JKLC:SECTL:SE:23
6th November 2023

1 **BSE Ltd.**
Department of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001
Security Code No. 500380
Through: BSE Listing Centre

2 **National Stock Exchange of India Ltd.**
"Exchange Plaza"
Bandra - Kurla Complex
Bandra (East)
Mumbai – 400 051
Symbol: JKLAKSHMI, Series: EQ
Through: NEAPS

Dear Sir/ Madam,

Re: Conference Call organized by PhillipCapital (India) Pvt. Ltd. on 6th November 2023 at 4:00 P.M. IST

In continuation of our letter dated 26th October 2023 on the above subject, we have to inform you that recording of the said Conference Call can be accessed by using the below mentioned Audio Link and the Recording ID:

URL: https://ccreservations.com/recordings/select_recordings.php
Recording ID: MFG0220231106149439

Thanking you and assuring you our best co-operation at all times.

Yours faithfully,
For **JK Lakshmi Cement Limited**

AMIT CHAURASIA
Digitally signed by AMIT CHAURASIA
Date: 2023.11.06 17:24:09 +05'30'

(Amit Chaurasia)
Company Secretary

JKLC:SECTL:SE:23
7th November 2023

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Dear Sir/ Madam,

Re: Conference Call organized by PhillipCapital (India) Pvt. Ltd. on 6th November 2023 at 4:00 P.M. IST

In continuation of our letters dated 26th October 2023 and 6th November 2023 on the above subject, attached herewith the transcript/minutes of the aforesaid conference call. This is for your information and record.

Thanking you and assuring you our best co-operation at all times.

Yours faithfully,
For **JK Lakshmi Cement Limited**

AMIT CHAURASIA
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Date: 2023.11.07 16:42:40 +05'30'

(Amit Chaurasia)
Company Secretary

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"JK Lakshmi Cement Limited Q2 and H1 FY '24 Earnings Conference Call"

November 6, 2023

MANAGEMENT: **MR. SUDHIR BIDKAR – CHIEF FINANCIAL OFFICER – JK LAKSHMI CEMENT LIMITED**
MR. ARUN KUMAR SHUKLA – PRESIDENT AND DIRECTOR – JK LAKSHMI CEMENT LIMITED

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

Moderator: Ladies and gentlemen, good day and welcome to Q2 and H1 FY '24 Earnings Conference Call of JK Lakshmi Cement Limited hosted by PhillipCapital (India) Private Limited.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vaibhav Agarwal from PhillipCapital (India) Private Limited. Thank you, and over to you.

Vaibhav Agarwal: Yes. Thank you, Yashashri. Good evening, everyone. On behalf of PhillipCapital (India) Private Limited, we welcome you to the Q2 and H1 FY '24 call of JK Lakshmi Cement. I need to highlight that JK Lakshmi Cement is also the holding company of Udaipur Cement Works Limited. And therefore, this call is also open for discussion about the performance of Udaipur Cement Works Limited.

On the call we have with us Mr. Arun Kumar Shukla – President and Director, and Mr. Sudhir Bidkar – CFO of JK Lakshmi Cement.

I would like to mention on behalf of JK Lakshmi Cement and its management that certain statements that we made or discussed on this call maybe forward-looking statements related to future developments based on current expectations. These statements are subject to a number of risks, uncertainties, and other important factors, which may cause actual developments and results to differ materially from the statements made. JK Lakshmi Cement Limited and the management of the company assume no obligation to publicly alter or update these forward-looking statements whether as a result of new information or future events or otherwise.

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

Management: Thank you, Mr. Vaibhav and good afternoon, ladies and gentlemen, and welcome to this Q2 FY '24 Call for JK Lakshmi Cement.

We had announced the results on Thursday. So, you would have had sufficient time to go through in detail about the results. So, nothing much to mention, and we can throw the floor open for question answer so that we can accommodate more questions.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. We have our first question from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: So, the first question is on the volume front. So, if you look at the 1H, we have done 9.4% volume growth on a consol basis I am talking about, and we were looking at 19% kind of a growth for this year. So, if I do the maths, then for the second half, we need to do close to more than 27% kind of a growth. So, just trying to get your sense how are we looking at this number for the full year?

Management: Thanks, Shravan. During my last call also, I had mentioned that, yes, 19 was the projection to start with, but last call we mentioned that somewhere we are going to be growing in a double digit, right? It is about let's say 12please go ahead to 15% kind of thing. So, I will give a range of 12 to 15% volume growth for the year '24.

Moderator: Mr. Shah?

