



SH/XII/2023

27<sup>th</sup> October 2023

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Exchange Plaza, 5<sup>th</sup> floor,  
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Bandra (East), Mumbai-400 051.  
**Scrip Code: CENTURYTEX**

**Dear Sir/ Madam,**

**Sub: Transcript of Q2FY24 Earnings Conference Call of Century Textiles and Industries Limited ('the Company')**

**Ref: Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')**

Pursuant to Regulation 30 of Listing Regulations, please find attached transcript of the Q2FY24 Earnings Conference Call conducted on 20<sup>th</sup> October, 2023 at 04:00 pm IST after the meeting of the Board of Directors of the Company held on the same day itself.

This is for your information and record.

The above information is also available on the website of the Company: [www.centurytextind.com](http://www.centurytextind.com).

Thanking you,

Yours truly  
For **CENTURY TEXTILES AND INDUSTRIES LIMITED**

**ATUL K. KEDIA**  
**Sr. Vice President (Legal) & Company Secretary**  
Encl: as above





“Century Textiles and Industries Limited  
Q2 FY’24 Earnings Conference Call”

October 20, 2023



**MANAGEMENT:** **MR. R.K. DALMIA – MANAGING DIRECTOR –  
CENTURY TEXTILES AND INDUSTRIES LIMITED**  
**MR. VIJAY KAUL – CHIEF EXECUTIVE OFFICER –  
PULP AND PAPER DIVISION – CENTURY TEXTILES AND  
INDUSTRIES LIMITED**  
**MR. K.T. JITHENDRAN – CHIEF EXECUTIVE OFFICER  
– REAL ESTATE DIVISION – CENTURY TEXTILES AND  
INDUSTRIES LIMITED**  
**MR. SNEHAL SHAH – CHIEF FINANCIAL OFFICER –  
CENTURY TEXTILES AND INDUSTRIES LIMITED**

**MODERATOR:** **MR. SUMIT KUMAR – JM FINANCIAL INSTITUTIONAL  
SECURITIES LIMITED**



**Moderator:**

Ladies and gentlemen, good day, and welcome to Century Textiles and Industries Limited Q2 FY '24 Earnings Conference Call, hosted by JM Financial Institutional Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sumit Kumar from JM Financial Institutional Securities Limited. Thank you, and over to you, sir.

**Sumit Kumar:**

Thank you very much. Good afternoon, everyone. On behalf of JM Financial Institutional Securities, I would like to welcome everyone to the Q2 FY 2024 Earnings Conference Call of Century Textiles and Industries Limited. Today, from the management, we have with us Mr. R. K. Dalmia, Managing Director, Mr. Vijay Kaul, CEO, Pulp and Paper Division, Mr. K. T. Jithendran, CEO of the Real Estate Division and Mr. Snehal Shah, Chief Financial Officer.

I would now like to hand over the call to the management team for their opening remarks. Over to you, sir, and thank you.

**R. K. Dalmia:**

I'm R. K. Dalmia. Good evening, everyone, and welcome to the earnings conference call for the second quarter of the financial year 2024. Let me first take you all through the financial highlights, followed by the business-wise operational highlights. For the second quarter for financial year 2024, the consolidated turnover stood at INR1,087 crores. The EBITDA for the quarter was INR46 crores with a net loss of INR33 crores. For the first half of the financial year 2024, the consolidated turnover stood at INR2,193 crores. The EBITDA was reported at INR181 crores with a net loss of INR40 crores.

Now let me take you through some of the key highlights across our three business verticals. Starting with our Real Estate business, during Q2 FY '24, the sector has displayed a strong demand and absorption rates across all categories. There is a fall in the inventory overhang across cities with reduction in new launches ahead of the upcoming festive season.

Birla Estate achieved booking worth INR708 crores in Q2 FY '24 at our already launched projects. Our collection remained strong at INR251 crores from all projects during the quarter. During Q2 FY '24, we acquired two notable projects at the premium locations with an estimated GDV of approximately INR10,300 crores. We signed a binding MOU for the purchase of approximately 30 acres of land in Thane, which has a potential of more than INR7,600 crores, and we acquired approximately 6.8 acres of land in Mathura Road, New Delhi, which has a potential of more than INR2,700 crores.

These acquisitions represent our commitment to growth and strengthening our presence in the city where we are present in. We launched the first phase of Birla Trimaya, Bengaluru, and we received a spectacular response from the customer. We achieved booking value worth INR467 crores, selling almost the entire phase within 36 hours.

At our launch project execution is progressing smoothly with a strong focus on safety, maintaining high-quality standards and on-time delivery. We have completed approximately 23.5 million safe man-hours at all our under-construction projects emphasizing our dedication to safety and quality.

The delivery of Birla Alokya, Bengaluru, has commenced from October '23 and other two projects, Birla Vanya Kalyan, Birla Vanya Phase 1 Gurugram, are on track for delivery in financial year '24. And we are committed to providing an exceptional experience to our customers at the time of delivery.

Birla Navya, Gurugram, received a Platinum Award in quality, excellence during the 8th Apex Foundation Expo held in Udaipur. Additionally, Birla Tisya, Bengaluru, has received ESG and Sustainability Awards at the 2nd edition, Sustainability Summit and Award 2023 by UBS Forum for maintaining sustainable green practices at the site during the construction phase.

