

**Operator**

Good evening ladies and gentlemen. Thank you for standing by. This is Mumtaz 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. At this moment all participants are in a listen-only mode. Later we will conduct a question-and-answer session. I'd now like to turn the conference over to AIA Engineering Management Team. Please, go ahead.

**Kunal D. Shah, Executive Director**

Yeah, hi thank you all for joining us on the call today. Wish you all a very happy Diwali and good year ahead. It's been a tougher times to be in your industry than our. So best wishes for the same. We'll not take a lot of your time on this call specially on Diwali to plan for pooja et cetera. I'll start the call with the highlights on this quarter. We finished the quarter with a top line of about 426 crores which inline with what we've anticipated with the total tonnage of 41,300 for the quarter with highest level of sales in mining which is about 21,300 tonnes.

And the rest is almost about 50% of our volume in this quarter. A broad highlights on our operating margins, we did about 55 crores of 60 crores of EBITDA and about 40 crores of profit after tax and I know you all will have questions around that so we will answer that in minute.

Some broad snap shot on our balance sheet items. Debt, our consolidated debt is about 50 crores. Our finished goods inventory is about 43 days, - days has improved slightly and from about 85 days, standard about 380 crores and our total cash, our net cash net of debt is about 260 crores.

Our order book stands at about 436 crores. Now to dive directly into the margin and the profits for this quarter. We saw an exceptional quarter as far as currency its concerned. In the first quarter we had about despite total loss that we had for the quarter as far as currency is concerned we had 3 crores, 3.5 crore translation gain the march end rupee had moved from low 50's, to about 55 in June and which again moved appreciated to 52 odd in the second quarter as a translation loss.

So the total currency related to issuance between the first and the second quarter stood at about 7.5 crores. In all there has been currency systems on but continues to trigger hedged position for the quarter was at about 51 odd 51.75 while the average conversion on the dollar was at 54.75 so that was net and a loss of about 3 plus on every dollar sold translating into roughly around 15 crores.

So, that continues to trigger and if you remove that trigger I think margins are more or less inline. Other income includes about 14 crores of licenses export benefits and 3.77 crores for dividend and another and interest income.

I think that sums up our financial summary.

**Sanjay S. Majmudar, Independent Director**

Yeah. Kunal I'll add two things.

**Kunal D. Shah, Executive Director**

Sure.

**Sanjay S. Majmudar, Independent Director**

The entire operating income for the quarter ended 30th September is the other operating income is 14.5 crores as Kunal explained is on the duty drawback and license stuff so that is pure operations where as the income other income other non operating income is

predominantly the dividend portion as we clarified.

Secondly in anticipation of certain questions yes we are definitely on-board in terms of as Kunal mentioned this is the highest ever quarter in terms of mining, the mining under tone while in terms of this particular quarter volume it remains firm so we are broadly on-board of our annual overall guidance in terms of production and sales and falling anywhere between 160 and 170 that remains. Margin of course as we always have mentioned that we really do not worry our track quarter-to-quarter but overall yes, the fact remains that we have as the mining volumes improve and more and more mines get added our pricing strategy continues to remain in play and again the margin is apart from the FX effect of about 12 crores as Kunal explained for this quarter and about 30 crores which is for the entire half year H1 booked in the other expenses to start.

The fact remains that the process of entry level pricing on the grinding media and other products in terms of the new mines that we add or the existing mines volume 9% we do continue whereas our million to long-term perspective of seeing an improvement in this margins over period of time and the strategy remains in place.

However, as we will all appreciate it is very difficult to quantify this or to tell as to what point in time this can happen but yes our medium to long-term prospects of AIA on this segment remains quite bright. Thirdly, on the CapEx front in fact we have firmed up the CapEx of more than about 350, 360 odd crores and that primarily the idea is overall it will tend them to increase in the capacity of another 100,000 tonnes with a focus on part of the CapEx coming at the new GIDC Kerala site that we have acquired in fact that will be a dedicated plant for mining liners as well. And at the -- site we have frozen the CapEx for one more horizontal line et cetera. So, all those plants are now that implementation has begun. Again as you are all aware we had acquired 70% stake in the small unit in Trichi as we have given in the note that acquisition process of balance 30% has been concluded and now it becomes our 100% subsidiary and there also we have some plans for ramping up of the capacities going forward and overall our direction all our earlier talks and everything is broadly remains. Of course the key question remains as to of course the target is to see that there is a ramp up in the margins but how and when it happens something which we cannot predict. But with a commitment that and the confidence that it is eventually bound to happen.

