JK LAKSHMI
CEMENT Ltd.

JKLC:SECTL:SE:23
22nd May 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 22nd May 2023 at 4:00 P.M. IST

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: MFG0220230522147050

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: 2023.05.22 17:58:29 +05'30'

(Amit Chaurasia)
Company Secretary

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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**

AMIT CHAURASIA Digitally signed by AMIT CHAURASIA Date: 2023.05.23 17:30:18 +05'30'

(Amit Chaurasia)
Company Secretary

"JK Lakshmi Cement Q4 & FY23 Earnings Conference Call"

May 22, 2023

MANAGEMENT: **MR. ARUN KUMAR SHUKLA – PRESIDENT AND DIRECTOR, JK LAKSHMI CEMENT**
MR. SUDHIR ANNA BIDKAR – CFO, JK LAKSHMI CEMENT

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

Moderator: Ladies and gentlemen, Good day and welcome to the Q4 & FY23 Call of JK Lakshmi Cement 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 phone. Please note that this conference is being recorded.

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

Vaibhav Agarwal: Thank you, Aman. Good evening everyone. On behalf of PhillipCapital (India) Private Limited, we welcome you to the Q4 FY23 and 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 Mr. Sudhir Anna Bidkar – CFO of JK Lakshmi Cement.

I would like to mention on behalf of JK Lakshmi Cement and its Management that certain statements that may be made or discussed on this conference call may be forward-looking statements related to future performance based on current expectations. These statements are subject to a number of risks, uncertainties and other important factors which may cause the actual developments and results to different materially from statements made. JK Lakshmi Cement Limited and the management of the company assumes no obligation 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 for this Q4 FY23 Call for JK Lakshmi Cement. You would have already seen the results and also our press release where we have also given the volume numbers both for the quarter as well as for the full year along with the standalone and the consolidated one. So, without wasting any time I will leave the floor open for question and answer so that we are able to take maximum question and answer from you. So, over to you for the question and answers.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Sir, before asking any questions just couple of data points so what was the trade sir for this quarter premium share, blending ratio, lead distance, railroad mix?

Management: For this financial year as a whole our trade was 55%, blended was also incidentally 55% and premium product overall it was about 11% and lead distance was 398.

Shravan Shah: And for this quarter?

Management: Broadly the same marginally lead distance was around 400.

Shravan Shah: And what was the non-cement revenue so RMC, AAC and POP?

Management: In this quarter it was Rs. 128 crores and for the full year Rs. 478 crore.

Shravan Shah: And RMC revenue was?

Management: Total product all taken together.

Shravan Shah: Rs. 128 crore combined, but for RMC revenue for the 4th Quarter was?

Management: RMC on separately it was Rs. 62 crores for the quarter and Rs. 225 crores out of Rs. 478 crores for the year.

Shravan Shah: And in terms of the margins for the non-cement it was around same 7%, 8% kind of EBITDA margin for non-cement revenue?

Management: 5%.

Shravan Shah: So, now coming to the base main questions in terms of the we were looking at to increase our trade share to more than 60% this we are seeing for last two quarters still the number remains at the same 55%, so how do we see it and I think in terms of the overall EBITDA margin also last time we said we are looking at close to Rs. 1000 kind of EBITDA per ton over 18 to 24 months so that is from Rs. 300 improvement that we have mentioned 200 from realization, 50 from manufacturing and 50 from supply chain, so what is the stand there?

Management: On the trade percentage I think we have progressed well. January look at our trade proportion was 52%, February it was 54% and March it was 60%. We are hovering around 55% as of today and as I told you during the last call also I think our order of priorities are as follows. One, first we want to optimize the geo mix. Since, we operate in three distinct geographies which are materially different in terms of EBITDA margin like West in Central or North part of it and Eastern part of India. So, our effort is to maximize our sales in the West we trade or nontrade because nontrade EBITDA margin also is much better than trade EBITDA margin of Central or East. So, the first priority or the lever of margin improvement is of course geo mix optimization and that goes in favor of Western market and that is what we have been able to do successfully right. If you look at the trade percentage per se overall basis I think we are improving. We are at 55%, but within the Western market also we are now trying to improve further trade margin proposal which will further improve our overall trade percentage at BU level.

