"Dalmia Bharat Enterprise

Conference Call"

For

Quarter ended, September**, 2011**

Lavina: Ladies and gentlemen good evening and welcome to the Dalmia Bharat Enterprise Conference Call hosted by Almondz Global Securities Limited. As a reminder for the duration of the conference all participants' line are in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call please signal an operator by pressing "*" and then "0" on your touchtone telephone. Please note that this conference is being recorded. Joining us on the call today are members of the senior management team at Dalmia Bharat Enterprise. At this time, I would like to hand the conference over to Mr. Harjit Singh Sethi. Thank you and over to you Sir.

Harjit Singh Sethi: Thank you Lavina. Good evening everyone, on behalf of Almondz Global Securities it is indeed our great pleasure to welcome you all to this call with Dalmia Bharat Enterprises. Welcome Mr. Puneet Dalmia, Managing Director, Mr. Deepak Sogani, Executive Director, Ms. Himmi Gupta, Senior Manager. I would like to hand over this call now to Himmi Gupta for initial introduction. Over to you Himmi.

Himmi Gupta: Thank you Mr. Sethi. Good afternoon ladies and gentlemen, welcome to Dalmia Bharat Enterprise Limited financial year 2011-12 conference call. I have with me on the call Mr. Puneet Dalmia, Managing Director and Mr. Deepak Sogani, Executive Director to discuss some of the recent events and results of the company. We will commence the call comments from Mr. Dalmia followed by additional details from Mr. Sogani. This will be followed by an interactive Q&A session. I would like to mention that certain statements that maybe made or discussed on the conference call maybe forward looking statements. The actual results may vary significantly from these statements. The company does not offer to update them publicly to expect the change in performance. A detailed statement in this regard is available in the results presentation made available by the company. I would now like to invite Mr. Puneet Dalmia to share the key highlights of DBEL.

Puneet Dalmia: Greetings everyone. Let me share some perspective on the performance of DBEL in the quarter gone by. During the quarter, our overall performance of the business as a whole has been fairly good, led by cement side of the business in the southern market and further supported by stable performance of other businesses. The consolidated performance shows gross revenue in Q2 2012 up by 61% to Rs.684 Crores on a Y-O-Y basis and up by 14% on a Q-O-Q basis. At the EBITDA level for Q2 2012, the company has recorded a consolidated EBITDA of Rs.169 Crores, up by 435% on Y-O-Y basis and 32% on Q-O-Q basis. In the cement business, the overall invested demands in South India has dipped by 6% on Y-O-Y basis and marginally improved by 3% on a Q-O-Q basis. The marginal growth is reflecting in the Karnataka by 3% while there is decline in AP by 16%, Kerala 9%, and Tamil Nadu 2%. As against the industry, our PAT has improved by 19% on a Y-O-Y basis and up by 15% on a Q-O-Q basis. Our associate company, OCL India Limited in which we hold 45% stake has reported its financial results a few days back. The company has plants located in Orissa and is catering to the Eastern market where cement prices have been volatile during the quarter under review in comparison to other geography. The company has recorded a marginal drop in gross revenue of 1% in Q2 FY'12 to Rs.387 Crores on a Y-O-Y basis. The EBITDA for Q2 FY'12 it is Rs.29 Crores, which is lower by 57% on Y-O-Y basis mainly due to lower price realizations in the region. Eastern market demand has been flat on Y-O-Y comparison against which OCL volumes have grown by 4%. In the power business during the quarter under review, the power generation has dropped by 11% to 8.9 Crores units on a Q-O-Q comparison. The drop in power generation is mainly because of curtailing the power sale to TNEB due to poor economics, because of lower realization from TNEB. The situation is likely to improve in Q3 with better realization from the grid and would lead to resuming higher sales to the grid. In order to continuously improve on operating parameters on a sustainable basis, steps have been taken from time-to-time. During the quarter under review, one of the steps taken is commissioning of 27 megawatts captive power plant in our Rajgangpur plant in our associate company OCL India Limited. Similarly we are equipping our Andhra facility with the railway sidings to enable it to reach faraway market and lower logistic cost. The work is rapidly progressing and we expect this to be commissioned in the first quarter of financial year 2013. Cement is yet to see a lot of growth and we are well placed to play sector leadership role for the company in terms of capacity, profitability, sustainability, and CSR. The focus of the management is to continue to deliver on the growth of both operating metric and earnings. Now I would like to hand over to Mr. Deepak Sogani who will take you through the detailed performance for the quarter.

