JKLC:SECTL:SE:21
21st May 2021

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 21st May 2021 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: MFG0220210521134162

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

Yours faithfully,
For JK Lakshmi Cement Limited

BRIJESH KUMAR DAGA

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

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Regd. & Works Office: Jaykaypuram, Dist. Sirohi, Rajasthan; Phone: 02971-244409/ 244410; Fax: 02971-244417; E-mail: lakshmi_cement@lc.jkmail.com
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"JK Cement Limited Q4 & FY2021 Earnings Conference Call"

May 21, 2021

MANAGEMENT: **DR. SHAILENDRA CHOUKSEY – WHOLE-TIME DIRECTOR, JK LAKSHMI CEMENT LIMITED**
MR. SUDHIR BIDKAR – CFO, JK LAKSHMI CEMENT LIMITED
C. K. BAGGA – JK LAKSHMI CEMENT LIMITED
MR. RAJESH SHARMA – JK LAKSHMI CEMENT LIMITED

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

Moderator: Ladies and gentlemen, good day, and welcome to the JK Lakshmi Cement Call for the Quarter and Year Ended 31 March 2021, hosted by PhillipCapital (India) Private Limited. As a remainder, 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 "*" 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. On behalf of PhillipCapital (India) Private Limited, we welcome you to the Q4 FY 2021 & FY 2021 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 the call is also open for discussion about the performance of Udaipur Cement Works Limited.

On the call we have with us Dr. Shailendra Chouksey – Whole-Time Director; and Mr. Sudhir Bidkar – CFO of JK Lakshmi Cement.

I would like to mention on behalf of the JK Lakshmi Cement and its management that certain of statements that may be made or discussed on the conference call maybe forward-looking statements related to future 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 statements made. JK Lakshmi Cement Limited and the management of the company are under 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 the manager of JK Lakshmi Cement for their opening remarks, which will be followed by Q&A. Thank you and over to you, sir.

Management: Thank you, Mr. Vaibhav. And good afternoon, ladies and gentlemen. This is Sudhir Bidkar along with our Whole-Time Director – Mr. Chouksey, and my colleague, Mr. Bagga and Rajesh, welcome you to Q4 quarterly conference call. You would have all seen the results, nothing much to mention and we can use this time for more of question and answer. So, the floor is open for question and answers please.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Parthiv Shah from Trackon Stock Broking Private Limited. Please go ahead.

Parthiv Shah: Sir, I have just one question regarding one of your small subsidiaries, which is Udaipur Cement Works Limited. I was just trying to understand what are your plans for this company in terms of CAPEX, growing the capacity? And also, more importantly, I see it has a debt of around Rs. 500

crores, so going ahead, if at all there are more CAPEX plans in this company, do we plan to build some sort of ICD to it or how does it work? In the future do you plan to amalgamate Udaipur Cement in your parent company, is that the plan?

Management: Yes. This, Udaipur Cement Works Limited, presently has a capacity of 1.2 million tonnes of clinker and 1.6 million tonnes of cement. They are in the midst of completing a balancing project, which will get completed hopefully by the end of this quarter, which will take their capacity in clinker from 1.2 million tonnes to 1.5 million tonnes and cement capacity from 1.6 million tonnes to 2.2 million tonnes. This is a Rs. 60 crores project, which will be funded through a debt of Rs. 40 crores on their books directly, and Rs. 20 crores would be their own internal accruals. Going forward, they have already announced two quarters back that they are going in for an expansion project, which involves setting up of clinkerization additional line of 1.5 million tonnes and 2.5 million tonnes commensurate grinding capacity. This capital project will cost about Rs. 1,400 crores. There will be no ICD as such, it will be funded through a mix of debt and equity. We have not firmed up or announced any final means of financing for this project of Rs. 1,400 crores. But broadly, it will be around 2:1 or 2.3:1, 30% promoter's contribution and balance by loan. And the equity obviously will come not by way of ICD but by way of equity inclusion can happen from JK Lakshmi. And JK Lakshmi has sufficient liquidity, it will not be required to borrow money to induct equity into UCWl.

To answer your last question regarding amalgamation or merger of this company into the parent company. Right now, we don't have immediate plans, but ultimately it will happen. We don't want to define the timeline therefore. The basic reason there, why we are not merging upfront is the differential tax rate. JK Lakshmi, while you UCWLA is at the lower tax rate of 25%, JK Lakshmi still continues at the old regime of 35%. That is because of this MAT credit entitlement of about Rs. 250 crores sitting in their balance sheet. So, till the time that gets exhausted and then when JK Lakshmi also graduates to 25% tax rate, then both the companies are at the same tax slab, then that will be the fortunate time for merger.

