JKLC:SECTL:SE:24
28th May 2024

1 **BSE Ltd.**
Department of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001
Security Code No. 500380
Through: BSE Listing Centre

2 **National Stock Exchange of India Ltd.**
"Exchange Plaza"
Bandra - Kurla Complex
Bandra (East)
Mumbai – 400 051
Symbol: JKLAKSHMI, Series: EQ
Through: NEAPS

Dear Sir/ Madam,

Re: Conference Call organized by PhillipCapital (India) Pvt. Ltd. on 27th May 2024 at 4:00 P.M. IST

In continuation of our letters dated 24th May 2024 and 27th May 2024 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
AMIT CHAURASIA
Digitally signed by AMIT CHAURASIA
Date: 2024.05.28 19:34:28 +05'30'
(Amit Chaurasia)
Company Secretary

Encl.: a.a.

“JK Lakshmi Cement Q4 & FY24 Earnings Conference Call”

May 27, 2024

MANAGEMENT: **MR. ARUN KUMAR SHUKLA – PRESIDENT AND DIRECTOR, JK LAKSHMI CEMENT LIMITED**
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 JK Lakshmi Cement Limited Quarter and Year Ended 31st March 2024 Conference 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 "*"and then "0" on your touch-tone 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: Yes. Thank you, Michelle. Good evening, everyone. On behalf of PhillipCapital India Private Limited, we welcome you to the earnings call of JK Lakshmi Cement for the Quarter and Year Ended 31st March 2024.

I need to highlight that JK Lakshmi Cement is also the holding Company of its listed entity, Udaipur Cement Works Limited, and therefore, this call is also open for discussion about the performance of Udaipur Cement Works Limited.

On the call, we have with us Mr. Arun Kumar Shukla – President and Director; and Mr. Sudhir Bidkar – CFO at JK Lakshmi Cement.

I would like to mention on behalf of JK Lakshmi Cement and its Management that certain statements that may be made or discussed on this conference call may be forward-looking statements related to future developments and which are based on current expectations. These statements are subject to a number of risks, uncertainties, and other important factors, which may cause 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 publicly update or alter these forward-looking shipments, 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 the opening remarks, which will be followed by interactive Q&A. Thank you, and over to you sir.

Management: Vaibhav, good afternoon. Good afternoon to all of you, and thanks for attending this call. I think you must have gone through our Presentation, which we have already uploaded over the website.

But before that, I think I will give you a brief glimpse of what has happened in the Quarter 4 of last year and also for the whole year. So, we have been through a very good journey at JK Lakshmi Cement and Udaipur Cement Works Limited with respect to the progress which we have made.

As I said, around a year back or even more than that, that we are trying to bridge our gap with respect to our competitors in terms of EBITDA per ton. And that is what I think we have been trying to do for the last 18 months or so. In my earlier conversations and during meeting with you I have told you that what all areas we are working on. And perhaps all those things are well-directional, and we have started getting advantage out of that. So, that effort has resulted into bridging our gap with respect to EBITDA per ton and with respect to competitors.

Quarter 4, if you see, I think, yes, our volume is a little bit on a lower side, primarily because of the fact that we have reduced our volume from our outsourced unit. And also, our focus was really kind of to improve our efficiency at across the value chain, right? In terms of renewable energy, we have progressed very well. Quarter 4, we are at 47% at the group level and individually at JKLC and Udaipur Cement Works Limited, we are at 39% and 46% level. So, renewable energy also we have progressed very well. On AFR front, which is one of our prime focusing area with respect to manufacturing costs. There also we have progressed very well. Last quarter, we have closed our TSR at 7%, which was 4% last year. And Quarter 4, if you look at the Quarter 4 alone, then our TSR was 11.27% including the Jaykaypuram and Durg.

