

Operator

Good evening, ladies and gentlemen. Thank you for standing by. This is Mumtaj, the moderator for your conference call today. Welcome to the post results conference call of AIA Engineering Limited. We have with us today the management team of AIA Engineering Limited. I would now like to turn the conference over to the AIA Engineering team. Please go ahead.

Kunal Shah, Executive Director, Finance

Thank you. A very warm welcome to all of you and thank you for joining us on this call today. This is Kunal and I have Sanjay here with me as well. As usual, I'll start with a round-up on few highlights of this quarter and then we'll move into Q&A. We've done top line of 400 crores, which is (technical difficulty) except for the 2,500 tonnes of MMC that we have to carry, roll over to the next quarter.

Moderator, did everyone listen to the first part or --?

Operator

Hello?

Kunal Shah, Executive Director, Finance

Yeah, Mumtaj, did the first part was -- was I on or did I just start?

Operator Kunal Shah, Executive Director, Finance

All right. Sorry about that. I'll just start over again. In this quarter, we've done 400 crores of sales, about 87 crores of EBITDA, which is about 21.5% to sales, operating margin about 84 crores, which is just under 21% to sales and profit after tax was 53.4 crores. We have done about 38,000 tonnes of sales this quarter, which is slightly lower than what we have sold in the first and second quarter, which is approximately 40,000 tonnes, which also reflects in our top line being lower by 25 crores. This is primarily on account of about 2,500 tonnes of inventory that's in transit for a mining customer, which we couldn't invoice because that's on delivery terms, which should roll over into this quarter. So other than that the quarter is by and large in line with our expectations.

We've done highest ever production this quarter, which is 42,800 tonnes. So, we are on track with our production ramp up plans. We've seen an improvement in our EBITDA margins compared to the second quarter primarily on improvement in our hedged position. Just to give you a context, of course, margins have improved on account of our hedging as well as product mix and some amount of pass-through, just to give you a context, our hedge position was about INR50.70 for the second quarter, which is now at about INR52.50. So we've seen INR1.50 of improvement in our hedged position and thereby which is now being reflected in our margins and product mix improvement, which is better this quarter. So, we're happy to report bottom line PAT figure of 53 crores.

Some more highlights, we've done mining sale of about 16,500 tonnes this quarter. For the full year, we've done about 60,000 tonnes till date, about 56,000 tonnes till date. And we expect to do close to 75,000 to 80,000 tonnes for the full year. For the fourth quarter, we'll see some spill over from the third quarter as well.

Our order book continues at about 460 crores. I explained our production figures at 42,800 -- about 43,000 tonnes. As far as balance sheet figures are concerned, we've got net cash about -- we've got cash of 335 crores, we've also set up a ECB funding line. As you are aware, we're doing brownfield expansion in one of our facilities to take our capacity by -enhanced our capacity by 60,000 tonnes at our Moraiya plant in Changodar in Ahmedabad, some of you have visited, which entails about a CapEx of 110 crores for which we've taken a ECB facility of \$18 million.

We've drawn down about 48 crores in the period till date up and to December 31. We've deployed, we've used some part of that,

the balance is in FD, and -- but it'll be used off in next six to seven months. So by the end of this calendar year, we should have about 90 crores of issues regarding -- that will be fully -- 100 crores, sorry INR100 crores loans that will be fully utilized. So that's the update on the net side.

But net cash today is 335 minus 48 that we have borrowed, which is not fully utilized, whatever that says figure works out to. The rest of the figures as far as inventory and debtors are concerned are in line, creditors are at about 80 days, we have seen a slight increase in inventory, but that's also partly because of the invoicing that we couldn't make it this quarter that compensates to that extent. I think that's by and large an update of key figures.

Unidentified Speaker

Mr. Muthu. Hello? Sir, we'll give you a call back sir for the Johnson and Johnson conference call.

Kunal Shah, Executive Director, Finance

Hello?

Unidentified Speaker Kunal Shah, Executive Director, Finance

No no some of the lines are getting mixed up, sir. This is AIA's call going call on. Hello, moderator?

Operator

Sir, you may please go ahead, sir.

Kunal Shah, Executive Director, Finance

No, but somebody patched in. Can you please ensure this doesn't happen, it's a nuisance when you're doing a call. Okay, we are sorry about the interruption.

Operator

Sir, very sorry for the inconvenience. You may please go ahead, sir.

Kunal Shah, Executive Director, Finance

As far as the rest of the year is concerned, we continue to maintain about -- we did about 120,000 tonnes till date and we should do, I know, we should close the year with 160,000 tonnes in March. The target for next year's, we've done an extensive study business plan review for the next year.

And we've not been giving a guidance over last two quarters or over last couple of quarters, but we are happy to report at least 15% growth in top line, we should do about 1,850 crores to 19,100 crores of top line with tonnages between 180,000 to 190,000 tonnes.