Parthiv Shah: And sir, this Rs. 1,400 crores expansion that you have mentioned, in what timeframe that we can expect to commence?

Management: We are talking about three years' implementation schedule, maybe once this balancing project is over, that will be the zero debt for the new expansion project, maybe sometime next quarter.

Moderator: Thank you. The next question is from the line of Pratik Kumar from Antique Stock Broking. Please go ahead.

Pratik Kumar: Sir, congrats for great results. My question is on production and sales volume figures for consolidated and standalone numbers for fourth quarter and annual numbers.

Management: The production for this JK Lakshmi for this quarter was 17.24 lakh tonnes of clinker and 26.07 lakh tonnes of cement. And sales were 28.04 lakh tonnes for JK Lakshmi 1.1 lakh tonnes of clinker, so total was around 29.4 lakh tonnes. So, that is as far as JK Lakshmi. You also want consolidated for the year?

Pratik Kumar: Yes, consolidated volumes for the year and quarter.

Management: This consolidated number for this is, production is including UCWL, total clinker is 71.31 lakh tonnes, cement is 92.61 lakh tonnes; and sales is, cement 106.61 lakh tonnes of cement, including Udaipur, annual, and clinker is 12.6 lakh tonnes, so total is 19.25 lakh tonnes of cement and clinker. And it does include 14.75 lakh tonnes inter-unit sales, which has to be eliminated. So, on a net consolidated, if one way to eliminate the inter-unit transaction, the consolidated is 104.5 lakh tonnes.

Pratik Kumar: 104.5 lakh tonnes of total volume for JK Lakshmi in volumes?

Management: Yes, sales volumes. 98.89 plus 20.36, minus inter-unit of 14.75 gives you 104.50 lakh tonnes.

Pratik Kumar: And sir, what will be this for fourth quarter for consolidated number?

Management: For the quarter, consolidated number, Mr. Rajesh, can you give the figure for the quarter fourth quarter consolidated please? I have the annual one. You can come back in the queue, I will give you the answer subsequently.

Pratik Kumar: And sir, RMC revenue also.

Management: Sir, I am having the numbers for the fourth quarter. JKC sale was 29.04 lakh tonnes, and UCWL 581,000 tonnes, total is 34.85 lakh tonnes. And inter-unit which is to be eliminated, it is 4.48 lakh tonnes. And net is 30.87 lakh tonnes.

Management: Right. Thank you, Rajesh. And give the RMC revenue also, Rajesh, please.

Management: RMC revenue this quarter is Rs. 41 crores.

Moderator: Thank you. The next question is from the line of Amit Das from MountInfra Finance Limited. Please go ahead.

Amit Das: Thanks for the opportunity. Actually, my question has been answered.

Moderator: Thank you. The next question is from the line of Sanjay Nandi from Ratnabali Investment Private Limited. Please go ahead.

Sanjay Nandi: Sir, can you please just throw some light on the current scenario of demand and supply as on date we are standing? Like what has been in the grid from March quarter and what has been the scenario as of now, as we are talking about?

Management: In the month of April when the wave two started, there has been an impact on the volume, basically because we are locked down and the self-regulation that many of these trades associations in different states had imposed, as a result of May have seen an overall volume of around 70%, 72% for the industry as against the month of March. And we also followed the same trend more or less.

Sanjay Nandi: So, if I am not wrong, it's 30% kind of volume drop happened from the exit of March quarter, right, that's what we are saying sir?

Management: Yes. And May was slightly higher impact, another 4% or 5% further has been affected because of the rural now getting impacted. It was the mainstay in the wave one, that has been very badly impacted. So, the volumes remain affected in the rural areas. But the urban areas are gradually coming back to life. And we expect that in one week, things will get much better.

Sanjay Nandi: And what about the pricing scenario, like in the other parts of the country you have seen some price hikes happening in southern parts, so what about in our areas of operations in the northern region, any hike happened from the March exist quarter?

Management: Both in north and east we have not seen any price increase. If at all, we have seen some slippages. But I think the bigger issue has been that the trade challenge segment is greatly impacted. Most of the sales or most of the companies are in the non-trade segment. As a result, the overall realization is getting impacted. But we believe they are all short-term issues and going forward once the wave two subsides, things should get better in trade segment as well.

