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29th October, 2024

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 half year ended 30th September, 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 24th October, 2024 at 2.00 P.M. (IST) on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and half year ended 30th September, 2024. The event concluded at 2.55 P.M. (IST) on 24th October, 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: 2024.10.29 16:55:46 +05'30'

(MANOJ KUMAR MEHTA)
Company Secretary & Legal Head

Encl: As above

"Birla Corporation Q2 FY25 Earnings Conference Call"

October 24, 2024

MANAGEMENT:	**MR. SANDIP GHOSE – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, BIRLA CORPORATION LIMITED** **MR. ADITYA SARAOGI – GROUP CHIEF FINANCIAL OFFICER, BIRLA CORPORATION LIMITED**
MODERATOR:	**MR. RAJESH RAVI – HDFC SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Birla Corporation Q2 FY '25 Earnings Conference Call hosted by HDFC Securities.

As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

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

Rajesh Ravi: Thank you, Sejal. Good afternoon, everyone. On behalf of HDFC Securities, we welcome all of you to the Q2 and H1 FY '25 Earnings Call of Birla Corporation.

From the management side, we have Mr. Sandip Ghose – M.D. and CEO and Mr. Aditya Saraogi – Group CFO.

I will now hand over the call to the Management for the "Opening Remarks," which will be followed by the Q&A session. Thank you, and over to you, sir.

Sandip Ghose: Thank you very much, Rajesh. Good afternoon and welcome to everyone. It is rather heartening to see we have almost a hundred or a little over 100 now guests available despite, what should I say, not so encouraging results.

So, that's a matter of encouragement for us that all of you, therefore, stand by our comments and communication. And we have been in the past tried to be as realistic and as, you know, to the best of our judgment, portray what we see the market and our company's prospects are. And that's how we would like to approach this particular call as well in talking to you.

Normally, probably when the results are not so good, people say much more to explain, but I wouldn't do that. We have explained our stuff in whatever we had to say in our press release, which most of you would have seen.

All that I will say is, we recognize the market realities, and we saw the headwinds, and our strategy is, in that sort of a situation, to keep our head down, play with a straight bat, stick to the wicket, hold your ground rather than try to do any shenanigans or try any kind of, you know, trying any helicopter shots or anything of that kind. And that's how we would like to navigate in the days to come as well.

Because we remain, as we have stated, in the press release cautiously optimistic though I have seen many people expecting a huge upturn in the second half of which almost a month is already over, so that leaves five months, and people have expected, some have talked of a massive upturn.

While we definitely see things improving on both price as well as on volume and demand front, but we are not painting an extremely bullish scenario. We have projected our second half in terms of volume increase at about 8…

Aditya Saraogi: On a Y-on-Y basis, based on H2 volumes.

Sandip Ghose: H2 volumes we have looked at second half about Y-on-Y basis 7% to 8% and that's how we stick and for entire year, we are looking at about 4%, thereabouts plus or minus, and that's what we think is realistic at the moment to assume.

In terms of EBITDA, we are again looking at between the first half to second half. We have projected about between Rs. 150 to Rs. 170 upswing in the EBITDA format, and that is how we see it translating. We don't see, again, going by some market indications, people have talked about getting only through realization, people have talked about getting Rs. 200 gain by realization alone. We don't see that in such an optimistic scenario.

So, we have taken our all told, given our continuing cost efforts to reduce costs, increase the geo-mix and everything else, we have projected about Rs. 170, as I said, and that is all that we would say by way of guidance at the moment.

The rest of it, we remain consistent with our strategy in whatever we have been doing, and our approach would be to, we have had, in our older plans, our core markets, we have had a little slip in terms of capacity utilization, and I will explain why that has happened. And what we really look forward to is to be able to take our capacity utilization up in those plants to over 100% as we have been doing or close to 100% especially in our Central India plants and Mukutban where we have achieved a very good ramp up and scaling up and we hope that the pricing scenario would allow us to again, get back to the same kind of levels of about 60% last year. What is that we…

Aditya Saraogi: Capacity utilization 48% last year.

Sandip Ghose: No, towards the end we were almost operating at about 60%.

Aditya Saraogi: 60%.

