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15th November, 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 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, 2023**

Pursuant to the provisions of Regulation 30 read with Part A 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 9th November, 2023 at 1.30 P.M. (IST) on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and half year ended 30th September, 2023. The event concluded at 2.31 P.M. (IST) on 9th November, 2023.

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: 2023.11.15 15:38:40 +05'30'

(MANOJ KUMAR MEHTA)
Company Secretary & Legal Head

Encl: As above

“Birla Corporation Limited

Q2 FY '24 Earnings Conference Call”

November 09, 2023

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

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

Moderator: Ladies and gentlemen, good day and welcome to the Birla Corp Q2 FY24 Results Conference call hosted by HDFC Securities. As a reminder, participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and zero on your touchtone phone. Please note that this conference is being recorded.

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

Rajesh Ravi: Good afternoon, everyone. On behalf of HDFC Securities, we welcome you to Q2 FY24 earnings call of Birla Corp. From the management side, we have Mr. Sandip Ghose, MD and CEO, and Mr. Aditya Saraogi, CFO, to discuss the results.

I now hand over the call to the management for the opening remarks, which will be followed by the Q&A session. Over to you, sir.

Sandip Ghose: Good afternoon. Very good afternoon. I'm Sandip Ghose, MD and CEO of Birla Corporation. I have with me key members of our E-team. That is Mr. Aditya Saraogi, our CFO, Mr. Rajat Prusty, our Chief of Manufacturing and Projects. I have Mr. Kalidas Pramanik, who is our Chief Marketing Officer, and I have Mr. Arun Agarwal, who is our Finance Controller. Thank you very much for joining this call. I'm sorry we are literally eating into your lunch time, that all of you took the time out to join us. I'm indeed grateful for your continued interest in Birla Corporation.

This is the third con call we are making, and the large participation indeed gladdens our heart that all of you, though we are relatively a smaller company than many of our big peers, that you continue to be interested in our company's performance. That's very encouraging for the management and our operating team, and it gives us a great deal of inspiration as well. Now, coming to the quarter's performance, I think we have circulated a very comprehensive press release, which covers much more than what probably is covered in the presentation.

So you would have had all the major explanations of management in terms of uncommentary management, in terms of the performance. I will therefore focus on a few key areas, which I anticipate would be also your main points of interest. And then on, you know, we'll move from there to take on your questions as we go along.

First, I think which is everybody's favorite topic, is our Mukutban operations. I'm very happy to report that Mukutban, we have been progressing very much according to our plans. I've mentioned in the previous calls, when I took over as the Managing Director and the new E-team at the beginning of this year, I found there was much of, you know, apprehensions or some amount of misgivings about how our Mukutban project was doing.

There was some perception in the market. I don't know how it was contributed, what contributed to it, that Mukutban was probably lagging behind plans and it was not really working out on plans. And I personally felt when I took over, and that was the conversation I had with our promoters and directors, that I personally felt as soon as I came in and when I did my ground checks before joining, I joined a month before that on the board, I was very confident that Mukutban was in the right path and very soon we will see, you know, light at the end of the tunnel if there was one.

Because Mukutban, you know, contrary to what people didn't quite appreciate, it had come into being in very, very difficult circumstances. We ran straight into the heart of COVID and then the second wave of COVID was even more harsh, which affected our operation. But we, our management team, the project team did an excellent job along with our contractors and associates to carry through the construction in that period.

And what we achieved through that, you know, there are, I think there were very few other examples of people carrying on such a massive project during that time. But obviously, there was a kind of a delay that would have contributed, but the delay was not only on our side, because the delay was also impacted in the market because of whatever the COVID lag effect which was there in those markets, that was also there, it had a lot of collateral impact. And so it had to be judged in that context.

But coming, cutting a long story short, after nine months, I can say with confidence that we are moving ahead in full steam. And there is traction, there is momentum. We have already said in our report that we were close to one and a half lakh tons in September. It is since then, it has gone up further. In October, we had a very good month of October for Mukutban. Our various strategies which I had outlined earlier are yielding results.

But one major, very, very major development which had, and that is entirely as per our plan and prediction, was the scaling up of mining in our own captive mines at Mukutban. Again, a factor on which I think there were a lot of people had some doubts or raised some apprehensions. But today, our captive mines is fully operational and this has given, had a very, very positive impact in terms of our raw material cost.

And we, not only are we able to mine from approximate, you know, source, but there were earlier, we had to get in some high quality limestone from distant places for, to top up the quality. All of that has been eliminated. Now, we are purely on our own source and this had a huge impact over there.