These recognition highlights our commitment to quality and sustainability. On commercial assets, Birla Aurora and Birla Centurion continue to generate stable rentals and re-prioritize creating a safe environment for all stakeholders at our properties.

Lastly, the Indian Real State sector is entering a new phase of growth, driven by buoyant consumer sentiment and robust property launches and competitive pricing and a stable interest rate environment, and we believe the momentum is expected to continue with increasing demand with a strong consumption record. Our focus on the luxury segment and growing interest of buyers in premium housing allows us to maintain an optimistic view of the sector's future.

Moving on to Pulp and Paper segment. Paper prices continued to be under pressure during the quarter, and the fall has been quite drastic, although around 15 September, prices seem to have bottomed out in all likelihood. International Pulp prices also went up after 15th September by about \$100 per metric ton, which is a positive side.

In the second quarter of FY '24, the overall capacity utilization was 89%, with overall sales volume up by 8% as compared to the last quarter and marginally declined by 1% year on year to 107,608 metric tons.

This was primarily due to poor demand by tableware customers in the quarter as most of the tableware plants were not operational due to heavy rain and flood in Gujarat, Himachal Pradesh and other places. In Q2 FY '24, the net sales declined by 15% on year to INR799 crores, while EBITDA stood by INR76 crores in margin at 9.5%.

We witnessed normalized demand for writing and printing paper in Q2. The domestic and export demand on tissue products remained sluggish. And on-board segment too, demand remains sluggish, although there was improvement after mid-September '23 against the backdrop of the upcoming festival season, and mills have also announced price increases due to extreme cost pressure.

Demand in writing and printing paper as well as the board segment is expected to increase due to seasonal impact of festivals. Exports are expected to pick up in the upcoming months with a

better realization and more price stability. Tissue demand should also improve with a higher focus on domestic sales for better realization.

Export demand from Europe, U.S. is increasing slowly. However, the situation of oversupply will continue till the end of this financial year, as demand growth is lower than the additional capacity expansion by domestic mills. Lastly, talking about Textile division. For the first quarter under review, the net sales were INR235 crores with EBITDA loss of INR20 crores.

In Q2 FY'24, sales turnover increased by 8% quarter on quarter and 5% year on year. However, lower sale in Q1 and Q2 on account of sluggish demand and excess inventory levels with Indian domestic apparel brands and home textile, there had been some relief in drying order and aggressive pricing as retailer have started to place replacement orders and explore new opportunities.

We have won Society of Energy Engineers and Managers, SEEM GOLD award successfully third time in a row, this is about improving energy efficiency by any manufacturing facility.

Considering the constantly changing market dynamics against the backdrop of ongoing geopolitical crisis, we have shifted our focus from maximizing productivity to optimizing cash flow, which involves closely monitoring our working capital and inventories.

We are developing new sustainable products by utilizing our dedicated state-of-the-art and R&D facility, design and supply chain. With several FTAs in finalization stages, we expect the fabric and garment retail market demand to improve from Q4 FY'24. Thank you.

- Moderator:** Sir, shall we begin with the question-and-answer session?
- R. K. Dalmia:** Yes, go ahead.
- Moderator:** We take the first question from the line of Mr. Vivek Ramakrishnan from DSP Mutual Funds. Please go-ahead sir.
- Kunal:** This is Kunal from DSP Mutual Fund. I just have one question on your Real Estate business. So since now we have so many projects in hand already in the under-construction space, and we have also acquired two projects. So I just wanted to understand how would our cash flows look like over the next 3, 4 quarters? And related to that only, how would our debt levels pan out?
- Snehal Shah:** So it's Vivek?
- K T Jithendran:** Yes, Vivek Ramakrishnan.
- Snehal Shah:** No, I think there is somebody else.
- Kunal:** Kunal, from DSP.
- Snehal Shah:** Yes, Kunal. So right now, as you can see, our debt is somewhere around INR2,200 crores. That is a gross debt., we have another about INR400 odd crores in mutual funds and bank balances.

So roughly, our debt is around INR1800 crores. So, we expect the debt to go up more or less at the same level INR2,200 crores or something like that.

Hopefully, with a debt-to-EBITDA of around two or something. And that would take care of some of the, what you call it, investments that the real estate might be doing, which are in the pipeline at the moment, anywhere in the range of INR500 odd crores or something like that.

As far as the existing projects are concerned, because of some good response that we get for our project, they are self-paying for themselves. So basically, the money that we require is only for growth capital. So that is fairly provided for us. So, we don't foresee any major issues in funding those things. So, cash flows are pretty good enough.

**Kunal:** So, is it fair to assume that the debt level would be at the similar levels?

**Snehal Shah:** Yes, absolutely. So, I said that to similar levels with an approximate investment of INR500 odd crores, but if the Real Estate business is lucky enough to get more deals, probably to that extent, the debt might go up. But even with INR2,000 odd crores of debt, we were comfortably placed with about two times debt to EBITDA.

