JK LAKSHMI CEMENT Ltd.

JKLC:SECTL:SE:22
19th May 2022

1	**BSE Limited** Department of Corporate Services Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001 **Security Code No. 500380** **Through: BSE Listing Center**	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 19th May 2022 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: MFG0220220519141075

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

Yours faithfully,
For JK Lakshmi Cement Limited

(B.K. Daga)
Sr. Vice President &
Company Secretary

Admin Office: Nehru house, 4, Bahadur Shah Zafar Marg, New Delhi-110 002: Phone: 66001142 / 66001112; Fax: 91-011-23722251/ 23722021;
E-mail; jklc.customercare@jkmail.com; Website: www.jklaksmi.com, CIN: L4999RJ1938PLC019511
Regd. & Works Office: Jaykaypuram, Dist. Sirohi, Rajasthan; Phone: 02971-244409/ 244410; Fax: 02971-244417; E-mail: lakshmi_cement@lc.jkmail.com
Secretarial Deptt: Gulab Bhawan (Rear Wing) 3rd Floor, 6A Bahadur Shah Zafar Marg, New Delhi-110002;
Phone: 68201860, 66001142, 66001112; Fax; 91-11- 23739475, E-mail: bkdaga@jkmail.com

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20th May 2022

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Dalal Street
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In continuation of our letters on the above subject, attached herewith the transcript/minutes of the aforesaid conference call, This is for your information and record.

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For JK Lakshmi Cement Limited

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E-mail; jklc.customercare@jkmail.com; Website: www.jklaksmi.com, CIN: L4999RJ1938PLC019511
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"JK Lakshmi Cement Limited Q4 FY22 Earnings Conference Call hosted by PhillipCapital (India) Private Limited"

May 19, 2022

MANAGEMENT:	**MR. SUDHIR BIDKAR – CFO OF JK LAKSHMI CEMENT** **DR. SHAILENDRA CHOUKSEY – WHOLE TIME DIRECTOR, JK LAKSHMI CEMENT**
MODERATOR:	**MR. VAIBHAV AGARWAL – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and Gentlemen, Good day and welcome to the Q4 FY22 & FY22 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 '*' and then '0' on your touchtone telephone. 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, Sir.

Vaibhav Agarwal: Thank you Inba. On behalf of PhillipCapital (India) Private Limited we welcome you to the Q4 FY22 & FY22 Call of Lakshmi Cement.

I need to highlight that Lakshmi Cement Limited is also the holding company of Udaipur Cement Works Limited and therefore the call is also opened for discussion about the performance of Udaipur Cement Works.

On the call, we have with us Mr. Sudhir Bidkar – CFO of JK Lakshmi Cement and Dr. Shailendra Chouksey – Whole Time Director he is expected to be joined the call very shortly.

I would like to mention on behalf of JK Cement Limited and its Management that certain statements that may be made or discussed on the conference call maybe forward-looking statements related to future developments and current performance. The statements are subject to number of risks, uncertainties and another important factors which may cause the actual developments to differ materially from the statements made. JK Lakshmi Cement Limited and the management of the company assumes no obligation to update or 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 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 ladies for this Q4 concall of JK Lakshmi. Results you would have all seen so without any waste of time let us I am leaving the floor open for question and answers.

Moderator: Ladies and gentlemen we will now begin the question-and-answer session. We will take the first question from the line of Shravan Shah from Dolat Capital Markets. Please go ahead.

Shravan Shah: Sir first question obviously the normal question is on the costing front so we have seen improvement on the power and fuel cost and other expenses so if you can help me because last time when we had a call we said that in terms of the power and fuel cost for us for Q3 was 9,500 per ton and we were expecting a 10,000 for this quarter and Rs. 80, and Rs. 85 kind of an increase, but actually it has decline on QoQ front, so if you can help us what was the cause and why it has decline and how do you see the first, second quarters in terms of power and fuel cost?

Management: As far as the power and fuel cost is concerned the first thing is that the full benefit of the waste heat recovery project of 10 megawatt which was setup and installed at Sirohi that has come in that is number one that has helped us to reduce the cost as far as power and fuel is concerned. Other than that, obviously the change in the mix has benefitted us basically and we have started using more of the alternate fuel basically this about 14% now we have been able to use as against 10%. Other than that, the full impact of the increase inventory cost will come in the coming quarter obviously.

Shravan Shah: In terms of the cost live also for this quarter per ton power and fuel consumption cost was how much and what is now and how much increase we are expecting now in this quarter at least?

