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15th May, 2023

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 Code: BIRLACORPN

Dear Sir(s),

Sub: **Transcript of the investors/analyst conference call on the Audited Standalone and Consolidated Financial Results of the Company for the quarter and year ended 31st March, 2023**

Pursuant to the provisions of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of the investors/analyst conference call held on 10th May, 2023 on the Audited Standalone and Consolidated Financial Results of the Company for the quarter and year ended 31st March, 2023.

A copy of the same will also be uploaded on the Company's website at www.birlacorporation.com.

This is for your information and record.

Thanking you,

Yours faithfully,
For **BIRLA CORPORATION LIMITED**

MANOJ MEHTA
Digitally signed by MANOJ MEHTA
Date: 2023.05.15 17:43:00 +05'30'

(MANOJ KUMAR MEHTA)
Company Secretary & Legal Head

Encl: As above

"Birla Corporation Limited

4Q FY'23 Earnings Conference Call"

May 10, 2023

MANAGEMENT: **MR. SANDIP GHOSE – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER – BIRLA CORPORATION LIMITED**
MR. ADITYA SARAOGI – CHIEF FINANCIAL OFFICER – BIRLA CORPORATION LIMITED

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

Moderator: Ladies and Gentlemen, good day and welcome to the Birla Corporation Q4 and Full Year FY '23 Earnings Conference Call hosted by HDFC Securities. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rajesh Ravi from HDFC Securities. Thank you and over to you, sir.

Rajesh Ravi: Hi. Thank you, Darvin. Good afternoon, everyone. On behalf of HDFC Securities, we welcome you all to this Q4 and full year FY '23 earnings call of Birla Corporation hosted by us. From the management team, we have Mr. Sandip Ghose, MD & CEO and Mr. Aditya Saraogi, CFO, to discuss the theme. Thank you to the management for their time and I now hand over the call to the management team for their opening remarks, which will be followed up by Q&A session. Thank you and over to you, sir.

Sandip Ghose: Thank you very much, Rajesh. This is Sandip Ghose and I have with me Mr. Aditya Saraogi, our CFO. First of all, thank you so much for joining the call. I find a very large number of participants, which kind of warms our heart and for you taking so much interest and taking the time out to be with us. We are also, for us, this is a maiden conference, so we are also very excited to be able to communicate with you, engage with you. Since this is our first call, probably I will devote a couple of minutes to introduce the group to you because sometimes there is a bit of, although all of you are from the investor community, you have a better idea, but still sometimes, I find the construct of a group or the image of a group is slightly hazy in the external world.

We are part of the MP Birla Group. MP Birla Group was set up by Mr. Madhav Prasad Birla, who actually is not really known. He was the man, who had helped Mr. G D Birla set up many of his thriving industries from Hindalco to Saurashtra Chemical and many others. He was the man, who has assisted Mr. G D Birla, who is his uncle, to do that. But this particular company, Birla Corporation, our history goes back more than a hundred years.

We are the first Indian jute mill, which still operates and is one of the largest players in the jute sector. But Mr. M P Birla diversified the jute business into a multi-product company. After he passed away, his wife, his partner Ms. Priyamvada Birla took reigns of the company and the progress apart from on the industrial front, where we have other group companies in the cables field, we have it in Guar gum and others, but we have a substantial presence in the social sector.

Not many people know Bombay Hospital is something, we are associated with. The Belle Vue Clinic in Calcutta, which is one of the very well-known private nursing homes, are again part of our group. Similarly, we have the South Point School, which is part of the largest school in Asia as per the Guinness Book of Record in terms of number of students at a single campus. And it's one of the leading schools that's part of the group. We run educational institutions at other places. The iconic Birla Planetarium of Calcutta, again as MP Birla Planetarium, is part of a larger family. We have two major hospitals other than this, one in Chittor, which is a newer hospital, which came up, plus in Satna, which is one of the first hospitals, multi-specialty hospital, which is there.

We have a fairly large presence also in the social sector. And that's why, we say, our group's value is heart and strength. Our strength would define our emphasis on technology and excellence, and whereas, the heart is the way, we go about it, the larger good rather than pure business needs. And that's how this whole new – I was in the company at that point in time. Some of you know, I was with Birla Corporation earlier, then I took a sabbatical for three years and now come back as the MD CEO. At that point in time, this heart and strength motto was developed.

And we remain very close to it because that is the real ethos, which our promoters lived by. So, along with Mrs. Priyamvada Birla, Mr. Rajendra Singh Lodha, he was also part of evolution of the group. Mr. Lodha, again, is not known. He was not just associated with the M P Birla group, but he was associated with the larger Birla, at that point in time, the undivided Birla empire. He was one of the very close associates there.

And he had a very long, what I might say, an emotional connect with the entire family and the group. So, he, therefore, took keen interest in the evolution of Birla Corporation, when it was under the stewardship of Mrs. Birla. And he led it to afterwards, till his untimely demise, when Mr. Harsh Lodha, his younger son, who is a brilliant chartered accountant, he took over charge of the company. And since then, he has been leading it.

And a lot of you, who have been following the history of this group have seen that, how the group has been transformed under Mr. Lodha's leadership. The other very interesting thing about our group, if you see our board of directors, composition of board of directors, we have, in fact, a majority of independent directors on the board. And each of these people are of great standing and who are highly respected. So, to take a few names, we have Mr. D. N. Ghosh, who was a former chairman of SBI, a long banking experience, part of many company boards, Philips, Peerless, and many others. And he's there.

Then we have Dr. Deepak Nayyar, a very well-known, renowned economist, former vice chancellor of Delhi University, Jawaharlal Nehru University, and also, at one point of time, the chief economic advisor during the period, when the Indian economy went through the first round of liberalization. We have Mr. Anand Bordia, absolutely a very renowned person, again, bureaucrat, who is from the IRS service, who is known and who's also been involved in many industries. We have Mrs. Sailaja Chandra, who was the health secretary of the Government of India, in very critical times, like when there was a Surat plague. And then she was the chief secretary of the Delhi government under Mrs. Sheila Dixit. So, we have a profile of people like them. We have Mr. Vikram Swarup, who is head of the Paharpur Group of companies.

