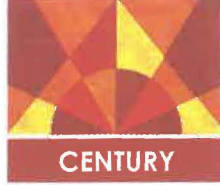


ADITYA BIRLA



SH/XII/2023

03rd May, 2023

Corporate Relationship Department
BSE Limited
1st Floor, Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai-400 001
Scrip Code: 500040

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th floor,
Bandra-Kurla Complex
Bandra (East), Mumbai-400 051.
Scrip Code: CENTURYTEX

Dear Sir/ Madam,

Sub: Transcript of Q4FY23 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 Q4FY23 Earnings Conference Call conducted on 25th April, 2023 after the meeting of the Board of Directors of the Company held on 24th April, 2023, for your information and record.

The above information is also available on the website of the Company: 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



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Corporate ID No.: L17120MH1897PLC000163



“Century Textiles and Industries Limited
Q4 FY 2023 Earnings Conference Call”

April 25, 2023



MANAGEMENT: **MR. R.K DALMIA – MANAGING DIRECTOR – CHIEF EXECUTIVE OFFICER - REAL ESTATES - 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 ESTATES – CENTURY TEXTILES AND INDUSTRIES LIMITED
MR. SNEHAL SHAH - CHIEF FINANCIAL OFFICER – CENTURY TEXTILES AND INDUSTRIES LIMITED

MODERATOR: **MR. PARVEZ QAZI – NUVAMA WEALTH MANAGEMENT**

Moderator: Ladies and gentlemen, good day. And welcome to the Century Textiles and Industries Limited Q4 FY23 Earnings Conference Call hosted by Nuvama Wealth Management. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Parvez Qazi from Nuvama Wealth Management. Thank you and over to you, sir.

Parvez Qazi: Good afternoon, everyone. Welcome to the Q4 FY23 Results Conference Call of Century Textiles and Industries. Today we have with us from the management side Mr. R.K. Dalmia, the Managing Director of the company. Mr. K.T. Jithendran, the CEO of the Real Estate Division. Mr. Vijay Kaul, the CEO of the Pulp & Paper Division. And Mr. Snehal Shah, the Chief Financial Officer of the company. Without much ado, I will hand over the call to the management for their opening remarks. Over to you, sir.

R.K. Dalmia: Thank you. A very good evening to everyone joining us today. It is my pleasure to welcome you all to the earnings conference call for the fourth quarter and financial year-ended 2023. Let me first take you all through the quarterly industry and financial highlights. A plethora of challenges, geopolitical tensions with the onset of Russia-Ukraine conflict, weak global macros and higher inflation impacted financial year-23. This fiscal year turned out to be highly volatile and ended with higher interest rates, reallocation of FII flows from India to other emerging markets, domestic consumption slowdown as well as the US and European banking crisis. Despite the macroeconomic headwinds, we have delivered excellent overall performance.

Coming to the financial performance for the fourth quarter of financial year-23, the consolidated turnover stood INR 1,187 crores. The EBITDA increased by 99% year-on-year to INR 265 crores with consolidated EBITDA margin of 22.3%. The net profit after tax grew by 69% year-on-year to INR 142 crores. This was due to one-time, exceptional item of INR 134 crores profit made on lease reassignment of land at GIDC Dahej, Gujarat belonging to our Pulp & Paper Division.

For the financial year ended '23, the consolidated turnover grew by 16% year-on-year to INR 4,719 crores mainly due to significant revival in paper business. The EBITDA for FY23 grew by 38% year-on-year to INR 687 crores with consolidated EBITDA margin of 14.6% and the net profit after tax grew by 64% year-on-year to INR 265 crores.

Now let me take you through some of the key highlights across our three business verticals. Starting from real estate business, the residential sales across all key markets in the country were at an all-time high in the past quarter, resulting in doubling of the residential real estate industry in size in the last three years. The sector exhibited robust demand during Q4 financial year '23, driven by strong absorption across all categories, including high-value units. The commercial real estate sector experienced stable and healthy demand across cities.

Birla Estates achieved sales worth INR 806 crores in Q4 financial year '23, which was the highest quarterly sales ever for the company with a strong collections of INR 215 crores. In the entire financial year of 2023, we achieved sales of approximately 1.2 million square feet worth INR 2,183 crores, registering a growth of 14% year-on-year and collections were INR 861 crores with collection efficiencies of 98.9%.

On the projects front, Birla Navya, Gurugram, continues to sell at an exceptional pace, with the third phase achieving a booking value of more than INR 200 crores in just two weeks of launch. At our already launched projects, project execution is in full swing across all projects. Birla Alokya, Birla Vanya, Birla Navya Phase 1 are due for delivery in coming year.

Furthermore, the two new projects announced in Bengaluru are progressing well and we expect to launch both of these projects in the financial year '24. As announced in April-23, the company expanded its footprint in Pune by acquiring 5.76 acres plot which has a revenue potential of more than INR 2,400 crores. Growing its spread in Bengaluru, the company acquired another 10.35 acres plot with a revenue potential of more than INR 850 crores.

Our two commercial assets, Birla Aurora and Birla Centurion, continue to generate stable rental as well. The demand fundamentals remain robust and are expected to continue in the next financial year. The global economic slowdown and its impact on the Indian macroeconomics situation is yet to be ascertained, though the domestic consumption story remain strong. The mortgage rates are expected to remain stable at current levels, hence the industry outlook remains positive.