And we believe we should be able to achieve an EBITDA of about 20%, which is assuming \$1 to a INR55. So we hope that our customer relation in the mining space continuous, the slowly increasing of our pricing structures there because it's going to take some time. But we are reasonably confident at this time to do a 20% EBITDA margin or 1,850 crores to 19,100 crores top line. There was some slowdowns that we've talked about as far as mining customers are concerned, it seems that -- that seems to have eased up a bit, customers like (inaudible) who are going slow with some of their lines, it seems that they're picking up, the utilization levels are going up. So, at this time, as we speak, we don't see any concern as far as utilization levels are concerned.

Platinum is a little weak, the platinum market, but we hope that nothing of material as far as our business is concerned. Cement continues to remain flat, you all are aware about the various structural issues within that industry worldwide. So we'll continue to do 65,000, 70,000 tonnes that we do each year in that space. And as far as the thermal utility business in India is concern, we'll continue to add to our market share based on where the market grows.

So, I'll leave the -- leave it open to Sanjay to add to this and then we'll move on to Q&A.

Sanjay Majmudar, Independent Non-Executive Director

Yeah, thanks, Kunal. Couple of quick additional points I just want to make. As Kunal explained, I think we are now quite on board in terms of some new customers added on the mining space. Even on the copper and gold side, we are -we have started doing very well in North America, Canada and a few other places. While iron ore and platinum, they Secondly, in terms of CapEx, just preempting the question, we have in fact, drawn a total CapEx of over INR400 crores or almost INR400 crores as funds. We are going head on in terms of getting that CapEx plan on ground to ensure that we have adequate capacities next year. Plus we have some, an additional tonne of another 100 odd crores that is still not frozen, but that is very much on cards as we go ahead in next couple of quarters.

The reason for taking an ECB was in fact, to ensure that all this CapEx if we accelerate, we have enough cash available without too much of a difficulty over next one-and-a-half years, plus we were getting this ECB at an extremely fine rate and the all inclusive cost is L plus 310, which is very fine rate in the today's market scenario. And we frankly, thought it's a good idea to borrow ECB at a fine rates other than go for a little bit of bank borrowing on the working capital side. So more of a strategy and in order to arbitrate and have the maximum benefit on the interest, we have taken this decision to go for a small ECB of about 100 odd crores.

I think with that I will request the moderator to throw the house open for question and answer.

Questions And Answers

Operator

Certainly, sir. Ladies and gentlemen, we will now begin the question-and-answer session. (Operator Instructions) We have our first question from Mr. Amber S. from Quant Capital. Please go ahead.

Amber Singhania, Analyst

Hello.

Sanjay Majmudar, Independent Non-Executive Director

Yeah.

Amber Singhania, Analyst

Yeah. Hi, Sanjay bhai. Just to carry on the -- your last remarks about the CapEx, like 400 crore is the total CapEx and you have now envisaged to add how much capacity and if you can give us the year with them?

Sanjay Majmudar, Independent Non-Executive Director

See, I will tell you, it will -- yeah, yeah, it will add -- it may create over 100,000 tonnes capacity.

Amber Singhania, Analyst

Okay.

Sanjay Majmudar, Independent Non-Executive Director Kunal Shah, Executive Director, Finance

Of this above 100 (inaudible) firmed up for the 60,000 tonne expansion that we are doing, the brownfield expansion for grinding media.

Amber Singhania, Analyst

Okay.

Sanjay Majmudar, Independent Non-Executive Director

The balance 250 is for the mining lining plant that is still under (inaudible). We will be doing mining liners to the extent of about 12 to 15,000 tonnes this year from our existing facilities in Ahmedabad and hope to have -- start the new foundry -- the greenfield foundry in stages over next two years. But we will announce those plants on when we start, what to do, what we plan to do exactly in next few quarters as we firm it up.

Amber Singhania, Analyst

Sir, just to confirm it like, today we have a total capacity of around 197,000 tonnes...

Sanjay Majmudar, Independent Non-Executive Director

200,000 tonnes, yes.

Amber Singhania, Analyst

200,000 tonnes. So by this year-end, what will be the capacity and what will be it will be in FY'14 ending and how the --?

Sanjay Majmudar, Independent Non-Executive Director

Our capacity end of calendar year 2013 will be 260,000 tonnes, we should hope to commission this -- the brownfield expansion by December 2013.

Amber Singhania, Analyst

Okay.

Sanjay Majmudar, Independent Non-Executive Director

And the rest, the mining lining plant we will announce announce, like we discussed there's is a firm plan to check that facility up, but exactly when we start, what time it will take etcetera we will announce as exact where we have more

Amber Singhania, Analyst

So how much amount we are planning to use in FY14, sir, in terms of crores, rupees, crores?

Kunal Shah, Executive Director, Finance

FY13, 14 we should do about 160 crores.

Amber Singhania, Analyst

160 crores?

Kunal Shah, Executive Director, Finance

No, of which 80, we will have spent about 30 crores this year of the brownfield that we are doing that will be commencing [ph] on December 13.