So, in fact, our board of directors have got more non-executive, independent directors than having either members of the promoter family or any related individuals. So, we are not only professionally managed, I think we have a very strong governance system, because all these people are of such impeccable credentials. They are very demanding as directors in terms of both performance as well as the compliances, governance, etc. But they also bring a huge experience bank to the table, which I personally can vouch for as, in my previous stint, as well as in the short stint after returning and taking charge of the MD & CEO, I have found extremely helpful and reassuring.

So, that's in a broad sense, the background to the group now coming specifically to Birla Corporation as it stands now. I mentioned to you, we have a jute’s business, but that's not the real focus of your discussion or interest, I would think. But today, we are a 20 million ton company. Our capacity has actually doubled in the last six years, which many of you know has happened, primary trigger was the acquisition of the Reliance business, Reliance cement business, which we acquired initially with the Maihar cement plant, which is the integrated unit and the Kundanganj grinding unit.

And what was significant was, as perhaps not known, we didn't get a business on the platter. When we took over the business, the capacity utilization of those plants was very low. And we were able to ramp it up not only to the, maximum capacity, both Kundanganj which, had a lot of incentives, part of being under the UP government, but also Maihar, which again, was an incentivized unit and modern plant, but we were able to take its capacity utilization very quickly, which to the almost maximum maxed it out, which something, which Reliance had not been able to do earlier.

But what was, I think more creditable for us, a lot of people didn't think Birla Corporation, which was then a smaller company, usually dealing in the lower end of the market, the price points would be able to handle the brand, taking over a new brand, and positioning it at the premium end. We didn't have the luxury, at that point in time, unlike some other companies, which went through a taking over process. They had a two year kind of a period when they could use the brand of the old company which they had acquired. In case of Reliance, we had just about three months window, when we had to just change it to a Birla Corporation brand, and thus was born Perfect Plus, which is the brand.

And very few people at that point in thought that we will be able to penetrate and position it at the higher end and not just in terms of the consumer, or the final product, but they didn't think that we will be able to attract the distribution system, we will be able to retain the sales force. They were used to working in a different environment at a different operating when we merged. I think that was the biggest success story over there.

And therefore, today, when I look at it, I don't look at the success of the Reliance merger, in terms of just acquiring physical assets of production, the real value of acquisition, which has been unlocked, is by the assets which we created both in terms of the brand, and the distribution or go to market, a route to market, which you would say. But simultaneously, what we were able to do, which I personally take a great deal of satisfaction, if not pride, is the integration of the distribution system, and also the integration of the manufacturing units.

Today, many companies, big companies are trying to do so called cross branding and other things, trying to produce from other people, but we did it way back in 2016, 2017, when there was a seamless amalgamation of making products, both of the Reliance brand, as well as the old legacy or heritage brands, they call them a Birla Corporation being produced equally from any of the plants. And that was achieved by, it's not easily appreciated by the kind of, quality parameters we established so that end consumer, I come from a, FMCG background, most of my life is spent with in the soap manufacturing and soap and detergent manufacturing company in the Levers, where we buy a soap or a toothpaste, you never look at where it has been made.

Unlike in the cement business, where people keep asking, which plant it has come from? Even for the bigger plants I remember people will ask, what this has come from Jamul or from Chaibasa or from some other place. And that used to be even in the case of ours, but today look at it. We supply products in the UP market from six different plants. And nobody ever needs to know or cares to know where it is coming from. We supply the UP market from Kundanganj, from Raebareli, from Satna, from Maihar, and on the other side, we bring it from the Chanderia as well.

Okay, so we are supplying them from all sides, to all and not just in restricted areas, there is clear swapping from one area to the other. But nobody really bothers today. And that is where today when you go into the market out there, nobody will tell you that we are a Reliance distributor, or we are as earlier they would call themselves Satna cement distributor. Today, everybody is a MP Birla distributor. Earlier people didn't think that, some of the top end, so called, quote unquote, A category companies, dealers will come to us. Today we have people very happy to join us. A lot of people keep coming, knocking at our doors. And I think the ultimate test of the pudding is in the people.

I recall even when I joined this company in 2015-16, a lot of people raised their eyebrows. But today, constantly we have people from the top companies, I don't want to take names, who are willing to come and join our group. So that shows the brand equity, the change which has happened. And why I'm emphasizing on this not to beat our drum. But because I think when investors talk about it, generally, we all talk about how many million ton capacity, what is the value of plants and the assets on the balance sheet.

But we don't tend to look at the valuation of the brands, as well as the valuation, what I call the commercial assets. Commercial assets, I would term as your distribution network, logistics network, and most importantly, the people, because without a sales force, who is able to position themselves. A lot of people try to position themselves just by launching a new brand at a premium end and between people who are successful and not depends on their ability to penetrate that. I think that's where the strength comes. And why again, it's relevant is this from here arises my confidence of what we are trying to go and do in Mukutban, which I think is a great deal of interest for a lot of you, being a newcomer in a totally new geography, how are we going to penetrate that market.

So that's kind of giving you a backdrop. And having come back, again, after a hiatus, after my sabbatical, I'm sometimes a bit amused to see from that when I was to be here earlier, four years ago, when we used to set out this, our quarterly press releases and bulletins, I started writing at that point in time, how much is the premium percentage in our portfolio. Today, I find that, not only everybody is writing day before yesterday, two days back, I found a Money Control article saying that how cement players are today trying to premiumize their portfolio.

So to some extent, we have been, I think, a little ahead of the curve in this matter. Because we today, our premium portfolio already, we are selling, we have reached 54% in what we call, the people may quibble as to what we call premium and what is the premium of other companies, if you would look at the so called earlier biggies, but that's not the point. What I would look at my premium, what was my modal price or the base price at which I was selling the cement earlier? And what is the premium which I'm commanding over that? And that is where, I think the point comes in, or when you look at blended cement, we come back to these points, we were at an 85%, much, much earlier.

When we had moved away practically, from OPC, except in very small markets, very small and non-trade as well, we had focused totally on trade sales, and that is a mix which still remains. We'll come back to it, how it has helped us even in the last quarter, despite prices remaining flat in the market, how we have been able to protect our realizations, and in fact, improve the realizations, despite a slight weakening in our key geographies, which is central India, we have been able to do. I think these strategies have paid off. And these are the strategies which we are trying to replicate in Mukutban.