Moving on to the Pulp Paper segment, in the quarter four we improved sales from that of last quarter. Board market is improving due to pick-up in pharma, F&B (mainly cup stock) and FMCG (rural) segment. Export demand has also slightly improved from Europe post-Christmas holiday opening. Copier demand increased due to exams in Q4, whereas the writing and printing demand was supported by government tender orders.

For the fourth quarter, the overall capacity utilisation was at 93%, with sales volume witnessing a decline of 12% year on year at INR1,06,668 metric ton. In Q4-FY23, the net sales grew by 10% year-on-year to INR 910 crores, primarily driven by better realisation, while EBITDA stood at INR 298 crores with margin of 32.7%. It is important to note that EBITDA includes a one-time exceptional item of INR 134 crores profit made on sale of land at GIDC, Dahej, Gujarat.

During Q4, there was increase in NSR by 8.4% in tissue, but significant reduction in board NSR by 14.8%. However, there was no major change in paper NSR, so average realisation price as compared to Q3 reduced by 4.4%. For financial year '23, our net sales grew by 27% year-on-year to INR 3,572 crores, while EBITDA grew by 71% year-on-year to INR 725 crores and EBITDA margins were 20.3%.

Writing and printing paper demand is expected to remain low in coming quarter due to seasonal impact of closure of educational hub for summer holidays while tissue and board segment is expected to have stable demand. Cost pressure are expected to persist in domestic market due to

low priced imports and excess supply from domestic mills. Export demand from Europe/USA are expected to remain low due to recessionary impact.

Lastly, talking about textile division, for the fourth quarter under review, net sales declined by 28% year-on-year to INR 222 crores with an EBITDA loss of INR 25 crores while financial year '23 sales stood at INR 951 crores with EBITDA loss of INR 38 crores. Q4-FY23 demand in the domestic market continued to be under pressure with low to medium price footfall across the segments in the retail sector.

Exports enquiries/order had not shown much improvement and orders from US and Europe were considerably down. In addition to the above, falling raw cotton prices resulted in a sharp decrease in cotton yarn realisations too. Apparel fabric sales were good in H1 of the year. However, pressure increased in H2 because of low demand and sudden drop in cotton prices. Production capacity was utilised almost fully throughout the year but margins were under pressure in H2 due to heavy competition in the market.

For bed linen, the importers in USA were reluctant to issue new orders and were liquidating their inventories at throwaway prices. Cotton-made bed-sheets had to compete with products made of man-made fibres which were substantially cheaper. Until the market sees stable raw material prices scenario and stabilisation in yarn and fabric demand, it seems that demand will continue to be under pressure.

With that we can now open the floor for question and answer session. Thank you very much, sir.

Moderator: The first question is from the line of Sourav Dutta from Minerva Asset Advisors. Please go ahead.

Sourav Datta: Thank you for the opportunity. I just had three questions on the board side. So, you saw mid-teens price decline sequentially. I just wanted to know is this a national trend or was it more pronounced in certain industries? Secondly, was this trend more.

Moderator: Sorry to interrupt you Mr. Dutta, the audio is unclear from your line. Please use the handset mode, sir.

Sourav Datta: I am on the handset mode. Is this better now?

Moderator: Yes, sir. Thank you.

Sourav Datta: So, I have three questions on the board side. You saw mid-teens price decline sequentially. So, would you characterise this as a trend nationally or was it more of a regional trend? Secondly, was it more pronounced in certain industries versus others? And finally, you mentioned about imports impacting pricing negatively. So just curious as to what kind of board buyers are moving into imported boards because usually the pharma and FMCG guys prefer domestic boards because their requirements are met fortnightly. So, these are three questions on the board side.

Vijay Kaul: Thank you. Now the questions on the board. Number one, well, the prices were low. In fact, I would say in all the sections, whether it was pharma, FMCG or any other, even the food segment

also to that an extent. And it was throughout the country, it was not only limited to a particular region because our factories which are making board are distributed throughout the country and all were facing the same kind of issues and problems.

And as regards the imports of the board because the board prices were quite high because of the raw material prices being very high. But as, you know, when the demand was in trouble, so the high prices didn't mind so the imports came at a lower price. That's why for some time, that's why the prices were, low and the decline of the prices started. So, it is a, it is a worldwide phenomenon.

It is not a phenomenon only in India also. That's what it is. So, if you've got any further thing on that, I can answer.

Sourav Datta: Right. So just wanted to understand, was there any specific subset in the industry that was buying imported board or it was across the board?

Vijay Kaul: No, not really. It was, it was throughout the, because the, particular type of board, the board which we are making is an original board and a hard board. So, that, whatever people are importing that goes to the same industry. So, it's not in a particular industry. It can go to different industries.

Sourav Datta: Understood. Secondly, we had a question on the caustic soda prices. Caustic soda prices were down 20%-25% sequentially. So, did the benefit flow into this quarter, in the past quarter or would we see this in the June quarter? And could you quantify the gross margin impact in the fourth quarter of March if you saw some impact over there?

Vijay Kaul: You see, let me, because there's a dichotomy in this whole thing. The caustic soda we are using mostly in making the pulp and not in making the paper. So, when we make the pulp production, the caustic soda prices will come into the picture. And the cost of the pulp is accordingly denoted and all that. But if you see the pulp prices, the imported pulp prices and our internal pulp prices has gone up considerably because the wood process prices had gone up.