**Moderator:** Thank you. We'll take the next question from the line of Avish Jain from Antique Stock Broking.

**Avish Jain:** Congratulations for excellent response in Birla Trimaya. Sir, my first question is in terms of revenue potential, how much could be launched in the second half of FY '24? And what are those projects?

**K. T. Jithendran:** Hi Amit, K.T. here. So, our aspiration is to reach gross pre-booking value of about INR3,000 crores. We are expecting to launch the new project in Bangalore, which is R. R. Nagar, which we had acquired last year. And we are also planning to launch Walkeshwar in Q4 FY24. And we're also planning a new phase of Birla Niyaara, Worli in the coming quarter. All of these together with our current sustenance sales should help us achieve a target of around INR3,000 crores.

**Avish Jain:** Okay. And sir, my next question is on the employee cost. Sir, it has increased substantially by 14 odd percent. So why is this a sudden jump in employee costs?

**K. T. Jithendran:** I'm not sure about 14% of what. But as we grow, we keep growing, we keep increasing, we keep recruiting new people. Right now, we are on a very strong growth path. So, employee costs will keep growing. And we are not too concerned about employee growth. I think we need the right talent and the right capability to build the organization, and we are not leaving any stone unturned out there.

And we have only about 50 employees, managing this overall project of more than 6.4 million square feet under construction. Very soon that will go to about more than 100,000, I mean 1 million -- sorry, 10 million under construction. We are handling about 12 projects. So, by that time, we are -- I mean, less than adequately staffed is what I would say. So, I think...



- Snehal Shah:** Actually, K.T is trying to answer it from a perspective of real estate, but I think the question that you're asking is from a Century Textiles overall expense, which has gone to from some INR87 crores to INR100 crores or something like that, right, if I'm not mistaken.
- Avish Jain:** Yes, yes.
- Snehal Shah:** So that is basically in the July cycle, we give a variable pay, and we gave you what we call it, your increments, etcetera, to our staff. So, this is a normal increase in the salary, nothing to worry about. It's already provided for in our budgets, etcetera.
- Avish Jain:** Okay. The next question is, sir, how much has been the collection in Birla Niyaara? And when do you plan to launch the second tower?
- K. T. Jithendran:** So, we have approximately collected close to about INR750 crores in Birla Niyaara, approximately there. And our focus is to launch this in the coming quarter, Q4.
- Moderator:** The next question is from the line of Akshay Ajmera from Nirzar Securities. Please go ahead.
- Akshay Ajmera:** Sir, could you please provide us a breakup of the INR700 odd crores of sales booking during the quarter?
- K. T. Jithendran:** The breakup?
- Akshay Ajmera:** Yes. I mean, project-wise we can have the breakup of from which project how much we have collected?
- K. T. Jithendran:** Yes, we can even provide you offline, if you want to take, yes. So broadly, as I said, in Birla Trimaya, which has been our launch is about INR467 crores. Navya, Gurugram is about INR108 crores. Niyaara Tower A balance whatever inventories, we have done about INR64 crores. We have done in Vanya about INR37 crores, Alokya INR14 crores, Tisya INR18 crores. Yes, so broadly, that's a breakup of the INR708 crores for quarter 2.
- Akshay Ajmera:** Okay. And sir, regarding the Paper division, we have seen that the margins have dropped drastically from 18% EBITDA margins to 10%, largely, what we see is because of realization, and what you have guided in the earlier calls is we will be targeting 20% about 20%, 22% EBITDA margin. So, can you explain this 10% EBITDA margin in terms of realization and in terms of cost input?
- Snehal Shah:** So Akshay, basically, we look at it this actually, it is more in the second quarter that we are seeing this as a temporary blip. So roughly, the realizations have gone down by almost around INR10,000 per ton on an aggregate basis. So, a great part of it is because of the pricing and not much on the cost front, etcetera. Essentially, the volumes are actually, the volumes have gone up compared to last quarter, but the bigger hit is on the realization front, which now is looking up. And the realization was down for various reasons. We can get into it if you want to.
- Akshay Ajmera:** And again, on the Paper division, can you also give us a little bit on the outlook on the margin front?