Amber Singhania, Analyst

Okay.

Kunal Shah, Executive Director, Finance

And another 70, 75 crores on the brownfield, another 20 crores of maintaining CapEx. So 100 crores is an approximate figure we should do, plus whatever we spent on the new plant and the new greenfield facility. So probably about which we will discuss and announce as we go forward.

Amber Singhania, Analyst

Okay. Okay. Secondly sir, if you can just throw some more light on the Forex gain this quarter. How much is the total amount because I believe Q1 and Q2 we had a loss of 15 crore each in -- so what was the gain in this quarter?

Kunal Shah, Executive Director, Finance

There wasn't a gain, there's a loss that has reduced because the rupee was also at a lower level for some part of the quarter when the realization went up, so the net amount was about INR6 crores to INR8 crores?

Amber Singhania, Analyst

6 crores to 8 crores of loss?

Kunal Shah, Executive Director, Finance Amber Singhania, Analyst

Versus 30 crores in the first half?

Kunal Shah, Executive Director, Finance

Correct.

Amber Singhania, Analyst

Okay, we have basically reduced our losses by around 22 odd crores?

Kunal Shah, Executive Director, Finance

Correct.

Amber Singhania, Analyst

Okay. Sir, also if you can, like mining we have done around 16,500 tonnes, even if I take around 2,500 tonnes of inventory in transit that gives us around 19,000 tonne of, odd of mining volume. Whereas in Q2, we did around 21,500. So is it something which is seasonal or what exactly is impacting the money value on that part?

Kunal Shah, Executive Director, Finance

No. No. No. I think volume exist. We explained that, we've got about 25 to 100 tonnes of inventory that's sitting in transit.

Amber Singhania, Analyst

Yeah.

Kunal Shah, Executive Director, Finance

There was a spill over in the fourth quarter, that's the only reason.

Amber Singhania, Analyst

Sir, but even if I add that to our current volume of 16,500, that will give me around 19,000 tonnes, that is in Q2 --?

Kunal Shah, Executive Director, Finance

A 1,000 tonnes here and there, so I mean that overall total volume of 8,000 tonnes we'll have volatility of kind of 2,000 tonnes. But nothing to reduce their front. There is no pattern to be, appear -- observed over there.

Amber Singhania, Analyst

Okay. Okay, okay, Fine. Is that, also could you throw some light on your China plant as well as your concrete aggregate volume side?

Kunal Shah, Executive Director, Finance

China, we are now setting up a plant.

Amber Singhania, Analyst

Yeah, sale. China sale. Yes.

Kunal Shah, Executive Director, Finance

China will do about 5,000 tonnes this year. 5,000 to 7,000 tonnes is our plan for this year.

Amber Singhania, Analyst

And how much you have done in this quarter?

Kunal Shah, Executive Director, Finance

China, I mean -- let's just keep it at an annual level, that's not a figure that's material to us in the grand scheme of thing [ph].

Amber Singhania, Analyst

Okay. And on the concrete aggregate side?

Sanjay Majmudar, Independent Non-Executive Director

That's also, we still we're not yet -- still we're taking time to ramp up.

Amber Singhania, Analyst

Okay. Okay, fine.

Sanjay Majmudar, Independent Non-Executive Director Amber Singhania, Analyst

Okay. 5 to 800 tonnes in a quarter, okay, fine. So in mining, all in all we are seeing the similar kind of growth, which we were seeing and there is no -- not much things to worry as such. So we'll be able to close it on ...

Sanjay Majmudar, Independent Non-Executive Director

Absolutely. In fact, as we explained, we are quite bullish now on mining.

Amber Singhania, Analyst

And how is the realization planning out in mining front sir? Are we gaining...

Sanjay Majmudar, Independent Non-Executive Director

The average realization is that -- that we are just okay. The average realizations are in the range of what the numbers speak, as we say, is about little over INR100 a kilo.

Amber Singhania, Analyst

So those that the main growth will come only from the volume front, which is like around 30,000 -- 30% Y-o-Y growth from mining front assets mainly?

Sanjay Majmudar, Independent Non-Executive Director

Yeah. That's right.

Amber Singhania, Analyst

Okay, fine. Thank you, sir, that's all from my side. Thank you very much.

Operator

Thank you for your questions, sir. (Operator Instructions) We have our next question from Mr. Bhalchandra Shinde from B&K Securities. Please go ahead, sir.

Bhalchandra Shinde, Analyst

Hello, sir. As we know that this time the margins have improved, it was a better sales like, can we draw the conclusion this way that as in fourth quarter, if these volumes in mining increases, our margins will come down again some 20%?

Sanjay Majmudar, Independent Non-Executive Director Bhalchandra Shinde, Analyst

Okay.

Sanjay Majmudar, Independent Non-Executive Director

We aren't worried on margins for fourth quarter at all. Let me put it like that.