Sandip Ghose: 60%. So, that is the kind of level we would like to get back to. Hopefully with the demand picking up and if there is slight upturn in prices, though in the West, especially Maharashtra, we are being circumspect because of the elections which have been announced and that impact will continue for about a month at least and whichever government comes in, by the time they settle in, new funds are sanctioned, etc., I think we will get into at least January there.

In our core market, we are also factoring in the Maha Kumbh, which is going to happen in Prayagraj. That is once in a 12-year event, as you know, and that entire area, the logistics get impacted. So that will also be something which will eat in to the peak season period of January, February, which is usually there. So, we are being cautious on that count as well.

But the real pain point in the last two quarters has been, in our judgment, in our view, has been the non-trade sector. If there is any impact, everybody talks about consolidation in the industry, if there is any, I think, visible impact of consolidation, we have seen that happening in the non-trade sector where the prices had crashed, come down very abnormally or to an unrealistic levels in the last quarter especially and in the markets where we operate in North and Center, we were never major players in the non-trade category or OPC category. As you know, historically, we have tried to keep our non-trade levels below 20% and our OPC at below 15% of our capacity over there.

Now, because of the whole market dynamics, the trade sector or the individual home building sector since they were not as buoyant in the last two quarters as all of you would have noted and seen, there has been a major market shift towards non-trade. And because of the market shift towards non-trade and also OPC component, I am talking about the industry as a whole, not about us.

So, since the market shifted towards non-trade and also OPC and overall industry capacity utilization came down by a couple of percentage points by our reckoning or whatever figures which are available from the analyst reports, which are coming out, there has been a shift in that direction and there were price drops, very, very significant, which made it unviable for us to be participating in the non-trade and the OPC segments in many markets, especially in Rajasthan, where things dipped, as I said, to very abnormal levels in the pricing of non-trade and OPC.

Similarly, in UP, in Bihar, people were participating. So, we deliberately chose to keep our exposure limited there because we certainly didn't want to operate at a variable cost loss or a cash loss to be in those markets. And that has resulted in our slightly lower capacity utilization that what we are capable of and what could have done, and we have not certainly tried to push volumes unnecessarily, which would have hurt both us as well as the industry.

We tried to be prudent in that, but we hope from whatever we are hearing, if the non-trade prices, if there is more, I should say, rational pricing and market things happen in the non-trade and OPC sector, that will have its positive rub-off in the trade sector as well, and that should benefit everybody. And that is what we see as a silver lining going forward.

Finally, coming back to summarize, as we said, we are looking at second half in a very sort of a positive, but with a great deal of realism, pragmatism, and therefore we are committing our growth for the entire year. We are talking about, as we said, around 4% in the volume growth. Annually, we are looking at about 8% to 9%, or around 8% is the growth. We have talked about the EBITDA increase, which was around Rs. 170 is what we are guidance, which we are giving just now for second half, the increase between first half to second half.

And with that, I will rest my introductory remarks, open up for questions, and we will be happy to, wherever we can, elaborate further or comment, or where we can't, we will be very honest and frank enough to tell you our situation.

The one last one which I missed, which is mentioned in our press release, is our progress of our Kundanganj's third line is going on satisfactorily and on track, and we hope when that comes in next year, we will have some of the incentives which we lost because of Kundanganj incentive getting expired last March will get restored and between that and we have already started clocking in the incentives from Mukutban between these two will be kind of back to a level playing field that what we were pre-March 2024. So, that's how we will only other major significant change which we see.

Some of our competitors have the advantage today of having incentives, especially in UP, which is enabling them to participate much more aggressively in the non-trade segment or even the OPC segment where they are doing. We are constrained there, not that, as I said, our intention is not to sell more OPC or more non-trade. We would like to remain in the trade segment where we feel we have very strong brand assets.

Our brands are today very well accepted, especially Perfect Plus, and Samrat has always been a heritage strong brand in UP. Chetak is a heritage strong brand in Rajasthan, and our distribution system, which we have our distribution assets, go-to-market assets, they are very strong in our core market. So, as soon as markets bounce back, we hope to be back again on the driver's seat as far as the trade and our channel sales are concerned. Thank you.