And as our production, our capacity utilization has been going up in Mukutban, the plant is running, you know, for the kiln is running for a longer period and that is bringing in all the efficiencies over there. And we have had a progressive reduction in cost month after month. If I were to give you some ballpark indication without going into specific numbers, from the time we started or commissioned the plant, or if you were to compare exactly same time last year to now, the reduction in our variable cost is about 50% since then.

And from where we started off exactly a year back. And that should give you an idea of the kind of, you know, bottom line impact that is coming through over there. Simultaneously, if I were to show you a graph of how the volumes are being ramped up, that has been a steady increase.

So, it has been a double bonanza, volumes going up and there is a strategy for it, which I will explain to you in a little greater detail later. So, if you were to see a graph, either month on month or if you see it on a moving average basis, we are making steady progress to come to, as I told you [inaudible] Am I back? Can you hear me? Because there seems to have been an interruption. Okay. We are there. Can I continue?

Moderator: Yes, sir. Okay. Sorry about that.

Sandip Ghose So, coming back, as I said, we have reached about 150,000 tons at the end of September. But that was no flash in the pan because we have made a steady progress, even in October, taking it up further, figures which probably would not be appropriate for me to say. But so, you have had a two-way, you know, benefit. And I will dwell on the marketing strategy and our marketing plans, how it's panning out a little later. So, that's really been a heartening story as far as we are concerned. Now, talking of volumes, there are two parts to it.

You all are always interested and all would be interested in terms of our Maharashtra sales. And I can say that our Maharashtra sales today, out of this 150,000 tons, if we were to talk about our Maharashtra sale is higher than a lakh tons, which is again, more than two-third of the volume is coming from Maharashtra. This is excluding Telangana, which is almost an adjacent market.

And taken together, we are doing about that volumes over there. But we are getting additional 50,000 tons odd from secondary markets. And this was perhaps not appreciated. This is very much part of our strategy. What we have been able to do as I have dwelt in the earlier con calls, we are now servicing a large area in southern Madhya Pradesh from Mukutban. Now, these areas, again, we are reaping a two-way benefit.

One is these areas are today much more serviceable from Mukutban and then they are opening up for us. Earlier, from Maihar and Satna, we could not reach these places very effectively. So, our penetration in these areas or the reach or the extensive reach was not very large.

Now, today, because I am able to service these areas better, there is better connectivity rail-wise from Mukutban. And if you were to look at all these railheads like Ratlam, you look at Khandwa and Chindwara, Betul, all these are the railheads which is there, which I am able to take. And therefore, my distribution network there is increasing.

Simultaneously, I had mentioned to you earlier, South Gujarat has come within a striking distance. So, there also our volumes are picking up. And also, occasionally, on an opportunistic basis, we are able to service adjoining areas of Chhattisgarh on an opportunistic or a tactical situation.

Now, what does this do for me? What it is doing for me, as we had mentioned earlier, in terms of our strategy, it is releasing a lot of my clinker capacity from Maihar and Satna. And this material, I am able to service, A, my profitable markets of Eastern UP, Madhya Pradesh, but also take all the way to Bihar. But not only Bihar, this is sometimes, depending on the prices in the east, which fluctuates.

But now, as you know, the prices are moving up in the east once again. We are able to even service parts of West Bengal, especially North Bengal, which were earlier not reachable. And it is not really at a low price. It does not make sense for us to supply ex-Durgapur, which is a high-cost unit. We are able to service there.

So, the Mukutban facility should not be, as we have said, should not be looked at in isolation. And a point I have mentioned in the press release, and this I had elaborated in some of our earlier conversations, is today my central zone market, which is the key market, I have really, in a way, surrounded on a 360-degree basis, from four of our main plants, which is Satna, Maihar. On the other side, from Chanderia, I was already supplying Western MP, that is Indore and those adjoining areas over there.

And now, because of Mukutban, I am able to service, Southern MP and Gujarat. And in the process, as I said, releasing much of my capacity in those earlier, the older plants for more proximate location. So, this has worked out very well for us. And that's also because something which I mentioned in the press release yesterday, not many people realize there is a lot of talk in the market about people doing cross-branding, people utilizing flexibility of manufacturing, flexibility of two companies or their other plants.

But Birla Corporation has been doing this way back since 2016, when we have been seamlessly supplying the market with products from both the old BCL stable, that is Chetak, Samrat, etcetera, and the newer brand, which is Perfect Plus, we were doing it seamlessly, interchangeably, from Satna, Maihar, Kundanganj, Raebareli, Chittor, all these places to these areas. And now, to that portfolio has been added Mukutban.