On premium product front also, we have progressed very well. Yes, I think where premium segment is on little lower side, but west and north where sizeable premium segment is there, our premium proportion is more than 25% in these 2 markets, right? On supply chain, we have progressed on reducing our lead. Lead is at 372 kilometers at the end of Quarter 4. And if you look at last year, I think our lead reduction is more than 25 kilometers, right? Along this supply chain, also, we have done quite a bit on improving our direct percentage, then using technology to improve our customer experience, right? So, this is all supply chain part of it. On project front, first phase of AFR, we have already concluded, which I told you during our last conversation. Udaipur Cement Works Limited, we commissioned our grinding stations of 2.5 million tons on 28th of March 2024, right? And Durg Railway Project, first phase, we are likely to conclude very soon. We have already started loading clinker from that site to our different locations for selling as well as transferring clinker to our grinding stations.

So, this is on project front. This is what I think, I will just take you for questions. If anything, I missed out, I just wanted to give you a brief as to how we have progressed. You have seen our EBITDA per ton last quarter. And we are happy that whatever actions we have taken, we have been on the right track.

So, now I take a pause, and I wait for your questions. Our CFO – Mr. Bidkar, and I am here to answer your questions.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Rajesh Kumar Ravi from HDFC Securities. Please go ahead.

Rajesh Ravi: Congrats on a good set of numbers, predominantly on the margins front, third consecutive quarter of good performance. Could you discuss on, first, the expansion plans, this Gujarat, Surat expansion? And then what are the plans on the East expansions and also touch upon what are the thoughts on the Northeast expansion? What sort of CAPEX and expenditure you're looking for the Northeast expansions in FY '25? And what is the plan for next 2 years because you're looking at 30 million tons by FY 2030?

Management: Thank you, Rajesh. As far as Surat grinding unit is concerned, we are doubling the capacity from 1.5 million to 2.7 million. So, that is on screen going as per the original schedule. As regards to the expansion in Durg, we are talking of a 2.3 million clinker and a 4.6 million cement capacity. There, we are talking of 3 split location grinding unit and 1 grinding unit at the integrated plant in Durg. That will cost us close to about Rs. 2,500 crores. So, in the first phase, we will go with the clinkerization plus grinding unit in Durg, that is the integrated plant in UP, Prayagraj. Then we will have the other split location located grinding units in Jharkhand and Bihar.

Rajesh Ravi: So, Udaipur, when you're looking at Surat, the expansion this year only FY '25, it will be operational?

Management: Yes, towards the end of the year, last quarter. But as first phase of Durg is concerned, that is FY '26 towards the end and second phase towards the end of FY '27. From the cost, it is about Rs. 225 crores for the Surat grinding unit and Rs. 2,500 crores for the Durg expansion. The Northeast project, we are presently in the process of acquiring land, which is still some time away before we can talk of the exact timeline for that project there.

Rajesh Ravi: And sir, this Rs. 330 crores is already paid for the acquisition?

Management: No, we have not paid, that is being phased out. We have paid about Rs. 125-odd crores only.

Rajesh Ravi: So, this Rs. 1,500 crores includes everything, or this is over and above this Rs. 330 crores?

Management: This Rs. 1,500 crores is for the project. So, the Rs. 325 crores would be over and above that.

Rajesh Ravi: So, around Rs. 1,800-odd crore. Is it fair to assume that this will get commissioned, if at all, by FY '27 and/or FY '28, because it is a greenfield project?

Management: That will take some time, I am not able to give a timeline because we are working on those external approvals like land acquisition, environmental clearance, and all that. So, once those are in place, then 2 years thereafter, we should target the start of the greenfield.

Rajesh Ravi: And coming back to the operations, could you give this RMC revenue and non-cement revenue and EBITDA for the contribution in Q4?

Management: The non-cement revenue in this quarter were Rs. 154 crores.

Rajesh Ravi: And RMC, how much in that?

Management: RMC is Rs. 86 crores out of that, Rs. 21 crores is POP, and 68 crores is AAC.

Rajesh Ravi: Okay. And EBITDA margin for this non-cement revenue would be around 4%? Or better than that?

Management: 5%.

Rajesh Ravi: How much?

Management: 5%.

