# "JK Lakshmi Cement Limited Q2 FY-18 Results Conference Call"

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

**Moderator:** Good day, ladies and gentlemen and welcome to the Q2 FY '18 Conference Call of JK Lakshmi Cements hosted by PhillipCapital (India) Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone.

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

**Vaibhav Agarwal:** Thank you, Margaret. Good evening everyone. On behalf of PhillipCapital (India) Private Limited, we welcome you to the Q2 FY18 conference call of JK Lakshmi Cements. On the call, we have with us Mr. Sudhir Bidkar – CFO at the company. At this point of time, I will hand over to Mr. Bidkar for opening remarks followed by Q&A. Thank you and over to you, sir.

**Management:** Thank you, Mr. Vaibhav and good afternoon, ladies and gentlemen for this Q2 con-call. You would have already seen the results which were taken and adopted by the board on the board meeting held on 8th.

This quarter basically we had this net turnover. I will speak of net turnover. Because of the GST, now is without excise. It was 777 crores as against 655 in the corresponding quarter of last year and is showing a growth of 18%. Out of which, the volumetic growth was about 9% and the balance was the improvement in the realization and the total EBITDA for the quarter stood at 112 crores as against 111, almost same, it was flattishly better. And after considering interest and depreciation, the PBT stood at 18.8 crores as against 23.33. The interest and depreciation were higher primarily on account of the commissioning of the Surat plant which was not there in the corresponding quarter of last years and the PAT stood at 13.3 as against 24.9 in the corresponding quarter of last year. Overall margins were 12% as against 14%.

Primarily in this quarter, we had the total volumes of about 18.9 lakh tonnes as against 17.18 which shows a 10% improvement in the volume. So this quarter, the sales etc. were impacted in Chhattisgarh on account of the monsoon and in the Northern operations on account of again monsoon plus almost flood like situation and Sirohi in the month of August or so. So that impacted the volumes. Despite that, we were able to notch up an increase of about 10% and the realizations in Chhattisgarh especially continued to be subdued because of the gap announced by the Chhattisgarh government. So that continues and that impacted the realization and the profitability for the quarter. As regards the waste heat recovery project, the trial runs have already started and will formally announce the commissioning in this quarter so that will have the impact of having some reduction in the power and fuel cost especially in the Eastern operation and the coming quarter. And the other power plant of 20 megawatt of the thermal power plant, the work is going as per schedule and should get commissioned in the third quarter of FY19. So thereafter, the fourth quarter we should see the impact of that benefit also coming in.

So those were the broad opening remarks. I will now throw the floor open for question-answers.

**Moderator:** Thank you very much. We will now begin with the question and answer session. The first question is from the line of Gunjan Prithyani from JP Morgan. Please go ahead.

**Gunjan Prithyani**: I just wanted your thoughts on this Chhattisgarh price gap. When do you see this, any resolution on this is there, any engagement between the industry and the government because given the costs have been increasing so much, is not there a case for to pass on these increases through price hikes?

**Management:** Yes. We have already started the dialogue and hopefully should get resolved in this quarter.

**Gunjan Prithyani**: And this price gap is essentially applicable to both retail as well as the projects, the institutional business?

**Management:** Yes.

**Gunjan Prithyani**: Sir this 10% volume growth, can you give some sense on which regions would have, some regional sense on the growth rates and also the capacity utilization for various reasons for your capacities?

**Management:** It was about 65% average capacity utilization around the same for both the regions, but the growth was more in the Eastern side where it has gone up from 3.52 to about 4.45. So primarily on account of the increase in the capacity at the Durg plant. So Northern side, it is not that much as it is in case of the Eastern side.

**Gunjan Prithyani**: And the progress on the Udaipur plant ramp-up?

**Management:** That is also happening and gradually it has almost reached 50% plus capacity utilization in the first 6 months. So hopefully by fourth quarter, we should see it maturing to 80 plus.

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

**Prateek Kumar**: Sir, my first question is with regards to, is there any DMF related provision reversal during the current quarter as reported by lot of other companies in the sector?