Sanjay Nandi: And my second question is that, can you give any guidance on what is net debt-to-capacity standing on the book as on date, both on a standalone and consol basis? As well what could be your repayment schedule going forward?

Management: We have on a standalone basis as of March, debt of Rs. 1,125 crores on gross debt basis. And there's a cash of Rs. 725 crores sitting on the balance sheet. So, the net debt for the company is Rs. 400 crores only. This has substantially reduced from over Rs. 1,000 crores which was there as of March on a standalone basis, March 2020. So, there is a reduction of almost Rs. 620 crores of net debt from Rs. 1,020 crores to Rs. 400 crores. That is as far as the standalone JK Lakshmi is concerned. On a consolidated basis, our debt is Rs. 1,650 crores, which improves Rs. 525 crores additional debt of UCWL, and there the cash is about Rs. 195 crores. So, net debt is about Rs. 820 crores, Rs. 420 crores is theirs, and ours is Rs. 400 crores.

Sanjay Nandi: Sir, consol could you please repeat once again, Rs. 1,650 crores is gross debt, right?

Management: Gross debt is Rs. 1,650 crores on a consolidated basis, and we have a cash of about Rs. 830 crores on a consolidated basis. Rs. 725 crores of JK Lakshmi, and Rs. 105 crores of UCWL, that makes it Rs. 830 crores. So, the net debt is Rs. 1,650 crores minus Rs. 830 crores, Rs. 820 crores. Rs. 820 crores includes Rs. 400 crores of the parent company, Rs. 420 crores of the subsidiary.

Sanjay Nandi: And what would be the repayment scheduling towards, like what kind of payment you are looking forward?

Management: In UCWL there is not much repayment, but in case of JK Lakshmi, it's about Rs. 330 crores getting matured in the coming year.

Moderator: Thank you. The next question is from the line of Rahul Veera from Abacus. Please go ahead.

Rahul Veera: Sir, just a quick question. On a broader level, I understand like we have been working on a lot of cost efficiencies in terms of the realization plus the cost efficiencies have gotten wonderful results. Wanted to understand in terms of going ahead, what would be the strategy to maintain the costs in terms of per tonne basis?

Management: As far as cost is concerned, we are in Sirohi plant implementing a waste heat recovery project, and that will get commissioned by the third quarter of this financial year. So, that will help us to further reduce our power cost, and reduce our dependence on either the thermal power. So, our renewable power which is already at around 50% in case of Udaipur, 40% plus in case of this Durg, will be in Sirohi also 40% after the commissioning of this waste heat recovery project. So, other than that, one thing which will get impacted in the coming year would be the increased fuel prices. Full impact was not there in the last financial year, because of the low costs inventory which we were carrying till almost the fourth quarter. But going forward, that impact would be there certainly. And we are also working closely to reduce our logistics costs. And that is a continuous exercise, we have been able to marginally reduce our lead distance as well. And all these factors would help us to improve our cost, barring those extraneous factors like the fuel prices, etc. But other than that, we are all working on that. We are also implementing additional solar power project in Udaipur, that will also help us to further increase the share of the renewable power, that will be implemented by again the third quarter. A small project of about 5 megawatts. So, that will further help us to reduce the power cost.

Rahul Veera: Sir, giving the WHR is coming in third quarter vis-à-vis the current high prices of fuel, do you think we will be able to sustain the current EBITDA per tonne run rate over the next one to two years?

Management: That depends on the basically our ability to pass on the cost increases, which will be based on the demand which is there in the market. So, it's difficult to say at this stage, but our endeavor would be to maintain it.

Management: I think these are not individual unit is specific increase, these increases are in the same industry, either they are logistics or the fuel costs. And therefore, our ability or the probability to solve would be better. But much will depend on when the demand really comes back. As we are hoping that by June the demand should get back to normalcy, then there is high chances of us able to correct the pricing to match some of these cost increase, the push little bit out there.

Moderator: Thank you. Next question is from the line of Sahil Shah from Ocean Dial. Please go ahead.

Sahil Shah: I had a question especially on the ESG side, on environment. As you just mentioned about our solar plant, but apart from that what are you all doing in terms of reducing emissions? And in terms of disclosures, we can't see much disclosures from your side. So, when do you plan to come up with some kind of sustainability report, like your larger peers have done?

Management: Already all these emission norms are well within the guidelines of the parameters laid down by the government or the Pollution Control Board. So, we are well within that. And with the further implementation of the solar power projects, be it at Durg or Sirohi or even at Udaipur, we will be able to further reduce the carbon emissions. This business sustainability report we will be publishing shortly.