Shravan Shah: Second on the pricing and the profitability front. So, we have seen a decent increase in the East prices particularly in September and also channel check suggest some roll back has happened, but for us in Chhattisgarh particularly, where we have a sizable presence, there we haven't seen that much increase. So, broadly, from the average of Q2 in the North and particularly East, how are the prices currently versus a Q2 average and in terms of the profitability where we were looking at Rs. 1,000 kind of a EBITDA per ton over 12 to 18 months? So, is the deadline remain the same or can it be done even earlier also?

Management: Shravan, I think the last questions I would reply the first. So, yes, I think 18 to 40, 22 months' time period for Rs. 1,000 EBITDA, that remains intact. So, that is what I think we are working, and we will be inching towards that because lot of actions which we had taken, now all those actions will get fructified. So, this is part two of your question.

Part one was about a price increase in eastern part of India and also perhaps North and western part of India. So, perhaps you know that prices have increased at different point in time, right. So, I think East, I think, will have some improvement in this quarter because the price increase happened somewhere around September mid and then October, right. So, benefit will come as far as East goes in this quarter. This is one.

Second, as far as North and West goes, prices are going to be about roundabout because November is going to be a low month in terms of volume because of Diwali, but December onward I think things should be all right. So, demand also will improve and so would be the pricing. So, on average, I see a increment about Rs. 550 to about Rs. 100, I will give a range of increase over last quarter.

Shravan Shah: Sorry, sir, Rs. 50 to Rs. 100 increases on Q-o-Q, is this one can expect?

Management: Yes.

Shravan Shah: Second, in terms of the expansion, so definitely clinker we have started at Udaipur, the grinding 2.5 million ton previously we were looking at Q2 FY '25. Are we planning to prepone this one?

Management: Yes. We hope to do that and towards March or April, we will be able to commission that 2.5 grinding unit at Udaipur.

Shravan Shah: And then in terms of for the next phase from currently post the Surat that we have announced 1.35 million ton, so there also if you help us in terms of two years we have mentioned, but will it be a 1H of FY '26 where we are looking at to start and post the next expansion in terms of the reach of 30 million ton, we were looking at first Durg plant and then the Udaipur. So, when we will be going to announce that expansion?

Management: That you are right. It will be first half of FY26 as far as Surat is concerned, which is a 2-year timeline from now, and that we are trying to see if we can do it in phases instead of entire 1.3 coming in one shot, if we can do initially a bit off of that and then within 6 to 8 months do the complete 1.35. And yes, we will be at an appropriate time announcing the Brownfield expansion which is in the pipeline. As you rightly mentioned Durg and followed by Udaipur, and then followed further by the Greenfield at Nagor and Kutch.

Shravan Shah: Last, a couple of data points for this quarter. So, trade share, premium share, blending ratio, lead distance, railroad mix, fuel mix and kCal cost, and also the non-cement revenue.

Management: Shravan, bunch of questions. So, maybe I will ask you one by one. So, the trade share was 62%. Blended about 65%. The lead distance is 387 kilometers. So, we have brought it down further, right.

Shravan Shah: 90% will be the road. That will remain the same.

Management: Yes.

Shravan Shah: Road last time it was 27%.

Management: Road, I think rail depends on because if you reduce your lead no, better to go by road than rail, right. Okay, and that is what as our lead goes down, I think dependence on rail will decrease. But once that 2.5 million ton comes, then perhaps I think rail will reduce.

Shravan Shah: Sir, I was asking about the premium share and the non-cement revenue for this quarter.

Management: Premium is 23%, right, of trade sales okay. And non-cement is 130 crores.

Moderator: We will take the next question from the line of Rajkumar Das from Navodaya Enterprises. Please go ahead.

Rajkumar Das: Sir, my question is in the last conference call, you have given information about the approval for your Durg railway siding and conveyor belt. So, can you give its current status and timeline by when it will be completed?

Management: So, on the railway siding, we have already started our job. We got that approval. We have started our job, and that is going to get commissioned somewhere around Quarter 2, Quarter 3 of next year. So, this is what the plan is. On conveyor belt, that approval process is still in progress. We are progressing well. Maybe when we talk next, I think we will have some update on that as well.

Rajkumar Das: So, my next question is what is your view about the expansion of Durg plant? And when can you announce the new expansion?

Management: On the railway siding, once we have done some concrete steps have been taken, then we will announce that. Presently, we are evaluating various options because of the Clinkerization, while it will happen at the mother plant at Durg, the grinding units we are trying to look for the various split location places. Once those are formed up, then we will announce, and if things go as per plan, then hopefully by next, in this financial year we will certainly do that.

Rajkumar Das: Sir, we very old shareholder of JK Lakshmi Cement, and there are so many times we ask so many question on your email, but there is no one who reply us. Sir, this is my humble request please reply to our emails. Whether you want to reply on your NSE, BSE or public domain, we don't mind. So, this is my last humble request to you.

