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11th February, 2025

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001
Scrip Code: 500335

National Stock Exchange of India Ltd.
'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, 2024**

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 5th February, 2025 at 2.00 P.M. (IST) on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and nine months ended 31st December, 2024. The event concluded at 2.53 P.M. (IST) on 5th February, 2025.

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: 2025.02.11 15:10:50 +05'30'

(MANOJ KUMAR MEHTA)
Company Secretary & Legal Head

"Birla Corporation Limited

Q3 FY '25 Earnings Conference Call"

February 05, 2025

MANAGEMENT: **MR. SANDIP GHOSE –MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, BIRLA CORPORATION LIMITED**
MR. ADITYA SARAOGI – GROUP CHIEF FINANCIAL OFFICER, BIRLA CORPORATION LIMITED
MR. RAJAT KUMAR PRUSTY – CHIEF OF MANUFACTURING & PROJECTS, BIRLA CORPORATION LIMITED
MR. KALIDAS PRAMANIK – CHIEF MARKETING OFFICER, BIRLA CORPORATION LIMITED
MR. ARUN AGARWAL – GROUP CONTROLLER AND 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's Q3 FY '25 Earnings Conference Call. 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: Thank you, Sagar. Good afternoon, everyone. On behalf of HDFC Securities, I welcome you all on the earnings con call of Birla Corp -- Birla Corporation to discuss Q3 and 9-month FY '25 financials ending December 2024.

The management team is being represented by Mr. Sandip Ghose, MD and CEO; and Mr. Aditya Saraogi, Group CFO. I would now hand over the call to Sandip sir for his opening remarks, which will be followed by a Q&A.

I would also request participants to restrict their questions to two per participants initially, so that management is able to address queries from most of the participants. Thank you. Over to you, Sandip sir.

Sandip Ghose: Very good afternoon, and welcome to this con call. We have with me Mr. Aditya Saraogi: as mentioned, our CFO, but I also have our Chief Manufacturing & Projects Officer, Mr. Rajat Prusty; our Chief Marketing Officer, Mr. Kalidas Pramanik and our CFO, Arun Agarwal. That's the full team really to answer your question.

The results are before you. I don't think there are too many surprises or to really answer or talk about. So I will start, first of all, by giving a little setting the context on a couple of points which may not be apparent from the published results. This is actually probably my eighth con call or even for us, because we never used to have con calls earlier, eighth con call in the last two years. I did my first con call here in January 2023.

At that point in time, the burning question used to be Mukutban. Everybody was concerned and really worried about Mukutban. We used to be grilled and quizzed about Mukutban. And two years down the line, having made steady progress quarter-from-quarter, I don't hear as many questions, but I am happy to report on my own, that Mukutban today has become really a growth engine for the company, and a lot of the performance, which you are seeing today, are contributions from Mukutban.

Not only has the units become profitable, but the swing in profit which was before over the years, and that is what's making the difference. From a situation when it was cash negative, it used to pull down our overall profitability, Mukutban has today become, as I mentioned, incremental and both in terms of our volume as well as our bottom line.

We are happy that we have, I think, much ahead of expectations of a lot of people, we are today doing high capacity utilization of high 60s in Mukutban and we hope that this will improve further in the times to come. So as management, we are extremely pleased with the way Mukutban has been ramped up. And as I said, proving the naysayers wrong or the apprehensions which people had expressed. This shows our ability to enter a new market. And this is something as far as Birla Corporation, I would like to underscore, if I may, taking a minute more.

When we acquired Reliance in 2016, there was a lot of apprehension expressed, whether we'll be able to upgrade our volumes from being -- essentially, we were then a discount segment player in B or B-, from there, whether we will be able to retain the premium positioning of Reliance. There were a lot of doubts expressed by people.

They thought that we will probably get -- even the Reliance portfolio pull down and the company had proven at that point in time, our ability, our marketing ability to not only maintain the Reliance premium, actually to upgrade it, so that today, we have a portfolio where we are a significant player in our core market, not only a significant player, I would say, are core market leaders in our core markets, are addressable market in the premium segment.

