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12th February, 2024

Corporate Relationship Department
BSE Limited
1st Floor, New Trading Ring,
Rotunda Building,
P.J. Towers, Dalal Street, Fort,
Mumbai- 400 001
Scrip Code: 500335

The Manager
Listing Department
National Stock Exchange of India Limited
'Exchange Plaza', C-1, Block G,
Bandra-Kurla Complex, Bandra (East),
Mumbai- 400 051
Scrip Symbol: BIRLACORPN

Dear Sir(s),

Sub: **Transcript of the investors/analyst earnings conference call on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and nine months ended 31st December, 2023**

Pursuant to the provisions of Regulation 30 read with Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of the investors/analyst earnings conference call held on 7th February, 2024 at 3.00 P.M. (IST) on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and nine months ended 31st December, 2023. The event concluded at 3.58 P.M. (IST) on 7th February, 2024.

A copy of the same is also available on the Company's website at https://birlacorporation.com/earnings-call-transcript.html.

This is for your information and record.

Thanking you,

Yours faithfully,
For **BIRLA CORPORATION LIMITED**

MANOJ MEHTA
Digitally signed by MANOJ MEHTA
Date: 2024.02.12 17:08:01 +05'30'

(MANOJ KUMAR MEHTA)
Company Secretary & Legal Head

Encl: As above

"Birla Corporation Limited

Q3 FY '24 Earnings Conference Call"

February 07, 2024

MANAGEMENT: **MR. SANDIP GHOSE –MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – BIRLA CORPORATION LIMITED**
MR. ADITYA SARAOGI – CHIEF FINANCIAL OFFICER BIRLA CORPORATION LIMITED
MR. RAJAT PRUSTY – CHIEF OF MANUFACTURING AND PROJECTS – BIRLA CORPORATION LIMITED
MR. KALIDAS PRAMANIK – HEAD OF MARKETING AND SALES – BIRLA CORPORATION LIMITED
MR. ARUN AGARWAL – CHIEF FINANCIAL OFFICER -- RCCPL PRIVATE LIMITED

MODERATOR: **MR. RAJESH KUMAR RAVI – HDFC SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Birla Corp Q3 FY24 Results Conference Call hosted by HDFC Securities. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rajesh Kumar Ravi. Thank you and over to you, sir.

Rajesh Kumar Ravi: Yes, thank you Sagar. On behalf of HDFC Securities, I welcome you all to the conference call with the management of Birla Corp to discuss the financial results for the quarter and nine months ended December 2023. From the management team, we are hosting Mr. Sandip Ghose, MD and CEO and Mr. Aditya Saraogi, CFO. I now hand over the call to the management for their opening commentary, which will be followed by Q&A. Over to you, sir.

Sandip Ghose: Very good afternoon and thank you so much for joining. This is indeed heartening to see so many of you on the line. I think now we have more than 70 people and we really appreciate taking out the time for us.

This is Sandip Ghose, Managing Director and CEO of Birla Corporation. I have with me Mr. Aditya Saraogi, our CFO. Also, Mr. Arun Agarwal, who is our CFO for Reliance RCCPL. I have Mr. Rajat Prusty, who is our CMO, Chief Manufacturing Officer and Projects Head. I have Mr. Kalidas Pramanik, who is our Chief Marketing Officer.

This is actually the third conference call we are doing. We started doing it from Q1 this year and in these nine months or three quarters, I think we have come a long way, both in terms of our conversations with the investor and analyst community, as well as what has been happening inside the company. There has been a lot of change.

Again, we appreciate a lot of you analysing and recognizing some of those progress which has happened. As is reflected in many of the reports you circulate and I would like to again record my thanks in that regard.

We will keep this conference from our side pretty focused and specific. I will make a few initial comments and then hand it over to my colleagues to add especially the financial and the elements of cost and other things, and also the marketing part, which will be discussed by the respective colleagues. We as a company, we issue a fairly detailed press release in which we cover most of the aspects that people usually talk about in the conference calls post-result. We cover most of it in the press release itself.

You would have all seen the press release, so I would not like to cover those points again in the interest of time and though we can take up any questions you have on those at the end of our initial interventions.

I would like to emphasize essentially on two things. First, a major point of interest has been the progress of our Mukutban project. I hope you have noticed the steady progress which we made in the three quarters since I said we started talking to all of you. You would also appreciate that we have not predicted something ahead of expectation. Whatever we have indicated to you, it has been either met or exceeded.

Like we had told you, we will exit the year at 2 lakh tons, whereas we have touched 2 lakh tons in January end itself. We have reported positive EBITDA all three months of Q3, which again, as I think not many people had expected.

So when we started the year, I had told many of you that there was probably some communication gap either from our side or understanding from the other side to think that Mukutban was running behind schedule and it was going to be a drag on the company. I had clearly mentioned that no, we are moving as per a plan and a particular trajectory. We clearly understand what are the challenges and how we are going to mitigate them. You see that reflected, translated in the results.

