JKLC:SECTL:SE:21
30th July 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 30th July 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: MFG0220210730136423

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

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

JK LAKSHMI CEMENT Ltd.

JKLC:SECTL:SE:21
31st July 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 30th July 2021 at 4:00 P.M.

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.

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

Yours faithfully,
For JK Lakshmi Cement Limited

BRIJESH KUMAR DAGA

Digitally signed by BRIJESH KUMAR DAGA
DN: c=IN, o=Personal, pseudonym=a95393bcffe84fe25eb10545b473a9b2758b83fc77a979fc27e4f69302e64d35, postalCode=110076, st=DELHI, serialNumber=b72bde3ab61abfa2ccc3c100cfca6671e803ffafd86839e6d2dc9e1b510f6c00, cn=BRIJESH KUMAR DAGA
Date: 2021.07.31 21:35:49 +05'30'

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

Encl: as above

"JK Lakshmi Cement Limited Q1 FY-22 Conference Call"

July 30, 2021

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

Moderator: Ladies and gentlemen good day and welcome to the Q1 FY22 Conference Call of JK Lakshmi Cement Limited hosted by PhillipCapital (India) Private Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' 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, Stanford. Good evening everyone. On behalf of PhillipCapital (India) Private Limited, we welcome you to the of Q1 FY22 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 it 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 JK Lakshmi Cement and its management that certain statements that may be made or discussed on the conference call and maybe forward-looking statements related to future developments and current performance. These statements are subject to 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 assumes no obligation to update or alter the 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 Vaibhav and thank you all the participants for joining. You would have seen the results and now we are open for Q&A. And once again we thank you for the continuous interest that you show in our organization. Thank you.

Moderator: Thank you very much sir. Ladies and gentleman, we will now begin the question-and-answer session. The first question is from the line of Manish Ostwal from Nirmal Bang.

Manish Ostwal: I want volume of Udaipur Cement Works for the current quarter and the last quarter. Quarter 4 FY21?

Management: This quarter Udaipur did…they have total volume of 5.93 in this quarter.

Manish Ostwal: And the last quarter 5.88?

Management: 5.81 for the previous quarter.

Moderator: The next question is from the line of Rajesh Ravi from HDFC Securities.

Rajesh Ravi: First on housekeeping number. Would you share the clinker production and cement production for JK Lakshmi, standalone?

Management: For this quarter?

Rajesh Ravi: Yes. Q1.

Management: Clinker production in this quarter was a 17.45 and cement production was 20.88.

Rajesh Ravi: For March quarter, same numbers?

Management: March quarter same numbers, we were in the March quarter clinker production was 17.24 and cement production was 26.07.

Rajesh Ravi: Non-cement revenues in this quarter?

Management: Non-cement revenue, it was about 78 crores and a corresponding quarter was 29 because that was COVID impacted quarter.

Rajesh Ravi: 29 for the YOY. And March quarter was 65?

Management: 95.

Rajesh Ravi: How is the balance sheet position currently and what is your status on the ongoing CAPEX?

Management: CAPEX ongoing we have only one CAPEX which is ongoing which is the waste heat recovery and some project on the SOx & NOx at Sirohi. That is a project which is costing us about 240 crores out of which we had incurred 104 last year. So, balance 136 will get incurred in this year. Other than that, the normal CAPEX of about 30-40 crores.

Rajesh Ravi: And for the Udaipur Works, what is the status on the CAPEX?

Management: CAPEX they have just completed in June quarter. The balancing project of 60 crores were in their capacity has gone up from 1.6 for cement to 2.2 and clinker from 1.2 to 1.5. Now they would embark on the expansion project of 1400 crores.

Rajesh Ravi: What is the timeline you are looking for the same?

Management: We had talked last con-call also, 3 years' time we are talking off and out of which the clinkerization plus one grinding unit will happen at the mother plant only at Udaipur. Our internal target is to complete at least that in 2 years' time and the split location grinding unit one or two would happen maybe a year later in third year.

Rajesh Ravi: For the Udaipur, you had mentioned that March quarter sales volume were 5,81,000 March quarter?

Management: Yes, in response yes. Just now somebody asked this question so we have responded.

Moderator: The next question is from the line of Amit Murarka from Motilal Oswal.

