JKLC:SECTL:SE:23
13th February 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 13th February 2023 at 4.00 P. M.

In continuation of our letter 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: MFG0220230213145427

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: 2023.02.13 18:49:14 +05'30'

(Amit Chaurasia)
Company Secretary

JKLC:SECTL:SE:23
14th February 2023

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Dear Sir/ Madam,

Re: **Conference Call organized by PhillipCapital (India) Pvt. Ltd. on 13th February 2023 at 4.00 P. M.**

In continuation of our letters on the above captioned 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
Digitally signed by AMIT CHAURASIA
Date: 2023.02.14 16:11:59 +05'30'

(Amit Chaurasia)
Company Secretary

Encl: a.a.

"JK Lakshmi Cement Q3 and 9 Months FY23 Earnings Conference Call"

February 13, 2023

MANAGEMENT:	**MR. ARUN KUMAR SHUKLA – PRESIDENT AND DIRECTOR, JK LAKSHMI CEMENT**
	MR. SUDHIR BIDKAR – CFO, JK LAKSHMI CEMENT
MODERATOR:	**MR. VAIBHAV AGARWAL – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and Gentlemen, Good day and welcome to the Q3 and 9 Months FY23 Call of JK Lakshmi Cement hosted by PhillipCapital (India) Private Limited.

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

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

Vaibhav Agarwal: Thank you Aman. Good evening everyone. Firstly, we apologize for this delay which was on account of connectivity issues.

On behalf of PhillipCapital (India) Private Limited, we welcome you to the Q3 FY23 and 9 Months FY23 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 Sudhir Bidkar – CFO of JK Lakshmi Cement. I would like to mention on behalf of JK Lakshmi Cement and its management that further statement that is made or discussed on this conference call maybe forward-looking statement related to further developments and current performance. These statements are subject to a number of risks, uncertainties and other important factors which may cause the actual developments and results to differ materially from the statement made.

JK Lakshmi Cement Limited and its management of the Company assumes no obligations to update or publicly alter 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 interactive Q&A. Thank you and over to you, Sir.

Management: Thank you Mr. Vaibhav and good afternoon ladies and gentlemen and sorry for this delay which was due to some technical problem in connectivity and welcome to this Q3 Concall for JK Lakshmi. You must have seen the results which were approved by the board and published and intimated to the stock exchange on Friday.

So, without any waste of time since we have already run out of time I am throwing the floor open for question-and-answer session.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Abhimanyu Kasliwal from Choice India Limited. Please go ahead.

Abhimanyu Kasliwal: So, to the management I would like to ask that now South African coal it is trading at slightly better prices around 250, 300 as opposed to 350, 400, are we seeing impact on the cost side of the equation, can we expect margin improvement going forward because of this factors, the second question is sir that our current capacity and capacity utilization just wanted a question that what is the current capacity that the Company is operating at and what is this quarter tonnage and related to that if that are we expecting to see some kind of operating leverages going forward especially with new capacity and one more question we were setting up high margin VAP product RMC AAC wall putty how is that going sir I know they were three, four questions together so I will really appreciate if you could answer?

Management: Just correct me I think the first question was regarding that margin improvement outlook. So, as you know I think we are going through demand month, demand is good in the market. The last quarter and the quarter before I think we have not seen good price increases despite demand being good, but this quarter we do see some kind of improvement not big improvement in prices of margin, but definitely I think we see some kind of prices moving upward and hence margin also will improve and margin will improve little bit better than the price improvement because of the internal drive which we are taking on the top line and also at the manufacturing end. So, I think our outlook is that this quarter is going to be a little better than last quarter in terms of margins. Perhaps I think this is the first part of your question. Second was on capacity utilization so last quarter I think our capacity utilization was 77% and this quarter we believe that our utilization would be at about 85% plus so that is what we see. So, definitely I think that is also we will have bearing on our margin because of the dilution of the fixed cost and other cost.

Abhimanyu Kasliwal: Sir the current capacity around 14 million tons what are we looking at?

Management: I think we do have one outsource unit with us in Amethi UP based. If you take that into consideration and we are at about 15 million ton roughly.

Abhimanyu Kasliwal: Sir what about the additional capacity of high margin products which we were planning to work on VAP, RMC, AAC, wall putty would you like to provide any guidance on that or any outlook on that?