Essentially, we were driving on two levers. One was cost and today, we can say with a great deal of pride that we are one of the most efficient and lowest cost producers of cement, not only in that region, perhaps in the industry itself. Equally, we were ramping up production and I think there was again some misperception or miscommunication in terms of what is the ramping up and how we will do it and there we had given you a clear understanding and we had also clarified.

I think an understanding before that Mukutban was meant to supply entirely into Maharashtra, which was never really the plan and intention. Mukutban has to supply to its natural markets around Mukutban, as a result of which today we have reached 60% capacity utilization, which a lot of people had doubted that we will reach at this point in time.

What I am calling the natural adjacent markets that was very much part of our plan, so as a result of that, today I am selling, my presence in Gujarat has increased substantially. Today, I am selling more than a lakh tons in Gujarat to become a significant player in Gujarat. A large part of that quantity is actually coming from Mukutban servicing South Gujarat, where there is a huge growth happening because of the activities of things like bullet train, the corridor that is around surrounding that, there is a lot of economic and construction activity and we are today in a position to take advantage of that.

Similarly, Southern Madhya Pradesh, which was not particularly economical for us, not the most profitable for us to tackle from Maihar, we are able to do that and release the Maihar clinker for the more profitable markets in our core areas, where we needed additional clinker, additional volumes to be able to ringfence ourselves from the newer capacities, which were coming up there.

That is the concern people had that how are we going to retain our market shares in those parts in view of the newer capacities coming in. These were very much part of our plan. As a result, we do not get into the specific details, but in those markets which are key for us, Eastern UP, Madhya Pradesh, we have not only retained our market share, but we have actually enhanced our premium in those markets and secured our position.

And talking of premiums, this is something which I have said in the past. It's probably not as well appreciated. This is a company, while everybody else is now talking of increasing their premium share and they consider taking it to 10% or 12% premium share, we have been above 50% for a long time. But the significance of that is not just 50% of premium.

Significance of that is we have almost an equal presence in both the premium category as well as in the popular category or value category as we say. Very few companies or I do not know of any company who can say that kind of a portfolio distribution between the premium brands and the value brands, which gives us a very, very unique position in the markets where we are present.

Secondly, another point I have emphasized, our part of the strategy has been to tackle our go-to-market supply chain in the most cost-effective and optimal manner. And by go-to-market supply chain, I mean, that is the example I gave you that whether I have to supply Gujarat from Mukutban or South Madhya Pradesh from Mukutban, these are very much part of our strategy.

So, when our plants have been created, we kind of encircle our core market on a 360-degree basis with Mukutban there taking care of the south reach. We are going up there from Maihar, Satna and then to Kundanganj, which takes care of the core and Raebareli, which takes care of that core area and then from Chanderia, we are able to service the north as well as western MP.

So, this is what is part of our, again, a very clear go-to-market strategy. And when we are operating in the popular segment, there too, we follow a segmented approach wherein we have got a whole bouquet of brands, which we can put in the way, position them at various price points. We have a Samrat, but we have a Samrat advance in LPP bag in the same market in the value segment, which is as sold at a premium, but we are able to tackle the popular brands with a Samrat or a Chetak.

So, these are very much part of our overall strategy with which we have been working and that's how we would like to go forward and our future plans have been clearly indicated to all of you as to how we would like to first augment our grinding capacity and then move towards our first next expansion of the clinker line, which would be Maihar Line 2 in FY27.

So, that's broadly the picture which I would like to leave there. Last comment, two things is we have indicated in this, I think we are probably the first company to indicate that there is reason to exercise caution in terms of the growth happening in the first quarter of this calendar year. In this quarter, what we are seeing, January has not been a particularly good month for the industry.

Even right now, we are not seeing any kind of sharp firming up of volumes and all prices have slipped a little bit in the last week or so. So, we are viewing this quarter in a cautious way from the marketing and pricing point of view. So, therefore, we have only place where we are kind of revising our projection as we had indicated a 15% growth in volume, but right now we are taking a call to say it will probably be in the region of 13%.

And that's owing, purely due to market conditions, not anything to do with our ability to service the market or our ability to compete out there. But we are sticking to our projection of INR850 per ton EBITDA for the year and Mr. Saraogi will elaborate on that further, but I want to really make the categorical statement that is something which we are still confident of and we are not revising our estimates there.

With that, I will leave it for Mr. Saraogi, Mr. Prusty and Mr. Pramanik for initial comments and thereafter we will move straight into the question and answer.

Aditya Saraogi: Thank you, sir. So, as Mr. Ghose said that we are maintaining our guidance of EBITDA per ton of around INR850. In this ~~year~~, we have factored in incentives coming in from Mukutban, so that EBITDA will be inclusive of this number. And I would now, Mr. Prusty, if you have any comments.

Rajat Prusty: Good afternoon to all and thank you Saraogi sir & MD sir. As rightly said by sir, yes, we are working on the cost reduction initiatives in all fronts, starting from the variable and fixed cost and we have optimized the fuel mix and though the fuel cost reduction has helped a lot. And apart from that we are optimizing the fuel mix also, kiln by kiln, that is also helping us further to reduce our delta. And as a result, you can see that our cost has reduced by INR400 plus compared to Y-o-Y basis.

