



## “JK Lakshmi Cement Q3FY14 Earnings Conference Call”

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**Moderator:** Ladies and gentlemen good day and welcome to JK Lakshmi Cement's Q3FY14 earnings conference call hosted by PhillipCapital (India) Private Limited. As a reminder for the duration of this conference, 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, please signal an operator by pressing \* and then 0 on your touchtone phone. Please note that this conference is being recorded. Also please note that recording or transcribing of this call without prior consent of the management is strictly prohibited. I now hand the conference over to Mr. Vaibhav Agarwal from PhillipCapital (India) Private Limited. Thank you and over to you Vaibhav.

**Vaibhav Agarwal:** Thank you. On behalf of PhillipCapital (India) Private Limited, we welcome you to the Q3FY14 earnings conference call of JK Lakshmi Cement. On the call, we have with us Dr. Shailendra Choksi – Wholetime Director and Mr. Sudhir Bidkar – CFO of the company. At this point of time, I hand over the floor to the management of the JK Lakshmi Cement for their opening remarks which will be followed by interactive Q&A. Over to you sir.

**Sudhir Bidkar:** Good afternoon ladies and gentlemen. This is Sudhir Bidkar along with Mr. Choksi welcoming you on this quarter 3 conference call for JK Lakshmi Cement. I will just briefly quickly run through the numbers which we have notched up in the third quarter. Primarily there has been a volume at a growth of about 13% in the current quarter as compared to the corresponding quarter of last year our sales were at 14.20 lakhs tonnes and on turnover basis, it was 560 as against 550. It was flattish because of the drop in the NSR. The operating profit for the quarter was 71.6 crores as against 65 in the immediately preceding quarter. Last year it was 110 and after providing for interest and depreciation, the PBT for the quarter was 17.74 as against 11.71 which is 51% higher than the immediate preceding quarter and it was 54 crores in the corresponding quarter of the last year and after providing for tax, the PAT for the quarter stood at 14.09 crores as against 10.3 in the immediate preceding quarter, an increase of 37% and 41 crores was what we recorded in the corresponding quarter of the last year. Overall, the operating margins for the quarter stood at 13 which was the same as in the immediate preceding quarter and 20% in the corresponding quarter of the last year.

Coming to the 9 months figure, there was growth of about 2% at 39 lakhs tonnes of sales and on value basis; it was 1,572 as against 1,702 in the corresponding 9 months. The operating profit for 9 months was 210 crores as against 365 in the corresponding 9 months and the PBT for the 9 months stood at 48 crores as against Rs. 200 crores recorded in the previous financial year. The PAT for 9 months was 40 as against 142 in the last corresponding 9 months of the previous year.

Now these results are important because in this current quarter while on an all India basis there was a growth of 1%, our zone was flattish and we were able to record a growth of about 13% in the volumes. Similarly on the 9 months basis whereas the industry was about 2%, there was a degrowth of 3% in our zone. We had notched up a volumetric growth of 2%. This results have been possible because of the higher efficiency parameters both in terms of the power as well as fuel consumption which we have continuously been improving upon and in the current quarter,

we had power consumption of 73 units as against 75 in the corresponding quarter and in terms of the fuel, it was again down by almost 13 units from 738 kilocalories per tonne of clinker to 725 in the current quarter.

Our expansions are proceeding as per the plans and we would be completing the Jhajjar as well as the Kiln I expansion by the end of the current financial year. The Durg would come as per this schedule in the October-December quarter 2014. Now I can throw the floor open for question answers please.

**Moderator:** Thank you very much sir. We will now begin the question and answer session. The first question is from the line of Nitesh Jain from Axis Capital. Please go ahead.

**Nitesh Jain:** Sir basically I have two questions. Number one is our Greenfield project at Durg, how much money we have already spent out of the total project cost?

**Sudhir Bidkar:** And your second question please?

**Nitesh Jain:** And my second question is on little bit on basics like if I read the annual report, though we have a 100% captive power, we still buy some about 30%-40% of power from the Grid. So I wanted to know what is the reason for the same.