So, the difference in the caustic price was not that big that it would make a difference in the costing to that an extent. Yes, definitely the drop in the caustic prices reduced the prices to some extent. But overall, the pulp prices were so high that it did not make any difference to that an extent.

Sourav Datta: I understood, sir. Thanks a lot. That's it from my side.

Moderator: Thank you. The next question is from the line of Vivek Ramakrishnan from DSP Mutual Fund. Please go ahead.

Vivek Ramakrishnan: Hi, this is Vivek Ramakrishnan. Given the volatility in your various businesses, would you be looking at any major capex apart from the construction in the real estate business is question number one. And question number two is you've also been very prudent about debt levels and the outstanding loans have come down from about INR 1,300 crores last year to about INR 1,000 crores this year. So, I just wanted to know how it is going to track going forward. Thank you.

Snehal Shah: So, Vivek, good question. Thank you. Thank you very much for the appreciation on the debt management. Yes, most of our free cash flows from particularly our pulp & paper business will go into supporting the real estate business growth. The free cash flow which comes from the paper business are after providing for whatever capex that is required by them. So, we always plug in some number over a three-year period, say about INR 500 crores for the capex plans of the paper business.

Most of the capex is directed towards marginally improving the efficiency, the productivity of the business as well as some cost saving measures. So that would probably going forward help us in increasing the capacity, reducing cost, etcetera. But no major at the moment plans for the pulp and paper business in terms of a huge capex expenditure where we might require borrowing. So, most of it is through the cash flows of the business itself and whatever excess comes up we actually use it for the purpose of our real estate business.

So, the real estate business is now going forward as we say is the real estate arm of the Aditya Birla Group and the growth engine of Century Textiles and Industries Limited. I hope that answers your question.

Vivek Ramakrishnan: Yes, sir. Thank you very much and wish you good luck.

Moderator: Thank you. The next question is from the line of Karan Mehta from Nirzar Securities. Please go ahead.

Karan Mehta: Thank you, sir, for the opportunity. So, I just have a couple of questions. Firstly, if you can please provide the volume for paper business for this quarter and the previous quarter.

Vijay Kaul: Sorry?

Karan Mehta: If you can please provide the volume for the paper business for this and the previous quarter.

Vijay Kaul: This quarter it was 111,000 tons in the quarter. And the last quarter was about 100,000 tons.

Karan Mehta: Okay. Fine. And secondly, we have incurred a loss in the textile business in this quarter. So, is this an inventory loss and or what is the nature of the loss and is it of recurring nature and if it is not, then will it reverse in the future?

R.K. Dalmia: So yes, I think some of the losses are business losses, almost like 50% is business losses and 50% is one-time losses, provisions for inventory or some doubtful debt, which will be, I think doubtful debt may be recoverable as per audited standards we have provided, but it is recoverable in future. In inventory at the cost price or whatever NRV, whatever as per audit standards we have done. So, on those 50% losses are there and that is the one-time expenditure only.

Karan Mehta: Okay. And sir, if I can squeeze in one more question. So, we have recently acquired land at South Bombay and Pune and so how do we intend to develop this land? And when can we expect revenue from these projects?

K.T Jithendran: Yes. So, Karan, the Walkeshwar land in South Bombay, we expect, since it's a smaller size, we expect that to launch in this financial year itself, while the Pune one, which is a larger thing, it

has got a, it has a plot size is larger. So, it has a more gestation period for launch. So, we expect that to launch in the next financial year.

Karan Mehta: Okay. And what about the Bangalore land?

R.K. Dalmia: We are planning to launch it this financial year.

Moderator: The next question is from the line of Amit Srivastava from B&K Securities. Please go ahead.

Amit Srivastava: Sir, congratulations on the Birla Niyaara successful 80% sales in the last one year. I just wanted to understand that the remaining 20%, how is the inventory, is it going to be a higher ticket size and it will take some time to get monetized? And second, given the 80% is already sold, can we pre-pone the second phase launch? How is the planning for the second phase? And if you can give the roadmap for the FY'24, which are the projects that are coming for the FY'24 launch?

K.T Jithendran: So Yes, as you know about Birla Niyaara, Tower A is 80% sold. Time lapse about 16months. So definitely, this calls for a price increase, which we have done it. We currently sell, price product at an average of INR75,000 per square foot. So, we expect the balance inventory to be sold at an easier pace than what had happened till now. Also, we are, in the process of launching Tower B. Hopefully by December of this financial year we should be ready with all approvals and RERA clearance for launching that.

So, either it will be late Q3 or early Q4. The other launches are the Bangalore projects, which we have planned. One is the two projects that we acquired, one on a JV near Devanahalli. And the other one in RR Nagar. Both we are expecting to launch this financial year. Also, in Q4, we are hoping that we will be able to launch the Walkeshwar project also. And the last phase of Birla Navya in NCR. So, all these projects are slated for launch in this financial year.

Amit Srivastava: And second, sir, in terms of the Birla Vanya, Kalyan our first phase we have sold in a very remarkable time. However, the sales momentum in the next phase is very slow and quarter-on-quarter on a slower pace. If you can give on a broader light on what is happening over there?