Deepak Sogani: Thank you Puneet. Ladies and gentlemen I thank you once again for taking interest in DBEL and for being present on this call. I Shall discuss the performance of the company for the quarter under review, previous for the benefit of listeners I want to state that all comparisons will be made with the comparable period of previous years except where specifically highlighted. Further I shall be referring to consolidated performance of DBEL. To provide some color on the cement volume, we sold 1.43 billion tonnes of cement in the quarter as compared to 1.2 million tonnes in the comparable quarter last year thus shows an increase of 19% on a Y-O-Y basis. Average realizations in cement stood at Rs.4016 in Q2 FY'12 as compared to Rs.2728 in the corresponding period last year and Rs.3920 per ton in Q1 FY'12, up 47% on Y-O-Y basis and up by 2% sequentially which is in line with the regional price movement. The EBITDA for cement sale has improved to Rs.1081 PMT for Q2 FY’12, which is higher by 527% on Y-O-Y basis and higher by 17% sequentially. On a PMT comparison power and fuel cost has contributed a cost reduction of 13% on Q-O-Q basis while the freight charges have increased by 3% on a similar comparison. The company continues to make headway in its core markets of Tamil Nadu, Kerala, AP, and Karnataka and is expecting to show higher growth rates in coming quarters backed by demands from both trade and non trade sectors. In OCL, the volume increased by 4% in Q2 FY'12 to 0.81 million tonnes on a Y-O-Y comparison basis. Prices have declined and the average realization dipped to the tune of 8% on Y-O-Y basis and 11% on Q-O-Q basis. EBITDA per metric ton is reducing to 290 per MT for the quarter under review as against Rs.883 per metric ton on sequential comparison. Apart form decline in prices, the EBITDA is impacted by higher power & fuel cost, which has increased by 16% on Y-O-Y comparison. Overall demand of the industry on Y-O-Y basis in Eastern region has shown a flat growth, against which we had grown by 4% on the same comparison. The total current net debt of the company is reduced to Rs.1147 Crores at the end of Q2 FY'12 as compared to Rs.1280 Crores standing at the close of Q4 FY'11; so net debt-equity ratio is at 0.4 as at the end of Q2 FY'12. Moving to interest cost, in Q2 FY'12 was Rs.43 Crores, the drop being from Rs.44 Crores during the same period last year primarily due to repayment of debt on a sequence, while part of the savings was squared up due to rise in interest rate and exchange fluctuation on account of foreign currency loans. DBEL has earned treasury income on liquid investments during Q2 FY'12; it earned Rs.20 Crores as against Rs.9 Crores on a Y-O-Y basis. To touch up on some of the key factors that influenced the performance this quarter, better per metric ton realization is cement business in DCBL leading to improved EBITDA per ton on Y-O-Y basis. OCL saw a lower per metric ton realization resulting into drop in EBITDA per metric ton on a Y-O-Y comparison. Dalmia refractories and cement businesses continue to provide stable cash flows to DBEL. Company's improved debt-equity ratio to lower financial risks and to provide strength to its balance sheet. That bring us to the close of our comments on the results and we will now like to request the moderator to open the forum for queries. Thanks.

Lavina: Thank you very much Sir. We will now begin the question and answer session. Any one who wishes to ask a question may press "*" and "1" on their touchtone telephone. If you wish to remove yourself from the queue you may press "*" and "2". Participants are requested to use handsets while asking a question. Anyone who has a question may press "*" and "1" at this time. Our first question is from the line of Jay Ashar from JM Financial. Please go ahead madam.