Shravan Shah: And in terms of the EBITDA per ton which we were looking at that Rs.300 kind of improvement over 18 to 24 months that stand remains the same?

Management: Yes. So, I think market condition also like prices are not going up and what we were trying to do was all those internal improvement. If you really analyze the entire year the way we have progressed margin wise our gap with the leaders has gone down significantly. If you look at one year back gap margin was more than about Rs. 600, Rs. 700. Now we are around Rs. 200 Rs. 250 with respect to the leaders. So, that is what has come about on account of our internal efforts and that internal effort will continue. Now, if prices go up then definitely I think we are going to catch up this 1000 very quickly, but what we are looking at definitely is how we are going to bridge that gap up in leaders in the industry and where are we today and I am happy the way we are progressing the whole year if you really look at the gap which has really dwindled over a period of time is significant more than Rs. 500 to Rs. 700 a ton and that journey is going to continue going forward.

Shravan Shah: So, now in terms of the fuel cost so for how much it was on the KKL basis and also the fuel mix and how now one can look at in terms for Q1, Q2 how we can see in terms of the decline in the fuel cost?

Management: Fuel cost is going down because we were carrying some inventory before. So, I think the impact of this softening of fuel cost is going to come about. So, that is going to come last quarter we have a fuel ratio of kilocal is 2.31.

Management: 2.42 overall likely to further go down to about 2.31 in the coming quarter.

Management: So, the forecast is 2.31 2.3 around this quarter and what we have achieved so far is 2.42 which is lower than previous quarter.

Shravan Shah: And the fuel mix for 4th Quarter was?

Management: 30% fuel, 53% Petcoke and 17% others.

Shravan Shah: And last on the expansion just trying to understand we have preponed the clinker deadline so previously Q4 now we are looking at December this year and grinding unit 2.5 at WCL we have actually postponed by one quarter. So, I am not able to understand how we will utilize this clinker which we are commissioning one quarter before and the clinker grinding is coming at the Q3 FY24?

Management: Shravan before that I think one just small correction. So, last quarter the fuel ratio was 40 in favor of coal, 44 petcoke and 60 others Kilocal is 2.42. Now coming to your next question as to how we are going to manage mismatch between clinker capacity which is going to come in the month of October and grinding capacity in the month of March 2024. So, our plan is like the ramp up is going to be about 50% during first year. So, whatever clinker we are going to get in between. So, typically October to March is about 6 months' time and if you take 25% of clinker volume of rated capacity of 1.5 million tons that we plan to take it to our grinding station where we have that headroom of further improving our capacity utilization. So, suppose we have two grinding stations in Gujarat one Kallur near Ahmadabad and Surat. So, that clinker will go there and we do have one outsource unit within Gujarat near Palanpur. So, that grinding station also we are going to utilize in the interim. So, we do have plan to consume this clinker which you are going to get during these 6 months before our grinding capacity.

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

Kamlesh Bagmar: So, one question on the part of this M&A activities let us say based on some media reports one of the companies for sale and it is in your core market that is Gujarat, so any thought process like would you be interested in that or how does it patch with you does it synchronize with your thought process or the vision to expand the capacity to let say 20 million, 25 million tons which you have been highlighting that our vision or the or the plan in the coming years?

Management: You are talking of which opportunity please?

Kamlesh Bagmar: Sanghi cement.

Management: There is some news item which is there in the news. So, we would not like to comment on that.

Kamlesh Bagmar: But if say like just hypothetically if it is available at 190, 200 odd dollars and which we are trading at let us 70 odd dollars, would we be assessing that given the long-term opportunity which we have while the market is factoring the short-term issues over your stock price. So, would we be looking at that facility or the operations?

Management: We are already operating at around $100, barring these last two-three days drop in the price and certainly if that comes at a much lower cost why not, but the numbers which are being talked of are much higher. You are right if it comes at a value lower than what we are traded at certainly why not it does make sense and we are always open to any acquisition opportunity provided for two things. 1) If it comes at the right value one and 2) it makes synergistic sense for this. So, the asset which you are talking of yes does make lot of synergistic sense, but if it comes at the right price certainly why not.

Kamlesh Bagmar: And on the on the debt side like say would it be what eventually net debt EBITDA would be looking at let us say absorb those capacities or those opportunities?