K.T Jithendran: So, the sales is at a slower pace than expected. We have sold about 832 of the 1200 apartments. So, the balance we are hoping that we will be able to cover up in the rest of this year. The prices are now quite high because initially we sold at very attractive prices. But now the prices are really playing for margins. So, we expect this to go on a slower trail. And we are also approaching the finishing line this year. We expect to give possession of the property also.

So, I think with that completion, I think the pace should pick up. So, we are quite confident that we will be able to sell the balance at very premium prices.

Amit Srivastava: And sir in terms of the project like in South Mumbai, we have already the large land parcel and then we have taken one more project. So, if you can tell us that what is the strategy over the South Mumbai that we will take more projects in that area or we'll try to diversify towards Western Mumbai and Thane side area.

- K.T Jithendran:** So, we are very bullish on Mumbai as a market. And I think any attractive locations, we are always excited by that, whether be it in Thane or South Mumbai. So, this was a very boutique project right in the Walkeshwar Road, extremely premium. So, I thought this could give us a huge amount of visibility and brand pull. So, that was a clear reason why we thought, it was a very attractive deal also. So, all that culminated into us getting into this deal.
- So, that is very well within our strategy of getting into very premium, high-end projects. So, there is nothing like how many projects, wherever we get a good opportunity, at a good price, attractive valuation, we are always game for that.
- Amit Srivastava:** So, last one clarification from Snehal sir. Sir, in our cash flow, we have given a project development cost, which is around INR 900 crores in FY'23. So, if you can give this break up, what are the things which it includes?
- Snehal Shah:** So, this project development cost of INR 900 crores roughly includes the various costs on account of construction and development and then purchase for all the current projects which are currently going on. This includes our... This is all on the payment basis. That's right.
- Moderator:** Thank you. The next question is from the line of Dixit Doshi from Whitestone Financial Advisors. Please go ahead.
- Dixit Doshi:** My first question is regarding this Pune land of 5.76 acres and Bangalore land of 10.35 acres. How much square feet will be doing there?
- R.K. Dalmia:** Yes. So broadly, of course, these are still under planning. So, we are expecting about 1.5 million in the Pune, 1.5 million square feet and about a million square feet in the Bangalore RR Nagar project.
- Dixit Doshi:** Okay. And how much would be this Walkeshwar project square feet?
- Management:** Walkeshwar about 60,000 square feet.
- Dixit Doshi:** And just one last question. So now since the MD sir also mentioned that most of the free cash flow from the paper division are used for real estate division. So, it is very clear that our major focus area is the real estate in Century Textiles. So, any thoughts on transferring the textile business to say Aditya Birla Fashion or any separate demerger, anything we are thinking on that line?
- Snehal Shah:** Dixit at the moment, we are not planning anything of that sort. We will keep our watch on the textile business. Textile business keeps on having cycles, etcetera. It might suddenly become more profitable going forward. So, at the moment there are no plans. We will continue as we are. Except that we will not be allocating a lot of capex on the textile business.
- Dixit Doshi:** And just one last question. So, if you can just help me with the location of this Walkeshwar plot?
- K.T Jithendran:** This is very close to the Governor's bungalow, about 150 meters from there.

- Moderator:** The next question is from the line of Sourabh Gilda from Motilal Oswal Financial Services. Please go ahead.
- Saurabh Gilda:** So, just one small question. Like whatever launches that you are planning for FY'24, what will be the cumulative value of it, sir?
- K.T Jithendran:** Sorry, what was the question?
- Saurabh Gilda:** No, no. The launches that we are planning in FY'24 across various projects, what will be the launch size in terms of rupees, crores?
- K.T Jithendran:** So, Tower B in Niyara will be in the range of about INR 3,000 crores. Navya will be about INR 500 crores. Similarly, about INR 500 crores in the Bangalore first project. And about another about INR 500 crores in Bangalore two. So, INR 4,500 crores of new launches. And sorry, Walkeshwar, another about INR 500 crores. So about INR 5,000 crores.
- Moderator:** The next question is from the line of Raaj from Arjav Partners. Please go ahead.
- Raaj:** I wanted to know the overall outlook for FY'24.
- Snehal Shah:** For which business?
- Raaj:** For overall, sir. All the three phases. Yes.
- Snehal Shah:** So, I mean, we are quite bullish on the real estate business as you have already heard. So that is one thing we don't expect any major slowdown in the real estate business, at least in FY'24. We see good business coming from the paper business, particularly on the writing and printing paper, as well as the tissue paper. We are keeping a watch on the improvement in the board business. Textile business, we expect some momentum on the upward side in the second half of this particular year.
- Raaj:** And looking at three to four years down the line, how do you see company unfolding overall?
- Snehal Shah:** So, company probably now, from a turnover perspective, 75% of our turnover roughly comes from the paper business and about 25% comes from the textile business. The accounting principles don't allow us revenue recognition from our real estate business till we get an OC and start deliveries. But going forward, we see a considerable improvement as we keep on delivering projects that we have already launched.
- I think the contribution in the revenue from the real estate business is going to grow tremendously. And maybe in about five years' time, probably will be more than INR 10,000 crores company.
- Raaj:** 10,000 crores overall, top line company?
- Snehal Shah:** Top line, Yes.
- Moderator:** The next question is from the line of Amit Sanghvi, an individual investor. Please go ahead.

Amit Sanghvi: See, my question is that in the opening remarks, we have said that Birla Vanya, Birla Navya and Birla Alokya. These three are due for delivery in coming financial year. Just I wanted to know, it is in financial year '23-'24 or '24-'25?