Jay Asher: Basically I had two questions. First was on volumes, what will be the volume guidance for DCBL in FY'12?

Puneet Dalmia: Here we would not give any volume guidance, because it depends on the market growth and frankly all I have said in the past is that we will continue to grow faster than the market.

Jay Asher: Okay fine. And Puneet have you seen any signs of improvement of demand in your key markets of South and East India in the last one or two months.

Puneet Dalmia: No, not really I think the political situation in the country and most of our markets remain quite fluid, and personally this is the monsoon quarter in South so we do not expect any pickup in demand, in fact there will be a seasonality effect. However in East India, the last quarter was a monsoon quarter and this quarter we expect some seasonality effect to come in, but other than seasonality I think we do not see any new trigger to spike up cement demand.

Jay Asher: Cement prices have held on in spite of volatile demand situation. Can realization hold on to the current level in spite of the supply additions that have happened in South?

Puneet Dalmia: My own outlook is cautious. I think right now prices are good, but inflation is eating into our margin and industry prices are still not at a level where large-scale reinvestment is very compelling or attractive. My own view is that while the pricing seems to be holding, we are still cautious given the short-term demand outlook and the surplus in the industry.

Jay Asher: Okay, so this brings me to the next question, what are your Capex plans now as far as new expansion goes?

Puneet Dalmia: We are not planning on expansion right now other than what we have already announced and as I said that we are evaluating a strategy, which is a mix of Greenfield and acquisition given the surplus in the industry, and we will be flexible to adapt to the market conditions as we get more visibility in the market.

Jay Asher: Okay, it means that you are open to acquisitions as well.

Puneet Dalmia: Yes.

Jay Asher: Okay, thank you. I will come back if I have more questions.

Lavina: Our next question is from the line of Jinesh Gandhi from Motilal Oswal. Please go ahead.

Jinesh Gandhi: Hi, good evening Puneet. My question is on your expectation of new capacity addition in both your key market of south and on pan India basis in FY'12 and FY'13?

Puneet Dalmia: I think we will give you the data offline Jinesh. We have a team, which tracks the progress of most of the capacity, so let us take this offline. What I can say is in Tamil Nadu two new plant have come up which is Madras Cement and Chettinad Cement in the last quarter. They are under trial run right now and if I look at Andhra Pradesh we expect in the course of next six to nine months JPA will commission its plant and JSW will commission its plant. So I think we are expecting some more capacity to come in South India and on all India basis region-by-region our team can share with you the data offline.

Jinesh Gandhi: You mention about capacity additions expected from JPA and JSW, more from JSW being a new entrant in cement and JPA being a new entrant in South India, would you be watching them closely in terms of their impact on price going forward?

Puneet Dalmia: Of course, whether it is a new player or an existing player, whenever new capacity comes in to the market it creates some kind of turbulence. I think we are prepared for it or respond to it. We are focused on improving our operating efficiencies, keeping our balance sheet strong and then we will see what happens in the next few quarters.

Jinesh Gandhi: Okay, secondly in terms of the profitability which you have reported in this quarter is about Rs.1080, going forward we are witnessing significant cost push, we have already witnessed in Q2 and Q3 will also have cost impact of rail freight as well as impact of coal. Do you see further price increases happening because of such a structural increase in cost-push?

Puneet Dalmia: I do not know and as I said inflation is eating into profitability. Profits are not at a level, which is creating attractive reinvestment opportunity. Personally I think that there is oil price hike, which was announced recently, interest rates are on their way up, and they are not even showing kinds of a basement. So my own view is that we would not able to pass up on all the cost increases to the customers, but we will have to wait and see how the demand outlook is, at least for the next quarter which is the monsoon quarter in South India, I am fairly cautious and let us see how this quarter goes in terms of demand and in terms of profitability.

Jinesh Gandhi: Right, okay and lastly just to reconfirm, as of now we do not have any further capacity additions coming over next couple of years for Dalmia Bharat.