Sahil Shah: Will it be this year?

Management: Yeah, it will come this year only.

Sahil Shah: It will have all the disclosures in terms of…?

Management: Yes, it will have all the disclosures. And if you have seen our reports earlier, we were one of the earlier ones to take measures to control our SOx and NOx emissions, especially from our Durg plant. And as Mr. Bidkar explained, that even in terms of carbon footprint, we are very much aligned, in fact, as good as the top peers in the industry.

Sahil Shah: And once you are done with your WHRS, how much WHRS as a percentage of total power, what will that be?

Management: As I mentioned, it will be almost 40% of our total power requirement through the renewable energy.

Sahil Shah: And do you have a scope to further increase?

Management: Not, that scope is not there for waste heat recovery, but we can always add solar, depending on the availability of land. Like in case of Udaipur, we are already 50% plus. So, waste heat recovery, there may not be much scope because all the three kilns at Sirohi we would have done this waste heat recovery. Some technical improvement can always improve some generation of power from the waste heat recovery, but there is a limit up to which they can go. But renewable, for the solar certainly we can always increase.

Moderator: Thank you. The next question is from the line of Sumedha Shrinivas from ICICI Prudential AMC. Please go ahead.

Sumedha Srinivasan: Congratulations on a great set of numbers. A couple of questions, one was, what would be the CAPEX for the solar project as well as the WHRS?

Management: WHR, waste heat recovery, we are talking of a CAPEX of about Rs. 175 crores, and that will get implemented, as I mentioned, in response to earlier question, by around third quarter. The solar power which is being implemented in this Udaipur Cement Works is under the captive model, the entire CAPEX is being done by the sponsor or the company which is setting up, we are only inducting 26% equity into that SPV. And that project for 5 megawatt is going to cost close to about Rs. 19 crores and would be funded through a debt equity of 30:70, 70% debt and 30% equity. And out of that equity, we are contributing 26%. So, our outgo is about Rs. 1.5 crores only as far as Udaipur for the solar power of 5 megawatt is concerned. And they have agreed to give it a fixed tariff, it will result in savings. Today the grid cost is about Rs. 7 plus, and this comes to us at less than Rs. 4. So, almost Rs. 3 per unit, and the payback for that investment of Rs. 1.5 crores is 11 months.

Sumedha Srinivasan: Okay, right. And what will be the savings expectation from waste heat recovery?

Management: Waste heat recovery, because there also we are going to substitute basically the thermal power where it is costing us about Rs. 5, Rs. 5.5. And this will cost us waste heat recovery at less than on a like-to-like basis, Rs. 1.5. So, around Rs. 3 plus savings would also be there, including the maintenance O&M charges.

Sumedha Srinivasan: Okay. And just one last question from my end. So, there was some news about certain truckers strike sometime in February, March, so does that have any impact on our business? And going forward, is there any plans of having the railway siding in case any such road transport issues come up?

Management: Transpiration like issue was there in Chhattisgarh which got over after about 13 days. It impacted our dispatches in the month of March. That may not be the cause for putting up a railway line immediately. This happened only once in five years, this is not something which is bound to happen regularly. But once we increase our capacity indoor going forward, then of course we will look at having our railway siding at Durg as well.

Sumedha Srinivasan: But what would have been the impact on volumes because of this, was it 10, 15 days?

Management: It was a 13-day loss, we lost dispatches of around close to 80,000 tonnes.

Moderator: Thank you. Next question is from the line of Mukilarasan Deivamani from TI People. Please go ahead.

Mukilarasan Deivamani: The question was about the pandemic how are we planning to mitigate the risk associated with pandemic?

Management: You are talking about the pandemic?

Mukilarasan Deivamani: Yes.

Management: As far as the first part of your question is concerned, you are right, our shareholding has been constant at around 45%, 46%. We don't have any immediate plans as such to increase our stake in that. So, that is one. Regarding the pandemic, we are taking all possible precautions to see that the impact of pandemic is minimum in our case. We have already started vaccination programs for all our employees across all plants and head offices. And are taking care of our employees across wherever there are positive cases.

Moderator: Thank you. Next question is from the line of Madhav Marda from Fidelity. Please go ahead.

Madhav Marda: I just wanted to understand, has there been an addition to our management team or a planned addition to our management team at the senior level that's about to happen at the CEO level?

Management: We have inducted one. Mr. Arun Shukla as President in the month of February. He has a rich experience in the cement, has been working with Lafarge for quite some time. And his last assignment was with Dalmia at an Executive Directors level. So, he had joined us as President in February.