K.T Jithendran: This financial year.

Moderator: We'll move on to the next question from the line of Dhwanil from I Wealth Management.

Dhwanil: So just wanted to understand more on the paper side, because when I was just seeing your commentary, it's a little bit of a mix, wherein one side you're saying that the imports are increasing and the net realization in the board has obviously come down. Whereas on the paper side also it is slightly declined a bit. So, going ahead, even if I see as a EBITDA per ton what we did last three, four quarters, currently it is at INR 15 per kg. If you can just slightly give us more clarity over your, how are you seeing in terms of overall prices and on the margin side also?

Vijay Kaul: See, we make three products. We make paper. We make board and we make tissue. So, all the three have got their own complexities and it has got its own market potential. As far as paper is concerned, because we make distinctly two different things in the paper, one is the copier and the other is the writing and printing paper. As far as copier is concerned, there is no problem of demand that anything come import. So, there is still a large gap in the market for the copier paper.

As far as writing and printing, you know it very well that it is a seasonal kind of a thing. Presently there is no demand, but after June the demand will go on rising like anything. So, we are to prepare for that kind of a demand. As far as board is concerned, it depends upon the pharmaceutical industry, in the eatery industry and you know FMCG and what not. So there, there is always a, sometimes the imports come in because somebody has put up a plant outside and he wants to offload some material.

So, these things will do happen. Though the government of India had put a restriction that now you have to first apply, give your quality credentials, then only you can supply in this country or import into this country. So, because of that, sometimes the imports do come. But overall, the board demand is, I would say, quite reasonable. But yes, we have to keep our cost down and we have to ensure that we are in the market and supply the right quality at the right price and at the right time basically.

So, we are not hearing that bad, but we have to keep telling the market that these are the situations. But we are trying and managing those situations. And tissue market, we are the leader in that. We have got a 44%-45% market share. So, we are doing quite well in the tissue market. So that's the story about all the three products what we make.

Dhwanil: Okay, okay, because when we see the NSR in the writing and printing, so couple of years back it was around INR 50 odd rupees and now it is at INR 87-88.

Vijay Kaul: Yes, you are right.

- Dhwanil:** Yes, and most of the input, inputs are cost which had kind of gone up and hence the realization had also gone up and also correcting. So, the chemical prices, the freights and the power and fuel, right. So, going ahead, do you all also expect that this on the writing and printing side we may see the price corrections or this can be a new normal?
- Vijay Kaul:** Price corrections will keep on happening depending upon the raw material prices. These will keep on happening. Now, the question is of what is the demand and how fast a particular person wants a particular product. So, it will depend upon that. So, price corrections will keep on happening and that is a part of the process. So, but we have to keep ourselves abreast with the, whatever best cost we can get and best productivity and efficiency we can have so that we are up front in the supply stacker. That's it.
- Dhwanil:** And sir, post-March, have you all taken any price hikes or it's the same?
- Vijay Kaul:** No, as far as paper is concerned, we have increased the prices by INR 1,500. Board, we have kept the prices same. Tissue, we have increased by about, I think, maybe INR 1,000 or INR 1,500 per ton.
- Dhwanil:** And sir, just last question was on the margin side. So, on the margin, sir, this overall INR15.5-16 per kg on the net side what we've done. So, do you all think that this is sustainable? Obviously, if the prices remain here or there is certain or on the pulp side you are expecting the cost to go up?
- Vijay Kaul:** No, I think the margins will go up this year as compared to last year what you have seen. But, it's very difficult to say how much and how far and when it will happen. But definitely one thing is sure that the margins will go up this year. What margins you have seen this year, next year will be definitely better than that. Next year means the current year, what, FY'24, I am talking.
- Moderator:** The next question is from the line of Nirav Savai from Abakkus Asset Manager. Please go ahead.
- Nirav Savai:** So, my question is regarding this Carmichael Road bungalow which Aditya Birla Group has acquired. And we understand that Birla Estate is only real estate arm. So, is there anything where Birla Estate would be working on that bungalow either through a JD model or a DM kind of a model or how to you understand this deal?
- K.T Jithendran:** No, Birla Estate is not going to work on this project. That is on a separate issue. Nothing to do with the real estate business.
- Nirav Savai:** So, it has nothing to do with Century at all? Another thing is that we had made a milestone of about INR 5,000 crores of sales in the next three to four years. And based on that, any targets that we have assigned for FY'24 in terms of new BD acquisitions and going forward, how will it pan out? Because this year, baring the month of April for the entire year, there were no big announcements. So last announcement we had seen last year in the month of April. And followed by this month in April. So, how do we see this for FY'24 and '25? Do we have any internal targets in terms of BD acquisition?