Management: That will be basically because of the higher cost inventory which will now get utilized in the current quarter and the full benefit of the waste heat recovery was already there, some efficiency improvement impact will also help us to offset that, but still there will be we expect that to be there.

Shravan Shah: Any number in terms of how much increase we can expect in the first quarter?

Management: Would be anywhere now the last time we were able to clock it at around 9,000 that was the average cost of the fuel which was debited that time. It will be at least 7%, 8% higher than that.

Shravan Shah: And in terms of the other expenses is there any one off or anything that you want to highlight or this run rate because all other PP bags and all the cost should be higher on QoQ, but our cost, other expenses has declined sizably, so if you want to highlight anything?

Management: That is you are talking of the decrease in cost on QoQ basis or what?

Shravan Shah: QoQ from 168 crores 149 crore other expenses on consoled basis I am talking from 168 crore to 149 crore?

Management: We should discuss on it separately for each company rather than on a consolidated basis. Other expenses they have basically come down on account of the lower fixed cost and lower advertisement cost.

Shravan Shah: Sir now couple of data point sir in terms of the trade mix, trade, nontrade, lead distance, road rail mix and fuel mix for this quarter?

Management: Fuel mix we had done as I mentioned we have done about in this quarter about 30% of coal, 56 is the petcoke and other biomass etcetera about 8. As far as the trade is concerned we have done 56 in this quarter over for 55% and trade percentage is 55 and lead distance 395.

Shravan Shah: And rail road mix?

Management: We do not have any this thing railway facility in East as of now.

Shravan Shah: And for North?

Management: We will come back on that.

Shravan Shah: And in terms of sir have we finalized in terms of the right issue for funding the expansion, so I heard Chouksey interview on the channel, so I hope nothing changes in terms of the costing front whatever we mentioned last time 1,650 crore so just wanted because last time we talk about that we will discuss the right issue?

Management: Right issue has been **(Inaudible) 08:16** and the board meeting held on 17th and the project **(Inaudible)** 16th.

Moderator: Thank you. We will take our next question from the line of Pinakin Parekh JP Morgan. Please go ahead.

Pinakin Parekh: Sir my first question relates to realization in prices now there has been lot of talk about price increases, can you give us a sense of what is the price today versus the March quarter average in your key markets?

Management: We have seen some increase in the month of April by about Rs. 25 to Rs. 30 a bag that varies from market-to-market, but on an average you can say about 25 to 30 is there in the market in the North. As on the East is concerned we have seen an increase of about Rs. 15 to Rs. 20 a bag.

Pinakin Parekh: And sir this 25 to 30 in the North taken in the month of April has it been fully absorbed into May, what is the sense of demand because year-on-year demand comparison may not be valid because of last year delta wave, but how is demand trending at this point of time especially government project because they work on a fixed price basis?

Management: Normally April we have slightly reduced demand I am answering your second question first in April the demand goes down because of the harvesting. This year the impact continued till almost first week of May because the delayed return of the labor from their native places and demand was also impacted in one of our major market in because of the aggregate supply side which now has been called off. So, I am expecting now the demand to pick up which was delayed by about 15 days in the month of May that should pick up and immediate supply that will be resumed and also the high temperature this year relative to the earlier summer that also affected some of the markets in Haryana and UP, but gradually we are hoping that this thing will subside and demand will pick up because we still have two and half months to go before the monsoon start impacting the North. Comparatively the demand has been good in East and it will continue to be so I hope so by till end of June when the rains high there slightly earlier. On about your first question on the pricing the price increase did not materialize from 1st of April, but on varying days in different market in the North, but one can say that from around 7th, 8th of April we have been able to get the price increase they have sustained so far because obviously everybody is under great compulsion to offset the increase in the cost of the inputs.

Pinakin Parekh: And sir my last question essentially is that if you were to take today's coal prices, today pet coke prices basically the prevailing spot prices of various commodities which given that we are in May and we will be flow through in the September quarter in your P&L, sir how much percentage increase would the power and fuel cost on a per ton basis be what you reported in the March quarter?

Management: There would be at least 25% increase.

Pinakin Parekh: So, around Rs. 250 a ton?

Management: It will on a current price, current prices are almost touching 400.

Moderator: Thank you. Our next question is from the line of Keshav Lahoti from HDFC Securities. Please go ahead.

Keshav Lahoti: Sir few basic numbers about sales volume standalone, consol and clinkers?

Management: Sales volume in this quarter were on a standalone basis 31.44 lakh ton of total which includes 29.16 of cement and 2.28 of clinker and on a consolidated basis it is 30.84 cement, 2.11 clinker and 32.91 of cement total.