- Vijay Kaul:** This is Vijay Kaul here from Paper. Mr. Ajmera, the outlook for the next 2 quarters seems to be quite okay. And we should be doing much better than what we have done today because by 15th of September, almost the prices have bottomed out. And now the prices are slightly looking up. And as also the imports of pulp, the prices of the pulp have gone up. So, because of that, the market is also a little bit bullish on that front that the prices will increase. So, the outlook for the next 6 months is quite okay.
- Akshay Ajmera:** And we would be looking at a similar kind of margins that we enjoyed in past, 18% and above?
- Vijay Kaul:** Yes, yes. Definitely 18% and above. Yes.
- Moderator:** Thank you sir. The next question is from the line of Mr. Mukesh from Moon Venture. Please go ahead.
- Mukesh:** I have a couple of questions. We are going to book the revenue of 2, 3 projects in this financial year. But after that, in FY '25, '26 in Real Estate business, we are seeing that quite a bit a lull period in terms of revenue booking. And how you're trying to avoid such conditions in future years?
- K. T. Jithendran:** So, see the point is the way the real estate revenues are booked is on completion. Unlike in the past, they used to do project percentage completion, unless you have a non-cancellable contract, etcetera, but since we are in multiple locations and the right way to do it is on percentage completion. So, it's a given that this is going to be lumpy, unless we have enough project launches, a number of projects and so that we can have steady project launches every quarter and also project deliveries every quarter going forward.
- So that is going to take some time. So, over the next few years, at least, it is going to be lumpy. That's the way industry is, and we have to be and that's the way it is going to be. And yes, since we have started relatively newer than many other well-established developers. So yes, this year, we'll have a chunky number. Next year, it will drop down, and it will pick up based on the deliveries. So, I don't think unless we really stack up the number of projects it'll take a few years for this to kind of become steady.
- Mukesh:** So that's what but my question is that what actions we are taking to make sure that this consistency should be taken care of and what actions we are taking on the employee side and projects launching side?
- K. T. Jithendran:** Actions are very simple, keep signing new projects, the right new projects and keep launching it and keep completing those projects as quickly as possible. Just keep on the grind, launching the acquired projects, get approvals, launch it and complete it, keep on adding that way. Since we have started, the only problem is that we have started much later than the other. The others took 15, 20 years, then we will do it in 5, 6 years more.
- Mukesh:** But sir, the problem is that as demand keep rising, and we don't find enough good opportunities for land and all that. So how are we trying to just to make sure that we have a very healthy pipeline for that?



- K. T. Jithendran:** So far, it has been good. We have added INR16,000 crores of projects this year. We did three projects and added three new projects in Q1, two new projects in Q2. We have a very strong pipeline. There's nothing to worry about. We'll keep continuing the way we are doing it and it's all going very well for us. Yes. We have a pipeline of about INR'45,000 crores of gross development value. We are looking at adding another about INR'10,000 crores this year, maybe another INR'20,000 crores next year. And we have enough and more gunpowder for that. So, we are pretty confident that we are on the right track.
- Mukesh:** That's great to hear, sir. Sir, one more question on the side of Worli project. Your RERA approval is in FY'28, but we feel that as the speed of execution is quite good, can we be able to deliver it much before in FY'27?
- K. T. Jithendran:** As of now, it's going good but we'll stick to our guidance of '28. Maybe we can deliver it a few quarters before. But we are still in the early stages, so we'll continue with our current guidance.
- Mukesh:** Okay, sir. Small suggestion from our side, sir. Can you provide project wise collection of all the projects? It will be better for us.
- K. T. Jithendran:** Sure, we can give it to you offline.
- Mukesh:** Okay, sir. Thanks a lot. Keep doing good work.
- K. T. Jithendran:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sourabh Gilda from Motilal Oswal Financial Services. Please go ahead, sir.
- Sourabh Gilda:** Yes, congrats on the good quarter sir. I just had one question on the cash flow. Can you please let us know what was the outflows for the two business-driven projects that we did? And overall, do we have any targeted outflow for bidding this year?
- K. T. Jithendran:** I think roughly, we spent INR'300 odd crores this year, outflows for new projects that we have signed, and we have provided for another INR'500 crores expected outflows for the balance of the year.
- Sourabh Gilda:** Okay. So, INR'300 crores as in after this INR'300 crores or do we have any payment for this year? Or will it get filled up in the balance INR'500 crores portion?
- K. T. Jithendran:** So, these projects one project was basically a JV. So, we –have already put in the required deposits and balance of purchase of land, which also we have done. So, there is nothing much further on the current what we have done. But now there are quite a few projects in the pipeline. The moment we sign deals that based on either land acquisition or joint venture, we will put in the money and we provide it by INR'500 crores. We are okay to add another INR'500 crores if we are lucky to find good products.
- Sourabh Gilda:** That's great. Thank you so much.



- Moderator:** Thank you. The next question is from the line of Avish Jain from Antique Stock Broking. Please go ahead, sir.
- Avish Jain:** Thank you for the opportunity once again. Sir my question is, sir, when do we see our Gurugram project to launch? And what was the GDV for this project?
- K. T. Jithendran:** Gurugram has already launched now. Birla Navya, we launched it in 2020. We are now we have sold almost INR'1,500 crores there. Are you talking about Gurugram? Or you talking about Delhi, the project, which we signed this year?
- Avish Jain:** Sir, I'm talking about the third phase. When do we plan to launch that?
- K. T. Jithendran:** The new phase. So, we are planning to launch this in Q4. So, if lucky we'll go ahead because there is some resistance from the Haryana government. They're not clearing some of these floor projects. They're saying instead of four floors, we'll clear only three floors. So, all these projects which are floor projects are currently stuck at the government level. We are hoping that it will get cleared by either Q4 or it may go, there's a possibility it may go into the next quarter. Yes. So that was in financial year, I'm sorry, yes.
- Avish Jain:** And sir, what was the GDV for this project for third phase?
- K. T. Jithendran:** About INR'1,000 crores.
- Avish Jain:** Okay. And so, is there a possibility of any further project acquisition?
- K. T. Jithendran:** Yes, yes lots of possibilities. Several projects are in the line. They're lined up.
- Avish Jain:** Okay. That's it from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Mr. Mithun Soni from Geecee Investments. Please go ahead, sir.
- Mithun Soni:** Sir, just one query. Can you share like what has been our collection efficiency? In the sense, how much we would have asked for from our customers and how much we have got?
- K. T. Jithendran:** Yes. So, thank you for the question. So of course, aided by a very strong rising market, positive market, collections have been very healthy and strong and efficiency is unheard of, is close to more than 98%, is an extremely positive, unheard sort of efficiency in collections.
- Mithun Soni:** This is for Q2 or for H1?
- K. T. Jithendran:** Overall.
- Mithun Soni:** Overall.
- K. T. Jithendran:** We look more from the point of view...
- Snehal Shah:** So whatever billing we have done, we have been able to get money for 98%