And it was around 8%, which shows that continuous efforts are on to reduce further the cost and to be one of the best costs in terms of total variable and fixed cost delivered to market. Apart from that, there are some initiatives which already we have taken, that is the Shikhar project, which is mainly it is driven for the manufacturing excellence project, which is really helping us for taking the team together and working on small, small, very small initiatives, which really the team is working at the field, at the site for helping us.

In this quarter also, we could able to achieve around INR55 saving per ton of cement. So, continuously we are working on all these areas, including Mukutban ramp up volume and reducing the Mukutban cost. So, all these initiatives are helping us to improve our volume and reduce our cost. Thank you. Now, I request Mr. Kali.

Kalidas Pramanik: Good afternoon to all of you and thank you, our MD &CEO, CFO and Rajat and our colleagues. If you look at the quarter three, our growth already has been published over there and our main focus was in Mukutban and all of you have seen that in the Mukutban, we are able to increase the volume and the volume increase, it is mostly concentrated in the natural markets of the Mukutban. If you look at the location of the Mukutban, it is not only just entire Maharashtra, there are certain parts of the Maharashtra where we are not getting particularly the South Maharashtra.

But whereas the MP, South MP is coming under this Mukutban's purview where we have improved our volume. Similarly, as our MD said that like Gujarat, that Saurashtra, these are the parts if I look at where the realization is good and it comes from Mukutban point of view as a natural market. So, these are the markets where we have Gujarat specific to if I talk about from Mukutban almost 10% sale there happened.

And looking at the price realization, yes, we are almost at par with the industry price realization in the quarter three. Particularly in our addressable markets, which are our factories natural market, these are the markets we are able to take our realization better. In quarter four, if I look at the outlook, yes, in the month of January, if you look at industry per se, there was some dip.

But February, we are expecting that it will pick it up from mid of February. And again March focus would be there on primary as well as since a lot of infra projects are there. And most of the focus would be on the infra and commercial side.

But as we said that our focus still remain on the individual house segment, though there is not much demand we are expecting quarter four. But overall, if you look at this will help us in terms of particularly in the Maharashtra infra projects it will help us to ramp up further the Mukutban volume. And I am sure we are expecting a very good volume with respect to quarter three in from Mukutban.

And realization, yes, realization, if I look at there are pressure but from as manufacturing as I have taken the project similarly from marketing side, we have our project Unnati. In the Unnati, basically our focus is on the cost reduction, how we can reduce our logistic cost. Second focus is on how we can increase further our premium products percentage out of our total kitty.

Third focus will remain on that whichever is our high contribution zone markets, which is identified and we are focusing on those areas. And another focus will remain as the network optimization as MD sir already explained in terms of factory specific like Mukutban, if I talk about which are the areas, which are the rake points we have to cater so that our logistic costs would be optimized. That is how these are the projects have been taken.

Even if price does not go up in the market in absolute terms per bag, but these are the efficiencies I believe it will help in terms of taking an incremental or marginal improvement in realizations. Thank you from sales & marketing side.

Aditya Saraogi: We now request questions from the audience.

Sandip Ghose: Just one minute, Rajat you may like to add something on the alternative energy and the renewable energy and green initiatives. What I would like to point out is nowadays I find a fashionable term has become green cement, everybody is manufacturing green cement, but the proportion of blend which I understand as a layman as blended cement and the proportion of blended cement in this company has been close to 85% and we would like to stay that way if necessary.

If as and when we can, we would like to take it up more than 85% and what we are calling blended cement probably we should be in going forward, we should be calling it as green cement for better understanding or popular understanding because I do not think we get enough credit for what we have been doing for a long time. Thanks.

Rajat Prusty: As you know, we are at around 23% to 24%. Last quarter it was 23% on the WHRS and solar energy total consumption of that and continuously we are working to improve the efficiency both in terms of reducing the auxiliary consumptions on the CPP and WHRS and this green energy contributes around 23.3% last quarter and going forward we are working on further augmenting our WHRS capacities plus the additional capacities in three plants on the solar, especially at Mukutban, then Kundanganj and Maihar. These three plants we are working again for increasing the capacity of the solar installations, so that will help us. In fact, by FY'26 we should be able to reach to the level of 29% to 30%.

Sandip Ghose: I would like to compliment both the commercial and the manufacturing teams of the very dynamic fuel mix optimization they have done, due to which our fuel, of course our cost levels we have, I think, bettered the industry.

Aditya Saraogi: For this quarter it was INR1.58 paisa per 1000 kcal as compared to INR1.75 paisa in the immediately preceding quarter, so there was a reduction of 10% sequentially.

Sandip Ghose: This is noteworthy and I think a lot of credit goes to my colleagues in manufacturing and the commercial colleagues who procure the fuel. Thank you.

Sandip Ghose: You are welcome questions now.

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.