**Management:** We have not done the reversal as yet. We will do it in the fourth quarter only at the year end.

**Prateek Kumar**: And sir can you just tell the volumes again, total volume is around 1.89 million tonnes, for East it is 4.45 as you said?

**Management:** Yes, 4.45 and balance is for the North 14.45 and 4.45.

**Prateek Kumar**: And sir just on this RMC revenue numbers, what would be the number for the quarter?

**Management:** They continue to be at those same levels about, last quarter we notched up a volume of about 33 which is flattish, 34 it was corresponding quarter last year. So that continues to be the same flattish, will be 34 crores.

**Moderator:** Thank you. The next question is from the line of Manish Jha from Moody's Analytics. Please go ahead.

**Manish Jha**: Sir couple of good questions. What impact do we see from the sand mining issues which we have in UP and Bihar? Is there any relation in site in the near future?

**Management:** We do not sell much in Bihar and UP. So that is not impacting us.

**Manish Jha:** Okay, so we do not have, almost negligible impact on that, right?

**Management:** Yes.

**Manish Jha:** And anything on the Supreme Court judgment on the pet coke thing?

**Management:** They wanted to club for all the industries that is going to be heard by them. Right now, it is only in the NCR.

**Moderator**: Thank you. The next question is from the line of Sanjay Nandi from Ratnabali Capital. Please go ahead.

**Sanjay Nandi**: I wanted to know sir what is your guided growth for our Northern and Eastern operations in 2 years down the line, expected growth rate?

**Management:** Last quarter, our volume had grown from 3.51 to 4.45 in Eastern operations are concerned.

**Sanjay Nandi**: And in the Northern part sir like what percent of…

**Management:** It is about 27% and in the Northern side, it is about 5%.

**Sanjay Nandi**: And the depreciation of the interest rate will be keeping the same like….

**Management:** 6% in the North.

**Sanjay Nandi**: That will remain in the same.

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

**Ankit Fitkariwala**: Sir, couple of questions. Firstly, if I look at the P&L, broadly is there some change in the contract terms from ex-works to FOR leading to realization be optically looking higher and freight costs are also optically looking higher.

**Management:** Yes, that is right. There has been some change in the billing pattern. Now so the best way to look at the increase in the realization would be to consider last year versus this year a net of freight that will give the correct. You are right, there has been some change in the billing pattern post GST. So most of them now includes the freight, that is why the freight figures suddenly would have seen a jump, so also the realization. So the best way to look at the actual increase in the realization is to see net of freight.

**Ankit Fitkariwala**: Broadly just wanted a sense from you like across your markets compared to the June quarter in the September quarter, how have you seen the realizations moving if you can give us sense in terms of Eastern market as well as Northern market probably break it up into the Gujarat market also if possible?

**Management:** Gujarat has gone up that has seen the improvement. So that is there. But otherwise if one were to look at overall, net of freight, it would be I would say marginal increase, almost flattish the realization part. In fact, it is a marginal increase in the Northern side, but the Eastern side because of the ban in Chhattisgarh which did not impact the full quarter last year, it did impact the full quarter. So there has been a drop in realization, net of freight as far as Eastern side is concerned and some marginal increase in the Northern side in our Northern markets.

**Ankit Fitkariwala**: Sir when you say ban, you basically mean the price gap?

**Management:** Yes, sorry price gap, you are right, that is the right word, beyond particular price.

**Ankit Fitkariwala**: So on the raw material side, I understand that there is an inventory movement angled there, but ex of that also seems like the raw material cost has been slightly down. So any specific reason there? Slightly down or flattish?

**Management:** It is flattish.

**Ankit Fitkariwala**: I am saying that sir in terms of the raw material, none of the raw material costs are cause of concern going forward, is it?

**Management:** To answer your earlier question, earlier this raw material also included the anti-tax also. So that having got subsumed in GST and that is why you are seeing the raw material cost not going up.

**Ankit Fitkariwala**: And sir just one last question. In terms of NCR region, there are also some court verdict saying that all construction activity has to be stopped for a period of 5-6 days. So did it actually get implemented in that manner and was it like offtake was very low for those 5-6 days or how is it panning out in the current scheme of the environment there?