- K.T Jithendran:** Yes, so as I mentioned last year, we acquired two projects in Bengaluru. This year in April, we have acquired again two projects, one in Pune and one in South Mumbai. And we have several more projects in the pipeline which we are looking at. And we're pretty excited about the opportunity there. And we'll be going pretty aggressively to acquire projects in our chosen markets. Difficult to put a quantitative number to it. So, as we keep finalizing projects and announcing it, we will let you know.
- Nirav Savai:** And so, any guidance which you all would like to share?
- K.T Jithendran:** I don't want to put any particular target for it because we are very particular that whatever deals we do, they do the right deal. Because if you put a target and start chasing, then we don't want to put too much money into it. But we want to just go ahead and do the right projects. Focus is on BD. We are not privy to announcing internal targets. We can't announce that outside at this point of time. However, I would just give you the confidence that very aggressively looking at expanding into all of our chosen markets.
- Nirav Savai:** Any guidance in terms of sales if you could share?
- K.T Jithendran:** No, no guidance. We are not sharing any guidance at this point of time.
- Moderator:** The next question is from the line of Kashyap from Broadview Research.
- Kashyap:** Hi. Just had a question on the paper business. I missed the point regarding the price increase in the tissue segment. Could you just quantify what are the price increase taken in the tissue segment?
- Vijay Kaul:** It's about INR 1,500 per ton. In the paper and tissue, we have taken INR 1,500 per ton.
- Kashyap:** And what is the margin now? The tissue business will be at what margin? At EBITDA level?
- Vijay Kaul:** That's around, I think 14%-15%.
- Kashyap:** And the writing and printing paper?
- Vijay Kaul:** Writing and printing paper around 20%.
- Moderator:** The next question is from the line of Parin Gala from Sageone.
- Parin Gala:** The question is for KT sir, currently, what is the active number of proposals in the real estate, in the BD that you are actively considering?
- K.T Jithendran:** See, roughly, we have finalized, currently in progress, about 10 projects which is under work, either in various stages of launch and construction, etcetera. Considering the last two acquisitions we did in April, we are, again, I said, I don't want to quote a number to it, but as I mentioned, in each of the target cities, we are looking at at least two or three very, very active proposals.

- Parin Gala:** Sir, in the current scenario where real estate is now, prices are going up, even land prices are going up, are we able to spot the projects with the targeted IRR that we typically want or you are ready to make some compromises there?
- K.T Jithendran:** We are not willing to make any compromises. We are patient enough to wait for the right project, with the right financials, the right locations. So, we are not in a hurry to, grab whichever projects comes our way. We are looking at the valuations. We are very particular about the valuations and the location. So, with that clarity in mind, we are moving ahead with our acquisitions.
- Parin Gala:** And, sir, lastly, for FY'24, what is the approximate sales number that you are looking for?
- K.T Jithendran:** We are not giving any forward guidance at this point of time, Parin. So, if once we start doing that practice, we will let you know. At this point of time, we are not doing that.
- Parin Gala:** Last year you had said approximately, you wanted to cross that INR 2,000 crores.
- K.T Jithendran:** Yes, on a broad guideline, over a period of time, the next maybe two to three years, we are looking at crossing INR 5,000 crores or even more than that. I think there is great potential in the market. I think this market will continue for several years, this up cycle. And we are quite excited that if we continue acquiring new projects, we will reach there sooner than later. So, I can give you a broad, two to three year horizon, we are looking at INR 5,000 to INR 6,000 crores annual booking.
- Snehal Shah:** I think I mentioned in my guidance earlier, somebody was asking a question about the future. So, when I said INR 10,000 crores, I said, roughly half of it will come from paper and half will come from real estate.
- Moderator:** The next question is from the line of Biplab Debbarma from Antique Stock Broking.
- Biplab Debbarma:** My question is, first question is on the Gurugram project. There in the PPT, on the slide nine, you mentioned that Phase 1 and Phase 2 is 9.4 lakhs and total is 17.8 lakhs. And is it the last phase, 17.8 minus 9.4, more than eight lakhs would be the last phase? Or there will be multiple phases, you will be launching the remaining?
- K.T Jithendran:** So it could be either one or two phases. Depending on how the approval comes, etcetera.
- Biplab Debbarma:** And when you mentioned 500 crores in Birla Navya, so you are mentioning the entire remaining phases or?
- K.T Jithendran:** I am just talking about the next launch. Not the entire remaining phases, just talking about the next launch which we are planning.
- Biplab Debbarma:** And so, this project is a 50-50 JV right?
- K.T Jithendran:** Yes, you are right. 50-50 profit sharing JV.
- Biplab Debbarma:** And my next question is on Birla Niyaara. Sir, Birla Niyaara, in the second phase that you are planning to launch, would there be any difference? Suppose, say, at that point of time in

December 2023, when you launch Birla Niyaara Tower B, and say, Birla Niyaara Tower A is selling at 75,000, would you be launching, you would be selling Tower B at the same price or at a different price? Because I assume the product would be different in terms of per square feet?

K.T Jithendran: I think, what we are planning to launch Birla Tower B Niyaara will be in more of premium positioning. So, we are expecting to launch at a higher premium to Tower A.

Biplab Debbarma: The same location, another tower, but per square feet basis, it will be higher. Right?

K.T Jithendran: You are absolutely right. Yes, the product will be different. Product will be differentiated with larger format products.

Biplab Debbarma: Okay. And like what, some numbers, 10%, approximately ballpark 10%-15% higher than the...

K.T Jithendran: Typically, to predict Biplab, we will take that call closer to the launch. But it will be premium.

Biplab Debbarma: And my final and last question is on the business development. I missed that part. So, now, after the closure of these projects, what are the projects, how many active deals left that you are... How many deals are there in active discussion?

K.T Jithendran: Again, difficult to put a number to it, but I can only assure you as I mentioned just now, that we have several exciting projects, we are considering at this point of time in each of the target markets.