Bhalchandra Shinde, Analyst

Okay. But overall if these mining volumes pick up, then can we see some pressure on the margins again?

Sanjay Majmudar, Independent Non-Executive Director

No, no, no. See, in mining, as we explained, our product mix is improving. We have started with liners. We are -- also seeing a big good traction happening and in fact, we have given a targeted overall margin of around 20% EBITDA. So a 20% EBITDA factors additional fields and things like that.

Bhalchandra Shinde, Analyst

So from here onwards we can say that even after increasing volume in mining then we can achieve that those kind of margins, which we have achieved in 3Q FY'13?

Sanjay Majmudar, Independent Non-Executive Director

Yes, I'll repeat again. For next year we've budgeted, we've done our estimation that we think we should be able to do 20% EBITDA margins, yes.

Kunal Shah, Executive Director, Finance

And yes, in three -- fourth quarter also we are targeting 20% margin.

Sanjay Majmudar, Independent Non-Executive Director

Yes.

Bhalchandra Shinde, Analyst

Okay. And sir, just like -- as you've reflected in 2Q that mining consumption rate was decreasing. So now what kind of a growth scenario you will see for FY14?

Kunal Shah, Executive Director, Finance Bhalchandra Shinde, Analyst

Yeah, yeah.

Sanjay Majmudar, Independent Non-Executive Director

Yeah, yeah. I don't think we see any significant reason to really get worried about in mining.

Bhalchandra Shinde, Analyst

Yeah, but is it because of the market conditions or is it because we are adding new customers and we adding new --?

Sanjay Majmudar, Independent Non-Executive Director

The market conditions evolve. So for example, the mining companies are continuously doing well, the North American and Canadian mining companies with whom we are now interacting, they are rolling in money, everyone is doing reasonable developed business. As Kunal explained some small concern was there on the platinum volumes were given that doesn't seem to be serious at all.

So I think the overall scenario looks quite okay. I am not saying that I am -- we're at the top of the world, but we are not worrying, I think that should make things quite clear.

Bhalchandra Shinde, Analyst

Hope, we will ahead with that kind of guidelines that next year our volumes in mining will be more than 50% or--?

Sanjay Majmudar, Independent Non-Executive Director

You see overall we do 180,000 to 190,000 tonnes and if demand remains flattish, obviously the core growth will continue to come from mining that instead of may be 80,000 tonnes this year, we should do more than 100,000, may do up to 110,000 tonnes from mining obviously next year.

Bhalchandra Shinde, Analyst

Sir, last question, what is the average realization for this quarter for us?

Sanjay Majmudar, Independent Non-Executive Director

About (Foreign Language)

Bhalchandra Shinde, Analyst Sanjay Majmudar, Independent Non-Executive Director

I'll tell you the exact number, 104, 104.

Bhalchandra Shinde, Analyst

104, okay. Okay, thank you, sir. Thank you very much.

Operator

Thank you for your questions, sir. We have our next question from Mr. Punit Chokhani from Axis Capital. Please go ahead.

Punit Chokhani, Analyst

Yeah. Hi. Actually I had two questions. One would be on margins, it's great to see margins of almost 20% in this quarter. It would really help if you can sort of just quantify or give us some idea of this margin increase that has happened, how much it could be attributed to say, product mix, how much would be sort of hedges coming of, how much would be sort of price increases that we have taken. If you can give us some approximation, I mean just for our understanding?

Sanjay Majmudar, Independent Non-Executive Director

See, Punit bhai, to be very honest, that detailed exercise will be very difficult to share over this call.

Punit Chokhani, Analyst

Right.

Sanjay Majmudar, Independent Non-Executive Director

But I can give you very, very broad indication.

Punit Chokhani, Analyst

Yeah, I just want broad understanding.

Sanjay Majmudar, Independent Non-Executive Director

See, as Kunal explained a part of it, may be a small part of it, I would say is related to the pricing, increasing also it is not significant but I think it is there. So it is wrong to deny that we have not taken price increase.

Punit Chokhani, Analyst Sanjay Majmudar, Independent Non-Executive Director

However, major portion will be product mix and FX. FX means the realization of the dollar becoming a little more in our favor because of our FX hedge position and that position continues to remain equally favorable in the last quarter as well. In terms of whatever we have hedged even though rupee goes to -- stronger and up to may be 53 or whatever, we have a decent hedge. So we don't think that is nothing much. But I would say 60% of the margin increase is attributable to product mix and may be 60 to 70 and may be 20% to 30% to the FX part.

Punit Chokhani, Analyst

Sure. That I'll...

Sanjay Majmudar, Independent Non-Executive Director

With all fairness.

Punit Chokhani, Analyst

Right, right. Just I mean, couple of more questions actually, on mining I remember last quarter, I mean, you are quite apprehensive of what is happening globally, things are not looking good and I mean, I'm trying to see in -- at the end of Q2 in the conference call when we spoke about mining, we said, there were lot of global guys who were actually being uncertain in their capacity expansion plans?