Rajesh Ravi: And sir, how are you looking at the Gujarat market, just wanted to ask because this is a very critical market for you and Duramix also, you have been guiding that you're making good profitability in Gujarat market. So, any views given that Ambuja is ramping up its plant in the Sanghi unit and would be selling under ACC and Ambuja brand. So, what is your thought process? Do you see pricing erosion and that could have a bearing on players like you because for you, Gujarat is a big market in terms of your total volumes?

Management: What I said is that West market is not going to behave irrationally because as a rational person, I believe that market is going to behave rationally and therefore, it's not going to be dilution with respect to the pricing trend, right? And that happens everywhere, not only for West, but everywhere. And that is what still I believe. And we are discussing this for the last maybe 2, 3 quarters, but perhaps it is not much of a change. And the West is behaving the same way as other markets are behaving, North, East or even other market trends. No kind of radical change in terms of price dynamic.

Rajesh Ravi: Sir, what are the cost levers you're looking at in FY '25 in terms of fuel and other efficiencies versus FY '24?

Management: So, one of the major cost drivers for us would be improving TSR. So, as I said that last quarter, our TSR was 11.27%. And FY '23, it was 4.11%. And last quarter was 7.01%. So, I think this is going to be one of our major levers for improving efficiency one. Second, we are also working on further improving our renewable energy proposal. And as I said that in Quarter 4, we were at 47% of renewable energy. We are planning to enhance our capacity on solar. So, we are working on that. Another 7-megawatt at Sirohi, then I think we are working at other locations also. That is still under planning. So, maybe next time I will tell you. So, solar is another area where we are going to work. This AFR facility at Udaipur also will get commissioned during September. So, we have not yet commissioned, so that will also get commissioned. So, this is going to be TSR, and renewable energy is going to be a major driver as far as cost goes. Apart from that, all those cost levers because we are heavily working on digital and technology. How we are going to really improve our efficiencies across plant operations, that is what we are working on. We are working with some organizations also to really come out with some kind of digital solutions. So, these are the major activity as far as cost goes.

Rajesh Ravi: Sir, this TSR at more than 11%. Sir, how is your costing per kilo cal versus your normal fuel cost? Because blended, you are close to 1.7%, 1.8%. So, increasing the TSR, how is that helping in terms of costing also, sir? I understand it is helping your green mix for sure.

Management: The cost of TSR is about 1.2 now. That varies across locations. East, it is a little on the higher side, and in North part of it, it is on the lower side. On an average, you can take about 1.5, 1.2 whereas if you take conventional fuel, means about 1.8 plus because blended is about 1.68.

Rajesh Ravi: Saving for every event.

Management: For the saving. We are a very responsible corporate and we have committed to be carbon neutral by 2047. So, in a way, this is also going to help us to reduce our carbon footprint. So, over and above, cost efficiency is also kind of renders our responsibility towards our commitment to mitigate carbon footprint.

Rajesh Ravi: And sir, how has been the trade and blended share in Q4?

Management: Yes. So, trade was 56% and blended 66%.

Rajesh Ravi: 56% and 66%, okay.

Moderator: The next question is from the line of Mangesh Bhadang from Centrum Broking. Please go ahead.

Mangesh Bhadang: Congrats on a good set of numbers. Sir, my question is related to the volume. So, we have had flattish volumes at consolidated level, and we have commissioned our Udaipur clinkerization unit in October. So, I just wanted to understand, have we done any clinker sales from that plant or what kind of contribution or utilization that plant would have had in this quarter at the consolidated level?

Management: So, yes, since we commissioned our grinding station during end of March 2024, and we commissioned our clinkerization unit in October. So, yes, we had some excess clinker with us, which we sold in the market, right? So, capacity utilization at UCWL, what is it? Yes. I will just let you know, clinker as well as cement. Cement, I think anyway, I think it was not there. 80% is cement. Cement was 90% last quarter, and clinker line 2. Just hold on, and we will just let you know.

Mangesh Bhadang: Sir, basically, the next question was, have we capitalized any costs related to UCW in this quarter?

Management: Sorry, come again, I just missed a few questions.

