JK LAKSHMI
CEMENT Ltd.

JKLC:SECTL:SE:19
9th August 2019

BSE Limited
Department of Corporate Services
25th Floor, P.J. Towers
Dalal Street
MUMBAI – 400 001

Through: BSE Listing Centre

Security Code: 500380

National Stock Exchange of India Limited
"Exchange Plaza"
Bandra – Kurla Complex
Bandra (E)
MUMBAI – 400 051

Through NEAPS

Symbol : JKLAKSHMI, Series : EQ

Dear Sir / Madam,

Re: Conference call organized by PhillipCapital (India) Pvt. Ltd. on 7th August 2019 at 4.00 p.m.

In continuation of our letter dated 7th August 2019 on the subject, attached herewith is the transcript/ minutes of the aforesaid conference call. This is for your information and necessary action.

Thanking you,

Yours faithfully,
For JK Lakshmi Cement Limited

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

Encl: a.a.

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"JK Lakshmi Cement Limited Q1 FY 2020 Earnings Conference Call"

August 07, 2019

MANAGEMENT: **MR. SUDHIR BIDKAR -- CHIEF FINANCIAL OFFICER, JK LAKSHMI CEMENT LIMITED**

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

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY 2020 Conference Call of JK Lakshmi Cement. Call 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, sir!

Vaibhav Agarwal: Thank You, Stanford. Good Evening, everyone. On behalf of PhillipCapital (India) Private Limited, we welcome you to the Q1 FY 2020 Call of JK Lakshmi Cement.

On the call we have with us, Mr. Sudhir Bidkar -- CFO of the company. And at this point of time, I will hand over the floor to Mr. Bidkar for opening remarks followed by interactive Q&A. Thank you and over to you, sir!

Management: Thank you, Mr. Vaibhav and Good afternoon, ladies and gentlemen, welcome to Q1 Call for JK Lakshmi Cement.

Results you would have broadly seen. Just to recap a few key figures, we had our total sales for the quarter stood at about 23.3 lakhs tonnes, as against 22.87 lakhs, which we recorded in the corresponding quarter of last year, on marginal growth of 2%.

But what is important therein is what we want to highlight is, last year we have sold much higher clinker quantity. So, if one were to go purely by the cement quantity, in this quarter our cement sales were 22.18 lakhs, which shows a 11% growth over what we had 20.23 lakhs in the corresponding quarter of last year. And realizations were obviously better because we being able to pass on some costs impact on the consumers.

And the operating profit for the quarter stood at Rs. 175 crores as against Rs. 104 crores and the corresponding quarter of last year. And after providing for interest and depreciation, interest was Rs. 40 crores and depreciation Rs. 45 crores. PBT was Rs. 90 crores, as against Rs. 15 crores in the corresponding quarter.

Then, we had to this important item as an exceptional because you would all know that there is an asset conveyor belt, which we have been trying to put in place at our Durg cement plant. But somewhat it has been languishing for quite some time for a small piece of land which we have not been able to acquire.

So, as a result, the carrying costs over the period because of the capitalization of the interest and some pre-operative was much higher than the expected benefits over the economic life of that plant. So, there was a necessary to put some impairment, otherwise which would have come by way of depreciation over the future years, that sort of a preponement of the depreciation only. So, that Rs. 30 crores goes there from so, after exceptional item it is Rs. 60 crores and then after tax, it is Rs. 40 odd crores.

There has been improvement in the margin, which were around 16% as against Rs. 10% in the corresponding quarter. And what is important in this quarter is that we have come commissioned the thermal power plant of 20 megawatts and then Odisha grinding unit, it is also likely to be commissioned by the end of this quarter. So, all these projects would be now behind us and we have been able to improve the debt equity, you would have seen our debt equity has considerably improved from 1.39 to 1.06 as of 31st March, 2019. There has been some repayment in this quarter and it will further go down before we embark on any fresh expansion.

That broadly are my opening remarks, I can now throw the floor open for question answers, please. Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the Question-and-Answer Session. The first question is from the line of Kamlesh Jain from Prabhudas Lilladher. Please go ahead.

Kamlesh Jain: Sir, how much one-time, we have booked in this particularly other expense, sir?