- Mithun Soni:** Yes. And sir, can you share like what has been our construction cost? Like how much construction expense altogether where we would have spent the cost
- K. T. Jithendran:** We have a checklist item. We can do that. We can better those numbers we can share you offline. Construction cost varies from project to project, region to region, stage of the construction.
- Mithun Soni:** what I mean to say is that just the overall, if we would have got about X collection for this quarter against that so...
- K. T. Jithendran:** Yes. We can give that number. I mean we'll have to kind of take it out, but we can share that with you offline.
- Mithun Soni:** Okay. And one request, sir. So, like if you can provide a waterfall like in the sense, given the booking, what is the overall collection we are doing, construction costs we are spending, on how much money is going towards development, business development expense, keep investments? So, what is the cash flow? So that will give us a good feel as to how are things moving for us.
- K. T. Jithendran:** Yes. This keeps varying from project to project, but we can send you those...
- Mithun Soni:** If it is combined also is fine for now. Like whatever is convenient for you.
- K. T. Jithendran:** Yes. Okay.
- Mithun Soni:** Okay. Perfect. Thank you, sir.
- Moderator:** Thank you. We take the next question from the line of Mr. Karan Mehta, an individual investor. Please go ahead, sir.
- Karan Mehta:** Thank you for the opportunity. I just have a couple of questions. Firstly, on the Paper segment, our power and fuel costs have decreased drastically. So is this trend sustainable?
- Vijay Kaul:** Sorry, I couldn't get your...
- Snehal Shah:** Power cost has reduced...
- Vijay Kaul:** Yes, power cost yes, we are focusing on the total energy cost and that has gone down considerably. And we have got the -- linkages of coal, which has been revived by us of late. And because of that, we got the coal at a reasonably good rate, which earlier we had to purchase from the market and the market rates are quite high. So, the coal rate has also decreased and the consumption also of coal has decreased at our power plant, yes. And we are continuously working on that and we want to see that we come to the world benchmark as far as the power consumption is concerned.
- Karan Mehta:** Okay. So, this trend will continue for the whole year?
- Vijay Kaul:** Yes. This trend will continue.

- Karan Mehta:** Okay. Sir, secondly, on the Real Estate business. So, we have done great business development and land purchases in the last two quarters. So, what's your outlook on further land purchases and business development for the rest of the year?
- K. T. Jithendran:** Our outlook is very positive, Karan. We have several projects to be signed, lined up in all our markets, chosen market, be it NCR, Bombay, Pune and Bangalore. We are pretty confident that we'll be adding at least another INR'10,000 crores of new projects the way things are looking up. Yes.
- Karan Mehta:** Okay. Sir, so on this, we don't expect our debt level to increase by more than INR'500 crores...
- K. T. Jithendran:** Yes, that Snehal has already explained to you how these positions. So, we are not too much worried about that part.
- Karan Mehta:** Okay. And sir, you mentioned that the Haryana government is like not allowing...
- K. T. Jithendran:** Yes, there has been some PIL, and they are considering it. The matter is at the Chief Minister's Office. It hasn't moved for quite some time. All the developers are stuck and we are hoping that there will be some positive resolution soon.
- Karan Mehta:** Okay. Sir, in case that if the Haryana government doesn't allow us to do so, do we have any plans to launch a three-floor project for the Gurugram project?
- K. T. Jithendran:** Yes. I would rather not of course, that's the only thing because there's I mean, 25% of the FSI going down is not a very favourable situation. So, we'd rather wait and hope that things would change and the government will favour us.
- Karan Mehta:** Okay. Fine, thanks a lot, sir. I'll get back in the queue.
- Snehal Shah:** Excuse me, I think the earlier gentleman wanted some cash flow details, breakup of project. I think if we can look at Slide number 35 on our earnings presentation, he will get a division-wise breakup of all kinds of different lines of expenditure.
- K. T. Jithendran:** It's already provided.
- Moderator:** Thank you, sir. The next question is from the line of Mr. Amit Srivastava. Please go ahead, sir.
- Amit Srivastava:** Yes. Congratulations on a very good response on Birla Trimaya and good scale up on a real estate. Sir, I have two questions. One is that when we are talking about debt to EBITDA of 2x means, we are including the EBITDA of real estate. And what is the kind of revenue which is to be booked in the next six months, like in the next two quarters? And what is the kind of margin profile we'll get into in this project as it is now into the commissioning phase?
- Snehal Shah:** So, Amit, roughly real estate revenue, we are expecting around INR'2,000 crores. It all depends upon people coming up to take possession and paying their balance and concluding the sale completely because you know that we have to book the revenue only when the customer pays. Even if we are ready for possession, he has to come and make a final payment, sometimes some

customers delay those things and all. Roughly, based on whatever is available for delivery, we are expecting around INR'2,000 crores of, what you call it, revenue from real estate.