Amit Murarka: I just wanted to understand on the clinker sale. So, this quarter I understand the clinker sale has been much higher. Given that demand is improving now and all so what would be your strategy on clinker sale? Would you look to produce and hold inventory to optimize your revenues and margins in 4Q and generally, seasonally the prices margins are better or would you continue with clinker sales in the next two quarters?

Management: We normally do not, if we plan what is going to be the requirement of clinker in the coming next two quarters and as well as the production. If there's any gap we store the, we stock the inventory otherwise we dispose of. So, whatever is feasible from our grinding operations, that much clinker we ensure that we have it with us. This quarter the clinker sale was higher primarily because some of the uncertainty in the month of April end and the 2-3 weeks of May as to how long the wave 2 will continue whether the grinding would get affected because of the lockdown and that's why we cleared some more clinker than what was originally planned. Besides we have a second quarter when normally the demand gets slightly subdued. Whatever was this surplus clinker has been sold in that quarter.

Amit Murarka: Your clinker utilization was 100% in this quarter?

Management: Sorry?

Amit Murarka: The clinker utilization based on the production of 17.45 or if I am not wrong will your clinker capacity is about 6.9 million ton.

Management: It was 100%.

Amit Murarka: Just in that context I was also asking that I mean based on this like going ahead as well as you would look to sell clinker or would you look to build that inventory for doing more cement when the demand is generally better in let’s say December-Jan onwards?

Management: I think I have already answered that. We will keep adequate provision for meeting all the cement requirement. We don’t allow cement grinding to get suffer on account of shortage of clinker.

Amit Murarka: Also on the cost side, so in this quarter like I mean looking at the numbers seems like your raw material cost has gone up. What would be the reason for the increase in the raw material cost?

Management: Actually, we had also apart there had been some higher gypsum and fly ash cost. Plus, some purchase of clinker has also happened. That's the reason as to why the raw material cost looks higher.

Amit Murarka: This purchase of clinker would be from UCW or from the market?

Management: Primarily from UCW only but some may be there from the market also because at times the question could be if you are purchasing then why you are selling. So, it still if its makes sense to sell in your market where it gives us better realization and procure it in the market where if the prices are less so we do that as well.

Amit Murarka: And also, on the power side like this quarter generally the entire industry has suffered from higher power and fuel cost. So, what would be your coal consumption cost in this quarter?

Management: In this quarter we were at 7000 shared over 7000 as against 6800 in the corresponding quarter and 6600 in the preceding quarter.

Amit Murarka: What would be like the purchases at?

Management: Purchases are right now those have become very expensive but we have got purchase, done lot of purchases in this quarter. Our inventory is good enough for another 4-5 months.

Amit Murarka: But the inventory that you are holding would be again higher than let's say 7000?

Management: Yes, naturally it will be higher than the 7000 cost, you are right absolutely.

Amit Murarka: Since you are already holding that inventory would you be able to guide about the inflation that is likely let's say for 2Q because you already are having that inventory at the cost?

Management: Yes, it should be at (+2000) only.

Moderator: The next question is on the line of Madhav Marda from Fidelity International.

Madhav Marda: I just wanted to get an idea from your side on the any specific cost side initiatives that we have ongoing? I think in the last quarter you did mention that there were some initiatives ongoing to improve the EBITDA per ton profile of the company, if you could just help us understand what's happening on that side?

Management: Cost wise we are doing the waste heat recovery project at Sirohi which will help us to reduce the power cost further. It will get implemented by third quarter. Other than that, we are working very closely on the logistic cost improvement.

Madhav Marda: What are the key target areas that we have in the logistic cost? Is it basically bringing down the lead distance or we have heard with some other companies are doing ware house rationalization, more direct dispatches etc. that's what we hear but I am just trying to understand what are the target areas from the logistic program?

Management: These are the major buckets are of course ensuring that we operate in the minimal heat is obviously the number one. Then the allocations to various plants becomes the number two. Number three is the direct dispatches. Of course, going forward in every of these areas, the headroom gets limited. We are already doing nearly 80% on direct dispatch 100% on the non-trade. So, the head room going forward gets lesser day by day but it's still the whole attempt is to optimize each of these buckets.

Madhav Marda: Secondly on improving our trade mix and trying to push more sales of premium branded products. Is that also something that we are pursuing in the next 2 or 3 years?

Management: Yes, of course. The whole idea of premium brands and products are that we maximize their sales. We are currently at about 25% of our trade sale on the premium side and the whole attempt is how do we really move on to 30%-35%.