Management: Actually, in this other expense an amount of about Rs. 26 crores - Rs. 27 crores are there which is one-time other expense primarily consisting of two things. One Rs. 20 odd crores is the consultancy fees which were paid to the BCG who have been advising us and that is one-time Rs. 20 crores and another Rs. 5 crores to Rs. 6 crores is the donation. So, these are the two one-time exceptional item which have been booked as other expenses. You are right.

Kamlesh Jain: But sir, even in the prior years, we have booked similar items for the consultancy payment.

Management: Those are normative, these are abnormal that is why. Those are also booked there, but whatever was pertaining to the last year was only a very small amount. But this year, they are completing that exercise. So, major portion has come in this quarter.

Kamlesh Jain: So, regarding what particular activities, it consultancy charges being paid?

Management: We have taken them as advisor for our logistic cost improvement.

Kamlesh Jain: Okay. Because even over the years, we have not realized significant savings in terms of freight cost but…

Management: This is your resumption, but to our knowledge as I mentioned, their benefit are much higher than what cost we have to pay for that. And earlier years they have just been endless last year, they are no earlier years. They are just been assigned; they have just completed one year. So, we cannot correlate to our freight costs for what they have been or they have not been able to deliver in the past because they were never there, it is now only there and exercise we, if we engage consultant then do not deliver overnight. But gradually these things will start improving and benefit are derived and that you will see you going forward.

Kamlesh Jain: Okay. And lastly, sir how much realization fall has been there in this month vis-à-vis quarter's average like April to June, July which has gone through?

Management: July figures because I do not have readily but there have been some because of the monsoon season. Obviously, this is and always a yearly phenomenon which always happens, that on the onset of monsoon there is some weakening of the prices.

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

Rajesh Ravi: On this BCG fees, what was the number paid in Q4 and FY19?

Management: Rs. 5 crores may be there.

Rajesh Ravi: Total of Rs. 5 crores in FY 2019, and all of that would have come in Q4?

Management: Yes.

Rajesh Ravi: And sir, what are the views pending FY 2020 what is the total amount to be booked?

Management: Maybe another Rs. 4 crores - Rs. 5 crores.

Rajesh Ravi: Okay. And thereafter no recurring cost that would come out.

Management: Yes.

Rajesh Ravi: Okay. And sir, cement and clinker production this quarter?

Management: Production did not happen, not the sales.

Rajesh Ravi: Sales you already say right 22.18 lakhs.

Management: Yes, sales you are right 22.18 was the sales and 1.12 was the clinker. Clinker production was 16.37 and cement production was 20.74.

Rajesh Ravi: And this is standalone not including the…

Management: These are standalone.

Rajesh Ravi: Okay. And purchase credit goods is rising, so this is purely on account of more of the cement from Udaipur being sold as JK Lakshmi brand?

Management: It is basically we have tried to improve the, rationalize the production and the marketing of JK Lakshmi may as well as Udaipur. So, if who wants to sell something in Gujarat obviously, they source it from our grinding managing in Surat and Kalol and similarly, we want to sell more towards the north then we source it from Udaipur.

Rajesh Ravi: Okay. So, this incremental volume is what the purchase volumes you must have sold taking from them.

Management: Yes.

Rajesh Ravi: Okay. And sir, full year what is your now volume growth you are looking at?

Management: We should be around 10%.

Rajesh Ravi: 10% volume growth including clinker, like last year, we did 9.7 million tonne.

Management: No, it is something we are talking of cement. As we have done in this quarter, there is 10% growth, including clinker it may not happen because we will be what we had told last time also that slowly early till last year, you would have seen that our clinker sale used to be higher that is the reason we are reducing. So, this quarter there has been a sharp drop in the clinker sale also, okay. Clinker sale was down by almost 60% and 11%, it is cement to cement not on total including….

Rajesh Ravi: Right. So, this 11 lakh run rate will continue, even that can come down further because as you step up your cement production?

Management: Depending on the market and the how we want to go about it, it may, it is difficult to say yes or no. But it may that is what I…

Rajesh Ravi: Right, I agree, sir. And lastly in the terms of the CPP, now that you have commissioned, what sort of cost savings on a quarterly basis, we should model in?

Management: Quarterly basis we should see, cost savings should come from third quarter and fourth quarter but real cost saving for that will come next full year when only after 12 months when you enter into that full supply agreement and all that. The saving may not be substantial. But some saving would definitely start trickling in.