**Amit Srivastava:** In terms of margin, sir, in EBITDA margins, what kind of margin you are looking at?

**Snehal Shah:** On this, on the real estate?

**Amit Srivastava:** Yes, INR'2,000 crores, which we are going to book. So broadly, what is the range?

**K T Jithendran:** Roughly. 25% to 30%.

**Amit Srivastava:** Okay. Second question on in terms of the Birla Niyaara, sir, what is the current rate which we are selling? And what is the kind of inventory, which is remaining, like it's on a larger size or now it is on two BHK kind of which is remaining? And second, when we are going to launch the second phase, the rates will be at a similar rate or we'll be launching at a premium? How it's going to be played out in terms of value also if you give the second phase?

**K. T. Jithendran:** Yes. Amit, so largely, as you know, we mentioned about 85% of the inventory is sold. So, what is left is some of these larger apartments at the top, like the duplex apartments, etcetera, which is also now gaining traction. And maybe a few two and three bedrooms here and there. We're not too keen to sell those now because it's just one year old. There is other four, five years of construction left, so we would rather sell it at higher prices. Currently, we are selling at INR'80,000 per square foot. Strategy for Tower B will be more kind of conceptualized closer to the launch. But looking at the market conditions and the dynamics at that point of time, we will formulate the strategy for Tower B.

**Amit Srivastava:** And currently, what is the rate going on, sir, in terms of carpet?

**K. T. Jithendran:** Roughly about INR'80,000 to INR'85,000 per square foot.

**Amit Srivastava:** Okay. Got it.

**K. T. Jithendran:** Thank you.

**Amit Srivastava:** Sir, next question is related to Paper division. So basically, we have already sir has said that we have seen that bottoming up, and we are aiming for, again, a similar kind of margin. But on our current pricing trend, what is the level of profitability, sir? Where are we in terms of EBITDA margin? Are we close to 15% or still we need more improvement in profit pricing to get into that zone?

**Vijay Kaul:** See, we have gone into a two-pronged thing. One is that from 1st of October, we have increased our prices because the prices had bottomed out. So, we had no other alternative, but to increase the prices. So, we have increased the prices by INR'2, INR'3 in the market. That is number one. On the other front, we are working on reducing the cost structure as to how whether it is a power cost or the steam cost or even the pulp cost. So, we are trying to reduce the cost there. So, in my opinion, if you talk about the next quarter, our margin should be something around 17%.

**Amit Srivastava:** Okay. It will be back to normal situation in Q3 itself.



- Vijay Kaul:** Yes.
- Amit Srivastava:** Okay. Great, sir. Thank you very much for opportunity.
- Vijay Kaul:** Thank you.
- Moderator:** The next question is from the line of Mr. Raj from Arjav Partners. Please go ahead.
- Raj:** How many units are we expected to deliver in FY '24?
- K. T. Jithendran:** Units. There are three projects in three different regions we are planning. So roughly in the range of about 1,500 units, all three cumulative.
- Raj:** 1,500 units. And how much are there in H...
- K. T. Jithendran:** Sorry.
- Raj:** 1500 is for overall, right, FY '24?
- K. T. Jithendran:** That's correct.
- Raj:** All right. And how much have you already given in H1?
- K. T. Jithendran:** So, we are just starting to do it.
- Raj:** All right. Okay. Thank you.
- K. T. Jithendran:** Thank you.
- Moderator:** The next question is from the line of Mr. Akshay Ajmera from Nirzar Securities. Please go ahead, sir.
- Akshay Ajmera:** Hi. Thank you for taking my question again. Sir, my question is regarding the Real Estate business project. Birla, Vanya, Alokya and Navya, we are nearing to deliver and hand over the three projects very soon now. So is there any overshoot in the projected cost, which you must have envisaged earlier initially, including any price escalation or inflation, that kind of the cost. So, is there any overshoot in the budgeted cost that you might have actually thought for and how much that would be?
- K. T. Jithendran:** Thank you, Akshay. I'm very happy to let you know that there is a zero increase in the budget. We are all well budgeted despite the major crisis of COVID and this thing, etcetera, we have been well within our budget. We were able to manage our cost very astutely.
- Moderator:** Thank you, sir. The next question is from the line of Mr. Vignesh Iyer from Sequent Investments. Please go ahead.
- Vignesh Iyer:** Thank you for the opportunity, sir. My question is on the leasing income side of it. So, you have done around INR30 crores consistently for the last two quarters. Would we be seeing a similar level of leasing income going ahead as well for the other two quarters?



