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The Bombay Stock Exchange Ltd. Corporate Relationship Department, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400001 Scrip Code:532644 (ISIN.INE 823G01014) Through BSE Listing Centre	National Stock Exchange of India Ltd.,Exchange Plaza, Bandra Kurla Complex,Bandra (E), Mumbai-400051 Scrip Code: JKCEMENT (ISIN.INE823G01014) Through: NEAPS

Dear Sir/ Madam

Sub: Audio recording and Transcript of Conference Call pertaining to Financial Results for Q4 FY23

Please find below the link of Audio recording and Transcript of Conference Call held on Tuesday, May 30, 2023, in respect of the Financial results for the Fourth quarter and year ended March 31, 2023. The said results were approved by the Board at its meeting held on May 27, 2023.

Link for recording and Transcript: https://www.jkcement.com/transcript-report

This is for your information and records.

Sincerely

SHAMBHU SINGH Digitally signed by SHAMBHU SINGH Date: 2023.05.31 19:00:04 +05'30'

Shambhu Singh
Vice President (Legal) & Company Secretary
FCS No. 5836

"JK Cement Limited Q4 FY'23 Earnings Conference Call"

May 30, 2023

MANAGEMENT: **MR. AJAY KUMAR SARAOGI – DEPUTY MANAGING DIRECTOR & CFO, JK CEMENT LIMITED.**
MR. SUMNESH KHANDELWAL – DEPUTY CHIEF FINANCIAL OFFICER, JK CEMENT LIMITED.
MR. PRASHANT SETH – PRESIDENT (BUSINESS INFORMATION AND INVESTOR RELATIONS), JK CEMENT LIMITED.

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

Moderator: Ladies and gentlemen, good day and welcome to the JK Cement Q4 FY'23 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. 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: Good evening everyone. On behalf of PhillipCapital (India) Private Limited, we welcome you to a Q4 & FY'23 Call of JK Cement Limited. On the call we have with us Mr. Ajay Kumar Saraogi – Deputy Managing Director and CFO; Mr. Sumnesh Khandelwal – Deputy CFO; and Mr. Prashant Seth – President (Business Information & Investor Relations).

I would like to mention on behalf of JK Cement Limited and its management that certain statements that we made or discussed on this conference call may be forward-looking statements related to future developments on current performance. These statements are subject to a number of risks, uncertainties and other important factors which may cause the actual developments and results to differ materially from the statements made. JK Cement Limited and the management of the Company assumes no obligation to publicly alter or update these forward-looking statements whether as a result of new information or future events or otherwise.

I now hand over the floor to the management of JK Cement for their opening remarks which will be followed by interactive Q&A. Thank you and over to you Saraogi Sir.

Ajay Kumar Saraogi: Good evening, I will just go ahead, the Board of Directors met on 27th of this month to review the Company's operations for Quarter ended March '23 as well as for the year. Though we have posted everything on our Investor Presentation and also on the site, but still I will just read out some of the major achievements.

The quarter-on-quarter net sales was Rs. 2,332 crores as against Rs. 2,224 crores in the previous quarter an increase of 4%. And the EBITDA during the quarter was Rs. 372 crores as against Rs. 257 crores an increase of 39%. If we look at for the year our net sales was higher by 17% at Rs. 8,776 crores as against Rs. 7,529 crores. And the EBITDA was however lower because of exceptional high cost mainly, was Rs. 1,346 crores as against Rs. 1,536 crores. The earnings per share was Rs. 72.80 paisa as against Rs. 81.60 paisa.

This year as a whole has been a quite achieving year for the Company, the Company as you know commissioned the greenfield project of 4 million tons besides have also increased grinding capacity at different locations by 2 million tons. So, 6 million tons have been added in capacity this year by which the Company is now a 20-million-ton capacity Company.

A further 3.5 million tons greenfield grinding is under installation, 1.5 million at Ujjain where the work has already started and within this fiscal this would be get commission. Also at Prayagraj we have acquired the land and are awaiting the other approvals. However, we have finalized the plant and equipment and we hope that by 2nd Quarter FY'25 this should also be on stream.

So, I would think we should not go on any other details, we will go straight to the question answers.

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

Shravan Shah: Just one data point in terms of the lead distance is how much for this quarter?

Management: It is 438 kilometers.