Management: That depends, but broadly we are on a net debt basis we are negative as far as on a standalone basis is concerned. Overall, anywhere see whenever you do an acquisition opportunity for some period in the beginning or when you go for an expansion like we are doing in Udaipur what happens generally the debt get contacted whereas the commensurate better flows much later. So, initial period yes there are distorted numbers you may see, but once underlying EBITDA start flowing in then obviously it tapered down. So, any acquisition or for that matter expansion would have initial period under implementation or stabilization you will have some ratio which may go off maybe even 4 to 5 times of net debt-to-EBITDA, but once the underlying EBITDA flows in it will be back to normatively it should not more than 3 to 3.5 net debt-to-EBITDA that is the prudential now which we generally follow.

Kamlesh Bagmar: And lastly, on the let us say what we have been highlighting for last three, four quarters that our gap with our peers in terms of pricing or NSR is going to narrow down. So, what is the progress on that because when we analyze the market prices your gap has not yet filled in like say it continues to remain elevated at the similar levels which it was there at like 6 to 9 months back.

Management: I think if you look at margin level we have bridge that gap to an extent. There is no doubt about it perhaps I think you must have done your analysis and that is majorly coming out of some of the actions which we have taken and which we have continued to take. In the recent quarter I think because of some very temporary disturbance like during let us say last quarter or 4th Quarter of last year I told you that Western market is one of our markets where we want to optimize our sales. I think because of wholly and temporary disturbance on account of rains. So, that has impacted a bit, but that is the most temporary thing and we are pretty confident that the plan which we have 18 to 24 months to bridge this gap of margin by Rs. 250 with respect to top line. So, that will come true.

Moderator: Thank you. Next question is Niraj Mansingka from White Pine Investment Management Limited.

Niraj Mansingka: I wanted to ask few questions can you elaborate on how the cash will flow to Udaipur subsidiary because we are right now net cash company and so how will it flow like, will you raise the money Udaipur size was announced that is one question and secondly in the cost reduction in the operating cost can you share how much come from it is actually like Udaipur which is increasing our scale or from other locations where you are trying to put more trade activities and grinding units?

Management: Cash flow wise whatever money we have to induct into UCWL will ultimately be by way of our contribution in the rights issue of UCWL. They are planning to come up with the rights issue somewhere in June, July and we are being the 72% holders there off in UCWL stock so will be subscribing to that. The size of the issue is expected to be around 450 crores and what we have also submitting or giving the confirmation that in the event unlikely event of the public remaining 26%, 27% not fully subscribing to that then also we will be making up for good for the unsubscribed portion or shortfall in the public subscription of 27%. So, that is how that money will flow in and pending the launch of the rights issue about 85 crores has already been deployed in UCWL by way of unsecured loan which will be adjusted against our rights entitlement in the rights issue. So, that is as far as how the money will come and we would not be required to borrow anything for investing in the rights issue our treasury corpus of 800 crores will take care of that and regarding your other question on the grinding units etcetera as Mr. Shukla mentioned in response to earlier question once that clinker flows in so it will be grounded at our grinding units in Gujarat and other places.

Niraj Mansingka: My question was that whenever you said that you are looking at increasing the EBITDA by Rs. 300 per ton, so what are the major cost cutting factors that are going to play out?

Management: So, this gap I think is going to come from three places. One, of course is the improvement in top line efficiency, which is about premiumization, price positioning, setting in the right market, premium product and direct dispatches. So, more than half is going to come from this and logistics efficiency also we feel that we are working on reducing our lead further because we are at around 400 kilometers now. Our plan is to take it to 375 kilometers. So, that is going to give us saving of about let us say 25 kilometer means about Rs. 70, Rs. 75 a ton and third of course is from manufacturing wherein we are establishing that AFR facility or solid waste facility handling facility. So, that is also going to give a good benefit like our plan is to take it to 16% in a phase wise manner right now we are at 4% we are going to take it to 16%, but in the near term let us say around by end of this year like calendar year around October to December we will be reaching about 10% of AFR. So, that is another saving we are going to have. So, I think as an all-round activity which we are planning and which we are very clear as to where to attack and which area we need to focus on. So, more than half is going to come from the top line. Logistics about Rs. 70, Rs. 75 not only lead reduction, but also lot of logistics efficiency like PTPK improvement and wheeler oil freight and a lot of levers we have using technology to an extent kind of getting rid of some of the warehouses in the in the vicinity of the plants, some of the actions which we have already initiated and plant efficiency majorly from AFR and also some minor I would say contribution from heat consumption improvement, specific power consumption improvement and things like that.