Puneet Dalmia: I think I have already answered earlier. So there is no change from the past announcement that we have made.

Jinesh Gandhi: Okay can you just remind us of that?

Puneet Dalmia: We have said that we are looking at a mix of Greenfield and acquisition. And in Greenfield we are looking at two projects that are of 2.5 million tonnes each over the next two to three years, in the South and East India where our existing footprint is.

Jinesh Gandhi: Okay, and orders and all those things will be subsequently placed.

Puneet Dalmia: No, orders are already placed as I told you.

Jinesh Gandhi: So, we expect it to come somewhere by 2015.

Puneet Dalmia: Well I think I am not giving a firm date right now; we will let you know when we have a firm date in place.

Jinesh Gandhi: Okay, Puneet thanks and all the best.

Lavina: Our next question is from the line of Pranav Gokhale from Religare Asset. Please go ahead.

Pranav Gokhale: Good evening Sir, excellent set of numbers. Just a couple of questions from my end, could you just give me a broad number when it comes your consolidated debt as of 30th September?

Deepak Sogani: Consolidated gross debt is Rs.1710 Crores and net off cash and investment of Rs.563 Crores the net debt is Rs.1147 Crores at the end of 30th September in DCBL. In OCL the net debt is Rs.415 Crores.

Pranav Gokhale: Okay, second in October we have seen a marginal slowdown when it comes to your dispatch numbers, do you foresee this more of a seasonal trend or do you see this trend which is being evident for one month and we should be looking at it more pronounced?

Puneet Dalmia: I think it is more of an aberration.

Pranav Gokhale: So, maybe in November things will get back to what you expect?

Puneet Dalmia: If you look at the YTD numbers we are still significantly higher in market growth and I think we will continue to outperform the market growth on a yearly basis.

Pranav Gokhale: Okay, so this October month was just an aberration. The question was asked previously, when it comes to your CapEx and when it comes to the actual spend, what could be likely. I am not asking the inorganic, I am asking organically what could be the capital outlay be over the next couple of years?

Puneet Dalmia: I think over the next two years CapEx, the range will be Rs.1000 to Rs.2000 Crores.

Pranav Gokhale: Rs.1000 to Rs.2000 Crores and when you talk about full year?

Puneet Dalmia: Yes, each plant is Rs.1000 Crores, so I am saying over the next two to three years that would be the range.

Pranav Gokhale: Rs.2000 Crores combined CapEx over the next couple of years. What has been the CapEx till date and how much do you expect to incur further this year?

Deepak Sogani: We already have fully commissioned plants right now. So for the current plans, maintenance CapEx apart, there is no expansion CapEx that is going on. In our call we have already mentioned that we are trying to put up a railway siding at Kadapa plant that is the only CapEx that is on here. In OCL, the second phase of CPP over there is about to get commissioned in a couple of months, so the residual CapEx over there is pending. Other than that for any other new plants while we have given advance to vendor for one plant, the substantial part of the CapEx is not started, so that is the stage right now.

Pranav Gokhale: Thanks a lot.

Lavina: Our next question is from the line of Nidhi Fatehpuria from SBI Capital. Please go ahead.

Nidhi Fatehpuria: I just want to see if there is any price control in the Southern region, do you expect the prices to sustain at this level?

Puneet Dalmia: As I said, my outlook is cautious, right now the prices are holding, but this is the monsoon quarter so we will have to see how the demand is and depending up on the demand how the prices behave, but usually there is some softness in prices in the monsoon quarter.

Nidhi Fatehpuria: Other than the technical aspect, what I want to know was is there a control on the expenditure side so that you can maintain the EBITDA levels or probably improve on that?

Puneet Dalmia: I think we are trying to do the best we can on efficiency, but if I look at rate inflation, rate inflation is high, logistic cost is going to go up because of the fuel price increase and I think even on the coal and power side the prices are going up. Interest rates are going up, so inflation will eat into our margins.

Nidhi Fatehpuria: Would you be able to give an EBITDA guidance for the year?