Biplab Debbarma: And one more clarification needed. This Malabar Hills project, Walkeshwar, it is a JD?

K.T Jithendran: It is an outright.

Biplab Debbarma: Outright, right? Yes. And for both Pune and Walkeshwar?

K.T Jithendran: Both are outright.

Biplab Debbarma: So, both Pune and Walkeshwar, you have paid the money?

K.T Jithendran: Yes, Yes.

Moderator: The next question is from the line of Jiten Parmar from Auram Capital.

Jiten Parmar: My question is on one of the previous questions. You mentioned that paper margin for FY'24 will be higher than FY'23. I wanted to know, will it be higher than the Q4 margins we achieved?

Vijay Kaul: Yes, it will be higher than the Q4 margins.

Jiten Parmar: Look, Q4 margins in the presentation is mentioned 32.7%.

Vijay Kaul: Yes, that is, you know, only 18% because the rest of the percentage is coming from the sale of land at Bharuch, GIDC.

- Jiten Parmar:** And what is the breakup of capacity among the three sections we have in paper, the tissue, board, and the writing and printing copier?
- Vijay Kaul:** Sorry, I didn't get your question.
- Jiten Parmar:** What is the breakup of capacity?
- Vijay Kaul:** Breakup of capacity. The paper is the highest capacity, that is about 240,000 tons approximately, then the board is 200,000 tons and the tissue is about 55,000 tons to 60,000 tons.
- Moderator:** The next question is from the line of Himanshu Zaveri from Dhruv Gems.
- Himanshu Zaveri:** I just wanted to ask like what is the construction cost in Niyaara project? It should be around 20,000 square feet. That includes the construction plus the premiums, everything, all inclusive, right?
- K.T Jithendran** Yes, you're right.
- Himanshu Zaveri:** So, that includes everything, nothing more?
- K.T Jithendran** Yes.
- Himanshu Zaveri:** Okay. And one more thing about the NCR region, the only project we have right now is a Navya one, right.
- K.T Jithendran** Right.
- Himanshu Zaveri:** So, we have signed a project in Pune and one in Mumbai right now and two in Bangalore. So, what have you, because what I hear, NCR has been a fast-moving market right now and the price appreciation has been also quite high from what I know. I think the prices are up by 30%, 40% in the last two years. So, are we actively looking at that particular region because there the market is very good from what I hear.
- K.T Jithendran** Yes. So, we are looking at quite a few number of projects in the NCR both in Delhi and Gurgaon and Noida. And we expect to close some of these projects very shortly.
- Himanshu Zaveri:** And I wanted a guidance on margin front because I just want to know, like there are companies in the real estate business in India, like you can compare Oberoi Realty to Godrej Properties. So, the Oberoi people are very highly on the margins because their net profit margins are very, very high. And the Godrej people go on the volume like 10%, 15% margin. So, are we going to be like a mixture type or we are going to go more on the Oberoi type of models here.
- K.T Jithendran** No. So we are looking more at quality of projects. So, we are careful about both the returns in terms of the IRRs and also on EBITDA margins. We are focusing on both.
- Himanshu Zaveri:** No, no my reason to ask is that because the pace of signing of deals in our company has been pretty like slow in the sense of, if I see, Godrej Properties, which have signed like INR 25,000

crores, INR 30,000 crores of project like revenue potential in the last six months to one year. So just wanted to know, we are going more on the margins right, that's what you're trying to say.

K.T Jithendran: See Himanshu, we are focused on the quality of the projects in terms of location, in terms of size, in terms of financial, in terms of joint venture partners. So, we give a balanced approach that we are particular about each of these parameters because in the long-term, the success of the project, we want to make sure that we give adequate attention to each of these parameters. Whether it's the financials, it's the cash flow, it's a risk management in the project, is a JV partner, if there is a JV partner, and most importantly location, access all of those criteria.

Himanshu Zaveri: So yes, basically you want to build a good brand for the long-term.

K.T Jithendran: Absolutely.

Himanshu Zaveri: And are we confident about the Niyaara project of sustaining these prices because INR 75,000 a square feet is quite high, right.?

K.T Jithendran: So, I don't think so. We have projects around, which are at possession, today are selling at more than a lakh per square foot. There is a huge demand. We did almost INR 225 crores just in the last one month in March. So, there been a huge amount of demand.

Himanshu Zaveri: For that it is because of the tax break also do you feel or no?

K.T Jithendran: I don't think so, no. Not because of that. There has been a lot on the capital gain stuff but there are very few people present of that.

Himanshu Zaveri: So, you are confident that we are able to sell the project?

K.T Jithendran: I think it's a great product. The people have understood the product. It's a great location coming from a strong brand. And I think very confident that this project will fetch much higher prices in days to come.

Himanshu Zaveri: And this is the 2.4 million is the whole Niyaara, right?

K.T Jithendran: Yes, you're right.

Himanshu Zaveri: So, there's another parcel also at, we have another parcel also at Worli, right.

K.T Jithendran: No, you're right. Next to this another parcel, about 1.5 million here in Niyaara itself is about 2.4 million plus another 1 million opportunity for commercial is also there

Himanshu Zaveri: In Niyaara.

K.T Jithendran: Yes.

Himanshu Zaveri: The 1.5 million you said is where?

K.T Jithendran: That is adjacent to Niyaara, another land, Worli West, we call it. The parcel next to this spot and adjacent to it.

