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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 of Conference Call pertaining to Financial Results for Q3 FY23

Please find below the link of Audio recording of Conference Call held on Wednesday, February 08, 2023, in respect of the Financial results for the third quarter and nine months ended December 31, 2022. The said results were approved by the Board at its meeting held on February 05, 2023.

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

This is for your information and records.

Sincerely

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

SHAMBHU SINGH
Digitally signed by SHAMBHU SINGH
Date: 2023.02.09 15:36:08 +05'30'

"JK Cement Limited
Q3 & 9M FY2023 Earnings Conference Call"

February 08, 2023

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

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

Moderator: Ladies and gentlemen good day and welcome to JK Cement Limited Q3 & Nine Months FY2023 Earnings 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 this 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. Thank you and over to you Sir!

Vaibhav Agarwal: Thank you Nirav. Good evening everyone. On behalf of PhillipCapital (India) Private Limited we welcome you to the Q3 & Nine Months FY2023 call of JK Cement Limited. On the call we have with us Mr. Ajay Kumar Saraogi – Deputy Managing Director and CFO, and Mr. Prashant Seth – President, Business Information and Investor Relations. I would like to mention on behalf of JK Cement Limited and its management that certain statements that have been made or discussed on this conference call may be forward looking statements related to future developments and current performance. These statements are subject to number of risks, uncertainties and other important factors which may cause the actual developments and the 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 will now handover the floor to the management of JK Cement for their opening remarks which will be followed by interactive Q&A. Than you and over to you Saraogi!

Ajay Kumar Saraogi: Thank you Vaibhav. Good evening and welcome to Q3 call. The Board of Directors met on February 5, 2023 to review the performance for the quarter and nine months ended December 30, 2022 and the major highlights for the quarter are as under.

Revenue from operations was 2288 Crores as against 1940 Crores in the previous quarter, an increase of 18%. The other income was at 22 Crores as compared to 26 Crores. The operating expenses were 2025 Crores as against 1570 Crores, an increase of 29%. The EBITDA for the quarter was 267 Crores as against 377 Crores, a drop of about 29%. The finance cost was 66 Crores as against 65 Crores. The profit before tax was 129 Crores as against 260 Crores, a drop of about 50%. The profit after tax was 97 Crores as against 167 Crores, a drop of 42%. The EPS was Rs.12.50 as against Rs.21.66. The EBITDA margins for the quarter was 11.95% as against 19.83% in the previous quarter.

If you see the nine months data. The revenue from operations have increased during the nine month period by 22% at 6596 Crores as against 5410 Crores and the operating expenses were 5636 Crores as against 4311 Crores, an increase of 31%, and the EBITDA for the nine month period was 974 Crores as against 1139 Crores, a drop of 14%. The EBITDA margin for the nine month period was 15.11% as against 21.46%, a drop of 30%. The profit after tax for the nine month period was 403 Crores as against 544 Crores, a drop of 26%, the EPS was Rs.52.10 as against Rs.70.46.

During this quarter the company has successfully commissioned the Greenfield expansion in central India of 4 million tons of which the 2 million ton grinding is at Panna and 2 million ton grinding is at Hamirpur and UP. The total amount spent during up to the year on the project is 2723 Crores as against 2970 Crores, balance would be spent in this quarter. Also during this quarter the company in its wholly owned subsidiary as you are aware that we had decided to go in for paint business the wholly owned subsidy acquired a stake in Acro Paints, a 60% equity of Acro Paints was acquired at 153 Crores, and balance 40% shall be acquired over a period of one year so in that way the company would be able to start the paint business very soon.

If you look at the balance sheet position. The standalone gross debt as at December 31, 2022 is 2686 Crores as against 2850 Crores as on March 31, 2022, and the net debt is 1455 Crores as against 1606 Crores. The net debt to equity is 0.32 as against 0.38. On a consolidated basis the gross debt is 4141 Crores as against 3434 Crores and the net debt is 2871 Crores as against 2150 Crores and the net debt to equity is 0.63 as against 0.51. So these are the major highlights. We will open for questions. We will be pleased to answer them. Thank you.

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

Shravan Shah: Thank you Sir. My first question is on the pricing front. So first of all where we have seen the price increase in the third quarter in terms of the regions where we operate because across the companies we have seen different scenarios, which they are reporting, so some companies are reporting a growth in South and East under that did not reported any growth in realization Q-o-Q so just wanted to understand what was actual and for us and post December till now have we seen any decline or increase and how do we expect realization for this quarter do we expect any price increase?

