ADITYA BIRLA
CENTURY

SH/XII/2024 13th May, 2024

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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 Q4FY24 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 Q4FY24 Earnings Conference Call conducted on 07th May, 2024 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.

Thanking you,

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

ATULKUMAR MOHANLAL KEDIA
Digitally signed by ATULKUMAR MOHANLAL KEDIA
Date: 2024.05.13 16:15:09 +05'30'

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

CENTURY TEXTILES AND INDUSTRIES LTD. MUMBAI 400030

"Century Textiles and Industries Limited

Q4 FY'24 Earnings Conference Call"

May 07, 2024

MANAGEMENT: **MR. R.K. DALMIA – MANAGING DIRECTOR – 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. BIPLAB DEBBARMA -- ANTIQUE STOCKBROKING**

Moderator: Ladies and gentlemen, good day, and welcome to Century Textiles and Industries Q4FY24 Earnings Conference Call hosted by Antique Stockbroking. 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. Biplab Debbarma from Antique Stockbroking. Thank you, and over to you, sir.

Biplab Debbarma: Thank you, Steve. Good afternoon, everyone, and welcome to the Q4FY24 Earnings Call of Century Textiles and Industries hosted by Antique Stockbroking. Today, we have with us the management of the company represented by: Mr. R.K. Dalmia, Managing Director; Mr. K.T. Jithendran, CEO, Real Estate Division; and Mr. Snehal Shah, CFO. Without further ado, let me hand over the call to Mr. Dalmia. Over to you, sir.

R.K. Dalmia: Thank you. Good evening, everyone and welcome to the earnings conference call for the fourth 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 fourth quarter of financial year 2024, the consolidated turnover of continuing operation grew by 60% year-on-year to INR1,542 crores. The EBITDA for the quarter grew by 81% Y-o-Y to INR282 crores with EBITDA margin reported at 18.3%. The net profit on continued operation was INR160 crores for the quarter.

As you might be aware, on March 22, 2024, the Board of Directors of the company reviewed the operations of the Textile division and in view of the unsatisfactory performance of the unit with continued operational losses despite attempts of possible turnaround as well as considering the adverse market conditions and non-availability of viable orders to cover the cost, it was decided to discontinue operation of the process house after completion of the orders in hand. The net loss for the quarter for discontinued operations amounted to INR140 crores.

For the financial year ended 2024, the consolidated turnover of continuing operations grew by 19% to INR4,570 crores. The EBITDA reported was INR718 crores with EBITDA margin of 16.8% with net profit from continued operations of INR304 crores. The net loss from discontinuing operations was INR244 crores for the full year.

Now let me take you through some of the key highlights across our 3 business verticals, starting with the Real Estate business. During Q4 financial '24, the Indian real estate sector, sales volumes in primary market have grown at extremely healthy rate. With Mumbai market witnessing the highest sales volume and Y-o-Y growth across all other Indian metros, owing to a robust economic growth and strong consumer demand with a significant trend of rising demand for luxury homes offering the superior amenities and exquisite designs.

Q4 financial '24, the revenue of Birla Estate grew substantially year-on-year to INR668 crores with EBITDA of INR204 crores, representing an EBITDA margin of 30.5%. This growth was driven by revenue recognition of 3 projects, which have initiated handover for well before the RERA timeline, namely Birla Vanya Phase 1 in Kalyan, Birla Navya Phase 1 in Gurugram and

Birla Alokya in Bengaluru. We achieved bookings worth INR2,881 crores in Q4 financial '24 at our already launched projects, while our collection was INR644 crores from all projects during the quarter.

In Q4, we launched a new phase of our flagship project, Birla Niyaara at Worli in Mumbai called Silas, which received a spectacular response from customers resulting in the sale of 68 units worth INR2,391 crores within a month after its launch. The show apartment for the project was unveiled by Ms. Ananya Birla in the presence of top luxury influencers, Bollywood celebrities and luxury designers.

In other updates, Birla Tisya, Bengaluru received Safety Shield Award from National Safety Council, India. The only real estate developer to receive this prestigious award.