Perfect Plus has got accepted and has got a brand equity across all the markets where we operate over there. And at the same time, we have consolidated our position in the popular segment. And most interestingly, we have also entered a mid-price segment between the two, with another our premium brand, Samrat Advanced, in those markets.

We are operating over there in three levels. So the Reliance integration and the way we were able to seamlessly move into our co-branding operation, etcetera, which many have not succeeded even a longer -- after a longer period, I think, it is something this company has proven and demonstrated then.

And equally, when we entered a totally new area, which was totally a new area where the company was unknown, our brands were unknown in an area which was dominated by very strong players. I think, there were similar apprehensions expressed about Mukutban two years ago. I think, we have once again not only proved our ability to enter into the virgin territory or what is a virgin territory for us, but also position ourselves at -- in a very, very respectable situation.

Even in Mukutban from day one, we are selling upwards of 40% in terms of premium products. We are selling a very high percentage of blended products, although large parts of Maharashtra is OPC dominated. In institutional dominated, we have been able to make our positions fairly in a strong footing on the trade segment as well as a blended segment.

So these are the two things I think is -- I would like to highlight and thereby, what is underscored what's the immediate importance is the contribution Mukutban is making to the overall performance of the company. And why is that significant?

Why that's significant in the context of this quarter's results, it is because as all of you know, our core markets in Central India has faced severe competition intensity over there for reasons which are well known to you. There has been -- that is one area where there has been, to some extent, oversupply or overcapacity. The prices have been under pressure for a variety of reasons.

And in normal circumstances, in earlier circumstances, that would have affected us very adversely because that is where our core strengths lie. But because of Mukutban today where our portfolio has become so much more balanced, we have been able to offset that in a big way, both in volume terms as well as in terms of the profitability. And this is a point I would like to underscore.

But there is a flip side to this, which is not understood. Some people have raised the questions about our realization growth. Why our realization growth is probably lower compared to some other people in terms of the top line realization, the explanation for that also lies here, because the Mukutban volumes which have come in, which I said, which is a very significant volume today, that comes in at a much lower net realization, because that's how those markets are operating.

Compared to, if you were to compare to people who are very strong in the north or even for people who are strong in the Central region, if we were to just have a weighted average of our earlier product portfolio or our geographic mix, of North and Center, our net realization would have been much higher.

The net realization today looks lower, because of the impact of Vidarbha and Maharashtra in the pricing. So this is another explanation, I would like to -- elaboration, I'd like to provide to you all, those who are trying to decipher some of the figures.

Now coming to region-wise thing. As we all know, in the last quarter, things have looked up since end November and December over the industry, both in terms of volumes as well as in prices, but the biggest uptick or upswing was in the northern area.

So people who are -- who have got a very strong presence in the North have done extremely well, because they have got the full benefit of the volume uptick, upsurge, as well as the price improvement which has happened there, especially in the non-trade segment, where the prices were very depressed earlier in the northern region. And that, in turn, has pulled down the trade volumes.

In our case, although our presence is not as large or as strong as other people, but in terms of our portfolio, our Chanderia unit as a single location unit is today one of our biggest unit. In fact, it is the biggest unit for the company.

And because of this situation, our Chanderia unit has performed exceedingly well. Exceedingly well, both in terms of volumes, the way we have been able to make capacity utilization, keep up our dispatches as well as because we are in the trade segment and the beneficial impact of the non-trade to the trade prices, we have also benefited from the improvement in trade prices.

So Chanderia has been a very happy story for us after a long gap. Today, Chanderia has really performed, I think, to its potential, and we hope that going forward, it will further augment the company's results and be the jewel that it was in the company's entire portfolio.

Coming back now to Center, which is our region. As I mentioned earlier, it is well known that Center has faced a lot of competitive intensity due to some amount of capacity overhang over there, lower capacity -- bigger players with lower capacity utilization and therefore, being very aggressive on the pricing front.

And there, again, what we saw in the Central zone, the pricing, the pressures was much more in the non-trade segment, because when trade demand was muted, people focused a lot more on the non-trade sector.