So, our ability to reach these markets, service these markets, is better than a lot of our esteemed peers who are in the same league as ours in terms of capacity and size. But that brings me to the other point, related point, is about our branding strategy of Perfect Plus.

Today, when you see, we keep talking about our premium component in our trade sales, which is about 54% comes from the premium component, and within that premium component, Perfect Plus contributes about 65% of the premium component, which is the volume.

Perfect Plus is acquiring the status of not only being a flagship brand, but it is also, if I were to say, it is close to becoming a national brand, because we have today got media synergy to promote Perfect Plus on a pan-India or pan-North India, at least I can say, north of the Vindhayas, that area, the Hindi-speaking media market, that I am able to promote Perfect Plus. And we are seeing that traction coming through.

Very clearly, we are seeing the investments which we have made on this brand for the last several years now paying off, because even if you were to look at Mukutban, where I have said this before, that when a new market, when I am entering, for us, it is a virgin territory, and when I am entering there, even today, I am selling more than 40% of premium products in those markets.

And that has been, therefore, the acceptance of Perfect Plus has been very good in these areas. And going forward, it is premature, it will be premature for us to reveal, but you will see much more investment in this franchise of Perfect Plus, both in the brand itself as well as brand extensions. Now, why brand itself?

I will come back to that in a while, a little later. But Mukutban market, we are looking clearly at positioning ourselves as a premium player. So, we have also just launched our Rakshak brand, which is a super premium water repellent brand in league with some of our competitors, top-end brands like ACC Gold and Ambuja Kavach, etcetera.

And we have launched that in the Maharashtra market, and we will be supplying adjoining markets. So, this is to take up our value share in these places. Now, more than that, we have reached a 54%, which is pretty much, you might call it a saturation level of a premium thing, because our idea is not to vacate the popular space.

We would like to operate, as I keep using the term, borrowing from some other people, this is really a double-engine strategy. We are one of the few companies who offers travel between the popular value, which I call the value segment, and the premium segment simultaneously. Either our top, our bigger competitors, they play only in the A category, they don't have B category offerings, or we have a lot of people who are at our league who play only or primarily in the B category with a very small segment of A category product, whereas we are more or less evenly distributed between the two.

Now, what does this allow me to do? Again, within the premium, by the way, we have followed always a segmented strategy, which no longer it is only Perfect Plus. We have now got Samrat advance in our core gung-ho markets, which is positioned below Perfect Plus, but higher than the value segment.

Now, with Perfect Plus gaining a critical mass across the geographies where we are present, and now through investing in it further, I hope to take up the premium of Perfect Plus, not in terms of volume, but in terms of price premium further. A lot of you do your own independent checks, channel checks, and your own market research, and you may like to validate my statement today in our key markets. If you were to look at Eastern UP, large strata of Madhya Pradesh, I am priced, in fact, in some markets, a couple of rupees higher than some of the leading brands, which were there in the A segment.

It is a function of two things. Some of the A category brands have diluted their price position. I do not want to name them. You know them better than me, and others, there is a lot of, tussle in that segment, but within that segment, we have been able to not only hold our price position, but we have been also able to hold our market share, and that is the point which we have highlighted in the press release. In all our core markets, despite the tough competition which is happening there, we have managed to hold our market share. By core markets, I mean, again, once again, MP and Eastern UP.

These are our most profitable markets, and we have been able to hold both our price position and this, which, once again, reaffirms and reiterates our branding strategy. So, although these markets are seeing a lot of competition, both at the value end due to new players who have come in, as well as at the higher end, where you have the biggies, looking eye to eye, and some of them diluting their price position, etcetera, we, as, a second, a lot of these markets, we are the number two brand in comparison there.

In some markets, we are actually, in combined sense, Birla Corporation is the market leader, if I were to combine both the value and the premium segment. But we have been able to hold that, and I think that's something I would give Mr. Pramanik and his team a lot of credit, plus whatever the brand investment, the channel investment, creating what I call the distribution assets and marketing assets has paid off.

Our sales team, I think they are very motivated and charged. There is a lot of pride in our sales team, people who are working in the field. We are getting today, our employer branding there has improved. We are getting constantly people from bigger companies wanting to join us. So this, all this kind of, reconfirms my faith in that.

Perfect Plus, again, in a very small way, though we have not focused too much on that segment, in our brand extension, we launched our RMX or RMC, we did a test marketing and a pilot plant in Uttar Pradesh, in Lucknow, which we are selling the ready mix concrete as branded as Perfect Plus Concrete. We are not selling it as MP Birla Concrete, we are selling it as Perfect Plus Concrete. We have got very positive response.