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

Shravan Shah: Sir, just a couple of data points needed. What was the incentive that we booked for Mukutban in Q2? And if possible, in 3rd and 4th Quarter put together, how much are we likely to book the incentive for Mukutban and also the volume for Q2, if possible?

Sandip Ghose: I will let Mr. Saraogi answer that.

Aditya Saraogi: In Q2, we have booked the incentive of 17 Crore for Mukutban.

Sandip Ghose: 17.

Aditya Saraogi: 17, okay? And what was the other question?

Shravan Shah: How much more in the second half we are likely to book and what was the volume of Mukutban?

Aditya Saraogi: We have guided for total incentive of about 100 crores for the whole year. We are standing by that guidance, okay?

Shravan Shah: And what was the volume in 2Q and the lead distance for second quarter?

Aditya Saraogi: The volume was 5 lakh tons, and the lead distance was around 340 kilometers.

Shravan Shah: 340. What was the lead distance for the full entire company?

Aditya Saraogi: For Mukutban, it was 425 kilometers for Mukutban.

Sandip Ghose: You are asking for the entire company, or you are asking for Mukutban?

Shravan Shah: Entire company, sir.

Aditya Saraogi: So, entire company, it was around 350, the lead distance.

Shravan Shah: And last, sir, just a clarification. This Prayagraj 1.4 million tons, when it is likely to start?

Sandip Ghose: Not Prayagraj. We are talking about Kundanganj's third line.

Aditya Saraogi: Yes, Kundanganj.

Sandip Ghose: Kundanganj's third line.

Shravan Shah: Yes, that we know, but on the Prayagraj 1.4 million tons, when it will start?

Sandip Ghose: No, that we will announce. We have not announced commencement. It is in the pipeline, but the project is starting. We will announce whenever we are ready for it.

Shravan Shah: Lastly, if possible, the CAPEX for full year 800 crores we said, and we have done 200 odd crores. So, any downward revision in the CAPEX?

Aditya Saraogi: Yes, CAPEX for the whole year, we expect to go about within 700 crores.

Moderator: The next question is from the line of Jyoti Gupta from Nirmal Bang Institutional Equities. Please go ahead.

Sandip Ghose: The clarification, sorry, before you go on, just one clarification for Dolat Capital. What we are saying is our first unit which will come on stream is Kundanganj. Prayagraj is in the pipeline, but we have not commenced construction there. So, we are not committing the date when it is going to come in. It is also linked to certain other things.

So, right now what we are focusing, what we are visibility and committing is Kundanganj. It should not be read as Prayagraj is not happening. Prayagraj is very much part of our plan, like a few other locations of grinding unit which we have announced, but we talk about these specifically only when we have started the project broken ground, and that is where we stand as far as Prayagraj is concerned.

Jyoti Gupta: So, in second half, you said your EBITDA per ton will improve by 170. Just wanted to have an understanding in terms of cost, where do you see the cost and what kind of cost, means improvement you will see from Project Shikhar, in terms of numbers from Mukutban and Unnati, and your logistic optimization. What kind of numbers you are building in the second half of these two projects, in case you have anything?

Aditya Saraogi: For these two projects, in the second half, we are expecting efficiency of around Rs. 70 a ton, for Unnati and Shikhar, taken together.

Jyoti Gupta: Each, taken together Rs. 70.

Aditya Saraogi: Taken together 70.

Jyoti Gupta: And 100 will come basically from raw material and the volumes and the...

Aditya Saraogi: 170 is the cumulative effect of realization, cost optimization, efficiency improvement, everything.

Jyoti Gupta: And I could see that you are not very positive, quite cautious on the second half, but obviously first, so how do you see any particular impact, apart from the non-trade segment that you see, is coming from the consolidation? You are impacted, like adverse impact from the consolidation in your core markets, apart from non-trade, which has taken downturn by Rs. 300 per ton decline, is there anything else without him?

Sandip Ghose: No, we are not seeing any impact there. As I told you, it's a function of, we are luckily, Jyoti, given our capacity, as we said, we have been operating at 100% capacity, and we would be very, we don't see that as a problem. And I talked about those core markets, touchwood, fingers crossed. We have very strong brand assets. We have got very strong go-to-market assets. Today, we can say with great deal of, with some degree of, I think, pride, in terms of our people's strength, we believe that the employer branding of the company has gone up, significantly, at least from how we see interest of people, especially in sales and marketing, to come and join us at various levels today.