Keshav Lahoti: And sir what about production number of standalone and consol UCWL?

Management: Consolidated production while is only submission only because production does not get offset. So, JK. Lakshmi production quarter was 26.19 cement and UCWL production was at 4.21.

Keshav Lahoti: What is the non-cement revenue in this quarter out of that how much is RMC?

Management: This quarter the total non-cement revenues of our 103 crores out of which RMC was 48 crores.

Keshav Lahoti: And lastly any change in timeline or something on UCWL expansion front or it remains as it is how it was in last call?

Management: Yes we expect to get it commission by March of 24.

Keshav Lahoti: And what was the renewal power share in the total renewal power share for FY22 on this quarter?

Management: Renewal power share is close to about 40% for us in this quarter.

Moderator: Thank you. Our next question is from the line of Sanjay Nandi from Ratnabali Investments. Please go ahead.

Sanjay Nandi: Just correct me if I am wrong like we have already taken a price hike of Rs. 25 per bag which means like Rs. 500 per ton increase has happened, so is it fine enough to offset the cost that has increased from March quarter?

Management: No, not exactly, it may not be good enough because besides the fuel cost there has also been an increase in the costing of freight this too has moved up by about 10%. So, I think there is a need to compensate that as well. Therefore, we are looking at further increases, but much will depend when the demand really sustain in a meaningful manner then only an increase would be possible.

Sanjay Nandi: Sir what kind of incremental hike is we need to take to offset that rise in the freight cost?

Management: Minimum of Rs. 50 a bag would be necessary for compensating to some extent.

Sanjay Nandi: Rs. 50 a bag?

Management: No 15.

Sanjay Nandi: So, you mean to say like Rs. 40 a bag will be fine enough to cover all the cost both the power and fuel as well as the freight cost?

Management: One also has to see whether the size one need the market ability to digest such increase because there has been all around increase in the cost of construction and the increase is beyond a point will affect the demand itself. It is a very fine calibration between the maintaining the demand as well as getting the minimum remunerative price.

Sanjay Nandi: So, sir what kind of EBITDA per ton can we expect for the full year of FY23 sir considering the situation the price will not absorbed in a full extent or something like that?

Management: They would be rather premature to do a guess work at this point of time when there are so many of uncertainties, but one would obviously try and look for bettering your previous figure.

Sanjay Nandi: Sir what is the debt figure as on the book as on this quarter both the standalone and consol basis?

Management: Standalone we have 960 crores of debt on a consolidated basis about 1,850 because they have raised UCWL has started raising money for the expansion projects. So, in the March quarter there is about 350 crores of NCB so that is the reason as to why debt has gone up.

Moderator: Thank you. We will take our next question from the line of Navin Sahadeo from Edelweiss. Please go ahead.

Navin Sahadeo: My question was more on the valuation upfront, of course performance is great in general the balance sheet has seen like material improvement now there is growth visibility, the ROE numbers looks fantastic and I am sure investors would also be eager to hear this that in your assessment what is the reason for JK Lakshmi Trading so materially cheap if I say versus other stalks especially North base or East also for that matter where there is enough growth?

Management: Basically, we do not see any reason as management we perceived we are undervalued. It is for the investors like you to analyze and let the market know that this is undervalued stock and as a potential for use of ton. I do not see any reason why it should be valued at such a low rate because it has huge potential only thing it is question of people keep asking about the question of Rs. 1,000 EBITDA per ton that eventually will come. We have done all the things right whatever efficiency improvements were required to be done we are already working on that other improvement will come in due course and will graduate that level. I hope that once we do that rerating will happen.

Navin Sahadeo: For the sake of repetition can you please mention what are the immediate efficiency enhancement measures like you recently did waste heat recovery 10 megawatt, so is there more such efficiency measure which we would like to highlight at this point in time?

Management: Other than the waste heat recovery we are also increasing some solar capacity at various plants and we have adequate land on that. Secondly, our continuous effort to reduce the logistic cost, improve the freight two more of direct dispatches increase blending levels all this will help us improve the logistic cost and thereby reducing our freight and logistic cost that will further help us to improve because efficiency wise in terms of cost of production we are already one of the least cost producer. Last two years we have been working closely on improving our logistic cost. So, those things will start there in full benefits will start getting full benefits of those efforts which we have started pursing over the last couple of years and that should help us to graduate to this. This year we would have graduated to obviously Rs. 1,000 but for this fuel cost increase but going forward we definitely hope to do so. We also believe that there has been some concern on the working at East Chhattisgarh unit, but I think that too has improved now this year considerably twice the regime at Chhattisgarh has been quite low and that possibly could have been a reason, but I think that correction has taken place and that should also help, but I think more than that we would be keen to hear from investors like you what in your opinion needs to be done for correcting the ratings.