Additionally, Birla Niyaara, Mumbai, was awarded the winner of prestigious 15th CIDC Vishwakarma Safety Award '24 for the best HSE practices. Overall, the residential real estate market is expected to grow to new heights in the upcoming financial year, driven by a surge in demand and a strong consumption record. We believe that financial '25 is poised to be a transformative period fuelled by urbanization trend, a booming rental market and consistent property value appreciation. Customer centric project had been outlined in 3 years road map. This will strengthen our differentiated position by increasing customer experience and deepening customer engagements.

Now moving on to the Pulp and Paper segment. During Q4 '24, paper, board, and tissue prices continued the downward trajectory with average net sales realization down by 15% year-on-year, consistently reducing NSR, impacted sales turnover and EBITDA. Overall production volume increased by 6% year-on-year. However, they are 4% lower than previous quarter. Sales volume increased by 13% year-on-year. Sales turnover for the quarter decreased by 6% Y-o-Y to INR859 crores with EBITDA at INR65 crores, and EBITDA margin reported at 7.6%.

Supply chain disruption in the Red Sea and Suez Canal have contributed to increase in prices of key raw materials. Increasing price of imported pulp and challenges in wood availability have also impacted cost of production. Board and tissues sales were better than Q4 '23 as compared to paper and CGP sales. Various cost reduction initiatives have been envisaged in pulp and recovery, power block, machine replacements, in PM3, which would help improve machine productivity and reduce overall cost.

As a part of sustainability initiative, 80 nurseries have been developed in 11 districts to provide seedling and clones to farmers and total of more than 52,00,000 plantations completed in financial year '24.

On the market outlook, writing and printing and copier demand is expected to improve post-election with government tenders opening in Q1 FY '25. Seasonal factors like expected to moderately revive demand with an increase in exports, offering improved realization and greater price stability.

Tissue demand is expected to remain stable in FY '25. Domestic realization continued to be higher than in export market. However, our focus is more to prioritize growth in domestic market, while board demand is likely to improve in Q1 '25 with Pharma segment gearing up summer medicines with added price increase announced by international paper mills.

Export demand from Europe, U.S. and U.K. markets is consistent and is expected to improve in FY '25. However, oversupply in market likely to continue in FY '25 as the market growth is lower than the capacity being added by domestic as well as international mills.

Lastly, talking about Textile division. In the beginning of FY '24, the company took a decision to initiate the process of restructuring the company's textile business operation at Birla Century Bharuch plant. As a part of restructuring plan, spinning, and weaving departments at the plant were discontinued.

However, with a view to optimize the utilization of process house, it was supposed to increase outsource of specialized greige fabric from 45,000 meters per day to 105,000 meters per day. Simultaneously, VRS scheme was also implemented for the workers, employees working at the discontinued units, and majority of workers, employees at spinning and weaving department opted for that scheme.

On March 22, 2024, the Board of Directors of the company reviewed the operations of the Textile division. In view of the unsatisfactory performance of the unit with continued operational losses, despite attempts of possible turnaround as well as considering the adverse market conditions and nonavailability of viable order to cover the cost, it was decided to discontinue the operation of the process house after completion of orders in hand.

After careful consideration and deliberation, the Board approved the proposal to discontinue all operations at Birla Century Bharuch Unit except some minor manufacturing operations and other allied activities related to supply of yarn to Birla Advanced Knits Private Limited, a joint venture of the company of Grasim Industries Limited.

With that, I now conclude our opening remarks, and we can start the question-and-answer session. Thank you.

Moderator: The first question is from the line of Dhananjai Bagrodia from ASK Investment.

Dhananjai Bagrodia: Congratulations on a fantastic set of results again. I believe for FY '24, we have outperformed what our initial estimates were. Just to ask you now going ahead, with now we've delivered in terms of this FY '24-'25, like how is land prices coming along, going ahead, to purchase them to have a next leg of business? And how are we looking at other aspects of real estate in terms of commercial and maybe anything else we're thinking of?

K. T. Jithendran: Dhananjai, thank you for your questions. So yes, the land prices have become much firmer. It's getting more and more pricey if I may say so. So that much more difficult it has become to conclude deals. But we are looking at quite a few number of parcels in each of our targeted regions and pretty confident that we are getting some good deals either on outright or JV model. So from that point of view, we are pretty hopeful that we will be able to conclude a few good deals though the prices of land are continuously climbing up.

Dhananjai Bagrodia: Okay. So would we still look at outright purchase? Or has it been a combination of...

