

Shree DigvijayCement

25 March 2026

Operator: Ladies and gentlemen, good morning and welcome to the conference call of Shree Digvijay Cement Company Ltd. to discuss the business outlook and integration. As a reminder, all participant lines will remain in 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 the operator by pressing star and then zero on your touchtone telephone. Please note that this conference is being recorded. I will now hand the conference over to Mr. Raghav Maheshwari from Equirus Securities Private Limited for opening remarks. Thank you and over to you, Raghav.

Raghav Maheshwari – Equirus Securities Private Limited: Thank you. Good morning everyone. On behalf of Equirus Securities, we welcome you to the business update call of Shree Digvijay Cement Company Ltd. Today, we have with us Mr. Vikas Kumar, Chief Financial Officer, and Mr. Suresh Maher, Senior Vice President of Legal and Company Secretary. I will now hand over the call to the management team for their opening remarks, after which we will open the floor for a Q&A session. Thank you and over to you, Suresh sir.

Suresh Maher – Shree Digvijay Cement Company Ltd.: Thank you, Raghav. Good morning everyone. I am Suresh Maher. We are providing updates on behalf of the company and I extend a warm welcome to all our stakeholders.

Today's discussion marks an important milestone as we integrate Highbond Cement with our operations as per the agreement. Under the brand, we have a Brand Distribution Agreement (BDA). This strategic move enhances our internal capabilities and positions us for sustainable growth. We affirm our commitment to creating long-term value for our investors. Now, I would like to invite Vikas Kumar, our CFO, to outline the business structure, financial understanding, and the company support agreement. Over to you, Vikas.

Vikas Kumar – Shree Digvijay Cement Company Ltd.: Thank you, Suresh. Good morning to all. My name is Vikas Kumar, Chief Financial Officer of the company. I warmly welcome you all.

The purpose of today's meeting, as explained by Suresh, is to explain the internal business alignment we have entered into with Highbond Cement. We will discuss the structure and commercial aspects of the agreement, which covers exclusive brand usage and distribution rights for Highbond along with operational support.

According to the BDA, Shree Digvijay Cement will purchase cement from Highbond Cement at cost plus a fixed margin of 588 rupees and we will sell it at the market price. The total installed capacity, including the alignment of both plants, is approximately 5.2 million tons. This makes us the third-largest player in Gujarat after UltraTech and Adani.

Shree Digvijay Cement has been in distribution for the last 50 years and Highbond for the last three decades; both companies are well-recognized in Gujarat. At present, both companies combined capture about 9-10% of the total market share in Gujarat. Approximately 60-70% of this is in the Saurashtra business, which is the primary market for both Shree Digvijay Cement and Highbond Cement.

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The cement market is expanding by 6–7% year-on-year, driven by the government's focus on the infrastructure sector. The outcome looks more positive than the previous couple of years. Additionally, for our investors, I would like to mention that the government has approved significant infrastructure investments including stadiums, transport, and hospitality. Both companies are positioned to meet the additional demand for cement in these cases.

With the signing of this agreement, the company leads with the combined strength of both brands in Gujarat. Both companies benefit from a locational advantage, being close to their markets, which will help in excellent distribution. Secondly, with economies of scale, there is an opportunity to reduce production and purchasing costs. We are also expecting a reduction in fixed costs and mediation costs. Market allocation will also help reduce fixed costs for both brands, adding value to our accounts. Now, I would like to open the discussion for questions and answers.

Operator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. Anyone who wishes to ask a question may press star and one. We take the first question from the line of Raj Shah from CBA Asset Managers. Please go ahead.

Raj Shah – CBA Asset Managers: Hi, Vikas. Good morning. Thank you for doing this call. Unfortunately, the voice was a bit muffled earlier, but I have a few questions. First, I wanted to understand how many limestone reserves we have.

Vikas Kumar – Shree Digvijay Cement Company Ltd.: We currently have about 25 million tons of reserves in our area.

Raj Shah – CBA Asset Managers: 25 million tons, okay. I understand we currently have clinker capacity of 1.1 million tons, which supports a grinding capacity of 1.4 to 1.5 million tons. For the additional 1.5 million tons of grinding capacity we have, how are we sourcing the clinker? Also, will the EBITDA per ton be the same for the outsourced clinker, or will it be lower?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: You have rightly mentioned that we have a total capacity of 1.1 million tons of operating clinker. To cover the additional volume of 1.5 million tons in sales, we require roughly 0.8 to 0.9 million tons of additional clinker. We intend to cover this volume through blended cement, namely Portland Composite Cement (PCC), composite, and slag cement.

The Gujarat market, specifically Rajkot which is a main market for Digvijay Cement, has very good demand for PCC and composite cement. With this blended portfolio, our clinker factor will be about 55%. Therefore, for 1.5 million tons of specialized volume, we expect a requirement of 0.8 to 0.9 million tons of clinker. The industry is currently operating at 70–75% capacity, so there are opportunities to purchase clinker from the domestic market.