So, I think we are quite well placed to take on the market opportunities, as soon as there are some tailwinds which come in and the market table improves. I deliberately talked about non-trade, because that's an area where we don't participate, and that's where our area, we are limited players, participate in a limited way, and certainly, it is not, OPC is not our preferred product. We don't like to do that, but when those segments come down, obviously, there is an impact, a spillover impact on the trade segment.

So, I am taking hope or encouragement from certain pronouncements, which I hear in the market, where people are talking about increasing bottom line contribution through realization of Rs. 200, I expect some of that will come through the non-trade and the OPC segment as well which should auger well for trade and the blended cement segment where we are major players.

Jyoti Gupta: Sir, anything that you expect from the Orient, the acquisition of Orient Cement, do you think this is with Adani...

Sandip Ghose: We don't operate in that market. We are very small operators in Telangana. We just watch it from the ringside. We are on the other side of the fence there sitting in Maharashtra.

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

Prateek Kumar: A couple of questions. Firstly, on your premium segment which is like very high overall mix, so when you say that the price of the trade segment like sort of gets impacted by non-trade, is the premium segment also gets impacted like how the difference like sort of changes?

Sandip Ghose: See, premiums don't exist in isolation. Premium you are always, when you are talking about premium, you are talking over a base price. So, if the base price drops, obviously, while the delta might remain similar or delta may marginally increase, but overall, in the price table, there is you are going to have only so much of a difference between what's happening in a non-trade and the trade.

So, our premium, we consider that to be a competitive advantage of this company. As I have said in the past that we are one of the few or perhaps the only company where you can say with some degree of pride who straddles almost equally between the premium and the popular segment. I don't call it popular. I call it the value segment. So, between the value and the premium, we operate almost on equal footing.

So, to that extent, we are able to calibrate some of our shifted. So, therefore, in this quarter, you will see when part of the realization which we have delivered, why we have been able to keep our realization higher or the drop lower than the market drop, is because we have been able to shift volumes towards premium in most of our markets. That's how our premium volumes have increased. But we don't see any absolute virtue in either premium or value segment. We will offer what the customer wants.

And so, if the value segment again picks up, when I am upping my capacity utilization, not all of it will come from premium. It will come from value as well, because that's a very important segment of the market. You cannot, you don't operate right at the top end. You also, the middle matters. And we would like to be present everywhere.

Prateek Kumar: One another question on incentive guidance for 100 crore incentive in FY '25 compares to 160 crore or 140 to 160 crore in past three years. Is that right or?

Sandip Ghose: Yes. Since obviously the delta between what we were getting in Kundanganj and this period, especially '24-'25, you will find that as a gap because Kundanganj has stopped from 1st of April and only Mukutban is what has come in its place. The Mukutban incentive are lower than what we were getting in Kundanganj. So, therefore, that is why you are seeing the 160 to 100, that is the kind of gap which you are getting.

Hopefully, next year, as we go on commissioning Kundanganj Line 3, that will get restored. So, you will find us back. As I said, it will be a kind of level playing field once more between the two places. We will go back to our original levels of incentive in the company.

Prateek Kumar: And the last question on your comment there regarding Orient Cement, you said you sit on the corner of the other...

Sandip Ghose: We sit on the other side of the fence because we are in Maharashtra. There mostly in Telengana and the South, we don't operate in that market much, in their core Market. Even in Maharashtra, they are much more in the Western and the lower parts of it. We are concentrated in Vidarbha where they have a very modest presence. And so we will have to see how it pans out post the acquisition because I have been reading just like you a lot of analysis.

Because if you were to look at Adani as a combined thing, Adani already has a presence in those areas with their own brands of Ambuja and ACC. So, how much is this Orient going to add to their presence? You know, it's not easy having brand integration, what will be their brand strategy? Those are things. So, we don't see the Orient really affecting us significantly as per their existing operation.