Madhav Marda: And he would be looking after the sales and marketing for the organization?

Management: As President, he is supposed to look after both sales and marketing and the plant operations.

Madhav Marda: Okay, understood. And my second question was, given that our new capacity expansion will likely come, the big one will likely come after three years, for the next three years can the company grow in line with the industry of 6%, 7% or can we face any sort of capacity constraint on the clinker side especially?

Management: We don't see that because we do have surplus grinding capacity, and clinker we are already doing this balancing project in Udaipur, we actually marginally increased our clinker capacity. Then three years is for the grinding 2.5 to happen. Internal target is that clinkerization can happen, which is the location is there, there is no need for any land acquisition, etc., that need not wait for three years, that can happen much faster than that. In between, we can always improve the cement capacity by improving the blending and all that. We expect our growth to be in line with the industry, there would not be much of a constraint therein.

Madhav Marda: And maybe just last question from my side would be, the cost initiatives that we have ongoing, if I understand right, one is on the power side, which is WHRS on solar, and then we have some of the logistics side. So, can you help us understand like how much savings per tonne can this bring about in the next, say, couple of years?

Management: It is very difficult to quantify that number now, especially when the major cost parameters are still getting changed because of the increase in the petroleum and the fuel price. But yes, whatever measures we have taken, we expect that they will continue to give us some savings continuously for some time to come.

Madhav Marda: And last question from my side is, what would our CAPEX number be for FY 2022 and FY 2023, as things stand today?

Management: In the coming year, in FY 2022 as far as the parent company JK Lakshmi is concerned, we have only the remnant of the waste heat recovery. So, broadly about Rs. 100 crores CAPEX is left therein, and maybe around Rs. 30 crores to Rs. 40 crores of the normal maintenance CAPEX. In case of Udaipur, they will be completing their balancing projects, for which they have already incurred about Rs. 40 odd crores by March another Rs. 20 crores will get used in the coming quarter. And thereafter, they will embark on the expansion. So, that is, as I mentioned earlier, it is Rs. 1,400 crores project implementable over three years' period. So, first year, I don't see much of a CAPEX, maybe up to Rs. 100 crores can happen there for that CAPEX.

Moderator: Thank you. The next question is from the line of Piyush Khandelwal from BOI AXA Mutual Fund. Please go ahead.

Piyush Khandelwal: Sir, what's your current mix in terms of trade and non-trade sales for full year FY 2021?

Management: We had close to 50% to 51% as trade sale, that was a slight dip compared to the year before prior to that. That is mainly because in the corona period and the first wave also, on many of the quarters, especially in quarter two and three the trade sale has got impacted and the non-trade sale emphasis had to be levied once back to maintain the volumes.

Piyush Khandelwal: What was that a year before?

Management: That time it was close to 53%, 54% trade.

Piyush Khandelwal: Okay. Another question, so let's say a derivative to the previous participant's question. Let's say we assume cost inflation stays at the current levels, then what could be the cost savings going forward? If you can help us quantify based on this WHRS and the logistics initiative that you are taking?

Management: The logistics saving should result in something like Rs. 40 to Rs. 45 a tonne saving at the current rate of logistic costs.

Piyush Khandelwal: Okay. Another question is, what is your blended cement mix? And any target to improve that going forward?

Management: That is a continuous focus, but that again depends on how much are you able to provide in the trade segment. Because our trade sale, barring Gujarat, in rest of the states on an average we supply about 80% of the blended cement in trade segment. So, it largely will depend on where the demand comes in the year going forward. The non-trade sales invariably results in higher OPC cement sales.

Piyush Khandelwal: Okay. Another question is, as you said, Mr. Arun Shukla has joined us and his background is maybe in marketing and sales. So, any kind of change in strategy towards moving up the price curve? Or any targets internally that we have kept?

Management: Yes, internally, it has been our attempt to move up the price. In any case, in most of our markets that we operate, we enjoy a A2 position. We are certainly not in the A1, where today you only have UltraTech. But in A2 where you have the likes of Ambuja, EPC, Wonder in North and ourselves, we are in the A2 position.

Moderator: Thank you. The next question is from the line of Sumedha Srinivasan from ICICI Prudential AMC. Please go ahead.

Sumedha Srinivasan: So, just one last session I had on realizations. So, sequentially, I think we have seen almost 3% increase in realization per tonne. So, was it because of increase in prices in north market or east, or will there be price hike in both market? And if you could give us a reasonable mix of our volumes, is that possible?