Puneet Dalmia: No, we do not.

Nidhi Fatehpuria: What is your best answer if I may ask?

Puneet Dalmia: You can see our past sense, if you look at last year Q2 the EBITDA was like Rs.170 a ton and this year the EBITDA Rs.1100 a ton. So there just no way we can quote our prices, we are putting a long-term view on this and there will be short-term volatility and we have to be prepared for the short-term volatility.

Moderator: It seems like the participant has been disconnected. We will take our next question from the line of Saurabh Ginodia from Smifs Securities. Please go ahead.

Saurabh Ginodia: Good evening Sir. I just wanted to get some idea, what is our current capacity of cement as on date and the captive power plant?

Deepak Sogani: Our current capacity in Dalmia is 9 million tons and in OCL it is 5.3 million tons. On the captive power we have 72 megawatt that has already been installed in Dalmia and 54 megawatt in OCL, of which 27 megawatt has already been commissioned and another 27 megawatt is likely to get commissioned sometime in January approximately.

Saurabh Ginodia: Are we using pet coke in the captive power plant in Dalmia cements?

Deepak Sogani: We are obviously able to use pet coke and we choose our coal based on the prices that are prevailing in the global market from time-to-time. A very large proportion of the coal that we are currently using is from Indonesia. Progressively we have been able to use high moisture content coal from Indonesia resulting in lower cost to us. We have also increased our lignite consumption in CPP, so broadly what we are trying to do is we are trying to look at all sources of coal, pet coke, South African coal as well as Indonesian coal, and the various qualities of coal available in Indonesia, high moisture, there are various grades over there and the lignite in India. So from the bouquet of the coal supplies available on a global basis, based on the global market both on the freight and the coal price side, we continue to choose our best to deliver the most economic solution. In the half year ended 30th September, almost all the imported coal was coming from Indonesia.

Saurabh Ginodia: Can you throw some light how have been the coal prices on a blended basis from the last quarter?

Deepak Sogani: If you look at it, there are two components; one is what has happened in the market and second is how the coal prices have moved for us. In the market context, Indonesian coal actually what is prevailing right now is around USD 100 dollar per ton on FOB basis for 6000 grade coal, and this has actually remained constant pretty much for the last six months, it has not come down. Whereas the South African coal was prevailing at around 105 to 108 dollars at this point of time, which is the 6500-grade coal, this about three months back was around 115 dollars. So it has comedown by $7 to $10 in the last three months. For us we obviously have usually a large proportion of the coal already contracted from Indonesia at fixed rate. So we have been able to get a large proportion of six months ended September as well as in the next two quarters in the current year a large part of our coal will be a contracted price coal for us.

Saurabh Ginodia: Are we selling any power on a merchant basis?

Deepak Sogani: We do sell. Obviously we sell. We have surplus power with DPVL. OCL also we will start selling via Power Grid. In the current quarter we obviously sold a little less as the prices were low but in the third quarter the prices are even coming back and we are looking on a higher sales in the current quarter. Last quarter we sold more volume, around 7 megawatt was sold in the last quarter.

Saurabh Ginodia: Can you quantify what is the power available for sale on merchant basis out of the 72-megawatts?

Deepak Sogani: We have 72-megawatts and obviously you know on a regular basis we sell somewhere around, we are able to sell around 20-25% of total capacities somewhere between 10-15 megawatts is what we are able to sell.

Saurabh Ginodia: Thank you Sir.

Moderator: Our next question Jinesh Sanghvi from Avendus Securities. Please go ahead Sir.

Jinesh Sanghvi: Just to do along the power plant, we have seen a per tonne decline in the power cost on a sequential basis, so could you just throw some light on the reasons for the same and if you could just share with us the rates of the coal, which has been contracted?

Deepak Sogani: Our power consumption has been economized by using the high moisture coal from Indonesia, and also a higher component of domestic and lignite coal is being used in our CPP. Even in our kilns a part of the coal that is being used is lignite, so these are all the initiatives that have been taken by our operating team, we have been able to kind of control the cost.