Moderator: The next question is from the line of Keshav Lahoti from Antique Stock Broking.

Keshav Lahoti: I want to understand as the fuel cost is rising and also the diesel prices so what sort of increase in fuel and diesel prices per ton we should model in for next quarter on Q-on-Q basis?

Management: We answered that in response to the earlier question. This quarter it was about 7000, our average fuel cost should be (+8000) in the coming quarter.

Keshav Lahoti: What about freight cost?

Management: Freight cost, the impact of the diesel would be there going forward. This time there has been an increase and as compared to fourth quarter the diesel prices have gone up by about 15% and 27% is corresponding to the and with reference to the corresponding quarter. So, that impact would come going forward.

Keshav Lahoti: Last quarter the April and May was quite bad for you. Like 25% to 30% drop was there. I believe June has been quite good. So, you have delivered a good number on volume front. So, how has been the demand over July?

Management: Demand, we saw a good run on demand in the month of April up to 20th-22nd April. Thereafter because of the lockdown at the various markets at different time our dispatches were slightly subdued till about first week of June. There after there has been a good demand run right up to second week of July. Now with monsoons wide-spread all over, there has been slightly flattening demand in almost all the markets which is a normal phenomenon during the Q2. I would expect that to continue till middle of September. But as I said this is a usual phenomenon, nothing new.

Moderator: The next question is from the line of Ritesh Shah from Investec.

Ritesh Shah: We understand that the company has won a few leases in Rajasthan and Gujarat. Can you give some details on that? What are these leases, at what premiums we got and what does it mean for the growth plans going forward?

Management: We have got two mines. One in Kutch in Gujarat and the second one in Rajasthan. So, as far as Rajasthan is concerned that is available in public domain, the premium which we have bid for.

Ritesh Shah: What would this mean for the growth plan for the company?

Management: Right now, we are working on the expansion of the Udaipur second line. And towards the end of that we would take a call when to expand, take up the next further expansion. Whether it will be a Brownfield in Eastern side depending on the demand supply or using one of these mines for a Greenfield opportunity. It's too early for us to take a call. We will be working closely right now on UCWS expansion only. But yes, this will be the opportunity going forward.

Management: When you say what does it mean? It means that, we will not obviously lose our market share. We will continuously have opportunities to create capacity so that the market share grows rather than shrink when we run out of the capacity. So, what it means basically is that in both our key markers of Rajasthan and Gujarat, we now have adequate coverage or limestone availability so that we maintain our or grow our market share.

Ritesh Shah: My second question is there have been a top-level management inductions in the company. Has there been any change in responsibilities on the marketing side or on the manufacturing side of things? Just wanted to have some sense on this particular aspect on how we should look at it 6 months or 2 years out?

Management: We have now as we mentioned in the previous quarter con-call as well that we now have a president who will be looking after both these operations under one umbrella. Obviously, that means that going forward that he's already in the process. Going forward he will be the face looking after both these things. Both the major operations.

Moderator: The next question is from the line of Roshan Paunikar from JM Financial.

Roshan Paunikar: Firstly, on this Udaipur expansion so in the last call we had mentioned that we are looking to raise an equity in the Udaipur Cement either through rights issue or through equity infusion from JK Lakshmi side. So, have you decided now on that?

Management: Yes, we will announce in the coming quarter. We will form it up and announce it in the quarterly results along with the quarterly results of Udaipur.

Roshan Paunikar: What would have been our trade-nontrade mix, blended cement mix from this quarter?

Management: Blended quarter we had trade about 53% and blended 58%.

Roshan Paunikar: Our fuel mix for this quarter would have been?

Management: Sorry?

Roshan Paunikar: Fuel mix, petcoke, coal?

Management: We have because of this spurt in the prices of the petcoke, we have flinched over to coal primarily. We were already very high in the so overall we ended up 54% coal, 40% petcoke and 6% other fuels, bio-mass etc.

Roshan Paunikar: What would have been our clinker sales during this quarter and at what price would we have sold it on this particular quarter?

Management: Price, I will not be able to share. Clinker sales were 3.69 in this quarter.

Moderator: The next question is from the line of Milind Raginwar from Centrum Broking.

Milind Raginwar: Can you please share the breakup of this other operating income that we get from RMC and other?

Management: RMC is 33, AAC block is 33, POP and others is 11-12.

Milind Raginwar: In terms of the petcoke and the fuel breakup that you have shared. Is it possible that we can share this unit in terms of the clinkerization unit at Sirohi and at Durg?