Navin Sahadeo: Just one question if I may the expansion which we are currently working on is at UCWL is there a possibility or rather a feasibility from a limestone availability perspective that we can have these expansions also at the standalone entity level going forward or there will be a challenge to that?

Management: We have capabilities in the limestone availability at both Serio as well as Durg to go for expansion.

Navin Sahadeo: So, if need be we can go for another clinker line there?

Management: Yes either at Durg or at Serio they have capabilities are there or also the resources are there.

Moderator: Thank you. Our next question is from the line of Sandip Bansal from ASK Investment Managers. Please go ahead.

Sandip Bansal: Firstly, I wanted to understand on the cost side, there has been reduction in employee cost, so is this purely because of volume or is there is other element to it as well?

Management: Sorry come again can you repeat your question.

Sandip Bansal: Sir the per ton employee cost has also gone down, so is this only because of higher volumes or there is some element as well?

Management: It is because of the higher volumes.

Sandip Bansal: That is the only thing there is nothing else?

Management: Yes nothing else.

Sandip Bansal: And sir on the other expenses you said that there were lower advertisement cost and efficiencies in fixed cost, so what was the nature of that efficiencies if you can spell out?

Management: Lower fixed cost was basically as I mentioned for two reasons one was the lower advertisement cost and other fixed cost being the other expenses primarily last year we had done this IPL this year we did not do IPL so that is one cost which has come down, but overall advertisement cost to another cost has come down overhead cost.

Sandip Bansal: Sir these changes in overhead cost are they sustainable in nature or was it more like one time?

Management: We believe that those are sustainable.

Sandip Bansal: And sir just the last question on power and fuel cost sorry I got confused to one answer you said that the power and fuel cost should increase by 7% to 8% this quarter and on another question you said that it would increase by 25%. So, 25% was more factoring in the current coal cost?

Management: Yes current coal cost that question was to in response to our entire P&L was to be charged with current cost of procurement of coal and 7%, 8% was on a sequential basis based on what is likely to be there in the first quarter.

Sandip Bansal: So, in the last quarter we would have actually benefitted from lower cost coal inventory?

Management: Right.

Sandip Bansal: Sir if you can also maybe just restate the fuel mix for the last quarter?

Management: That was about 30% was the coal 56 was petcoke and 14 was other alternative biomass.

Sandip Bansal: And sir last quarter this petcoke mix would have been far lower?

Management: Petcoke was 16 biomass was lower in fact that is the reason 10% it was against 14% to this quarter.

Sandip Bansal: So, we would have benefitted also because of that?

Management: Yes you are right.

Moderator: Thank you. Our next question is from the line of Uttam Srimal from Axis Securities. Please go ahead.

Uttam Srimal: Sir my question pertains to our capacity utilization so on a standalone basis we are already at 90% capacity utilization, so how do you want to grow the volume so any volume guidance for FY23?

Management: We can further increase the capacity utilizations and improve the blending that can always go up. So, that will help us to the volume.

Uttam Srimal: Sir what has been blending ratio this quarter?

Management: Blending we did about 55% blended.

Uttam Srimal: Sir with regard to value added products so what kind of traction you are seeing in value added products or what could be your guidance for this year?

Management: As far as value added products are concerned and this full year we did about total value of about 373 crores. So, we would see some improvement therein maybe 8% to 10% value growth.

Uttam Srimal: And now last question was on premium cement so how has been the sale of premium cement out of trade mix?

Management: We are doing over 25% of our trade sales in the premium segment.

Uttam Srimal: So, it has increased from last quarter or it has remained the same?

Management: That is always keeps improving only.

Moderator: Thank you. Our next question is from the line of Kamlesh Bhagmar from Prabhudas Lilladher. Please go ahead.

Kamlesh Bhagmar: One question on the part of MAT credit so how much is the balance left as on FY21 and FY22?

Management: FY22 we have a balance of about Rs. 260 crores left.

Kamlesh Bhagmar: And how much we have consumed in this year?

Management: We would have consumed about Rs. 44 crores.

Kamlesh Bhagmar: And sir on the part of this expansion project so like is it 1,550 or 1,650 HAM what is the CAPEX cost?