But even that, there was a little bit of, I think, slowing down on traction over there. As a result, the big players were extremely aggressive on the non-trade thing and certain new players also who have a very -- who had additional capacity and incentivized capacity in those areas, they could be very, very aggressive on the pricing in non-trade.

Non-trade is never our suit. That is not the area we operate, neither do we want to operate in OPC segment, but obviously, there is a spillover effect, which happens on the trade front if the non-trade market levels go down. So there are two things which happened as far as we are concerned. In terms of positive, what was our strategy, our strategy was to focus much more, because we have our capacity utilization even in a slightly soft market conditions are very high in that region.

So we focused primarily not only on trade, but we focus entirely on maintaining our price premium. And we believe, and this is for those of you in that channel checks, we have been able to maintain premium over many of our peers, including large competitors in terms -- in the A segment.

We were able not only to maintain our premium, but we have been able to increase the proportion of our premium in that A category segment. So if you compare our presence in the premium segment is, today, probably the highest among our peer group.

We have done about 58% premium volumes in this quarter, and that was very -- not because we want to neglect the popular quarter -- popular segment where we are very -- we have a strong presence with our heritage brands, the Samrat, Chetak.

But here, it was a conscious decision. In that market, we wanted to maximize our premium sales. And I think we have largely succeeded and that has really protected and insulated our margins over there.

Simultaneously, though it's a very small area, our Durgapur unit has performed well in the last -- towards the end of the quarter, because that's when the Eastern market prices also went up. There was an uptick in demand. We saw better demand in Bihar also improved. So all that helped us also in the East. So East was also a supportive story. Though not, as I said, we are not very large players there, but it was certainly not in any way a drag on the performance.

Our focus on costs remain a relentless focus on cost and subsequently, I will request Mr. Prusty, our CMOP to talk -- comment a little bit more on the cost side. So that, and the cost elements we have continued to do. We have done quite a few initiatives and certain initiatives undertaken, you will start seeing the impact of that in the last quarter. Many of the cost initiatives, the results you'll start seeing now.

And now given the outlook of the market, which is before all of you, luckily or unluckily, our results are coming towards the fag end of the sector. Only two or three, I think other companies are left before announcing the results as we are coming.

I'm happy to say that we are not changing any of our guidance, which we have given earlier. And on that score, we have been, I think, fairly consistent. We have never taken an over-bullish position. Even in the previous quarter, we have tried to give a realistic assessment.

And even now, therefore, we maintain our guidance, which we have given previously. We are looking for the entire year, our volume growth of 7% to 8% in H2. We are looking at it over there. And we are also keeping our projection of what we said about H2 EBITDA increase, which we had indicated between first half to second half, H2 average would be about INR150 increase in the EBITDA, and we are maintaining that and no change in that. We will stay there.

So that kind of concludes my part of the presentation. No major changes in the debt situation. All those are remaining constant. So I will end over there. I will request, Mr. Saraogi, if he has to add anything, Mr. Prusty. So, we'll take on the questions now, and we will respond. Thank you very much.

Moderator: Our first question comes from the line of Shravan Shah from Dolat Capital.

Shravan Shah: Congratulations on a good set of volume growth for this quarter. First is the couple of data points if you can say, lead distance, KKL, our capex in 9 months, net debt and incentive in the third quarter?

Aditya Saraogi: So lead distance is 360 kilometers. Okay? And fuel cost is 1.50 per million kilo calories and we received an incentive of about INR40 crores in Q3. Our net debt as of the third quarter is around INR3,000 crores.

Shravan Shah: And the capex in 9 months, sir?

Aditya Saraogi: Capex for the whole year, we are looking at a number of INR500 crores.

Shravan Shah: And for 9 months how much, how much we have done?

Aditya Saraogi: 9 months, it is around INR300 crores.

Shravan Shah: Okay. Got it. Sir, now the question is both on the volume growth and which is also related to the -- in terms of the expansion. So broadly, in 9 months, we have done kind of a flattish volume growth. And if you are maintaining the guidance of 3% to 4% or 7% to 8% kind of a growth in the second half, so we will be needing a kind of a 10% kind of a volume growth in the fourth quarter. So are we confident to do that?