I think with this we can ask the moderator to throw the house open for question-and-answers.

### **Kunal D. Shah, Executive Director**

Sorry, sorry Mumtaz, just one second. Just to add to what Sanjay said, our mining happy about the mining business scaling up to the extent that it hires is now running at 80,000 tonne per year run rate, of course Cement remains continues to remain sluggish and as you all know I mean that's linked to global economy and our volumes can vary quarter-to-quarter so I mean please do not read in to it beyond that we continue to expect flat or volumes which is wrong 65,000 tonnes to our Cement segment and in line to grow to 160,000 tonnes this year with a top line of around 170,000 tonnes. When seeing the question on margins for the rest of year I think one important factor for this quarter is that we have now seeing a little bit of utilization, reduction at our customers end as far as mining is concerned some key mining customers having reduced the number of mills that they run and which can have an impact on the volumes that we expect or have from these mines it's too early to quantify or put a figure but we are also taking on new business overall I think we are on course of our mining volumes that is given but as the earlier pressure at our customers and that does conflict at times into margins on a pricing standpoint.

So there is a cautious optimism as far as the second half is concerned we would not be in a position to hazard a guess or give a figure for a sake of it. So please excuse us from sharing our guidance for the rest of the year.

We are there on course for about 17,000 tonnes of revenue 160,000 tonnes of volumes but as far as bottom line is concerned we will just wait and watch.

Sanjay do you have anything to add on that?

### **Sanjay S. Majmudar, Independent Director**

Yeah fine.

### **Kunal D. Shah, Executive Director**

Yeah you can go ahead with Q and A.

## **Questions And Answers**

## **Operator**

Certainly sir. Ladies and gentlemen we will now begin the question and answer session [Operator Instructions]. We have a first question from Mr. Bhalchandra Shinde from Batlivala & Karani. Please go ahead.

## **Bhalchandra Shinde**

Sir, I missed out one part how much is the hedging loss for this quarter?  
12 crores.

## **Sanjay S. Majmudar, Independent Director**

12 crores is currency total loss on account of currency for this quarter 15 crores.

## **Bhalchandra Shinde**

Pardon me.

## **Sanjay S. Majmudar, Independent Director**

15 crores

## **Bhalchandra Shinde**

15 crores. So sir if we adjust at then our EBITDA if at we consider that 15 crores was not there then the EBITDA margin shows that around 16%. So, do we given this contribution these margins are sustainable or do we think that

## **Sanjay S. Majmudar, Independent Director**

Sorry, I just answered that. As for the margins for the rest of the year is concerned it's difficult to hazard a guess.

We believe we continue to believe that for the mining segment as well we should be able to have margins inline with our segment business. It's going to take some time we are in the process there are customers where you have got some prices increases.

We have got an additional dimension of customers facing headwinds in their businesses. Whether iron ore production is going down or their markets are suffering. So, there there is some amount of headwinds for us as far as pricing is concerned.

Then hoping that we should be doing some price transfers this year but that may get pushed into sometime into next year when, how, what will that means is something that we'll have to just state a cost and keep guiding as that business evolves.

## **Bhalchandra Shinde**

Sir, actually I know we are right now initially very small compared to the whole mining segment but do we see a thread of decrease in volumes or volumes will keep on increasing even...?

## **Kunal D. Shah, Executive Director**

No, I answered that for the volumes we are quite confident of continuing with this pace for the rest of the year.

## **Bhalchandra Shinde Kunal D. Shah, Executive Director**

I....

## **Bhalchandra Shinde**

Yeah, in fees you gave mining business we did 21,300 tonnes sir power and utilities how much we did?

**Kunal D. Shah, Executive Director**

The idea of sharing volumes on mining is to gauge the progress that we are making I mean, sharing this last six-seven quarter, they have to share with the fraternity in terms of penetration in that market.

**Bhalchandra Shinde**

Fine, fine. And sir, I mean, any whole time orders we have got or we are still continuing with the pilot orders in the mining segment?