Sanjay Majmudar, Independent Non-Executive Director

Yeah.

Punit Chokhani, Analyst

And now, yeah, I mean now we are sort of seeing some sort of improvement. So I mean, just wanted to understand if you can just throw some more color on why are you saying that and is it that have you seen better order traction? Also if you could throw some light on, when you talk about improving outlook or utilizations for minors globally being in a better situation. For us would that mean price increases with existing guys would be more likely going forward?

Sanjay Majmudar, Independent Non-Executive Director

See, first of all as you've been explaining, in all we work with lot of shifting sands, right. Lot of assumptions we make, keep getting tested quarter over quarter, first is right. So I mean, between every quarter since as an analyst, we have to explain and reconcile our positions. We try and enter into a discussion on what exactly happened and this is where it becomes difficult to really keep explaining every three months on what, where does that line is get drawn.

Punit Chokhani, Analyst

Absolutely.

What we had -- but nevertheless, since we've now budgeted our next year, we have some more clarity on where we stand. The first point is at the -- between the first and the second quarter we were seeing customers telling us that out of, say for example, (inaudible) they're having 13 lines of 17 lines. They are running at 60% utilization or 70% utilization, they're adding some lines, so we cannot but placing a new order.

Punit Chokhani, Analyst

Right.

Sanjay Majmudar, Independent Non-Executive Director

Which we're seeing some of that come back on line.

Punit Chokhani, Analyst

Okay.

Kunal Shah, Executive Director, Finance

So we are seeing some improvements and some customers saying, we don't know what is going to happen or is the placing and starting to run those lines up again, that visible measure of where that activity is. So it doesn't mean that they are bullish in running at 100% utilization.

It seems that the bottom could have been vast, but we don't follow the mineral market so closely because we (inaudible) a special set of plants and mines where really they don't have visibility beyond the point of the global market.

Punit Chokhani, Analyst

Sure.

Kunal Shah, Executive Director, Finance

So, but, but --

Punit Chokhani, Analyst

So what --

Kunal Shah, Executive Director, Finance

But at least that's the fear that we had that what happened in 2008, if that happens to the iron ore market, we don't know, but at least that it seems to be behind us at this time, and we'll keep sharing this as that market grows. I will give you information on that situation evolves, but at this time, we spoke with -- I spoke with our sales team before the call last week again to get a pulse on where we are.

Second is, but with what I said, I think for a fact we know that people are not so bullish on new capacity addition. So people would announce projects, then you will be spending \$15 billion, \$20 billion over the year. We are seeing OEMs tell us in the mining space that customers are taking the cautious view, they are going back to their drawing board to see whether this -- the expansion is really required.

Punit Chokhani, Analyst

Right.

Kunal Shah, Executive Director, Finance

But the utilization plummeting, that scenario, it seems is not there for the time being. That's the first thing. Second thing is, given that your volatility on the currency, the demand situation, freight cost keep changing, raw material input prices are also volatile, as soon as you see the world, risk coming on, you see commodity prices going up.

So we are back again to having to reconcile some of that costing. So -- but -- and so factoring all of that, we expect 20% margin assuming the a INR55, it's something that we can reasonably achieve with about 15% growth in top line.

Punit Chokhani, Analyst

Sure. Sir, just one more question on margins. If you have to talk about things like price increases with existing customers. I am sure it's an ongoing process, and I mean we've done some price increase with existing customers in the quarter also as you had mention.

Kunal Shah, Executive Director, Finance

Yeah.

Punit Chokhani, Analyst

Having going forward this margin that we are budgeting, I mean, the 20% outlook also that we are sort of giving out, are we factoring in any price increases that we are taking or would that be above 20%? The reason I'm asking you is, I'm just trying to understand, if historically we have been in much higher margin level that is before mining. I understand there are two different products and the dynamic for both products is extremely different but what I am trying to understand is, is there a possibility for margins to go back at least close to where you were in the past?

Kunal Shah, Executive Director, Finance

There is a possibility, of course, we're not going to deny that. We hope that margins improve from there as well. But when will they improve, what time will it take, which customers will we find better traction, of which ore will be fine that of traction, that's a work in progress. So yes, the answer is yes, we expect that we should see expansion from those levels.

Sanjay Majmudar, Independent Non-Executive Director Pritesh Chheda, Analyst

Right.

Sanjay Majmudar, Independent Non-Executive Director

Kindly, please do not expect us to give you the whole picture for next five years because that we don't know. But what I'm very sure is that next year what we have budgeted is 20% EBITDA margin at the operating level, which seems to be doable that means the fundamentals have improved, the scenario looks comfortable and we will keep you posted as and when we move forward. You get my point?

Pritesh Chheda, Analyst

Sure, sir.

Sanjay Majmudar, Independent Non-Executive Director

Yes, our endeavor is that we want to have higher margins, but as Kunal explained we can't predict.