Jinesh Sanghvi: Can we say that this kind of a power cost should be sustainable going forward, or probably increase going forward?

Deepak Sogani: I think for the large very extent the power cost is a function of the global coal prices., whichis a very large component including the global freight cost, whatever optimization steps we have taken obviously involves quite a bit in the last couple of years in terms of our understanding and ability to use different kinds of coal, so that they are able to optimize it in the market situation and continuously we have been continuing to experiment with alternate fuels to see what can come in that space, but nevertheless the cost will be driven by the global commodity prices to a very large extent.

Jinesh Sanghvi: Just also wanted to check was there any effect of the rupee depreciation on the imported coal prices?

Deepak Sogani: We had a foreign currency loan of around 60-odd Crores in our books and that had to be mark-to-market and around 5-odd Crores of loss was incurred on that account, which is already included in the interest cost bucket.

Jinesh Sanghvi: I wanted to know on the power end fuel front since we are 100% importing our coal, so depreciation of the rupee would also have affected the pay out on that front, right?

Deepak Sogani: It is a dynamic situation. Most of the coal typically is imported under forward letter of status and we typically have taken hedges in the past to some point obviously the current cost that has been imported in the current quarter was already hedged out and therefore the current depreciated cost was not impacted but as we go along the future courses eventually the depreciation should impact us.

Jinesh Sanghvi: Thanks a lot.

Moderator: Our next question is from the line of Rakesh Arora from MacQuarrie. Please go ahead.

Rakesh Arora: Good evening. Sir, my question the whole industry is struggling with low capacity utilization and you know still we are talking about further CapEx and capacity increase, do not you think a better option would be buyback your own shares, which is available at much cheaper per tonne than what you can put up in those Greenfield capacities?

Deepak Sogani: The market is not that easy. We have a market, where market is not that easy to fair at the market valuation, engaging host with the market will kind of understand a little value that we are building; however, from my own point of view it is so important to continue to build the footprint that you want to build in the business because these are the years that whether the industry is going through low capacity utilization, it is a bit slow, the CapEx cycle has also slowed down, and people will take concrete steps in these kind of period in a couple of years or three years eventually it would turn out to be controlling a larger part of the industry which is going up.

Rakesh Arora: I would have agreed with your strategies had the prices been low and people are suffering, but today everybody is looking to increase capacity and does not that worry in terms of the overall health of the industry?

Deepak Sogani: It is your viewpoint Rakesh, I think. Like we say that one can understand the fact how our viewpoint get shape based on that. The CapEx cycles certainly has slowed down. It does not mean that the new Capex cycle is not starting, people are obviously starting plants, but people are cautious they are very slow, so you know based on in fact looking at ourselves we were putting up 10 MnT plan and it has slowed down and scaled down and we are going cautious, so similarly many of the other players have done, and therefore clearly in the next couple of years there is new CapEx cycle is likely to start. That is for us data point number one, and data point number two is if you look at the last 10 year cement demand, it has been around 9% for all India despite of all ups and downs, change in hands of government has happened, so many global events have happened but the cement demend has still been at 9% we do understand that last year and this year there is a bit of a slowdown in the demand in the industry. We just believe that the demand is going to come back very quickly and the next ten-years growth is still pretty much between the 8% to 10%, if not better and therefore the newer capacities that is likely to be required by the country as a whole in the near future, mid-term, long-term from all angles it appears to be reasonably large and you know given the fact that implementation is difficult, given the fact that newer additional clearances in mining, environment are required,it it is very clear that the building capacity is not going to be easy, it is going to be difficult.

Rakesh Arora: Sir, lot of efforts are being now made to substitute coal through alternative sources are we doing any efforts out there on that?

Deepak Sogani: Absolutely. **Rakesh Arora:** Thank you.

Moderator: Our next question is from the line of Salil Desai from IDFC. Please go ahead.

Salil Desai: Sir, one small question. The trade and non-trade mix when we had in this quarter what would it be in terms of volumes?