Management: We don’t give a separately figures for East and North and but broadly it is higher coal in case of Durg primarily because of one, the proximity to the coal sources and also the linkage they have got.

Milind Raginwar: On the logistics cost sequentially, on a per ton basis, we have a flattish trend when the fuel cost seems to be trending higher. So, can you please share the lead distance and reason for that?

Management: The impact which we have been able to maintain the freight cost to about similar extent is on account of various savings and not just the lead distance but also in direct sundry allocation, plant allocation etc. So, that will be too minute a detail to be given right now.

Milind Raginwar: I just said we were hiring some consultancy services, external consultancy services. Are we doing the same still or is it now that contract has ended?

Management: That has almost ended. They were earlier doing for the logistic cost improvement then they reviewed the operational improvements also. Now that contract is almost over.

Milind Raginwar: There is nothing for those piece in the other expenses?

Management: We will pursue ourselves, whatever they have suggested. It's not that there will not be any savings. Whatever have been their suggestions we are implementing it in the logistic side also and on the operational side also.

Milind Raginwar: I just wanted to know so those peaks are not now.

Management: Cost would not be there and no additional cost going forward, you are right.

Moderator: The next question is from the line of Uttam Kumar Srimal from Axis Securities.

Uttam Kumar Srimal: I just wanted to know what is the current gross and net debt position of the company?

Management: Gross debt position last March it was, our total debt was 1125 that has marginally come down to 1100, 1095 to be precise. And net which was around 400 is gone up marginally to 435 because of the reduction in the cash and bank balance. As I mentioned we have used this into surplus cash for stocking our, without additional borrowing for working capital for coal and petcoke inventory. So, the marginal reduction is there. Overall, it is 435 net debt, gross is 1095 as of now.

Uttam Kumar Srimal: How is the current volume pricing in your respective markets? Has it come down from last quarter or is it is stable currently?

Management: There has been some pressure of the prices specially in the Northern markets.

Uttam Kumar Srimal: It's stable in the East and Gujarat market?

Management: Almost still I would say in the Eastern market and Gujarat yes, you are right.

Uttam Kumar Srimal: With regards to your value-added product RMC, ACC block, in the last con-call you had said that we have our internal target of reaching of 500 crores going forward. So, that target remains the same or there has been some change in that?

Management: It remains the same.

Moderator: The next question is from the line of Pinakin Parekh from JP Morgan.

Pinakin Parekh: My first question is on pricing trend. Given that we are in the midst of a monsoon but at the same time there is relentless cost pressure for the industry. Do you see cement prices going up over the next couple of months or more clearly price hikes would only be possible after the festival season gets over in October-November?

Management: No, because the cost pressures are fairly uniform over all the players. I would expect some correction in the prices at least by September when the rain gets slightly lessened in market.

Pinakin Parekh: If I may to just ask you, given that in terms of the cost pressures that you as a company have seen; if you were to maintain the June quarter EBITDA per ton and you have visibility on your cost and going forward from here. What kind of price hike would the company need to see in order to maintain the current margin in terms of the Rs. 30-40 a bag or lower than that?

Management: I would expect increase of about Rs. 20 a bag.

Pinakin Parekh: That kind of Rs. 20 to 25 a bag?

Management: Yes, Rs.20-Rs.25 a bag.

Participant: That you see possibly happening from September months range receipt?

Management: Yes, middle of September definitely yes.

Participant: My last question is on the fuel mix. Now, all the cement companies are talking about pet coke and how pet coke prices has surged and reducing the consumption and looking at thermal coal. Now, the problem is that thermal coal prices are also moving sharply higher. At this point of time on do you think as a company moving away from pet coke to other fuels will materially reduce the cost or it blended energy costs will keep on moving higher even beyond the September quarter?

Management: Now since when pet coke and coal both the prices are going up it we'll move in tandem with the market, but obviously subject to the inventories which we are holding.

Participant: Even adjusted for the inventories it's fair to say at this point of time that the September fuel costs will be higher than the June fuel cost and December fuel cost.

Management: I mentioned that in response to earlier question last quarter it was about 7000, this quarter September quarter could be over 8000.

Participant: December should also be higher than September right?

Management: Marginally yes.

Moderator: The next question is from the line of Sanjay Nandi from Ratnabali Investments.