In future, I saw that they have got lease in Rajasthan. If that comes up, how that will pan out? Or recently, I saw they are tying up on some fly ash in Madhya Pradesh in Betul area. All those are in future, but similarly, they had a grinding unit planned in Maharashtra, which they gave up. They had a tie up with Adani. Maybe since this was in the anvil, that has come. So, those are futuristic, but as on today, Orient and we don't have much of an overlap.

Moderator: The next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

Saket Kapoor: Saraogiji, as you mentioned about 100 crore being the total incentive number that we are factoring in for Mukutban, how much actual cash have we received for the first half? Out of the 17 crore or is the entire balance also suspending?

Aditya Saraogi: See, 100 crore is for the company, not especially Mukutban. There is a small incentive in some other units also. In the first half, we have received around 120 crores from Uttar Pradesh.

Sandip Ghose: It's not from Mukutban, boss. These incentives don't happen hand-in-hand and as soon as you claim, the next day you get. Like today I believe you are getting income tax refunds immediately, 24 hours. It doesn't happen in subsidies.

Aditya Saraogi: It comes with a lag.

Sandip Ghose: Lag.

Saket Kapoor: So, what is the closing balance, sir? Other than whatever we have booked as incentives, how much is still left to be received on the receivable account?

Aditya Saraogi: Excluding West Bengal where the matter is under sub judice, it is about 450 crores. And in fact, West Bengal also, there has been a development in the quarter. The state government has filed an appeal against the High Court order which has decided the matter in our favor. So that matter has also been dismissed by the Supreme Court. So, currently, the state government does not have any legal records in the matter.

Saket Kapoor: Can you come again? 450 crore is the figure you mentioned that is still left to be received by the...

Sandip Ghose: Total, if you were to say what is the receivable on account of incentives from various governments as on date, it is 450 crore.

Aditya Saraogi: Excluding West Bengal.

Sandip Ghose: Excluding West Bengal, where we have an additional amount, which was under, which was sub judice because the government had contested it. And that contest has been disposed off by the Supreme Court. So, the ball is back in West Bengal government's court, and they will have to, when they settle it as a different matter. So, excluding that, it is 450 crores on which we see that as a timing issue and not any dispute issue.

Saket Kapoor: And can you mention that figure also, which is in under dispute or litigation from the West Bengal government?

Aditya Saraogi: Around 140 crores.

Saket Kapoor: And now we have an upper hand because of the disposal by the Supreme Court.

Sandip Ghose: We were always on an upper hand. We were always on strong grounds. It is not a question of any upper hand, lower hand. Nothing underhand.

Saket Kapoor: Sir, Saraogiji, for the capital work in progress, the closing balance stands at...

Sandip Ghose: Any question, Saket, I told you, you are in Kolkata, you can't take advantage of so many questions.

Saket Kapoor: Sir, last question. Sir, Sarogiji, the closing balance for capital work in progress is 558 crore. With Kundanganj getting operationalized by 1st Quarter, sir, how much will we capitalize currently? And for Kundanganj, how much have we spent as of now?

Aditya Saraogi: I can't give you this figure off-hand. You can connect separately on this, please.

Saket Kapoor: And also, sir, in the press release, the update for coal mines are not mentioned, sir. So, if you could give some color on that.

Aditya Saraogi: Coal mines, Bikram Coal, we are expecting to start commencement of operation from Q1 of FY '26.

Saket Kapoor: And we are still extracting coal, sir, it has not mentioned anywhere in the press release. Currently, one of our Bikram Coal work is operationalizing. So, we are extracting coal.

Saket Kapoor: I agree. Where we are extracting as per the capacity of the block, this is around 2,50,000 tons on an annual basis.

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

Mangesh: Sir, my question is regarding demand in UP and MP. So, I just wanted your views in terms of how much there could have been the demand decline in this quarter on a Y-o-Y basis, and was it only because of monsoon and election after effect, or do you think, you know, and when do you expect recovery in the same?

Sandip Ghose: Mangesh, we cannot give you exact as our estimated figures. Those figures of market decline, you will get from the analyst figures, because today there is no published data in that regard. So, we would not like to comment on that. But in terms of causes, it is also money availability, because a lot of fund released from the governments have got delayed in many places, or they have got governments have other priorities, it has gone for different schemes in different places.