K. T. Jithendran: Yes, yes, we are still looking for both outright and JV. Why outright, because otherwise, it would be too opportunistic. So in our targeted segment where we think the land prices still makes sense, we are open to concluding deals.

Dhananjai Bagrodia: Okay. And how are we thinking of ex-residential for other projects? How are we planning on thinking? Are we looking at any other avenues in terms of either malls? Or how is that coming along?

K. T. Jithendran: Yes, we are pretty much focused on residential. I think that's still the best bet for leveraging the brand and also strengthening the balance sheet and also very sharp margins. But however, we are also opportunistically open to looking some commercial deals in the market. I think the commercial market is also pretty firm, at a good time, if you have the right product to look for commercial opportunities also.

It will be largely on the back of raising some funds, which we are in the process of. We are following up on that. And apart from that, even plotted development, I think, is a good opportunistic play for quick turnaround. So we are on the lookout for these 2 segments also in addition to the residential.

Dhananjai Bagrodia: And how is it competition in terms of competitive intensity now in terms of more and more players coming into the market? Are we thinking...

K. T. Jithendran: Yes, I think it's quite competitive now. A lot of top players are all looking for land We faced that, when we are going for a particular piece of land. There is more than 1 player who is after the same land. So the landscape has become quite competitive, to tell you the truth. But we are pretty hopeful that given our brand, given our execution capabilities, and our pricing power, I think we we'll be able to secure a few good deals for ourselves.

Dhananjai Bagrodia: Okay. And would you have any targets for the next few years? Or that's too early to say?

K. T. Jithendran: Yes, I mean, we have targets. We have about INR15,000 crores to INR20,000 crores of new projects target. We did about INR16,000 crores this year. Hopefully, we do a similar number or close to about INR20,000 crores in the coming year.

Moderator: The next question is from the line of Abhishek Getam from Alpha Invesco.

Abhishek Getam: Thank you for the opportunity, sir. Sir, my -- the first question revolves around MMR market. So as you also highlighted that you're looking for some land parcel in the key areas. So my question is how do you see given there's a lot of projects coming up, a lot of demand also there, but a lot of supplies are coming up. So how do you estimate that demand supply going ahead?

K. T. Jithendran: I think the demand at this point of time is far more than the supply. I think there is quite a few demand. That's what we have seen personally in the markets that we are operating. Every market demand is far outstripping supply. Supply is constrained because the number of players are much fewer than what it used to be.

And land prices, as I mentioned, has gone pretty sharp. Also, the regulatory rules also puts a lot of constraints on many developers in terms of having financial backing, the discipline of getting all the approvals. And I think from that point of view, supply is still pretty constrained compared to the demand. Demand is very, very robust on the back of several fundamental factors, tracing to the Indian economy and the current affordability price. Suppose there is going to be a sustained demand over the next few years.

Abhishek Getam: Another question was on paper. So earlier, I guess our guidance stood at 15% operating margins in the division. Currently, we are at 5%. We understand the current issues. And then what's the outlook ahead for FY '25?

Snehal Shah: So Abhishek, basically, last year, we had a little bit of a cost constraints. And one of the reasons for our low margins in last year was certainly the cost constraints we had, particularly on the procurement of wood as well as on the power costs that we have. We have a lot of capex planned to overtake all these issues that we had in the bottlenecks.

And we can safely give you a guidance that we will be if not 15, we'll be close to about 12 next year. I think it is not percentage, it is INR15 per kg of paper is the margin that we are aspiring for. But the guidance right now is around INR12 to INR13.

Abhishek Getam: Understood, sir. And just one last question. Sir, we've booked loss from discontinued operations for INR150 crores on net realizable value of INR174 crores. So can you give some more light on this? And is this expected to roll over in the next few quarters also?

Snehal Shah: We have already taken whatever impairment we have to take, we have already taken that impairment this year. And whatever realizable value is left, we are hopeful that, if not more, we will at least be able to achieve that realizable value. So we don't expect anything more in the next year other than some write-offs, may be not more than INR25 crores.

Moderator: The next question is from line of Deep Mehta from Bank of India Mutual Fund.

Deep Mehta: Congratulations for a very solid number. My first question is regarding our real estate business. It will be very helpful if you can give launch timeline for next year. So in which quarter or which month are we planning to launch each of these projects?