Sanjay Nandi: I have missed the initial conversation. Can you please share folio numbers for standalone and consolidated basis?

Management: We have a volume is for this quarter was 22.89% for cement and then 3.69 for the clinker and there could there about 5.93

Sanjay Nandi: So, this 22.89?

Management: 22.89 is JK Lakshmi standalone.

Moderator: The next question is from the line of Shanti Patel from Shanti Patel Investment Advisors.

Shanti Patel: As you told as cost is going to go up slowly but steadily in future and at present the demand supply scenario is in favor of the producers. Demand is I've been told that demand is very great. Do you think that you'll be able to pass on the cost by increasing the price in cement in future?

That is question number one. Should I go to question number two or will you answer and then I should come back for question number two?

Management: Mr. Patel we answered that question earlier. We expect the price to see a positive correction by September mid.

Shanti Patel: That is right but if the cost goes up you have to increase your selling price. Will you be able to do it looking to the demand scenario present in today?

Management: No, not today. As I said, I repeat it and we expect price correction which will take care of the costs increase by middle of September.

Shanti Patel: The second question is regarding the Udaipur Cement, as you told that you got the CAPEX plan of around 1400 spending over a period of 2 to 3 years. What will be the impact of the installed capacity of Udaipur Cement, what is the installed capacity today and what will be the installed capacity after expansion?

Management: Today they have just completed one small balancing project, which you would have seen in their results. They've given a note the balancing project by which their capacity in clinker has gone up from 1.2 to 1.5 and after this expansion of 1400 crores their clinker capacity will go double from 1.5 to 3 million. That is number one; number two in balancing their cement capacity has gone up from 1.6 to 2.2 and they're going to add in this 1400 crores about 2.5 million tons, so that will be 4.7 crores to 5 million tons in 2 to 3 years time.

Shanti Patel: How would it be financed?

Management: Broadly we have not formed out or made public means of financing, but it will be a blending as I mentioned in my last call also, through some debt and equity either by way of rights issue or equity induction by the parent company. The form of financing will be announced in the coming quarter.

Moderator: The next question is from the line of Mudit Agarwal from IIFL Capital.

Mudit Agarwal: I had two questions; one is on the other expenses. The other expenses on sequential basis it looks slightly higher. So, is there anything one of which is included in other expenses or is just because of the higher packing material cost and the coal inflation?

Management: Yes, that is the only reason. The last quarter it was about 158 crores, this quarter it is 152 crores. Per ton it is yes slightly higher, but otherwise that is not normative.

Mudit Agarwal: The second question is on the intercompany elimination of the volume. So, in console basis how much we should eliminate on the intercompany volume number?

Management: Volume we will have to eliminate 4.26. I repeat the numbers for the benefit of everybody on the call. JK Lakshmi standalone we had reported a volume of 26.58, Udaipur standalone we have reported 5.93. So, consolidated is not just a summation of these two, we have to reduce 4.26 which is inter unit, so the consolidated net of inter unit is 28.25.

Moderator: The next question is from the line of Vishal Thanvi from ValueQuest Advisors.

Vishal Thanvi: My question is on revenue, so the standalone revenue, which is 1231 crores, can I get the breakup of how much is cement sales, how much is clinker sales and other sales we have already given?

Management: We don't provide the breakup of cement and clinker separately.

Vishal Thanvi: Because particular this quarter your clinker sales have increased due to which your realization per EBITDA per ton looks little bit weak.

Management: But unfortunately we don't share that.

Moderator: The next question is from the line of Shravan Shah from Dolat Capital.

Shravan Shah: Can I have the consolidated gross debt and net debt?

Management: Consolidated debt is 1665 and consolidated net debt is 653. So, maybe around 500 plus is there.

Shravan Shah: Broadly rough idea would be fine if you can help me in terms of our realization East versus West and North and maybe on EBITDA also just to have a broad idea. We understand that it is definitely is lower, but just to have a broad idea how much realization the difference of the lower East versus the North and West?

Management: We don't share separately the East and North, but that correction which used to that has been corrected. Now east is as good as north if not better as far as costs and other things are concerned, but don't share separately for the East and North.

Shravan Shah: During the interview Mr. Chouksey has said that, we are looking at 8% to 10% volume growth for this year. So, just if I am calculating mathematically for next 9 months then it seems that we will be having only 2% to 3% max volume growth. The point what I am trying to understand is there is a cost pressure we do not have a scope for a volume growth. So, the only scope left is a price increase where we are saying at least in the next quarter we are not seeing, so whatever the hike has to happen it will be post September-October. Anything you want to add on this?