Pritesh Chheda, Analyst

Sure. Fair enough, thanks a lot.

Sanjay Majmudar, Independent Non-Executive Director

Yeah.

Operator

Thank you for your question, sir. We have our next question from Mr. Manav Choksi from AIA engineering team. Please go ahead sir.

Manav Choksi, Analyst

Yeah. Hi, is it possible to give the operating cash flow number for this quarter?

Sanjay Majmudar, Independent Non-Executive Director

Manav, you are from Equirus, right?

Yes, yes.

Sanjay Majmudar, Independent Non-Executive Director

Okay. I think they did a mistake. Please carry on.

Manav Choksi, Analyst

Actually, I asked those figures.

Sanjay Majmudar, Independent Non-Executive Director

Sorry, repeat the question. What's the question Manav?

Manav Choksi, Analyst

Is it possible to give the operating cash flow number for the quarter?

Sanjay Majmudar, Independent Non-Executive Director

Operating cash flow?

Kunal Shah, Executive Director, Finance

Cash flow number, no, that we'll take you off-line.

Manav Choksi, Analyst

Okay. Thank you, Sanjay bhai, all the best.

Operator

Thank you for your question sir. We've our next question from Miss. Bhoomika Nair from IDFC Securities. Please go ahead Ma'am.

Bhoomika Nair, Analyst

Good evening, sir.

Sanjay Majmudar, Independent Non-Executive Director

Good evening.

Sir, most of my questions have been answered, just one clarification again, partly on the margin bit. Now we've obviously seen some amount of margin increase related to the lower ForEx losses in the current quarter, now when you're talking about next year, as here is the whole margins going to about 20% odd. You've mentioned something like 55 dollars, rupee remains around those levels, so if it were to come down at 53, 54 would that -- how would that change the outlook in our margins?

Sanjay Majmudar, Independent Non-Executive Director

I mean the rupee is at 53.50 just now but a forward premium can fetch us additional two or two-and-a-half rupees for the 12th month from today. So that's a conscious view, if the rupee does go to 55, we don't want to be again caught at a lower level. So, we have been burning our fingers at all levels in 55?

Bhoomika Nair, Analyst

Correct, correct, correct.

Kunal Shah, Executive Director, Finance

There is a 48, there is a 49, there is a 51 the rupee, so the next [ph] price because, to that extent, we have been cautious. (inaudible) That's where we are. Thanks very much.

Bhoomika Nair, Analyst

Right, right.

Kunal Shah, Executive Director, Finance

So we are very being cautious now, if the rupee does appreciate like I have been explaining -- even if are agnostic to rupee per se except for the dollar zone may be sell, whether importers, local currency is also dollar, other than that, we have a case for increasing our dollar pricing because rupees by and large moves in tandem with most of the, many countries that we sell to.

So, but, that's a cycle that we'll have to get into. There's a lag effects that comes in, there will be discussion with the customer. But, so we'll deal with it as it happens. We have done that in the past, and we will have do it again if that were to happen, but at this time, just to firm up our figures, we have a budget in mind, we've been getting a lot of questions to what happens from here on. And --

Bhoomika Nair, Analyst

Right. Sir, let me ask in a separate way, what -- how are we -- at what level have we hedged our futures now at, at roughly what levels?

Kunal Shah, Executive Director, Finance Bhoomika Nair, Analyst

No, I am asking. Sir, I am asking the rate at which it would have been hedged at, 53, 55?

Kunal Shah, Executive Director, Finance

Rates, we have opened contracts from 51 to 57 at this time.

Sanjay Majmudar, Independent Non-Executive Director

Average 54, 55. Yeah.

Kunal Shah, Executive Director, Finance

(inaudible) what we have hedged but of course the new hedges will decide where that levels are.

Bhoomika Nair, Analyst

Right.

Kunal Shah, Executive Director, Finance

So, but there is no, we don't know where is the right level to hedge. So we will see where -- as we progress, we will keep taking, hope to keep taking the rights calls there.

Bhoomika Nair, Analyst

Sure. Sir, just on the CapEx rate, one clarification, now FY13 --?

Kunal Shah, Executive Director, Finance

Sorry.

Bhoomika Nair, Analyst

Hello?

Kunal Shah, Executive Director, Finance

Yeah, yeah.

Yeah. Sir, basically in FY13, the CapEx would be something like 80 crores roughly, including the 30 crores which we have finally spent on the ground?

Kunal Shah, Executive Director, Finance

The CapEx would be about -- I'll explain. On March 13 or 14?

Bhoomika Nair, Analyst

Sir, FY13 and FY14?

Kunal Shah, Executive Director, Finance

FY13 will be about 50 crores.

Bhoomika Nair, Analyst

Okay.

Kunal Shah, Executive Director, Finance

Because we have spent about -- and then another 130 odd crores in FY14.

Bhoomika Nair, Analyst

Okay, okay. And this will be all inclusive of maintenance CapEx, ground field CapEx of 110 crores average?