So, some of the fund release has been an issue in both these markets. And that is what has probably delayed some of the state-level development work or development expenditure which happens, because money has probably got more to welfare schemes and other stuff. There has been no elections, as you know, in MP and UP in the last six months. So, it's that and the overall situation.

Mangesh: And sir, another question was on the pricing front. So, we feel that pricing post August has improved marginally. But what is the current realization compared to the exit of September? Is there any improvement?

Sandip Ghose: I don't think there is any significant improvement, Mangesh. This is based more or less terms. One has not really seen any consistent improvement or improvement which sticks. And I personally don't expect to see any very significant changes between now and at least till mid-November.

Mangesh: So, final question to Saraogiji. So, given that we would have a very weak operating cash flow this year because of weak realization, do we see debt increasing and any target or guidance on debt levels by the end of this year?

Aditya Saraogi: So, debt level, we expect to close around 3,000. Net debt, we expect to close around 3,000 crores. So, like our cash from operations has been less than what we had budgeted. But then we have also scaled down our CAPEX. I think earlier, we had guided for 1,000 or that also we have brought it down to 700. So, we are calibrating our options also according to the insight.

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

Rajesh Ravi: Two questions. First, the margin guidance for second half, Rs. 170 or which you are looking forward to. First half, we have done close to Rs. 540. And even if we add up the Rs. 170, our full-year margin would be hardly to the tune of Rs. 620, Rs. 630 versus fully as is. First half, we have done 535 and second half, we are looking at Rs. 170 higher, so close to 700 odd. So, the full year average would work out to be 620 versus 800 we have done in FY '24. Are you not building any price improvement in the second half? Or what is…

Sandip Ghose: Of course, we are building in Rajesh. As we said, Rs. 170 is not going to come purely from cost savings. Our cost and other initiatives, as we indicated, will probably give us about Rs. 70 and rest will come partly from price and a few other things as well. But we are not being bullish enough to say that we are going to get Rs. 200 into the bottom line from price alone. We are positioning about, because you know, price increase, if I have to get 100 between now and March end, that's an average.

So, average to get there, even if you would, I don't want to get into showing you back of the envelope calculations, you see how much it can peak and it's a regional factor. Others, I am not questioning other people's projections. They could be having other regions in mind. We don't operate in the south where they may be having more. I am looking at the specific market in Maharashtra. I told you, I see Maharashtra, I have been cautious in Maharashtra because of elections and the post-election impact, because this takes a little time for, you know, again, governments to settle down, monies to come out. Maharashtra also, there are various welfare schemes and all committed. So, I don't know how soon monies will come and how much impact that will have on the demand and the pricing.

Similarly, I am being cautious. Our core markets is East UP and the peak season where all of us look at a spurt in volumes and prices, usually, as you know, in this industry from second week of January to February middle, that's the real time when you find historically, cement prices go up sharply. But that's the time when we are going to see UP some major dislocations, okay, with the Maha Kumbh and everything else, and that time movement becomes an issue and various things.

So, we are being perhaps, you might say, a little extra cautious, but we would rather be conservative than be foolish and come back to you cutting our sorry face when we speak in three months' time.

Rajesh Ravi: And on volumes, any thought process, what sort of growth Q2 obviously has been bad and for full year?

Sandip Ghose: We mentioned that, Rajesh, we are looking at second half, about around 8%, 7% to 8%.

Rajesh Ravi: And last question, sir, there is too long a large investment sitting on your books, UltraTech and Century Textiles, cumulatively, if I look at approximately 700 odd core value. So, is there any thought? Do the management or the promoters have any willingness, or can these be sold off and used to reduce debt or for some other efficiency programs?

Aditya Saraogi: There is no embargo in selling these investments. We have the mandate by the Board, we can sell these investments whenever we want to. These are non-strategic investments, but we will not sell these to settle or reduce debt. So, if we feel like we can deploy this proceeds from the sale of these investments into a productive asset which can give good return those kind of things, at that point of time we will consider.

Rajesh Ravi: So, because you would be doing this Maihar expansion also, so this could come handy.