We are, again, in a small way, we were one of the first to introduce the value-added segment of, waterproofing material, wall putty, etcetera, again, under the same, though we have not really, so far, put too much effort behind those, we are finding even those, the acceptance in the trade channels is good. So the franchise is working, is what I'm trying to emphasize to you all. You will see much of this, therefore, happening also in the Maharashtra and Mukutban market.

So far, we have been keeping our powder dry in those markets till we achieved a critical mass, but going forward, in the next few months, you will see a lot of marketing action in those places, which are tailor-made, focused in that market, through which we expect to, improve our brand salience and presence there. So that is what I would stop on the branding thing there.

The next point, I assume your interest would be in our new unit, which we have declared, announced yesterday, which we are going to set up in Prayagraj. This, we had indicated to you all earlier, that our next major expansion, in terms of clinker capacity, will come at Maihar, and that will be about two years down the line, because we were originally talking about 2025, it would get postponed by a year or so, because of the Mukutban delay, etcetera. So, in the meanwhile, our investments would be in optimizing some of our production capabilities -- our capacity.

Now, here, the strategy is, if you were to ask me, is this, all of you know that next year, my Kundanganj's incentives are going to be, excuse me, going to expire, and in that situation, I would need another, though I will offset a lot of that thing with our Mukutban incentives, which will kick in by then, and start coming and compensate that in the bottom line.

But going forward, I need to augment this, and this Prayagraj facility, which will be entitled to the UP government incentive of 300% of investment, is going to provide me a substantial benefit out there. But the benefit will not be restricted only to the incentive, the benefit will also --

accrue in terms of logistics, because when I'm in that market, right now, I am bringing fly ash from that zone of around Allahabad and adjoining areas from Prayagraj back to Satna or Maihar. This, which I'll produce, I will be producing in the market, and this being a very, very core market, it will increase my serviceability in those markets, instead of servicing them all the way from Satna.

And we expect, therefore, that's why we have mentioned very clearly in our press release that we expect the ramp-up to happen very soon. Now, meanwhile, you might ask, what is happening in terms of my overall capacity? How do I manage to keep the projection of 15%, which we have talked about in our volume delivery? I have already given you a clue to that. We had this plan, how we are optimizing our Mukutban facility to sell there. And there are other things on Mukutban, clinker capacity, I talked of earlier, how we are able to sometimes swap or, carry the clinker, even sometimes makes sense for us to carry it all the way to West Bengal, to Durgapur, and other things.

So, these are the things which will, and also debottlenecking, which we have in plan, will carry us through in the interim period. And here, when I am talking about volumes, I think it will be appropriate to me to touch on our oldest unit, Chanderia. Now, Chanderia, we had carried out certain expansions earlier, which you are aware of. Now, those expansions are fully utilized, and we have really stretched our capacity there. So, that is now going to be -- that is beginning to produce in full steam, and that will also give us some additional volume. So, that is how our entire volume makeup will happen in the interim period, and with that, the branding strategy is what is going to move up.

Coming down, all of you know about Project Shikhar. We have mentioned Shikhar is operating very well. It has already yielded about INR50 per ton savings, but now the Phase 2 of Shikhar will start. It is early for me to share more details, where we will now start tackling more of the overheads part of our operation, the fixed overheads and costs, and we expect to get benefits of that in the coming period. Maybe not much of it will accrue in the next six months, but you will start seeing results of that going forward.

But simultaneously, a project which we had not talked about earlier is Project Unnati, which Mr. Kalidas Pramanik is leading in the entire go-to-market segment, which is not just brand sales distribution, where there are a lot of initiatives like digitization, etcetera, happening, but also into logistics. We have made certain investments in the previous period. Some of them were yet to fructify, but now they are fructifying. One is our integrated logistic management system, which will get operational in two of our main plants, and that will give us total visibility of the movement, outward movement of our material right to the dealer's steps, and be able to monitor movement costs and the turnarounds.

So that is something which is taking place in the logistics field. We call it the ILMS, Integrated Logistics Management System. Along with that, we talked about our focus market activities with an idea to raise, first of all, our realization. Here, I would like to mention that is the way we have maintained realization. All of you know, in the core markets of ours in Central India, prices had slipped in the last quarter, but we have been by and large able to maintain our price because of the focus marketing activity and focus on premium brands, especially in Madhya Pradesh, where last year it has slipped a bit, but we are putting in all efforts on perfect plus, and we are seeing the results. So there is a whole gamut of things in Project Unnati, which I am going to share with you all later. That is beginning to give us the results.