Ajay Kumar Saraogi: As regards price increase is concerned we saw some increase in prices in the North in the month of November, but again all the price increases, which was taken by about 15-20 could not be sustained in the market **(audio cut) 08:43** and we saw maybe during the quarter maybe about Rs.5 a bag net increase in the prices in the North. South the price increase had taken place, but again then there was a dip in prices and we are seeing further pressure on the pricing in the South and as of now if we see even in the North there has not been any further increase and still there is some pressure only on the pricing. Yes the only silver lining is that the demand is good and we do expect that going forward there are possibilities that the industry could take some price increase and we could offset the impact of the cost increase.

Shravan Shah: But what do you think could be a logical reason, I understand that it is difficult to comment in terms of the region, but still in terms of why a significant pressure in prices in South and even North and now when the full construction season is going on what could be the reason, is it the cost pressure which is cooling off that is giving a comfort to the players that net-net we are still able to see the improvement in margins so not to go for a price hike or maybe some price reduction is fine and still focus on the volume?

Ajay Kumar Saraogi: Volume is a part of the demand. In cement it is not that if you reduce prices you will get more volume it is not related. Volume is always related to the demand, we have seen good price increase in the East and West, but cost inflation in both those areas are similar to what the producers are feeling in the North or in the South. We really do not see any plausible reason especially I would say that the North demand could be better than any other region, and in spite of that the prices have not taken place at least what was expected and definitely we were hoping that we would get a price increase of minimum Rs.20 to Rs.30 a bag, but somehow it did not happen we are just waiting, and even if you look at the various results, which have come out it is not that the EBITDA margins or anything are at a very comfortable level, which gives a comfort to the industry players not to go for any price increase, but it only happens in cement and it is happening, very difficult to say why.

Shravan Shah: Yes got it. Sir, couple of data points railroad mix for this quarter, lead distance, fuel mix, power and fuel average cost on rupees terms and in Kcal basis for this quarter?

Ajay Kumar Saraogi: Yes, rail movement is 19% and lead distance is 470 kilometers.

Shravan Shah: Power and fuel cost in rupees term last quarter it was around 12000 and on Kcal basis it was 2.4 so what was the number for third quarter?

Ajay Kumar Saraogi: Yes, it has increased by around Rs.400 per ton the fuel rate so on per Kcal basis it has gone up by Rs.0.20 last quarter it was Rs.2.40 now it is Rs.2.60.

Shravan Shah: Now in January what you say for this quarter also how do we see or do we see the same because of the inventory that we are carrying?

Ajay Kumar Saraogi: We think that it should reduce to the level of the previous quarter so we should see reduction of minimum Rs.0.20 per Kilocal in the current quarter.

Shravan Shah: The fuel mix so pet coke 50%, the same share remain?

Ajay Kumar Saraogi: It is even higher pet coke is 55% in terms of volume and if you see in terms of heat it is around 75%.

Shravan Shah: In terms of the capex last time we said 1900 Crores for 2023 and 1400 Crores for FY2024, and now still 250 odd Crores is remaining for Panna so for fourth quarter what is the capex that we are looking at and for FY2024 what is the number?

Prashant Seth: No, it is same at the same level out of the 1900 Crores we have already spent close to 1600 Crores so balance we expect 200-250 Crores in the last quarter and the guidance for the next year remains the same.

Shravan Shah: Sir last just a clarification needed in the sense that we share the standalone number, standalone volume on the white and grey front, but now Panna even a subsidiary though we are expecting it will get merged hopefully so you can also update whether it is getting merged by March 31, 2023 or not so on consolidated basis when we started looking at the consolidated to capture the value of the Panna so it is better if we start giving the number for the consolidated in the sense that the same way we give so what is the consolidated grey volume?

Prashant Seth: Yes, we understand that, we will share the consolidated number for the grey business means whatever it is there in the main company and the subsidiary and for this quarter it is 36.61 lakhs the overall grey volumes and the net sales was 1789 Crores.

Shravan Shah: Our grey volume from Panna was how much?

Prashant Seth: Consolidated is 36.61 and the grey volume for the main company was 35.46 so this is 1.15 lakhs is the volume, which is the subsidiary.

Moderator: Thank you. The next question is from the line of Navin Sahadeo from Nuvama Institutional Equities. Please go ahead.

Navin Sahadeo: Thank you so much for the opportunity. Sir if you could just help us understand the ramp up at Panna so to say and also are there any one off expenses or stabilization related cost to the same, which have been incurred in this quarter and may not continue going ahead?