**Management:** No, it is marginally impacted, but it will more than makeup going forward. 4-5 days, it does not make a huge impact. They carry that much of inventory.

**Ankit Fitkariwala**: And sir just my last question in terms of the Udaipur plant, if you can give a sense of you said that it is running at 50% utilization in the September quarter, right? What is the current EBITDA levels that it is probably making and going forward, what are you expecting in the next couple of quarters?

**Management:** It is difficult to give an estimate of EBITDA, but yes going forward with the volume going up, it should make healthy EBITDA.

**Ankit Fitkariwala**: In sir about how many quarters like 2-3 quarters are what are you looking at?

**Management:** Fourth quarter, we should make some good EBITDA.

**Ankit Fitkariwala**: Means March 18 quarter you are saying?

**Management:** Yes.

**Ankit Fitkariwala**: But coming to the level that we operate on a standalone basis, how long will that take?

**Management:** That may take some time because their cost is as of now slightly higher because of the captive not being there so far, captive power. So, we are working on that. So that is why it may not be at the same level as Sirohi.

**Ankit Fitkariwala**: But sir, Sirohi levels in about 8-10 quarters means what is your estimate, broad estimate?

**Management:** 4-5 quarters should be there.

**Moderator:** Thank you. The next question is from the line of Navin Sahadev from Edelweiss. Please go ahead.

**Navin Sahadev:** Sir, two questions. One, you did give your volume breakup in North, but if I missed, can you just repeat what is the growth did we see in the North region. I am asking more from the context that were we able to increase market share given that our competitor Binani was operating at very low utilizations in the previous quarter.

**Management:** There has been growth of about 6% whereas overall market, there was only 2% growth. So we did perform better than the market.

**Navin Sahadev:** And that would have been safe to assume that, that is because whatever vacuum was created by Binani, we could get some benefit of that right?

**Management:** Yes.

**Navin Sahadev:** Fair. Sir my second question is related to the excise duty on the closing stock, so just wanted to understand like since under GST, excise itself is not going to be there in P&L. So is there any reversal that would have happened in P&L because of this, whatever excise duty which is there on the closing stock and if you can quantify, how much that amount been?

**Management:** There has not been any reversal. Whatever is the excise duty already paid there, we will get this thing back. It will get subsumed in the GST going forward and on the paid stock, we will get the reversal. Transitional provisions are there in the GST, will get that back.

**Navin Sahadev:** It is just a slightly accounting question. The excise duty which is applicable to the change in inventory or the closing stock if I may say, that is adjusted in the closing stock itself or it is part of other expenses?

**Management:** It is not part of the other expenses. It is adjusted in case decrease in stock only.

**Moderator:** Thank you. The next question is from the line of Rakesh Vyas from HDFC Mutual Fund. Please go ahead.

**Rakesh Vyas**: Few questions. What was the clinker sales volume this quarter sir?

**Management:** Clinker, we sold about 2 lakh tonnes, 184 from North and 0.17 from Eastern side. Total is 2.1.

**Rakesh Vyas**: Fair enough. And what was the total clinker production at both places?

**Management:** We produced about 12.5 lakh tonnes in the Northern operations and 2.67 in the Eastern. Total clinker production was 15.17.

**Rakesh Vyas**: Fair enough. Sir given this price gap in East, so are we making positive contribution at the EBITDA level at this plant because last quarter was reasonably good margins, first quarter I am saying. So after this price gap, are we still at positive EBITDA?

**Management:** Yes, we are still at positive EBITDA but that quantum has gone down because of the realization being lower on account of the price gap.

**Rakesh Vyas**: Pet coke prices for the quarter were how much?

**Management:** Our average cost was about 6,500, but going forward because of the recent hike in the pet coke prices, that will impact in the coming quarter.

**Rakesh Vyas**: So what is the current prices you are procuring sir?

**Management:** Close to about 7,500.

**Rakesh Vyas**: And is there a change in the mix of usage of pet coke either at Sirohi or Durg?

**Management:** Durg, we have been gradually increasing. We have been able to do that increase in the Eastern side primarily on account of the linkage available, but yes we are also trying for the Northern operation going forward.