Shravan Shah: So, it has reduced sizably from 470 odd hours versus last quarter so I think that was, we were trying to do. So, is there any further scope since the Panna now is at 58% utilization. So, can we say 10 to 15 kilometers further reduction from here on?

Management: Yes, we are working towards that and we are hopeful that maybe we may settle around 425 to 430 kilometers.

Shravan Shah: Second broadly in terms of now the entire growth particularly in the grey is driven by the Panna, which is already at 58. So, how much we can expect the utilization for this? So, broadly I am trying to looking at, can we see a 2.5, 3 million ton coming from the Panna so that would be the major growth for this year. So, net-net kind of a 15% plus kind of a volume growth on the grey front, can we expect?

Management: Yes, I think you are bang on that thing. We should expect a 15% growth in volume this year. And when Panna should, anything definitely be around 2.5 to 3 million tons.

Shravan Shah: Thirdly if I heard it correctly on the media, our Kcal cost for this quarter was 2.4, what was in terms of the value terms. Last quarter it was I think 12400 kilometer and how much more reduction we can expect in the first and second quarter?

Management: No see because this quarter if we see we are close to Rs. 12,000 the average fuel cost. And looking to the reduction in the fuel cost we expect that the petcoke price should come down by say around $20 every quarter in the current quarter and the next quarter. And the spot price is say $120 to $130. So, I mean overall we have a visibility of say reduction in the fuel cost gradually in every quarter by say $20. So, this will have an effect on the overall Kcal cost, which is presently Rs. 2.40 paisa and that can come down to say Rs. 1.80 paisa to Rs. 1.85 paisa in the Q3.

Management: By end of Q3 so we expect about, around Rs. 75 per ton saving coming in each quarter as we go forward.

Shravan Shah: So, at least for two quarters we can see at over Rs. 75 kind of a reduction.

Management: What will happen, the prices have started reducing but we have placed order so the lowest price what we get present quote which is around Rs. 120 to Rs. 125 that shipment will come sometime by the end of Q2. So, we will get the benefit of that in Q3, so whatever we have ordered earlier will get consumed in Q1 and whatever we are ordering now will get consumed in Q2.

Shravan Shah: So, broadly the thing was I was trying to understand from the perspective that now in terms of the pricing I don't think we would have seen any increase in this April and May or maybe could we have some decline so overall in terms of improvement in profitability Rs. 100 to Rs. 120 each quarter --?

Management: Yes anything between Rs. 75 to Rs. 125 should be the range it depends on many factors and if you look at that it could be anything in the range of Rs. 75 to Rs. 125.

Shravan Shah: Lastly on the CAPEX, so how much for this year, everything if you can break it up in the paint also and whatever ongoing is there for this year and next year?

Management: So, on the paint business as I said earlier, we have already acquired the plants so now there is only nominal expenditure which we are going to do this year which maybe anything around Rs. 50 crores to Rs. 60 crores and balance we will have the spillover CAPEX of the Ujjain which we expect to commission in this fiscal, some Rs. 50 crores and the main CAPEX of around Rs. 325 to Rs. 350 crores on the Prayagraj grinding units, plus we have some spillover of the existing….

Management: Prayagraj and Ujjain is spillover of Panna.

Shravan Shah: I think last time we were looking at close to Rs. 1,400 odd crore CAPEX including everything but the numbers --

Management: Yes, I can give you the breakup on that because see, one is the basic recovery which we are doing in this house plant. So, around Rs. 150 to Rs. 160 crores is the balance CAPEX which we will do in this year. Then we have spillover CAPEX of the Panna and the Hamirpur plant which would be in the range of say Rs. 150 to Rs. 200 crores like the WHR is being commissioned now. Then we have the main CAPEX of the Ujjain which is to the tune of Rs. 300 crores in the current years and we will do some say Rs. 125 to Rs. 150 crores on the Prayagraj this year.

So, this is the overall spent and the normal CAPEX of say Rs. 250 to Rs. 300 crores. So, we expect something Rs. 1,200 to Rs. 1,400 crores of CAPEX in this fiscal. And then in the next fiscal we will have the spillover CAPEX of the Ujjain of Rs. 50 crores what I was telling and then the main CAPEX of the Prayagraj of Rs. 325, Rs. 350 crores and normal CAPEX of Rs. 300 crores. So, again we will be in the range of Rs. 700, Rs. 800 crores in the next fiscal.