So I think by and large, I have covered most of the areas from my side to reiterate on volumes and capacity utilization. You know that capacity utilization this time has reached 87%, and a lot of it is because of the Mukutban scaling up. It will go up further. We were earlier at 90%, 95%. We were operating at large. We are still operating at that in our older plants. This is going to go up further in the coming quarters. We are keeping our volume projections unchanged.

We still maintain that we are going for our EBITDA margin in the region closer to INR850. In that kind of region, what we have talked about earlier, we are not changing that. Internally, we have maintained our same budgets as we started the year with, and therefore for the benefit of all of you, we are not changing all of that, and I think we are cautiously optimistic of making that.

On pricing, we are taking again a realistic view. Although, we have seen some price increases during October, we are also seeing some slackening this month. So to be conservative, we are taking on a flat price scenario between October to March. Anything which comes as a tailwind will be beneficial for us. We will welcome it. But in terms of our own internal projections, we are looking at a more or less flat scenario in planning our volumes, planning our marketing strategy.

So I will take a pause here and open it for questioning. I would request for the sake of being able to accommodate everybody, please don't put two or three questions together. Try to keep your main questions so that I can take on more people, because later on, I get complaints from a lot of my friends that you didn't give us a chance to ask or you didn't answer our question. I like to have them as friends, so give everybody a good chance to speak. Thank you.

Moderator: Thank you so much. We will now begin the question-and-answer session. The first question is from the line of Mr. Aman Agrawal from Equirus Securities. Please go ahead.

Aman Agrawal: Hi, sir. Thank you for the opportunity. First, on the Mukutban itself, last time we highlighted that because of the depressed prices in Maharashtra region, we had to curtail some dispatches to far markets of Maharashtra. We just wanted to understand how was the situation in 2Q and what was the lead distance for Mukutban and overall lead distance in 2Q?

Sandip Ghose I will let this question be answered by our marketing head, Kalidas Pramanik, so that you can hear it from the horse's mouth and in terms of the Mukutban, footprint.

Kalidas Pramanik: Yes, this is Kalidas Pramanik from marketing side. So, the question pertaining to Mukutban, if you look at, mostly we have sold in Maharashtra. Out of our total sale, whatever we have sold, almost 65% to 70% it has been sold in the Maharashtra itself. And then when you are talking about the certain areas carved out from the MP, the southern parts of the Madhya Pradesh, there as well as we have sold some quantity in Gujarat. In Gujarat, yes, the lead is little bit higher, but if you look at the pricing point of view, that pricing is far better than the Maharashtra and this part. So, that gives us a better contribution.

So, our further efforts will remain to maximize our sale in Maharashtra. Yes, but these are the areas which are coming as a natural market for Telangana as well as southern Madhya Pradesh and small quantity in the Chhattisgarh area. And whatever the tactical way, one or two rakes we are sending like North Bengal and all these areas, this is just when the opportunity sells, whenever the price is better, we are pushing it.

But our prime focus is in Maharashtra and southern MP. So, and as far as the lead is concerned, if we talk about the lead is mostly within the Maharashtra itself, our lead, it is coming around 250 kilometers to 300 kilometers. That is the range basically we are focusing on. And if you look at, yes, Gujarat, it is coming around 750 kilometers to 800 kilometers. But overall, if you talk about, it is not going more than 350 kilometers to 400 kilometers.

You asked all prices and price. And if I look at the prices, prices, yes, in the Maharashtra, if you look at in the quarter 2, that is a little increase happened, not as we expected. And that, since it is our home market, it gives better realization. Simultaneously, if you look at the MP, MP more or less the price remains flat. But since it is closer to our plant, it gives as good as Maharashtra realization. And as already I talked about in Gujarat, since price is better than these are the parts, it is giving the good realization. And I'm expecting in the quarter and then October more or less, we put our efforts and we realize some price gain.

And in this month, yes, as MD also said that that little bit slackening is there. But I'm hopeful that after Dipawali, again, it will pick it up.

Sandip Ghose I'll just add to the price point to answer. I think you were focusing more on Maharashtra. As Mr. Pramanik said, Maharashtra did not increase significantly, only marginal price increase. But what allowed us to increase our footprint is the sharp decline in our cost, which we got. We were expecting increase in Telangana, which sometimes is a spillover effect into the adjoining areas of Maharashtra. As you know, Telangana has also been a little yo-yo situation. There has not been effectively price increase. So price increase has not really contributed to our volume increase. Our volume increase has come through partly improving our realization through premiumization and our cost efficiencies. Thank you.