Deepak Sogani: Trade is 60% to 65% is the trade volume for us.

Salil Desai: This would be how much? This would be materially different from Q1?

Puneet Dalmia: Not that material, few percentage points here and there, but the government salesare likely to get clearly going up a little bit over the quarter.

Salil Desai: Sir, we have historically done capacity expansions at very extremely competitive CapEx on a per tonne basis, how do you see that moving forward? Is it a substantial increase that is what we keep hearing?

Deepak Sogani: Every capacity creation is to a very large extent based on location, and number two, you know what is the preparatory work that is being done and number three, what is the capability within the organization to manage both the project cost over there and project time because any changes made during the project life cycle or any cost provision adds significantly to the costs. The third one we are obviously very experienced having set up three new plants in the last three to four years. We have extremely good understanding, learning's and capabilities to implement our resource plans, so I would like to say that as and when we set up a plant, we are likely to be more efficient in our development phase. On the input cost side you know we do have few locations, which are already been possessed in the pastpartially, and therefore to some extent you will be protected on the replacement cost in future, but fundamentally the input cost has gone up. You know the land cost and the construction cost, the labour cost every other inputs that are required from a replacement cost perspective has actually gone up,. In the next Capex cycle starts it will be part of a significantly higher execution cost.

Salil Desai: So this $120 is X of land, as you have already have land?

Deepak Sogani: I will say in general the cycle will be like that, I am not really wanting to comment right now on what our costs will be because it is a function of which project which varies from period-to-period. Then we will have to make specific announcement for clarification.

Salil Desai: Got it. Sure we will wait for that. Thank you very much.

Moderator: Our next question is from the line of Ritu Modi from Ambit Capital. Please go ahead.

Ritu Modi: Good afternoon Sir. Sir, I just wanted to know what would be your split between rural and urban? You have said it would be 60% to 65% of you dispatch, so how much would be the rural, urban split in that?

Deepak Sogani: Very good question, Ritu. The details I guess we had, I think we do not track it that way yet.

Ritu Modi: But do you think that the rural demand has been increasing because we have heard?

Deepak Sogani: Absolutely.

Ritu Modi: Secondly, what is your railroad mix if you could share some percentage?

Deepak Sogani: Road is the large part of our logistic across, road is around 75% to 80% and 20% to 25% is rail mix in our business.

Ritu Modi: So this has not really changed much since the last quarter?

Deepak Sogani: The freight cost obviously has gone up a little bit in this quarter against the last quarter and what we have analyzed is that due to fuel price increase our overall blended freight cost has gone up by Rs.17 per tonne in the current quarter, which is blended for the mix of rail & road we are trying to articulate. So it is a fully blended freight increase for that.

Ritu Modi: Thank you, so much Sir.

Moderator: Our next question is from the line of Jinesh Gandhi from Motilal Oswal. Please go ahead.

Jinesh Gandhi: Mr. Sogani, just one clarification, you indicated the forex loss amount, you mentioned 4.5 Crores or 45 Crores.

Deepak Sogani: 5 Crores.

Jinesh Gandhi: We have forex debt of 60 Crores?

Deepak Sogani: Yes, we do not have large foreign exchange liability on the long-term loan side.

Jinesh Gandhi: Overall foreign exposure on the liability side?

Deepak Sogani: We have trade exposures, which are normally three to four months for coal inputs.

Jinesh Gandhi: Thanks.

Moderator: Participants if you have a question you may press "*" and "1" on your touchtone telephone. As there are no further questions I would now like to hand the conference over to Mr. Harjit Singh Sethi for his closing comments.

Harjit Singh Sethi: Thank you, Lavina. On behalf of Almondz Global Securities, I thank Mr. Puneet Dalmia and his team for giving us their invaluable time in providing the insights about the company and the industry. I also thank the participants for joining the call.

Puneet Dalmia: Thanks everybody.

Moderator: With that we conclude the conference. Thank you for joining us. You may disconnect your lines.