Management: A dedicated email for all the investors' queries, if you put in your request on that dedicated email, it will get answered immediately. I am not sure whom you are sending your request to, but there is a dedicated email. You can see that it is available on the website as well as on our annual report. I don't remember the full email ID, but it is there, and if you load, upload your questions on that and send you email on that, certainly all questions, all the investors are getting responded to, but certainly, the only thing, we can't give specific information to one particular shareholder. If there are any data points which you require, certainly share that with you as we are doing with the other investors.

Moderator: Thank you. We will take our next question from the line of Mangesh Bhadang from Centrum Broking. Please go ahead.

Mangesh Bhadang: Congrats on a good set of numbers as well as commissioning of the Udaipur unit. Sir, my question was, now we have reached 10 million tons of clinker capacity, but after the clinker and the grinding unit coming up, there is almost a gap of say five to six months. So, I just wanted to understand that we would be selling clinker till then? And if it is so, then would it impact profitability in this meanwhile?

Management: Yes. So, yes, you are right. There is an intervening period. There is a gap between our Clinkerization and grinding capability. So, whatever clinker we are going to produce in the intervening period, part of that we will be utilizing in some of our outsource unit, one. And of course, I think our clinkers will go up little bit because we will have availability of clinker, and since we are kind of through this phase of kind of stabilizing our kiln too, so we want to kind of produce clinker whatever we can. So, the plan is two pronged. One, outsource grinding stations which we have within our hold, and second, also selling little more clinker during this time.

Mangesh Bhadang: So, which are these outsourced grinding units? Is it Amethi?

Management: No. Amethi I think is part of it, we are taking from it. So, Amethi, it will not go to Amethi, but we have one outsource unit in Gujarat and one in North part of India, Punjab.

Mangesh Bhadang: And what would be the capacity? Just wanted to understand how much incremental volumes we can generate from?

Management: So, see, I think what we see is that we are going to produce clinker to the capacity of about 50% or 60% because this is the stabilization phase, right. Out of that 50%, if you take half of that or maybe about 40% will be grinding it because Rajpura, Punjab I think we have a good capacity. So, this is up to us how much we can really consume out there. So, there is no limit as such in terms of grinding. So, that capacity is available there.

And in Gujarat also I mentioned you. Yes, I think we can increase not to a great extent but a little more there as well. And third option, also I think our Surat unit, right. So, I feel that we can further improve our utilization out there. So, we will use there as well. So, combination of these three is going to consume about 40% to 50% of clinker, which will be producing during this interim period.

Mangesh Bhadang: And secondly, we mentioned that we are currently operating at almost 100% clinker utilization and the clinker capacity that has coming basically the matching grinding capacity is going to come later. So, that 75% cement utilization and 100% clinker utilization, would it remain the same for at least this and next quarter till the new capacity comes up? The only increase probably could be higher clinker, but overall cement volume should remain the same that we did in this quarter?

Management: There is some turbulence. There is some earthquake in Delhi.

Management: Earthquake in Delhi.

Management: Yes, hold on for a moment. Just hold on for a minute. Yes, it has stabilized.

Mangesh Bhadang: We hope everyone is okay and if it's not very severe any.

Management: Yes, not. Go ahead please.

Mangesh Bhadang: So, sir, my question was that we did 75% cement utilization and 100% clinker utilization in this quarter. So, this would remain the same, right? Because we will not be able to use the new clinker from Udaipur to cover. Is there any arrangement where in through which we can utilize some of the clinker inside and still be able to produce more cement? That's what I wanted to.

Management: So, if you look at our capacity utilization of cement grinding was 73% last quarter, right? And that is what I mentioned to you that we do have scope within our system to consume clinker. If something is still left over, then we will go outside.

Moderator: Thank you. We will take our next question from the line of Sanjay Nandi from VT Capital. Please go ahead.

Sanjay Nandi: Sir, can you please throw some lights on your pet coke consumption, like what kind of inventories we are holding as on date or what is the thing as on date?

Management: You have asked about inventories and?

Sanjay Nandi: Yes, inventories or whether we have added something in this particular quarter or we are holding something from last quarter, like what is the exact inventory placing as on date?

Management: Inventories, especially the pet coke, we have about 3 months consumption available with us and in this quarter, the kCal was about 2.04 overall, and we expect it to be about 1.9 in the next quarter.

Sanjay Nandi: So, which means we can expect some price drop from the power and fuel cost.

Management: Right. About 5% in terms of the cost of the fuel. You are right.

Moderator: Thank you. We have a question from the line of Ritesh Shah from Investec. Please go ahead.