Ajay Kumar Saraogi: The ramp up plan for Panna we had initiated opening up of various markets and we are confident that as far as even in this last quarter we should have Panna about 50% capacity utilization levels we should reach and **(inaudible) 16:44** should be even higher than that. So we are confident on ramping up the volumes of Panna. Having said so yes the plant stabilization after we commissioned the kiln in the latter part of November. There are always certain teething troubles and the kiln is under stabilization, and as you know the waste heat recovery power plant is yet to be commissioned and there would be some shutdowns for that purpose. So at the end if I would say that the entire project activities that will get over by sometime by March-April and the plant should get fully stabilized in the first quarter of next fiscal till such time there would be no certain additional operational expenses both at the plant level and even in the market since we are going to see new markets so there will be continuous more branding and other activities. We have already done quite a bit even in this quarter certain branding activities and that is reflected in our EBITDA also of about 20 Crores is the branding activities, but if you after making an investment of close to 3000 Crores it is a business need to do all these branding activities, and market development exercises, but unfortunately they are not part of the project cost as per the accounting and they have to be treated as a revenue, but however this will help us, and we are confident that we would be ramping up our capacity in a new market region at a rate which would be far more than expectation and we will do it faster. We are confident on that, this is the first line indications, which also we have, our product is well accepted in the market, and we do not foresee any problem on that ground.

Navin Sahadeo: I appreciate that Sir and I understand this in the previous quarter you had highlighted that even as the kiln like even before it starts production we had started kiln in that market and setting up our distribution network and overall preparations around that so it is great, but just from a numbers perspective if you could just help us understand in the standalone P&L that we are looking how much could be the cost attributable to all these activities put together, which will then like more streamlining in the coming quarters is there some cost associated to that?

Ajay Kumar Saraogi: No. So, what will happen in this quarter in the standalone I would say about 20 Crores is there because of opening up and majorly the sales have been done in the standalone company. However from this quarter onwards all these activities and branding activities will be done as per accounting in the subsidiary itself so that major expenditure will not come into the subsidiary part, but definitely as a consolidated basis we will definitely see because we would need to, so the subsidiary would see a higher operational cost because the plant is going, there are issues on stabilizing the waste heat is not there which would lead to a higher power cost, the fuel when you fired the kiln, so you have different mixes of fuel, there is a lot of this, initially wastage of fuel, which leads into higher fuel cost, we had a high inventory, we had planned some imported pet coke for the plant, which was a high cost pet coke, which in the existing operations the cost gets averaged out with different consignments, but here on a standalone basis for the subsidiary, we have a high cost available, which will affect the EBITDA of the subsidiary. So having said that and it is difficult to put in numbers, but I would say two or three quarters at least maybe not towards branding and operational cost and other 20 Crores each in for next two, three quarters, two quarters 20-25 Crores each may be there. As call it a one off stabilizing or market development and other costs that could be there, which is quite normal for a Greenfield plant.

Navin Sahadeo: Appreciate, but just to follow up here waste heat recovery that hooking up with this new kiln would ideally happen now directly in Q2 right because you are stabilizing the kiln as we speak and then in Q1 you may not want to take a shutdown so fair to assume that this would happen in Q2 now waste heat recovery?

Ajay Kumar Saraogi: No. So, we are planning sometime in March, April.

Navin Sahadeo: Understood and just one last question if I may. This total capex as PrashantJi mentioned initially of 1900 Crores that is excluding what we are paying for Acro Paints acquisition, right?

Ajay Kumar Saraogi: No, that includes the capex for the paint business.

Navin Sahadeo: It includes the capex?

Ajay Kumar Saraogi: Actually that 1900 Crores indication was based on certain because earlier we were planning, it goes in the standalone as an investment, it does not go as a part of capex and that 1900 included a normal when we were putting up the plant, expenditure on the plant, now since we have acquired on the equity, this quarter the cumulative the upfront the amount spent during this fiscal or on the paint business would be marginally would be higher by about 100 Crores because we had planned about 175 Crores and we will be spending in this whole fiscal 275 Crores on the paint business. So to that extent yes, but, next year it will get, now since you have acquired and it will reduce other costs so the paint business next year investment would be lower in the paint business. We are well within the 600 Crores approval that the Board had given, and which we had committed, there is no plan, all expenditure we would be able to develop the paint business well within that 600 Crores.

Navin Sahadeo: Understood Sir. Fairly clear. Thank you. Thank you so much.