**Sudhir Bidkar:** To answer your first question first as regard the Durg CAPEX, we have incurred up to last year it was 800 crores and we had spent about 250 crores more in the current year and in the 9 months may be spent another 150. So by the end of the year, it will be about 1,250-1,300 and we need to spend total 16. So that balance will get spent in the next financial year. Now to answer your question why we are buying power from the Grid, we are buying grid power for our grinding unit locations, not at the mother plant where our captive plants are located. So at the mother plant in Sirohi, we are not buying anything from the Grid, virtually not there, but for Kalol and grinding unit in Jhajjar, we are sourcing. Grid is only for these two grinding.

**Nitesh Jain:** Fair enough and sir I have one more question is basically on your revenue, there is one item called other revenue. For example if I see the full year, out of the total revenue of around 2,000 crores, 350 crores is from the other and basically I did not find any segment thing. So if you could.

**Sudhir Bidkar:** Clinker is there, then RMC and POP. These are the three items.

**Moderator:** Thank you. The next question is from the line of Achint Bhagat from Ambit Capital. Please go ahead.

**Achint Bhagat:** Few questions from my side. So the first one being sir you said that North India broadly remains flat in this quarter, is it?

**Sudhir Bidkar:** Yes.

- Achint Bhagat:** But if I would see the volume growth of you, Shree Cement, JK Cement, I think all of you guys have grown between 4%-13%. So is it that the larger brands have lost market share or what is the maths that works out?
- Dr. Shailendra Choksi:** We believe there has been bit of a loss of market share to the bigger players. In case of JK two, not they have lost some volume. What you're reading is probably inclusive of their volume in South.
- Achint Bhagat:** Because you were indicating that in December, there was a strong volume growth in North India because the sand mining was lifted and some projects picked up.
- Dr. Shailendra Choksi:** December, yes.
- Achint Bhagat:** So how has been the volume momentum in January and February and how has the prices behaved?
- Dr. Shailendra Choksi:** January two the momentum has been good. All accounts we feel the momentum should be okay. This is the last quarter when especially the budget expenditure departments tried to complete several locations. So should be good. In terms of price, there has been some because the costs have gone up. There has been some catching up figures have been done by most of the players and we have seen a Rs. 10-Rs. 15 a bag rise recently in third week of January. The impact of which would be felt in the month of February and March.
- Achint Bhagat:** But sir as we saw multiple times during FY14 that even though the company has tried to price hike, they had to ultimately pull it back because either the consumers were not willing to take the price increases or demand did not support the price hike. Do you think there is a scope of the same happening again as we end the March if demand is not recover?
- Dr. Shailendra Choksi:** You see the price fluctuation is always dependent on the demand sustaining that supporting that sort of an increase. So it is not that the market has any issue with this level of prices. In fact what we are operating at this time of the year, last year we are over Rs. 35 a bag higher.
- Achint Bhagat:** Compared to last year, is it?
- Dr. Shailendra Choksi:** No, last year the prices were higher. So that means the market acceptability is not the issue. The issue is the supplies tend to flood the market.
- Achint Bhagat:** So basically there is a fight for market share from other regional players.
- Dr. Shailendra Choksi:** Other regional, same regional of the smaller players and that is where some of the established players get lost, they lose share also in that attempt, but that is a part of the process. The question is whether the demand will sustain or not, it is of course a million dollar question. Right now, the near term one is more confident that is it, but as far as possible to happen, obviously anything will happen. Right now the things are looking good. The rural demand has been good because of

the good monsoon. By all account, it appears to be at least, we may not go back to that level of price, but we will not remain at the level at which the price had reached in December also.

**Achint Bhagat:** And sir what is your current net debt. So basically gross debt and cash and net debt-to-equity, what is the current as on December 13?

**Sudhir Bidkar:** The gross debt is about 1,500 crores and net of the cash is about 1,200.

**Achint Bhagat:** Net of cash is about 1,200 crores and when do you expect to start your deleveraging post the Chhattisgarh expansion, is it?