Aman Agrawal: Thank you, sir. Thank you for the detailed explanation.

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

Shravan Shah: Thank you, sir. Sir, we are again reiterating INR850 EBITDA per ton. So in the first half, we have done INR673 per ton. That means the ask rate in the second half is more than INR1,025. So that is a 52% hike from the current INR673 that we have achieved. So how are we confident that we are able to deliver such number? And that means in the third quarter also, are we expecting such a significant increase in the profitability to more than INR1,000?

Sandip Ghose: We have a very clear roadmap and our internal visibility on this. And we have also factored in certain tailwinds, but equally we have factored in contingencies in case some of those tailwinds were not to materialize. But clearly, we will get benefits through our higher volumes, which we are talking about.

We have looked at marginally higher prices through our mix, geomix and our, if you were to look at, when we talk of prices in our kind of company and as it is for other larger companies, it is a mix of a variety of things, including which plant is producing how much and the respective pricing in those markets. We have a view on that.

So although the overall market prices may not go up, but in our mix, the prices should go up and we are looking at therefore about a 3% kind of increase going through in this second half. Mukutban profitability will clearly, be a major contributor. And as I have indicated to you, we had earlier indicated an exit rate for Mukutban in March 24. We are hopeful of achieving that much ahead of it.

We are, today tracking ahead of our own projections. So if that happens earlier, Mukutban should throw some positive surprises. And then our efforts on Shikhar, Unnati, etcetera will already Shikhar has delivered 50. We expect to see more delivery through Unnati as well. It is about INR17 to INR20 we are beginning to see now through ILMS and other things will come in.

So overall in that mix, when we are saying, we have always said just to be very clear, I am not diluting the 850 number, but we always said in the region of 850 and that is something which we maintain.

Shravan Shah: Okay, that's great. Second, sir, if you can share a couple of data points, lead distance for second quarter,1H for FY'24 and for FY'23 as a company on a console basis and KKL cost for this quarter and the fuel mix, particularly our own coal mine share is how much and the petcock is how much?

Sandip Ghose: I requested you all to limit your questions to one. I'm sure this question will come up later. We'll take it up then. I'd like to give a chance to another person.

Shravan Shah: Sir, I request you to humble request. Yes, I understand. I just wanted to finish my line. Sir, humble request. If you can reduce your opening remarks, you have taken a 30 minutes and then we don't get the chance to ask the question. So either you increase the con call time to one and a half hour. So that's a humble request.

Sandip Ghose: We will keep that in mind next time. And that's a very good input for me. I tend to speak too much. If you don't like that, we'll keep it. I don't mind keeping it only question answers because we do. I got wrong feedback so far that you do like, a longer explanation. But if this is the feeling of the entire house, next time onwards we'll make amends. I'll take the feedback from our con call arrangers. If they also, that's general feedback. We'll certainly reduce it. Thank you very much.

Moderator: Thank you. The next question is from the line of Mr. Parth Bhavsar from Investec. Please go ahead.

Parth Bhavsar: Hi, sir. So thank you for the opportunity. So I just wanted to know that what sort of EBITDA Per Ton did Mukutban generate this quarter?

Sandip Ghose: We don't disclose our numbers unit wise, please.

Parth Bhavsar: Would it be like in line with the consolidated number?

Sandip Ghose: Obviously, we can't comment on that. Obviously, consolidated number, if you're saying the average number Mukutban and if you're expecting Mukutban to come anywhere close to that, that's very unrealistic. A consolidated number is a weighted average.

Parth Bhavsar: And the last question, what sort of incentives do we expect at Mukutban?

Sandip Ghose: What kind of?

Parth Bhavsar: Incentives.

Sandip Ghose: We have said that before. Our incentive would be INR600 per ton in Mukutban. But that will obviously get averaged out between other units. And also, there are various factors on which the incentives get decided as per the incentive rules of Maharashtra. But overall, if you were asking us, that is the kind of number which we have budgeted on a longer-term basis.

Parth Bhavsar: Okay. Thank you so much.

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

Amit Murarka: Hi, thanks for the opportunity. So the first question is again around Mukutban. So I missed the opening comment, actually, the first part of it. So what is the utilization currently at Mukutban? And what is the exit FY'24 that you're looking at?

Sandip Ghose: Our current Mukutban, utilization is in the region of 40% till quarter two. We are looking at an exit of closer to 60%, between 55% to 60% when we exit quarter four.

Amit Murarka: And how much sales will happen in Maharashtra out of that?