- Himanshu Zaveri:** So that is also ours right, that we'll develop in the future?
- K.T Jithendran:** Yes.
- Himanshu Zaveri:** And the Prabhadevi and the Pune also we have, right.
- K.T Jithendran:** Those are potential for the future.
- Moderator:** Thank you. The next question is from the line of Nishith Shah from Aequitas Investments.
- Nishith Shah:** Good evening, sir. My question relates to the paper segment. So, what was the export contribution over here and compared this to the last quarter?
- Vijay Kaul:** We don't export much. We don't, we only do about 10% to 12%, maximum 15% we have done in one quarter. I think in the last quarter, it was not more than 10%. So, 10% is hardly about 7,000-10,000 tons not more than that. So, our contributions in exports are equivalent to the domestic contribution, in fact, slightly better also in exports.
- Moderator:** Thank you. The next question is from the line of Vishal Ghai from Abercrombie & Kent.
- Vishal Ghai:** Hi, this question is for Mr. K.T. I was just wondering, what will be the total revenue, which you will be generating from the three phases, you will be delivering in the current financial year?
- K.T Jithendran:** I think depending on what sales we do this year, I expect about 1,500 to 2,000 crores.
- Vishal Ghai:** Thank you.
- Moderator:** The next question is from the line of Dixit Doshi from Whitestone Financial Advisors. Please go ahead.
- Dixit Doshi:** Just wanted to know if you have shared how much we have paid for the land parcel in Pune, Bangalore and Walkeshwar?
- K.T Jithendran:** Yes overall, about INR 500 crores both projects together.
- Dixit Doshi:** Which one, Pune and...
- K.T Jithendran:** Pune and Walkeshwar.
- Dixit Doshi:** Pune and Walkeshwar put together INR 500 crores. And how much for the Bangalore?
- K.T Jithendran:** Bangalore about INR 100 crores to INR 120 crores.
- Dixit Doshi:** Okay. And I assume that in this INR 500 crores, I mean, Walkeshwar would be the major part?
- K.T Jithendran:** No. Walkeshwar is a very small part.
- Dixit Doshi:** Okay. if you can help me with the separate in INR 500 crores?
- K.T Jithendran:** I will get you offline.

- Moderator:** The next question is from the line of Himanshu Zaveri from Dhruv Gems.
- Himanshu Zaveri:** I just wanted to ask like in the future being shareholders, what is the views on the demerger of the business because in the end, the value is only created if you demerge your real estate business, which is Birla Estates, right?
- Snehal Shah:** Yes. So, you're right somewhere down the line we have to unlock the value, but as of now, there are couple of reasons that you need to understand. One is we are dependent on the cash flows from the paper business to support the real estate business till it becomes self-sufficient in terms of its own cash flows and borrowings.
- Number two, we have to have sufficient, what we call deliveries, executions of our projects in order to demonstrate our capabilities, etcetera and the product qualities, etcetera and all that stuff. So, I think you're right, but this is something you have to wait for some time. It won't happen immediately.
- Himanshu Zaveri:** No, no, I understand waiting is okay, but like we have something in the pipeline, right, in the near future maybe one years, two years down the line?
- Snehal Shah:** No. I mean, it's at the back of our mind not on the drawing table or on the table. We're not really thinking of it very seriously at the moment because I don't think it's the opportune time to do that.
- Himanshu Zaveri:** But the revenues we get from the real estate business, the major ones are going to only start when the Niyaara one, the revenue comes in, right? The other ones are pretty small right now.
- K.T Jithendran:** As I mentioned see, we are expecting with these three possessions is that about INR 2,000 crores of revenue this year. There is nothing from Niyaara.
- Himanshu Zaveri:** Right. But Niyaara is like three years, four years down the lines, right.
- K.T Jithendran:** You're right. You're right.
- Himanshu Zaveri:** So, till then, we are dependent on these two, three, four projects only for the revenue.
- K.T Jithendran:** I think we have about, Yes, correct, revenue, but cash flow is coming from all projects. So, we have about 10 projects, as of now.
- Himanshu Zaveri:** So Niyaara also we'll get only slab wise get, phase wise when you...
- K.T Jithendran:** Yes, Yes, absolutely. That's the rule. Any project, whatever is the RERA on the completion of a particular phase, you can recognize the revenue. See cash flow, it keeps coming. It's only the recognition of EBITDA and revenue or profits and revenue, which comes at the end of the..
- Himanshu Zaveri:** Please, as a shareholder, please consider the demerger also, in the future, whenever you feel comfortable.
- K.T Jithendran:** Yes. I mean, we are all sitting here to take care the best interest of the shareholders.



Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Parvez Qazi for closing comments.

Parvez Qazi: Thanks, everyone, for an enthusiastic participation in the call. I would now like to hand over the call to the management for their closing remarks. Over to you, sir.

R.K. Dalmia: Thank you for all participating in this earning call, con call. I hope we have been able to answer your question satisfactorily. If you have any further questions or would like to know more about the company, please reach out to our IR Manager at Valorem Advisors. While we are very thankful to all our investors, who stood by us. And had the confidence in the company's growth plan. With this, I wish everyone a great evening. Thank you.

Moderator: Ladies and gentlemen on behalf of Nuvama Wealth Management. That concludes this conference. Thank you for joining us. And you may now disconnect your lines.