**Sudhir Bidkar:** Yes.

**Achint Bhagat:** So that will be probably the capacities would come up in..

**Sudhir Bidkar:** By March you can say. It will peak out by March.

**Achint Bhagat:** Okay sir you are saying that will peak out in March 14.

**Sudhir Bidkar:** Then deleveraging will happen.

**Achint Bhagat:** Post March 14, you will start deleveraging.

**Sudhir Bidkar:** Post March 15.

**Achint Bhagat:** Post March 15 right?

**Sudhir Bidkar:** March 14 we are almost there. March 15 because Durg will get capitalized in FY15.

**Achint Bhagat:** And what is your peak debt-to-equity likely to be?

**Sudhir Bidkar:** On a gross deb, it would be around 1.3 to 1.35. The net debt which is still be less than 1:1.

**Moderator:** Thank you. The next question is from the line of Rajesh Kumar Ravi from Karvy Stock Broking. Please go ahead.

**Rajesh Kumar Ravi:** Would you share the sales breakup in terms of cement and clinker for the quarter?

**Dr. Shailendra Choksi:** The clinker is around 1.7 lakhs tonnes.

**Rajesh Kumar Ravi:** And the sales is including the third party sales that you do total 14.2 lakhs tonnes that is like last quarter you had done 12.9 lakhs tonnes, right sir, September quarter?

**Dr. Shailendra Choksi:** The third party is about 1 lakh tonnes.

**Rajesh Kkumar Ravi:** So this is all inclusive 14.2 that we are seeing is total sales.

- Dr. Shailendra Choksi:** Right.
- Rajesh Kumar Ravi:** And last quarter you had sold around 2.2 lakhs tonnes of clinker. Clinker sales in September quarter that you had shared is close to 2.2 lakhs right sir?
- Sudhir Bidkar:** No, it was 1.25.
- Rajesh Kumar Ravi:** 1.25, this is in September quarter?
- Sudhir Bidkar:** In September quarter, it is 1.34.
- Dr. Shailendra Choksi:** September was 1.31 and last year if you take the same time it was 1.25. Corresponding quarter previous 1.31.
- Rajesh Kumar Ravi:** And sir on this projects where the debt that you have taken, by when is the interest payment would be due like interest would be only post capitalization or in between, what is the moratorium period that you have?
- Sudhir Bidkar:** Moratorium is only for principal, not for the interest. as and when the project gets capitalized.
- Rajesh Kumar Ravi:** So as the project gets commissioned, the interest outgo would start happening.
- Sudhir Bidkar:** It will start hitting the P&L.
- Rajesh Kumar Ravi:** It will start hitting the P&L and in terms of sir currently you are supplying the clinker mostly to your Udaipur plant?
- Sudhir Bidkar:** We are also supplying, not mostly because mine too that could not mostly.
- Moderator:** Thank you. The next question is from the line of Anand Agarwal from Jefferies. Please go ahead.
- Anand Agarwal:** Sir I just have one question on the volumes that you mentioned in Jan has been quite decent Now just wanted to understand is this more of a seasonal pickup or you are seeing good growth in your region on YoY basis as well.
- Dr. Shailendra Choksi:** I think the regional obviously is going overall has not been, otherwise the overall demand could have been better, but the segment and where we are focusing and where we have probably large number that is the rural market. There the growth has been good. That also gives an indication that possibly because the good crops, the demand has been good in the segment. So one is hopeful that even in this quarter, that momentum should be maintained.
- Anand Agarwal:** But at an overall level, including all the infrastructure side and everything else, how would you say the demand in your region is generally panning out to be?