And we are already seeing results of that. One of that we had touched upon, much to the surprise of our own, lot of our people inside and outside, we hit EBITDA positive in Mukutban in March end, last fiscal. And that, I think, was ahead of many people's expectation. And if you look at the total investment, the financial investment, which has gone in, what I call not loss, but I'll treat it as an investment, we have been able to manage the outflow for Mukutban at lower than what was initially projected in our internal budgets. And that's again happened because of this similar kind of strategy, which we are focusing and you'll find those,

I know some of you follow the market very closely, you've got a lot of links with the dealers, trades, and you've got your own market intelligence, you will find that our thrust even there is on the trade segment, and that too with Perfect Plus. And what is beginning to give us results today is that Perfect Plus has got established as at least it's our flagship premium brand, which today is positioned from a marketing language, if I call in the entire HSM geography, HSM stands for Hindi Speaking Markets, as they call it in media.

In the Hindi speaking markets with being there, I am today able to leverage national media to promote Perfect Plus across all these relevant geographies, which is UP, Bihar, Madhya Pradesh, Haryana, wherever our footprints exist, Rajasthan, and now going down to Madhya Pradesh as well. So that is the synergy which we have got. And that is part of a strategy, which I don't think is easily realized. And that's what differentiates us from many of our peers in the same league or in the same mid-cap or mid-size brands, which you've got the kind of synergies, the way our growth has come. Our growth has not come in disjointed manner that you are there present in one region in the east, and then you've got a pocket of presence right in the west.

Our growth has happened contiguously. So, if you see from Bengal, we are not present in Chhattisgarh of course, Odisha of course, but from Bengal, you can draw a line and take us all the way once to the west, and then if you come down towards Maharashtra, I'm digressing a bit. And the importance of that is, again, something which people haven't realized earlier, I'm underscoring. Some may not have realized, I shouldn't be presumptuous in saying.

Today, people say, what will you do with your clinker in Mukutban? But one doesn't realize my clinker from Mukutban can reach Durgapur as cost-efficiently as we could do earlier from Maihar or Satna. And in the process, my Maihar and Satna clinker is getting released if I take excess clinker from Mukutban to Durgapur, my Maihar and Satna clinker is getting released for UP and Madhya Pradesh, which are my most profitable markets.

So that is what's giving us, people when they ask me, how will you leverage if you don't have additional clinker capacity, where will you get your margins coming from? And that's the little bit of a clue you have that how we've been able to manage our results in the last quarter. It is by no sleight of hand, no accounting jugglery. It is these kind of adjustments which have allowed us to deliver the results which we have in the last quarter.

Again, Mukutban does not restrict me to be selling only in Maharashtra. Surely, I'll sell in Maharashtra as much as I can. And as it becomes profitable, more viable, obviously, I'll maximize Maharashtra. But today, from Mukutban, I'm able to supply on a contribution positive basis to South Madhya Pradesh. And what's that doing for me is releasing South Madhya Pradesh capacity for me from Maihar, which I was selling earlier. And today, Mukutban can supply all the way to Khandwa. Even if I want to take it, I can take it all the way up to Jabalpur, etc. But I may or may not take it. But I'm able to supply Southern Maharashtra. I'm releasing that amount of clinker and volumes for me to go and sell in my core markets and protect my market shares there as well as my price point there.

So, from Mukutban, I have been supplying South Madhya Pradesh. From Mukutban, I've been able to take material, now those of you who keep a tab in the market would know an area which was out of reach for me earlier, which was South Gujarat, which was not viable for me to sell from Chanderia, where I could take it. Today, Mukutban is giving me a reach there. Not to mention when Telangana becoming more, the price positions improving there, Telangana is my proximate market.

So, some of these elements which are happening, I think that's together, it gives us a great deal of confidence going forward. I don't want to repeat to you what are the, the demand projections in the geographies where we are there. All of you know that much better than me. But it gives us confidence that even if the price situation remains static going forward, we are quite well placed in the coming year to realize our ambition.

Having said so much, I will take a pause and pass on to my colleague and CFO, Mr. Aditya Saraogi, to give you some more, idea of the financials before we come back to taking questions. Thank you.

Aditya Saraogi: Good afternoon, everyone. So, in the fourth quarter, we have posted an EBITDA per ton, including Mukutban of INR615 per ton, which is marginally lower than what we had done in the corresponding quarter previous year, which was INR650. So, there is a drop of about INR35 odd. That's mainly on account of higher fuel costs, which to a large extent we were able to mitigate by higher realizations. On a sequential basis, our EBITDA per ton has grown by INR240. Now, that's a function of higher realization, which as Mr. Ghose explained, despite benign market conditions, we have been able to improve by better geo mix and higher blended cement and higher premium category of cement, as well as reduced costs. I now request the audience to come up with their questions.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Thank you. First of all, thank you for hosting the call. I hope we will continue to doing calls after every quarter results. It would be a great opportunity to interact with the management. I have three broader questions. First, definitely on the Mukutban. In terms of the volume, it is also good to see that we have now turned EBITDA positive in the month of March. So, how much volume we have done in the fourth quarter and the FY '23?

How we are looking at in the FY '24 and FY '25 in terms of increasing the utilization? At the same time, in terms of the profitability, now we have turned into EBITDA positive. How are we looking at FY '24 as a full year? Can we see the EBITDA per ton equal or maybe higher than the existing plans for the Mukutban? Also, in terms of the incentives for the Mukutban, what are the incentives? If you can quantify also how much we have booked in FY '23 and how we are looking at FY '24 and FY '25?

Sandip Ghose: I would like to take the first part of the question and clarify certain things about the strategy of Mukutban before getting into the specific numbers of volumes and incentives, etc. Our first objective for Mukutban is not to ramp up just for the sake of ramping up but ramping up profitably. And when we talk of ramping up profitably, my first level is ramping up the clinker capacity. Because unless I run my plant in a continuous basis, my cost of production goes up. And that is why I hinted to you that Mukutban clinker, we would be using not just in Mukutban, maybe in other places as well, because that is what is going to give me better utilization of my clinker capacity.

Now, thereafter, my trick in Mukutban is how my costs come down. One of the problems which we faced in the previous year was Maharashtra much to the contrary to expectation, prices in Maharashtra had not gone up. In that situation, if my costs were high, my ability to spread across in the market was difficult and some of the growth which was coming from the infrastructure segment, which are obviously into OPC and it is at a non-trade, at a lower level, I was uncompetitive there. But that is going to change dramatically, has already changed. That is what has made us now today EBITDA positive, because my costs have started coming down. And as I utilize my plant better, my costs will further come down, increasing my competitiveness in the primary and the secondary market of Mukutban to increase my volumes.