K. T. Jithendran: Yes. So we are pretty optimistic in the current year. We are coming up with as many as 9 launches. And these launches will be spread across each of the quarters, starting from this quarter itself. We are looking at Walkeshwar launch, the Bangalore, RR Nagar launch, then Trimaya Phase 2 launch, then launch in Pune, launch in NCR, further launches in Bangalore. So pretty upbeat about this for this current year. Yes, so at least about 9 launches we are planning.

Deep Mehta: So with more than INR8,000 crores of launches planned this year, do we expect to grow our presales from the last year?

K. T. Jithendran: Yes, we at least expect to double our sales performance from what we did last year.

Deep Mehta: Sure, sir. This is very helpful. And my second question is regarding our total debt. We have roughly around INR2,500 crores of debt as on FY '24 end. How should we look at this number? And how will collection help us to manage this number?

Snehal Shah: Deep, Snehal here. What debt you are seeing INR2,482 crores is the consolidated debt. Against that, we have about some liquid mutual fund investments and some HO balance. So our net debt right now is somewhere around INR2,050 crores. So our -- based on the current launches that we are going to do of our existing projects, and the ongoing projects that we already have, we expect additional cash flow requirement by the real estate business to be somewhere around INR300 crores to INR400 crores.

So that is where we expect our debt to go to INR2,500 crores net debt or whatever we are talking about. Now the only question is Mr. K.T. Jithendran just now gave a guidance that we might be doing new acquisitions to the extent of INR15,000 crores to INR20,000 crores. So maybe roughly around INR2,000 crores additional debt might be required. Maybe half of it will be financed by the parent and half will be financed through either raising construction finance on our existing projects or some sort of financing arrangement with the joint financer. Does that help you?

Deep Mehta: Yes, sir. That is very helpful. And just last one question with a very strong response in Niyaara Phase 2. Do we expect to launch Niyaara Phase 3 in this year itself?

K. T. Jithendran: Too early to say that. We may look at launching it in Q4 of this year or we may think about it next year. Yes, it's too early because we'll continue to observe how Niyaara 2, the Tower 2, which is called Silas, performs. So far, we have done more than 72-73 bookings. So once we do about 80% to 90% of the booking, then we may think about it. Right now, our focus remains on maximizing from Niyaara 2.

Moderator: The next question is from the line of Rohan Shah from Valcore Capital Advisor.

Rohan Shah: Hello. Yes, am I audible?

K. T. Jithendran: Yes, yes, you are.

Rohan Shah: Yes. Okay. Sir, so just a few questions on the real estate front. Could you help me with the presales of FY '24, if you can give me a number?

(K. T. Jithendran): Pre-sales, FY '24, the last year, that was INR3,985 crores.

Rohan Shah: Okay. INR3,985 crores. And we hope to do twice of it in this year, as you said earlier, right?

(K. T. Jithendran): Yes.

Rohan Shah: Okay. Sir, the second question on the line of the paper business. We see a great dip in EBIT. So could you help us with why the dip in EBIT considering quarter-on-quarter?

Moderator: Ladies and gentlemen, we have lost the management line. Please wait for a moment while we reconnect. Thank you.

Ladies and gentlemen, we have the management line reconnected with us. Thank you.

Snehal Shah: sorry, Rohan.

Rohan Shah: So sir, my question was regarding the paper business. So during the quarter 4, we see a good dip in the EBIT. It's nearly INR30 crores. So could you help us why such a dip because that would have been viewed, this business would have given us free cash flow, which would have financed our real estate so any specific reason for the dip?

Snehal Shah No, the specific reason is in NSR, we were expecting some improvement in it, which actually didn't happen. And we have continued to have some cost disadvantages, as I mentioned earlier. So basically, we lost close to about INR117 crores just because of price difference.

And we had little less volumes also because we were having some difficulty in pulping capacity, and therefore, we could not produce more and sell more. So we consider that as a blip. We hope that the demand is going to increase post the election results, because now everything in the government tenders has stopped. And therefore, there are no tenders for the paper business.

Hopefully, the FMCG and Pharma business will pick up, which will result into some increase in the boards. Tissue, we are reasonably okay. And the demand is pretty buoyant. We also had some tough competition on the pricing front from imports from China, Indonesia. These two countries. So that also put a little bit of a pricing pressure in the market.