Sharavan Shah: Thank you, sir, and congratulations on better profitability. The first question is on the volume front, as you mentioned, you have already reduced the guidance from 15% to 13%. If I look at the ask rate for the fourth quarter, it seems like a 12.3%. That is kind of a 5 million tonne kind of a number that we need to do for the fourth quarter. So, are we confident to achieve that? On the profitability front, though we are maintaining INR850 for the full year of FY'24, that means for the fourth quarter, we need a INR1100 rupees kind of a EBITDA per ton versus the third quarter, we have achieved a INR903. So, are you confident and how are we going to achieve that? So, as you are mentioning, the prices have already reduced. So, that kind of a cost saving is possible, INR200 kind of a Q-o-Q improvement in the fourth quarter.

Sandip Ghose: I first let Mr. Pramanik answer your question on the volume for the fourth quarter volumes. And then we will take up the EBITDA point.

Kalidas Pramanik: Yes, as far as the volume is concerned, if you look at so far, we are 13% and overall here we have talked about 13%. So, in the quarter four, the basic increase will come from our Mukutban side. If you look at our Mukutban volume in the quarter three, and vis-a-vis if I look at quarter four, the way we have projected, so there is a major growth will come from the Mukutban plant.

And then I am coming to our existing, the addressable market of which is already established markets. There also I am expecting the growth would be around almost 8% to 9% we are expecting. If I can get this kind of volume, then definitely whatever the projection we have given, we will achieve that projection.

And basically, when the market subdued, the major volume will from Mukutban because already we have seeded the market Maharashtra and the surroundings. So, from those markets, our volume will come.

Sandip Ghose: I want to add on Mukutban one point again, maybe of interest to all of you and to pre-empt any questions. 60% of Mukutban volume is from Maharashtra, 65%. And that is something which we have indicated all through, we are maintaining and we have achieved that.

And we had said 40% of premium volume of our trade volumes, even that we are consistently maintaining, and we expect to improve upon it. And our premium volumes, our premium prices are at par with the market leaders, their mother brands. And in UP, MP, our core markets, we can proudly say that today our perfect plus sells at either at par or INR1 or INR2 higher than the mother brands of the leading A category players, as you call them. I pass it on to Mr. Sarogi to answer on the EBITDA.

Aditya Saraogi: See, we are mindful of the fact that we need to record higher EBITDA in the fourth quarter. We are also cognizant of the fact that there has been some pressure on the pricing front. So while giving this guidance, we have factored in some drop in prices to the extent of 3% to 4%.

And still, our guidance is based on the fact that we will be recording higher volumes, which will yield higher contributions. Our various measures on the cost front is going to reduce the cost, which is also going to add to our EBITDA. Our Mukutban plant, the profitability continues to improve with each quarter.

So that is also going to lead to higher profits. And the point that I shared about the incentive of Mukutban to come in. So because of these factors, we feel that we should be able to achieve our guided EBITDA of around INR850 per tons on an annual basis.

Sharavan Shah: Okay, that's good. That's good, sir. If you can allow me, I can ask one more question.

Sandip Ghose: I think we should not have follow on. I'm sure these questions will come from many people.

Sharavan Shah: Okay, thank you, sir.

Sandip Ghose: And the EBITDA question, I hope has been answered for everybody, because this question would have come up later. So please, let's not go back to that question.

Moderator: Thank you. Mr. Shah, do you have any more questions?

Sharavan Shah: No, sir has said that, you will take the next question. Thank you.

Moderator: The next question is from the line of Amit Murarka from Axis Capital. Please go ahead.

Amit Murarka: Hi, thanks for the opportunity. So on the incentives, firstly, could you kind of spell out the incentives booked in Q3 from Kundanganj and Mukutban?

Aditya Saraogi: Mukutban, we have not started recognizing incentives.

Amit Murarka: You're still capitalising is what I understand, which you had mentioned earlier.

Aditya Saraogi: Kundanganj is INR33 crores for this quarter.

Amit Murarka: Sorry, how much?

Aditya Saraogi: INR33 crores.

Amit Murarka: INR33 crores. And by when will Mukutban accrual to P&L start?

Aditya Saraogi: That's what we said, no? In this quarter, we are expecting that.

Sandip Ghose: From the fourth quarter, we will start recognising the Mukutban incentive. And that is something to repeat, is factored into our EBITDA projections for the year.

Amit Murarka: And the Kundanganj incentive expires in this quarter, right? Has it already expired?

Aditya Saraogi: No, no, no. It will expire in March.

Amit Murarka: Understood. And lastly, on the Maihar line 2, you mentioned that you plan to commission in FY '27. When will the work and the capex for the same start?

Aditya Saraogi: Next financial year.

Amit Murarka: Earlier, I remember you had said that there's a debt target you have in mind before you start work on it. So, I remember in the earlier call...

Aditya Saraogi: No, so that debt target still remains. So, as we have shared in the past, we have a clear policy of maintaining debt to EBITDA ratio at the maximum level of three on a sustainable basis. So, on that basis, only we made a capital allocation.