Sandip Ghose: It could come for various things, Rajesh. This is, you know, we would do at the time of our choosing and in terms of the opportunity. Since you have been associated with the company from a very long time, you would know that we were sitting on a fairly large treasury balance for a long time till we made our Reliance acquisition. So, we did it at the right opportunity when we felt it was right in our prudence. Similarly, we will take a call on that, but we don't have any compulsion right now to dilute our debt by selling this. That is certainly a question we can tell you categorically that's not in terms of our plan.

Moderator: The next question is from the line of Girija Rai from YES Securities. Please go ahead.

Girija Rai: See, getting incentive as the additional money makes sense, and it is really adding to the profitability, but in terms of core business, so if I see in 4th Quarter FY '24, we have done an EBITDA per ton of around 974, which is pretty good. And significantly, I can see 1st Quarter, second quarter, there is a huge decline. Even in fact, second quarter FY '25 we saw around 50%, 60% of decline from 4th Quarter if I compare. So, again, 4th Quarter will be a volume driven quarter. Obviously, volume is higher. Then again, your EBITDA per ton will come down.

So, my question is that, so what kind of projections we can go ahead for 4th Quarter FY '25 EBITDA per ton? Is this the mark we can see somewhere in between 700 to 800? Because price, again, I do not see much price kind of appreciation in coming near term.

Sandip Ghose: I see that's your view. You have to take a view, and it is not also a question of your view versus our view. You have to see the entire thing. We can only give you our point of view. First of all, when you are looking at last year 4th Quarter to now, obviously you will agree that the drop which you have seen is not isolated for us. Already you have seen three, four companies' results are declared, and we are no exception in that pattern. And in fact, in some ways, from whatever we have seen, you are a better analyst. Maybe we have done a tad better than other people in terms of the management of the bottom line in terms of the drop. So, that's being one.

Now, if you were to compare, to answer one question of yours last year, last year was very interesting. I found it slightly odd in a way, the 4th Quarter. Historically, in cement from as long as I have been, 4th Quarter, the surge you see is both of volumes and prices. Last year, 4th Quarter was only volume without prices. There was no substantial increase in prices. There was a surge in volume.

Now, this 4th Quarter is a matter of conjecture. When you are talking of volumes, whether it will be volumes in isolation, if it is volumes in isolation, not just for us, others who are projecting Rs. 200, where will the Rs. 200 come from? Obviously, that has to come along with a surge in prices. Now, for the Rs. 200, what other people are projecting, we would not see it. We would not bet our horses to expect it will be that high.

So, we are being conservative in this, but we certainly see a price improvement in the last quarter. And where I see the price improvement coming, without getting more specific, despite some of the other issues which we talked about, the elections in Maharashtra or Uttar Pradesh, Prayagraj, etc., and what I hinted in the beginning, I think the prices today, real abnormal prices are in the non-trade. And if the non-trade prices pick up, and people become more, there is more rational pricing in non-trade, and especially in the OPC segment, I see you are immediately going to see a positive impact or positive rub-off spillover in the trade segment.

And that has happened in the last two months also. If you see what are the areas where there has been improvement in prices, when we talk of nationally, you don't see any kind of price changes between August, September, October, but areas where there has been actually a price increase, say, North has recorded some price increase. The North price increase has essentially come, if you go through, it has come because people have corrected the non-trade prices. Before that, non-trade was pulling trade hugely down. Once some amount of sanity was restored in the non-trade prices, trade picked up.

Similarly, we therefore hope that if that phenomena you see across geographies, if not across the country, you will start seeing some impact of that coming. And so, at least you will get back to normal levels. Right now, I think the prices are depressed below normal, and that will come and once that level playing field, if we come back to that by November or December end, which is entirely possible, it is just a matter of, as I said, some sanity getting restored. If that happens, last quarter, you are going to see both volume and price increase. People are talking about pent-up demand. Pent-up demand will come. With pent-up demand, obviously price will also go. It is not going to be just volume.

Girija Rai: Sorry to cut you off. So, you mean to say the price level, which is hovering right now, so this is bottom out since there is no further decline in price, it is like, I can just assuming, or is there any kind of further, I mean to say there is no further decline in price, and there might be some chance if the momentum go up?