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

Keshav Lahoti: Thank you for the opportunity. Sir what will be your lead distance maybe 2-3 quarters later so it used to be at one time 450, now it is at 475 now so how will it shape up post Panna?

Ajay Kumar Saraogi: Once Panna I think the overall lead distance will get reduced, so even further North it had increased a bit because we were serving certain markets of Panna where which had longer lead from the existing North plants. So post Panna I think overall there should be a reduction when exactly maybe 30 kilometers reduction could be there so it may go up to 50 we are still working on all the details, but definitely there would be a reasonable 8% to 10% reduction in the lead distance.

Keshav Lahoti: So maybe something like 440-450 tons?

Ajay Kumar Saraogi: Yes, we should definitely see at those levels.

Keshav Lahoti: How is the white cement business doing?

Ajay Kumar Saraogi: So white cement is doing fine otherwise when though the pressure on the putty still continues that all the other paint manufacturers are continue to be very, very aggressive, and we have now even the grade 2 grey cement producer has also entered the putty segment and Wonder Cement has put up a plant in Rajasthan, and even JK Lakshmi has put up a plant in Rajasthan only recently last week they have commissioned a plant of putty in Rajasthan near Alwar I think, so as far as Putty is concerned it is becoming still more and more competitive so that is the position, which is definitely having some impact.

Keshav Lahoti: The number 20 Crores that you said you spent for branding, so is it for the entire company?

Ajay Kumar Saraogi: Yes, exactly incremental amount which was spent for Panna,

Keshav Lahoti: Got it. Thank you. That is it from my side.

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

Shravan Shah: Thank you Sir. Continuing my previous question I was asking you mentioned that 115000 is the Panna volume, but you also mentioned that you booked the revenue in standalone and not in the Panna subsidiary.

Ajay Kumar Saraogi: No, it is not like that, whatever volume, whatever due market is fed from the standalone that revenue volume is in that company and subsidiary we had done the volume of 1.15 lakh tons and that revenue is booked in the subsidiary only. The combined revenue number the net sales combined for the grey cement operations in the main company and the subsidiary is 1789 Crores and in the main company it is 1739 Crores so you see what happened, when there was no production in the Central India and we had to see the markets of Panna so we had to supply from the existing plant all that booking is part of the turnover, and profits, and everything of the existing plants.

Shravan Shah: Yes, I got that point. So, I was looking at the only number and the same way in terms of the white at consolidated level what is the revenue and what is the volume so I also netting off the UAE volume in the standalone so I want the same number, consolidated white revenue, and consolidated white volume for this quarter.

Ajay Kumar Saraogi: We will send you by separate mail the consolidated white numbers.

Shravan Shah: The second thing in terms of the expansions in terms of the debottlenecking so 2 million ton we were looking at to start by this March so are we on track, is there any change?

Ajay Kumar Saraogi: We are on track, it is a normal upgradation and so we are on track and I think therefore well within maybe in the last fortnight of March we should be able to conclude this capacity so our capacity will increase by 2 million tons by end of this fiscal.

Shravan Shah: So from the next quarter that is next year 1Q FY2024 that should not be a problem in terms of increasing the utilization for this extra debottlenecking so we can easily see the normal utilization what currently we have, that should be the case for the extra 2 million ton?

Ajay Kumar Saraogi: Yes, it will give us more flexibility as the market is growing and we have not done any investment in addition in the northern market so it will give us a space to expand our existing markets both in the north as well as in the South so we will be able to do that.

Shravan Shah: Sir though we definitely are not looking at the short-term borrowing as a number in terms of the presentation we only consider the long-term, but still for the number sake what could be the short-term borrowing as on December?

Ajay Kumar Saraogi: So short-term borrowing is around between 350 to 400 Crores that is the working capital.

Shravan Shah: I was just looking at from the reported gross debt number so that is what I was asking in that sense.

Ajay Kumar Saraogi: In the gross debt the short-term borrowing is not included.

Shravan Shah: No. For balance sheet the way we report in the balance sheet on the liability side noncurrent and the current so in noncurrent liabilities we have borrowing and in the short current liabilities also we have a borrowing so that number what we report normally for the last September or March against that what is the number that I was looking at?

Ajay Kumar Saraogi: Actually that needs to be worked out because when you report in the balance sheet even certain long-term borrowings which are becoming due and payable within next six months they are not performing part of the long-term borrowings, and it gets too short in short-term borrowing. So we need to recast in terms of balance sheet and send you separately. Those are current maturities and whatever the gross debt we are telling you the number that includes that. It is only the working capital facilities, which we are not including in the number which we are giving to you that is about 350 to 400 Crores.