Ritesh Shah: Couple of questions. Sir, first I wanted to understand our accounting policy. A couple of quarters back, you had indicated that whatever transaction with UCW, we do recognize it in expenses as well as on the revenue line. I think in the subsequent quarters, you indicated that we will only treat it as one line somewhere as a conversion cost. Sir, can you please highlight what the status is like over here? I just wanted to understand that. So, that's the first question.

Management: Yes, that is basically earlier what we were doing when Udaipur was to get its clinker converted into cement from the grinding units of JK Lakshmi earlier what was being shown as clinker sale initially and then they purchase back the cement in the process to the extent of the clinker it was getting double accounting. So, now they are not showing any clinker sale for any conversion from clinker to cement, and whatever cost we are charging, they are loading that as part of the cement cost. So, there is no duplicity as far as the clinker. So, that has been done with effect from 1st April '22, that was done. So, that is what we did. Now there is no duplicity.

But we are also sourcing some cement from UCWL for which if we are not supplying any clinker, then obviously that is shown as cement purchased from that. So, the better way of seeing and analyzing the result, as we have always been mentioning on the call, is to see on a consol basis, which we are giving in our press release both **(Inaudible**) **21:33** and the numbers, etc. So, that will give you a fair idea of what the overall picture looks like in terms of EBITDA per ton on a consol basis.

Ritesh Shah: Sir, thanks for the explanation. Sir, just as a follow-up, I was looking at the related party transactions what we have put out. When I look at that number, the number is around 264 crores. That is a purchase of cement/others from UCW. So, even if I look at JK Lakshmi on a consol basis, this number is like nearly 35% of the total raw mat including inventory change. How should one interpret this because 35% looks a pretty cheap number given the inter company with UCW?

Management: This you are talking of which figure and for which period you are talking of?

Ritesh Shah: First half. Sir, I am referring to the first half numbers, the related party transactions what we publish. We just looked at the numbers on the purchase that JK Lakshmi had from UCW. This is only purchase for cement and others. This does not include I think fuel, and this number is 264 crores versus the total raw mat plus inventory change on a first half basis is 763 crores.

Management: Right.

Ritesh Shah: So, of the percentage of total even on a consol basis, this number looks very high at 35%.

Management: 35% of what? 35% we have to see on a total turnover basis. Not on a cement or a raw material basis. You have to speak link it to the turnover, not to the cost of the material consumed. Link it to the turnover. You get the answer.

Ritesh Shah: Sir, why would that be so because you are purchasing something from UCW, which is a subsidiary?

Management: Right.

Ritesh Shah: So, you are saying that this is all cement. There is no clinker over here?

Management: No, no, there is no clinker obviously. There is no clinker.

Ritesh Shah: So, 264 crores of cement…

Management: But if you see that, it gets eliminated. If you see on that consol basis, it will get eliminated.

Ritesh Shah: Sir, the net, if I look at it on a net basis also, there is a difference of 150 crores because sale of cement and clinker, what is written is 114 crores. The purchase of cement is 264 crores, but the difference is 150 crores.

Management: Can you repeat that please?

Ritesh Shah: Sir, if you look at on a first half basis, the purchase from UCW for cement/others is 264 crores. The sale amount is around 113.7 crores.

Management: From where you are reading this, can you tell me?

Ritesh Shah: Sir, purchase of cement/others is 264 crores.

Management: Yes.

Ritesh Shah: Sale is 113.7 crores. So, the difference is still 150 crores. 150.9.

Management: I am not able to see where you are reading it from.

Ritesh Shah: I am referring to the related party transaction. Probably, I will drop you a email, sir.

Management: You see the P&L please. The purchase of cement, I will read out. Purchase of stock in trade for JK Lakshmi, what figure you have? 404 crores?

Ritesh Shah: Yes, sir.

Management: UCW standalone is 113 crores.

Ritesh Shah: Sir, I am looking for it on the first half basis.

Management: Yes, first half. I am also talking about the first half only please.

Ritesh Shah: Right. So, on a consol basis, raw mat consumed is 227 crores. Purchase of traded goods is 113…

Management: 276 crores please.

Ritesh Shah: It's 227.5, sir, raw mat consumed.

Management: I don't know where you are reading it is published is 276 crores.

Ritesh Shah: So, what I do is probably I will drop you an email. We have the numbers from the press release only.

Management: If you have my number, you can speak to me also maybe tomorrow or after this call. I am not able to tell the number which you are talking about or where are you referring it from. No worries. You talk to me after this call.

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

Prateek Kumar: My first question is on your profitability improvement. In the past, you have talked about several measures which will drive an improvement in your profitability unit EBITDA by Rs. around 300 or higher over like 18, 24 months as you highlighted earlier today also. This quarter, we did see that around Rs. 140 kinds of improvement in profitability. What particular element would have driven this on a Q-on-Q basis?