Niraj Mansingka: And what would be the peak debt in UCW subsidiary?

Management: UCWL there existing debt is about 500 crores and they will be contacting 1,100 crore 1,600 crores should be the peak debt minus the repayment of 100 crores so maybe 1,500 odd would be the peak debt.

Moderator: Thank you. Next question is from Amit Murarka from Axis Capital. Please go ahead.

Amit Murarka: Just wanted to check like when you will take clinker from UCW to JK Lakshmi plants what will be the formula for that transfer like will it be cost or how will it work?

Management: It will be at arm’s length pricing.

Amit Murarka: But just to understand like how does it really I mean will it work in a cost plus margins or cost plus ROC or how what will the framework for that?

Management: Cost plus whatever is their total cost they will retain some, add on their some margin and that that will be the cost to us.

Amit Murarka: Also on the CAPEX front like how much CAPEX is spent already on this plant and how much is pending and what is the planned outlay for FY24?

Management: We have spent about 850 crores on this project up to now which includes about 630 which incurred during the FY23 and we think the balance about 800 odd crores would get spent about 500 in the coming year and Balance 300 in the next financial year.

Amit Murarka: Also just wanted to check is there any further update on the wall putty business you were setting up a plant at Alwar?

Management: For putty we are putting up our own plant at Alwar in Rajasthan and we plan to rule it out from the month of October onward. So, that that is in progress and we are hopeful of commissioning it by October.

Amit Murarka: And that would need a separate new distribution network to sell the putty?

Management: Can you speak a bit louder.

Management: I think your voice is quite feeble.

Amit Murarka: I was asking you would need a separate distribution network as well for the business and that is already being done now?

Management: So, putty we are already there into putty business through outsource unit. So, we do have established network already that we are going to use and furthermore we are going to add channel partners and the activity has already started, we have already recruited manpower also and we are enhancing our channel reach and acceptance for putty business and I think we have a big advantage of our cement channel because this is B2C and that goes very well with our cement distribution and that is falling in our footprint of cement distribution. So, I think distribution channel wise we are well placed in every sense.

Moderator: Thank you. Next question is Navin Sahadeo from ICICI Securities. Please go ahead.

Navin Sahadeo: Couple of questions for FY23 year as a whole our consolidated volume grew more like 5.5%, so what kind of growth because clinker as we are all well aware that clinker is coming in Q3 and grinding unit for that is coming a little later couple of quarters down the line, so what kind of volume growth are we looking at for FY24?

Management: I think our cement sales grew by about 12% last year. Clinker I think I told you during last call also that clinker is something which we are not encouraging to sell until unless we have some good position. The cement sales grew by 12% last year and what we plan we have taken a growth of 19% this year FY23-24 cement sales growth we have taken as 19% and we are pretty confident because that Udaipur also is going to contribute in terms of clinker access which you are going to get during last 6 months' time.

Navin Sahadeo: Can you please share the breakup of the clinker and cement volume for the quarter and the year I am so sorry I missed it?

Management: Yes we can give you that cement sales is 91.16 lakh ton.

Management: That was last year and this year it was 102.05.

Management: So, this year means the year which we have closed was 10.2 million ton and last year it was 9.1 million ton so 12% growth and clinker last year was 9.78 lakh ton and last year it was 5.53. So, this is a degrowth of about 43%.

Navin Sahadeo: And this year you said for cement sales we have a target of 19% volume?

Management: 19% growth this is what we have taken as part of our businesses.

Navin Sahadeo: Second question was about prices like so far into the quarter almost done with May, so directionally the pricing trend are we down versus March so far into the quarter or we will be higher?

Management: So, this quarter I think prices are more or less flattish so there is increase as such. I think some market if you go to micro market there is some reduction as well I would say some reduction, but definitely no increase, there will be some reduction.

Navin Sahadeo: And would it be more in trade or because typically like there is a decent gap between trade and nontrade, so will it be both or nontrade has slipped more?