So, what is relevant is not really what we have done in the last quarter, but my kind of exit numbers. I exited month of March at about a 1,00,000 tons of cement from Mukutban and we want to exit next year at about 2,00,000 tons in terms of cement from Mukutban. And obviously, the average will be somewhere in between 150-160 would be the average through the year in terms of cement when you are talking about. But my clinker utilization correspondingly, we expect it to be much higher, because my ambitions in other zones are high, which will, allow me to take Mukutban clinker either through swapping, by which I swap close by and I use other clinker in my plants afar. Or as I told you today, if you look at the map before you from Nagpur to Durgapur is not that far as people think compared to Maihar to Durgapur, etc.

So, there are options for me, I could be swapping Mukutban clinker, getting clinker in Durgapur from somewhere else, or otherwise to be using my therefore corresponding clinker utilization would be much higher than the 2,00,000 tons which I am talking about of cement when I am exiting the year.

Shravan Shah: Yes, that's a great thing. Just a second one on the broader costing in terms of reducing the overall cost, not only the, definitely Mukutban you have mentioned, sir, but as we mentioned in the press release in terms of the projects required and for lease. So, broadly, if you can highlight in terms of the raw material, logistics, power and fuel, so including the increasing the mining, the coal production, how we are in terms of and also if you can quantify in terms of the number broadly, how are we looking at in terms of reducing the cost in the next year FY '24 broadly?

Aditya Saraogi: On account of these specific projects that we have undertaken on part of the management, we expect a saving of at least INR50 a ton. And coupled with that, the better realization in terms of better blended cement, higher volumes and higher premium cement, our overall profitability is definitely going to be much, much higher than what we have done in this year, which was an aberration because of Mukutban being the first year. Just to give you a sense, when we started Mukutban operation, our variable cost of cement was more than INR4,500 and when we exited in the month of March, it was less than INR2,800. So, you can now understand with that kind of a cost structure at the beginning, the more we sold, the more losses we would have incurred. So, we were deliberately not pushing the volumes.

Now that our cost at Mukutban has become competitive, in fact, in the next financial year, it is going to come down to another INR300, INR400. So, with this cost competitiveness, we will now be in a position to ramp up our volumes. Coming to questions regarding incentives…

Sandip Ghose: Just one minute. On the cost, please keep in mind two things. When you are talking specifically Mukutban, one is our incrementally or linear reduction of cost, which we are doing, but there are certain options available to us, I do not want to elaborate, which are also going to give us step change in cost reduction. It is to do with raw material and fuel, etc, which is going to come.

We have already commissioned the WHRS. On the fuel and power side, there will be other things which are going to give us step change or a step reduction in cost over there.

But similarly, nationally, if I were to take this thing, we are one of the companies which will be using a maximum percentage of our own coal because of our captive mines, which is going to go up further. We have got a lot of work to do on AFR, which is now picking up, so our percentage of AFR will go up. Also, our alternative energy, green energy that is the thing which will go up, so you will see much more improvement though Aditya is saying about INR50. We will not commit anything right now, but we expect our ambition is to do much better than that on the cost front.

Aditya Saraogi: Of course, that INR50 did not include the savings that we expect from the commissioning of the Bikram coal mines in the second half of this year. So, those are purely on the account of the improvement projects that we have considered at the operational front. Coming to incentive on Mukutban, one question was asked, so it is approximately INR600 per ton, but that will start getting reflected in our P&L only towards the middle of H2 of this financial year. So, the full effect of the incentive will really be seen in the result of the next financial year.

Sandip Ghose: You might like to explain to them why?

Aditya Saraogi: Yes, because currently, we are availing of the input tax credit, which got accrued on account of capital expenditure that we did. So, till such time that input tax credit gets consumed, we are not required to pay GST to the government. And since we are not paying any GST to the government, so there is no question of getting any refund of the GST. So, that situation of payment to GST will arise towards the middle of the second half of this current year. And that's when we will start accruing the incentives of say about INR600 per ton in our P&L account.

Sandip Ghose: And just to give you a lead, so today when I am selling, I am that's why under no compulsion to sell everything in Maharashtra at incurring a high loss. I can restrict my Maharashtra sale instead of trying to spread thin and go beyond. I am able to sell Maharashtra in my proximate areas of Vidarbha and other markets, whereas I have the flexibility to sell the same quantity if I get a better realization, whether it's in MP in Gujarat or in Telangana. And once my incentives start kicking in, that's going to change the game. That's going to be a game changer as far as Maharashtra is concerned. And then I can really go all out.

Aditya Saraogi: So, we have been able to achieve this EBITDA positive status without the incentives.

Shravan Shah: Got it. Last part on the expansion and the date front…

Moderator: Sorry to interrupt, sir. We request you to please rejoin the queue if you have further questions. Ladies and gentlemen, in order to ensure that the management is able to address questions from all participants in the conference, please limit your questions to two per participant. You may rejoin the queue if you have further questions. The Next question is from the line of Rahul Jain from Credence Wealth. Please go ahead.

Rahul Jain: Thanks for the opportunity and congratulations on a good set of numbers and also in terms of being positive on the Mukutban plant. Sir, two questions. One is with regard to the expansion, the roadmap ahead for our next phase of growth to enhance capacity to 25 million tons, which you have talked about in a couple of AGM interactions in the last two years. Both, and if you could share some details with regards to the clinker and the grinding capacity, which we are going to add, the location for the phase. Is there any inorganic expansion opportunity being explored? So, what I'm trying to understand is the expansion roadmap for the next two years, three years?

Sandip Ghose: Two things you need to keep in mind. In terms of reality, there is a COVID situation which happened, which delayed a lot of plans, including our Mukutban expansion. There was no problem from our side, but in terms of the construction and everything, it went ~~up~~. So, now our first objective would be to not only maximize capacity utilization, but as I said, make it maximize it in the most profitable way. So, you, this 25 million ton target remains, so does our 30 million tons going forward. All of that remains, but there may be a change in timing.