Management: A combination of things. So, of course, I think our volume this year were better than last year same quarter one. Second, improvement in realization which is combination of pure price increase, what we call it, and then the top line levers, like I told you about trade sales, geo mix and premium product. So, these are the contributor.

Of course, I think on manufacturing and logistics also, we have done quite a bit. So, we have reduced our lead last quarter it was 387 kilometers, which is about 13 km lower than before. And apart from lead, I think there has been some actions at manufacturing end. So, I think on AFR improvement little bit, though I think we do not have still full-fledged capability at our plant, which we are working on. So, there also I think we have increased the AFR and hence reduction in fuel cost. And of course, I think the softening of fuel cost also has helped a bit.

So, combination of things. Something which is external which we got benefited from and some actions internally on top line and causeways which we have worked on.

Prateek Kumar: But trade mix has largely remained trade mix and blended cement mix has largely remained similar, right, Q-on-Q? That particular aspect would not have contributed.

Management: No, trade sale has gone up no. It's 68% from 58. 62 to 58, right. A good increase, right? And what is not visible on the figure is, which I think anyway we work internally is geo mix, like selling material in the low credit zone area where our realization is better. So, there are set of actions on logistics cost, on direct dispatches, on warehouse costing, on trade sales. So, all these actions put together, I think that has really helped us. And maybe I think we have not fully realized all these actions as yet because some of the actions are still work in progress. So, you will see that gradual improvement, and that is why I took that time of 18 to 24 months.

Prateek Kumar: And prima facie, like we have done good improvement this quarter, but prima facie, the next two quarters should look better than this quarter, right, based on the spot prciing and cost payment?

Management: Your demand is going to be better and some of the actions which are work in progress, that will also get fructified. So, my belief also is that it is going to be better than last quarter.

Prateek Kumar: And what is your net debt position as of now? And what will be like peak net debt, which you are looking at on consolidate basis with the expansion project which we are undertaking?

Management: Yes, we are today as far as JK Lakshmi on a standalone, we are having a gross debt of about 680 crores, and net of cash is about 140 crores. So, on consol basis, it is 1,975 as of September on a gross debt basis and about 1,175 on a net debt basis. Going forward, seeing various projects which we are doing, we feel our gross debt in JK Lakshmi would reach out to about 880 crores from 680 presently in the coming 6 months, and that is FY '24 and to about 1,000 by March '25 on a standalone basis. And net of cash will be around the same level 140, 150 and around the same level as of March 25 also.

So, there will not be any major increase in the net debt on a standalone basis from the present level of September to March '24 or March '25, but yes on consol basis, certainly the number would be larger because of the fresh loans which we are taking for UCWL expansion. So, there we will see from the present gross debt of 1,975 will peak out to about 2,400 by March '24 to 2,600 by FY '25, and a net debt position on a consol basis from the present 1,170 odd to about 1600 crores and then 1,800 crores by FY '24 and '25.

Prateek Kumar: And FY '24, '25 on consol basis, how much CAPEX which you are factoring in this on year-by-year basis?

Management: Yes, we are talking of a CAPEX as far as JK Lakshmi is concerned in the current year, we are talking close to about 500 crores and 700 for UCWL. Next year, JK Lakshmi has another 500 crores and 100 crores remaining for UCWL. So, we are talking of 1,200 crores on a consol basis the CAPEX in the current year, 500 for JK Lakshmi and 700 for UCWL including their expansion. Next year, again 500 for JK Lakshmi and 100-odd remaining for UCWL 600. So, 1,200 in the current year including whatever has been spent in the current 6 months and 600 in the next financial year.

Prateek Kumar: And any new projects which we take up may reflect in FY '25 number, if any expansion?

Management: Addition to that if we announce as well, this numbers which I shared with you talks of only the announced projects like Surat grinding unit, conveyor belt, railway siding, but once as and when we announce the expansion at Durg, that will be in addition to that.

Prateek Kumar: Conveyor belt has been very sticky in terms of clearances for years. So, has that been now like sort of sorted like at Durg?

Management: Yes, broadly yes, because there are two parts to that approval which were required. The bigger one approval which was more time consuming was the railway siding. So, that has come, and hopefully in this quarter, the conveyor belt, green signal would also come for that. So, thereafter, we are talking of about 8, 9 months for conveyor belt and about a year for the railway siding.

Prateek Kumar: And one last question on Gujarat market. So, after like while the Ambuja acquisition has not completed, but is there any expected increase in material from Sanghavi Industries in your core markets in Gujarat post like that acquisition completing?