**Rakesh Vyas**: Can you give the percentage usage of pet coke sir at Durg will be how much currently?

**Management:** Durg will be about 55-60, balance is the coal and other things and here it is about 85.

**Rakesh Vyas**: Okay. And given the price gap, is there an intention to send material to outside of Chhattisgarh more or that is not what you are planning currently?

**Management:** That is a natural course one would take in case of that price. But it takes time to that to happen.

**Rakesh Vyas**: So last quarter you wouldn't have seen any change in the lead distances, the freight that you are saying which has got increased primarily because of billing policies?

**Management:** That is basically because of the billing pattern post GST.

**Moderator:** Thank you. The next question is from the line of Dheeresh Pathak from Goldman Sachs. Please go ahead.

**Dheeresh Pathak:** Sir, in the base quarter what is the volume breakup between North and East?

**Management:** Last year, base means corresponding quarter of last year, right?

**Dheeresh Pathak:** Yes.

**Management:** We had about 12.5 to…sales you are talking? It was about 13.67 for the Northern and 3.51 for the Eastern operation. Total 17.18.

**Dheeresh Pathak:** This quarter, this year it is the breakup between North and East is 13.7 and 5.2?

**Management:** No, I have said 14.45 and 4.45, total 18.9, it includes that.

**Dheeresh Pathak:** And sir the difference between EBITDA per tonne between North and East, like blended basis we know, but like last quarter you mentioned that there was Rs. 300 per tonne difference between North and East. Can you give that number for this quarter?

**Management:** This would have gone to about 400 because of the price gap.

**Dheeresh Pathak:** And reason for decline in other expenses?

**Management:** It is normative. There has not been any reversal as such.

**Dheeresh Pathak:** But if you have seen this across companies, so is it because something to do with GST or what is it, I mean because sequentially we have seen all companies having lower other expense?

**Management:** No. It has nothing to do with GST. It is normative only.

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

**Prateek Kumar**: Sir, is there any update on that conveyor belt progress on land acquisition there and the completion of that particular project?

**Management:** Yes, that is unfortunately for us lingering on because of the land whatever balance is to be acquired is from a government company. So it is going back and forth to their board and so we are hopeful that it should get in about, if not by March at least by June it should get completed. It is lingering on, we know every quarter we speak and then unfortunately progress is not there to report much.

**Prateek Kumar**: And sir similar would be the case with the progress on Odisha grinding unit.

**Management:** Orissa, there is some positive news there. There has been some construction which has happened in the last quarter without any stoppage. So that is working well and should be again operational by third quarter next calendar year. I mean second quarter of the FY'19 as of now as we see, hopefully if there are no further disturbances going forward in the coming quarters.

**Prateek Kumar**: Okay and sir what would be our gross debt, net debt for the current quarter, post the current Q2 end and including working capital and every debt?

**Management:** Last quarter, we had talked of 2,200 gross and 500 the cash zone. 17 was the net as of June and September it has gone down by 50 crores, net debt.

**Prateek Kumar**: So last quarter also you mentioned about working capital issues with regards to, I mean in general, so is there further stretching of working capital in post GST?

**Management:** Yes, that happens because of the duty having been required to be paid upfront right up from the movement of the goods from the factory even to the depots. So there has been marginal increase in the duty component on this stock.

**Prateek Kumar**: Okay. And sir what would be your CAPEX which we have done for the first half and expectation for the full year?

**Management:** The CAPEX, in the first 6 months we have done not much only about 100 odd crores and another 30-40 will get spent over the next 6 months. So total CAPEX we expect to be around 130-140 same next year.

**Prateek Kumar**: Okay and sir one last question. Sir, do we give consolidated volumes for our company like including UCW, excluding the impact of intercompany sale? Corresponding to consolidated sales of JK Lakshmi, do we have a consolidated volume for JK Lakshmi?

**Management:** We don't give consolidated numbers. Consolidated numbers are given only at the yearend. So our figures are only JK Lakshmi's standalone. The intercompany sale has got reduced with commissioning of their own clinkerization from April onwards. So that has considerably gone down.