**Kunal D. Shah, Executive Director**

No, the rate of payments, that's a continuous process right, and many customers they will be doing pilot test et cetera. But, certainly obviously 20,000 tonnes in the quarter would certainly mean there are customers that are rare with us.

**Bhalchandra Shinde**

Yeah, but any new customers we added in this quarter or?

**Kunal D. Shah, Executive Director**

No, we don't want to get into details - doing as we know the sensitivities around competition as well but yes there are happy making on that count.

**Bhalchandra Shinde**

So, for the next year sir do you expect that it will cross almost 55%, 60% of the total production or it will remain at the same levels?

**Kunal D. Shah, Executive Director**

Mining you mean?

**Bhalchandra Shinde Sanjay S. Majmudar, Independent Director**

No no I think...

**Kunal D. Shah, Executive Director**

It it already at 15%.

**Bhalchandra Shinde**

Yeah yeah.

**Kunal D. Shah, Executive Director**

It's already at 15%. And I think it's something up so we'll be having another 20,000 tonnes, 25,000 tonnes next year so it will be higher to that extent.

**Bhalchandra Shinde**

Okay okay and outlook on cement sector sir. Means how do you feel that?

**Kunal D. Shah, Executive Director**

Flat.

**Bhalchandra Shinde**

For the next year?

**Kunal D. Shah, Executive Director**

For us its flat.

**Bhalchandra Shinde**

Okay. Thank you very much.

**Kunal D. Shah, Executive Director**

Thanks.

**Operator Vinay Pandit**

Yes sir good evening.

**Kunal D. Shah, Executive Director**

Good evening.

**Vinay Pandit**

Sir just wanted to clarify the CapEx number that you have given and...

**Sanjay S. Majmudar, Independent Director**

About...

**Vinay Pandit**

Sorry.

**Kunal D. Shah, Executive Director**

CapEx for - in terms of future CapEx?

**Vinay Pandit**

Sorry?

**Kunal D. Shah, Executive Director**

In terms of future CapEx?

## **Vinay Pandit**

Yeah for this year and next year?

## **Kunal D. Shah, Executive Director**

For this year and next, total we should be spending the plan is go up to 300,000 tonnes of capacity we've formed up CapEx about 150 crores between this year and next, about 180 crore between this year and next which would give us a clear capacity that you know of 50,000 tonnes to 60,000 tonnes and another 200 crores in 14, 15?

Okay. That will be towards?

## **Kunal D. Shah, Executive Director**

So it will be 1,500 tonnes so between now March '13 and March '15 we should be spending close to 400 crores to take us to 300,000 tonnes of capacity.

## **Vinay Pandit**

Okay. Sir the the other thing is that last quarter we're saying that will be able to maintain 18% margins we may move to 20% suddenly lot of mining customers that you have they have had started getting a bit cautious on the business and for the first time also you need to be cautious even in your profitability and margins. We're saying that the kind of margin that we've seen in this quarter are something that...

## **Kunal D. Shah, Executive Director**

I already answered this Vinay, I think I already answered that in the initial speech as well as the last question I think it's neutral going back into the margin question again and again. We don't think the first and the second quarter, I mean there will be a quarterly dip because of product mix changes, the business mix changes okay. So what we are saying is automatically there are 13%, 14% operating margin there are another 3% to 4% of currency gain in it that takes you to 16, 17. We believe that this business still enough merits in it, enough for us to do for value addition to translate into margins for us.

We are hoping for that to happen this year. But given the headwinds as the customers then, I mean we would not be you know it's not right for us to go out and say we'll be going out, and it's not the best time for us to go out and ask for price increases, okay? With that said we're not saying there will be a 15% or 50%, we don't know I mean obviously if there is, we'll keep trying to demonstrate the value we had and making sure we have paid adequate before it, whether that happens next quarter or the quarter after that it's something that we'll have to continue talking and guiding you as we get more comfortable with the situation.

## **Vinay Pandit**

So is to fair to assume that the average realization move up that scene from approximately 90 last year to 100 plus this year is primarily because of ForEx? Or is it because of higher value product that you're also selling that had lower margins?