Management: Sanghavi per se I think I have not seen that in quantum has increased. Little bit increase, yes, of course. The kind of demand which is there in the market is not at all disturbing any dynamics.

Not much increase. Little bit increase. I think, I would say, they have gone back to the normal level which they were doing, right. So, nothing beyond. So, once they are coming full fledged, let's say, to 6.1 million ton, then I think that we need to see, but as of today I think things are business is as usual.

Moderator: Thank you. We have our next question from the line of Rajesh Ravi from HDFC Securities. Please go ahead.

Rajesh Ravi: First, on this non-cement revenues 130 crore, how much was the RMC? And on this 130 crore, what was the EBITDA margin please?

Management: This is basically the margins are low here in the non-value-added business. In this quarter, it was 3%, and out of the 130 which we told you, 60 crores were this RMC, 50 crores AC and 20 was POP.

Rajesh Ravi: Sir, on company level, all this trade, non-trade, and blended, you share those numbers. They are all on consol basis or standalone?

Management: These are standalone.

Management: Standalone JK Lakshmi.

Rajesh Ravi: Oh, okay. Possible to share these numbers on a consol basis, because as you say, we should consider this company more on a consol basis?

Management: Yes, we will share that also.

Management: Yes, we will share that. It will be the same level.

Management: Broadly, it should not be a material difference, (+/-1%) to (+/-2%).

Rajesh Ravi: And this quarter we have seen the trade sale, no improve from 55% in Q1, which remains around similar level full of FY '23 to now 62%. So, is it some conscious effort to inch up trade share or it is just as a non-trade volume have been lower and that is why the trade share is North of 60%?

Management: No, Ravi, I think this is a designed one. Not something which has happened by default, right.

Rajesh Ravi: And again, on your green power, how much was the consumption sale, sir? 30% in Q1 and in Q2, and what is the outlook?

Management: We had talked of that we have now started sourcing the 40 Megawatt of green power or the solar power for our Durg plant. So, by virtue of it, it will be on a renewable basis jumping up for Durg to 80% from the present 36% as far as Durg is concerned. On a consol basis or, sorry, on all the plants of JK Lakshmi taken together, then we are talking of close to about 35% by way of renewal in this quarter.

Rajesh Ravi: And this will inch up when the Durg sourcing increases. And AFR, sir?

Management: October, obviously, this will go up.

Rajesh Ravi: Yes. AFR share was how much in volumetric terms?

Management: What? Sorry.

Rajesh Ravi: AFR, alternative fuel.

Management: AFR, I will give you in terms of TSR, thermal substitution rate is about 4. See, we have taken up that project for increasing the TSR. So, that will increase our TSR from 4% to 12% and ultimately to 20% in phases.

Rajesh Ravi: And this year, what is the target from 4% FY23?

Management: So, Durg, we do not have any capability as such and more so because we always compare the other fuel cost versus AFR. So, we will be around 6% around at Durg will be around close to overall 6% in Sirohi as well because Sirohi right now is doing less than 4%. The first phase of AFR maybe will start during last quarter of this financial year. So, by end of this year, I think we will reach there about 6% there as well.

Rajesh Ravi: And sir, last question. First half you have clocked 10% volume growth and second half you have surplus clinker now that your clinker plant is operational in October. So, what sort of volume number, I mean, my understanding would be that you are already in shortage of clinker. So, given the surplus clinker, would you be able to ramp up the second line much faster maybe reaching 70%, 80% utilization in Q4?

Management: Yes, so the effort is that only, Ravi. So, will have wherever capacity utilization has to go up, that will go up, and we will try to expedite that upcoming running stations as well, right. So, yes, that is what the effort is. So, let's see how fast we can. Team is there on the…

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

Uttam Kumar Srimal: Sir, what has been our fuel mix this quarter? Pet coke and imported coal?

Management: In this quarter, we had a total of pet coke of about 46%. 38 was coal and balance was the other.

Uttam Kumar Srimal: And sir, what is the current status of wall putty plant in Alwar and AAC block in Aligarh that we are setting up?

Management: So, Aligarh, we have already commissioned, and we have going to a capacity of about, let's say, 75% of utilization. So, we are already doing about 11,000 cubic meters a month. So, more or less we have stabilized our Aligarh plant. As far as Alwar putty plant goes, it will take some time because now this job is not happening because of the ban NCR, entire construction activities has been banned, right? So, this is going to be little bit delayed on account of this, right. But our target is to do these trials by the end of quarter three.

Uttam Kumar Srimal: And sir, any target that you have set for your VAB business, value-added product business? Because earlier I think it was around 500 crores, and I think this year we will cross those 500 crores in terms of our value-added product. So, any new target you have visualized for your value-added product business?