Shravan Shah: So, at the standalone and consolidated the number remains the same 350-400 Crores.

Ajay Kumar Saraogi: Yes. At a consolidated it will not be, because there is some working capital facilities with the Fujairah plant also has.

Shravan Shah: So at consolidated level this number would be 500 Crores upwards?

Ajay Kumar Saraogi: More than 500 Crores.

Shravan Shah: Got it. That is it from my side. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Sanjeev Kumar Singh from Motilal Oswal. Please go ahead.

Sanjeev Kumar Singh: Thanks for the opportunity Sir. I wanted to understand about the brand positioning of our brand in the central region because the numbers for revenue and volume which you gave it looks like that the realization there is around Rs.600 lower than the normal grey cement realization which we report so have we given higher discount in the beginning to make a market or there is something else to relinquish?

Ajay Kumar Saraogi: No, we have not given, yes some additional discounts have been given that is a normal course, but having said so we had placed our product in the premium category only.

Sanjeev Kumar Singh: Secondly when kiln at Panna has not stabilized so are we feeding the grinding units from the North plant and that has led into higher lead distance or the clinker requirement is being made from Panna plant as of now?

Ajay Kumar Saraogi: As of now mostly if you look at January then the most of the requirement has been met from Panna itself, but in the last quarter I said and the quarter under reference the clinker only started in end of November. So there was when December only major all clinker has come from North only even whatever has been fed into the existing markets 115000 which is the standalone sale that is also majorly out of clinker which has come from North.

Sanjeev Kumar Singh: So, there could be some reduction in lead distance going forward in this quarter only, right?

Ajay Kumar Saraogi: Yes.

Sanjeev Kumar Singh: Thank you Sir.

Moderator: Thank you very much. Next followup question is from the line of Navin Sahadeo from Nuvama Institutional. Please go ahead.

Navin Sahadeo: Thank you for the followup. My question was about merger of the subsidiary Panna with the standalone entity so by when is that expected anytime soon, please?

Prashant Seth: Yes, anytime soon, the matter is already listed with NCLT and so I hope there was a hearing earlier which they have given a date, our next date is on the 10th itself. See from our side already everything has been submitted and through whatever has been the requirement, it is only I hope the hearing takes place and we get the order and sometimes the order gets resolved and or they may give another date, but otherwise it should be done very soon, everything is complete from our side.

Navin Sahadeo: So everything is falling in place, is it possible that March quarter numbers can well be like Panna can well be part of the standalone entity?

Prashant Seth: It may not be so though the effective date of the merger is April 1, 2021 so we will be doing that, but the actual effect of the merger may take some time as a part of our scheme State Governments to reconfirm on the subsidies and on the transfer of mining leases as an abundant precaution before we actually affect the merger, so we are not going to get any problem in that it is being done as a part of abundant precaution.

Navin Sahadeo: Fair point Sir. Thank you for clarifying that. These incentives, which are linked to the Panna project they start kicking in now?

Prashant Seth: Yes, they start coming in immediately. Already they are aware of this merger and everything is in order and they said that they will make it effective once you bring the order copy to us so what we have decided that we put it in the scheme, that the scheme should become we would like the scheme to be effective immediately on a reconfirmation that this has been transferred to the parent company.

Navin Sahadeo: Understood. Second question was on the paint business front. I think PrashantJi if I heard correctly you said capex towards paint this year is more like 275 Crores so I was just trying to reconcile this because for Acro acquisition we have paid about 153 Crores and some another 18-20 odd Crores is likely to be infused to like pull up the capacity to whatever is promised so that total still like more like 175 odd Crores?

Prashant Seth: No, actually what happened Navin is that the whole consideration goes into the escrow mechanism. So I am taking the entire amount transferred to the escrow mechanism as the investment. The 150 the first lot of acquiring 60% shareholding that has already gone to the shareholders through the Acro promoters the balance amount will go within a period of one year in two installments 20% after six months and 20% after, but the amount is lying in with the escrow agent. So I am taking as far as company is concerned whatever amount has gone into the escrow mechanism as an investment as amount spent that is the call, if you say the escrow mechanism then the amount remains **(audio cut) 39:48**.