So I mean, overall, we are hoping to do better, but still, we were able to provide some cash flow to the business from this segment.

Rohan Shah: Okay, sir, yes. That was helpful. Sir, my next question is on the line of the presales for next year. So sir, as you said, we would be doing around INR8,000 crores of presale next year. So where do you see it coming from like new launches, existing launches or from which geography, if can help us?

K. T. Jithendran: So as I mentioned, we are coming up with 9 new launches next year, either new project launches or new phase launches. So largely coming from these and of course, the balance sales from Niyaara 2 and the Niyaara 1 and the balance inventory left over from Kalyan, Birla Vanya. Except for Birla Vanya and Niyaara, most of the other projects are almost on a sold-out situation for whatever phases we have launched. That has still all come from new phase launches.

Rohan Shah: Okay. And sir, could you give us an amount of the launches like in crores, how much would the value be of the new launches?

K. T. Jithendran: About INR12,000 crores of launches will be there, roughly.

Moderator: The next question is from the line of Dikshit Doshi from Whitestone Financial Advisors.

Dixit Doshi: My first question is, I think in this quarter, we have recorded a revenue of INR668 crores in the Real Estate division. And we started the delivery of 3 projects- Vanya, Alokya, and Navya. So can you help me with how much revenue has been recognized in these 3 projects separately?

K. T. Jithendran: So we have recognized revenues of around INR687 crores across the 3 projects. And the balance would be recognized in the coming quarter. You would like the detail project wise?

Dixit Doshi: If possible?

K. T. Jithendran: Yes. So around INR 264 crores in Kalyan, around INR 200 crores in Bangalore and around INR 222 crores in Gurugram.

Dixit Doshi: Okay. So I think Gurugram is a 50-50 JV. So we record the entire revenue in our books and then we will...

K. T. Jithendran: Yes, in the profit sharing, we record the whole thing here. If it would have been a revenue share, 50-50, we would have recorded only 50-50. But in a profit sharing, the entire top line is fully recognized.

Dixit Doshi: Okay. And their share will come in the cost line?

K. T. Jithendran: That's right.

Dixit Doshi: Okay. So my question was, let's say, these 3 projects total value is around INR 2,700 crores plus. So almost INR2,000 crores can come in the next 1 or 2 quarters.

K. T. Jithendran: No, that's not correct. As far as Bangalore is concerned, we received OC for the full project. So that is right. And as far as Kalyan is concerned, we have received OC for 5 out of the 7 buildings. The 2 buildings are still expected. So yes, between this quarter and next quarter, the rest will be recognized.

Of course, there is a few more, about 20% of sales in balance. We have sold about 1,000 apartments. We have about 1,200 apartments. About 200 apartments left for sale in Kalyan, that's the position.

Whereas in NCR, we have recognized revenue only for the first phase. This is the first 2 blocks, right. There are many more blocks left, which will be recognized over this year, next year and a couple of years. So roughly about INR600 crores in Phase 1, which had got OCs. The rest is all work in progress. Our sale is 100%, yes, what I'm saying is that NCR, we have whatever phases we have launched. We have sold almost 100% of the inventory, which is about INR1, 500 crores, of which we have got OCs for only Phase 1. The other phases will get OC over this year and next year.

Dixit Doshi: So how much will be OC received, which will be...

K. T. Jithendran: Roughly about in NCR, it's about INR600 crores, of which I think, 228 units of which about 170 units we have got the OC, another 52 units is balance, which we have received the OC, but we are still doing the billing, etc. So we have not recognized revenue. So revenue also will be recognized this quarter. Rest all will come up in this year, end of this year and next year.

Dixit Doshi: So you are saying that this NCR, which we show INR1,600 crores booking value, only INR600 crores is OC received which, let's say, INR220 crores we have recognized this quarter and balance will come over next few quarters.

K. T. Jithendran: Yes, 228 units, 170 units we have recognized. So roughly 170, and another 50, 60 units will come up.

Dixit Doshi: Okay. So in terms of value, let's say, even in Kalyan and Bangalore, Alokya...