- Dr. Shailendra Choksi:** Infrastructure not much of action has been initiated as yet. Though there are serious work going on with respect to the road corridors and the freight corridors which have been built. So I think we are in the process of awarding the contracts etc. So I think in another 2-3 months that should also start materializing in terms of cement consumption.
- Moderator:** Thank you. The next question is from the line of Mangesh Bhadang from Quant Broking. Please go ahead.
- Mangesh Bhadang:** First question is on the regional breakdown. So can I get the regional sales state wise?
- Dr. Shailendra Choksi:** I do not have right now the gone quarter's state wise, but more or less our pattern remained what it has been so far. There has not been any major change in our pattern.
- Mangesh Bhadang:** Sir if I may know how the demand status is in the state of Gujarat and Maharashtra because we have been hearing that the demand in these two states has been quite low compared to what the expectation was.
- Dr. Shailendra Choksi:** All long we have seen that Gujarat has been laggard this year in terms of the demand growth. November also, there was a bit of a pickup, but December the pickup was quite good and I am hoping that this will be sustained as Gujarat has really lost 8 months of any reasonable demand growth so far, but now that momentum has changed. It has picked up from November. December has been quite good and January too has been good for Gujarat.
- Mangesh Bhadang:** Is it led by the government spending or the real estate sector?
- Dr. Shailendra Choksi:** I think it is mixed. The real estate is not still in a big way there, but some of the local infra projects etc. have now started moving.
- Mangesh Bhadang:** And sir in Maharashtra, what could be the status, is the same?
- Dr. Shailendra Choksi:** We are present in a very small part of Maharashtra that is Bombay etc. and there the demand has been low except that January it has picked up. Again mostly not so much of reality sector or other segments.
- Mangesh Bhadang:** And so the status of your grinding units in Orissa and Gujarat. So are they slated for March 15? Has the equipment order been placed?
- Dr. Shailendra Choksi:** Gujarat should be coming by March or may be slightly delayed because there the environmental clearance is yet to be obtained, but Orissa I think things are moving slow in terms of, but we have outsourced them grinding besides the grinding at Durg. So we are hopeful that either March or by April, May, Orissa should also come.
- Mangesh Bhadang:** So Gujarat could be delayed by..

- Dr. Shailendra Choksi:** Gujarat also could be delayed by about a month or so at the maximum because once clearance comes, then I do not think we will take more these years.
- Mangesh Bhandang:** So we can assume first quarter of FY16 when these two would be operational.
- Dr. Shailendra Choksi:** Certainly.
- Moderator:** Thank you. The next question is from the line of Elesh A Gopani from Gopani Securities and Investment Private Limited. Please go ahead.
- Elesh A Gopani:** My question is regarding to the buyback of the shares. Correct me if I am wrong. You were not able to get the full shares planned original because the prices have increased. So what are you plans or what are your intentions to buy back because the prices have reduced now?
- Sudhir Bidkar:** This buyback is open only for a period of 12 months from the date we announce it. So we had announced in February 12. So our buyback program was open till only February 13. It is not open-ended that you can keep on..
- Elesh A Gopani:** No, we can plan another buyback you know because the prices have reduced now and what we are planned we have not been able to get because the prices have increased at that time.
- Sudhir Bidkar:** Very right because we could do this buyback only for 3 months. After that, it had shot up from June 12 onwards.
- Elesh A Gopani:** Now we can buy back again.
- Sudhir Bidkar:** We can again. Only thing is that there has to be a cooling period of 12 months from the end of the first buyback. You cannot restart a fresh buyback unless the cooling. Now that even the cooling period is over now, almost over now.
- Elesh A Gopani:** Almost over, we can plan it now.
- Sudhir Bidkar:** Yes, you are right.
- Elesh A Gopani:** So what are your plans?
- Sudhir Bidkar:** We have not firmed up any plans, but this option is always open to us.
- Moderator:** Thank you. The next question is from the line of Murugesh RS from Cholamandalam Securities. Please go ahead.
- Murugesh RS:** I had gone through the press statement and we are power efficiently and fuel efficiently have improved considerably and we are already one of the best in the market. I was just wondering if there is further room for improvement in both these metrics.