## **Kunal D. Shah, Executive Director**

It's a combination of the of course it is function of the ForEx because which you are selling is 45 and 55 there is a 15% improvement there. The idea was what we are trying to discuss over the previous quarter is when the currency moves or pricing in the dollar currency the Euro currency keeps changing to adjust for that. So, that the higher realization in some part of it is certainly linked to the currency weaken the rupee. But also because of the input cost changing et cetera. It also reflects the product being exchange.

## **Sanjay S. Majmudar, Independent Director**

But we cannot predict with certainty that this is when this is happening. So, we have decided that fine as it goes as quarter-over-quarter we move like Kunal explained that there are couple of iron ore mines where they are currently temporally

lowering their production. However, there are other mines which we have added also. So, it is not the factor that you have to setup notice and we have not made a statement that now our volume guidance is down.

What we had think, we are sharing fee-based income and doing business in this environment globally and trying to maintain a piece of growth and improvement in margin is our endeavor medium to long-term prospects we know is bound to happen.

But, when and how and to what extent it is likely to happen we can't predict I think it is better for us to appreciate what is the current reality of the situation and share with you and that is what we are doing.

## **Vinay Pandit**

Right, right.

## **Sanjay S. Majmudar, Independent Director**

And the main thing is our target is 22 but when and how it's a matter of time and we can't predict today.

## **Vinay Pandit**

Right.

## **Sanjay S. Majmudar, Independent Director**

There are efforts going on but it's too premature for us to tell you anything at this point in time.

## **Vinay Pandit**

Sir, currently now going by this situation we are currently at around 200,000 - 210,000 capacity by when do you think that additional 1 lakh scale up would come now by going by the...

## **Kunal D. Shah, Executive Director**

I think by the end of next calendar we will have 60,000 and the balance 50,000 by March '15.

## **Vinay Pandit**

50,000 by next December?

## **Kunal D. Shah, Executive Director Vinay Pandit**

Okay, okay fine. Sure. That's it from my side.

## **Sanjay S. Majmudar, Independent Director**

Thank you.

## **Kunal D. Shah, Executive Director**

Okay. Sanjay I think something has come up so I'll have to push off. Can you take care of the call from here?

## **Sanjay S. Majmudar, Independent Director**

Yeah, sure.

## **Kunal D. Shah, Executive Director**

Alright, thanks. Thank you all. Sanjay will take on your questions from here on. Have a good year to all of you.

## **Operator**

Thank you sir. We have a next question from Ms. Bhoomika Nair from IDFC Securities. Please, go ahead.

## **Bhoomika Nair**

Yes sir. Good evening sir.

## **Sanjay S. Majmudar, Independent Director**

Good evening.

## **Bhoomika Nair**

Sir, now obviously part of the reason why the margins have gotten impacted. Is the ForEx related exposure that we have hedged ourselves at a much very much lower level now when to hedge position get completed I mean or in terms of what amount if you can just

## **Sanjay S. Majmudar, Independent Director**

No hold on. First and for most as a corporate policy Yes sir.

## **Sanjay S. Majmudar, Independent Director**

The policy is to hedge at least 50% to 60% of there ForEx earnings continuously over a period of plan. As of today till March I have covered significantly to the extent of 50% 60% or even 70% probably of our exports that we are targeting to earn

## **Bhoomika Nair**

At almost 51, 52 level sir?

## **Sanjay S. Majmudar, Independent Director**

52, 52.5 every week we also use multiple products we have a very dynamic policy where by they try to maximize however keeping it open so if our policy today is that okay we will keep this balance 20%, 30% open and see and try to get whatever benefit we can in terms of 44, 54 55. Again as you all know this volatility something which nobody can predict at all.

## **Bhoomika Nair**

Correct sir, correct.

## **Sanjay S. Majmudar, Independent Director**

The speed at which it suddenly rises and falls it is humongously impossible for anybody to make a guess.

So the only way a corporate can survive doing it's business is keep on taking forward options and making sure that at as a corporate covers from any abnormal movement.

## **Bhoomika Nair**

Okay.

### **Sanjay S. Majmudar, Independent Director**

That is what we are trying to do.

### **Bhoomika Nair**

Okay. So basically what we were trying to say that to some extent depending if rupee continues to remain at this 54-55 level then there will be some ForEx losses which will continue in the next it will continue.