And second is for FY '26/'27, given the 1.4 million tonnes, the Kundanganj which will be coming in, if you can also clarify in terms of the timeline, previously you said by Q1. So for FY '26 and '27, unless we add more capacities, our growth, my calculation suggests would be of 5-odd, 6% average for '26, '27, which would be lower than the industry, if it grows at 7%. So if you can help us there?

Sandip Ghose: First of all, your question in terms of -- we've maintained that, when we are saying the overall growth percentage of 7% to 8% we are maintaining. It's true we are maintaining that. That is not what we are changing, and we are quite confident of doing so. As I said, we are not changing any of our guidance.

Your question about the new line coming up in Q1, Q1 end, et cetera, that we are also not changing at this point in time. We are there. In terms of the volume growth next year, we are not commenting on the numbers. But what you are saying, we are aligned to the situation. We know where we have got elbowroom or headroom available. And one of the other debottlenecking, et cetera, which we are trying to -- we would do. So we will address that question when it comes at the time of the next con call.

Shravan Shah: Okay. Okay. Because why I was saying, because our -- except the Mukutban, our entire -- the rest of the plants are running at kind of a full capacity utilization of 96%, 97-odd percent. So there is, as such, no headroom in terms of the outgrowing. So that's what I was trying to understand the next capacity. So our original plan was to reach a 25 million capacity by FY '27. So are we sticking to it or is there a possibility that any capacity can come earlier so that we can have at least at par with the industry kind of a volume growth?

Aditya Saraogi: We are not changing any of our projections. Including the timelines with regards to the future expansion.

Sandip Ghose: We will say whatever is required in an appropriate time. But as of now -- and this is for the benefit of all questioners, I wouldn't repeat this again. There is no change in our guidance short term, long term, anything as of now.

Moderator: Next question comes from Mangesh Bhadang: from Centrum Broking.

Mangesh Bhadang: Thanks for those opening remarks, which have been very informative. Sir, first question is on the demand growth. So you mentioned Central region demand growth has been pretty slow. So just wanted to understand, how much this region would have grown in 3Q? And what are your expectations for the next quarter and any impact either positive or negative of Kumbh that you expect in this region?

Sandip Ghose: Kumbh, we think it's a temporary phenomenon. There will be pent-up demand, which will be made up. There is obviously some amount of dislocation in our limited geography as well as movement of things, but that is not going to overall change the entire situation very much for the quarter as a whole.

Mangesh Bhadang: Any expectation, sir, you have from this region into whether it will come back to the normalcy in terms of demand growth, because it has been weak in the first -- in this year?

Sandip Ghose: First, that's true for the entire this thing. As far as this is concerned, you see, unlike the North and the Center, what are, defer is North you may have, there is no capacity expansion or capacity overhang. So things may be more, what you should say, firm in North in terms of whatever progress. In Center, we expect Center to come back to normal essentially because of two things.

One is good monsoons and good harvest. So agricultural demand is coming back. We also see beginning in terms of government expenses at the state government level, which -- there was some amount of slowdown, which had happened earlier. I think, the budget, which has just been announced would also instil confidence in things. So we expect there to be a healthy return to healthy growth in the Center. So it cannot be, as I said, as firm as what you are seeing in the North?

Mangesh Bhadang: Understood. Sir, second question on pricing. You mentioned in the press release that prices have firmed up and that should drive profitability higher going forward. So just wanted to understand, see, from your 3Q average, what is the current realization from the exit of 3Q with how much it is higher from the average, how much it is higher right now?

Sandip Ghose: We have indicated the overall per bag prices, I wouldn't like to get on to a per tonne realization, et cetera. And that is -- I think, if there is, by and large, consensus among all of you is the kind of the way market has moved up. A little change from one -- a mix will change from one company to another, because of the regional balance, et cetera. So what you have seen or heard so far, overall, I think we don't have any special insights to offer on that.

Mangesh Bhadang: Okay. So last question for me. So earlier, we had this vision of reaching 25 million tonnes by '27 and then next up to 30 million tonnes. So now we have reached a target of, say, INR3,000 crores of net debt. When can we expect the next set of announcement, capex announcement from your side?