Kunal Shah, Executive Director, Finance

Right. Right.

Bhoomika Nair, Analyst

Okay. And with this CapEx, so we get to about 2,60,000 tonnes by December 2013?

Sanjay Majmudar, Independent Non-Executive Director

Oh, yeah.

Bhoomika Nair, Analyst

Okay. And then the mining liners will take some more time which you will inform as and when we finalize our plans?

Yeah. See, we are --

Kunal Shah, Executive Director, Finance

Keep in mind that we've done CapEx of already about 60 crores, 65 crores in this year.

Sanjay Majmudar, Independent Non-Executive Director

Okay.

Bhoomika Nair, Analyst

Okay.

Kunal Shah, Executive Director, Finance

And we'll do another 15 crore for the rest of the year, so for this year it would be about 75 crores.

Bhoomika Nair, Analyst

Okay.

Kunal Shah, Executive Director, Finance

It should do both 80 crores in next year, March 14, that is without the mining lining plan.

Bhoomika Nair, Analyst

Okay. Okay. Okay, sir. Great. Thank you so much.

Operator

Thank you for your question ma'am. We have a next question from Mr. Pritesh Chheda from Emkay Global. Please go ahead.

Pritesh Chheda, Analyst

Yeah, hi. Again, I got a bit clarification required. You said fiscal 13 is 50 crores, and then you gave the 80 crore number?

Sanjay Majmudar, Independent Non-Executive Director

That's right, that's right. There was a mix up also according to the new projects.

I'll repeat again, I'll repeat again, there is some mix up in overhearing the numbers. We'll do about 70, 60 -- 70 crores to 75 crores in March 13, these we have already done, we done about 60 crores therein.

Pritesh Chheda, Analyst

Okay.

Sanjay Majmudar, Independent Non-Executive Director

Hello?

Pritesh Chheda, Analyst

Yeah, yeah, sir.

Sanjay Majmudar, Independent Non-Executive Director

We'll do about 80 crores, 80 crores to 85 crores next year, that is without the new greenfield project. So, even when we start that project, that'll be added to that whatever we spend in that year.

Pritesh Chheda, Analyst

Okay, so -- then what is the 130 crore for fiscal 14? So, if I interpret correctly, it's a CapEx numbers which you're actually telling us for the 60,000 tonne line, which should be split up in '13 and '14?

Sanjay Majmudar, Independent Non-Executive Director

The line -- exactly, that there is 110 crores of CapEx, which we are doing for the brownfield, for 60,000 tonnes, you're right. We have spent over 13 this year and about 60, 70 crores we will spend to the next year, which is March 14.

Pritesh Chheda, Analyst

Okay. So, which means that the CapEx figure for '13 is 75, which we include -- which will include some maintenance CapEx and CapEx for this brownfield line?

Sanjay Majmudar, Independent Non-Executive Director

Correct.

Pritesh Chheda, Analyst

Plus -No, no we've done -- exactly the maintenance CapEx and we've done some support facilities near our other cluster in Ahmedabad, so that's part of that 75.

Pritesh Chheda, Analyst

And there would be another 75 crore CapEx, which you'll do in fiscal 14 for the same line and the maintenance CapEx?

Sanjay Majmudar, Independent Non-Executive Director

Correct, correct, correct.

Pritesh Chheda, Analyst

Okay.

Sanjay Majmudar, Independent Non-Executive Director

Excluding mining liners.

Pritesh Chheda, Analyst

Excluding the mining liners?

Sanjay Majmudar, Independent Non-Executive Director

Yeah, exactly, excluding -- mining liners will be added as and when the program is absolutely formed [ph].

Pritesh Chheda, Analyst

Okay. Now we have a CapEx number of 400 crores, so it's the 400 minus what?

Sanjay Majmudar, Independent Non-Executive Director

That includes the tentative CapEx plan for mining liners of 250 crores as well.

Pritesh Chheda, Analyst

Okay. Okay. And you said you raised some ECB, so what was that amount?

Sanjay Majmudar, Independent Non-Executive Director

About \$20 million, INR100 crore, \$18.7 million, yeah.

Okay. And I couldn't understand those figures, I missed out a bit. You gave the breakup of 1,60,000 tonnes for fiscal 13 and 1,80,000 tonnes for fiscal 14 in terms of cement, mining, if you could just give those numbers again?

Sanjay Majmudar, Independent Non-Executive Director

Broadly?

Pritesh Chheda, Analyst

Yeah, broadly.

Sanjay Majmudar, Independent Non-Executive Director

(inaudible) 1,80,000 tonnes for the next year, that's correct. And most of that growth will come from mining.

Pritesh Chheda, Analyst

If you could give the total break-up of 160?

Sanjay Majmudar, Independent Non-Executive Director

About 100,000 tonnes plus would be mining, anywhere between 100 to 110,000 tonnes.

Pritesh Chheda, Analyst

Okay.