**Moderator:** Thank you. We will move to our next question from the line of Krishna Prasad from Franklin Templeton. Please go ahead.

**Krishna Prasad:** Sir, you spoke about this WHR. Can you give us as sense on what would be the benefit on the power cost once it is commissioned and you know by when would we start to see that in the numbers?

**Management:** Impact would be about Rs. 40-Rs. 50 per tonne and that should happen for some part in the current quarter and for the full fourth quarter, January to March. So some impact will be there, because the tolerance have already commenced and we should see some benefit in the current quarter, not full but certainly for the next quarter.

**Krishna Prasad:** This is Rs. 40- Rs. 50 for the East operations?

**Management:** Naturally.

**Krishna Prasad:** Okay. So broadly we should be able to go back to that Rs. 300 gap that you spoke about last time with this and maybe a little bit of increases in the prices?

**Management:** Major benefit would flow when we have this 20 megawatt of thermal power also getting commissioned. So it will have another Rs. 200 benefit going forward once that is in place, so full impact of the entire power and EBITDA converging for both the operations would hopefully be by fourth quarter FY19.

**Krishna Prasad:** Right. Is it safe to assume that you are not looking at any expansion at this point, like apart from this Odisha grinding, anything…?

**Management:** You are right. We are not looking at any expansion as of now and would like to consolidate at the existing level, deleverage the balance sheet a bit and then take a call for any expansion, brownfield it will be going forward.

**Krishna Prasad:** And on the East side, any thoughts around the railway siding would that make your realizations any better, any thoughts on that?

**Management:** The present volume we are able to supply through road only. This railway siding would definitely be there when we go for another kiln going forward. As of now, we do not have any immediate plans of going for the railway siding.

**Moderator**: Thank you. We will move to our next question which is from the line of Vincent Andrews from Geojit Financial Services. Please go ahead.

**Vincent Andrews**: Most of my questions have been answered in the previous discussion. One more question is there. Can you give the current per unit cost of power from different various sources like grid, WHR?

**Management:** Grid, we are getting in the East side close to about Rs. 6.5 and in the Northern side, around the same, but we have the benefit of the thermal power and the waste heat recovery. Waste heat recovery is less than Rs. 50 without interest depreciation and it will be around close to Rs. 4 on the thermal.

**Vincent Andrews**: Can you give also the mix that is from grid and how much will be..

**Management:** East, in fact it is not 6, it is almost in excess of 7, 7-7.5 or so.

**Vincent Andrews**: And mix also?

**Management:** Mix is we have entirely on the grid as far as the Eastern operations are concerned and in the North, we are primarily doing about 14-15 MW of the waste heat recovery and another 30 odd MW through the thermal and balance through grid.

**Vincent Andrews**: Okay. I am asking about how much you use from the grid, that is for out of the total…

**Management:** As far as Eastern is concerned, entire is from grid. And in the Northern, maybe about 20%-22%.

**Vincent Andrews**: From the grid, okay.

**Management:** Yes. 50% is TPP and balance 30% is the WHR.

**Moderator:** Thank you. The next question is from the line of Abhishek Ghosh from Motilal Oswal Securities. Please go ahead.

**Abhishek Ghosh:** Just wanted to understand the OPC, PPC mix for the current quarter?

**Management:** Around 41% is OPC and 55% is PPC and about 5% is Slag.

**Abhishek Ghosh:** Okay. And sir just one more thing in terms of the Odisha grinding unit, would the current clinker unit in Chhattisgarh would suffice that or would we need to debottleneck or anything on that sir?

**Management:** We may need to do some debottlenecking and that should happen as and when it comes into operation.

**Abhishek Ghosh:** Okay. So once we kind of understand that the grinding unit is fairly in progress state before commissioning, then we will take a call?