Sandip Ghose: What we mentioned just now, Mangesh, we are repeating that we are not changing anything. As and when the things will come, we will announce. So we are pretty consistent in whatever we are saying.

Mangesh Bhadang: So nothing beyond Kundanganj as of now, right?

Sandip Ghose: As of now, nothing. If you could go around the question, I'll point to similar. Whatever we have stated we are sticking to it.

Moderator: The next question comes from the line of Saket Kapoor from Kapoor & Company.

Saket Kapoor: Firstly, Saraogi, you mentioned about the capex to be at INR500 crores and INR300 crores is what we have spent for the 9 months. Sir, our closing capital working progress was closer to INR580 crores. So how much have we capitalized for this quarter? And the depreciation amount has been lower sequentially and also year-on-year, sir. How will you explain this, sir?

Aditya Saraogi: I don't have the number on the capitalization part. Saket, you can connect offline with us. And depreciation, I don't think, there's any material change. And I see no reason for any change also, because there's not been any change in our accounting policy as such. So I see no reason why there could be any variance with regard to the depreciation as such.

Saket Kapoor: Okay. And Ghose sir, you mentioned about pressure on the non-trade segment price going smaller. And when we look at our mix, I think, so the trade channel has been at sub lower level of 70%. So if you could just explain what were you trying to allude by the lower size for the non-trade segment?

Sandip Ghose: I didn't say lower size. I said the price pressures were much more on non-trade, which had a spillover effect on the trade segment. Because the two segments don't exist in isolation. So in the last quarters, et cetera, because the trade segment was slower, all the players focused much more on the non-trade and that too on the OPC. And therefore, the prices in the non-trade sector in most regions, including North and Center was very highly affected. So that had a spillover effect on the trade. And we are essentially trade players.

We are not -- we are trade and we are a blended cement players. So we don't operate in that segment. So because of the spillover obviously, trade prices were there. But our strategy is to remain primarily a trade player, and that's a blended cement player, and that's what we will do as the market grows. We are not changing our strategy there.

Saket Kapoor: The second question is in your press release, you mentioned about healthy rural demand coupled with higher government spending, generated momentum in the cement demand. Sir, so when you are mentioning about the non-trade segment pressure, I think, that the non-trade is towards the institutional part, that is the governed by the government spending only. So if you could just explain how the...

Sandip Ghose: That is Saket, when you talk of -- what you are talking about is a big infra spend. We are not talking about big infra spends. We are talking about overall infrastructure, money being released to contractors, et cetera, for the rural. You are talking about the Pradhan Mantri Awas Yojana spends, things like that, which boosts rural demand. So I'm not talking about infra spend.

Saket Kapoor: Okay. So we are seeing this traction now from the government spending part. That is what we should take in factoring for the quarter ahead.

Sandip Ghose: I don’t get you..

Saket Kapoor: As per our release, we should now factor the government spending part. That was the cause of concern earlier that the type of spending, which was envisaged from the government, and even when we look at the budget numbers, and the more concentration for fiscal deficit, we have seen there is a lowering the government spending intention also. So that is getting corrected?

Sandip Ghose: I'm not talking about macro trends at all, Saket, to clarify. Our talk is largely in terms of state and local government spend. Post various elections and everything else, government budgets, certain funds got diverted into other developmental schemes due to which monies in many of these markets, which get released to contractors, et cetera, there was a slowdown.

We expect those monies to get released and we are seeing that happening and which is going to boost our overall traction in the rural. Rural demand comes from one is individual homebuilders, which is a function of, as we said, the crops, the harvest, monsoons, et cetera, the overall income. And then, the other part comes through rural infrastructure. And I think, for which the state government spending and state government -- a lot of the central government spending in many of the schemes are linked to the state government expenditure.

State government doesn't release the fund. The central government also don't release the fund in some of those development efforts. So it's a combination of that. I'm not making a comment about what was talked about in the union budget. Those relate to mega infrastructure, and we have a very small presence in that segment.

Saket Kapoor: Okay. Sir, how do you -- only the receivable part from the government in terms...