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

Navin Sahadeo: My first question was about realization. So, simple arithmetic suggest your standalone realizations are up almost 2.9% or nearly 3% quarter-on-quarter and from the presentation if I include Panna even then I think sequentially there is a movement or improvement of almost 1.6% or over 1.5% and same improvement in realization.

So, my question basically was most of the industry peers have actually reported a flat to marginal decline in trend in realizations. But I also understand this is a yearend quarter. So, are there any yearend adjustments related to the thing factoring which we should not take this realization as a base or it has got to do more with the efforts of BCG and others that we were trying to narrow the gap, how should one look at realization?

Management: Navin, I will answer this, like basically it includes two parts, there are certain yearend adjustment of around Rs. 30 crore at business level both business basically white and grey. And rest of the second part is related to, that in Quarter 3 if you recall like we had impact of regional price increase. So, we did not get an advantage in Quarter 3. But fortunately, in Quarter 4 the sector where we are operating had a good price increase whereas the other sector like East and West part, the prices were under pressure so that advantage also we got. So, these are the two impact basically which bettered our realization.

Management: Actually, one other factor in this quarter we have lower clinker sale. The trade sale has increased. So, net whatever, it is not yearend adjustment as such, what do we say yearend it is not that we have written back anything. So, actually what we are trying to I mean it is there for the year when we take it as in a retention there is no figure pertaining to previous quarter which has been adjusted in this quarter.

It is basically one because of the trade percentage has gone up, there is a change in the mix and the clinker sale, which was there in the previous quarter, in this quarter is because of the good demand we have been only selling so there is no clinker sale. The clinker sale is also at a lower realization. So, all that has effected marginal we could say about Rs. 70 as an improvement in the overall realization when we compare quarter-on-quarter.

Navin Sahadeo: So, quarter-on-quarter you are saying there is a realization improvement.

Management: Yes, it is not the price improvement, it is not exactly as a result of any price improvement. It is a result of mix, more trade and lower clinker sale.

Navin Sahadeo: My second question was about Panna so as mentioned in your presentation you said that Panna has turned EBITDA positive at such a low utilization of 60%. So, my question there was are we then already started factoring in the subsidy related to, because I believe waste heat recovery and all those things are yet to commission. So, the EBITDA turning positive is a function of subsidy accrual also.

Management: No, see we have accounted for the subsidy which is the MP subsidy. But we have not yet accounted for any subsidy pertaining to UP which will get accounted only from June onwards.

Management: Even Panna like it will be accruing from April onwards. So, logically like Saraogiji has mentioned like there has not been any much impact of subsidy?

Management: He is asking for the last quarter so I am saying in the last quarter we have just been EBITDA positive marginally and there is no adjustment of subsidy in that quarter.

Management: Yes, in that quarter there is no adjustment of subsidy, there is no benefit of subsidy, yes.

Navin Sahadeo: Just one more question, if I may, the difference because in the previous quarter I could understand the difference between consol numbers and standalone numbers were more got to do with probably the starting losses at Panna, but in this quarter it is positive, still then the difference is almost at a Rs. 12 crore kind of a loss between consol and standalone. So, what could this be on account of?

Management: Yes this is actually, Navin on account of the paint business. So, we have done because of the acquisition.

Management: So, actually the plan was to set-up a plant and we had gone ahead with the land acquisition and started work at the site. And interim we got this opportunity for acquisition of the paint which we did acquisition. So, now we have actually shared the project, so whatever amount which had been spent on the project when we had surrender the land so there was some land surrendering cost, we had done some all the base engineering work and other things which we had done for the project and the expenses including salary for that project period, all that is accounting for that expenditure which has been taken as the revenue during this quarter.

Navin Sahadeo: So, it's a one-off, onetime cost?

Management: Yes it is one-off.

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

Amit Murarka: Just in continuation of the point where you mentioned that the prior quarter included paint loss, so could you just quantify what was the revenue EBITDA for paint as well as let's say about Central India operations separately?

Management: Yes we send you the data. I think the paint turnover was mainly of Acro Paints so we will send you the details of the turnover of Acro Paints separately, but that I think would be around Rs. 20 crores, I don't have the exact numbers here.