Rajesh Ravi: Sure. And one full time basis next year you know when fuel linkages and all in place, what sort of…

Management: We will have Rs. 40 to Rs. 50 savings in that power costs.

Rajesh Ravi: Rs. 40 to Rs. 50 at the Durg operations.

Management: At the Durg, eastern operation, you are right.

Moderator: Thank you. The next question is from the line of Ritesh Sheth from CRISIL Limited. Please go ahead.

Ritesh Sheth: First question or your volume number for this quarter. So, can I know the volume numbers for last quarter, what was the cement volume number?

Management: Corresponding quarter was 20.03 and clinker was 2.84. Total 22.87.

Ritesh Sheth: Right. And last year it was 20.23 the cement sales?

Management: 20.03 and 2.84 clinker, total 22.87.

Ritesh Sheth: Okay. And I am asking about the fourth quarter, what was the volume?

Management: Fourth quarter I do not, we would have already given earlier, I do not have readily here. We are talking of comparison with the corresponding quarter.

Ritesh Sheth: Right, sir. No, I was just trying to calculate the realization for this quarter and how it has grown quarter-on-quarter. So, if you can give me that number that should also be good.

Management: You can take it separately from me, I do not have readily.

Ritesh Sheth: Okay, no problem. But if I calculate, sir in terms of volumes it has 10% Y-o-Y growth in volumes.

Management: Yes, in cement.

Ritesh Sheth: And correspondingly, when we compare this to the other peers, we have seen flat-to-marginal decline. So, sir, definitely you are gaining share but in which regions specifically you are gaining share and what is bidding to that market share gain?

Management: Basically, your question was regarding the fourth quarter, you wanted some figures. Cement sales was 26.25 and clinker was 2.09. So, total and then there were some trading, so 27.3 was the cement.

Ritesh Sheth: Okay. So, my question was you have 10% Y-o-Y growth for this quarter in volume and current volume versus your peers, we have seen flat to margin decline for this quarter. So, definitely sir, you are gaining market share right, which region you are gaining and what would be the reason?

Management: This is basically because of some brands which we have launch last year and obviously, closer home we are gaining. So, that is helping us there in releasing our freight cost as well.

Ritesh Sheth: Okay. So, basically you gaining in North?

Management: Yes, basically in Rajasthan and Gujarat.

Ritesh Sheth: Okay. And what could be the reason, sir?

Management: Some new launches of the various brands which have happened Platinum Heavy Duty and then JK Sixer last year after the IPL somewhere. During the year we had launched. So, that is started came into market only from October onwards. So, earlier we there was a single brand plus server Pro-Plus is there. All these a normal and normal JK Lakshmi band is already there. So, it is helping.

Ritesh Sheth: Okay. So, I will tell you sir, where I am coming from like couple of players in North, we have heard, have started becoming more of price-focused rather than volume focused. So, maybe their non-trade sales and not as much as they were doing, so are you gaining some market share in specifically non-trade segment?

Management: No, our trade, non-trade both are growing.

Ritesh Sheth: Okay. But are you seeing that that trend that I mean are you seeing that difference that your peers are not that volume-focused and you are gaining share because of that or you would just attribute the sales to new brands?

Management: I would attribute to the new brands. In fact, if one were to see what is the position as far as the trade, non-trade is concerned basically overall there has not been a major change. But we are 64% trade and 36 non-trade. So, that is a big shift from what we were earlier about a year back or so.

Ritesh Sheth: Okay. And what were the numbers year earlier?

Management: Maybe one year back it could have been around 60-40 or so.

Ritesh Sheth: Okay. And sir, if you can help me out with the industry volume growth for the region, which you are exposed to only for first quarter, any range would be fine. I am not asking…

Management: Yes, because now the CMA does not collate any figures after the CCI directive. But based on our understanding there has been some degrowth or flattishness. So, that is what our belief is.

Ritesh Sheth: Okay, that is across the region.

Management: Yes, where we operate which is basically the North and the East. On all India basis there was in this quarter we are talking of a degrowth of 2%.

Ritesh Sheth: Okay. And are you seeing any pricing pressure in July and if you can quantify how much it would?