Management: Typically, it happens both ways trade and nontrade because typically there is a correlation between trade and nontrade prices in different geography. So, that moves in tandem.

Navin Sahadeo: My next question was about putty plant capacity that you said is coming up at Alwar, so what is the capacity you are looking at and the white cement for putty will be then sourced locally or are you planning to import it?

Management: White cement we are going to produce there itself. So, we will have mill also for white cement and if at all we want some additional white cement then that will get imported as well.

Navin Sahadeo: Produce itself in the sense the same plant you are saying we have a white cement manufacturing unit also?

Management: Yes we have that manufacturing.

Navin Sahadeo: What is the CAPEX for this putty and white cement units we are looking at?

Management: Around 65 crore, 70 crore.

Navin Sahadeo: And what is the capacity for putty you said how many lakh tons will that be?

Management: I think putty capacity is about one and half 2 lakh I will just confirm you just give a sec is about 1 and half.

Navin Sahadeo: Meanwhile I could just move on to the next question which is a fuel mix you mentioned 44% is petcoke for the quarter and you said the balance is 40% coal, so that balance 40% is imported coal or domestic coal?

Management: So, this is combination like in Eastern part of India we have all domestic and in Northern part of India we have imported.

Navin Sahadeo: So, if we just to get the cycle better because East I think we could be closer to coal mine, so is it fair to assume that in East bulk of the consumption is domestic coal and then in North bulk of the consumption is petcoke?

Management: I will further modify this so 100% is domestic in East and 100% imported in case of North.

Management: And you are right in Eastern market coal is more as compared to the Northern plant means Sirohi plant where 65% is almost domestic coal and here 60% is imported petcoke in Sirohi.

Navin Sahadeo: And just one last thing I will confirm you said that the cost of fuel I mean in Kcal term it is going down from 2.42 to 2.31 in Q1, so we are roughly let us say looking at a cost saving of Rs. 60, Rs. 70 per ton?

Management: Yes around that.

Navin Sahadeo: So, that also means the prices being flattish to marginally down that also means that prices being flattish to marginally down huge benefit is there, but we will not have the operating leverage benefit because typically June quarter volumes are lower than March though on a year on year basis it could be growth, so your staff cost and other expenses typically on a per ton basis could be higher, so June quarter EBITDA per ton directly at least could be lower as compared to March, is that a safe thing to look at this point in time?

Management: Yes I think price wise going to be flattish a little lower and we will have some leverage on account of this. So, more or less flattish kind of thing that is what we see.

Navin Sahadeo: And look forward to more improvements on trade, percentage and all the other initiatives that you have mentioned I really forward to hear more progress on that front?

Management: So, on putty plant I think is about close to 1 lakh ton of capacity.

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

Rajesh Ravi: First of all, could you give the clinker production for Q4 and FY23?

Management: Clinker production you want.

Rajesh Ravi: Consol?

Management: Full year.

Rajesh Ravi: Full year and for Q4 also?

Management: Clinker production in this quarter was 17.28 lakh tons and for the year as a whole it was 67.16 tons.

Rajesh Ravi: I would believe your clinker utilization would be close to peak now?

Management: Yes almost full 100%.

Rajesh Ravi: The volume growth that you are looking at 19% cement volume growth this year for this if could understand that 5 lakh ton clinker which is sold in FY23 that may get converted into cement that will be a major price and is it fair to understand that because your new clinker line will be available by end of Q3 will have some surplus clinker coming in maybe Q4 from Udaipur?

Management: Yes you are right it will be available in Q3.

Rajesh Ravi: And second when you say that you will be inching up to 1,000 per ton and given that is it Q4 and Q1 also you are not looking at margin improvement versus Rs. 700 odd that we have delivered in March and so what are the levers you are looking at whereby your full year number could inch up to Rs. 1,000 for FY24?

Management: I think I just mentioned a gentlemen who asked this question this is about Rs. 300 closed more than half around 70% is going to come from top line improvement which is about premiumization, segment mix, Geo mix or some of the levers like direct dispatches. So, price I think price positioning which anyway we have already started working on it is about 60% is going to come out of that and the second important lever is logistics wherein one is lead reduction, warehouse distribution, optimization and technology usage. I think from there also we are planning to have at least you know Rs. 70, Rs. 75 and third major contribution is going to come from our plant efficiency and the major element out of that plant efficiency is AFR or the alternate fuel which we are going to use because we are setting up capability also at our locations So, that is the third one which is going to contribute towards inching towards Rs. 1000 EBITDA.