### **Sanjay S. Majmudar, Independent Director Bhoomika Nair**

Correct sir. Yes sir I understand.

### **Sanjay S. Majmudar, Independent Director**

So can't calculate your gains also that way.

### **Bhoomika Nair**

Correct correct no, no I understand that. Sir I mean also then coming in terms of the margins now when we are looking at acquiring new customers in mining now that we have established ourselves when we are adding new customers are they coming at an improved pricing? Or are they coming like an new entry level

### **Sanjay S. Majmudar, Independent Director**

See I tell you the function of price increase is a very complicated one. It is not a straight jacket formula but the fact remains that for any new mining customers there will be an entry level pricing pressure which is inevitable you can't help it.

### **Bhoomika Nair**

Correct.

### **Sanjay S. Majmudar, Independent Director**

Now, how you scale up for example customers which are there for a year or more we have been able to demonstrate them, they have taken price increases reasonably well. But at the same time several more than a dozen new mines are under negotiations et cetera development.

### **Bhoomika Nair**

Correct.

### **Sanjay S. Majmudar, Independent Director**

Then there pressure will come. Secondly it is also a function of some more products like for example mining liners that we have been talking about, we are quite successful in that and we are quite confident in that we will be able scale up the volumes very good similarly we are trying to add a few more products in mining segment at grinding media segment also for which it is not correct for us to discuss over this concall.

But yes there are products where we are quite confident that the same customers would find it more attractive to buy from us and we are in a very, very advance stage of trial.

The biggest is the function of grinding the media vis-à-vis other products also which you can't forget. So this will go on for some time

and we are quite confident about long-term. You will be able to see that there is some improvement in margins but we don't want to make any guess as to when.

I think I'm very clear and it is very difficult to be more elaborative beyond this point actually. Hello, hello?

## **Operator**

Yes sir, should I take the next question?

## **Sanjay S. Majmudar, Independent Director**

Yeah, you take the next question.

## **Operator**

Sir we have a next question from Mr. Punit Chokhani from Axis Capital. Please go ahead.

## **Punit Chokhani**

Yeah Sanjay. Just actually...

## **Sanjay S. Majmudar, Independent Director**

Hi Punit. Good evening.

## **Punit Chokhani**

I mean I understand you don't want to give out number on margin but I just wanted to understand from a medium to a longer term point of view, I mean leaving out you know the whole ForEx bit, I mean if look at it from the operational point of view there were times when AIA was doing margins in the range of 23%, 24%. I understand there are a lot of products that we are sort of getting into there are lot of new customers you are tapping.

But do you does the company have any sort of visibility that can we reach a margin of that level in the business that we are doing today. Is it a possibility is what I want to understand from a medium to a longer term point of view.

## **Sanjay S. Majmudar, Independent Director**

Yes, absolutely there is a target.

## **Punit Chokhani**

Right. This is in spite of mining being a very large portion?

I appreciate. Suppose I reach production of 200,000 tonnes and we do say 2,000 crores top line.

## **Punit Chokhani**

Right, right.

## **Sanjay S. Majmudar, Independent Director**

On a 2,000 crores top line I'm very sure that we are not going to remain happy with 17%-18% margins.

## **Punit Chokhani**

Right.

**Sanjay S. Majmudar, Independent Director**

Now, whether it's 20, 21, 22 only time can tell.

**Punit Chokhani**

Sure.

**Sanjay S. Majmudar, Independent Director**

But our endeavor plus strategy is in place to reach there.

**Punit Chokhani**

Okay.

**Sanjay S. Majmudar, Independent Director**

But it's definitely not 24%-25%. Do you get my point?

**Punit Chokhani**

Right, right.

**Sanjay S. Majmudar, Independent Director**

But 22, 21, 22 yes, however as I explained, elaborated before management is clear it's likely to happen, there are strategies but when and how it's not going to be predictable.

Right.

**Sanjay S. Majmudar, Independent Director**

But there are strategies then we are targeting towards that goal this is what we have always maintained.

**Punit Chokhani**

Right, right. Sir, just to get the ForEx loss number right again, for the quarter you mentioned 15 crores.

**Sanjay S. Majmudar, Independent Director**

That's right. Total ForEx.