Management: It is a normative trend, in the monsoon season, it always happens, nothing new.

Ritesh Sheth: Okay. So, around 2% to 3% decline, if I can quantify that?

Management: I can't put a number to it, but some softening always happen.

Moderator: Thank you. The next question is from the line of Swagato Ghosh from Franklin Templeton. Please go ahead.

Swagato Ghosh: Sir, last year, the clinker sales that we had that was to other cement players or is it to our Udaipur unit? Can you give some color on that?

Management: It was to other cement players, Udaipur already had that commissioned last year. So, there was nothing supplied to Udaipur.

Swagato Ghosh: No, sir. This clinker sales would be at a very low margin. Is that understanding right?

Management: I do not know what is the definition of low margins but whatever, we sell it the market price. There is no question of low or high margin, whatever market prices there we sell clinker at that price.

Swagato Ghosh: Okay, so the definition would be was it higher or lower than a cement per tonne margins?

Management: Obviously, cement per tonne margins are higher than the clinker. Otherwise, everybody will be selling only clinker.

Swagato Ghosh: Why were we selling this volume of clinker whatever that full year volume was because everyone was growing at double-digit cement volume. So, the demand was there. so why were you not converting this clinker also to cement and selling it at higher margin?

Management: We had recorded 16% growth last year also overall basis. And in cement, in the fourth quarter our growth at 33% was the highest in the industry. And in cement in the fourth quarter our growth at 33% was the highest in the industry.

Swagato Ghosh: Okay. And full year cement growth was how much?

Management: 16% last year, you have all the number.

Swagato Ghosh: Okay. That's fair. And sir, what is the outlook for the industry for the full year? Like you said your guidance is around 10% for your core markets, for the industry what would be the outlook?

Management: We think it should be around, it certainly would not be a double digit growth, but would be certainly 8%, 9% we expect the demand to bounce back after the current monsoon quarters.

Moderator: Thank you. The next question is from the line of Ronald Siyoni from Sharekhan. Please go ahead.

Ronald Siyoni: Sir, I had just one question. Due to higher cement sales your relations have improved by about 11% YoY and 12% sequentially. Additionally, the power and fuel cost has also increased by about 10% sequentially. So, per ton cost for power and better realization would be continuing going ahead, because you would be selling more of cement and less of clinker?

Management: 11% or whatever you are saying is the realization improvement that is based on the market. If the market is giving then only it can happen. But certainly, power and fuel if there is a reduction, so it will continue. And there have been some softening of the pet coke prices also going forward. So, we would see, I am not too sure what realization and growth or the increase, but certainly power and fuel saving would be there in coming quarters.

Ronald Siyoni: But I think there was about sequential jump of about 10%, to about 959 per turn on blended basis. So, actually, sequentially there has not been saving. So, I think more of cement production has led to increase in power cost per ton?

Management: Basically also to do with the fact that now with the softening of the pet coke prices we will see some softening in the power and fuel cost going forward.

Ronald Siyoni: Going forward you see?

Management: I am not sure about the realization improvement in the coming quarter. As I mentioned in response to earlier question that in this quarter there is always softening which happens in the realization because of the monsoon season and the paucity of demand.

Moderator: Thank you. The next question is from the line of Sandeep Chaturvedi, an individual investor. Please go ahead.

Sandeep Chaturvedi: Yes. Sir, my question is on composite cement. I have heard about the composite cement being launched by the company for the northern and western market. Could you give essence of where would you be sourcing the slack and what would be the pricing like as compared to normal PVC?

Management: Basically, composite cement is blending of slack as well as the fly ash. And that is mostly happening in the Eastern Market

Sandeep Chaturvedi: Nothing in northern and western market?

Management: Not much in the north, maybe western they are doing it from Durg plant only, but not to that extent.

Sandeep Chaturvedi: And where would you be souring the slack from?

Management: We have a nearby Bhilai Steel Plant is there.

Sandeep Chaturvedi: Okay. So, as compared to the PPC what would the pricing of this product?

Management: It is slightly higher.

Sandeep Chaturvedi: Slightly higher than the PPC?

Management: Yes.

Sandeep Chaturvedi: Okay. Sir, one more question on your premium product, JK Pro Plus. What would be the percentage of trade sales happening from JK Pro Plus?