Management: 1,650 it is being funded throughout the debt equity of 2:1 Rs. 1,100 crores is the loan and 550 is the promoter contribution out of which they have announced the rights issue which maybe up to Rs. 450 crores.

Kamlesh Bhagmar: Given the cash flow which we are generating like say operating cash flow we would be having about Rs. 800 odd crores and this CAPEX would be spent over two and half years. So, let us say our net debt would have peaked out in this year or it would go further from the current level. I believe we have a net debt of roughly around 650 crores which is a down 20%-odd year-over-year?

Management: Net debt position basically will depend on how much we are borrowing going forward for this expansion and when you bring that borrowing. So, we expect the net debt which is presently on a standalone basis about almost negligible is there net debt. On a consolidated basis it will increase obviously because of this borrowing that we do for the expansion maybe maximum about Rs. 100 crores to Rs. 150 crores it will increase.

Kamlesh Bhagmar: On one question regarding this margins like say this quarter we have done margin upwards of Rs. 870 and we have took a price increase of at least like a Rs. 250 on net basis and even if I take 10% quarter-over-quarter increase even in fuel and the freight we would be easily able to maintain the margins quarter-over-quarter. No doubt there would be slower volumes quarter-over-quarter, but given the numbers we have suggested in the power and fuel cost we are saying hardly 7% to 8% increase would be there in power and fuel cost quarter-over-quarter, so why we are not seeing the margins getting improved or even getting maintained at these levels?

Management: We do not see any reason why it should not be maintained and we have endeavor to maintain it. There is no reason why it should be but depends on how much the price increase which you have taken sustains through the quarter.

Management: And the volumes that one is able to get was as I was mentioning earlier the demand was impacted in April and May also partly because of the aggregate strike in Gujarat and Gujarat is a big market for us of course it has now since resumed, but the volumes would probably be impacted for the quarter as a whole.

Kamlesh Bhagmar: Because lastly like can we provide the figures on kilocal basis let us say this quarter and last quarter Q3 and Q4 how much was the power and fuel cost per kilocal or 1,000 kilocal that is?

Management: I do not have figures right now I can separately provide offline.

Moderator: Thank you. Our next question is from the line of Rajesh Ravi from HDFC Securities. Please go ahead.

Rajesh Ravi: My question pertains to first again on the margins we see this sharp fall sequentially in the absolute employee cost and other expenses one explanation for other expenses you mentioned is reduction in advertisement cost, but the amount seems to be significantly lower so were there some big provisions which have been reversed in this quarter also if you look the other expenses as percentage of net sales historically last 7 quarters, 8 quarters have ranged between 12% to 13% thereby this quarter it has come down to almost 9% odd on a consol basis, so how do you read into these numbers?

Management: Actually, what happens when we do the quarterly accounting and at the start of the year we will make a budget of wages expansion and all the expenses shall not get booked on a quarterly basis. So, at times in the native provision in the respective quarter otherwise this all expenses were to be booked in the fourth quarter then obviously then those loading will come in the fourth quarter. At times it so happens that when we do a pro rata provisioning quarter wise in the year we find that actual expenses may in some cases be lower than the provision which we have made through the years. So, that is the reason I have obviously the total cannot exceed whatever we have actually incurred in the fourth quarter and for the year as a whole. So, obviously that adjustment gets done in the fourth quarter otherwise there is no reason as to why there should be some aberration, but we are working very hard on that reducing our overhead cost, reducing our other cost, be it advertisement or other cost so that we are working very hard on that so that is the reason.

Rajesh Ravi: Q3 versus Q4 how did your fuel cost which is Rs. 9,000 per ton in Q4 how did that number move between Q3 and Q4?

Management: Q4 it was 9,400 so because of this increase in our waste heat recovery, capacity generation and also increase in the other biomass consumption from 10% to 14% that has helped us to reduce the overall cost.

Rajesh Ravi: This 9,400 was how much in Q3 sir?

Management: 9,400 it was for Q3 9,000 in Q4.

Rajesh Ravi: From 9,400 it came down to 9,000 if I am not confused is it right?

Management: Right.

Rajesh Ravi: And sir few more questions in terms of the electricity and green fuel. Green fuel this biomass it has increased from 10% to 14% is that understanding right and is that a sustainable number for you or it can grow further from here on?

Management: This should be sustainable, but at times in monsoon there maybe some issues second quarters blips may be there, but otherwise it should be sustainable.

Rajesh Ravi: And sir the per kilocal costing would be much cheaper compared to normal fuel mix?

Management: Yes you are right.

Rajesh Ravi: Less than Rs. 1 is that a fair understanding?