Management: So, I think we do have a very good focus on our value-added products which give us good access first to customer directly and also I think entering into some areas which is a growing area in the case of VAP. Just to give you a sense that we are focusing quite a bit on RMC business expanding it further and also AAC and putty business. Just to let you know that RMC business I think we are progressing very well, we do have some model by which we are expanding our capacity and last quarter our skills have improved and total volume was about 1.35 lakh cubic meter and AAC block also we are doing quite well, AAC our volume last quarter was on 1.36.

Abhimanyu Kasliwal: What is the revenue that we are seeing?

Management: Revenue last quarter we have achieved a revenue of about 116 crore.

Abhimanyu Kasliwal: VAP and RMC and AAC?

Management: So, this includes POP, this includes RMC, this includes AAC blocks and little bit of mortar as well.

Abhimanyu Kasliwal: And what margins do they usually operate on 15%, 20%?

Management: So, I will just let you know I think in our case the high margin business is AAC block is about 12% margin and overall if you take up fully of RMC, AAC and putty POP greater than 7% margin.

Abhimanyu Kasliwal: 7% operating margin, 7% net margin sir?

Management: We are talking of operating margin. Just to let you know AAC block is I think as I told you margin is about 12% we have plan to grow it further. So, Aligarh plant recently we have acquired one plant and we have started production of AAC block that Aligarh unit in UP and we do have some future plans also for AAC block and going forward our focus is going to be AAC and RMC. Putty also I think last time around we had announced that we are going to put up a putty plant that we have already inaugurated that grand making ceremony has happened and probably I think let us know 6 to 9 months' time about we will have a putty plant at Alwar in Rajasthan. So, that is also going to give a good boost to our VAP portfolio going forward.

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

Shravan Shah: Sir, before asking the question just wanted to clarify now sir when did we met the investors in Mumbai I suppose we met in end of November or the first week of December, is it right?

Management: Yes, you are right.

Shravan Shah: Sir then how come we have not informed to the exchanges?

Management: Sorry.

Shravan Shah: We did not inform the exchanges normally that is the process that when corporate meets the investors they inform to the exchanges that we are meeting investors on this day, but we have not informed to the exchanges?

Management: Whatever presentation we had done we have uploaded on the website of the Company so that meeting investor is an ongoing process just did happen that we merged it together instead of whatever we discussed that is all presented in a presentation which has been already uploaded well before meeting the investor.

Shravan Shah: So, that normally is the case with all corporate, but if that is the process set by either SEBI or the exchanges that we should be following the thing is that just wanted to clarify on that aspect, have we talk about Rs.1,000 EBITDA without increase in the realization?

Management: So, Shravan I think yes we believe that we do have scope or headroom in improving our topline because as you know we are controlling the manufacturing cost. Our effort is definitely to hold those internal efficiency pertaining to the top line just to breach that gap up and if you really look at without taking price into consideration the EBITDA gap between JK Lakshmi Cement and the leaders is diminishing and dwindling and that is coming about the fact that we are working internally on our levers and we have decided that this is going to add value. So, yes I think whatever EBITDA **(Inaudible) 11:42** was without **(Inaudible) 11.51**.

Shravan Shah: Sir the simple thing the simple question right now I have is the kind of selected information to be set with the investors, so that is why I am raising this point because I do not think this is what we have discussed on the conference call last time. So, that the thing is that force pure meeting with the investors the stock has seen a significant turn up and then pull off so that is the simple point I am just trying to request you if anything has to be said it should be at a common platform and not to the selective investors so that is the humble request, my question is now in terms of the needed couple of data points in terms of the trade share of premium, blending share, lead distance, rail road mix, fuel mix for this quarter?

Management: As we speak today I think we are at about 54% of trade and about 66% of blended cement and our lead distance is 396 kilometer and last quarter our lead distance was the quarter 401 kilometer.

Shravan Shah: 401 for the third quarter and the blended cement you said 67%?

Management: 66%.

Shravan Shah: And the premium sir you said?

Management: Premium is about close to is about if you take overall volume then is about 11% and if you take only trade volume then it is close to about 25%.

Shravan Shah: So, related question is that last concall we said that we are targeting to increase the trade share to more than 60% in two to three quarters, so this time as you mentioned our trade share is at 54% last quarter also the same number were there, so just trying to understand where are we still we are expecting that we will be able to increase this to more than 60%, so now two quarters remains if last quarter if I include in your target of two to three quarters so only two quarter left, so are we able to do more than 60% trade share in two quarters and the same way the blended share where we said that we want to achieve a 72%, 75% in two to three quarters we are at 66% last quarter was 67%, so just wanted to understand how we are planning are we now increasing our target time maybe by two, three more quarters?