- Dr. Shailendra Choksi:** There is always a scope for improvement, but you are right in questioning that. As once you reach this peak, then the journey thereafter is obviously more difficult because the headroom may not be much whatever it is will be captured definitely.
- Murugesh RS:** And in the beginning of the call, I believe you had mentioned saying that industry especially our focus area has degrown by around 3% and we had managed to clock in volume growth. I was just wondering that is it because that we were undercutting the market leaders or the big players, how does it and how is it possible?
- Dr. Shailendra Choksi:** I do not know because we constantly track the competitor's pricing and there has been no policy decision way of any undercutting or any such thing. We continue to enjoy a good front positioning. So far that has been the strategy. The strategy mainly has been; number one to constantly maintain our presence in more profitable of the markets. So to the extent one is able to without hurting the dealer network. For instance in some months, Gujarat prices have gone down very low. We have reduced certain supply and sold to other markets which were better off and similarly when it got corrected, we gave more supplies here and reduced at other places. So that slight shifting flexibility we have about, we normally keep certain percentage of quantity as floating with a view to garner the best possible volume at better prices what we normally trying to do. Number two is that we have been focusing on rural markets for quite some time and this time now the growth is mainly coming from this segment **(Inaudible) 23.44.**
- Moderator:** Thank you. The next question is from the line of Mihir Jhaveri from Religare Capital Markets. Please go ahead.
- Mihir Jhaveri:** Sir can you just give us what was the pet coke prices during the quarter and what was it sequentially plus if you can share some thought what was it going on, what is it currently now?
- Dr. Shailendra Choksi:** The pet coke prices had gone up considerably. If you look at the previous quarter where we had advantage of some earlier contracted material coming, so last time and the previous quarter the weighted average would have been in the vicinity of about 6,800-6,900.
- Mihir Jhaveri:** And this quarter sir?
- Dr. Shailendra Choksi:** Presently we have seen an upward movement of about Rs. 200-Rs. 250 a tonne.
- Mihir Jhaveri:** So is it currently the same or it is gone down right now?
- Dr. Shailendra Choksi:** I am talking about the current prices only it has gone.
- Mihir Jhaveri:** So what about the quarter sir Q3FY14 if you can share the number? You said Q2FY14 right, 6,800-6,900 sorry if I missed that part.
- Dr. Shailendra Choksi:** That was the previous quarter. In that quarter, which is under review I mean December.
- Mihir Jhaveri:** So that was Q3. Fair enough sir.

- Moderator:** Thank you. The next question is from the line of Nitesh Jain from Axis Capital. Please go ahead.
- Nitesh Jain:** Sorry sir, just one thing. Considering your CAPEX in grinding expansion as well as some Brownfield debottlenecking at the mother plant, what would be the total CAPEX in current year as well as next year?
- Sudhir Bidkar:** Current year we will be around close to 700. Next year would be around 500.
- Nitesh Jain:** And sir on the Durg expansion, generally the CAPEX picks up in the second year, but in our case we spent 800 crores in first year and this year we will be spending only Rs. 400 crores. So like what was the reason for the drop in CAPEX?
- Sudhir Bidkar:** Basically we had ordered the equipment earlier, then some payments had happened. Then there was an incident and that is why, otherwise we would have by now complete it.
- Nitesh Jain:** Alright and we are targeting this plant clinker commissioning by March '15 right?
- Sudhir Bidkar:** October-December this year '14.
- Nitesh Jain:** October-December this year, alright sir.
- Moderator:** Thank you. The next question is from the line of Jaspreet Arora from Anand Rathi Financials. Please go ahead.
- Jaspreet Arora:** Just three questions. The price hike of Rs. 10 to Rs. 15 you mentioned was it across all your regions or specific to only Gujarat?
- Dr. Shailendra Choksi:** No, most of our markets.
- Jaspreet Arora:** And second was on the Chhattisgarh insurance claims, what is the status of that and how much has been finally accepted by the insurance company and how much have we got till date?
- Dr. Shailendra Choksi:** They have not yet finalized the number as it is very volume size and they are verifying each invoice, but they have given us already as an advance of first installment. As and when we spend more, we can claim more.
- Jaspreet Arora:** So it is linked to the completion of the entire project, is that so?
- Dr. Shailendra Choksi:** Whatever has been damaged, whenever that equipment has bought, it would be replaced.
- Jaspreet Arora:** Understood and how much was the first installment sir that you have got so far?
- Dr. Shailendra Choksi:** Rs. 20 crores.