Management: Very difficult to the segregate all the three reasons. But broadly the factors are that there has been a price improvement in the north, some price improvement in some of the states in the east. And also, because of the better control on the logistic cost and higher component of premium products sale, they all have contributed to increase in the realizations.

Sumedha Srinivasan: Okay. So, what would have been our premium sales as compared to earlier quarter or same quarter last year?

Management: We increased of 5% to 6% in our premium sell as a percentage of the trade sell.

Moderator: Thank you. The next question is from the line of Prayatn Mahajan from Kotak. Please go ahead.

Prayatn Mahajan: Great set of numbers, sir. Sir, most of the questions have been answered, just on the power and fuel cost, we have seen a reduction whereas spot prices have been increasing quarter-on-quarter. Can you just guide on, we have been commenting that the impact is going to come next quarter, so where are we on a sport basis? What kind of an impact do we see in the first half?

Management: We should see the impact of the increased cost of the pet coke and the coal in this quarter as well as in the coming quarter. So, we are almost quarantine now, old inventory is all exhausting.

Prayatn Mahajan: Any guidance on the gap is what I am trying to understand, did we hedge it at $80, $100 and the spot is $130, any number which we could look at, probably the impact?

Management: We are presently booking at around 95, which were last purchased.

Prayatn Mahajan: Okay. Sir, secondly, on your NSR increase has been quite impressive as compared to revenue channel checks were not suggesting an increase, any other reason for the rise in NSR apart from premium product sales in terms of incentives, etc.?

Management: We don't have any inventive.

Prayatn Mahajan: So, can we then assume that once the demand comes back, we can actually command a premium like this vis-à-vis competition for our products?

Management: Well, it much depends on how much are the premium product category sales, we have already reached that in some of the markets with 29%, 30% of our trade sales. The attempt would be to bring all the markets to about that level, and that should help us. That is number one. Number two, we have seen better prices improvements in some of the states, and our attempt is to increase our sales in those states, that should also help to shore up our realizations. So, that's a very dynamic situation, it is only fluctuating state to state, we have to maintain certain million sales also to survive in the other states. So, it is a very dynamic situation and very difficult to comment at a time like this, when already you are struggling to get the minimum sales.

Prayatn Mahajan: That's right. Sir, just one last question, any guidance on the volume front now that we have shown an 8% growth in our numbers, any guidance for FY 2022 as of now?

Management: In uncertain times like this, I think anybody's guess will be as good as mine. But what I can only say is that if corona does not paralyses us again, and if sales get back to normal to do June, then we should certainly look to maintain sales growth of anywhere between 6% to 8%. But it's a very big if, we all know that corona is very, very uncertain, very unpredictable at times.

Participant: Right. So, just one last question. So, in the last two months or so, now that we have completed May also, what is the kind of impact on the ground when it comes to the government projects? Are you seeing a demand decline from the government projects as well, because urban we feel that obviously people are not undertaking any work so the IHP is impacted, but how is the scenario with the government projects under these circumstances?

Management: See, government itself doesn't become the primary constructor, they mostly outsource to the contractors and depending on those contractors **(Inaudible) 43:35** they are using to maintain the contracts. But in states like Chhattisgarh, where they have already announced the stoppage of some of the infra projects because of their inability to pay to the contractor, so states like them have an impact, other states we have not seen any decline in the infra projects. They continue to go in a normal routine manner.

Moderator: Thank you. The next question is from the line of Amit Murarka from Motilal Oswal. Please go ahead.

Amit Murarka: So, a few questions, firstly, a couple of them on UCW. So, probably there were some incentives with UCW which were going to expire by March. So, just wanted to confirm have those expired now and what would be the impact of the same on the UCW P&L?

Management: That has expired, but that timeline has gone, so they are no longer eligible for that incentive. So, they were getting an incentive of about Rs. 40 to Rs. 50 per tonne on the sales which they were making in the state of Rajasthan.

Amit Murarka: Okay. And regarding the UCW project, like last time you mentioned financial closure is expected by June, so is it still expected by June or is it getting delayed now?

Management: No, I said the first balancing project is expected to be completed by June, and thereafter we will embark on the new expansion project. So, we will come up with a firm means of financing in the second quarter of this financial year. Broad indication I have given of the debt and the equity.

Amit Murarka: Sure. Also, I think in the last call you had mentioned that you might actually do a rights issue also at UCW, so that again will happen sometime later this year then, once the financial closer is true?