Amit Murarka: You are right it is around Rs. 20 crore and EBITDA is around Rs. 1 crore.

Management: And the Central India top-line is about Rs. 277 crores.

Amit Murarka: And the EBITDA would be how much there?

Management: EBITDA is about Rs. 2 crores.

Amit Murarka: So, the negative number is just on account of this one-off, is it how much was the one-off if you can quantify that?

Management: Yes one-off is about Rs. 12 crores to Rs. 13 crores.

Amit Murarka: And also, on the direction of the power and fuel cost you mentioned that there should be a $20 fall every quarter, but then in Rupees per ton you said Rs. 75, so I couldn't reconcile that, but generally every $10 gives about Rs. 50 or so kind of reduction so like should it not be like higher, Rs. 100 every quarter or Rs. 300 to Rs. 315 in total.

Management: No, because se it is not 100% pet-coke consumption. So, we will get only benefit to that percentage which is the mix of the pet-coke.

Management: And also, we will have some carryover inventory also so like the entire $20 impact might not come in the same quarter. So, there will be some overlapping of this quarter and then yes.

Amit Murarka: But I am not so bothered about quarter-on-quarter but as an overall number if we just look at the spot, mix of fuel also.

Management: So, presently broadly our mix of pet-coke is around 75% and balance is AFR and other fuel and if you look at that then it comes to around Rs. 75. See whether Rs. 75 to Rs. 80 is a ballpark we can't have a standard say $20 meaning Rs. 100 this is all theoretical adjusted calculation.

Amit Murarka: But in total like it's fair to say that about Rs. 250 decline over three quarters.

Management: Yes, so as I said it's Rs. 75 it could be Rs. 100 also, the reduction is 20 tons into 100 it would be 100, I just said ballpark you know whatever adjustment is simply that this is a trend, it could take a trend within others are saying we are talking about Rs. 300 a reduction, Rs. 250 to Rs. 300 reduction in fuel cost and your next question will be how we are saying Rs. 400 reduction.

Amit Murarka: Also, just on this merger of Jaykaycem (Central) into standalone, by when will it complete and the next question would be like, would it also lead to some fixed cost savings once the merger is done?

Management: So, hopefully everything should be done in the second quarter.

Amit Murarka: And would there be any fixed cost savings?

Management: Not really because again being a subsidiary the marketing and it's all one arrangement, yes a lot of ease of work would be there, because you have to maintain you know to that extent whatever savings are there otherwise you do accounting and everything at two companies and other billing and so all those, ease of work would definitely be there.

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

Rajesh Ravi: My first question pertains to the incentives that would accrue into P&L, how much would that be on a per ton basis and by when that would start flowing through P&L?

Management: So, we expect in case of Central India about Rs. 200 a ton, is the total subsidy benefit which we should be seeing for the Central India volume.

Rajesh Ravi: And by which quarter you would start accruing that, because you would have --

Management: We should see it from the second quarter onwards.

Rajesh Ravi: Talking about your grey cement margin despite having strong blending ratio close to 70% and higher usage of green power and all, is it fair to say that margins are still closer to Rs. 600 per ton for a full year in the grey cement. And if so how do you see that scaling up over the next year. And also want some clarity on the white cement on consol basis what sort of margins one should look at?

Management: We have already reported margins of over 17% so that is for the year, that is the consolidated margins. And we expect this margins to improve and that is all. I mean I don't agree when it was Rs. 600, we have not given any figure of Rs. 600 for the grey cement.

Rajesh Ravi: Yes, I am not sure that you have not guided any Rs. 600 I am saying when we work out the white cement business margins we were close to North of Rs. 2000 even they would have come off and have implied working suggest that the margin would be low?

Management: On a consol FY'23, 15.3% is the EBITDA margins. As we have said we are not giving separately for business confidentiality, the numbers of white cement. So, I would not like to comment on that, you are taking your own assumption I will not say yes or no.

Rajesh Ravi: But what is the outlook on the white cement margins, do you see that improving back to what it was, closer to what they were pre-COVID sort of numbers?

Management: No, that numbers we have already said for white business there is a lot of competition especially in the putty business of all the paint guys as a result yes we have been able to maintain our market share, our volume numbers, but definitely the pricing there is a big take on the pricing. And you have to see overall whatever is the Company EBITDA for both the products broadly because it's not that the grey was covered, we had said that the white business used to earn 25% to 30% margins, but that scenario is not there today, it's a common, it's the same margins for the grey and white business broadly.