- Jaspreet Arora:** Lastly sir Udaipur we had ordered the grinding capacity of 1.4 and the kiln was waited. So what is the status of the kiln over there?
- Dr. Shailendra Choksi:** We have already started the grinding there and as far as the kiln is concerned, the order is yet to be placed. In fact now we are placing the orders very shortly. The placement of the order got delayed and there was an issue of the height of the preheater and airport being very close, we had to take certain permission from airport authority.
- Jaspreet Arora:** So that has been taken?
- Dr. Shailendra Choksi:** Now they have cleared the height that we wanted about 95 meters. So I think since the offers have become old in view of its time taking, we are just getting it revalidating and hopefully this orders would be finalized in less than a month's time.
- Jaspreet Arora:** And when you said the grinding is already started, you meant the work on the grinding station has started or the grinding itself has started?
- Dr. Shailendra Choksi:** No, the grinding unit has already started.
- Jaspreet Arora:** We have already started producing cement over there.
- Dr. Shailendra Choksi:** So part of the clinker sale is that now the clinker goes there for grinding.
- Jaspreet Arora:** Given good demand conditions that can produce up to 1.4 even today?
- Dr. Shailendra Choksi:** It definitely can produce easily even on the current conditions close to about 45,000-50,000 tonnes a month.
- Jaspreet Arora:** And you expect it to ramp up to 1.4 over a period of time?
- Dr. Shailendra Choksi:** We will need to put our second grinding unit. We are working out of the location, but we have excess grinding and now with the Jhajjar commissioning, we will have that leverage. So right now we are concentrating on ramping up this particular grinding which we have commissioned which has been started and then later on we will work out the second grinding unit.
- Moderator:** Thank you. The next question is from the line of Bhautik Chauhan from Span Capital. Please go ahead.
- Bhautik Chauhan:** What is your average cost of debt?
- Sudhir Bidkar:** Average cost of debt is about 10.75.
- Bhautik Chauhan:** 10.75 and the last question is how much interest you have capitalized in this year?
- Sudhir Bidkar:** Interest is only on the projects which are ongoing.

- Moderator:** Thank you. The next question is from the line of Rajesh Kumar Ravi from Karvy Stock Broking. Please go ahead.
- Rajesh Kumar Ravi:** Sir two questions. First on the freight cost on a sequential basis, on a per tonne it is up by 9%. So it is purely all the impact of diesel hike or the lead distance is also increased for better realization and second what was the clinker production for the quarter in last year?
- Dr. Shailendra Choksi:** First thing on freight our lead has not increased, coming out of two things. One is that the freights have gone up. Railway freight has especially gone up considerably in last 12 months. On account of if you recall that there was that diesel hike increase for the institutional customers that the freight by the railways. Secondly, the road transportation had to be increased for partly accommodating their diesel. We have not that fully passed on the diesel hike impact to the transporters. As the demand has been low due to overall poor economic conditions, we have hardly compensated the transporters to the full extent as yet till now.
- Rajesh Kumar Ravi:** But over the sequential basis, why sir such a sharp jump from Rs. 780 odd to Rs. 850.
- Dr. Shailendra Choksi:** If you are comparing with the previous quarter.
- Rajesh Kumar Ravi:** From September to December quarter?
- Dr. Shailendra Choksi:** The railway freight increases from the 1<sup>st</sup> October on account of the busy season surcharge and fuel component that also has gone up.
- Rajesh Kumar Ravi:** So how would the situation be for a March quarter? Would this be a significant again at 3%-4% sequential rise in this or would this be around Rs. 850 level? From December to March, do you expect a similar sort of increase or stable at around December quarter number?
- Dr. Shailendra Choksi:** The railway freight hikes should not be there until the government decides to increase railway freight again otherwise the busy season surcharge has already come. So previous quarter that is quarter ending December to March, there should not be any much difference. In the diesel if it is anything substantial that may increase.
- Rajesh Kumar Ravi:** Understood sir and what was the clinker production for the quarter and this quarter and last year December quarter?
- Dr. Shailendra Choksi:** Clinker production was 10.45 lakhs tonnes as against 8.92.
- Rajesh Kumar Ravi:** 8.92 last year December.
- Dr. Shailendra Choksi:** Yes.
- Rajesh Kumar Ravi:** And the September quarter, it was 10.5?
- Dr. Shailendra Choksi:** 10.34.