Mangesh Bhadang: Have we capitalized any costs related to UCW in this quarter?

Management: Capitalization was only up to the period of implementation. Other than that, there is no capitalization.

Mangesh Bhadang: And sir, secondly, so we have seen substantial improvement in our cost over the past couple of years. So, I just wanted a couple of the actual operating parameters, like what is the change in the specific heat consumption of the kiln as well as the electricity consumption per, say, ton of cement. So, how have these parameters changed over the last 2 years? And definitely, with the new kiln coming up, there should be an improvement. So, what kind of numbers we are expecting on that side?

Management: Okay. So, our cost, the last quarter on consolidated level if you look at 5.3. So, our power cost was 5.3. And of course, the per Kilo Cal cost was 1.68, right?

Mangesh Bhadang: So, electricity consumption, not in terms of rupees, in terms of the units for ton of production, units required. So, around 73, 74. How it is?

Management: Yes. 69 units power for ton of cement.

Moderator: The next question is from the line of Prateek Kumar from Jefferies. Please go ahead.

Prateek Kumar: Congrats for good results. My first question is on, I mean, you talked about CAPEX number. Just can you repeat your CAPEX numbers expected for FY '25-'26? Total CAPEX numbers, including project or other maintenance CAPEX?

Management: Yes. Do you want for the next year?

Prateek Kumar: For FY '25 and FY '26?

Management: Yes. FY '25, including the Durg expansion, we would do close to about Rs. 1,200 crores, which will include about Rs. 600 crores on Durg expansion and including the normal CAPEX of about Rs. 50 crores. And FY '26 would be another Rs. 1,000 crores.

Prateek Kumar: You said Rs. 1,800 crores in between and earlier in the call?

Management: Sorry.

Prateek Kumar: Earlier in the call, you said Rs. 1,800 crores CAPEX for FY '25?

Management: That was only for Northeast. That is separate. That is over 3, 4 years. You are talking about financial year wise?

Prateek Kumar: Okay. That was the Northeast CAPEX. Okay.

Management: That was Rs. 1,800 crore is for the Northeast, which includes Rs. 1,500 crores for the project and Rs. 300 crore, that is only for Northeast. And that this Rs. 1,300 crores, Rs. 1,200 crores, which I am talking is only in JK Lakshmi. That is another Company.

Prateek Kumar: And in the opening remarks, you highlighted some reasons for volume load being slower. Can you highlight those again? Because it was not very clear.

Management: Volume, I said that if you look at consolidated level on FY '24, we grew by about 5%, right? If you look at a quarter basis, then we are almost flat. Now the reason which I mentioned was that we have reduced our sales from some outsourced units. And I will just tell you a little in detail. We had one an outsourced grinding station in Punjab. So, that was taken over by some other players. So, we had to stop selling from that grinding station. We also reduced our volume substantially from Amethi outsourced plant because the kind of margin or profitability we wanted; I think that was not coming.

So, that was second. And there are other some sources where our volume uptick was low and that was a deliberate one. So, that was one reason why volume is low. Second, I think all of you should understand. If you look at Quarter 4 only JK Lakshmi Cement, standalone, our utilization was 89%. And if you look at 65-35 kind of ratio of 66-34 blended versus OPC, so this is the optimal what we could have sold, right?

So, I think we have utilized our full capacity given the product mix which we have, right? And if you look at overall basis also our capacity utilization was 81%, which is above industry average. And again, I will go back to that rational that looking at the product mix which we have, that is what we could have done. And that also includes that July, September month, which is cyclically low in demand, right? So, that is why our volume was on lower side. In fact, in Quarter 4, we were lacking volume. We did not have volume to kind of sell, right? Demand was there. If you look at Udaipur, Udaipur utilized 90% of capacity. JK Lakshmi, 89%. So, this is what I think best you could have done.

Prateek Kumar: And like FY '24 year-end capacity is like 16.5 million ton as I guess 14 million earlier and 2.5 million was commissioned consolidated capacity? What would be year-end capacity of FY '25, '26, yes, '25-'26, right?

