jainam Shah: Thank you everyone for joining the earnings conference call of Shri Keshav Cement & Infra Limited. If you have any queries, you can reach us at research@kirinadvisors.com. Thank you everyone for joining the conference call. Thank you.

Venkatesh Katwa: Thank you again. Bye.

Moderator: Thank you. On behalf of Shri Keshav Cement & Infra Limited, that concludes the conference. Thank you for joining us and you may now disconnect your lines.