Rajesh Ravi: So, you mean that it will be a granule move from Rs. 700 odd to Rs. 1,000?

Management: Right.

Rajesh Ravi: But given that this premiumization and this lead distance reduction they would take by which quarter three quarter, four quarter or eight quarters what is the timeline that you are looking at because last three quarters margin which we see have been largely flattish between Rs. 650 to Rs. 700?

Management: I think we gave a plan of about 18 to 24 months that is what we are sticking to. Some of the actions which we have taken will take some time to get realize and little bit let us say I would say market support I think all those actions will further abstain. So, I think that plan is still intact. So, 18 to 24 months that is what we promised last time that we are working on.

Rajesh Ravi: So, 18 to 24 months from now?

Management: Out of 24 months you take out 6 months two quarters.

Rajesh Ravi: So, is it for FY25 you are targeting close to a Rs. 1,000 margin and of which 60% would come in from top line improvement and rest we have lead distance and other productivity and this white cement plant which you are saying when you said that you are setting up a captive mill it is in a grinding mill or even setting up a kiln for white cement?

Management: No, it is a grinding one.

Rajesh Ravi: You will buy clinker from market and ran at your factory?

Management: So, different sources and import is also one of this thing.

Rajesh Ravi: Also sequentially this quarter from last quarter your fuel prices have come up by 12 to 13 paisa quarter-on-quarter, so why have they not reflected into margin improvement sequentially because that would have added some number because this quarter we have healthy volumes also so it is an operating leverage plus fuel cost savings, but they have not percolated into margin improvements sequentially?

Management: Basically you are right that has not resulted in because in this quarter despite they are being volume increase as you rightly mentioned stock and trade has been higher in this quarter. So, that is the result it is not fully reflected in the margins, but it is flattish on that bound.

Rajesh Ravi: Just for this purchase and stock of trade which is the only grinding unit is what we would be referring to?

Management: We do have an arrangement within East UP, we have made that arrangement that is your contributor for that in the current quarter.

Rajesh Ravi: So, that clinker availability is done by you?

Management: We supply the clinker to them and buy the cement.

Rajesh Ravi: And this clinker sale which you reported 5 lakh or something that does not include the clinker sold to all these units?

Management: No, that does not increase.

Management: We have started avoiding that double counting.

Rajesh Ravi: And possible for full year what was the traded volume you bought from these all these units?

Management: About close to 2.5 lakh tons.

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

Uttam Kumar Srimal: Sir any RMC plan that you are helping to set up?

Management: Yes, I think we do have plan and as per our strategy sector power RMC plant in the areas where we operate we are in cement, for instance, I think we have put up two plants in Gujarat, Bhavnagar and another plant in Baroda. We are setting up another plant in Sonipat is in the NCR region and Lucknow, Raipur also we have planned to put up our RMC plants. We do have plans to set up RMC plants in the market where our cement availability is there and we find a good synergy between our different product lines.

Uttam Kumar Srimal: One more question sir this year we have done EBITDA turnover of around 55, so what kind of EBITDA ton we are looking in FY24?

Management: Sorry can you repeat your question please.

Uttam Kumar Srimal: This year in total we have done EBITDA turnover Rs. 65 so in FY24 what kind of growth we are looking at this?

Management: I think it is not very clear.

Management: EBITDA is close to about Rs. 700 this year.

Uttam Kumar Srimal: So, what kind of growth we are looking at in FY24?

Management: On the EBITDA front you are asking.

Uttam Kumar Srimal: Yes.

Management: I told you I think we do have plan to go closer to Rs. 1,000 by FY25 and we do have plan working on top line logistic area and operations areas. So, yes we do have plan and if we look at budget then I think we are taking a growth in EBITDA as well exact number we will give you little later what kind of EBITDA target we have kept, but definitely I think we have taken a growth over whatever we have this year.

Uttam Kumar Srimal: So, actually sir we are looking at Rs. 800 per ton in FY24?

Management: Yes, definitely that much I think we would be looking at.