**Management:** Yes.

**Abhishek Ghosh:** Okay. And sir just one more thing. While we have seen some of the change in commercial terms and that resulted in increase in freight cost, but has the freight cost per tonne gone up even because of the road freights have moved up and that is going to continue…

**Management:** See, the petroleum hike was by about 10% year-on-year, to that extent there was a real freight increase by about 10% and in fact the road freight was much less increased. And there was a bit of a decrease in the lead also. But cumulatively what you are seeing is the balance sheet is basically on account of the GST accounting, accounting for FOR which earlier **was ex-factory.**

**Abhishek Ghosh:** Okay. So is it fair to assume whatever little road freights have gone up, we would have mitigated that by reduction in lead distances?

**Management:** Not entirely.

**Abhishek Ghosh:** Okay. And is there further room for lead distance reduction even from here?

**Management:** See, if the Chhattisgarh price do not increase, then there will be actually a case of increasing the lead now and also because now the non-trade sales, the net realization has gone down, earlier there used to be an excise benefit which is no more there, it might make sense to do trade sale even outside the region rather than selling the nontrade within the region because of the prices not going up to the extent. The duty has been increased.

**Abhishek Ghosh:** But the ramp up of Surat grinding unit will that help in kind of controlling lead distances for the Northern operations?

**Management:** Yes. Any grinding will decrease at lead and that is what that unit is also planning for reduction of the lead only.

**Moderator:** Thank you. The next question is from the line of Ritesh Shah from Investec Capital. Please go ahead.

**Ritesh Shah:** Sir, my first question is as you indicated the differential in EBITDA between North and East at Rs. 400 per tonne, is my reading correct?

**Management:** Yes, you are right.

**Ritesh Shah:** Sir, how much is the differential on the pricing side and on the cost side to understand this EBITDA differential of Rs. 400 per tonne?

**Management:** The pricing has also, the East side is less by about close to Rs. 400 a tonne.

**Ritesh Shah:** Okay. Then sir, how should we look at the cost side?

**Management:** Cost side basically, here power is the only reason as to why the cost is slightly higher in the Eastern and we are trying to mitigate till the time our own captive is not there by using more of the coal because of the proximity and the linkage we have got in the Eastern side. So the impact of the hike in the pet coke price is not that severe in the East as it is there in the North where are using almost 80%-85% of the pet coke. So to the extent of the power captive not being there is mitigated to some extent by the increased usage of the coal being available closer in the Eastern side.

**Ritesh Shah:** That helps. Sir my second question is, how is our debt repayment schedule like?

**Management:** We are paying about 200 crores every year.

**Ritesh Shah:** And sir, so far how much we have paid?

**Management:** Two quarters, 100 would have gone down from the March quarter. It is equated, 50 crores each quarter.

**Ritesh Shah:** And sir net debt you indicated around 1,700 crores, so that is flattish on a sequential basis. Is that correct?

**Management:** 1,700 crores as mentioned was there in June. It has come down by another 50 crores as of September to 1,650 net debt.

**Ritesh Shah:** Okay. And sir last question, how much will be the debt at UCWL, to get an understanding on the consol debt?

**Management:** They have a gross debt, they don't have any cash in the balance sheet. Gross debt is about 525 for the term loan and another 30 odd crores for the working capital. So about 550 is the total debt at UCWL.

**Ritesh Shah:** Okay. And sir when we say this repayment schedule, it also includes UCWL or is it only for standalone?

**Management:** Standalone.

**Moderator:** Thank you. We will move to our next question which is from the line of Saumil Mehta from BNP Paribas Mutual Fund. Please go ahead.

**Saumil Mehta**: Sir, taking from previous question, the Rs. 400 preferential is mainly led by pricing. So assuming with the increase in capital power plant, is it fair to assume that the overall profitability for East will be far higher at least in the cost efficiency part even with lower volumes?

**Management:** A bit correction. Out of 400, not exactly 400, 300 is the realization and 100 is the cost differential which accounts for the 400 gap there in.

**Ritesh Shah:** And once we have the captive power plant commission, that cost will come down. So maybe the East operations will be much more cost efficient compared to the North operation despite lower volumes. So is that the right assumption?

**Management:** Broadly, Yes.

**Ritesh Shah:** Okay. And can you broadly quantify what kind of cost savings can come with because of the power cost savings?

**Management:** 50 as I mentioned earlier in response to some question, it would come about to the waste heat recovery and another 200 should come from the thermal power.