So, on that basis, only we are going to start this project of expansion next year. And we are confident that we will be able to maintain our debt within the metrics that we have considered as a policy.

Amit Murarka: Sure. Thank you. I'll come back in the queue.

Moderator: Thank you. The next question is from the line of Aman Agrawal from Equirus Securities. Please go ahead.

Aman Agarwal: Yes, sir. Thank you for the opportunity and many congratulations on good side again. So, first, I wanted to understand on the lead distance for company as a whole and for the Mukutban plant.

Kalidas Pramanik: Lead distance, it is around 350. And Mukutban is also coming around 300 to 310.

Aman Agarwal: Understood. And second, on the RM cost side, we have again seen 6% or kind of 10% kind of a sequential improvement. If you can explain what has majorly factored into this and how do we see the RM cost going forward?

Aditya Saraogi: What, sir? What cost?

Aman Agarwal: Raw material cost.

Aditya Saraogi: Raw material cost, sir. We don't expect any major change. As far as raw material is concerned, I don't know if you mean fuel also within raw material.

As far as fuel is concerned, as I shared, we have had a sequential drop of 10% in fuel prices compared to Q2. In Q4, we expect the price to be at the levels of Q3, which is around 1.58.

Aman Agarwal : Understood, sir. And lastly, on the UP expansion, which we are expecting by Q2, by FY25, that guidance still sticks? Any progress on that?

Aditya Saraogi: I don't think we mentioned Q2 of 25. I don't think we have guidance for that Q2 of 25.

Sandip Ghose: But we can progress. We said commencement of, not production, commencement of the project.

Aditya Saraogi: By the end of next financial year, around that time, we should be having that commission.

Aman Agarwal : Understood, sir. Thanks, sir.

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

Mangesh Bhadang: Good afternoon, and thanks for the opportunity. Sir, two questions. First is on the cost front. So basically, very evident reduction in cost that you have reported. And I just wanted to understand the steps taken by you under Project Shikhar, and how much more cost-saving and because of this initiative is possible going forward?

Rajat Prusty: As rightly said, there are two things. One is the majority is the fuel cost. And we have optimized the fuel cost and obviously, the WHRA plus our CPP operations also, because the fuel costs were lower.

So we used to, you can see that from 12% of the CPP operation to, we had gone up to 60% of the CPP power contribution. So that shows that whatever the opportunities were there for the cost reduction with respect to the fuel, we are already doing that. And continue, it will continue further also in this quarter also.

In the Shikhar project, yes, we are working and continuously our team is working, identifying the ideas, small, small ideas, small, small savings. And this quarter also, we are sure that we will continue to maintain this 55 rupees.

Aditya Saraogi: And just to add to point, in regard to fuel, our composition of imported fuel in third quarter of last year was 43%. In last, in immediately preceding quarter, that is second quarter, it was 31%. And in this quarter, it is now down to 25%.

So that is the kind of change in the fuel mix that we have been able to achieve. And that is also contributing to the reduction in fuel cost.

Mangesh Bhadang: Great. Sir, and similarly on captive coal blocks, so we already have one captive coal mine, and we had got three under the auction. So just wanted to check on the timelines on when the Bikram coal block and the others would start coming into the overall production.

Aditya Saraogi: Bikram coal block, we expect to start production in the second quarter of next financial year.

Mangesh Bhadang: And that should add, I must say, 20% of total central capacity, should basically take care of central region's 20% requirement?

Aditya Saraogi: Yes, yes.

Mangesh Bhadang: Okay, great. Sir, great. Thank you. I'll come back in queue, sir.

Moderator: Thank you. The next question is from the line of Tushar, who's an individual investor. Please go ahead.

Tushar: Yes, hi.

Tushar: Congratulations on a good set of numbers. Just need a quick clarification on your statement first. Like you said, Bikram coal mines, you expect to be starting second quarter of next financial year?

Aditya Saraogi: That's right.

Tushar: Okay. And one more clarification on Mukutban incentive. Like you said, they are coming in Q4. So are they in Q3 as well?

Aditya Saraogi: No, in Q3 we have not recognized any incentives. We expect to start doing that in Q4.

Tushar: Okay, in Q4 only. And so now my question is, in last quarter you talked about improvement in NSR through geo mix, and we saw improvement of 2% in Q3. So should we expect further improvement going forward?

Aditya Saraogi: We would not like to quantify that number, but yes, there will be an improvement on a continuous basis.

Tushar : Okay. And so my last question is on the fuel cost. You said to be in line at the level of Q3.

Aditya Saraogi: Yes. One point I rated what we have achieved in Q3 and we expect the number to be in that stage in Q4 as well.

Tushar: Okay. Thank you so much. Thank you.

Moderator: Thank you. The next question is from the line of Sanjay Nandy from BT Capital. Please go ahead.

Sanjay Nandy: Hello.

Sandip Ghose: Yes, please go ahead.