Management: '24-'25, you're asking, right?

Prateek Kumar: Yes. So, FY '25 and then FY '26?

Management: Yes. So, I think we have taken a ramp-up plan. Based on that, we will definitely achieve on an overall basis consol basis 70% and then next year on 80%. That is what we have said. Because 70% includes that 2.5 million additional capacity, which we have already put up and 1.35 million also, which will come during the last quarter of this financial year.

Prateek Kumar: Sure. In FY '26, 2.4-million-ton capacity will come at East locations?

Management: FY '26, I think will have full 1.35 million tons from Surat. And we will have, of course, I think, good capacity utilization of Udaipur also. Udaipur line 2, 2.5 million tons. Any clarification, you can. So, overall basis, you just remember 2 figures, 70% and 80%. This is what we are targeting.

Moderator: The next question is from the line of Praveen from Anandam Enterprises. Please go ahead.

Praveen: My first question is, what is the current status of conveyor belt at Durg and when it will be completed?

Management: So, conveyor belt, the status is, as you know, that this 5-conveyer belt passes through a stretch of land, which belongs to Steel Authority of India Limited Bhilai Steel Plant. We are pursuing this matter with them, and that is on the final stages of approval. So, we can get this approval in the next maybe a month or so. Once that approval is in place, we will start working on that. But in parallel, we have already started kind of getting ourselves ready. Once we have this approval in our hand, we will just right away start working on that. So, I think maybe a month or 2, we need to wait for approval and then maybe another 6 months, we will take to put this online.

Praveen: Sir, my second question is, what is the current capacity utilization of Udaipur Cement's new greenfield plant of 2.5 million tons?

Management: So, current, I think we have just started maybe in April, I think let's say. So, it's about 40% around.

Praveen: Sir, my third and last question is, how much sales you have reported from contract manufacturing sales? And where do you report it in this sale?

Management: That volume, we have not included, right?

Praveen: Sorry, sir. Can't hear you properly.

Management: So, unit volume is not part of the volume, which we have reported.

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

Uttam Srimal: Congratulation on good set of numbers. My question pertains to, sir, pricing. How is the current pricing in the region where we are operating in West, East and North? Further, second question is on power and fuel. You said our PCL cost is 1.68. So, any further reduction we are expecting in ongoing quarter?

Management: Yes. So, first question first. So, you asked about prices, right? So, I will take you a little back. If you look at Quarter 4, prices went down by about close to 5% with respect to the preceding quarter, right? And if you look at whole year prices, the kind of data we have with us, price has dropped by about 1.5% if you compare that with FY '23, okay? So, prices have gone down. And

I think all industry players, they have worked on kind of taken advantage of softening fuel costs and then kind of other efficiencies, which we have been driving in our organization, right? So, price trend has not yet reversed. The kind of trend which was prevailing in the Quarter 4 of this last year, that still persist. And that is because of the fact that we are through this national election. Once that election is over and results are out on 4th of June, demand will improve. So, demand is on lower side.

One, that is triggering not a very good movement in price trend upwardly. In fact, prices are either going down, our prices stable in some of the markets. So, pricewise, I think things are, I would say, as it was there in Quarter 4. Demand is on lower side. That is what the state of the affairs today. But I see that once elections are over, quarter 2 is going to be a little better than quarter 2 of last year. And once demand improves, then prices also will inch up. This is what I believe because that is good dynamics of demand and price. Since demand is low, prices are kind of under pressure. Once demand improves a bit, definitely prices also will go up a bit.

Uttam Srimal: Sir, with regard to power and fuel, so any further decline we are expecting in terms of k cal cost?

Management: No, I don't think so because if you look at international prices of pet coke and imported coal, that is, in fact, going a little bit upward. And from the fact that we do have some supply chain issue because of the conflict, geopolitical situation, which is there, right? So, I don't think that that is going to go down further. Maybe this is going to be kind of around range bound, it will go a little bit up maybe or may be stable. That is what I see. But definitely is not going to go down from here.

Uttam Srimal: Volume growth we're expecting this year FY '25?