In terms of sequencing, our next priority would be setting up the second line in Maihar, which we will look at and then start also putting the grinding capacities for that additional clinker, which is going to come in. And for that, we have got three or four options which are lined up, but we will go in terms of hierarchy and depending on how the market evolves. So, that is how it will go. But we have today enough, shall I say, I will not call it headroom, but I will call it elbow room to optimize our existing clinker availability more profitably and generate the cash flow, bring down our leveraging so that we are able to undertake the next expansion at a time of our choosing, depending on how the market is going.

Rahul Jain: Sure. My second question is about the power and fuel cost. Am I audible?

Moderator: Yes, you are audible.

Rahul Jain: Sure, So, sir, with regards to the power and fuel cost and the inventories of coal and coke and coal and the pet coke, from the data available through the results, like last five years, except for FY '23, our average power and fuel per ton cost used to be around INR1,000 to INR1,100 range, which last year for the full year went up to INR1,500.

And in the previous three quarters, we were averaging around INR1,600, but we have done exceptionally well in the fourth quarter when we have been able to bring this down to around INR1,290, INR1,300 per ton. So, how do we see this going further improvement with regards to the various initiatives on WHRS, captive power, our own coal coming in, the inventories which we have. So, if you could share some details or some light on the power and fuel cost going ahead?

Aditya Saraogi: See, my own sense is that in the next financial year, our power and fuel cost should be lower by about at least INR250 a ton, if not more. On account of various initiatives that we are taking, whether it is waste heat recovery or our own starting of Bikram coal mines and even the solar power plant that we have set up. So, it should notch upto INR250.

Rahul Jain: So, Aditya sir, just to clarify, this INR250 you are talking from the amount, from the fourth quarter that is INR250 incremental from INR1,300 per ton?

Aditya Saraogi: From INR1,500, there is a fourth quarter was INR1,500, no?

Rahul Jain: Fourth quarter is around INR1,300 sir, power and fuel cost per ton. For the full year, it is INR1,500.

Aditya Saraogi: Yes, from INR1,500, we are expecting a reduction of more than INR250 per ton.

Rahul Jain: Sure. Thank you so much. I'll come back.

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

Amit Murarka: Hi. Good afternoon and congratulations for hosting this call and thanks a lot for hosting it firstly. So, on Mukutban, you said that you have not sold much in Maharashtra. So, how are you placed on the distribution network there and when do you plan to build out the distribution network? That's the first question.

Sandip Ghose: Don't get me wrong. I have not said we haven't sold much in Maharashtra. Obviously, when I am selling 1,00,000 tons, my majority will be in Maharashtra. But my distribution network, as you are saying, I would first concentrate, I have my seeding done much further, almost all the way up to Pune and on this side of Bombay, etc. But there is no point in my activating that network beyond a point until I am able to profitably supply those markets.

So, when I am selling 1,00,000 tons, I would be selling at least 80% of that within Maharashtra even now. But I would focus in the more proximate markets of Vidarbha, Khandesh and I would consider right next to us the Telangana area, Nizamabad and all those things is also being proximate markets. Those is where I will concentrate first. Rather than push myself thin to go further down to Aurangabad, Pune and other places until I am profitable.

But that is a dynamic situation. As Mr. Aditya Saraogi has said, the way my costs are dropping, it's a matter of every other day when you will find me expanding my footprint and for that I am ready. We have earlier shared with you numbers which I don't have handy as to how much, how many distributors and other people we have already appointed. Our sales teams are ready. But right now, I am focusing and concentrating, bringing my troops in too much more to operate in my proximate areas within 150 to 200 kilometers of my plant before I spread next to the 300 kilometers or so range, 250 to 300 kilometers radius is what I will move after this.

But at any point in time, you will find at least 80% of my volume from Mukutban, the cement volume will be sold in Maharashtra. And once the whole incentive kicks in, then as I said, the ballgame will change. And by then I suppose I will be on my third con-call with you and then we will give you a better picture.

Amit Murarka: Sure, just to understand this better, but you said that the incentives have not been accrued. So if you are already selling, won't some incentives accrued for the GST credit?

Sandip Ghose: How it works is, first, before you start getting the incentive, all my GST which I have paid before and which is mainly on account of the plant that is lying to my credit. So first, that will get offset. And after that has got offset, only then I will start getting the incremental credit which will go into my bottom line.

Amit Murarka: Ok, Understood.

Aditya Saraogi: So actually, just to clarify, whatever GST we charge from the customer, so that is not required to be paid because we have got a credit lying in our books. So we use that credit to set up against the payment that is required to be made. And since we are not making any payment of GST, we are using our input tax credit which is lying with us. And that's why we are not making payment and since we are not making payment there is no question of claiming reimbursement from the government. Once we start making the payment, once we exhaust the full amount of input tax credit, that's the time when we will start making payment of GST to the government and then claim 100% of that GST from the government. I hope I am clear.

Amit Murarka: Understood. What is the total quantum of the incentive in rupees crores?

Aditya Saraogi: It is 100% of the project cost. So it will be around INR2,300 crores. And it is available for a period of 20 years and 100% of GST is available.

Amit Murarka: Sure. Got it and in the existing plants of Reliance, are there any existing left or they have all expired?

Aditya Saraogi: No, we have incentives in our Kundanganj plant.

Amit Murarka: And when does that expire?

Aditya Saraogi: By the end of this financial year.

Sandip Ghose: End of '24. I saw somewhere somebody saying that it is '23, it has expired. It has not expired. We still have at least a runway of one more year until other changes happen, which we will discuss at an appropriate time. But we still have a full year to go before Kundanganj gets exhausted.

Amit Murarka: Sure sir. This is the last question from me. On Kundanganj, there was a plan to add 1.2 million tons there. So what is the status on that?

Aditya Saraogi: See, for your information, our rated capacity in Kundanganj was 2 million tons. So by internal optimization alone, we have been able to ramp it up to 2.7 million tons. And since we did not have visibility on clinker, that's the reason we did not make additional investment on the grinding unit immediately. So what we are going to do, as Mr. Ghose explained, we are going to align our next phase of setting of grinding unit with the Maihar line through expansion, so that we have got clinker to support the grinding units. So that is the manner in which we are going to expand our business.

Amit Murarka: So you think the Chanderia debottlenecking, clinker debottlenecking, actually you didn't have the visibility on that one?