Rajesh Ravi: And full year as you gave a volume guidance any understanding in terms of margins what do you see for full year, it can be achievable given the current fuel price trajectory that we are seeing?

Management: We have close about 15.3% we expect the margins to definitely grow by another 10%. So, around 17% should definitely be our, 17%, 15% should be our margins for this year.

Moderator: Thank you. Next question is from Prateek Kumar from Jefferies. Please go ahead.

Prateek Kumar: My first question is on your paint business, would you have any guidance on expectation of year one, in terms of sales and then year two of sales now as you have started the operations --?

Management: So, yes, so on the paint business we expect in the current fiscal a range between Rs. 150 to Rs. 180 crores of top-line. And going forward in the next fiscal should be closer to Rs. 300 crores, I mean Rs. 270 to Rs. 300 crores in the next fiscal, FY'25.

Prateek Kumar: And this is EBITDA positive top-line or this will be EBITDA positive or we like looking at like, because we are looking at like Rs. 300 crore investment in the form of operating losses or working capital.

Management: See again as we were looking earlier but now after the acquisition this would definitely be lower and in this year we do not expect in terms of whatever the investment in the paint business including the losses it could be anything around more than Rs. 50 crores.

Prateek Kumar: For your central operations as we have now turned EBITDA positive or flat EBITDA and we are expecting Rs. 200 of subsidy benefit. So, for full year like is it okay I mean for modeling purpose to assume like Rs. 600 to Rs. 800 EBITDA per ton for that plant for the first full year of operation.

Management: Yes definitely.

Prateek Kumar: And related question, when we say that we are looking at 15% grey volume growth with 65% utilization of central plant. That largely means that the ongoing standalone operations, erstwhile operations are flattish on a year-on-year basis but we have added also some capacity?

Management: It is not flattish when we take the volumes of the current year, it includes volume of the Central India also. So, Central India one full quarter volumes are there and also even in the initial, in the grey numbers the standalone we were seeding to the Central India markets which actually gets now converted into Central India. And now if you look at only grey markets definitely there is no stagnancy or anything we are growing in the northern existing markets also by around 10%.

Prateek Kumar: And that Rs. 20 crore on that ballpark we were looking at investments in advertisement in this market which was earlier aggressive, is that behind or we are looking for aggressive ad send, in FY'24 versus FY'23 for overall Company?

Management: Rs. 20 crores I didn't follow that, please.

Prateek Kumar: There was this Rs. 20 crore loss which was booked in standalone operations last quarter, third quarter related to investment in the central operations which is not there probably in this quarter, in Q4. So, that was I think related to --

Management: So, in the previous quarter when we were talking about it just got reflected as an expenditure and there was no top line so this year I mean this quarter is not, it's an ongoing investment in publicity which has to be done on the brand building and other things and CTS and brand building activities will have to continue if you have to grow in the market. In fact, we are opening up as going forward more and more new markets in the regions, in eastern UP and whatever whichever parts of MP which are left, so we have to capture all the new markets then only we will be able to dispense the entire volumes of Central India.

Moderator: Thank you. Next question is from Sanjay Nandi as an individual investor. Please go ahead.

Sanjay: Can you please guide us on the pricing scenario from the exit of the March quarter as on date in different areas of operation?

Management: Well as of now it is more or less flat or there is some pressure there may be marginal reduction in pricing exit of March. There has been no increase in the pricing.

Sanjay: So, any expectation of any price hikes down the line or we can expect after the monsoon.

Management: Yes definitely we foresee the demand is good but again on the onset of monsoons I don't know if something happens in June otherwise it would be post monsoon only.

Moderator: Thank you. Next question is from Keshav Lahoti from HDFC Securities. Please go ahead.

Keshav Lahoti: The lead distance has come down by 7%, 8% in this quarter that is actually not visible in your transportation cost, it is marginally higher quarter-on-quarter, what is the reason for that?

Management: So, actually the lead distance has come down but the per ton per kilometer cost in that region, every region has a different per ton per kilometer cost. The new market where all the developments are taking place and all the fleets will get attached so initially yes the per ton per kilometer cost at Panna and at the Hamirpur site are higher than the existing markets.