Management: It will be around 15% to 18%.

Sandeep Chaturvedi: 15% to 18% of trade sales would be my premium product sale?

Management: Yes.

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

Pradnya Ganar: Sir, you mentioned you have repaid some amount of debt this quarter and you would be paying some more in the future. So, could you quantify how much you have repaid this quarter, and the remaining year what is the plan?

Management: Every year we repay about Rs. 200 crores to Rs. 230 crores, so its about Rs. 50 crores to Rs. 60 crores per quarter.

Pradnya Ganar: And sir CAPEX for the year will be like?

Management: There would hardly be any CAPEX because most of the CAPEX is behind us now, only some remnant portion of that Orissa grinding unit would be there. So, this year we would not see much more, maybe Rs. 75 crores, Rs. 80 crores, that's all.

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

Pratik Kumar: Sir, just to clarify, clinker sales during the quarter was Rs. 1.12 lakhs?

Management: Right.

Pratik Kumar: What was clinker purchase, like last quarter we had some clinker purchase also?

Management: Same amount around that.

Pratik Kumar: Around Rs. 2 lakhs?

Management: Around same amount. What you are talking about, clinker purchase?

Pratik Kumar: Yes

Management: Clinker purchase, around Rs. 112,000.

Pratik Kumar: It is the same number of clinker sale?

Management: Almost same.

Pratik Kumar: And sir, is there any one off in employee cost also, that seems to also gone up 20% odd Q-on-Q, year-on-year?

Management: Two things, one, basically the normative increase in payments are there, and based on the expected profit for the year we would also, last two year we have not been able to pay any commission, so they may also get commission also.

Pratik Kumar: Sorry, I couldn't get to the second part.

Management: Commission to the managerial personnel.

Pratik Kumar: Okay. So, that was part of Q1 results?

Management: Yes, because then that obviously we will get to know only at the end of the fourth quarter, but knowing what is expected, profitability what we expect when we start the bookings pro rata for each quarter, instead of booking the entire commission in the final quarter only.

Pratik Kumar: Okay. And what is our current net debt position, sir?

Management: Net debt would be about Rs. 1,500 crores of gross debt and about Rs. 400 crores of cash.

Pratik Kumar: That’s standalone, and on consolidate?

Management: You had another Rs. 500 crores there.

Pratik Kumar: Okay. And sir, one question on RMC revenues for the quarter which we generally give?

Management: RMC, we have done in this quarter about Rs. 42 crores.

Pratik Kumar: And regarding this Orissa grinding unit, when is the expected scheduled timeline now?

Management: By the end of this quarter it should be in place, we will start the trial runs in the first week of October. That got further delayed because of the cyclone Fani.

Pratik Kumar: Understand. And this donation which you mentioned is related to that electoral funds in the quarter?

Management: Some portion there, some to our own university and hospital.

Moderator: Thank you. The next question is from the line of Milind Raginwar from Centrum Broking. Please go ahead.

Milind Raginwar: Sir, you indicated that the premium products are now at about 15% odd of the total sales?

Management: Trade seats.

Milind Raginwar: So, what would be the premium that we will be getting vis-à-vis our normal thing?

Management: About Rs. 10 to Rs. 12 per bag.

Milind Raginwar: Okay, this is across regions?

Management: Obviously it cannot be same for all the regions, but average is that.

Milind Raginwar: Okay. And sir, the annual report mentions that our Durg facility was at 100% capacity utilization, so that continues for the quarter or this time it is like because the volumes overall have been this because of the elections and all that, that is…?

Management: That has been slightly lower in this quarter, what you are saying is right, last year it was full and this year it was not 100%, it is around 90%.

Milind Raginwar: Okay. And sir, now for the kilns what would be our fuel mix?

Management: Fuel mix we are doing about 80%, 85% pet coke in northern operations, and there it is about 60%, 65%.

Milind Raginwar: Any marked change over the period?

Management: No marked change, that has been the trend.

Milind Raginwar: Okay. Sir, in the line items again I am just looking at the employee provisions, that is jumping like about 22% odd on a year on year basis. Anything specific is going there?

Management: Some new recruitments are there, other than that normative plus as I mentioned in response to earlier question, some provision for the commission for the managerial personal.