Management: So, value added product I think our ambition is to take it 1,000 crores level by the end of '27, '28, right? This is what the plan is. So, right now we are at 500 crore level. So, in another maybe 3 years, we will go to 1,000 crores.

Moderator: Thank you. We have our next question from the line of Raghav Maheswari from AMSEC. Please go ahead.

Raghav Maheswari: I just wanted to know the new proposed grinding unit at Surat, what is the clinker? So, it's from the import from the Middle East or we have the surplus clinker available at a Dabok or the Sirohi location?

Management: So, we will have, I think, a combination of things. So, of course, I think Sirohi also we are contemplating if you can really increase further efficiency with least CAPEX involvement little bit more clinker from Sirohi or JK Surat. So, that is one. Second, of course, I think we will take some clinker out of Udaipur. And third is going to be import, if at all we require.

Raghav Maheswari: So, what is the cost difference on the lended at a plant? What is the cost difference between import and the transferring from either Dabok or the Sirohi?

Management: So, that depends I think if you talk me like maybe 6, 9 months back, then import was cheaper, right? But since now fuel cost and other things have softened a bit, then I think clinker is little better, but I think import has always been comparable. Import is not as high. So, if you really want to run your plant and you do not have clinker, then that also offers a very good opportunity.

Raghav Maheswari: And sir, last question from my side for the Gujarat market particularly. The Gujarat market is primarily after the Sanghavi operational, when it will go for the Adani management, what we are hearing Adani will introduce ACC as a new brand. How will you see the Gujarat market and particularly South Gujarat market, which is one of the strongest markets of the JK Lakshmi? Because this is my understanding, most of the material evacuation from the Sanghavi is practically possible for only the South Gujarat and the Mumbai market because of the sea route availability. So, it will impact pricing pressure on this market? How will you see it particularly?

Management: So, my reasonable assumption is that this will not impact as such. Maybe little bit but I don't think because, see, a market is big that some of the markets which you name some competitor, they are supplying to other market also which is as lucrative as Gujarat is, right? So, I don't think that price dynamics is going to change drastically. That will happen to the extent of it normally happen because of the cyclicity and demand supply equation thing. But it is not per se that additional volume is going to really disturb the market prices.

Raghav Maheswari: And just wanted to check one thing. Why the plant for the UCWL for the cement grinding is delayed so much compared to the clinker because we have already commissioned the clinker in the current quarter and we are proposed to the commissioning for the cement is approximately of the three, after the three quarters. Why this gap? Because of there isn't any environmental clearance issue or something else?

Management: So, I think this is what our project plan was. If you recall all those calls, we have been telling that around October, our Clinkerization will come and during last quarter of this financial year, grinding will come. If you remember, I think we also had in the intervening period COVID issues, global supply chain issues, right? So, this was the plan, project plan itself like this that we will install that Clinkerization first and then we will go to cement. So, as such there is no delay. Project plan is going as per the plan.

Raghav Maheswari: Yes, there is a lag from the start only, from the project planning, I guess.

Management: Yes. At that point in time, based on that global situation and supply chain issue, we planned that way, and that was prudent at that point in time.

Raghav Maheswari: So, meanwhile will, clinker produced by the UCWL will produce internally or we will go for the clinker sell from the UCWL plant?

Management: So, I told I think some of the gentlemen, they asked this question. So, the order is like this. So, first we will consume whatever clinker we will have for our internal grinding stations which we have. One. Second, we will go to some of the outsourced units where we have some surplus grinding capability. And third is going to be clinker sale, but of course, I think clinker sale is going to be little higher during this intervening period.

Moderator: Thank you. We have our next question from the line of Aman Agarwal from Equirus Securities. Please go ahead.

Aman Agarwal: Sir, two questions from my side. First was with respect to demand in the Eastern region. A couple of peers have highlighted some subdued demand growth mainly in the Eastern region. What is the kind of situation that you are facing? And going ahead, what is the kind of growth that you see for that market?

Management: So, whatever information I have got, the demand during last quarter in East was the highest in terms of percentage growth Y-o-Y, right, followed by other markets like North, West, and South.

So, my information and my intelligence is little different than what you are saying. Even going forward also, I see that East is going to grow in double digit because East we need to understand this is predominantly IHB driven market, right. And I think this market is going to grow in double digit going forward also. 8 to 10% growth I see going forward as well.

Aman Agarwal: And the second question was with respect to our expansion plan. Now we already tried for acquiring a much more sizable capacity in the western region, and now recently we have announced 1.3 MTPA expansion in another in West region. So, going ahead, can we expect more of such expansions to be announced in the western region itself for JK Lakshmi?

Management: That call we will take depending on the demand supply, but as of now we don't have anything in the offering.

Moderator: Thank you. We have a question from the line of Navin Sahadeo from ICICI Securities. Please go ahead.