Aditya Saraogi: No, That has already happened last year.

Amit Murarka: Okay, sir. I'll come back in the queue.

Sandip Ghose: And you see, for the rest, not just answering your question, Chanderia clinker, if you see the overall clinker balancing in the northern region, there is enough demand for Chanderia, clinker to be used in its own native markets. The native market would be Rajasthan and going down south into Gujarat and also up in towards Haryana and Western UP.

So there is not going to be excess clinker available to me from Chanderia to take into Kundanganj and that will not be the most economical way to do it. But whatever we are getting today is 2.7 million. We will feed that. As I told you, getting a cushion from what we are getting from Mukutban and saving on some supplies, which we were doing earlier to Durgapur, we will be able to utilize Kundanganj much better this year, demand supporting.

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

Moderator: Ladies and Gentleman we request you to please restrict your questions to 1 question per participant. The next question is from the line of Kamlesh Bagmar from Lotus Asset Managers. Please go ahead.

Kamlesh Bagmar: Yes, thanks for the opportunity, sir. Sir, all said and done like, you have a high-trade cement share, blended cement, and I believe, based on your data, your premium cement would be highest in the industry. But despite that, your margins are the lowest in the industry, if I compare with your peers. So why is it the case, despite the fact that, there was so much of harping being made on the part of blended, premium cement, every aspect of the cement production?

And secondly, sir, our growth in the month of April has been hardly around 4% to 5% in terms of sales volume, despite the fact that, the industry has grown at 15%odd and we had a benefit of the capacity addition at Mukutban. Why we have not been able to ramp up the volume?

Sandip Ghose: First of all, I don't know, where you have got the figures of April from because we don't have that data to show that industry has grown by 15% and we have grown far lower than industry. I don't know the validity of that. So I will not be able to comment on that point. There is very little ramping up, which we need to do because our mother units, if I were to call them, leaving Mukutban, they are all operating some at even higher than 100% capacity. So, where is the ramping up opportunity, you are seeing? I am missing that point too.

Yes, our margins to some extent are curtailed, especially certain plants of ours. The cost is higher. Like you know my cost of limestone in Chanderia is higher. My Satna plant is an older plant. So the costs are higher. Mukutban, we have already told you, we are in the process of pairing. So it is not a question of, we are not harping on anything. We are just stating facts before you. The facts to be verified in terms of our numbers of, how much of each brand we sell and what is the price, we sell and what is, I am sure your market checks in and dealer connects will tell you, what is our price points in the market.

So there is no question of either harping or making claims, which do not stand. Those are based entirely on facts and facts, which can be, as I said, validated. So I really do not know where you are coming from in that point. Costs are an issue and costs and there will be various factors. If somebody is selling right next door and if he has got a 4.5 million tons capacity and he is selling right next door to the plant and when I have got a 20 million tons capacity, my lead would be higher. I am bringing sometimes clinkers from Chanderia into the center, somewhere I am sending from, my cost would be higher. If I had a one million ton capacity and I sold within 100 kilometers of my plant, I would obviously have much higher margins.

So I do not know, whom you are comparing as peer group. Peer group comparisons have to be done on a like-to-like basis, not because somebody has a plant right next door to me. But in terms of, similarly on the reverse side, if you are looking at Mukutban, my neighbors, there are big plants, older plants, which have got their captive, right next to the coal blocks. So their power costs are lower. Obviously, their costs would be very different and their mining costs are lower. So that will be different. We have to see each element. But assume that, I did not have any of these premium volumes, which has been created over the last six years, seven years, what would have been my profitability compared to anybody else?

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor Company.

Saket Kapoor: Namaskar Sir and thank you for the opportunity and we look forward for the continuity of the con calls going ahead also. Ghose sir, as you were mentioning that, about the actual numbers in terms of volume, but at least you could give us some color, since this is the peak season for the cement, what are the pillars on the ground currently, in terms of the, what the exited March and how the situation is currently in terms of the offtake, especially from the government projection also, both from the trade and the non-trade segment?

Sandip Ghose: Saket, you have been in the trade, you have been observing the trade much longer than I probably have been, though you are much younger than me. April is not the yardstick for the season and April is not really when the thing starts and when you have one company selling 100 million tons in March end to completing that, what is the impact it has, on the market and while others are also not giving. So I don't know again where the figures of 15% growth in April comes. You live in Kolkata, you know, what the situation in the Bengal market today is. You know, the pricing situation in the Bengal and the Eastern markets and the conditions of the rains, which are untimely rains, which have happened in certain other parts of the country, all these are factors which are there.

But once, as I think our overall projection as most analysts have given, most of the firms like CRISIL and others have given, one expects the healthy growth in volumes this year. None of us are optimistic about huge price jumps, as has been seen and some of you have reported. Attempts at price increase have not gone through or reverse/rollback and that is also due to certain industry dynamics, which are going on right now, which I can't spell out. All of you are aware of what is happening between some big players, each one having trying to secure their position.

So we are, our strategy is based on that prices are not going to go up significantly. Volumes are going to move in a healthy manner unless there are any major dislocations, disruptions or hiccups going forward. And last bit, what you are talking about in terms of the government spending, yes, I think I have written, I have said before, I am very, very bullish on the India growth story and everybody is coming to recognize the investments that, have gone into infrastructure. Those are going to bear fruit.

Like one has seen such things happening already in the western market like Gujarat. Gujarat you would have seen had gone through an exponential growth in the last year, which boosted up certain companies' profitability because with bullet train, with the expressway, everything and all the development, which is happening on the two sides of that, that had boosted up Gujarat. The same thing I expect to see in Maharashtra now and most importantly, with states like Madhya Pradesh, UP, both in the run-up to the 2024 election and in the run-up Madhya Pradesh and Rajasthan, run-up to the 2023 end elections.

You will find government projects like Pradhan Mantri Awas Yojana catching speed and that is a sweet spot, for a company like us, which operates primarily in what I call the rurban markets. The rurban, I mean rural and the small towns, that is tier 2, tier 3 towns kind of market, which are on the outskirts.