Management: Yes, that is one of the options we are evaluating, whether we go for direct equity injection or rights issue. So, once our means of financing is firmed up, we will certainly announce whether it is a direct induction or a rights issue of that, it could be rights issue also.

Amit Murarka: Also, by direct induction you mean what, you will be giving intra-corporate loans into…

Management: No inter-corporate loans, it is going to be equity induction only. Otherwise, if they are also borrowing their 70% and we also gave ICD, then it will be 100% debt finance, no project can sustain 100% debt. So, it will be equity induction only, whether it will be direct or it will be through rights route is to be firmed up.

Amit Murarka: Also, I don't know if it was already shared in opening comments, but in the results it is mentioned there was CWIP write-off at Durg, so what was that on account of?

Management: That is on account of the conveyor belt which was getting implemented there. So, last one year there has not been much progress because of this COVID pandemic. So, some write-down has to happen because, ultimately, when you are carrying asset as per the accounting standard laid down by the Institute of Chartered Accountants, the carrying cost of an asset cannot exceed the present value of the future benefit which it is going to get to you. So, on that basis, since it was lying in capital work in progress for quite some time and there was a capitalization of the P operative etc. And assessing various aspects of the ultimate gain which may happen, this was the best that could have happened. So, we have taken that impairment hit this time.

Amit Murarka: So, as of now you are saying there is no visibility by when can we get through with the project?

Management: I am not saying that there is no visibility, our endeavor is to complete the land acquisition which is the stumbling block for the implementation of this project. If that gets completed in the three to four months, the implementation period is eight to nine months thereafter, once we are in possession of that, about 0.5 kilometer of land. So, anywhere between 10 to 12 months, we see this project getting commissioned, on the assumption that we get the land in three to four months' time.

Amit Murarka: Okay. And this CWIP write-off obviously was not before land, right, this will be maybe for the equipment or whatever you had ordered for the project?

Management: Obviously, land you don't write-off, it is only for the free operatives and some change in design, etc., that's all. And some impairment in the actual machinery, because it includes some rubber parts. Last time we had taken about 10% impairment there, we have taken another 25%. So, that 25% of that rubber part is the part of that Rs. 30 crores impairment overall which we have taken this time.

Moderator: Thank you. The next question is from the line of Pritesh Sheth from Edelweiss Wealth. Please go ahead.

Pritesh Sheth: Congrats on the great set of numbers and strengthening the balance sheet. Can you remind me the WHRS capacity that we are putting in Sirohi plant right now?

Management: Yes.

Pritesh Sheth: How much megawatt?

Management: That is close to about 8 megawatt.

Pritesh Sheth: And even your new Udaipur plant will have WHRS, I assume?

Management: Yes, in Udaipur we already have.

Pritesh Sheth: The new one?

Management: Yes, in the extension there will be a provision for WHRS. This new one is for the Sirohi one, waste heat recovery which we are putting up is at Sirohi plant in JK Lakshmi. For the proposed expansion, already the plan to plant has a commensurate waste heat recovery, along with the kiln.

Pritesh Sheth: Okay. And then what would be the size?

Management: That again would be about 7-megawatt, 7.5 megawatt.

Pritesh Sheth: And one last question on pricing. So, you said that non-trade demand is better than the trade right now. So, any change in terms of pricing in the non-trade segment that we are seeing that is materially different from the trade prices? Any price rise that we have seen or pricing cash flow that we have seen over the last couple of months?

Management: No, just in the beginning of the first fortnight of April, but now we are not getting any pressure because most of the non-trade infra projects are with certain time validating. So, the volatility is much less there.

Moderator: Thank you. Next question is from the line of Pankaj Tanna from Varun Investments. Please gp ahead.

Pankaj Tanna: I just wanted to know for Udaipur your expansion of Rs. 1,400 crores, Rs. 1,500 crores, what will be the capacity of the plant that would be spent?

Management: This new CAPEX of Rs. 1,400 crores envisages a clinker capacity of 1.5 million and cement capacity of 2.5 million. So, their clinker, which after the completion of balancing would be 1.5 million will double to 3 million, and the cement capacity which will be 2.2 million after the completion of balancing will go up to 4.7 or close to 5.

Moderator: Thank you. Next question is from the line of Pratik Kumar from Antique Stock Broking. Please go ahead.

Pratik Kumar: My question is on, what was the annual payment for BCG during the year? And why are we saying Rs. 175 crores CAPEX for 8 megawatts Sirohi WHR, isn’t it very high?