Navin Sahadeo: Sir, two questions. One is, what is the rational to choose the new 1.35 million ton grinding unit in Surat? Is it better demand? Because I am saying that if your existing unit at Kalol is much closer to Ahmedabad, which is a buzzing center as such, and also it will have a lesser lead if at all clinker has to come from Sirohi or even Udaipur, Durg for that matter.

So, my question was just trying to understand what is the rational? Is it higher demand? Is that market more profitable for you? Is there an outlook that you see is much better? Because we could have also, I mean, we had Kalol as an option. We could have also had Jharli as an option for the grinding unit or some new grinding unit location in NCR. So, just trying to understand why Surat? Thank you.

Management: So, there are couple of reasons, Navin, why did we choose Surat. One, of course, I think the demand projection, demand the way demand is going up, so Surat was already touching to its capacity. So, we thought of putting it there because we have almost exhausted our capacity at Surat. One.

Second, if you know the geography of Gujarat, South Gujarat is a better price market than North and other part of it, though I think your lead is little bit more. So, I think price wise this is quite stable, and prices are also better.

And the third and important consideration is that, this also gives us an opportunity to enter into that Mumbai market, right? Because the way Mumbai market also is going, I think Surat is going to be a good source of supply in the neighboring area or bordering area of South Gujarat, right. So, these were the three considerations, right, why did we choose Surat.

Navin Sahadeo: So, does this unit also have incentive benefits? Surat would have incentive, grinding units related incentives when sales, I mean, GST refund or something?

Management: Yes, we have already applied. We have not got the confirmation, but we are trying to see if we can get some incentive there for this additional grinding unit. Hopefully, we will be able to get that.

Navin Sahadeo: So, concluding on this question per se, Surat is a better realization market for us net of rate from clinker from anywhere, but Surat is a better, at least as of now, we see it as a better realization or profitable market for us.

Management: Yes.

Navin Sahadeo: Sir, second question then was, you mentioned about the railway sidings that are coming, I think, next year as you said Q3 or Q4, and the conveyor belt. So, these will lead to what kind of savings do you anticipate?

Management: So, of course, I think we will be able to reach out to some of the high price markets. One. Because right now we do not have access to some of the high price markets of the West. Second, I think, is going to be incoming raw material also is going to be cheaper, right? Third, we also transfer clinker to our grinding station of Cuttack, right? And Amethi. So, that is also going to help us in reducing cost. So, these are the immediate benefits which I see we can get out of this railway sidings.

Navin Sahadeo: Helpful. I think sequential improvements are really something that we all are very happy to see.

Moderator: Thank you. The next question is from the line of Mr. Shri Kirloskar from BOB Capital Markets Limited. Please go ahead.

Shri Kirloskar: I have two questions actually. Number one, if you can share the differential for premium product and normal grey cement in terms of pricing and EBITDA?

Management: So, the normal and premium, the difference at EBITDA level is about somewhere depending upon the market on an average about Rs. 250.

Shri Kirloskar: And on the pricing, sir? On the pricing front, what's the differential in terms of realization?

Management: In different market a different gap right from Rs. 20 to Rs. 25, Rs. 27 per bag basis.

Shri Kirloskar: So, my second question is in our last conference call, we had spelled out on our peak net debt to EBITDA which is around 3x. Does the value remain the same right now?

Sir, in our last one call we spelled out debt to EBITDA ratio of around 3x. Does the guidance for that 3x still remain the same?

Management: Yes, guidance is long-term guidance. When we do a project on a future expansion or acquisition, we try to keep that within that norm. So, norm and that guidance doesn't change on a quarterly basis. That remains the same.

Moderator: Thank you. Due to time constraints, we have the last question from the line of Mr. Parth Bhavsar from Investec. Please go ahead.

Parth Bhavsar: So, I wanted to know what was the clinker production and cement sales at UCW for the quarter?

Management: UCW clinker production in this quarter was 3.84 lakh tons. And what was the other question?

Parth Bhavsar: What was the cement sale?

Management: Cement sale was total was 4.68 lakh tons, clinker sale of 0.92 total, sale of UCW 5.59.

Parth Bhavsar: 5 points?

Management: 59.

Moderator: Thank you. I would now like to hand over the conference to Mr. Vaibhav Agarwal for closing comments. Please go ahead, sir.

Vaibhav Agarwal: Yes. Thank you. On behalf of PhillipCapital (India) Private Limited, I would like to thank the management of JK Lakshmi Cement for the call, and many thanks for the participants joining the call. Thank you very much, sir. Yashashri, you may now conclude the call. Thank you.

Management: Thank you, Mr. Vaibhav, and all the participants.

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