Sanjay Nandy: Yes. Thank you so much for the opportunity. So can you just elaborate like the project which is going on and that year, so what is the future of that project? Like what kind of cost savings we can anticipate in like coming 2 to 3 years down the line?

Rajat Prusty: See, as we rightly said, this project was launched in last first quarter of this financial year. And continuously our teams are working in each and every plant. This is a bottom-up approach project and it is the involvement of all the team members who are working at the site.

It is like for the plant and by the plant, by the people. And this concept of improving the manufacturing efficiencies and excellence in manufacturing, both in terms of improving the KPIs and reduction of the wastages. So all these things, there are small projects people are working and continuously our aim is to reach to the level of 100 rupees in 2 years, which already we have seen a result of 55 rupees.

So another 45 rupees is the target is there for which we are working, but it will take time to really materialize because there are small, small projects and the savings are also small. And the capex are also very, very low capex or it's a nil capex projects.

Sanjay Nandy: Got it. So that's it from my side, sir. I'll come back in the queue. Wish you all the best.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor and Co. Please go ahead.

Saket Kapoor: Namaskar, sir. And thank you for this opportunity. Firstly, sir, as alluded in your press release, wherein you have articulated the fact that demand have remained subdued for January due to extreme winter and fog across the country. And so, is this the only reason for which the sales have not picked up and now with the weather getting cleared, we can see the ramp up or execution in the projects where we are supplying cement will pick up? How should one understand the situation?

Kalidas Pramanik: You see that in the month of January, yes, there are some fog areas like mostly in the northern part. And because of that, there are some drop in sales, but as far as in the industry, but if I look at from our side, we did not have much drop rather we have maintained what we did in the last. And in the month of January also what the growth we have maintained that is mostly from our Mukutban plant.

As already it is mentioned in the, already published that 2 lakh tons we have done more than 2 lakh tons from Mukutban. So, that gives us the overall growth in our case. But yes, overall, if you look at industry for say the demand, except top northern part, there was subdued demand.

Saket Kapoor: Okay. And so, when we mentioned 2 lakh tons per month mark, what was our quarterly number for Mukutban and what are we positioning in for the post quarter in terms of the sales? And I think, there is some threshold after which our benefits will start accruing. So, if you could give some color on that also.

Aditya Saraogi: So, 2 lakhs was what we achieved. So, the next quarter we will do at least 6 lakh tons in terms of volumes.

Sandip Ghose: We had indicated 2 lakh tons on the exit of March. We have achieved it earlier. We expect therefore to maintain the same rate and come somewhere close to 6 lakh tons in the third, fourth quarter. That is basically what we can say right now. And in terms of there is no threshold, we, fourth quarter, we will start recognizing the incentive. That is the plan.

Saket Kapoor: Okay. And what would be the amount, sir? How much we will achieve?

Sandip Ghose : We will not indicate the amount right now. That is not, we cannot say that that is not proper.

Sanjay Nandy: Okay, sir. And one more point on the transport and the forwarding expenses on the finished product. On a Q-on-Q basis, our volume has risen from 4.18 million ton to 4.2 million ton wherein our transport cost has gone up from INR453 crores to INR488 crores on a Q-on-Q basis. Sir, what explains this increase and whether this gets rationalized going ahead? Any one-off item here?

Kalidas Pramanik: If you look at the total delivered cost, that has gone up because of the busy season surcharge, right? So, whatever the increase happened, but that is not totally added. We have -- whatever the projects we have taken, small, small projects in logistics, like digitalization, we have as well as the automation process that helps us in terms of reducing that TDC, what it should be if I add the surcharges.

Sandip Ghose: So, we have not had a full impact, you know, negative impact of the surcharge. The surcharge -- resistance in surcharge would have affected everybody. And that is where to answer your question is the jump. But the jump is much lower than what would have been had we not put in our cost savings or cost efficiencies in place. Thank you. Next person, please.

Sanjay Nandy: Yes. Thank you, sir. And all the best to the team.

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

Shravan Shah: Thank you, sir. Sir, how much capex we have done till nine months and for full year and for next year FY'25, how much capex are we planning to do? And at the same time, what is the gross and net debt as on December?

Aditya Saraogi: So, capex we have done till December INR415 crores and within March, we will do less than INR700 crores. Our net debt as on 31st December was INR3,470 crores. And we expect to end the year with a figure less than INR3,400 crores.

Shravan Shah: Okay. Got it. And then, sir, you mentioned this 1.4 MTPA grinding unit at Prayagraj to start by 4Q FY'25 or 4Q FY'26?

Aditya Saraogi: We expect to start that by the end of next financial year, which is FY'25.

Shravan Shah: Okay. The production will start from 4Q FY'25?

Aditya Saraogi: Yes.

Shravan Shah: Okay. And the next expansion, so definitely the Maihar Line 2 and then the further grinding units also in the coming years whenever we will be announcing. But our plan is to reach a 30 MTPA by FY'30. That will remain. But any intermediate guidance, if we can have any, after three years, how much capacity…?

Aditya Saraogi: No, by FY'27, we expect to reach a capacity of 25 million tons.