Management: I think in last call I did mentioned that if you look at our efficiency lever so first efficiency lever was geo mix because trade and non-trade is all about margin optimization, but we operate in a diverse geography wherein trade, nontrade and even different zone varies quite significantly. Just to elaborate further on this if you take let us say North, North I think trade and nontrade is very high and gap is very high as about Rs. 800 to Rs. 1,000 a day, but if you go to East and West that gap is not that much there. So, one way to improve the margin is to optimize the geo mix at the top level. So, geographies where nontrade is better than the trade of other geographies I think that is what is going to be my preference and I think I mentioned last time I remember very clearly at first level of geo mix level of optimization is geo mix. To sell more in the area where we have a better margin one and the second level thereafter goes is trade and nontrade just to clarify that one. Second, I think yes I think 50% that is what we are going to achieve this next two quarters that is what the endeavor and effort is, but first and foremost thing is of course geo mix optimization. Blended also I think we do have a target of getting it to similar to 65% we are there at 66%, 67% and I think we are working the way we are progressing I think I am quite okay the first level is geo mix optimization and second comes trade, nontrade and blended, but I think that is what our target is achieving close to 75% of blended and 60% beyond trade.

Shravan Shah: Last in terms of the fuel mix and the power and fuel consumption cost for this quarter?

Management: Fuel mix in this was coal, 37% and petcoke 48% and total cost in terms of Kilocal was Rs. 257.

Shravan Shah: What was in the Q2 sir?

Management: Come again Shravan what you asked?

Shravan Shah: 257 Kcal cost you said in the Q3 what was the same number in Q2?

Management: 252 and overall group is 2.57.

Shravan Shah: So this is for third quarter what was the same number in Q2 FY23?

Management: 230.

Shravan Shah: How do we expect the same in this quarter?

Management: It will be flattish same.

Shravan Shah: And in terms of the debt, gross debt and cash and other deadline for the Udaipur expansion remains the same March 24, how much CAPEX we have done and what is the number we are looking for this fourth quarter and the next FY24?

Management: Deadline remains the same which is March 24, but it may spill over to the first quarter of FY25 that is number one and number two regarding our long-term debt on a standalone basis we have at about 53% and net debt is about 200 crores on a consol basis the total debt is 1,875 and net debt is 125.

Shravan Shah: Sorry net debt is?

Management: 1,225 on a consolidated basis.

Shravan Shah: And in terms of the CAPEX what is left in the fourth quarter and FY24?

Management: As far as JK Lakshmi is concerned barring some projects we are not doing any major CAPEX there.

Shravan Shah: At consol level sir I am asking?

Management: On a consolidated basis we have already incurred about 700 crores out of 1,650 up to December in that period and another 150 crores to 200 crores will go in the current period. I would just like to clarify when we had met the investor we did not disclose anything new other than what was already talked in the conference call which was held immediately after the result. So, nothing new which we have said whatever presentation was there that was in public domain other than that nothing was discussed.

Shravan Shah: Thanks for the clarification, but the thing was initially sir mentioned that in terms of the Rs. 1,000 EBITDA per ton without realization growth that is the important aspect so that is what I was just trying and request that we should be disclosing at open forum like earnings call and not to the selective analyst so that is the only simple point I wanted to highlight?

Management: That was also highlighted in the last concall that how we are graduating and bridging the gap and trying to reach Rs. 1,000 same was with investors when we met in cement.

Moderator: Thank you. The next question is from Rajesh Kumar Ravi from HDFC Securities. Please go ahead.

Rajesh Kumar Ravi: So first of all on the house keeping you said that there is a non cement revenues for this quarter is 116 crore did I get it right?

Management: Yes you have heard it right.

Rajesh Kumar Ravi: And how much is the RMC revenues for the quarter?

Management: RMC is about 56, 40 crores is AAC block, POP is 20.

Rajesh Kumar Ravi: 56 crores is the RMC sorry I could not hear after that AAC.

Management: AAC is 40 and 20 is POP.

Rajesh Kumar Ravi: And on a non cement revenues you are making around 7% EBITDA margin?

Management: Yes.

Rajesh Kumar Ravi: Sir on the CAPEX front you mentioned as a consol basis you have incurred around 700 crore in the 9 months?