Keshav Lahoti: So, the right way to see is that the lead distance might cool off but transportation cost will remain where it is, right?

Management: So, we are working that's another, immediately it's very difficult to say but I think it should be flat.

Keshav Lahoti: And when it Panna WHRS coming?

Management: WHRS, the testing is going on, so I think it should be on stream and we have already, I mean it has started and I mean I think by the end of this month, end of May, June it should be normal.

Keshav Lahoti: You had a plant of clinker also Panna expansion?

Management: No, see the clinker line at Panna is 8000 TPD and we had a plan to step up and as the plant is stabilizing we are already doing and we are hopeful post-monsoon we should be able to get that 10,000 TPD clinker capability from Panna.

Keshav Lahoti: We can see a great short up in your green power can you please bifurcate this between WHRS and renewable from where the increase is coming?

Management: Yes so we will send you the details of WHRS and the solar and the power separately.

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

Navin Sahadeo: My question was on the working capital. So, is there a release that we are seeing in the working capital and how sustainable is this or I see almost like Rs. 1500 crore kind of reduction in networking capital year-on-year. So, is that a temporary thing or it could reverse back?

Management: No, so working capital has reduced, I mean see what has happened, yes there could be marginal increase in terms of clinker, three areas where the working capital has increased which is, like one is the coal inventory. So, earlier due to uncertainty in the markets availability a the loading ports and all so we had gone up to coal inventory of as high as four to five months. And after things have normalized we don't feel that there is any need to have inventory of, normal inventory of around two months. So, that's normal, so the coal inventory has been.

Similar was in case of inventory for the chemicals, so because of uncertainty that inventory was also on the higher side. So, it has reduced, it has become a normal inventory. So, you have to see what had happened during this period that because of uncertainty in markets in the last two years, the inventories had increased, it has come to the normal level. And also, with clinker is going, adjusting factor at this year at any point of giving sometimes we may have higher clinker last year at the yearend when we compare our last quarter, the clinker inventory was higher which is lower now. So, these are the three areas where it has gone down.

So, it is not, it's well within not that we have reduce or anything, yes we have worked on, there is no need or whatever is a normalize working capital we will keep to that, the current levels are maybe another Rs. 50 to Rs. 100 crores more but beyond that the inventory should not increase. So, whatever is the benefit of optimization or working capital we have got the benefit of close to Rs. 300 odd crores. So, I mean Rs. 200 or Rs. 250 crores is definitely sustainable.

Navin Sahadeo: My second question was about synergies at Panna, so Panna of course on its own there will be operating leverage gains and waste heat recovery as it comes and incentive subsidies, those benefits would accrue, but beyond that would there be some more synergies on the lead distance as well in the sense that at least from a regional perspective I think the lead distance there could be at least significantly lower than what it is for the other plant or would that be the case or overall lead distance will not really change much, with Panna coming?

Management: No, see what I would say that Pannas as a plant, Panna overall lead distance which would be lower than the northern plant lead distance. Because northern plants where it was feeding from Rajasthan to the entire northern region, Panna is where we are operating the whole market, the distance is lower as compared to North market. So, now we have markets in North and maybe south where the lead distance is lower, North is again as a standalone North lead distance remains higher because that is the structure of the market and the limestone reserves it's all Rajasthan based producers which are feeding that market of northern India.

Navin Sahadeo: So, just to put numbers in perspective, you said the first question I think was about lead distance and you said it's about 438 kilometers. Does that include Panna benefit into it or Panna will be separate?

Management: No, it is inclusive of Panna 470 was also inclusive of whatever we were selling from North in the Panna market, 438 is consol inclusive of Panna, for the consolidated Company.

Navin Sahadeo: And just one clarification for paints you said you are looking at a top line of Rs. 150 to Rs. 180 CR in FY'24, but did you also say you are looking at a loss of Rs. 50 crore in the year one of operations?

Management: No, it's investment, loss in investment. Investment, we are planning about Rs. 30 crores of CAPEX. So, Rs. 30 crores will go into CAPEX and Rs. 20 crores is that whether it's a loss or you can say a brand building or whatever you may call it. So, there should not be any operating loss, the gross margin is what we are expecting even on that, so we don't expect the gross margins to be lower than the paint companies, so all the paint companies have a gross margin ranging from different companies from 28% to around 35%, 37%. So, we should be in the same vicinity.