Moderator: Our next question comes from Sanchita Sood: from RoboCapital.

Sanchita Sood: I just wanted to ask if we can get any guidance on what our EBITDA per tonne could be in FY '26 and FY '27? And if we can see EBITDA per tonne hitting, say, INR1,000 per tonne anytime soon, maybe in the next 2, 3 years?

Sandip Ghose: '26, '27, we are not going to comment, Sanchita. That's too far into the future, we don't want to speculate on that. We have told about this year, and we, for the moment, we will restrict that. We are a conservative company, Sanchita. We don't do too much of future reading.

Moderator: Your next question comes from Pathanjali Srinivasan: from Sundaram Mutual Fund.

Pathanjali Srinivasan: So I wanted to check on the utilization. So I think, in our press release, you have mentioned that our utilization is 91%. But I think, you had also mentioned in your opening remarks that the utilization at Mukutban was close to 70%. So can you help me understand this?

Sandip Ghose: Look at the weighted average, boss. Our existing plants operate at a certain level and Mukutban -- but there, Mukutban is not even 1/4 of our capacity, and over in other places, we are close to operating close to 100%. So that's how the average works out.

Pathanjali Srinivasan: Okay. And a couple -- one more question related to the incentives. Could you tell me like if you started receiving incentives for the Mukutban plant?

Sandip Ghose: We have.

Aditya Saraogi: We have started accruing. We have not received, but we have started accruing incentive.

Pathanjali Srinivasan: What would be the accrual, sir, for the quarter?

Aditya Saraogi: For this year, as guided earlier, we are expecting total incentive accrual to be around INR100 crores.

Pathanjali Srinivasan: Only from Mukutban or at the company level, sir?

Aditya Saraogi: Company level. Most of it, it will be from Mukutban.

Sandip Ghose: Most of it, it is Mukutban right now.

Pathanjali Srinivasan: Okay, sir. And just one last question. This trade and non-trade volume. If I look at trade volume 9 months year-on-year, it has declined. So is this like any specific reason that you could attribute towards this?

Sandip Ghose: No, this is a function of how the market moved in the last 2 quarters. As we are saying, everybody are saying there has been a shift in the last 2 quarters when the trade demand, especially in the rural sector was muted. So by definition, some of it shifted towards non-trade. And besides in our Mukutban area, Maharashtra, there is -- in some places, there is a higher component of OPC and non-trade, and that is where it has shifted, because that's the construct of the Maharashtra market. So that has shifted, but we expect it to the reverse correction to start happening now that IHB segment and rural segment is picking up.

But you would see compared to everybody else, our trade volumes are much higher than many of our peers as well as some of the larger players.

Moderator: The next question comes from Prateek Kumar: from Jefferies.

Prateek Kumar: I have three questions. Firstly, on your incentive. You said INR40 crores incentive in third quarter, what is the 9-month incentive for the company and expectation for full year?

Sandip Ghose: Yes, we already mentioned was INR100 crores is what we have mentioned.

Aditya Saraogi: For 9 months, that accruals is around INR60 crores.

Prateek Kumar: Okay. So basically, this quarter was like slightly higher than run rate. We got incentive for...

Sandip Ghose: It's a function of the volume as well as the price.

Prateek Kumar: Okay. Secondly, on -- we have historically talked about a few new businesses like Construction Chemicals, also sometime around RMC business. So have these businesses like sort of scaled to any meaningful level? And how do we look at these businesses?

Sandip Ghose: Both these businesses are, I would say, on a fairly nascent stage. Construction Chemicals, we are focused in the areas where we are strong. We are not scaling it up to areas where we don't have a strong presence. It is linked to our -- Perfect Plus brand. It's a brand extension. And on RMC also, we have been on a kind of a test marketing you might say, or initial we are trying to learn. That's an area where we want to learn the ropes of the business. We don't want to -- there are a lot of people who have gone into RMC in a very fast track.

And then, we believe that has not been profitable or that has been a cash drain. We don't want to do that. We are moving slowly and we'll step by step, and we'll let you know as soon as the next phase of expansion whenever we do that.