Management: Basically, the gap is Rs. 300 and out of that as we mentioned earlier 60% will come by FY24 by the 4th Quarter and balance will come in the first two quarters of FY25.

Moderator: Thank you. Next question is from Sumangal Nevatia from Kotak Securities. Please go ahead.

Sumangal Nevatia: So, my first question is with respect to one of the previous questions on Sanghi cement just want to understand where has the divestment process reached and given our interest I mean how does it fit into our strategic priorities and our plan to reach 30 million tons over the next 5 years, 7 years?

Management: Our plan is to go up to 30 million through our organic growth only. We will be close to 18 million once this Udaipur expansion comes in and then 18 to 30 will be a journey of 12 million ton which will be partly done by Brownfield 3 million tons that Udaipur and then the two mines which we have recently been allotted in Nagor and Kutch. So, 3 million each year those two sides Greenfield expansion. So, that is where we are, but yes we are always looking for opportunities in organic way also if it comes as I mentioned to Mr. Kamlesh question if comes at the right price.

Sumangal Nevatia: Sir where are we in terms of timeline for these divestment process and have we done the due diligence etcetera?

Management: I am not aware of the divestment process and what is going on and we have not done any due diligence is over.

Moderator: Thank you. Next question is from Mudit Agrawal from Motilal Financial Services. Please go ahead.

Mudit Agrawal: Sir I have three questions number one is about the green bond we are about to issue of 2 billion for the green project, can you please highlight which green project we will be taking on these funding and second question is you have mentioned about the Palanpur grinding unit, so what is the capacity of this Palanpur grinding unit and from when this plant we are using as all the arrangement?

Management: To answer your first question regarding the green projects as we mentioned last time also we have taken up several green projects for implementation. One is waste heat recovery project of debottlenecking it and adding about 3.5 to 4 megawatt. Second is the increase in the TSR and the usage of the AFR. So, there it is being gradually increased the TSR from 4% to 16% in phases then we also tied up through under the captive mode 40 megawatt of solar power for our door Durg facility and we are also planning another 7 megawatt of solar power at Sirohi. All these projects would entail an investment of close to about 200 to 250 crores for which this fundraising through green bonds of 200 is envisaged. Now regarding Palanpur what was that question exactly?

Mudit Agrawal: Sir from when this Palanpur grinding unit we are chasing and what is the capacity of those grinding unit?

Management: So, Palanpur grinding station which is outsource is of small capacity about 15,000 to 20,000 ton a month, but good thing is that falls into our main market of North Gujarat. So, in a way we have been using this plant occasionally before. Once we have clinker capacity then we will use this full-fledged and the output would be about 15,000 to 20,000 ton a month.

Mudit Agrawal: And up to what period this arrangement we have made.

Management: So, there is no I think as and when basis kind of we have not entered into a some kind of permanent agreement. So, I think on and off we have been using and once we have this capacity the same way because in a way they have promised us to dedicate this plan to us once clinker is available with us after all. They are with us occasionally before we do not find any issue even after that.

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

Shravan Shah: Sir, this TSR you mentioned that by December we are looking at increasing to 10% and 16% we will reach by March, June?

Management: No 16% I think Phase-2. So, Phase-1 we are through with the Phase-1 part of it to 10% and somewhere I think end of this calendar year we will reach their October, November kind of thing and Phase-2 I think that next year that will come 16%. Phase-2 we have not yet started we are just working on Phase-1.

Shravan Shah: Second sir Bidkar sir has mentioned that for all the solar and everything we are looking at this 200, 250 CAPEX, so just to come back to the main question in terms of the CAPEX at the consol level for FY24 and 25 how much one can look at?

Management: It will be about 200 crores in the company main company JK Lakshmi and as I mentioned about 500 crores of the expansion CAPEX they are in UCWL in FY24.

Shravan Shah: And for 25 at JK Lakshmi would be the similar 150, 200 crores?

Management: Around that 150 or so.

Shravan Shah: And sir you mentioned previously last time I think we mentioned that railways siding at Durg so if that comes then we can think of first prioritizing the North expansion at Durg or the Nagor Rajasthan and then we can look at Kutch Gujarat. So, that remains the same thing and because you mentioned 3 MTPA at Durg and Udaipur so that is the same thing?

Management: You are right absolutely once the railway siding visibility is there we will immediately announce the expansion at Udaipur.