Management: So, as I said, we have planned along with additional 2.5 million plus 1.35 million, close to 4-million-ton additional capacity. Our plan is to achieve 70% utilization, and that translates into about close to 10% plus of volume growth. That is what we are targeting. That excludes all outsourced unit and everything.

Uttam Srimal: This is on a consolidated basis. On standalone basis, sir, if you can elaborate on that?

Management: Very difficult because see, last quarter also, if you see Udaipur Cement Works Limited, we have grown by 33% in terms of volume growth. And in case of JKLC, it is maybe negative. So, I think better to look at a consol level, that would give you a better picture.

Moderator: The next question is from the line of Tushar, an Individual Investor. Please go ahead.

Tushar: My first question is, I just want to confirm the timeline of your new Surat grinding unit. You mentioned in your commentary last quarter of FY '25.

Management: So, Surat, we are commissioning this 1.35 in 2 phases. First phase, we are going to commission in the month of October, which is going to be 1.35 divided by 2 kind of things, around 0.7 million tons, right? And the next phase we will be doing around last quarter or maybe March, April of FY '26.

Tushar: March, April of FY '26?

Management: Yes, yes. Because first, we will kind of do this grinding and then we have pre-grinder plan also, which we will be doing around quarter 1 or Quarter 4 of this year.

Tushar: And second question is, what are the savings possible from railway sliding that will get commissioned in September 2024?

Management: So, saving, I think it's very difficult to really pinpoint. So, I think you need to understand. This is going to help us to be more competitive in the markets of Odisha because till now, we have been supplying clinker by road, which was costly. So, now it will go by rail. So, I think that advantage we will get. We have not also been able to reach out to some of the market where we want it to be, which is better in terms of pricing and also the distribution cost is lower. And particularly, I am talking of Eastern part of MP and some part of Eastern market like Bihar and Jharkhand, right? And incoming which we take like coal and gypsum, there also we are going to get advantage. So, we are going to add a good access to the market, one. We will set better price, second. But if you really want to know the kind of cost or distribution cost reduction, then it's going to be on account of the incoming which we bring in and the outdoing which we will take to some of the market. So, maybe I think we have not yet kind of clearly quantified it, but I can tell you that how much benefit we will get out of it.

Tushar: And sir, just the last question, can you provide any timeline for expansion at Agrani cement?

Management: Sorry, come again?

Tushar: Timeline for expansion at Agrani cement that you recently acquired?

Management: Agrani, okay?

Management: We are working on these external clearances. Once that is in place, we will take 2 years from thereafter. So, environmental clearance and after that land acquisition. Once those are in place 2 years after that. So, maybe it takes about a year, 8, 9 months for those things that get completed by say, March, April of '25, then 2 years thereafter. So, maybe March, April of '27.

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

Shravan Shah: Congratulations on the good profitability, Rs. 1,000 EBITDA per ton second quarter in a row. Sir, just still need a clarity in terms of the CAPEX absolute at consol level. So, if you can help me, you have mentioned Rs. 1,200 crores for FY '25 and Rs. 1,000 crores for FY '26. Sir, total CAPEX for Durg is Rs. 2,500 crores, Northeast is Rs. 1,800 crores, plus railway siding, plus WHRS, solar. So, what is total cost? Out of that how much we have already spent and how much to be spent in FY '25-'26 because it seems the number is on the lower side because last time you said Rs. 4,000 crores plus kind of CAPEX and that too in the Q4, we were looking at a much higher CAPEX total FY '24, we were looking at Rs. 1,500 crores, but we have done Rs. 1,000 crores. So, will it also spill over in FY '25? And based on this, how do we now look at the net debt number for FY '25-'26 and maybe possible peak net debt?