Navin Sahadeo: Right, understood. Just one last question. You said putty business is getting even more competitive as we speak so now from a company's perspective how are we looking at this business as consistent volume increase, but sliding margins or is there any other way we can attack this because I think there was also a plan of pursuing contract grind, a contract manufacturing of putty at remote locations or third party locations?

Prashant Seth: After the second part first, some distributed manufacturing has already started but that is only the small pockets and not very big capacity. We are getting to see as whatever with the tense competition in the putty business. We have two things one is to secure the present volume and also whatever is the growth in the market to get that whatever is the market share we do not lose the market share. So what we are trying to work we had a plan that we could be able to increase our market share. On this direction at least in this year what we have been able to do at least a marginal improvement in the market share, but we have been more or less there not to lose any market share though the margins because there are two things on the putty front even with the increase in the white cement cost, the white cement prices, the raw material costs of putty are increasing, the chemicals our costs have increased both in terms of the rate of chemicals, 2) because of the rupee devaluation, because chemicals are all imported so all this is putting pressure on the putty margins and because of the stiff competition the incentives are also increased because now majorly the paint guys are in the putty business and they are giving higher margins which need to be matched and as I said two new players are getting in so they would like to get pass on some additional margin. So again see putty is getting from a specialized product to a commodity, and once it get into commodity we cannot have that edge which unless have edge in terms of yes though our putty is well accepted we still command a premium in the market, we still command preference in the market, but with both the things our premium cannot be very high, the bridging of the premium with the other brands has to be there to maintain the volume numbers.

Navin Sahadeo: Understood, but the Lakshmi and Wonder Cements plan of putty that is based on white cement of domestic source or this is more on the imported white cement?

Ajay Kumar Saraogi: It does not matter whether they take domestic white cement or they take imported white cement that is immaterial because the white cement component is only between 16% to 18% so it really does not matter and whether they will take white cement either from us or BW and even imported it will be our sub BW because there are mostly all the imports are being done from UAE it is Rack White in us. So rack wise now Ultratech is the owner of more or less becoming the owner of Rack White so it will again be Ultratech orders. So that is there, but again they try and take the other 80% of the raw material is local dolomite so they are trying to whatever try and capitalize on that local dolomite and their existing whatever dealer network and retailer network and use that for the sale so they are not investing so much, they are not investing anything on branding, they are not investing anything on after sales service and all they only leveraging their grey cement network. As far as Wonder is concerned the leveraging is marvel network also.

Navin Sahadeo: Understood. So is it safe to say that these margins for our overall margins for the white segment business are they seen slipping below the grey business as we speak or they are still at par?

Ajay Kumar Saraogi: Yes, mostly presently it would be at par and if you see even in last fiscal I would see both margins are more or less same and what we had an advantage in the white business having 25% to ranging between 25% to 30% so those good days are no more there, so we would see going forward it could be marginally in line with the paint companies margins of around 15% or so.

Navin Sahadeo: Sir, just one last question if I may. Paint, since like Acro Paints will get in a way formally integrated with us from FY2024 so what kind of revenue and margin guidance that you could just help us with that? Thanks.

Ajay Kumar Saraogi: So, see again with the paint earlier plan was we will put up our plant and then also develop a market and there will be a lot of investments in terms of the market development and all. With the acquisition of Acro Paint a lot of expenditure towards market development the formulation that we should be able to save substantially over there though we had even in the paint business in the initial years projected a higher loss in terms of operating loss for the first three years substantially when we were looking at the capital investment was only about 300 Crores and balance 300 Crores was going in terms of partially for working capital and the losses so we definitely going for see that the losses figure should be substantially reduced because the Acro existing is not a loss making company. We will try and work out leverage that and our own putty network to grow the market and so what we shall be doing that and having said so yes to create a brand there would be certain expenses, but we do not expect huge losses in the paint business in the first year, but on the topline if suppose Acro has topline of net of around 70-80 Crores we expect end of FY2024 we should be able to do a total at least 50% increase may be 75% increase on the topline.

Navin Sahadeo: Great that is really helpful and all the very best for the paint industry. Thank you so much.

Moderator: Thank you very much. Final reminder and no further reminders will be announced. I now have the conference over to Mr. Vaibhav Agarwal for closing comments.

Vaibhav Agarwal: Thank you. On behalf of Phillip Capital (India) Private Limited let me thank the management of JK Cement for the call. Also thank you participants for joining the call. Thank you very much Sir.

Ajay Kumar Saraogi: Thank you everyone for joining. Thank you.

Moderator: Thank you very much. On behalf of Phillip Capital (India) Private Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.