Prateek Kumar: And last question is on profitability. So first half versus -- Q3 versus first half seems higher by around INR30, INR40. We are looking at INR150 improvement for second half. So you are looking at like INR200 crores, INR250 improvement in 4Q, right, on a quarter-to-quarter basis?

Sandip Ghose: Yes, that's the arithmetic. That's what we stick by, as we said.

Moderator: The next question comes from the line of Sanjay Nandi from VT Capital.

Sanjay Nandi: Sir, can you please share with the clinker utilization levels for this quarter?

Aditya Saraogi: Clinker utilization.

Sandip Ghose: What do you mean by that?

Sanjay Nandi: Look, what has been the utilization level for clinker capacity as we have?

Sandip Ghose: 100%.

Sanjay Nandi: 100%. Okay, sir, that's all from my side. Wish you all the best.

Moderator: The next question comes from the line of Girija Ray from YES Securities.

Girija Ray: So I have a couple of questions. First, with related to freight costs. So I can see there is a spike in freight costs on per-ton basis. Is this because of like we are transporting volumes from Mukutban plant to Gujarat or is it becoming so far for Maharashtra?

Sandip Ghose: Mukutban obviously has contributed a little bit, because the Mukutban footprint since our plant is in Vidarbha, the further we go, it increases a little bit. You don't have a grinding unit there. But it's -- overall, we've had to reconfigure some of the GeoMix distribution given the market conditions, and but it has not increased in other places. So it's -- roughly, we don't see any significant increase in our things. It's only very marginal change.

Girija Ray: So -- so is this also possible that we sell the volume to Telangana market as well from Mukutban plant?

Sandip Ghose: Telangana is very close. Telangana is right next door. Telangana has an opportunistic sale depending on the pricing there.

Girija Ray: So basically, our primary market would be Telangana for Mukutban plant, right?

Sandip Ghose: No, it's not primary. It's -- as I said, a very marginal market, it is spillover. Telangana is an opportunity sale when the prices, et cetera, is good, our primary market for Mukutban is Vidarbha, Khandesh and then going further, if you want to go towards Nasik and Mumbai. Telangana is not something we focus on.

Girija Ray: Okay. And one more thing, like if I see year-on-year basis, like from various data, there is a spike of pet coke and imported coal. So how do you see this pet coke price and coal price, imported coal price is going to shape out going forward?

Aditya Saraogi: Pet coke price has come down to mid-90 levels. And currently there, again going back to around $110. And we expect this to range between $100 to $110 pet coke prices. As far domestic coal prices are concerned, they are quite range bound.

Moderator: The next question comes from the line of Uttam Kumar Srimal from Axis Securities Limited.

Uttam Kumar Srimal: Congratulations on good volume growth. Sir, my question pertains to your capex. You mentioned about FY '25 capex. So what would be our FY '26 capex?

Aditya Saraogi: We can't -- we can take that question in the next quarter.

Uttam Kumar Srimal: Okay. And sir, now coming to your Jute business, though, it's a very 4% of our entire revenue. But this quarter, we have seen some substantial growth on Y-o-Y and quarter-on-quarter basis in revenue. So how do you see this Jute business panning out in fourth quarter, and in next year?

Sandip Ghose: Right now, we're not -- it will go along, but we're not seeing any significant changes in relation to what's happening in the market, there is a greater demand for agri bags, et cetera. We are not seeing too much of a change there. But when we have something more to say on Jute, we may have some things to talk about in the future. We will let -- we will talk about it in greater depth. At the moment, there's no material changes we are reporting.

Moderator: The next follow-up question comes from the line of Shravan Shah: from Dolat Capital.

Shravan Shah: Sir, the question is pertaining to the -- our captive coal mine. So if you can help us so currently, in terms of the fuel mix, how much should that we are using our captive coal and the Bikram coal, which is likely to be operational by Q1 FY '26? So how it will -- in terms of the fuel mix, how it will increase, because there the cost previously you mentioned is 30%, 40% kind of a lower versus current KKL cost?

Aditya Saraogi: Yes. Our own coal was to the tune of 15% in this quarter. And once Bikram Coal Block comes on field, once that achieved the optimum level of production, it should go up to around 30% -- between 30%, 32% of our total.