Management: No I said on that project of the 60-50 we have incurred up to December 700 crore.

Rajesh Kumar Ravi: 700 crore because why I am asking this the September quarter half yearly balance sheet suggest that CAPEX spent till first half was around 330 crore, so we have incurred another 400 crore in the third quarter, is that understanding right?

Management: What was the third quarter sorry?

Rajesh Kumar Ravi: No, September H1 till September the CAPEX spent on a consol basis appears to be around 330 crores?

Management: That would have been only for the current project, 700 crores is the figures we have talked off on that project of 60-50 a portion of which would have also incurred before March 22 you cannot lend the two things.

Rajesh Kumar Ravi: No, I am referring to the half yearly cash flow statement?

Management: Absolutely that is what you cannot link the cumulative figure up to December with a cash flow of 6 months and adding there to the remaining CAPEX. Many additional CAPEX in this quarter was only about 250 crore.

Rajesh Kumar Ravi: So, 250 crore is the incremental and for this fourth quarter how much incremental CAPEX expenditure you are looking at sir?

Management: Another 200-crore incurred on that.

Rajesh Kumar Ravi: And so that would also to be around 700 crore for the full year and next year how much you are guiding cash flow basis?

Management: That would be about 700 crores on a consolidated basis including the remaining part of the project and also the effect on JK Lakshmi…..

Rajesh Kumar Ravi: I heard your CNBC comments also today that you are looking at 12% volume growth for this year which primarily means your cement volume grows, but if I look at cement plus clinker you would be doing around 6% to 7% growth on a consol basis?

Management: I think we have decided that I think clinker we are into cement selling business. Clinker is here I think we sell little bit based on again the opportunity which we have where we have a good margin and that makes sense in business otherwise we are primarily focused on cement and we will continue to do in future.

Rajesh Kumar Ravi: I am asking for next year until your this new projects get commissioned, what sort of a volume growth on a consol basis one should factor in and could you for your Amethi only grinding unit would you need to take clinker from market also or to drive growth?

Management: I think next year I think we are looking at anywhere between 12% to 15% growth that is what we are looking at.

Rajesh Kumar Ravi: Only on cement you are saying right I am looking at a total base cement plus clinker?

Management: So, I think let us know now on consider growth in cement.

Rajesh Kumar Ravi: So incrementally your clinker sale will meaningfully reduce because you will be converting it into your own cement right?

Management: Right and understanding for Amethi they do have clinker with us as of now because that we can supplement it from our Clinkerization.

Rajesh Kumar Ravi: So for next year also you do not require additional clinker from external purchase is required or not for this growth of 12% that you are targeting on cement?

Management: So, 12% is all internal without dependence on clinker buying.

Rajesh Kumar Ravi: This sequential increase in your cost is it because your cost base was lower in Q2 and that is why Q3 you have seen a 2.3 to 2.52 or jump in the cost and so now from 2.5 how are the cost numbers looking in Q4?

Management: Q4 will be flattish around the same level. Q2 you are right lower at 2.3. So, it will be flattish so it has peaked out.

Rajesh Kumar Ravi: But incrementally in Q1 and all are you looking these numbers to come down meaningfully closer to Rs. 2 on a current cost front basis?

Management: Rs. 2 means the reduction of 20% that is not that is what has happened marginally it will come down in the first quarter, but not to that level as Rs. 2.

Rajesh Kumar Ravi: We also see freight cost for all the players they have shown a increase when the busy seasons starts getting introduced and many players talking this will now remain a full year phenomena rather than a one or two quarter, so you also the margin levers share on Q4 and all could be restricted because you are not expecting fuel cost savings and realization improvement is also not great so far for all players?

Management: You are right our internal efficiencies will drive because the energy has….

Rajesh Kumar Ravi: Last question on this 40 megawatt the solar power supply this is on the consumption basis or this is 40-megawatt capacity which we have tied up I mean PLF being 20%?

Management: 40 megawatt of capacity which we have tied up is on an outsource model in which we are investing about 26 in **(Inaudible) 27:39**. The only advantage is that in Chhattisgarh state they allowed the banking of the power. So, power would be produced in limited period of time and then we can use it.

Rajesh Kumar Ravi: By when should this project be ready and how much equity you are infusing for 26%?

Management: For 26% we are inducting about 22 crores and should be ready by the fourth quarter and financial year.

Rajesh Kumar Ravi: Sorry fourth quarter this year itself by end of March?

Management: Yes.