Shravan Shah: Sir just to get you the number again so premium we mentioned 11%, but since out of the total volume, but in terms of the out of the trade volume last time we said around 21%, so what was the number for 4th Quarter?

Management: 4th Quarter number was about 26% of trade volume. January we were at 24%, February 26% and March 27%.

Shravan Shah: And road-rail mix would remain the same around 90%-odd would be the road?

Management: Now 90 is about road.

Moderator: Thank you. Next question is Hiten Boricha from Sequent Investments. Please go ahead.

Hiten Boricha: Most of my questions have been answered just one clarification so you mentioned we are looking for about 18%, 19% volume growth from consol level or the standalone level?

Management: Consol level JKLC also is at the same level.

Management: Both at JK Lakshmi as well as Udaipur broadly the same plus minus 1%, 2% at each place

Moderator: Thank you. Next question is from Vishal Periwal from IDBI Capital. Please go ahead.

Vishal Periwal: I think in the call you did mention like the nontrade EBITDA margin that you get in some of the regions like including West it is better than the margins that you get in trade side in the center that you get now is this has any role to play where you are targeting EBITDA margin improvement Rs. 700 to Rs. 1,000 a ton?

Management: Yes, this has got a major role to play. So, I told you the hierarchy of optimization of levers. So, first goes with Geo mix. Second on then trade optimization and then you have got premium product then segment mix and then so on. The first lever is of course I think optimizing Geo mix irrespective of trade and nontrade where from we get the better margin.

Vishal Periwal: So, basically the NSR that you mentioned is a part of all?

Management: Correct part of them.

Moderator: Thank you. Next question is from Nishant Bagrecha from InCred Equities. Please go ahead.

Nishant Bagrecha: So, as you have mentioned our plan is to go to around 30 million tons by let us say next 6 to 7 years, so when are we likely to decide on this incremental capital allocation decisions, so any timeline or by FY25, FY26?

Management: As far as Durg is concerned we will do in this current financial year for sure and maybe one year later we will take a call on usable of that. As regards to the Greenfield projects at Nagor and Kutch we have already started the land acquisition activities at those two places and as you would know we have to first acquire the land minimum some portion of percentage of land and then go for the environmental clearances and all that. So, that process will take its own time. Right now we are focusing initially on Brownfield and to start with Durg in this year and maybe take a call on UCWL next year.

Moderator: Thank you. Next question is from Navin Sahadeo from ICICI Securities. Please go ahead.

Navin Sahadeo: Sir, previously you just shared the volume breakup for the standalone entity can you also please share the cement and clinker number for the consolidated entity?

Management: Yes sure. In this quarter I am talking of total sale we did about 30 lakh tons UCWL did about 5.92, but on a consol level netting of the inter unit sale total sales cement was in this quarter 31.56 and clinker 2.32 so that makes it on a consol basis 33.88 and similar figure for the year were 112 lakh tons JK Lakshmi is 107 on a standalone, UCWL is 20 so that makes it 127, but net of the inter unit sale it is 118, 12.36 of the cement and 5.79 of clinker on a consol basis netting of the inter unit.

Navin Sahadeo: So, on a consol basis the cement growth is how much sir just one question here?

Management: On a consol basis is 6%.

Navin Sahadeo: Yes that is total but only for cement this 112 number which you gave that was last year?

Management: growth in standalone is 12% and consol 11%.

Navin Sahadeo: Sir one observation I just had was with regards to your receivable they seem to be like at 60 crore as a standalone level this year and last year also just about 34 crore, 35 crore, so compared to the size amongst the lowest in the industry the other peers could be at least if not more 7, 8 times higher than that, so is there anything different that we do here, is it only against advance that we spent or what exactly do we get our receivable at so low and all?

Management: In our standard I think still this is on the higher side let me tell you our plan is to go a little below that and in fact I think on receivable front this all receivable only on account of where from we have got BG and LG, otherwise from everywhere we have got our cash back. So, we have a special drive. I think we work quite incessantly and focused manner on receivable on a monthly basis and of course on quarter end I think that focus gets further intensified. So, that is what we do and the team is quite aligned they know what they need to deliver. So, to our standard I think this is on little bit on the higher side.

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

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

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. Thank you.