- K. T. Jithendran:** No, it will be more or less the same. We are now almost literally 100% occupancy, zero vacancy at this point of time in both premises. So, it will be more or less steady. We are getting an average about 190, 195 bucks per square foot. We expect that to remain like that.
- Vignesh Iyer:** Right. And my second question is on Birla Niyaara side, our current phase. I just wanted to know, what is the inventory, which is unsold as of now? If you could give me on square feet side or unit-wise, anything would be helpful?
- K. T. Jithendran:** About 414 was the number of units when we launched it in February '22. As we speak, we have done about 350 or 355, exact number I don't know, but yes, there is about 50, 55 apartments are balance.
- Vignesh Iyer:** Okay. Got it. That's all from my side and all the best, sir.
- K. T. Jithendran:** Thank you.
- Moderator:** The next question is from the line of Mr. Himanshu from Dhruv Gems. Please go ahead, sir.
- Himanshu:** Yes. Hi. I would like to know, whether we are going to track in the next three years to four years for around INR10,000 crores of top line, which you have guided?
- K. T. Jithendran:** Absolutely, bang on track.
- Himanshu:** Okay. So, for that, as you said before in the concall, we are like looking at another INR25,000 crores, INR30,000 crores of projects
- K. T. Jithendran:** Yes, every year, not just overall. Every year, we'll be looking at that sort of number.
- Himanshu:** Every year INR20,000 crores, INR25,000 crores?
- K. T. Jithendran:** Yes. Right.
- Himanshu:** That's great. And one more thing I would like to ask you, what is the outlook on own lands, like the one in Prabhadevi. We have another land in Pune, etcetera, everywhere, right? The company owns the land. So, what is the outlook over there?
- K. T. Jithendran:** See the outlook is pretty futuristic at this point of time. We have enough and more inventory at Worli, etcetera. So, it will, we are not looking for an immediate launch in the next two years, three years on these projects. That's why we are concentrating on a lot of the other projects also. So, we have our hands full. Whenever we think it's a right and opportunity time, we will figure out these launches.
- Himanshu:** No, why I'm asking is because the land parcel like Prabhadevi, which is a quite premium one, and the markets are also very good for the premium projects. So, I was just asking about that one?



- K. T. Jithendran:** Yes. But we have enough and more at Worli to focus there at this point of time. And once we kind of dispense this reasonable amount of this inventory, then we can think about that. We don't want to cannibalize these markets for very similar micro markets.
- Himanshu:** Okay. And one more thing I want to ask, like, if you must be knowing like a project like a Raheja Atithya, which is like quite close to our project. So, they are selling around 1,00,000, 1,10,000 or 1,20,000, I don't know exactly, but so the next phase of our project, can we expect around 80,000, 85,000, 90,000 square feet? Or it'll be like more premium than this one, like a bigger size and all that?
- K. T. Jithendran:** Yes. Good question. So yes, so as we are of course, we are figuring up. We are planning to do much larger formats, taking into the consideration of the current demand in the market. Pricing is in there something which we sort of finalize more when we are closer to the launch, will conceptualize. It's too early to determine. Now we'll examine situation at that point of time.
- The only difference between Raheja and us, being Raheja is ready possession and there's hardly any inventory left there. They have started this project five years, six years, seven years back. So that's in a very different stage of development, and we are in a very different stage of development. We are just beginning and it's a futuristic kind of a project. But I can assure you that the kind of amenities, the kind of space that we are working on is going to be no less than any other project.
- Himanshu:** Correct. So, if we launch also the bigger ticket size ones, units and all, so you're confident that we'll be doing very well. That's second phase, right?
- K. T. Jithendran:** Yes. We're very, very confident of our product. We're also very confident on the kind of product sizes that we choose. We would like to match it as per the prevailing market demands.
- Himanshu:** And should we look at around 50% net profit margin from that Niyara project?
- K. T. Jithendran:** Yes, that's something which should be possible. Considering the kind of the demand is in that market currently, I think that is something which should be possible by the time we finish that project.
- Himanshu:** Because if you are selling at 80,000, 85,000 and our costing is like, you said 20,000, 25,000, right? But that's for built-up, is it?
- K. T. Jithendran:** Yes. That two numbers are not relatable. The 80,000, 85,000 currently is on carpet. And when I'm saying 20,000, 25,000 is the cost, which will be by the end of the project, by end of the time, considering all escalations and everything, when the project gets finished maybe five years, six years, seven years ahead.
- Himanshu:** So, we should look at around 50% margin?
- K. T. Jithendran:** I think something that we should aspire for.
- Himanshu:** Okay. Thank you.