Sandip Ghose: We've already indicated in the previous calls, we are looking at an exit of 2 lakh tons overall. And in that, we expect Maharashtra to be closer to 150.

Amit Murarka: 150?

Sandip Ghose: Yes.

Amit Murarka: And currently, you are achieving similar proportions in your sales?

Sandip Ghose: I said that in my speech, I won't repeat because I've already been ticked off for speaking too much.

Amit Murarka: Thank you very much.

Moderator: Thank you. The next question is from the line of Rajesh Kumar Das from Navodaya Enterprises. Please go ahead.

Rajesh Kumar Das: Thank you for the opportunity, sir. My first question is, is there any possibility of declining the raw material prices in the coming quarters as well as in FY'24?

Sandip Ghose: We have not budgeted for anything. We are looking at it in a static way, which we think is realistic and that's why we would like to keep it.

Rajesh Kumar Das: Okay, sir. My last question is, what is the expected premium sale volume in the next quarter as well as in FY'24? Any guidance for that, sir?

Sandip Ghose: We already said that I think we have reached quite a bit of a peak in this and we don't want to vacate our value segment. We want to be more or less equal on both sides. Our strategy now would be to increase the premium on products rather than just increase premium sales volume.

At 54%, which we have reached, actually at 50%, I'm very happy. If something more is fine, give or take, but we don't want to push it further. I would rather push up my premium Per Bag.

Rajesh Kumar Das: Sir, my last question is, any price increase in the month of October and November and what is the average price for this quarter?

Sandip Ghose: I have already indicated that. As I said, I won't repeat, then your other colleagues will pull me up again for repeating myself. Thanks.

Rajesh Kumar Das: Thank you, sir. That's all from my side.

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

Vipulkumar Shah: Thanks for the opportunity, sir. This question relates to our Chanderia plant where there are restrictions on limestone mining. So how does it affect the raw material cost there?

Sandip Ghose: Chanderia limestone mining has been existing for the last, if I'm not mistaken, how many?

Management: Eight years.

Sandip Ghose: So that is our current normal. That's how we operate. All our projections are there. We do not consider it to be a handicap. We have perfected the art of mining without blasting, reduced our costs. Whatever we are projecting today is the basis of that.

If the court orders and other things change, that will be a new projection. But right now, whatever we are telling you, basis current -- the same thing which has been happening for the last eight years, so there is no change.

Vipulkumar Shah: So is cost there much above the company average or we have been able to bring it down through these innovative initiatives?

Sandip Ghose: We have brought it down and the delta has been indicated throughout, sir. There is nothing new to add in that.

Vipulkumar Shah: Thank you, sir.

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

Mangesh Bhadang: Good afternoon, sir. And congratulations for a very good set of numbers. And happy festive season. Happy Diwali to everyone there. Hello.

Sandip Ghose: Yes, I'm there. Please go ahead with your question.

Mangesh Bhadang: Sorry, sir. Couple of questions. So first is on the limestone availability. So just wanted to have a question on Chanderia and the Satna associated limestone mines. What kind of proportion do we have to buy in terms of higher quality limestone there? And is the availability of, basically is that a constraint that availability of that high quality limestone?

Sandip Ghose: We have no constraints. Sometimes you buy a little sweetener that is common for all the, all cement plants. We are not buying anything because our quality is bad or we are short of quantity. And we have been moving on a strategy to increase our limestone reserves, to extend our limestone reserves. As you know, the acquisition which we did on Sanghi, which is there. So we have similar plans in pipeline and we don't expect any shortage in limestone at any of these locations.

Mangesh Bhadang: Thank you, sir. So second one is on the debt.

Sandip Ghose: No second, please. No second, please. There are others waiting in the queue.

Mangesh Bhadang: Okay, sir.

Moderator: Thank you. Next question is from the line of Mr. Aman Agrawal. Please go ahead.

Aman Agrawal: So much. Thanks for the follow up. My another question was on the thermal power plant, captive power plant. Now we have already reached 60% of our power requirements through these sources. Do we expect a further inch up in this?

Management: No, I think this is the level at which we expect to maintain.

Aman Agrawal: Okay. And just the last bookkeeping question.

Sandip Ghose No. You have first of all come back again and you're adding more questions. I have to say no to you. Others are in the queue.

Aman Agrawal: It's okay. Sure.

Moderator: Thank you so much. The next question is from the line of Mr. Rajesh Ravi. Please go ahead, sir.

Rajesh Ravi: Good afternoon. My question pertains to Mukutban. You know, we are seeing the ramp up while you mentioned that the ramp up is happening. But what stops you to bring 75% of the time in the non-trade opportunity is doing this in the nearby markets, whereby you can expedite the ramp up? And also, what was the fuel cost in Q2 per kilocal?