Management: No, you're right. What we are looking at because was last year by the Q3 and Q4 we had done quite good volume numbers. So, I would not expect that the fourth quarter at 10% growth. It will be growth of 4% to 5%. Similarly in Q3 maybe we'll see a 5% to 6% growth and Q2 of course would remain subdued. I would not expect much of a growth over last year, so taking into account all these factors we see a growth of 10% to 11%. Subject to we are assuming that there's no further lockdown etc. in the remaining 9 months of the year.

Shravan Shah: And last clarification, Mr. Arvind Shukla he mentioned that he joined as a President, but if I look at in LinkedIn profile it says that CEO of JK Lakshmi, so if you can clarify?

Management: He is joined as a President of the company. LinkedIn is not our formal communication.

Moderator: We take the follow-up question from Amit Murarka from Motilal Oswal.

Amit Murarka: I remember you had mentioned in the earlier call that UCWL has a debt repayment of some 330 crores coming up in this year. So, how do you plan to fund that?

Management: We never said that UCWL has a 330 crores debt repayment; JK Lakshmi has that debt repayment of 330 crores, it will fund out of its surplus corps and fresh accruals from current year profitability. UCWL doesn't have any major debt repayment, because we have just refinanced their entire loan of 525 which was earlier subsidiary **HITCL** and that has now been entirely replaced that's why only short-term arrangements. Those are now entirely has been replaced by 10-12 years bank loan, which has a 1- or 2-years moratorium and the ballooning repayment. So, there's not much pressure on the cash flow as far as the Udaipur is concern on any repayment. Marginally 20-30 crores is only getting repaired over the next 2-3 years each year. 330 crores you rightly remembered but that is not of UCWL is of JK Lakshmi.

Amit Murarka: And any have enough accruals for that has been.

Management: Yes, we have adequate.

Amit Murarka: And also, UCWL incentive has expired right?

Management: Yes, that has expired in March.

Moderator: The next question is from the line of Kamlesh Bagmar from Prabhudas Lilladher.

Kamlesh Bagmar: I've one question on the part of these 240 crores, so I believe this includes your wastage recovery of 10MW ash as well. So, can I get breakup between SOx, NOx and WHRS.

Management: Once I think though we do not give, but then broadly it is 160-170 on wastage recovery balance on Sox, NOx.

Kamlesh Bagmar: One question on the part of clinker sales, every company is looking to conserve their limestone business they push for more higher and higher cement-clinker ratio. If you take any company they are moving on like 1.4-1.5 on clinker-cement ratio, but on other hand we are like says roughly in this quarter we have sold roughly around 14% to 15% of our volumes in clinker, so then anyways we have also accepted that is a low margin segment. But I'm really surprise why we continue to sell such a large quantity in the clinker?

Management: As we have mentioned that earlier, we only sell the clinker which we have surplus. After we have taken into account the coming next two quarters cement requirements.

Kamlesh Bagmar: Let's say in terms of surplus clinker, we have around four grinding network four satellite grinding units we have and cement capacity is much higher than clinker capacity. But how do we have this surplus clinker because none of the company we have seen that they sell more than 4% of their volumes in clinker.

Management: Yes, last quarter we had differently more higher clinker percentage sales and that was basically because of the lockdown that we have had in the first quarter, lockdowns that you face in various markets.

Kamlesh Bagmar: And lastly on this expansion in UCWL, have you finalize the grinding unit?

Management: No, one is at the mother plant only and the two other grinding units we are in the process finalizing and it will be announce it in the coming quarters once we have done that.

Kamlesh Bagmar: As you had mentioned that you will be looking at growth opportunities be it at you recently on mines or like range of East. So, in last 3-4 years we have been continuously maintaining that we want look into the East market because of the soft earning which we have seen there. So, ahead the priority now changed or are we looking at the East market as well now?

Management: The priorities have not changed, but as I mentioned it is 2 years away from what when we have to take a call about the future expansion when we are nearing the completion of Udaipur. We'll take a call depending on the demands supply scenario, pricing scenario and the new capacity in the pipeline and all that before we take the call there to expand.

Kamlesh Bagmar: Last question, as we expand in the Udaipur and other mud grinding units would be coming up, so if say from the today's volume mix which we have in the north market, how the change would be there in terms of lead distance is much higher as compared to our peers because of our location of plants. So, how that like say kilometers or the laid distance would change once your these entire new expansion comes into the north market.