- K. T. Jithendran:** Thank you.
- Moderator:** Thank you. The next question is from the line of Mr. Dixit Doshi from Whitestone Financial Advisors. Please go ahead, sir.
- Dixit Doshi:** Yes. Sir, I just missed one thing when you talked mentioning about this next second half, we're going to book INR2,000 crores revenue, right? When you're mentioning about the EBITDA margin percentage, you said 25%, 30%, I just wanted to confirm that?
- K. T. Jithendran:** Yes, broadly in that range. We will be able to confirm that again as closer we finish and execute and hand over, but yes, that's the sort of aspiration we have to.
- Dixit Doshi:** Okay. And this Niyaara Tower 2, what will be the size of the project in terms of square feet?
- K. T. Jithendran:** Square feet, it will be similar to Tower A, around 8.5, 9 lakh square feet.
- Dixit Doshi:** 8.5 to 9 lakh square feet. So, when that ballpark number of sales that we can generate is with nine lakh square feet into whatever INR80,000, INR90,000 per square feet realization that will get, right?
- K. T. Jithendran:** Right. Yes. So 8 lakh, 8.5 lakh is not carpet, that's saleable.
- Dixit Doshi:** That is what you construct. Carpet will be much lesser.
- K. T. Jithendran:** Yes. You're right.
- Dixit Doshi:** Okay, which is around 15%, 20% lesser?
- K. T. Jithendran:** Usually, our markup is about the carpet to saleable is about 60% to 65%.
- Dixit Doshi:** So 65% of 9 lakh
- K. T. Jithendran:** Yes, you can figure that out.
- Dixit Doshi:** Okay. That's it. Thank you.
- Moderator:** Thank you. We'll take the next question from the line of Karan Mehta, an individual investor. Please go ahead, sir.
- Karan Mehta:** Thank you, sir, for giving me the opportunity again. First, my first question is for the Paper segment. How confident are we to achieve 18% and above EBITDA margins for Paper in Q3? And what would be our guidance for margins for full year FY '24?
- Vijay Kaul:** How confident we are? We have told you how much we will be doing already. I don't know, how we have to give you the confidence on that. we have told you the present situation, and we have told you, what actions we are taking to get to those margins.

So that's why we are more or less confident about it, but we don't know because the Israel and Palestinian war is going on. Anything can happen anywhere in the world. So keeping those factors aside, we are balanced, we are totally confident about that.

**Karan Mehta:** And what will be your guidance for full year FY '24?

**Vijay Kaul:** Yes, we should be around 15%, 16% on the overall. Yes.

**Karan Mehta:** Okay. And sir, one question on the textile business. So we had guided on cost as rationalization measures and so what will be the impact of these rationalization measures on our margin going forward? Like how do we see the margin trajectory?

**Snehal Shah:** The restructuring we've done is essentially getting rid of our spinning and weaving units, and we are slowly moving towards on 100% outsourced model. So earlier we used to do about out of one lakh meters, we used to do about 45% is to be outsourced. Now we'll have to outsource almost 100%. So, it's a slow progress because immediately you can't ramp up to 100%.

So slowly and steadily, we are trying to make progress. In the meantime, what is happening is the fixed cost continues, and we are not having full production. So, we don't see a major change in the margin at the moment probably because of high fixed costs and low production as well as demand supply situation being not so favourable, possibly we'll be continuing with some losses in the business.

**Karan Mehta:** Okay. Fine, sir. That's it from my side. Thank you.

**Moderator:** Thank you. The next question is from the line of Mr. Manish Maheshwari from Equity At Work. Please go ahead, sir.

**Manish Maheshwari:** Sir, what is our net debt as on 30, September?

**Snehal Shah:** Net debt would be around INR1,800 odd crores.

**Manish Maheshwari:** Okay. Sir, our debt has increased dramatically, right?

**Snehal Shah:** It was INR1,000 crores in the beginning of the year, but then we had a lot of acquisitions that we did during the year. So naturally, plus there are some capex expenditures going on in our Paper business. All those are and then we raised this INR900 crores loan, which is a lease discounting loan, of which we have not yet utilized the entire loan.

So that is sitting with us around INR400 crores odd. Gross debt is INR2,200 odd crores, you reduce INR400 crores and you get INR1,800 crores. So my debt has gone up only by INR800 crores. That's not significant. If I have to grow my Real Estate business, I should be actually having much higher debt. In fact, I'm telling my CEO to use money, just like all of you are telling him.

**Manish Maheshwari:** Sorry, sir. Come again?



- Snehal Shah:** I'm saying, my debt is just INR1,800 odd crores, which is nothing significant or worrisome thing. And I'm telling my Real Estate CEO to add more take more money from me, which is what all of you sitting down there want him to do is what I'm trying to tell.
- Manish Maheshwari:** So sir, that prompts me to ask you a very compelling question here, which is investors are consider Century Textiles as a real estate play, right? So going forward, maybe in the foreseeable future, do we see a possibility of doing an equity carve-out or spinoff for Birla estates and listing
- Snehal Shah:** So what, I forgot his name. Manish, you started with a question saying that INR2,200 crores is very high are you not worried about this debt. Now I need my Paper business because my Paper business is a cash cow for us. So if my Paper business stops giving me cash, then I'll be increasing more debt for my Real Estate business to grow faster. Will you be happy with that?
- So till the time, real estate is able to finance its growth through its own capital, till that time, we will need some support from the other businesses. So, from our strategic purpose as a company, we believe that, we should continue with the Pulp and Paper business. When Real Estate becomes completely self-sufficient, that is probably the time when we try thinking of unlocking the value of the Real Estate business. I hope that helps you.
- Manish Maheshwari:** Right, sir. Thank you so much.
- Moderator:** Thank you, sir. As there...
- Snehal Shah:** I'm sorry, you ensure that we close before 5:15, that's a hard stop.
- Moderator:** Yes, sir. As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.
- R. K. Dalmia:** Thank you all for participating in this earnings concall. If you have any further questions or would like to know more about the company, please reach out to our IR Manager as well as our advisor. Thank you. Good bye.
- Moderator:** Thank you. On behalf of JM Financial Institutional Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.