K. T. Jithendran: I'll give you more -- yes, yes. I lost you, Dixit.

Dixit Doshi: Yes, yes. Can you hear me? Hello?

K. T. Jithendran: Now I can hear you.

Dixit Doshi: Yes. So what I'm asking...

K. T. Jithendran: Dixit, can you hear us?

Dixit Doshi: Yes, yes. Can you hear me?

K. T. Jithendran: Yes.

Dixit Doshi: Yes. Can you hear me now?

K. T. Jithendran: Your voice is going on and off.

Dixit Doshi: Is it better now?

K. T. Jithendran): Yes, we can hear you.

Dixit Doshi: Yes. So for Kalyan and Alokya project also, we are showing booking value INR 840 crores and INR 386 crores. So how much of that is OC received?

K. T. Jithendran: See, Vanya, as I mentioned, of the 7, we have got OC for 5 buildings. Okay, the other 2 OCs we're expecting in this quarter and 1 in next quarter. And in Alokya, we received the full OC. We have to bill for the last 76 apartments out of the 218 apartments. We have about 3, 4 apartments balance to sell

As far as Navya is concerned, I just wanted to make some correction. I had mentioned 170 apartments, but actually it's about 114 apartments, for which we have booked profits, and another 108 apartments will be booking profits in this quarter.

Dixit Doshi: Okay. And sir, my next question is, so if I read the current revenue, INR668 crores, I think some INR30 - 40 crores will be leasing revenue

K. T. Jithendran: No, no. That is over and above to this. Leasing revenues on top of it.

Dixit Doshi: Okay. This INR 668 crores revenue does not include leasing?

K. T. Jithendran: No, no. That's another INR130 - INR140 crores on top of this.

Dixit Doshi: This quarter, our segment-wise real estate is INR668 crores.

K. T. Jithendran: That is without the revenue from the leasing. That's on top of this.

Dixit Doshi: Okay. So where do we record the rent revenue in P&L?

K. T. Jithendran: In CTIL, because those 2 buildings sit in CTIL. So it is recorded in the CTIL revenue, parent company revenue.

Dixit Doshi: Yes, I'm asking consolidated revenue of the real estate segment is reported INR668 crores this quarter.

K. T. Jithendran: So the total revenue is INR668 crores. Plus there are some other charges which comes in other operating income. So the total revenue, which we've recognized for the units is INR 687 crores. So the difference between INR660 and INR 686 crores is other charges

K. T. Jithendran: We will just get back to you on that.

Dixit Doshi: Yes. So just to conclude my question. So in the real estate division, our EBIT is INR196 crores this quarter. Of this INR196 crores, I think INR124 crores we received from TDR.

K. T. Jithendran: You're right.

Dixit Doshi: Okay. So the INR72 crores EBIT is for the real estate segment, normalized on INR670 crores top line, which is hardly 12% -13%. And if I remember correctly, in our previous con calls, we have mentioned that these 3 projects in revenue recognition are 30% plus margin kind of projects

K. T. Jithendran: You're absolutely right. It's all around 30% margin. Right now, we have recognized whatever was in the early sales, which we have done in 2017 and the later when the prices increased, those revenues will come later in the next quarter. But still it's not 12%, it is about 23% is what I gather.

Snehal Shah: Dixit, INR 668 number that you are seeing is for the quarter. And if you look at the revenue, which Mr. K.T. Jithendran was telling you is for the entire year. So you have to look at INR832 crores, which includes the leasing income.

So when he was talking INR600 crores of revenue recognition, he is looking at the year-end figure of INR832 crores, which also includes the revenue of the other leasing. Because we've not received all the revenue in fourth quarter, we also had some revenue recognition in quarter 3 also.

Dixit Doshi: When you mentioned 23% margin on these projects, even the early sales, so this 23% is reported. So how much would be our corporate head expenses, because of which the reported margins looks lower?

Snehal Shah our corporate overheads are around INR174 crores to INR175 crores annually including salaries and other corporate spends. And as a percentage of booking value, it's well within our industry norm of 4%.

Dixit Doshi: Yes, yes. That I understood. I was just wondering that the reported margin of the real estate division of these 3 projects, which we are recognizing the revenue looks very low in the fourth quarter.