**Ritesh Shah:** And in terms of the debt repayment at the overseas operations, how do you see FY18 and FY19?

**Management:** Come again?

**Ritesh Shah:** The repayment schedule?

**Management:** 200 crores as I mentioned earlier, it is…

**Ritesh Shah:** That was the standalone?

**Management:** That is standalone. 200 crores is the standalone repayment as far as JK Lakshmi standalone is concerned. As far as UCWL is concerned, this was financed through a debt, short term debt of about medium term rather, 3 to 5 years, so we will have it refinanced as and when it falls due for payment and as far as UCWL is concerned.

**Moderator:** Thank you. The next question is from the line of Milind Raginwar from SBICAP Securities. Please go ahead.

**Milind Raginwar:** Our volume gain is around 10%, is that a fair assumption, I mean year-on-year?

**Management:** Year-on-year, Yes.

**Milind Raginwar:** Sir, so this time our external arrangement that we had was that on a lower side because that cost is more or less static?

**Management:** Last year we were in the corresponding quarter we were also selling clinker to Udaipur, which is because of their own clinkerization is not happening this time. So yes to that extent is lower.

**Milind Raginwar:** Sir I joined a bit late. What would be the RMC sales for this quarter?

**Management:** 33 crores.

**Moderator:** Thank you. Due to time constraints, we will take one last question from the line of Navin Sahadev from Edelweiss. Please go ahead.

**Navin Sahadev:** Just a couple of questions. Sir in this quarter in which we like normally annual maintenance shutdown is taken, so have we taken this or is there some deferral to this particular exercise?

**Management:** We have not taken in this quarter; we didn't take any shutdown annually.

**Navin Sahadev:** Yes, so I am saying to that an extent the cost would have been lower, right?

**Management:** Yes. But that we don't charge that cost in that quarter in which the shutdown happen. We amortize it equally over the 4 quarters. Otherwise in particular quarter in which the shutdown happens, suddenly there is spurt in the cost. So we don't do that.

**Navin Sahadev:** Right. So even if we have not done it, the charge on opportune basis is still…

**Management:** Pro-rata is there. We equate it for 4 quarters, instead of charging it in the quarter in which actual shutdown happens.

**Navin Sahadev:** Okay. Sir next question basically was since you mentioned there is this change in commercial terms from ex-depot to FOR basis, so is it done in totality or there is still more to it that certain volumes or like certain customers it is still pending and it will happen in subsequent quarters?

**Management:** Wherever the customer is not able to take the GST setoff, it is now in the new regime, there is hardly any segment which will not be able to take that setoff. So we have to [00:41:29]_____ again the GST paid, it makes sense for him to buy a material on delivered basis so that the GST on the freight also gets set off to him, available as a setoff for him. Therefore there is hardly any much quantity which would have not been charged based on the FOR basis.

**Navin Sahadev:** Sir related to these emission norms, is there any CAPEX pending related to meeting these Sox and NOx emission norms at both North and East fronts?

**Management:** We see no further CAPEX on this account until and unless they also make it mandatory for power plants. Right now, the emission norms are for the kilns. So kiln, we do not need to make much of a provision or deploy more of capacity in the coming quarters. But if they make it mandatory for power plants which they have not yet notified, then there is a separate chapter, but that would be an additional CAPEX which we have not yet provided.

**Navin Sahadev:** Related to that FGD kit related CAPEX?

**Management:** Right.

**Navin Sahadev**: But for the kiln part of it, the CAPEX which involved I think putting up a SNCR kind of a kit, does it require any OpEx which is like significant enough to be taken note of?

**Management:** We are trying to deal with it on the primary label where the OpEx is not very significant.

**Moderator**: Thank you. Ladies and gentlemen due to time constraints that was the last question. I now hand the conference over to Mr. Vaibhav Agarwal for closing comments.

**Vaibhav Agarwal**: Thank you. On behalf of PhillipCapital (India) Private Limited, I would like to thank the management of JK Lakshmi Cement for the call opportunity and also many thanks to the participants who joined in the call. Thank you very much sir.

**Management:** Thank you.

**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.