Additionally, we want to take advantage of existing capacity for high-quality clinker to support our plants in increasing slag and composite cement production. Regarding the cost, the cost of purchased clinker will be slightly higher. There will still be a good margin when we sell to the market, but the EBITDA per ton would be slightly different, likely about 200 rupees per metric ton lower compared to our own clinker.

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Raj Shah – CBA Asset Managers: Okay. I also want to touch upon the jetty. What is the status of the port and the jetty? It has been in development for a long time, since 2019–20. We were trying to get commercial approval; where do we stand now?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: The jetty is completely operational and we are using it for our own purposes. We handle about 2 to 2.5 million tons of cargo there. We are importing coal as well as clinker through our jetty.

Raj Shah – CBA Asset Managers: But I understand the jetty has commercial viability as well. What is the status of that?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: We are handling bulk cargo at our port. We are under discussion with third-party administrators (TPAs) as well as Reliance, as there is an opportunity to handle commercial cargo. In the past, we handled one or two shipments. We are still in discussions regarding larger volumes of about 1 to 1.5 million tons. We have the infrastructure to handle it.

Raj Shah – CBA Asset Managers: Do you have visibility on when you will actually handle such cargo regularly?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: It is difficult to confirm right now. We are in discussions with nearby parties, but nothing is confirmed yet. We will update you specifically on this later.

Raj Shah – CBA Asset Managers: When are you aiming to find a new CEO for the company?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: The management is currently in the middle of that process. When it is finalized, we will definitely update you.

Raj Shah – CBA Asset Managers: Regarding the ownership, the private equity fund sold out and Mr. Singwi, who had a stake, also sold out. Will he continue to be the Chairman of the company?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: Currently, yes. He was appointed for 5 years and that has been extended for another 5 years. So, he will definitely be there. His tenure should last until 2030.

Raj Shah – CBA Asset Managers: With the current geopolitical scenario and the increase in Brent crude, how are you seeing the impact on petcoke prices?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: As you mentioned, the cement industry is fuel-intensive. There will be an impact on the cost of fuel and raw materials due to supply chain issues. Since the industry often works on specific margins, the impact of cost increases is typically passed on to the customers.

Raj Shah – CBA Asset Managers: So, it is a complete pass-through right now?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: In this fuel-intensive industry, there is definitely an impact on the cost of production, mainly in fuel and transportation.

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Operator: Ladies and gentlemen, we have lost the line of the management. Please stay connected while I reconnect them.

Operator: Ladies and gentlemen, we have reconnected the management. We move to the next question from Ram Prasad, an individual investor. Please go ahead.

Ram Prasad – Individual Investor: Hello. With the expansion of 1.5 million tons and the Highbond contract, what is the volume you expect to achieve going forward?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: At present, we are capturing about 2.4 million tons of sales volume from both companies combined. We expect to grow faster than the industry. With infrastructure projects in the pipeline, we expect the market to grow by 7–8%, and we aim to grow at 150–200% of the market rate.

Ram Prasad – Individual Investor: Regarding Highbond, do they have a sufficient quantity of limestone and clinker, or will they also buy from the market?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: They have a clinker capacity of 0.7 million tons. For limestone, they source it from the market as they do not own mines.

Ram Prasad – Individual Investor: Is that 0.7 million tons of clinker sufficient? What is their grinding capacity?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: Their grinding capacity is 2.2 million tons, but their average sales volume over the last few years has been about 1 million tons. So, 0.7 million tons of clinker is sufficient for 1 million tons of sales. However, when we increase capacity utilization, we will need to buy clinker from the market.

Ram Prasad – Individual Investor: Are you contemplating buying fly ash from Gulf countries?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: No. We have a locational advantage with three or four power plants nearby, including Essar Power and other thermal power stations. We have fixed contracts with fly ash suppliers. We have a sufficient amount of fly ash available nearby at an optimal cost, so we do not need to import it.

Ram Prasad – Individual Investor: What is the current capacity utilization for Shree Digvijay Cement?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: In October, we commissioned our new grinding unit of 1.5 million tons. Prior to that, we were utilizing about 90–95% of our capacity. For the upcoming year, we expect to reach about 70% utilization of the total expanded capacity by FY27.

Ram Prasad – Individual Investor: Do you have any plan to sell cement in the Mumbai market via sea transport?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: We have the option, but we only sell special products in Mumbai and other parts of the country. For normal products like OPC, PPC, and slag, we focus on Gujarat and primarily the Saurashtra region. The realization and profitability in

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Maharashtra and the southern regions are not as high as in Saurashtra and Gujarat.