Milind Raginwar: Okay. Right. And sir beyond maintenance there is no CAPEX, that's what you had mentioned, right?

Management: Yes, remnant of whatever Orissa remains, a bit of it. And other than maintenance, there is nothing much lined up.

Milind Raginwar: Okay. And following this provision that we have made for the conveyor belt, now how should we look at that assignment as a whole as whether that work will be continued or we are rethinking it on the table again as to how to go ahead about this?

Management: There is not going to be any rethinking, we have already invested over Rs. 130 crores in that. It is only a matter of time before we get that land clearance which we are hoping we are expecting in this quarter. And if that happens, then we are in full swing to complete that conveyor belt, which may take about 9 to 10 months once we have the land in possession. But looking at the impairment, yes, in this first quarter we have provided for something. And we may take a final call in the final fourth quarter.

Milind Raginwar: Sir any tax benefit will come because of this anything is flowing in the tax part of it?

Management: Because if we are providing as an exceptional item it helps you to means MAT is payable on the book profit, book profit is lower to that extent.

Moderator: Thank you. The next question is from the line of Swagato Ghosh from Franklin Templeton. Please go ahead.

Swagato Ghosh: Sir just following on the last question the East clinker utilization was more than 100% last year that is what you said?

Management: Total we are operating at close to 100%.

Swagato Ghosh: So, this year my growth in the East side would be limited, is that understanding right?

Management: We can always grow if your clinker is constraint by two things – one if you are selling clinker it is topping that as you have done over you would have seen our clinker sale going down and two, by increasing the blending. So, these are the two avenues through which unless there is an improvement or increase in the capacity of the clinker or third option which could be far-fetched is to source clinker from outside that can drive. These are the three so we will explore all the three.

Swagato Ghosh: So, last year there was a clinker sale in the Eastern operations?

Management: Little bit mostly it used to be in North but there has been some.

Swagato Ghosh: And for the blending thing our Orissa will help us in selling more of PSC?

Management: Yes blending will improve only with the grinding unit. The basic purpose of grinding unit you know and that is mostly to increase the blended sale because if we can source slack or fly ash from nearby source and move only the clinker that will help you to save on the logistic cost as well so that should improve.

Moderator: Thank you. The next question is from the line of Pratik Maheshwari from Ambit Capital. Please go ahead.

Pratik Maheshwari: Sir, on the clinker front you said that for the last year in the Eastern operation it was around 100% and there could be some growth of around 10% by converting the clinker sales into cement?

Management: That is overall for the company I did not answer that for the Eastern zone.

Pratik Maheshwari: No for overall for the company I am saying so sir for further growth if we have to look at also at FY21, will you be looking at some debottlenecking or expansion of a grinding unit?

Management: Bottlenecking is our continuous process that will continue and then we may announce towards the end of this financial year some Brownfield.

Pratik Maheshwari: And sir after the land clearance if it comes in for the rail siding this quarter, how much time would it take for the rail siding because we are also starting Orissa unit?

Management: I did not say about the land clearance for the railway siding I said land clearance for the conveyor belt not the railway siding. Railway siding is not in the anvil as of now. It will come when we expand that further as of now it is 100% road transport and for the conveyor belt which has been pending for such a long time.

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

Rajesh Ravi: What was the RMC sales in this quarter?

Management: 42 crores.

Rajesh Ravi: And sir fuel cost trend what we have seen in Q1 petcoke and cost versus Q4?

Management: In this quarter our cost was about 7,800 as against 8,100 in the fourth quarter.

Rajesh Ravi: And Q2 what are the cost trend you are currently experiencing?

Management: Full effect of that would come in the subsequent quarter, but at least we see about Rs. 200 drop.

Rajesh Ravi: And even in Q3 we could see the benefits from the recent fall in petcoke prices?

Management: Because of the inventory which we always carry it may not impact in the same quarter, but cascading impact could be there in the coming quarter. So, the time lag is at least one quarter, but what the market sales today in respect of especially the coal and the petcoke prices that to get reflected in our P&L.

Rajesh Ravi: And sir you also discussed on this ad like pricing change what has been that sir because now with Orissa grinding unit that will become an important raw material for you?

Management: They had peaked out in between to abnormal levels those have also softened.

Rajesh Ravi: By how much if you can just quantify Rs. 200, Rs. 300 per ton types?