Management: As far as CAPEX is concerned, we are talking of about Rs. 1,200 crores in FY '25, that is only and only in JK Lakshmi. Another Rs. 1,000 crores thereafter and Rs. 1,200 crores in FY '27. So, Rs. 1,200 crores plus Rs. 1,000 crores, Rs. 2,200 crores plus another Rs. 1,200 crores. That is as far as JK Lakshmi is concerned. Then coming to UCWL, they have about Rs. 300 crores remnant CAPEX for the expansion, which will come in FY '25. Thereafter, for next 2 years, other than a maintenance CAPEX of maybe about Rs. 15 crores, Rs. 20 crores, there will not be much. Third, on the Northeast project. One is the acquisition cost, which we are talking of 125 already paid in FY '24, another 200 gets paid in FY '25. And thereafter, we have the expansion, then it will be about Rs. 350 crores and then another Rs. 1,200 crores thereafter in FY '26 and '27, that is about Rs. 1,500 crores.

So, those are broadly. So, in line with these CAPEX, our debt would be, we are talking of a debt equity of 2:1 overall for the project. So, we will have contract additional debt to that extent. As of now, we are talking when we see our debt position as far as JK Lakshmi is concerned, it's almost negligible.

And going forward based on this CAPEX, it will be there. We are talking our gross debt on a standalone basis for JK Lakshmi as of March '24, about Rs. 700 crores, cash of Rs. 500 crores, so net debt of Rs. 200 crore for JK Lakshmi. On a consol basis, we have Rs. 2,000 crores of debt, Rs. 650 crores of cash and Rs. 1,400 crores of about net debt. I will not say it will not increase. It will certainly increase based on this CAPEX, which we will have on hand. But it will be within the norm what we had set for ourselves.

Shravan Shah: True, true, sir, but still, I just wanted to understand. So, broadly and in terms of the railway siding, WHRS or the solar, so what would be the additional CAPEX? And what would be the CAPEX for the maintenance? What we have right now, you mentioned is the only the expansion one.

Management: Around Rs. 1,200 crores, that includes when we have talked about JK Lakshmi, it includes partly for expansion, partly for all that. I have not given project-wise breakup. So, when I say Rs. 1,200 crores, it includes expansion, railway siding, Surat grinding, everything, right?

Shravan Shah: So, broadly, is it fair we can have kind of a Rs. 4,000 crores kind of net debt peak maybe in FY '26 or '27? Because the overall CAPEX would be still would be on the higher side versus the free cash flow or the cash flow from operations for the next 3 years?

Management: The net debt will certainly increase because of the CAPEX of around Rs. 4,000-odd crores, obviously, it will go up.

Shravan Shah: Second, in terms of just to clarify, the timeline, the first phase of Durg, which will be a 1.2 MTPA grinding. So, clinker is definitely there, 1.2 grinding at Durg and 1.2 grinding at Prayagraj, which will be commissioned by FY '26.

Management: Yes. Last quarter, FY '26.

Shravan Shah: Second, sir, you mentioned in terms of the TSR and then the AFR and increasing this, so broadly, now from this quarter, how much more we can see in terms of the cost savings? Is it possible and important this is how much more? Definitely, we have done much better in terms of the cost reduction. So, just trying to understand how much more we can do?

Management: So, Shravan, I think I told you that our TSR is going to be more than 12% this year, which was 7% last year, right?

Shravan Shah: This is a consol number you are saying?

Management: This is I am talking of JKLC, right?

Shravan Shah: I want a consol level.

Management: So, consol level also, right now, we do not have any TSR at Udaipur because we do not have that facility, right? So, Udaipur will go to a level of about 7%, 8% and JKLC will be there at about 12%. And if you take average of this, then it will be around 10% around. From right now, let's say, average is about 6% to 10%. So, 4% increase in the year FY '25.

Shravan Shah: And then in terms of broadly, the current prices is for us at a consol level, if I have to look at it, is it fair that 1.5%, 2% would be lower versus the 4th Quarter average in the cement prices for us?

Management: Yes, prices have gone down in quarter 1 of FY '25, right? And it should be about, let's say, around 1% to 1.3%.

Moderator: Ladies and gentlemen, we will take the last question for today, which is from the line of Rajesh Kumar Ravi from HDFC Securities. Please go ahead.