Snehal Shah: So the numbers I'm talking about is for the FY '24. If you're looking at INR832 crores, the numbers from leasing income is INR151 crores; from Vanya is INR264 crores; from Birla Alokya, that is Bengaluru, is INR201 crores and from Navya is INR216 crores. And if you look at the profit from INR198 crores, you have to reduce INR202 crores, which is the TDR. So that is the total cost that we have actually incurred as overheads and everything else. Am I clear?

Dixit Doshi: Okay. I'll take it offline, maybe.

Moderator: The next question is from the line of Siddharth from SaaS & B

Siddharth: Just a 3-part question actually. So I'll ask 1 at a time if that's fine with the management.

K. T. Jithendran: Yes, yes, it's fine.

Siddharth: So firstly, I just wanted to know since the management is, from what I can tell, more focused on the real estate business, and most investors obviously also see value in that. And we did shut down the loss-making unit this time around the Textiles division.

Are we also internally discussing thoughts of a demerger where it will unlock value because investors then are completely interested in the real estate play, can get a chance to have equity there? And those who are interested in the paper or the pulp business can have an opportunity there. Are those conversations on the table at the moment?

Snehal Shah: Those conversations are not on the table, but certainly at the back of our mind, but we have been constantly telling investors that real estate for us is a new business. And it certainly right now standing on its feet for the business that it's already launched, but it certainly requires a certain big growth capital.

And pulp and paper business is sort of our cash cow. And just to give you some numbers, roughly, even if we do 500,000 tonnes of paper and if you take INR15 per kg, we are making INR750 crores of EBITDA. So that is a significant amount for us to at least reduce the amount of debt that we can raise for the purpose of the growth capital of real estate.

So it is at the back of our mind. Certainly, there is always a case for unlocking value for both the businesses separately. But right now, I don't think, and we don't think that it is an opportune time for us to do it. We are going slowly. We have already started with closing down the loss-making business. But we certainly don't want to get away from the cash cow because we don't intend to invest anything more, to organically or inorganically grow the paper business. So there is no major capital that we are planning for the paper business. So that is one reason.

Somewhere –2-3 years down the line when real estate can stand on its feet even for the growth capital, I think that discussion will come on the table.

Siddharth: Actually, you mentioned that obviously now to grow the real estate business, we will need growth capital and you did mention in the conversation prior that we are having conversations that we're looking to raise funds, maybe some funding at the promoter level or from others. So now the fundraising that you're looking at, are you looking at dilution in Century Textiles thereby to raise money for the business.

Snehal Shah: We are only looking fund raising for specific projects at project level, not at a subsidiary level, not at the parent level.

Siddharth: All right. So even the promoter funding then would come at the project level, I'm assuming, right?

Snehal Shah: No, promoter will not put any more fund. We'll just put our capital from the business in that project. And the other partner will put his money into that project. So there will be an SPV separately for each project.

Siddharth: Understood. Thirdly, just a couple of more questions. There have been conversations in the market about GIC looking to fund a few of the projects at Birla. Are we in active conversations with them regarding the same? And if so, could you shed any light on that?

And secondly, as far as the Birla lands are concerned and the lands of the textile mills that we have, what's our status on those? Are we seeing realizable value there, where, for example, we can maybe have a new project or something of that sort?

Snehal Shah: So probably, I think you've come in late in our business. We already have investors know of our plan for the Worli land in terms of the development value over there and our plans for that. As far as GIC is concerned, there is absolutely zero discussion with them at the moment. Like all investors, everybody comes and meets us and look at our projects. Besides that, there is no other discussion. This is pure speculation.

K. T. Jithendran: Just wanted to clarify to Mr. Dixit, the net leasing income for the financial year is INR116 crores. That is one. Number two, the revenue, which is recognized for the 3 projects, Kalyan, Gurugram and Bangalore, the EBITDA margin on that is approximately 23%. This is at the project level. Plus after that, there are overheads and other costs which come down. So just wanted to clarify on the EBITDA margin for the projects. Yes, the balance phases of the same projects will get recognized in the subsequent quarters.

Moderator: Sorry to interrupt, sir, but the current participant has been disconnected.

K. T. Jithendran: Okay. Okay. But I'm sure they must be hearing on.

Moderator: Yes. The next question is from the line of Himanshu Zaveri, an Individual Investor.