Management: That I do not have I need to check it out and confirm.

Rajesh Ravi: And sir this blended cement mix at 55% any thought on increasing this to say 70% odd?

Management: In due course it will happen the question which was asked the capacity at clinker level is fully utilized how are we further increase the volume so that will come through the improvement in blending only. So, there is ample of scope further without clinkerization, increasing capacity we can increase the cement volume ample of scope.

Rajesh Ravi: And two last question clinker production has both the unit Udaipur and JK Lakshmi and will the CAPEX for the Udaipur will be split equally between next two years?

Management: CAPEX as far is concerned you are right broadly it should be around that levels and maybe 1,650 maybe 700 in the first year, 900 in the second year that could be and cement production is 26.19 for JK Lakshmi 4.21 for UCWL.

Rajesh Ravi: Clinker sir?

Management: Clinker is 17.35 for JK Lakshmi and 3.3 for UCWL.

Rajesh Ravi: Sir consol net debt number which is at 650 crore on a consolidated basis given that you will be borrowing 1,100 over next two years what would be the net debt level that you are looking at peak net debt end of FY24 sort of number?

Management: Out of this 1,100 crore we have already done a borrowing of 350 crores in UCWL. So, wanting to say the balance is about 750 or so then in next two years the repayment plus the generation should not see any major dramatic improvement in net debt on a consol basis.

Rajesh Ravi: So, you expect the net debt on a consol basis to remain under 1,000 crore?

Management: Yes for sure.

Moderator: Thank you. Our next question is from the line of Rushabh Shah from Anubhuti Advisors. Please go ahead.

Rushabh Shah: First question out of the total CAPEX guidance of 1,650 crores what are we targeting for the current financial year?

Management: About 700 crores.

Rushabh Shah: That will be at the consol number?

Management: You are talking of 1,650 that is an expansion project of UCWL.

Rushabh Shah: And for standalone?

Management: In response to that I am saying that out of that about 700 will get spent in the current financial year. In JK Lakshmi we are not doing any major CAPEX. So, only normative CAPEX of about 70 crores, 80 crores would be there.

Rushabh Shah: In all it can be around 780 to 800 crores of numbers?

Management: Depending on the progress of the project around 800 crore should be there.

Rushabh Shah: With respect to our current cash and borrowing level if I can combine the current investments and cash balance that roughly comes up to 1,200 crores and versus that our debt levels are at roughly gross debt is at 1,850 crores, I just wanted to understand why is the cash levels at so elevated levels and the books will this be completely use for the CAPEX part?

Management: Cash levels are at elevated level at the yearend for two reasons one we raised an NCD of 350 crores on 16th of March the 16th of March till 31st of March in UCWL whatever could be utilization balance is appearing in their bank balance almost 300 crores plus. Similarly in JK Lakshmi there is an ECB of about 10 million in last week of March so about that amount is about 75, 80 crores was there in the cash and bank balance, but it will get utilized in the project for which the money has been raised other than that the balance cash balance is a normative cash balance which the company carries and in the current year in JK Lakshmi we may use in the rights issue for subscribing our share in the rights issue of UCWL so that will further get used apart from further addition in through the yearly cash generation in JK Lakshmi.

Moderator: Thank you. Our next question is from the line of Indrajit Agarwal. Please go ahead.

Indrajit Agarwal: I have two questions first after the 10-megawatt capacity expansion of WHRS that we have done how much further scope we have to expand on WHRS and what is the pipeline we have right now?

Management: Frankly we do not have much scope now on further addition in the waste heat capacity. We have reached the 33-megawatt waste heat recovery which is 25 at the mother plant in Serio and about 8 in Durg. As of now we do not see any further addition, but some technical improvement can always increase the capacity by 1 or 2 megawatt. There may not be any quantum increase like we have done this time. So, there may not be opportunity there in, some technical innovation improvement can always help us to increase the 33 capacity to 35, 37 like that.

Indrajit Agarwal: But the new capacity expansion that we are doing it will be waste heat recovery?

Management: At Udaipur obviously with the new capacity escalation new kiln will have a new waste heat recovery of about 7-megawatt, 8 megawatt that is in Udaipur.

Indrajit Agarwal: And initially you talked about demand in April and May and how the material cost across not the cement other materials is impacting demand, so if you can give some more color on how April demand has been I mean YoY comparison may not be the best indicator, but say from two, three years let us say April 19 which would be more cleaner year, would we see a growth in April 22 over April 19 for the industry and how do you see May planning out so far?