Sandip Ghose: These are very clearly stated in our press release as well.

Shravan Shah: Okay,Okay, Got it Sir and all the best.

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

Prateek Kumar: Yes. Good afternoon, sir. Congrats for good results. A couple of clarifications. You said capex for FY'24 is INR415 crores plus INR700 crores or total capex of INR700 crores?

Aditya Saraogi: Total capex till December is INR415 crores. We expect to end the year with a figure less than INR700 crores.

Prateek Kumar: Okay. So we were looking at INR1,000 crores earlier in the year.

Aditya Saraogi: Yes. So we'll be spending less than what we have indicated earlier.

Prateek Kumar: Sure. Okay. And just on volume, so what -- including the ramp up of the volume, the total Mukutban volume for the year was how much? Is like expected how much and what is the expectation for next year?

Aditya Saraogi: I don't think we can give that detail. But as we have indicated, we expect to end this quarter. In Q4, we are expecting a volume of 6 lakh tons. And in Q3, it was 4.9 lakh tons. So there is a sequential improvement of 22% in volume.

Prateek Kumar: Thank you, sir. These are my questions.

Moderator: Thank you. The next follow-up question is from the line of Mangesh Bhadang from Centrum Broking. Please go ahead.

Mangesh Bhadang: Hi, thank you, sir. My question was regarding the Chittorgarh stone mines. So we have got an approval now to do blasting. So just wanted to know the status there. Have we already started and stopped the mechanical mining there? Or in case if we do, what kind of cost saving would it entail for us?

Aditya Saraogi: Your perception is not correct. What the court has -- Honorable Supreme Court has ruled, they have asked four-month study to be conducted by IIT(ISM) Dhanbad. And to assess if at all the blasting has got any impact on the Chittorgarh Fort. Once that study is completed, the report will be submitted to the Honorable Supreme Court. And based on the findings of the report of the study, the court is going to take a final call.

Mangesh Bhadang: So during this period, you are only allowed to do blasting for that study purpose and not commercially?

Aditya Saraogi: Yes.

Mangesh Bhadang: Okay. So probably it's a prolonged matter. So there will be a report to be filed and then it will again go to the…

Aditya Saraogi: But four months' timeframe has been given. So in that sense, it's not such a long timeframe.

Mangesh Bhadang: Understood. And sir, just one more thing. You mentioned you are tapping the southern Gujarat market from Mukutban, which is almost 800 kilometers away. So just wanted to understand how the economics work in that respect. So is the realization much higher there which can take care of the additional freight or is it because of better connectivity or just because we are getting some volumes there?

Sandip Ghose: No, we're not doing it any incremental way. It is definitely profitable. The prices as well as our connectivity by rail makes it very, very lucrative for us to sell in Gujarat. It's a natural market according to us, south Gujarat and in due course, the Bombay region. But the Bombay region is a different material requirement and that we will take care in due course.

Mangesh Bhadang: Okay, understood. Thank you.

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

Keshav Lahoti: Sir, congratulations on good set of numbers. So was the Kundanganj incentive in similar range what it has been in Q3 for Q2 also?

Aditya Saraogi: Yes, around the same range.

Keshav Lahoti: Okay. And whether the fuel costs have reduced due to higher linkage and captive in this quarter and what is the number for linkage and captive for Q3?

Aditya Saraogi: No, that's not the reason. The reason is the change in the fuel mix and the drop in the fuel prices, procurement at lower prices.

Keshav Lahoti: Okay. And what is the number or what is the percentage of linkage and captive?

Aditya Saraogi: Linkage and captive, I can't give a separate figure but as I indicated, our component of imported fuel on a sequential basis has come down from 31% to 25%. So the domestic procurement of domestic coal is to the extra 75% in this quarter. And domestic coal is the cheapest source of coal fuel in most of the regions, especially in the plants located in the central part of the country.

Keshav Lahoti: Okay, understood. Got it. And sir, on Mukutban incentive, you highlighted it will come from Q4, but from which month? Have you started accruing from Jan?

Aditya Saraogi: We will not try to get into that but in Q4, you will find the accrued.

Keshav Lahoti: Okay. So it will be more like a fag end of Q4, like maybe last 45 days.

Sandip Ghose: It doesn't matter whether it's fag end or beginning. That is a matter of... Recognition. Recognition and putting there, it doesn't change anything in terms of declaration or anything.

Keshav Lahoti: The question is more on the side of, I am talking more from Q4, the guidance of EBITDA per ton. So if Mukutban incentive also doesn't come in a major way, then the 4% uptick in realization, won't it be a tall task in the market when the market is muted?

Sandip Ghose: We have talked about, as we said, we have factored it very clearly in. So when we are giving you a guidance of 850, obviously we are factoring in how much will come in and whether that will allow us to meet our guidance. That's where you have to either trust or do your own independent view on the management guidance. We cannot be doubly guessing our own guidance.

Keshav Lahoti: Yes. Understood. That is quite helpful. Thank you.