Sandip Ghose We are, customer agnostic at this moment. If my capacity is not fully utilized, it is unlike, say, in my other plants where I'm operating at 95%. There I try to minimize my OPC, minimize my non-trade. Here, when I'm operating at a lower level, I am totally capacity agnostic. I don't worry about that. I will sell wherever it is economical to sell and whatever I get.

Now, it all depends, again, as I said, on the pricing. There is a certain limit on which you can sell non-trade in a certain area. If I find non-trade lucrative for me to go and sell in Gujarat, which I already do, I will sell non-trade in Gujarat. I will sell non-trade as far as down in Maharashtra I can. So, I don't give up any opportunity here in Mukutban. It's not that I can increase to 75% and I'm cutting it down to 53% now.

So, when the opportunity comes, the prices are, lucrative, I'll sell wherever. So, there is no, nothing prevents me from selling except for the viability of the numbers.

Management: The fuel cost was 1.75 per 1,000 kilocal in Q2 of this financial year

Rajesh Ravi: Great, sir. And do you expect this to further cool off , in Q3?

Management: No. In Q3, we expect the cost to remain at these levels only.

Rajesh Ravi: Okay, sir. I'll come back in queue. Thank you.

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

Saket Kapoor: Thank you for the opportunity and thank you for the vivid description. Sir, although Q1 and Q2 sequentially are not comparable because of the monsoon impact, but then also we find our, the cost of material consumption is up numerically from INR352 crores to INR377 crores. So, if you could explain the reason why?

Management: It is primarily because of increase in slag prices by Durgapur. Okay, and some increases in the outside limestone purchase at different locations.

Sandip Ghose And that was mainly in Mukutban earlier when our, own mining was not fully operational. That is quite clear. But since you raised this, Mr. Kapoor, of our, one of the, which I didn't comment earlier, just for the benefit of all, one of the things I think you should take note of, and I personally think it's been creditable without patting ourselves on the back, is the consistency of our performance in the last three quarters. Not all our peers have had a consistent performance in the last three quarters, including some major ones who have had ups and downs. We have been able to maintain our consistent, and that's what the Chairman has remarked in his press release, which probably indicates that, we are on the right track.

Saket Kapoor: Correct, sir. And a small point about the operating leverage, sir. For the Mukutban, I think so, as our utilization level is currently at 87%, you mentioned, 87% for H1. So, for H2, and also commenting on the EBITDA per ton that we have targeted for the year, when will this operating leverage start kicking in? At what percentage are you looking to exit H2 in terms of utilization levels?

Management: See, at the end of the year, we should be in the region of more than 90% plus, on a corporate level.

Saket Kapoor: Okay, H2 will be 92% for the entire year?

Management: H2 will be more than 90%.

Saket Kapoor: More than 90%, right. Thank you, sir. And all the best, sir, and happy Dipawali to the team.

Management: Thank you.

Moderator: Thank you so much. The next question is from the line of Nishant Bagrecha from Incred Equities. Please go ahead.

Nishant Bagrecha: Yes, thank you so much for the opportunity, sir. And thank you again for the detailed opening remarks. This was really helpful. Sir, my question pertains to the demand side. So, just what did you sense on the demand outlook in the near term in your core market?

Sandip Ghose I think, Nishant, what we have indicated, we can talk about ourselves. We are still confident of delivering 15% at the end of the period. I don't see demand. We have also mentioned in our press release, demand can get affected in our core market of Rajasthan and Madhya Pradesh. You know, this month is actually a bad month because of both the elections plus the festive season, which is happening in these markets. But overall also, what is the good part is the demand in non-trade, especially from infrastructure, is sustaining. Even prices are not too bad there. So, we are reasonably confident of sticking to our 15%, but it varies from market to market. And as I mentioned in the context of Mukutban, if trade demand falls, I don't mind if it is economical or attractive for me to sell in non-trade, I will sell in non-trade.

Nishant Bagrecha: Okay, thank you so much.

Moderator: Thank you so much. Ladies and gentlemen, we will take that as our last question. I now would like to hand the conference over to Mr. Rajesh Kumar Ravi for closing comments.

Sandip Ghose Before that, I want to wish all of you a very happy Diwali and New Year and taking this call just on the eve of the festive days to you, your families, colleagues, everybody. And thank you so much and my apologies once again if I took more time in the initial remarks. Thank you.

Rajesh Ravi: Moderator, you can now conclude the call.

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