Management: It has been more or less at the same level as April 19 and as I was telling you that part of the region could be East was better definitely better about 7% to 8% compared to April 19, but in March, it remained more or less at the same level and Gujarat has actually got impacted because of the strike. So, again in one of region and one would expect that growth should now be visible in May and June.

Moderator: Thank you. Our next question is from the line of Dharmesh Shah from Emkay Global. Please go ahead.

Dharmesh Shah: Sir just I have a question from the sales mix, is it possible to provide the sales breakup between the North and East region?

Management: No we do not provide that sorry.

Dharmesh Shah: Can you get an idea on how much will be the head wise figure for the Q4 FY22 and last year figure?

Management: Head wise expenses we do not share in the investor call.

Dharmesh Shah: And sir is this the correct understanding that in the Q3 because of the strike we have build up some inventory and that inventory has also benefitted in this quarter?

Management: Yes there was a strike in the Eastern side Durg plant we have transport price which impacted. So, that impairment the production was also cut down and the strike was it is not only the dispatches. Some benefits are there, some carry forward inventory were there clinker stock so that helped us in the last quarter.

Management: Those level can be sustain if you are making your question from the point of view whether this will be sustained or not. No, this can be sustained for our production capacity.

Dharmesh Shah: I am just thinking because see our Q3 EBITDA per ton has actually impacted more than the industry and your supply in the Q4 that remained normalized for the H2 numbers than it is in the range of Rs. 750 per ton so I am just trying to get a sense that how much improvement we can see from the Rs. 750 or it will be broadly remain in this range?

Management: There will certainly be an improvement over last year based on various efficiencies drive which you have carried out and full impact of which will come in the coming year. Borrowing this uncertainties regarding the coal pricing, petcoke pricing and our ability to pass on the cost increase, but otherwise other thing remains in the same it should improve.

Moderator: Thank you. We will take our next question from the line of Ronald Siyoni from Sharekhan. Please go ahead.

Ronald Siyoni: I had one question regarding 1,650 crore expansion like as you said 350 crores borrowing done by UCWL, so how much debt we are going to borrow with respect to this expansion and apart from right issue subscription what would be advances or funding requirement to be given to UCWL from standalone basis?

Management: As far as UCWL is concerned this total expansion of Rs. 1,650 crores is being funded through a debt of Rs. 1,100 crore out of which 350 was borrowed in March balance will come in the current and next year the balance 750 so that will be the 350 plus 750 we will make it Rs. 1,100 crores. As regards the promoters contribution of Rs. 550 crores about Rs, 100 crores to Rs. 150 crores will come from their internal accruals and balance 400 to 450 would be the rights issue and our subscription will be pro rata in the rights issue depending on who we hope that it will subscribe fully to their share of 25% so balance to 75% will come from the parent company JK Lakshmi. So, that will complete the entire funding of UCWL expansion.

Ronald Siyoni: As an additional Rs. 750 crore would be raised at UCWL level alone?

Management: The expansion is at there so obviously there is no reason why it should be raised in JK Lakshmi. There will not be any additional fund raising for this expansion in JK Lakshmi not even a penny.

Moderator: Thank you. Our next question is from the line of Navin Sahadeo from Edelweiss. Please go ahead.

Navin Sahadeo: Just one more question sir recently as in the same board meeting Arun Shukla ji has been elevated as a Director to the company, so just wanted to understand does it change any role for him, does he get more responsibilities in the active day-to-day management I believe he was looking at sales and marketing, so if you can just throw some light for his role in the day-to-day management?

Management: He was not only looking after sales and marketing he was looking after the entire operation as President of the company. So, right from the day he joined the way we have been talking that in the concall earlier also that he is basically the president of the company looking after both the operations as well as the marketing side so that is number one and yes you are right in the recent meeting he has been elevated to the level of President and Director. So, obviously his role will be wider as the President as well as the Director of the company.

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

Shravan Shah: So, just a two question first is the UCWL 1.5 MTPA which is the next grinding unit, so currently by October we will be having a 1 MTPA grinding at Udaipur and 1.5 where it will come in Rajasthan?

Management: This we should have talked earlier also now finally after a lot of consideration deliberation and due diligence of various places finally UCWL has decided to do the entire grinding capacity of 2.5 million at the mother plant itself. So, there will not be any split location grinding unit for UCWL. The entire Clinkerization of 1.5 million clinker and 2.5 million cement capacity will come. So, while there would be some saving in the project cost on emanating from the shifting of the grinding unit from a split location to the mother plant, but that based on their recent increase in the commodity prices we believe that we will be able to curtail overall project cost within the earlier announced 1,650. So, while there will be some saving on account of the shifting of this as I mentioned, spit location to the mother plant, but then that will be more than offset by the increase in the prices like steel, aluminum, copper, cement and all that. So, in spite of this commodity price increase we will not see any cost escalation in the project cost which continue to remain at 1,650.