Ram Prasad – Individual Investor: Are you confident that you can sell all 5.5 million tons, including Highbond, within Saurashtra?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: Yes, definitely. The Gujarat market has a demand of about 32 million tons annually, which is about 27 lakh tons of cement per month. With upcoming infrastructure projects, we expect demand to increase by 8–10%. Cities like Rajkot, Surendranagar, and Junagadh are growing rapidly. There are also many infrastructure projects in Jamnagar. We do not see any challenge in reaching our target utilization levels.

Ram Prasad – Individual Investor: Are you supplying special cement to ONGC for oil and gas requirements?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: Yes, we have been supplying to ONGC for more than 30 years. At present, we have about 90% of their total volume, as well as other players like Oil India. We are the number one supplier in India for oil well cement services.

Ram Prasad – Individual Investor: How much does this division contribute to the total revenue?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: In terms of volume, it is about 7–8%. However, in terms of sales revenue, it contributes about 15% of our total revenue.

Ram Prasad – Individual Investor: Are you planning to acquire any limestone mines since your grinding capacity is higher than your clinker capacity?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: Yes. The nearby areas of Dwarka, Porbandar, and Junagadh have limestone reserves of about 600 million tons. In the last 3 years, we have acquired two new mines with approximately 20 million tons of reserves. We are continuously exploring options to secure more limestone.

Ram Prasad – Individual Investor: Will you be setting up a clinker plant in the future?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: We have recently added the grinding unit. It is a bit early for a new clinker plant. Once we reach 70–75% capacity utilization, we will explore future capacity options.

Ram Prasad – Individual Investor: What is your expectation for EBITDA per ton for the fourth quarter?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: If you compare it to Q3 FY26, there has been a price increase of 30 to 40 rupees per bag. Regarding sales volume, we expect the base volume to be better both quarter-on-quarter and year-on-year. While we cannot disclose exact figures, the profitability should be better due to the price increase.

Ram Prasad – Individual Investor: Will you be selling Highbond cement under the Kamal brand or the Highbond brand?

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Vikas Kumar – Shree Digvijay Cement Company Ltd.: The agreement gives us exclusive rights to market and distribute their cement. It will be marketed purely under the Highbond brand, even if distributed by Shree Digvijay Cement.

Ram Prasad – Individual Investor: Do you expect positive profit from this Highbond deal?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: Yes, definitely. The cost of production for Highbond is relatively low because they have captive power that fulfills 80% of their consumption. The plant also uses new technology, leading to lower power and fuel consumption. There will definitely be an earning contribution from Highbond.

Operator: Thank you. We take the next question from the line of Harshit from Robo Capital. Please go ahead.

Harshit – Robo Capital: Thank you for the opportunity. When you mentioned 70% utilization in FY27, did you mean on the 3 million ton capacity or the entire 5.2 million ton capacity?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: It is on the entire 5.2 million ton capacity.

Harshit – Robo Capital: So you are targeting around 3.5 million tons of volume next year?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: Yes, approximately 3 to 3.5 million tons.

Harshit – Robo Capital: Do you have a ballpark range for realization and EBITDA per bag?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: The last 2 years were not easy for the industry, but prices started increasing in Q4. We expect the price trend to remain upward in Q1 FY27. Demand and pricing should both improve because current pricing is at a multi-year low. Cement is a cyclical business, and after two sluggish years, we expect FY27 to be good.

Analyst: I would like to clarify if Highbond has 2.2 million tons or 3.2 million tons of capacity.

Vikas Kumar – Shree Digvijay Cement Company Ltd.: They have 2.2 million tons of installed capacity.

Analyst: Currently, I believe they are in losses. What about the EBITDA margins?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: It is difficult to disclose specific numbers, but year-to-date, they are not in a loss and are earning a healthy EBITDA, almost at par with the industry.

Operator: Thank you. We take the next question from Raghav Maheshwari from Equitas Securities. Please go ahead.

Raghav Maheshwari – Equitas Securities Private Limited: Regarding the 30 to 40 rupees price increase, is that a gross or net increase in the Gujarat market?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: That is the gross billing price increase.

Raghav Maheshwari – Equitas Securities Private Limited: And what is the net price increase?

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Vikas Kumar – Shree Digvijay Cement Company Ltd.: On average, the net increase is about 25 to 30 rupees per bag.

Raghav Maheshwari – Equitas Securities Private Limited: How will the cost scenario impact Q4? Has cost inflation hit yet?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: We are not anticipating a cost increase in Q4. Supply chain distortions haven't hit the market yet. We might see a cost increase in Q1 FY27, but Q4 FY26 will not have a significant impact.

Raghav Maheshwari – Equitas Securities Private Limited: How is the Q4 volume looking?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: You will see growth in volume compared to both Q3 FY26 and the same quarter last year.

Raghav Maheshwari – Equitas Securities Private Limited: Can we expect double-digit growth year-on-year this quarter?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: I think it should be close to 8-10%, definitely.