Management: No, it is much higher than that the softening is much higher than that because they had almost jump to over Rs. 1,000 per ton, they are considerably softened.

Rajesh Ravi: And lastly on the clinker purchase that you may have done from Udaipur or other sources in Q1?

Management: Basically Udaipur.

Rajesh Ravi: How much that would be sir?

Management: 1.1, 2 lakhs.

Rajesh Ravi: Marginal only?

Management: Yes marginal only.

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

Kamlesh Jain: Just reading from your annual report sir you have mentioned that the Durg plant is all geared up to increase the clinker production by 25% in the coming year, so what is that all about sir because on a 100% utilization we are talking about another 25% improvement in clinker production?

Management: That will be through some bottlenecking as I mentioned in response to some earlier question. Some bottlenecking, we always do. So, there could be some possibility of some bottleneck improvement with hardly any major investment to quantify for that, but some debottlenecking can help us to improve that production.

Kamlesh Jain: Around 25% increase could happen there in a year's time?

Management: 20% to 25% could be there you are right.

Kamlesh Jain: And lastly sir on this consultancy part so how much can we take it on a recurring basis like every year we are going to spend this much amount?

Management: This is only one-time I do not see that getting expense in the coming year or quarter for that matter.

Kamlesh Jain: And how much savings are we seeing from that like if you can quantify?

Management: It is difficult to quantify that is already reflected in our freight and logistic cost.

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

Prateek Kumar: Cement prices in trade, nontrade segment in month of June, July, are they at now similar levels as March when the price hikes started or are they much higher than that?

Management: They are marginally higher because the softening has not been to the extent of the increase.

Prateek Kumar: So, like marginally is it possible to have a number there?

Management: It is difficult to say, but there has been some softening.

Prateek Kumar: And how much was the traded volumes this quarter in our cement sales I mean what we buy from outside and I mean from UCW and sell?

Management: It is about 1.71 lakh tons.

Prateek Kumar: And sir regarding this recent you mentioned there could be another Rs. 200 reduction in fuel cost so overall with the recent fall in fuel prices what is the quantum of saving which can come through let us say at the sustained at these levels over next two, three quarters?

Management: This current fall will get reflected in the third quarter and Rs. 200 savings based on our consumption power and fuel consumption will give us whatever normative saving would be there.

Prateek Kumar: So, you said 200 per ton on cement or of fuel reduction you said?

Management: It cannot be on cement sir. It is on the fuel cost Rs. 200 on fuel cost if my fuel cost like was Rs. 8100 in the fourth quarter those came down to 7,800 per ton of fuel I repeat so that per ton of fuel is not Rs. 200 per ton of cement cost.

Moderator: Thank you. The next question is from the line of Ritesh Sheth from CRISIL Limited. Please go ahead.

Ritesh Sheth: Sir do you provide region wise breakup of sales?

Management: No, we do not.

Moderator: Thank you. Ladies and gentlemen, we will take the last question from the line of Sandeep Chaturvedi an Individual Investor. Please go ahead.

Sandeep Chaturvedi: Sir this is regarding our Northern and Western operations, sir could you give me a hint of what would be a blended percentage, trade blended percentage and nontrade percentages?

Management: It is basically 60%, 64% as I mentioned in trade and balance is the nontrade.

Sandeep Chaturvedi: And sir blended percentage?

Management: Blended would be around 60-40.

Sandeep Chaturvedi: 60 blended and 40 OPC.

Management: In East it is a much higher blended is 80%.

Sandeep Chaturvedi: And sir what was your blended share in trade?

Management: I do not have so much details.

Sandeep Chaturvedi: Could you just give me a hint of it what will be a blended share?

Management: Blended 64% is trade and 36 is nontrade and generally, nontrade is catered to through the OPC.

Sandeep Chaturvedi: Any hint on bulk percentage for nontrade?

Management: Bulk may be 4% to 5% not much.

Sandeep Chaturvedi: 4% to 5%. And what about slack sourcing for my West operations?

Management: West there is not much. We take from East only.

Moderator: Thank you. Ladies and gentlemen 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 I would like to thank the management of JK Lakshmi Cement for the call and also many thanks to the participant for joining the call. You may now conclude the call Stanford. Thank you very much sir.

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