Moderator: Thank you. The next question is from the line of Raghav Maheshwari from Asian Market Securities. Please go ahead.

Raghav Maheshwari: Can you please a little bit elaborate about all the three captive coal mines and Bikram, Sial Ghoghri and Brahampuri. Whenever the mining will start at all three, what is that 1000 per kl cost will come from these all three mines?

Aditya Saraogi: Sial Ghoghri is already in production.

Raghav Maheshwari: I know Sir Sialgogiri. Other than Vikram and Brahmapuri, what will be the estimated cost of the 1,000 per KKL?

Aditya Saraogi: Bikram will be around INR1 and Brahmapuri, we are not pursuing currently. Marki Barka is the one we are pursuing. So that will be around INR1.25.

Raghav Maheshwari: And for the Sial Ghoghri sir?

Aditya Saraogi: Sial Ghoghri is INR1.45.

Raghav Maheshwari: And Sir, whenever all the three mines will start, how much it will cater for all the clinker capacity including Mukutban as well as Chanderia?

Aditya Saraogi: 60% of the enhanced capacity after Line 2 of the Maihar starts.

Raghav Maheshwari: 60% at a company level for a clinker, right?

Aditya Saraogi: Yes, correct.

Raghav Maheshwari: Including CPP. And all the three mines have a kiln grade coal or any one have only CPP grade?

Aditya Saraogi: No, no, no. Mostly, mostly. Yes, we will be able to use it in kiln as well as CPP.

Raghav Maheshwari: Okay, Sir. Thank you.

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

Uttam Kumar Srimal: Yes, thanks for the opportunity and congratulations on a good set of numbers. Sir, what is our volume to guidance for FY '25?

Aditya Saraogi: We cannot give that. Maybe we will be able to give that guidance in the next conference call..

Sandip Ghose: You must leave some material for us to talk in the next conference call. As it is, you are finding our speeches are getting shorter and shorter.

Uttam Kumar Srimal: Okay, Sir. And Sir, what has been our borrowing cost for this quarter?

Aditya Saraogi: 7.98%. 7.98% in Q3.

Uttam Kumar Srimal: Okay, Sir. That's all from my side and all the best.

Moderator: Thank you. The next question is from the line of Vipulkumar A. Shah from Sumangal Investment. Please go ahead.

Vipulkumar Shah: Hi. Thanks for the opportunity, Sir. So, my question is, you said by '27, we will be reaching 25 million tons. So, 5 million tons, where we are adding and what type of capex we are incurring on that? And it will be only clinker or there will be grinding capacities as well? Thank you.

Aditya Saraogi: As our MD has indicated, it will be a mix of I.U. The clinker capacity will come at Maihar, doubling of capacity at Maihar, from 10,000 TPD to 20,000 TPD. And grinding will be split grinding unit that will be coming in the states of Bihar, coupled in Uttar Pradesh and maybe one in the West.

Vipulkumar Shah: What will be the capex for this 5 million tons?

Aditya Saraogi: That we are not able to share at this juncture. Once we get the board approval, which we intend to get in the beginning of next financial year, once we have that, then we will be able to share specific details.

Vipulkumar Shah: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Anupam Jain, who's an individual investor. Please go ahead.

Anupam Jain: Yes. Hello, sir.

Aditya Saraogi: Yes, please.

Anupam Jain: Hello.

Aditya Saraogi: Yes, please.

Anupam Jain: Yes. Yes. What I wanted to understand is how is the regional demand going on? As you're expanding the capacity and you're saying there's a caution in the side. So how's the demand looking from two to three years perspective?

Sandip Ghose: But the caution which we have given is only for this quarter. And two to three years projection, we will give it to, as we said, leave something for the next conference call.

Anupam Jain: But you're just, as the election are coming up and you're saying this is much more in the marketplace, not majorly related to weather. Is there any phenomenon that you're experiencing apart from that? That is my primary question.

Sandip Ghose: We are giving you by the trend. We are giving you by the trend of what January has happened. And when people were expecting the quarter, there's obviously the past trends of January were factored in. We have seen that. We have seen softening of prices. That's what we can comment at the moment.

We are not really, looking into elections or how elections will affect if that's a subsequent change. But right now we have taken a full call. And Mr. Kalidas Pramanik has very clearly said our growth will come primarily from Mukutban and where we are making steady progress. So we are, not banking. We are practically sold out in our other plants. So we are not really looking at volume increases, substantial volumes to come, additional volumes to come from there.

Anupam Jain: Okay. Thank you.

Moderator: Thank you. Ladies and gentlemen, we would take that as our last question for today. I would now like to hand the conference over to the management for closing comments.

Sandip Ghose: That was a great conversation. Thank you so much for your interest, continuing interest in the company. Thank you for your words of encouragement. We really appreciate that. And we continue to look forward to your support and, your confidence and faith in us. Thank you.

Moderator: Thank you.

Management: Operator, you can now conclude the call.

Moderator: On behalf of HDFC Securities, that concludes this conference. Thank you for joining us. You may now disconnect your lines.