Rajesh Kumar Ravi: And what cost will be sourcing out from this unit?

Management: We will be getting effectively landed at about Rs 5 per unit handed to us Rs. 5.50 paisa is it clear. I mean fourth quarter 24 I would like to clarify implementation will be in March 24 not 23.

Moderator: Thank you. The next question is from the line of Prateek from Jefferies. Please go ahead.

Prateek: So my question is in the press release you have talked about 80% power mix in Eastern operation as a renewable power, we also have this captive power on the Eastern operation, so what happens to that once we have this 80% renewable power mix?

Management: Obviously we will not be using that because of the full cost and 80% will be drawn from renewable will not be required.

Prateek: So, we will be selling off that plant or that will be like?

Management: We will take a call at an appropriate time too early let the project. We also have plants to expand that we will see it is not that immediately sale off debt equity.

Prateek: And just for clarification on the consolidated CAPEX this year and next year we are looking at around 1,000 crores this year and 700 crore next year on consolidated basis?

Management: Current year we are talked of about 750 crores and another 750 next.

Prateek: 750 and 750 this is including UCW and standalone operations combined?

Management: Yes.

Prateek: And FY25 also has this impact of CAPEX of UCW?

Management: Maybe marginal 100 to 200 crore depending on what and when exactly we goes to that project.

Prateek: And on pricing sir you mentioned that there is no change in pricing of late so are we or as an industry it is looking at post March like financial year end or that is also like looking out of question now?

Management: So, I do not know about the industry, but I think demand and supply is going to really decide this and probably I think prices may go little bit further up much is what I see. We will try to take price increase and I am not talking of JK Lakshmi, I am talking about industry what they are going.

Prateek: Sir we are losing your audio we could not hear that?

Management: So, prices will inch up little bit this quarter and in coming quarters and we will try to attempt the price increase and I am talking about only JK Lakshmi Cement not talking about industry what they are going to do, but based on the demand supply situation and our position we will try to take it.

Prateek: So, when we talk about like this Rs. 1,000 EBITDA per ton for consolidated operations from let us say current run rate of 650, would it be possible to like sort of break it down to internal efficiency including power and fuel or logistic or your market positioning or like several steps we are looking at?

Management: Yes I think 1,000 is not going to be achieved just be saying. You will all those granular planning in place first element of manufacturing, for supply chain or in top line, did you have granular details as to where we need growth and how much time it is going to take to implement all those operational plans. We do have those details.

Prateek: I mean is it possible to discuss on the call?

Management: Yes I will just tell you if you want let us take a gap of about Rs. 300. So, I think about 200 plus is going to come out of this top line levers improvement about maybe Rs. 50 or so will come from manufacturing and Rs. 50 to Rs. 75 utilization in a broader way I think this is what is the pickup is, but I think we have elemental analysis also and each is broader heads.

Moderator: Thank you. The next question is from Ritesh Shah from Investec. Please go ahead.

Ritesh Shah: Couple of questions first is you indicated a sale of 115, 117 crores for the quarter pertaining to AAC blocks, RMC everything else, did I hear the number right?

Management: Yes correct.

Ritesh Shah: Sir, can you give the same number for Q2 and Q3 of last year please and the corresponding margins?

Management: So, we can give you Q2 as well. So, incidentally almost same overall 160 crore only, RMC was 52 crore in this quarter the quarter which has ended 116 crore margin 5% last quarter was 10% as against current quarter.

Ritesh Shah: Sir I could not hear you sir sorry.

Management: 116 is the current value-added products, which was the same as in the preceding quarter. Margin has improved from 5% in the second quarter to 7% third quarter in the value-added products.

Ritesh Shah: And sir last year numbers?

Management: 99 crores in the preceding quarter the margin of 3%.

Ritesh Shah: Sir if we have to look at the cement business would it be fair to step down this number and then look at it?

Management: Yes that will be the correct way.

Ritesh Shah: Sir my second question is the reported numbers what we give for cement sales and volumes I think last year in Q2 or Q3 you had indicated that there was an element of double counting which we had and then basically rectified, so I just wanted to check the reported number that we have for cement and clinker volumes, if you could just help us understand whether it is only for JK Lakshmi or it also includes UCW and if you could please bifurcate it for cement and clinker for JK Lakshmi and UCW separately for this year and last year Q3?

Management: Q3 this year on JK Lakshmi standalone basis we had cement sale of 24.22 and clinker sale of 1.82 that makes it full of 26.04 and UCWL they did not sell any clinker.