- Moderator:** Thank you. The next question is from the line of Vijay Raghavan from Spark Capital. Please go ahead.
- Vijay Raghavan:** Sir I have two questions. My question pertains to fixed cost. So if you look at your employee costs 9 months versus 9 months, it almost remains flat. So any reason for the same? My second question is if you look at other expenditure, we have done a good job basically if you look at 9 months versus 9 months, it is down by Rs. 7 to 8 crores. Any specific reason for the same?
- Sudhir Bidkar:** The employee costs is linked to the profitability because there is some variable portion also coming into play. This year because of the drop in profitability that is static and the other expenses yes, last year these are I think comparable with last year.
- Vijay Raghavan:** Basically it has gone down by Rs. 8 odd crores. So any specific cost reduction exercise which we had done to cut fixed costs.
- Sudhir Bidkar:** That continuously we are doing cost reduction exercise.
- Vijay Raghavan:** Which area sir, ads or?
- Sudhir Bidkar:** It is stores and spares basically.
- Vijay Raghavan:** Sir what is the January month volumes?
- Dr. Shailendra Choksi:** January volume has been good, but I do not have the figure right now.
- Moderator:** Thank you. The next question is from the line of Ashish Jain from Morgan Stanley. Please go ahead.
- Ashish Jain:** Sir just early in the call you made a comment that freight rates have not increased in line with the diesel prices. So as and when the macro improves, do you see freight rates going up and is it possible to give some kind of number in terms of percentage how much they can go up you think as and when macro improves.
- Dr. Shailendra Choksi:** What one is trying to convey is that in case the overall economic situation improves and if there is a greater load on the road transportation, then there is definitely a chance of freight hike. Freight is always a matter of demand and supply. The freight rates are not totally governed by any rational of increases. It all depends on the truck availability in our area vis-à-vis the requirement and so on. So it is very difficult really to say because so many factors keep on changing. This is the only I have heard that **(Unclear) 36.39** have practically been reduced to zero. If that happens for some time to come then our production may go down. It is very difficult to really pinpoint a number because so many macro and micro factors work on this trade.
- Ashish Jain:** Also sir is it possible to give the absolute number of your realization this quarter and in December last year also?

- Dr. Shailendra Choksi:** Our net sales was about Rs. 3,250 which was nearly Rs. 400 lower than the sales corresponding quarter last year.
- Ashish Jain:** And sir today are we kind of closer to the same number 3,200 or it is meaningfully higher than that, by today I mean in the month of January or something.
- Dr. Shailendra Choksi:** January as a month may not have been very high, but then now it certainly would be higher.
- Ashish Jain:** Sir basically my question is this Rs. 10-15 hike, is it benchmark to this Rs. 3,200 or on December exit realization which I believe would be lower than the quarterly number that you have reported.
- Dr. Shailendra Choksi:** This is not a benchmark to a quarter. It is always benchmarked to prices prevailing over at a point of time. When I say that now in January, we have been able to increase the price, it is based on the prices which are prevalent at end of December while the realization that you see, the net sales figure that you will see is the weighted average of the quarter. There has been variation in October. There were attempts to increase the price and it went down. It is very difficult for me to really immediately tell you what was the average price during the quarter.
- Ashish Jain:** And just lastly to confirm the volume numbers, we did 1.42 million tonnes in December this year, is that right?
- Dr. Shailendra Choksi:** Yes.
- Moderator:** Thank you. The next question is from the line of Mangesh Bhadang from Quant Broking. Please go ahead.
- Mangesh Bhadang:** Sir just one question. What has been your observation with respect to demand in the state of Rajasthan pre and post the state elections in that say?
- Dr. Shailendra Choksi:** I think the two months prior to election, the demand was started looking down and it continues to be so. There has been no upsurge in the demand pattern as yet except for what I earlier mentioned. There is a rural segment is certainly more buoyant. So overall demand number I think January was not very great, but now the number looks to be better than what it was. The January was as good as December.
- Mangesh Bhadang:** So basically with regards to the question, post-election no expected demand that came from through government....
- Dr. Shailendra Choksi:** No, not as yet. It is too early in a day.
- Mangesh Bhadang:** Because it has been 2 months since the results were out in Rajasthan, they were expecting something, but it is just the seasonal you are saying. It is noting related to...
- Dr. Shailendra Choksi:** There is nothing government buying as yet.

**Moderator:** Thank you. As there are no further questions, I now hand the floor back to Mr. Vaibhav Agarwal. Over to you.

**Vaibhav Agarwal:** Thank you Mohsin. On behalf of PhillipCapital I thank the management of JK Lakshmi for this call opportunity and also many thanks to the participants for joining for the call. Mohsin you can now conclude the call. Thank you.

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