Raghav Maheshwari – Equitas Securities Private Limited: What is your effective net debt and the interest rate after the Highbond transaction?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: Before this transaction, we had a rupee term loan of 132 crores for our grinding expansion. For the Highbond transaction, we took an additional loan of 356 crores. As of March 31, we expect a total debt of about 485 crores on the balance sheet. The finalized rate of interest is about 8.7%.

Raghav Maheshwari – Equitas Securities Private Limited: Will the debt levels change next year?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: We are repaying our existing term loan at about 24 crores per year. So, the net debt will reduce by about 25 crores next year. We are well-secured regarding our financial covenants.

Operator: Thank you. We take the next question from Anuj Jain from Green Portfolio. Please go ahead.

Anuj Jain – Green Portfolio: Good morning. Regarding the recent change in ownership, I understand the company is now jointly promoted by Kamal Jain and the True North group. What is their vision for the cement sector, and will there be more integration or an amalgamation between Highbond and Shree Digvijay Cement?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: The investors have just entered the cement business and they have a long-term perspective. The company is run by professional management, which is important for stakeholders. There will certainly be synergy between Highbond and Shree Digvijay Cement.

Anuj Jain – Green Portfolio: Is there any plan to merge the two companies?

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Vikas Kumar – Shree Digvijay Cement Company Ltd.: As explained earlier, there are specific milestones and conditions to be met first. Once those are achieved, we will explore collaboration, but there is no current plan for a merger.

Anuj Jain – Green Portfolio: Do the promoters own any other cement assets?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: To our knowledge, this is their first acquisition in the cement industry.

Operator: Thank you. We take the next question from Ganesh Kothari from Equitas Securities. Please go ahead.

Ganesh Kothari – Equitas Securities Private Limited: Good morning. Could you reiterate the market share for Gujarat, with and without Highbond?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: At present, we capture about 10% of the total market share in Gujarat. 5% is from Shree Digvijay Cement and 4–5% is from Highbond Cement. In terms of the Saurashtra region, we are much higher. We expect to grow at a double-digit rate.

Ganesh Kothari – Equitas Securities Private Limited: Highbond's utilization is currently 1 million tons out of 2.2 million tons. Is that correct?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: Yes, that is correct.

Ganesh Kothari – Equitas Securities Private Limited: Are there any further expansion plans at Highbond or Shree Digvijay?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: There are no current plans. We first want to settle this transaction and stabilize the 5.2 million ton capacity. Once we reach 3.5 or 4 million tons in actual volume and start generating good cash flow, we will plan for the next expansion.

Ganesh Kothari – Equitas Securities Private Limited: Regarding clinker, are you purchasing from the domestic market or importing from the UAE?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: We are doing both; importing and sourcing domestically.

Ganesh Kothari – Equitas Securities Private Limited: You mentioned a 200 rupee per ton impact on EBITDA due to clinker purchases. Can you clarify?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: My point was that supply chain distortions might increase costs, but prices are also likely to increase in Q1 FY27. Furthermore, we are focusing on special products like composite and slag cement, which require less clinker. Therefore, there shouldn't be a significant impact on margins due to our product mix and clinker factor.

Operator: Thank you. We have a follow-up from Ram Prasad. Please go ahead.

Ram Prasad – Individual Investor: If we are importing clinker from the UAE, there are supply chain disruptions. Can you compensate for this with domestic buying?

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Vikas Kumar – Shree Digvijay Cement Company Ltd.: We currently have sufficient clinker stock. Due to global disruptions, we are focusing more on domestic purchases. We are not expecting any disruption to our operations. We have sufficient clinker at both the Shree Digvijay and Highbond plants.

Ram Prasad – Individual Investor: How much EBITDA are you expecting from the Highbond marketing deal?

Vikas Kumar – Shree Digvijay Cement Company Ltd.: Highbond is currently earning a better margin than Shree Digvijay Cement. Our agreement is to purchase at cost plus a fixed margin of 588 rupees. They are earning an EBITDA of about 700 to 800 rupees per metric ton currently. After our internal arrangement, we expect an EBITDA contribution of about 230 to 240 rupees per metric ton from Highbond.

Ram Prasad – Individual Investor: Thank you very much for answering my questions.

Operator: Thank you. As there are no further questions, I hand the conference back to Mr. Raghav Maheshwari for closing comments.

Raghav Maheshwari – Equitas Securities Private Limited: We thank the management for giving us the opportunity to host this call and thank everyone for participating. Have a good day. Over to you, Vikas sir, for your closing comments.

Vikas Kumar – Shree Digvijay Cement Company Ltd.: Thank you to the Equirus team and all our stakeholders for listening patiently. Thank you so much. Have a nice day.

Operator: On behalf of Equitas Securities Private Limited, that concludes this conference. Thank you for joining us.

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