That is, where our strengths lie and especially in the Hindi heartland, the HSM area of Madhya Pradesh, that is my core area of Uttar Pradesh, Madhya Pradesh. So I am, fingers crossed, I am very optimistic about getting results there. UP is going great guns just now in all respects. Rajasthan should be doing well. Western MP is, as all of you know, Western MP, I am very well positioned. If you do some market checks, my Perfect Plus has established its position in the Indore and adjacent markets very well. So I am quite confident of that going. Keeping in mind, being very realistic about prices and not going to anything coming up on prices is going to be a bonus for me.

Saket Kapoor: Sir, small point on the EBITDA per ton, sir? We did INR615, that is taking into account good one also and now with the volume expansion coming towards from H2, what should be the ballpark number or what should be our endeavor going ahead, as a combined entity for the EBITDA per Ton numbers? What are we eyeing, say, if you could give some color to it in, what ballpark number we can do, going ahead?

Aditya Saraogi: Our sense is, we are working with a number of INR850 per ton for the next year.

Saket Kapoor: Okay, that is the average we are looking at?

Aditya Saraogi: Yes, average.

Saket Kapoor: That is a significant jump. Including Mukutban…

Sandip Ghose: Including Mukundban, including our incentives kicking in in the second half.

Aditya Saraogi: Just to give you a sense, our EBITDA per ton this year inclusive of Mukundban was around INR480 per ton. So from there, we are looking at a number of INR850 per ton for the next financial year.

Saket Kapoor: Okay, and for the utilization level, sir, can you give some color, what kind of cement volume we are looking, the in-current cement volume, we are eyeing for the next year?

Aditya Saraogi: We are looking at more than 15% growth in volume terms.

Saket Kapoor: Okay, so on a base of 15.73 million, we are looking at?

Aditya Saraogi: More than 15% growth in volume terms.

Saket Kapoor: 15% on a 15.73, which we have done for the year.

Aditya Saraogi: More than 15% growth.

Saket Kapoor: Okay, sir. And lastly, on the jute part, sir, although it is a very…

Moderator: Sorry, to interrupt we request you to please rejoin the queue.

Saket Kapoor: Yes, I will join the queue. And all the best to the team, sir. Thank you.

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

Mangesh Bhadang: Okay, and congratulations, sir, on a good set of results. Sir, very short and crisp couple of questions. Firstly is on the limestone availability. So do you think that any of our plants would face the scarcity? And second one is on our coal blocks. So I just wanted to have an update on the Bikram and Brahmapuri blocks when they would be operational?

Aditya Saraogi: So on limestone, I can state that in each plant of ours, we are having at least 20 years of reserves. Now coming to the coal blocks, as I also already mentioned, Bikram we expect to start in the third quarter, October to be precise. And Marki-Barka, we expect to start in November of 2025.

Mangesh Bhadang: That percent of the total central requirement will be met. And if you can give some idea in terms of rupees per kg?

Aditya Saraogi: Once Bikram is fully operational, about 38% to 40% of our Kiln requirement will be met through captive sources. And once Marki Barka is also fully commissioned, about 60% of our total fuel requirement at kiln, will be met through captive coal blocks.

Mangesh Bhadang: Okay, so just final rupees per kcal cost of the domestic coal compared to the current fuel cost – the cost of the domestic coal in rupees per kcal term that you would incur at your kiln?

Aditya Saraogi: Domestic coal?

Mangesh Bhadang: Yes, sir.

Aditya Saraogi: Versus Bikram?

Mangesh Bhadang: So the cost of that domestic coal on rupees per kcal basis, how much it would be compared to the current cost that you are incurring for all the rest of the plant on a rupees per kcal basis?

Aditya Saraogi: So, domestic coal cost currently will be between, let's say, 1.55 to 1.7, 1.75 depending on the region. And what is the second part? And the pet coke prices will be slightly higher in the region of 1.9 to 2.

Mangesh Bhadang: Okay, sir. Thank you.

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

Prateek Kumar: Hello, yes, my first question is on your guidance. So last year when we started hearing commentary on your media interviews, we understand there's a 15% growth guidance given for FY ‘23 for volumes versus what we had like 10%, 11%. So where did that come from? Whether it's from Mukutban or other central operations? Secondly, what is the target capex for FY ‘24, FY ‘25 of the full year?

Aditya Saraogi: Yes, the question was not very clear, but it's related on volume. As Mr. Ghose mentioned, we consciously cut down our ramp-up of volumes in Mukutban because the more we were selling, because of high cost, the more losses we were incurring. So our focus was really on the rationalization of cost and containing the losses rather than the mindless volume ramp-up.

Sandip Ghose: If your question is where the 15% is going to come from, it is going to come from Mukutban, as I said earlier. Mukutban, we have exited at about 1,00,000 tons, we expect to exit at 2,00,000 tons next year. We have got elbow room in Chanderia, where we are going to increase in Chanderia. We have got in Durgapur and we have got rationalization in central India.

So it will be fairly well spread. Our objective would be to get a maximum growth in the profitable areas, which is our most profitable areas, which I would say, which is central India, where we would get it, but overall it will be fairly well spread across the region. So Mukutban itself will give us at least a bump of average 1,00,000 tons per month.

Moderator: Thank you. The next question is from the line of Navin Sahadeo from ICICI Securities. Please go ahead.

Navin Sahadeo: Yes, good afternoon, sir, and thank you for the opportunity. It is great to interact with you and hear your views Sandip sir. So thanks again for hosting this call. Sir two quick questions. One is, you mentioned that for future growth, the next point, or like you may look at line two at Maihar. Now, given it takes roughly two years for the capacity to come on board or at least one and a half year at best to get that capacity on board, what would you say as the tipping point to kick start this project? Would it be a utilization of certain, like, that you have in mind that once that it hits, that you think you should go for line two, or is it going to be some comfort on the net debt to EBITDA front? What would exactly that be?

And my second quick question in the interest of time is, what is the current status of incentives receivable? I think this is more for Aditya ji. So what's the status on current outstanding incentives, especially from West Bengal, because we recently saw some other cement company provisioning a loss on that particular front? So your views will be really helpful. Thank you so much.

Sandip Ghose: Before coming on the incentive, I'll just take your point quickly. As for the clinkerization unit, there is both, the outlay is much larger as well as you rightly said the time. It all depends this is slightly fluid in today's world. We have to look at it from quarter to quarter. If markets improve, if my cash flows improve, I could be looking at a grinding unit in Eastern India, which I can still feed from Mukutban in terms of my additional clinker, and that might come up before I look at a Maihar line expansion.