Management: We are not looking at increasing our lead distance once the new escalation comes, because in about 2 years time kicking a normal growth of about 6% to 7% in the market. We are very confident that we should be able to absorb over quantity in the same market where we are operating now.

Moderator: We take the last two follow-ups; we will take the question from the line of Rajesh Ravi from HDFC Securities.

Rajesh Ravi: If I see the realization for Udaipur Cement and compare that with JK Lakshmi standalone, I see that the Udaipur realization are almost Rs.25 lower versus that of JK Lakshmi even adjusted for the non-cement revenues. Why is such a large gap between both the entities?

Management: I'm not sure whether the Rs25 a ton or

Rajesh Ravi: Rs.25 plus VAT, almost 500. If I see for June quarters the realizations for Udaipur is almost Rs.3650 per ton and in case of JK Lakshmi even if we adjust for the non-cement 78crores, it works out to be Rs.4300.

Management: There you would find the freight is a lower than that of JK Lakshmi Cement. What is happening is that there are markets which have a higher selling price, but there the freight is also high, so in case of Udaipur we are only marketing our produced in Rajasthan and Gujarat where the selling price may be less, but the freight is much lower.

Management: You'll see it net of the freight have net off that freight then the difference may not be that much.

Rajesh Ravi: So, it was certain is lower Rs.200-Rs.250.

Management: Exactly you'll get when you net off compare.

Rajesh Ravi: And second, when you talked about because of this higher clinker sale and all, it is better if you can share the consolidated cement and clinker sales for the quarter as a whole 28.25 which you mentioned for the quarter. How much of that on a console basis is clinker sales.

Management: I'll separately send it across. I don't have readily the figure with me.

Moderator: We take the next question from Sanjay Nandi from Ratnabali Investments.

Sanjay Nandi: what is a view of clubbing or bringing the Udaipur into one umbrella and consolidating with JK Lakshmi, so are we thinking of anything from the same notes?

Management: We don't have any immediate plans, because of the differential tax rate in the two companies. The Udaipur Cement Limited is at 25% and JK Lakshmi is at 34%, so merging the same at this point meaning Udaipur been taxed at higher rate for their income. So, we cannot do that, we will get to 25% once our MAT credit get exhausted in 3 to 4years, then we'll also be at 25% and then both the companies are at the same tax rate we will merge it.

Sanjay Nandi: So, currently Udaipur is in 25% tax rate bracket right?

Management: Yes, right.

Management: They don't have any net liability also.

Sanjay Nandi: So, suppose in next 4 years time suppose we get merged with JK Lakshmi, so what would be the synergy that accrue from that merger if you can throw some light on that.

Management: Synergy broadly would be first and foremost basic synergy would be that the cash flow with accrues merge in the two companies, but other synergy is the already getting the benefits and in terms of common marketing, common procurement, etc. common top management and all that, but it will be consolidated cash flows beating the liabilities that's all and those intermediate questions and those will not be there because then all will be in the same company, those figures which we have to sale out for those inter units transactions and knocking off that will not get there.

Sanjay Nandi: What is the gross debt in the repo standing as on date? Post this expansion thing that happened in June quarter?

Management: 550 crores.

Sanjay Nandi: And net debt?

Management: They are having a cash of about 140 crores, so you calculate.

Moderator: We have got Mr. Rajesh Sharma online maybe we can have the question addressed?

Management: Mr. Rajesh this consolidated volume of 28.25 net of the inter unit sale, what is the breakup in clinker and cement? If you can give, there's a query from the investor.

Management: We'll give it separately.

Moderator: We take one question from the line of Rajesh Ravi from HDFC Securities.

Rajesh Ravi: If you could share the purchased clinker numbers also for the quarter and even for 1Q last year how much it was?

Management: 24.21 lakhs ton is cement and 4.04 lakhs ton in clinker and preceding quarter cement is 23.97 and 1 lakh ton clinker.

Moderator: Thank you. Ladies and gentlemen that was the last questions; I now hand the conference over to Mr. Vaibhav Agarwal from Phillip Capital for closing comments.

Vaibhav Agarwal: Thank you and behalf of the PhillipCapital (India) Private Limited we like to thank the management of JK Lakshmi Cement for the call and also many thanks all the persons joining the call.

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