Sandip Ghose: Yes, I think that will be a fair assumption. Things can only improve here. I don't see further decline happening because whatever disturbances, those are more or less done. Now Diwali over. Chhath will be over. By then your new crops will come in. In the harvesting season, money will be there in the system, all of that. Labor will return back from the Chhath thing, then harvesting and all that, people will go back. I don't see, therefore, certainly scope for further slide and decline. And I repeat myself again and again, that is the only conjecture I am making, sticking my neck out, if sanity returns in non-trade prices, which are obviously in the hands of the big players, who are big players who participate in non-trade or especially on national accounts etc., you are going to see benefits of positive rub-off of that also on trade.

Girija Rai: Sir, my second question is into premium segment. Right now it is 71% it seems, right?

Sandip Ghose: 61%.

Girija Rai: So, this has improved a lot, like it was 51, now it is 61.

Sandip Ghose: I wouldn't call it improvement. It will be wrong on my part to, as I was trying to clarify earlier, this is strategic. If today the prices have come down and if I am selling below capacity for whatever reason I can't participate, I would focus which is giving me the maximum return. So, it is a combination of product mix and geo mix.

So, if I am selling in markets which are giving me the geo mix wise it is the best market because it is close to my operations and in those areas, if my premium product has a greater pull, I will sell more. I have got nothing against selling anything in the value or the popular segment. Okay? But if the value and popular segment I find there is more maramari happening and here I have got a thing, I would rather take the Rs. 20, Rs. 25 premium, but I don't want to vacate that segment.

This is a very unique advantage this company has. I don't know how many people recognize that. We are a company where we have almost equal, we straddle between both the segments almost equally, okay.

Girija Rai: Yes, I truly agree with this because we are the highest premium segment sell in the industry it seems, and that is a good part in our company.

Sandip Ghose: Both sides, boss, to use my favorite expression, we are a double engine company.

Girija Rai: And lastly, what was the Mukutban utilization rate in this quarter?

Sandip Ghose: Rajesh, let's move on to the other one. We have given the figures.

Girija Rai: I will get it.

Moderator: Thank you. The next question is from the line of Raaj from Arjav Partners. Please go ahead.

Raaj: I just wanted to know your full-year growth guidance.

Sandip Ghose: Boss, we have said that, boss, already. We have said. We repeat that full year growth guidance we have said in terms of volumes, we said 3% to 4%, and we have given just now as you heard our EBITDA also we have given. As I said volume we have given already. We said about a full year volume will be about 4%.

Aditya Saraogi: 3% to 4%.

Sandip Ghose: 3% to 4% is what we have said. And EBITDA also we have given. H2, we have told about Rs. 170 over H1, which is about 530. So, you can do your averaging of the two and come to the number just like Rajesh did just before your question.

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

Amit: So, I just wanted to check captive coal mining status and when would you start the captive coal mines, and also with the pet-coke pricing now having come off and rupees kcal, I think pet-coke is now almost 1.5. What kind of cost benefits would still come in from the captive coal mines?

Sandip Ghose: Captive coal mines as already we had informed for the Bikram, already Sial Ghoghri is in operation for which we do around 2.5 to 3 lakhs tons per annum and for Bikram Coal Mines, we are going to start the first coal production going to start from the Q1 FY '26, and pet-coke because our only requirement of the pet-coke is only in one plant only, and we have reduced the requirement of the pet-coke and more on we are in the indigenous coal. And wherever there is a change in the prices, we take it to account, and our coal, fuel prices, you can see in the last quarter is 1.47 paisa per kilo cal, and it will be, if the changes are there, we are not seeing much of changes. Maybe slight change will be there depending on the prices of the pet-coke which is going in the market now.

Aditya Saraogi: So, in terms of the cost differential, our cost from Bikram coal block is expected to be around Rs. 1.10 paisa per 1,000 kilo cal, and the ongoing rate for fuel in the central region is between 140 and 150. So, that is the kind of difference that exists as per the current fuel prices.

Sandip Ghose: Thank you very much. I think that brings us to the last question, and it is really heartening to see we are ending the day with 150 people on the call. That is very encouraging. Thank you so much for joining, taking the time out on a busy day. I see today there were at least three con calls in the cement sector. There are one in the morning, one now, and one after us so that you took time out for us. It is really heartening. Thank you very much.

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