The Maihar line expansion, as soon as I go, that's as you said, it depends on my balance sheet, how much money I do. And if that is not happening, maybe I'll first go for Maihar. So these things will get greater clarity as we move along. But we are quite confident that, as I told you, our existing capacity to give the reasonable growth, both in top line and bottom line, we are well-placed. There are various levers available to us, including increasing the level of premium which we have got on our brands. I hinted about it to you that today my ability to more cost effectively invest on a brand like Perfect Plus has increased a great deal.

So I would have opportunity to increase my margins, my premiums on those brands across the markets, expand this footprint, do other innovations. So those also will give me, so we are looking at both the top line and bottom line to meet the market expectations or street expectations to keep us going. And we will go in for the investment, we'll cut the coat according to the cloth available. I'll leave it to Aditya to respond on the incentives.

Aditya Saraogi: Yes, specifically on West Bengal incentives, we also have some outstanding of INR140 crores odd. But recently, because we are not getting the money, we had approached/filed a petition before the High Court for recovery of the amount. And we are pleased to inform that sometime back, the High Court was pleased to direct the state government to pay us the incentives, which we still haven't got. So we have again gone to the High Court, against the state government, with a plea that the incentives be disbursed immediately.

Navin Sahadeo: Yes, correct. But the annual accrual is on the higher side and actual receipt is much lesser. Is that a correct understanding? Because last year also we had.

Aditya Saraogi: See, actually, in this year, just to tell you, our receipt of incentives was about INR200 crores. And our accrual was also similar to that. And that was only because in Uttar Pradesh, there were certain procedural issues. So you will find that this year, receipt is going to outstrip the accrual to a large extent.

Sandip Ghose: You have to segregate between West Bengal and the others. West Bengal is a very typical case. And in the old case, we are not accruing anything more in West Bengal. It's an old and frozen case. It is only a question of our being able to take the money out. And we have got comfort from the High Court ruling that, it should happen sooner than later, or sooner or later, it will happen. As far as Uttar Pradesh, Madhya Pradesh goes, we don't anticipate a problem. It's a timing issue.

Last year, there were certain procedural delay has happened. But there is no mismatch between accrual and Madhya Pradesh in any case, there's no further accrual. That's over. Uttar Pradesh, that's happening. And as soon as they start releasing, we should be better off.

Navin Sahadeo: Great, sir. Great. Thank you so much and all the very best.

Moderator: Thank you. Ladies and gentlemen, that was our last question for today. I would now like to hand the conference over to Mr. Rajesh Ravi from HDFC Securities. Over to you, sir.

Rajesh Ravi: Yes, thanks to everyone for participating in this call. Sir, would you want to make any closing comments before we conclude the call?

Sandip Ghose: I would like to, only thing I missed, only thing I missed adding is we now, as we have said, our management E-team, we've got a new E-team, which are two very valuable additions. We have Rajat Prusty who has joined us from Adani or formerly ACC as the Chief Manufacturing Officer and Projects Officer. Mr. Prusty brings in a long experience in ACC, about 30 years of experience starting from the mines. He has worked in grinding units. He has worked in integrated units. And then, he worked in projects.

And essentially, he has worked in, so he has long innings. And then he was in the combined ACC-Ambuja setup. He was the CMO of two large geographies. From there, he has joined. So, Mr. Prusty is a great addition and he has already brought in a new energy, into the manufacturing side, as you are seeing, as you yourself noted in the Project Shikhar initiative, which we have started.

And we have got Mr. Kalidas Pramanik. Again, Kali has got a very, very interesting mix of experience. He spent 15 years in the cement industry, largely with ACC. From ACC, he went into an adjacent industry, which is fertilizer. He was the All India Head of Logistics and Marketing in Coromandel Fertilizer, one of the finest and best managed fertilizer companies. And from there, he has come to us.

So, he brings the good blend of logistics and sales experience. And as you know, in cement, how important logistics is and that is where the next, what I say, the wave of innovations will happen. So, he will add value. And one of Kali's specialization, while he was in ACC, he was the man implementing, the wholesale price management in India.

He also had launched the F2R, which was launched by Holcim against Concreto of Lafarge. He was the person who launched it there and he pioneered the wholesale price management. So, I expect Kali to bring in a lot of commercial insights and marketing insights in terms of increasing both our price positioning and premium positioning here. And in addition to that, we have got some other additions in the team.

We have a new head of IT, who has joined us from Penna Cement, Durgamadhab Mohanty. He was there. He would bring in probably a lot of changes in digitization, especially on the manufacturing side, where Penna had done a good work. And then, we have our younger team, Mr. Tamal Pal, who is heading our strategy. Tamal has been very instrumental in getting the new mining leases for captive coal mines, Bikram, Marki-Barka. These have been initiatives, which is been led by Tamal.

We have strong CPD under Sanjeev Daga, which is now a centralized function. CPD is the procurement division centrally. Mr. Aditya Saraogi, of course, everyone of you know and interact with and we have with him Mr. Arun Agarwal, who is our CFO. He is an old hand. He knows everything about Birla Corporation. He has been here for over 20 years. They are working through various functions. So we have an extremely strong, young, dynamic team and that's why we have started on these initiatives, which you have seen called 4V. 4Vs, I will just spend a minute, and 4Vs and OKR.

OKR, is the objective and key results. It is the methodology followed by companies like Google. It was started by Intel, Adobe, Microsoft and all of them and many other companies in India. The importance of OKR is, they realize that today's volatile environment and dynamic environment, you need to keep your end objective clear, your longer-term vision clear, but work in short time horizons of three months with very, very specific objectives with results, which will be visible, which will show you, where you are going.

And we saw, the first impact of this, in our last quarter's performance and when we talk of 4Vs, we first talk of vision, which as I was telling you, is the long-term objective, but when the next vision is, we are saying values, we are moving to a culture of value creation. Value creation for all stakeholders, not just investors, everybody there.

But the third is most important in today's context is velocity, which is the speed of action. Speed of action, we include the speed at which you correct your mistakes. Mistakes will happen, situation will change there and finally is the visibility because whatever we do has to be visible to stakeholders and to everybody to perceive that, the action is really happening rather than our talking in conference calls. Thank you very much and a great pleasure being with you all. Bye. Moderator, you can conclude the call now.

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