Sanjay Majmudar, Independent Non-Executive Director

And about 70,000 odd tonnes would be cement.

Pritesh Chheda, Analyst

Okay.

Sanjay Majmudar, Independent Non-Executive Director

And about 10,000 tonnes will be utility. So this is a broad break-up, because we give a range of 180 to 190.

Pritesh Chheda, Analyst

Okay. So this is for fiscal 14?

That's right.

Pritesh Chheda, Analyst

What it would be for fiscal '13 the same three areas?

Sanjay Majmudar, Independent Non-Executive Director

It's about 80,000 tonnes in mining.

Pritesh Chheda, Analyst

Okay, 70 for cement.

Sanjay Majmudar, Independent Non-Executive Director

Correct, 55 to 70 for cement, yes.

Pritesh Chheda, Analyst

Okay, okay. And balance for the other, revenue include mining, generally here the exposure would be iron ore, right?

Sanjay Majmudar, Independent Non-Executive Director

Yeah, yeah. Iron ore, platinum, copper and gold.

Pritesh Chheda, Analyst

Yeah. But major part, we should it -- should one assume towards iron ore?

Sanjay Majmudar, Independent Non-Executive Director

No, now it's platinum.

Kunal Shah, Executive Director, Finance

Major part is platinum, iron ore, yeah but it is spread.

Pritesh Chheda, Analyst

Okay, it is spread. Okay, okay. Many thanks to you, all the best to you, sir.
Thank you.

Operator

Thank you for your question, sir. (Operator Instructions) We have our next question from Bhalchandra Shinde from B&K Securities. Please go ahead, sir.

Bhalchandra Shinde, Analyst

Sir, in mining, if you can give me the domestic and international sales.

Sanjay Majmudar, Independent Non-Executive Director

Mr. Bhalchandra, we're not -- very nominal, it is not exact granular detail as I said, we're just giving the mining tonnages for perspective.

Bhalchandra Shinde, Analyst

Sir, rock numbers will also do just this like, any rough cut numbers or how much percentage?

Sanjay Majmudar, Independent Non-Executive Director

India is a small market boss, mostly it's outside India.

Bhalchandra Shinde, Analyst

Okay, mostly outside India. And in cement?

Sanjay Majmudar, Independent Non-Executive Director

Cement, about 70% is outside India.

Bhalchandra Shinde, Analyst

Okay. Okay, thank you, sir. Thank you very much.

Operator

Thank you for your question, sir. (Operator Instructions) We have our next question from Mr. Gagan Thareja from Comgest. Please go ahead, sir.

Gagan Thareja, Analyst Sanjay Majmudar, Independent Non-Executive Director

Yeah, the duty got implemented last year.

Gagan Thareja, Analyst

Okay. And how much would the duty have been?

Sanjay Majmudar, Independent Non-Executive Director

About US\$160 per kilo.

Gagan Thareja, Analyst

Okay. And subsequently under the Free Trade Agreement with Thailand the duty structure goes down to zero gradually over a period of time. So, when -- when that happens, do Megator from Thailand become even with me anti-dumping duty, somewhere near parity to what you could supply at?

Sanjay Majmudar, Independent Non-Executive Director

I don't, we don't believe that Megator is not selling into India because of those duty reasons because we have duty in Brazil where they have a plant. There's duty in some countries in Africa where we have a plant in South Africa. So, not really, it's not -- the barrier is not duties per se. You don't expect that to be a material per se.

Gagan Thareja, Analyst

Okay. Thank you, sir.

Operator

Thank you for your question, sir. We have a next question from Mr. Punit Chokhani from Axis Capital. Please go ahead, sir.

Punit Chokhani, Analyst

Sir, just one more question on taxes. The tax rate has gone up in the quarter, I understand it's -- I mean, there's some quarterly adjustment that happens. What is the year-end tax rate you are guiding for?

Sanjay Majmudar, Independent Non-Executive Director

About 30%.

Punit Chokhani, Analyst

Adjustment for FY14?

Sanjay Majmudar, Independent Non-Executive Director

Yes.

Punit Chokhani, Analyst

Alright. Thanks.

Operator

Thank you for your question, sir. (Operator Instructions)

Sanjay Majmudar, Independent Non-Executive Director

Okay.

Operator

Yes, sir?

Sanjay Majmudar, Independent Non-Executive Director

I think, if there's no more questions then we'll just wrap it up.

Operator

Certainly, sir. There are no more question, sir.

Sanjay Majmudar, Independent Non-Executive Director

Alright. Thank you all for joining. Please do feel free to reach out to us if there are any more questions. And we'll try and share as much more information as we can on forthcoming quarter. Looking forward to interacting with you guys. Thanks. Have a good evening.

Operator

Thank you, sir. Ladies and gentlemen, this concludes your conference for today. We thank you for your participation and for using TATA DOCOMO conferencing services. You may please disconnect your lines now. Thank you.