Rajesh Ravi: Could you share on the consol, what was the clinker production in FY '24? And also, how much is the clinker purchase and clinker sold in FY '24, consolidated?

Management: Yes, hold on for a sec.

Rajesh Ravi: Sure, sir. And also, Udaipur volumes in Q4, total sales volume?

Management: Udaipur sales volume, I can give you right away. So, whole year you want?

Rajesh Ravi: Yes, Q4 and whole year Udaipur?

Management: Udaipur Q4, it was 7.56, which included cement of 6.42 and 1.14 of clinker. And for the whole year, it was 24.92, which included cement of 20.97 and 3.95 of clinker.

Rajesh Ravi: And JK Lakshmi consolidated clinker production?

Management: That we have given in our press release.

Rajesh Ravi: Full year, full year, sir, total clinker production?

Management: We have given.

Management: Clinker production for JK Lakshmi Cement in Quarter 4 is 69.96 lakh tons.

Rajesh Ravi: 69.96 lakh tons, this is Quarter 4.

Management: No, no, this is for whole of the year.

Rajesh Ravi: Standalone right?

Management: Yes, this is for standalone.

Rajesh Ravi: And Udaipur, how much clinker production?

Management: Udaipur Quarter 4 was 5.91 lakh tons. For the whole of the year is 19.75 lakh tons.

Rajesh Ravi: 19.75. And sir, how much is the clinker sales on a consol basis? And how much is clinker purchase?

Management: On control basis, the clinker sale was 2.32 lakh ton in Quarter 4 and for whole of the year, it was 8.7 lakh tons.

Rajesh Ravi: 8.7 lakh tons. And also, how much is clinker purchase at different places?

Management: There's no clinker purchase.

Management: Clinker, we have not purchased.

Rajesh Ravi: Not purchased, okay. And so, what would be your CC ratio in FY '24, cement to clinker production ratio?

Management: It is about 1.46.

Rajesh Ravi: 1.46, okay. This has also marginally improved versus FY '23, which was around 1.43, 1.44. So, what is the outlook, sir, you're looking at increasing this blending ratio more and more. And to what level you're looking at? Obviously, the East, you will be targeting higher because in East you're setting up 5-year grinding unit, almost 2x clinker. But purely from the Udaipur ramp-up and all, are you looking at this cement to clinker ratio going up north of 1.5x in FY '25 or in FY '26?

Management: So, definitely, I think we are trying to reach to close to 1.5 level, right? Our endeavor is there to reach that level.

Rajesh Ravi: Sure. And sir, last question on the CAPEX, which you enumerated in detail. It seems you will be spending Rs. 1,700 crores this year, Rs. 1,400 crores on a consol basis next year. And you mentioned that the Northeast project, Rs. 1,200 crores, you are targeting for FY '27 alone? Or it could again get FY '27 and '28?

Management: Sorry.

Rajesh Ravi: The Northeast project, you mentioned that you would be spending Rs. 200 crores this year as a balance payment for the acquisition. And then FY '26-'27, you mentioned Rs. 350 crores and Rs. 1,200 crores, right?

Management: Around that. Some portions may be incurred this year as well, especially on the land acquisition.

Rajesh Ravi: So, this Rs. 200 crore plus some. So, this year, CAPEX could be higher than Rs. 1,700 crores, consol level?

Management: Project cost is Rs. 1,500 crores. A part may get spent in the current year and balance in the next 2 years.

Moderator: As that was the last question for today. I would now like to hand the conference over to Mr. Vaibhav Agarwal for closing comments. Over to you, sir.

Vaibhav Agarwal: Yes. thank you. On behalf of PhillipCapital India Private Limited, we'd like to thank the management of JK Lakshmi Cement for the call, and many thanks to participants for joining the call. Thank you very much, sir. Michele, you can now conclude the call. Thank you so much.

Management: Thank you, Mr. Vaibhav, and thank you for all the participants. Thank you.

Management: Thank you, everyone.

Moderator: Thank you, sir. Thank you, members of the management. Ladies and gentlemen, on behalf of PhillipCapital India Private Limited, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.