Shravan Shah: So will that be -- by end of FY '26, we will be able to reach that level or it will take even one more year?

Aditya Saraogi: I think next year, it will not reach optimum level. Optimum level will be reached in the next financial year, that is '26-'27.

Shravan Shah: Okay. Got it. And then, this Green, sir, which we currently have 26% odd level, so how we see it structurally for next 1 or 2 years, where we want to reach this level?

Aditya Saraogi: Which one?

Sandip Ghose: Green Power.

Shravan Shah: Green Power, sir.

Rajat Prusty: Yes. We are working on the projects. Some projects we have already started working on both in terms of the hybrid solar. So our aim is to reach to the level of 35%. But it will take -- as you rightly said, it will take another 1 year to 1.5 years.

Moderator: The next follow-up question comes from the line of Saket Kapoor from Kapoor Company.

Sandip Ghose: Saket, your questions are disproportionate to the distance from our office. Okay, you are the closest to us and maximum question. I think, you should come and have a cup of tea with Mr. Saraogi rather than asking on a con call.

Saket Kapoor: Okay sir.

Sandip Ghose: No, no, you can ask. You can go ahead and ask.

Saket Kapoor: Sir, the question is for you only. Sir, what is -- you have mentioned about we have accrued INR100 crores incentive on account of the total government incentives. What is the closing balance as on 30th December and in actual how much we have received out of the pending balances?

Aditya Saraogi: No. We have not accrued INR100 crores. We have accrued around INR60 crores. We expect a few hundred crores by the end of end of this year. As our closing balance is about INR435 crores as of 31 December '24, this is excluding the West Bengal incentive which is under litigation.

Saket Kapoor: What is that amount, sir?

Aditya Saraogi: That is about INR118 crores.

Saket Kapoor: Okay. So INR435 minus -- in a nutshell, how much have we received cash in terms of the subsidy balances?

Aditya Saraogi: This financial year?

Saket Kapoor: This financial year.

Aditya Saraogi: INR187 crores in this financial year.

Saket Kapoor: INR187 crores of cash we have received.

Moderator: The next question comes from Rajesh Kumar Ravi.

Rajesh Kumar Ravi: My question pertains to first on this capex, which number which we are earlier looking to INR800 crores, which was for the slowdown to INR700 crores, now you are looking at INR500 crores. So why this slowdown on the capex number, where are we -- what is exactly leading to this deferment?

Aditya Saraogi: We try to optimize our cash flow. So while we plan, we plan on a conservative basis, but then we try to optimize bulk of it is on account of maintenance capex, sustenance capex. We're trying to optimize whatever is possible to defer, we defer that. That is an ongoing exercise.

Rajesh Kumar Ravi: Okay. And then, Bihar expansion was also announced long back. And last update was the process of -- there's companies in the process of acquiring land and is there anything which is materially progressed over there, in next 1, 2 years, we will see this project coming to light?

Aditya Saraogi: That will part of the 5 million tonne expansion, which we are -- and we are starting to complete by 2027. And we have acquired most of the land on the location.

Rajesh Kumar Ravi: Okay. And lastly, on the coal blocks, you mentioned it will be 30% plus when this Bikram mines become fully optimized total of your requirements, 30% will come from your captive mines? Marki-Barka, which will come up in FY '27, how will that change the captive requirement, sir?

Aditya Saraogi: Marki-Barka once that comes, it will be around 55% -- between 55% and 60% of our total requirements.

Rajesh Kumar Ravi: Total at company level?

Aditya Saraogi: Yes, yes.

Moderator: The next question comes from the line of Harshil from AMSEC.

Harshil: Sir, what would be the gap in terms of profitability between Mukutban and company average?

Aditya Saraogi: I'm sorry, we don't share unit-wise or region-wise profitability.

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

Sandip Ghose: Thank you very much for participating. This has been very heartening the level of participation, the number of people who participated, and above all, for the confidence you have in the management and the performance and the support we've been receiving from all of you. Thank you once again, and see you soon. Bye.

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