Moderator: Thank you. Next question is from Tejas Pradhan from Citigroup. Please go ahead.

Tejas Pradhan: Just wanted to check your share of blended cement seems to have gone up significantly this quarter, is it a sustainable increase and any particular target you have over here?

Management: No, see we are working on maintaining and improving our trade share. It's an ongoing but also it depends on what is the demand supply situation, but at any point of time so our internal target is that we should be able to ideally have a 70% and 30% but it's a big, tall challenge, but anything between 65% to 70% would always be the range. And we would definitely thrive to see that we maintain the present share, we don't lose, but again it's very difficult to say with all the volume and how the market behaves.

Tejas Pradhan: Just to follow up a bit, I think versus last quarter to this quarter I think there is a 4% or 6% swing in the share of blended cement.

Management: 4% is in the blended ratio. And in the trade, non-trade it is 2% from 67.3% to 69.3%.

Tejas Pradhan: So, anything specific that had happened in this quarter, because of which there was a 4% improvement or maybe reading too much into it?

Management: See again, when Panna has come, new grinding unit has come and new grinding stations are coming in, that sale is from the grinding stations will all be blended cement.

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

Amit Murarka: Just wanted to get some status update on the Jaisalmer limestone lease, what is the position on clearances and all that?

Management: So, we are just working, we are in the process of the land acquisition and we will shortly execute the mining lease agreement. So, I think within this fiscal year we should be able to do this.

Amit Murarka: Land acquisition has already started or will you start --?

Management: Yes, it's already started.

Amit Murarka: And any timelines for completion of the land and --?

Management: We are hopeful we should do in this fiscal.

Amit Murarka: And in terms of priority like will Panna Phase II be a priority or you think this would take precedence over that.

Management: The Board has not taken a view on that, but I would, maybe it looks like as Panna market is already growing it should be Panna. First is, but immediately as I said we are going ahead with the Prayagraj grinding which would be catered from Panna. So, we have Panna from present 4 to 6 million tons is coming from that. And then we will see as a next step whether it is a brownfield expansion at Panna or greenfield at North, but most likely it should be Panna, but it has to be seen, everything depends on the market and the balance sheet.

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

Shravan Shah: Just to follow up on the same, so whenever we finalize a broad idea in terms of whenever we want to go for the next leg of expansion, so as you mentioned or maybe the preference would be the Panna. So, maybe year end FY24 we should have a clear idea that we are going for and we will start the CAPEX for that, that is a better way one can assume?

Management: So, I would say at the end of FY24 or late FY25 that should be the period. So, once we are through, normally we review a situation every 6 to 12 months on what is our balance sheet like and what we are doing, so we take a call it's not done every quarter or anything. So, you take a stock and you review every 6 months down the line, okay now whether what needs to be done and depending upon a medium-term view on the industry and our balance sheet and on that basis then we will take a call on that.

Shravan Shah: So, on balance sheet front so what we look at, so net debt is close to Rs. 2900 crores to Rs. 3000 odd crores now and given the profitability to improve now so at what level it will give a confidence that let's say now the net debt is Rs. 2000 and we will start spending for the next expansion.

Management: So, see in any case, we would not like net debt to EBITDA to be more than 2 going forward. So, we have to see on a medium-term basis when we take any expansion, we made a borrowing that how we are going to cross, what will be the position on net debt to EBITDA.

Shravan Shah: And second just wanted an understanding when we say that our margin in grey and white is same and now when the reduction in the coal and pet-coke is going to kick in, so is it fair to assume that maybe a 6 months, 9 months down the line maybe the grey margin would be higher than the white margin?

Management: Very difficult to say, if the grey margins improve better than white, grey is our core business so that will give a better boost to the Company, when only white improves and grey does not improve, I would like to be happy with grey margin improving. So, that is the better thing for the Company, because 80% of our turnover or profits are coming from the grey business.

Shravan Shah: In that sense only, I was trying to understand.