Ritesh Shah: Yes sir your voice was breaking sorry I could not get you said UCW after that I lost you sir.

Management: UCWL was 4.48 and they did not have any clinker so that was their total sales and on a consolidated basis eliminating the inter unit sale total cement sale is 26.96, clinker sale only for JK Lakshmi 1.82 so total is on a consol basis 28.78.

Ritesh Shah: And same numbers for last year?

Management: Last year the same number JK Lakshmi was 20.96, cement 0.33, clinker total 23.29 and UCWL 4.47, cement 0.37, clinker was 4.84 and consolidated basis excluding the enter unit cement was 23.44 and clinker 2.7 total is 26. On cement there is a 60 on a consol basis there is a 16% increase and overall, 10%.

Ritesh Shah: Sir if it is possible if you could please those in the press release from the next year onwards it would help us understand and appreciate the numbers better so that was one request and sir last question how should one look at the limestone lease expiries I understand we have multiple Auctionality also on the table, how should we look at that?

Management: For limestone I think except Sirohi which is due in the year 2030 I think rest everywhere I think we are secured in terms of limestone mining leases that is good enough for couple of decades, but in case of Sirohi I think that is going to be renewed in the year 2030 and we are hopeful that we will be able to do that because this entire industry is going to face this issue during that time probably I think that is not going to be a big issue rest all other places I think we are secured in terms of which we have in terms of years we have in our hand.

Ritesh Shah: Is there any risk mitigation strategy if at all the Sirohi is come to us in 2030 or if the premiums are very high, what is the plan B that is what I want to understand?

Management: Udaipur is nearby then we do have limestone they are with us that could be one fallback option for us and probably I think by that time Nagaur also will be ready in case of extreme eventuality that can also happen, but that is something which is yes as an optional, but I think we are confident of getting it renewed in the year 2030.

Ritesh Shah: And on the growth auctionality we have a couple of limestone leases which we have recently won on auction can you please detail how and when will we exercise those auctionality that we already have?

Management: So, currently we are working on Nagaur that is what the first priority for us is which is situated in North part of Rajasthan all those preliminary activities in terms of mining and approvals, waste of land and things like that is already on the way that is going to be the top most priority for us, but before that Durg can come because we do not have railway siding, we are trying to have railway siding very quickly maybe in the next one and half years' time that happens then probably I think Durg will come before Nagaur. So, we have three locations positions with us Durg in East, Nagaur in Rajasthan and Kutch in Gujarat. We are at about 15 million ton as of today then half million ton we will be having by March in terms of cement, clinker we are going to have even before at max 18 and these three locations we will be putting up another 12 million ton put together. Our plan is to go to 30 million ton by 2030. Now the order and priorities will depend on how we are progressing at Nagaur and at Durg in terms of railways. If railway siding comes first then Durg is going to be the priority, if Nagaur progresses very well then that is going to be ahead of those. So, this is what the plan is followed by Kutch.

Ritesh Shah: And when are we likely to decide on this incremental capital allocation decisions?

Management: For that capital allocation decision will come somewhere in the next financial year and what is happening to our external approval.

Ritesh Shah: And sir if I may squeeze one question are we looking to collapse JK Lakshmi and UCW structure, any timelines I think there was a tax angle have we exhausted that?

Management: Tax angle still continues we have been mentioning it to peers, but that got entitlement of about 150 crores its not a tax efficient merger if we do it now, but ultimately it will happen and we exhaust that Mat credit entitlement. Our plan is very much there, but without merger on paper all synergy benefits in any case we are driving today also in terms of marketing of top management. So, apart from this collapsing of this having a common cash flow size valuation obviously will get factored in, but otherwise this will be synergical.

Ritesh Shah: Sorry to interrupt we just lost you in the last minute.

Management: So, I am saying most of the synergical benefits in any case are being driven now also without paper merger.

Moderator: Thank you. Next question is from Kamlesh Bagmar from Lotus Asset Managers. Please go ahead.

Kamlesh Bagmar: One question on the part of like say last concall we had told that by the month of like say January we would be more clear about how much price gap we have narrowed down with a peer, so any update on that part?

Management: I think we did ease our price gap with others, for instance, I think Western and Eastern part of India we have reduced this quite significantly I would say I think where we wanted to actually position ourselves that I think progress is there. I would not say that we have accomplish it, but I think there we have done quite a bit. In the North I think we need to opt on that further. The progress in case of North has not been that great. In the West and East yes, we have picked.