Shravan Shah: So, out of this 2.5 MTPA grinding one MTPA we are targeting to start by October '23 and that remaining 1.5 by March '24?

Management: No, we are targeting the entire 2.5 by a single grinding unit will come up in March '24 itself both. Clinkerization may take about three months earlier can happen, but March '24 the entire 2.5 million grinding will come up.

Shravan Shah: Because previously we were thinking to start by October so now maybe the clinker will come by December and the entire grinding by March '24?

Management: Yes. As of now that has not picked.

Shravan Shah: And just a last question in terms of the trade mix so I understand we want to increase the blending ratio and increase the trade share, but if I look at the last so many quarter it is in the same range of 53, 55 so this quarter 56 so anything specific and where we can increase and let us say any rough idea in terms of let us say from 56% to 60% on a yearly basis, is it possible by FY23 particularly is it in the North only or it can happen in East?

Management: East we are already at grinding level, but overall, it will increase by about at least 4%, 5% of the year that is our target.

Moderator: Thank you. Ladies and gentlemen due to time constraint we will be taking our last two questions. We will take the next question from the line of Kamlesh Bhagmar from Prabhudas Lilladher. Please go ahead.

Kamlesh Bhagmar: Would you please be able to quantify like how much was the IPL like that particular expense in the base quarter and were there BCG consultancy charging in the base quarter?

Management: There were some BCG consultancy, but head wise we do not provide these IPL charges how much are there, how much is this we do not share.

Kamlesh Bhagmar: But sir on a steady run rate basis how much could be the other expenses because like if we see to this year like on an average it has been roughly around like last year it was Rs. 500 prior to that it was around Rs. 370 and this quarter it has been much lower as compared to what it used to be and for the year as a whole like say it has been roughly about Rs. 550 per ton, but this quarter it was 400 only?

Management: 550 for the year is a right figure some escalation on account of the normative inflation will happen, but you can take 550 a year and divide by 4 to just the quarterly number plus some inflationary factors.

Kamlesh Bhagmar: And lastly sir on the power and fuel cost like no doubt the comparison is not feasible because on a per ton because of the mix change it would not be visible, but like on kilo calorie basis going forward let us say around 8% increase quarter-on-quarter?

Management: I do not have the figure on kilocalorie basis right now.

Kamlesh Bhagmar: Sir 7% to 8% looks very small because so would we seeing a larger impact in Q2 or how it would phase out that because the way petcoke prices have gone up and if you see Q4 year-over-year we are seeing hardly 40% year-over-year so wanted some clarity on that because waste heat recovery could have saved you earlier on Rs. 50 not more than that?

Management: Waste heat recovery that has helped us considering apart from the improvement in the efficiency, but the full impact out of cost increase as I mentioned will come in the coming quarters. Borrowing improvement in the further improvement if any possible through the biomass increases or the alternate fuel increases which is now already at 14%. Our endeavor is to further increase, but let us see how much it will happen that is the reason as to why it could be in the current quarter immediately 7%, 8% only, but if one were to see the full impact on the present procurement cost of the coke it could be as high as about Rs. 200 per ton plus.

Moderator: Thank you. We will take our next question from the line of Nishant Bagrecha from InCred Capital. Please go ahead.

Nishant Bagrecha: Quickly one question as you have shared the Q4 sales volume so could you share the clinker production number of the sales volume for FY22 on a consol and standalone basis this is the only question I have?

Management: Total sales volume were 105.77 lakh tons JKLC almost 96 lakh were cement and 9.78 clinker and on consol level it is 112 lakh tons, 101 cement and 11 clinker.

Moderator: Thank you. I now hand the floor back to Mr. Vaibhav Agarwal for closing comments. Over to you, Sir.

Vaibhav Agarwal: Thank you. Just one thing Bidkar Sir if you can also share the consol volume for the full year adjusted for the inter-company adjustment if you can give that number please?

Management: Yes that is adjusted that full value 112 is adjusted for the inter unit sales.

Vaibhav Agarwal: Thank you. On behalf of PhillipCapital (India) Private Limited we would like to thank the management JK Lakshmi Cement for the call and many thanks to the participants joining the call. Inba you may now close the call.

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

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