Himanshu Zaveri: Yes. So what is our plan on a market like NCR, as it's a red-hot market and the prices are going up a lot. So if you must be aware, DLF and Godrej are doing extremely well in that market. So they have done sales of like INR10,000 crores only in NCR. So what are our plans to sign new BD? Or are we finding very difficult to find new deals that land prices have gone up a lot over there in that particular market?

K. T. Jithendran: Yes. Good question, Himanshu. We are also pursuing very aggressively deals in all the 3 NCR markets- Delhi, Gurugram and Noida. As you very rightly mentioned, the market is a little frothy. The prices have really gone up. The supply is very little, and there is heavy competition. For instance, in Noida, there's literally no supply at all.

We have been trying pretty hard. We are pursuing a few deals in each of these markets. We already have a deal of Indian Hume pipes in NCR, which we are hoping to launch this year. We also have the last phase of our Gurugram project in Sector 65, which is Birla Navya. So, the last phase of INR1,000 crores is still expected.

As you know, there's some policy level decision which are awaited from the government because of which that last phase is stuck. We have a few more deals which we are pursuing very aggressively in Gurugram, in Noida and also in New Delhi. So we are hopeful that we will be able to clinch at least some of them or a few of them.

Himanshu Zaveri: So can we expect maybe a couple of them this year itself?

K. T. Jithendran: Yes, yes, of course, this year itself for sure.

Himanshu Zaveri: Okay. And apart from the land in Worli, which we have, which other places do we have land parcel like the Talegaon 1, or the Kalyan or anywhere else we have lands where we can develop?

K. T. Jithendran: No, we don't have anything beyond what we have now. We have the Worli one, Kalyan one, we have done. There are a few more parcels in Kalyan, but that's not right for development now. May come up in a few years. Talegaon, we have again but I don't think it is right for development today, maybe in a couple of years later. So that's pretty much about it. There are no new lands available with CTIL.

Himanshu Zaveri: Okay. And what is your assumption for business development in future? Can we expect like INR20,000 crores of BD almost like every year now going ahead?

K. T. Jithendran: That's a reasonable assumption.

Himanshu Zaveri: Because if you want to grow, you should look at that rate, at least, right?

K. T. Jithendran: Yes. Yes. I agree with you, and I think we are kind of targeting that kind of growth, steady growth for the next few years.

Himanshu Zaveri: Can we expect that the markets like Pune and Bangalore also we will enter in a big way? Because Mumbai already, we have quite a bit of inventory on our own also, right?

K. T. Jithendran: That's right. In Bangalore as we speak, we have 5 projects. We are looking at a few more. I think our highest number of projects is in Bangalore. We have 4 projects in Mumbai, 1 in Pune and 2 in NCR. We are hoping to increase Pune and NCR substantially this year.

Moderator: The next question is from the line of Amit Sanghvi.

Amit Sanghvi: Yes, sir. As I understood, in case of Silas, we have sold about 68 units under Pre-sales and for a total value of INR 2,391 crores. I just wanted to know what is the price per square foot for these 68 units. And how many units are there yet to be sold under presales?

K. T. Jithendran: So Silas, there is about 148 units in all as we speak, we have sold about 72. And the average carpet price per square foot has been about INR 95,000.

Amit Sanghvi: Okay. And what is the RERA timeline for possession for this?

K. T. Jithendran: 2028.

Amit Sanghvi: 2028, okay. And for Birla Niyaara 1 is 2027?

K. T. Jithendran: No, that's also 2028, Jan, just maybe about 6 months later. Niyaara Tower A is a much taller building. So probably we'll be finishing both this building around simultaneously.

Amit Sanghvi: Okay. And what will be there in Phase 3? It is mall and hotel or even residential also?

K. T. Jithendran: Tower C, as of now, we're planning residential because there is a pretty robust demand for high-end large format flats, apartments. The kind of success we experienced in Tower B, we hope to continue in the same way in Tower C too.

Amit Sanghvi: Okay. And it is expected to be launched either in Q4 FY '25 or in FY '26 Q1?

K. T. Jithendran: That's right. That's right.

Moderator: As there are no further questions, I would like to hand the conference over to Mr. Dalmia from Century Textiles and Industries for closing comments.

R.K. Dalmia: Thank you all for participating in these earnings Concall. 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. Thank you.

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