Kamlesh Bagmar: Like is it more of an issue with regard to the leakage of volume from nontrade to trade I think that even if we see today the prices the gap is massive like Rs. 30, Rs. 35 gap with a top players and it is not like your gap with Shree is there or the second run or third tier companies it is majorly with the top players and those gap would remain, so why are we harping so much on the price gap side and there could be some issues on the cost price because the realizations in the case of Shree or any other players are at the similar levels, but they are much more competitive on the cost side I do appreciate that we have worked a lot on the cost side be it waste heat recovery or the solar or renewable energy, where is the issue on the margin front not on the price front, but on the margin front?

Management: I think lot of price is one part and major part I agree with you and in terms of trade, nontrade I think we have quite a robust way of checking all those in. So, I am talking of the recent past I think we have really improved quite a bit on that Intermingling of trade and nontrade I think I am reasonably confident that is not happening in our end. I am not talking what they are doing. So, in the given state or given zone also there are corporate where your brand is more strong or less strong that also determines the price gap, but we do have a roadmap as to where we want to reach in terms of the benchmark brand which we fixed for ourselves. So, discipline part I think we have already worked so I think I do not see much of an issue more so with the technology in place I think nothing of that sort can happen. I would not say 100% sure about it, but I am reasonably confident maybe to the extent of 90% that is not happening in case of our case trade, nontrade or backend loading and things like that. It is more to do with kind of elevating our brand proposition and brand value itself which is a long term debt and when I was discussing with all of you maybe perhaps last call also brand positioning that takes little bit longer time. So, this is not something which is going to give you benefit right away. So, I think yes there also we are doing quite a bit in terms of improving our brand salience, but I think our much more focus is on those initiative which is some kind of low hanging fruit which we can pluck right away. So, we have prioritize our initiative and parallel is also of course brand building, brand salience improvement and things like that.

Kamlesh Bagmar: So, honestly like say if you take your Gujarat market it is a purely a nontrade market I really do not understand that how the brand is going to give you such a big push it maybe in the East market, but not in your core market like say Gujarat because over the last two, three quarters if we see our performance it has been fairly because of the low cost cones which you had the benefit, but as we move ahead like say even in this quarter the gap with all your peers which was in the last quarter by around Rs. 100, Rs. 125 now that has again like say widen to roughly around Rs. 250 honestly that has not really played out and even if we do the channel set no improvement has yet been witnessed on the pricing part?

Management: So, price I think positioning part yes of course that is going to take time and you mentioned about Gujarat or West market I think the industry structure is that you know you have major projects out there even in case of leaders also nontrade portion is high, but if you see trade and nontrade gap in case of Gujarat is the least and that is what I think I was trying to explain one gentlemen who asked the question of trade, nontrade I explained that in geo mix. So, I think trade and nontrade gap is not that much and if you go to other market North gap is very high. So, I think we do have priority I think price positioning is not going to really being done immediately that is going to take some time, but what we can do is all those levers and matrices which we can work and probably I think our direction is all right I think you mentioned about two, three quarters I think if you look at our gap with the leaders have been the highest, if you look at 9 months EBITDA per ton of the leaders and ours I think drop in case of or that gap which we had with them was much higher before. This year I think we have reduced this quite significantly I think perhaps we need to really at that and as you miss that you look at that how much EBITDA we have kind of their EBITDA has declined or reduced and our have declined.

I think that will give you fair bit of idea that something has happened that is what is seeing us the result.

Kamlesh Bagmar: Thanks a lot and lastly one suggestion which has been the common suggestion that do give about volumes in your press release, your press release just statement of the revenue, EBITDA, PBT and PAT there is no statement about the volumes. Every Company even like say half of your size gives the volumes in their press release I do not understand like say for the last 10 quarters, 12 quarters this would have been the common suggestion which has been made on this forum why that is not getting implemented every time we have put up the messages or the SMS to get the volumes?

Management: We will see if it is feasible we will do.

Moderator: Thank you. The next question is from Uttam K Srimal from Axis Securities. Please go ahead.

Uttam K Srimal: Sir my question relates to your grinding unit so how that is shaping up and what kind of volume we are expecting in FY23 and FY24?

Management: So, we are averaging close to between 25,000 to 30,000 because we commission this project during July and August during this monsoon time. How volume have started picking up probably this month onward or maybe this quarter I think we will see average volume of about more than 50,000 tons. In the previous quarter we have about close to 30,000 tons that improvement we see this.