Management: So, again, everything is definitely for both the businesses, the market plays a very important role yes in grey cement and also in white cement, again when we talk about fuel pricing, so fuel has an impact on white production also. So, even in the white business as we see, that is we are expecting improvement as things are becoming normal, the chemical cost will also reduce. But at the same time when we are depending on so much imports whether imported fuel as well as imported chemicals, there is a concern on the Dollar on the Rupee devaluation. So, though we may see the prices of fuel etc. coming down in terms of Dollar, but we have to see in Rupees what is the position, because if the Rupee gets depreciated that is also a concern.

Shravan Shah: And just a last clarification, you clarified that Rs. 30 crores would be an investment, for paint business I am saying when we say Rs. 150 to Rs. 180 crores revenue. So, just trying to get a number at EBITDA level there will not be a loss?

Management: Yes, so there could be initial EBITDA level should not be a loss, Rs. 20 crore could be that brand building there would initially some brand building cost would be, which would form part of expenses and it may get reflected in EBITDA but as I said that let us look at the margins. So, the paint business works on a margin ranging from 28% to 35% to 37%. We should not be I mean yes definitely it will take time to reach the higher end of margins but our margin should be around 30%. So, we are working towards that to actually maintain a margin of 30% in the paint business, with that top-line it is a good achievement.

Shravan Shah: So, that is a gross margin, so I was looking from the EBITDA margin perspective.

Management: See EBITDA margins as I said if there is a branding cost which will go into the expense which is a long, it's an investment, but as when accounting it is part of the expense so which you may there is an EBITDA loss, but actually it is a brand building investment.

Moderator: Thank you. The next question is from Uttam Kumar Srimal, from Axis Securities. Please go ahead.

Uttam Kumar Srimal: My question pertains to the competitive intensity, when this expansion gets completed we will have around more than 9 million ton of your capacity located in the central region. That is around 40% of your entire capacity. So, what kind of market share you are eyeing in the central region along with the competitive intensity because UltraTech is already a market leader over there. So, any color on that?

Management: Normally if you look at what we are in the Central India new markets gradually we are scaling all the markets and our objective is that in each of the markets we should have double digit market share but we are not satisfied we can say or we can say between 8% to 12% that is the range which we should have market share in each of the areas or district wise if we allocate this is what we are working at. And gradually as we reach that number then first we reach one milestone and then you try and see what is the next milestone.

Moderator: Thank you. The next question is from the line of Navin Sahadeo from ICICI Securities. Please go ahead.

Navin Sahadeo: Just one clarification about the gross debt and net debt levels, so your presentation said gross debt is Rs. 4,534 crores at the consol level and net debt is about Rs. 2,900. What is this number including working capital loan?

Management: Working capital loan maybe around Rs. 400 crores.

Navin Sahadeo: So, that much markup --

Management: Why we don't include working capital in that, because again that is supported by the current assets and also normally we are not included and that is not the terminology. And I think that's the terminology which is being followed across.

Navin Sahadeo: Second question was slightly more at a industry broader thematic level wherein we see large players focusing now on branding or focusing more on premium offerings. So, some of the largest players in the North who have been earlier very volume driven now are at least attempting to see a change in strategy in terms of their overall brand positioning. So, is there an opportunity for us in that sense that the market is used to a particular price gap between players. So, if the players who have been earlier aggressive and now looking to really up the game in terms of increasing their pricing point, is there an opportunity for us to see in the sense to improve prices or that's now how the market really works?

Management: Yes see on the brand journey, see we started our journey we realized this and I think we are better placed than many other players, because we started our brand journey about two and a half to three years back. And as a result, as you see over the last few quarters, we have continuously been able to improve upon our trade share, we have been able to get good growth in the market in terms of volume highs and the industry and not lose on market share on the pricing. In fact we have been able to improve our pricing.

See price in cement is definitely, it's not in our control it is effect of the demand and supply, but definitely we are not the leaders in the pricing. So, there is definitely a scope where we can improve upon our leaders today if we say UltraTech is a leader in the market, it sells at a premium and we are working to bridge that gap. So, that is our price improvement journey and we have started and that is coming as a result of all our branding activities, all our *(inaudible 00:59:22) activities and it is helping us not only in improving on the pricing, also on maintaining and improving the trade ratios.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference back to Mr. Vaibhav Agarwal for closing comments. Thank you and over to you, sir.

Vaibhav Agarwal: Thank you on behalf of PhillipCapital (India) Private Limited, we would like to thank the management of JK Cement for the call. Thank you very much sir.

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