Management: It includes also some de-sulfurization project also, number one. Number two, it will also involve setting up of a dryer of about Rs. 10 crores to Rs. 15 crores. Because right now what is happening, at times we don't get dry fly ash, so we were using the waste heat gases of the kiln three for drying the fly ash. Now, since the entire gases would be used for generation of the power, there would be a need for a separate dryer for drying the wet fly ash. So, that is how that CAPEX is slightly higher. Regarding the BCG, we have retained them for some additional work that is spilling over to the two years. So, this year the outgo may not be much, but depending what savings we are going to generate, because it is linked to the actual benefits which we are going to get.

Pratik Kumar: FY 2021 payment I was asking actually.

Management: I don't have the figure right now, but broadly the old one was already completed a year before that, this year there was some study only which was conducted. So, marginal payment was there. Other than that, there is not much payment to that.

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

Uttam Kumar Srimal: Congratulations on great set of numbers. My question is, can you give me the fuel mix for this quarter?

Management: In terms of the power and pet coke, etc., we have in this quarter about 45%, 46% of both pet coke and coal, and balance is the biomass.

Uttam Kumar Srimal: Okay. And sir, what has been the lead distance for the quarter?

Management: Lead distance or the quarter, this is separate for the north and separate for the east. We are close to about Rs. 400 crores in the north and about less than around Rs. 300 crores, Rs. 320 crores odd for east.

Moderator: Thank you. Next question is from line of Vandna Soni from SBI CAP Securities. Please go ahead.

Vandna Soni: I just wanted to know the standalone full year volumes, I missed it, my call dropped.

Management: Our sales in JK Lakshmi standalone was 98.89 lakh tonnes, and in Udaipur we did about 20.36 lakh tonnes. And then there was some inter-unit sales of about 14.75 lakh tonnes which is to be eliminated. So, on a consolidated basis, we did a sale of 104.5 lakh tonnes for the year.

Moderator: Thank you. Due to time constraints, we will be able to take the last question. Next question is in the line of Vinod Modi from Lion Securities. Please go ahead.

Vinod Modi: Congratulations for a strong set of numbers. You said Rs. 41 crores revenue for RMC division. Can you give me the total loan segment revenue, including blocks, POP and solar power?

Management: Total non-cement revenue is Rs. 95 crores for the quarter.

Vinod Modi: Okay. And sir, I remember, in previous quarter you stated that you are targeting almost Rs. 500 crores kind of revenue for value added segment. So, are we still intact in our review? And can we see, start to jump in these non-cement revenue going forward in coming quarter?

Management: My plans are in that direction. Though some setback has taken place because of the corona, but then maybe by third quarter you can see that jump.

Vinod Modi: And last sir, you said 5% to 6% kind of growth on premium cement sales compared to last year. In terms of total contribution in sales volume for the premium cement, because I remember, in previous call you stated the total contribution of premium product has reached to 30% in trade volume. So, what is this number in this quarter?

Management: In the fourth quarter?

Vinod Modi: Yes.

Management: It was close to 32%, I think. But I will have to see that number exactly. Don't have it right now, but it is about 32%.

Moderator: Thank you. We will take the last question from the line of Madhav Marda from Fidelity. Please go ahead.

Madhav Marda: I just wanted to understand that, I think on one of the interviews earlier today, you had indicated that we are targeting to go towards four digits EBITDA per tonne in the coming times. I think right now we are somewhere in the range of 800 to 850, if I am not wrong. So, I just wanted to understand what are the levels of the drivers that can help us improve our margins in the next couple of years?

Management: In the fourth quarter figures we have seen, and what we have achieved is about Rs. 932, that is without the other income. With other income, it is about Rs. 968. So, one is obviously trying to improvise further on all the levers, and therefore targeting a further increase of Rs. 35, Rs. 40 will be coming in by the way of target. But however, as we are qualifying, much will depend on the volumes which are coming up, the impact of the corona that will supply soon then you are able to at least pass on the increase in the possible input which is taking place right now. So, basically, what you are saying is that it's like Rs. 30 to Rs. 50 benefit on the internal initiatives that can add to the margins, basically, of course, lot will depend upon commodity cost and market conditions. But is that the right way I should take it?

Management: Yes, that's the way to look at it.

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

Vaibhav Agarwal: Thank you, Aman. On behalf of PhillipCapital, I would like to thank the management of JK Lakshmi Cement for the call. And also, many thanks to the participants for joining the call. I am going to now conclude the call. Thank you very much, sir.

Management: Thank you Vaibhav and thanks to all the participants. Have a safe and a very healthy time ahead. Thank you.

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