Uttam K Srimal: So, 50,000 per month?

Management: Yes per month.

Uttam K Srimal: And sir this other expenses in this quarter has been very high, so what has been the reason for that and will this run rate will continue in the fourth quarter also?

Management: Second quarter we had some lower expenditure on advertisement this will be the normative one.

Uttam K Srimal: This will remain in fourth quarter also?

Management: Yes.

Uttam K Srimal: How has been rail road mix during this quarter?

Management: Rail is very insignificant in our case about 10% only.

Moderator: Thank you. The next question is from Ronald Siyoni from ShareKhan Limited. Please go ahead.

Ronald Siyoni: What are the repeat Quarter 3 FY22 numbers last year same quarter if you can please repeat volume number?

Management: Last year.

Ronald Siyoni: Yes last year.

Management: Last year we had JK Lakshmi total volume of 20.96 cement and clinker **(Inaudible) 53:33** UCWL was 4.47, cement and **(Inaudible) 53:40** and clinker total was 2.84 and on a consol basis that on the net off unit consolidated 23.44 that was cement, clinker 2.7 total is 26.14.

Ronald Siyoni: And you said JKL standalone was 20.96 and 0.33 clinker?

Management: 2.33 clinker total was 23.21.

Ronald Siyoni: And second thing was that the capacity expansion which you spoke about so you had said 15 million ton and thereafter you would be adding around 0.5 or 1.5 till March so that part I could not get 30 million ton was by 2030, but in between what is the expansion plan of the Company?

Management: So, 2.5 by March 2024 that UCWL expansion.

Moderator: Thank you. The next question is from Keshav Lahoti from HDFC Securities. Please go ahead.

Keshav Lahoti: Sir you mentioned in the call that premium sales is 11% overall is 25% of trade have I recorded correct?

Management: Right.

Keshav Lahoti: Because math is not working you said that trade is around 54% and premium is total 11% and out of trade it should be 20% only which is your consistent trend of 20%, 21%?

Management: I think I just mentioned approximately and that does not include our operating volume. Any volume which I does not include trading volume as the outsource volume where from where we are seeing premium product. I put everything together and I mentioned it to you.

Keshav Lahoti: And sir how will the non-cement revenue margin will look like next year?

Management: I think it is going to be about 7%, 8% kind of thing.

Keshav Lahoti: This 300 per ton internal lever which you are talking about so by when should we achieve this to be fully achieved?

Management: Can you repeat your question please.

Keshav Lahoti: This 300 per ton internal lever which you are talking about improvement in EBITDA by when this will be achieved?

Management: 18 months to 24 months I think you can take that.

Keshav Lahoti: One last question from my side so your fuel cost is not expected to cool off in Q4, is it like you have a very high cost inventory already, what sort of inventory you are carrying?

Management: You are right we have this same cost inventory. So, we will be having the same fuel cost in the coming quarter. It will start tapering down from April onwards.

Moderator: Thank you. The next question is from Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Sir just wanted to clarify as your voice was breaking in between couple of times Rs. 300 internal levers you said if you can break it up 200 50-50 again if you repeat what you mentioned?

Management: Yes 200 50-50 approximately you can take 200 top line and 50 manufacturing and supply chain.

Shravan Shah: Sorry 200 from top line.

Management: Yes.

Shravan Shah: 50 from manufacturing and 50 from?

Management: Supply chain logistic out bound logistics.

Moderator: Thank you. Next question is from Rajesh Kumar Ravi from HDFC Securities. Please go ahead.

Rajesh Kumar Ravi: My question is could you give the clinker production consolidated for Q3 and 9 months and second is 30 million ton by 30 which is incremental 12 million ton capacity, what is the CAPEX number you are factoring in for those 12 million ton?

Management: Consolidated clinker production in this quarter was 21.86 which includes 18.51 of JK Lakshmi and 3.35.

Moderator: Thank you. Ladies and gentlemen due to time constraint that would be a last question for today. I now hand the conference back to Vaibhav Agarwal from PhillipCapital (India) Private Limited for closing comments. Over to you, Sir.

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

Management: Thank you Mr. Vaibhav and thank you everyone.

Moderator: Thank you very much. Ladies and gentlemen on behalf of PhillipCapital (India) Private Limited that concludes this conference. Thank you all for joining us and you may now disconnect your lines.