**Punit Chokhani**

Total ForEx was 15 crores and this is viva hedged at 51 order pieces what you were saying and we were setting out at 55?

**Sanjay S. Majmudar, Independent Director**

There were many, many, many transactions but weighted average is around 52.

## **Punit Chokhani**

Okay, okay.

## **Sanjay S. Majmudar, Independent Director**

For next six months.

## **Punit Chokhani**

Okay. Thanks Sanjay and I'll come back if I have more questions.

## **Operator**

Thank you for your question sir. We have our next question from Mr. Pranav Gokhle from Religare Asset Management. Please go ahead.

## **Pranav Gokhle**

Good evening, Sanjaybhai.  
Good evening.

## **Pranav Gokhle**

Congrats on good set of numbers. Sir, just couple of questions. One is gross margin what I was referring to, does it what I have is your data over last four, five years it tends to fluctuate between Rs.40, Rs.50 or Rs.260 a kg now does that margin always always operate on a percentage basis or do you really look it on a per tonne basis?

## **Sanjay S. Majmudar, Independent Director**

We never do it on per tonne basis only the realization per tonne is a yardstick which people use to come to a common platform where we can measure the terms of top line growth our margins are always it is impossible to look at per tonne because I have an extremely diverse product portfolio and the dynamics are totally different. So going by percentage to sales is the only asset sense as an EBITDA.

## **Pranav Gokhle**

Okay. Because what I have seen is whenever your realizations are...

## **Sanjay S. Majmudar, Independent Director**

Even internally we don't track per tonne because I have products that are prices are Rs.60 a kilo and then our products are priced at Rs.200 a kilo, do you get my point?

## **Pranav Gokhle**

Sure sir.

## **Sanjay S. Majmudar, Independent Director**

For each vertical each business vertical different products come in play.

**Pranav Gokhle**

Okay. The next question is on the cash flow level hedging which you had - do you resort to cash flow level hedging or a turnover level hedging, I think for the turnover level. Hello?

**Sanjay S. Majmudar, Independent Director**

No, no, we do see I'll tell you we go by the pure sale that is turnover level.

**Pranav Gokhle**

Okay. And how much of raw material do we actually have which is in ForEx denomination or is it based?

**Sanjay S. Majmudar, Independent Director**

These are zero, practically zero, no raw material is imported.

**Pranav Gokhle**

Okay, sure. Thank you sir. And all the best to you sir.

**Sanjay S. Majmudar, Independent Director**

Thank you.

**Operator**

Thank you for your question sir. We have a next question from Ms. Bhoomika Nair from IDFC Securities. Please go ahead ma'am.

**Bhoomika Nair**

Yeah sir sorry I got cut off earlier sir.

**Sanjay S. Majmudar, Independent Director**

Yeah, yeah no problem.

**Bhoomika Nair**

Sir, also in this current quarter the tax rate seems to be a little low any reasons for that?

**Sanjay S. Majmudar, Independent Director**

See, what we do actually we have a policy where we do quarterly adjustments on the basis of the total half year that has ended the total scenario if I made a little extra provision in the first quarter and it gets adjusted in the second quarter.

**Bhoomika Nair**

Okay.

**Sanjay S. Majmudar, Independent Director**

But you can take a 29%, 30% global tax rate.

**Bhoomika Nair**

Okay, okay sir. And sir also this new capacity that 50,000 tonnes you mentioned in GIDC Kerala, so that is the one that's getting operationalized in March '15 and is it or which one where is an incremental 50,000 tonnes coming in CY13?

**Sanjay S. Majmudar, Independent Director**

No, no, no. See, there is something happening at our existing Moraiya facility, the main Changodar facility.

**Bhoomika Nair**

Okay.

**Sanjay S. Majmudar, Independent Director**

There considerable CapEx is and that will become operational the fastest...

**Bhoomika Nair**

Okay.

**Sanjay S. Majmudar, Independent Director**

Secondly, GIDC Kerala we have which is very close by, it's not that South India Kerala, many people misunderstand. It's just 15 kms from our Moraiya facility and there we already procured the land we have applied for the EC, we believe the EC will come anyday now.

That's how the stage is and there after 18 months is our target to make it operationalized. But the limiting factor is but that's okay. But the first thing we will be - our first capacity will come up at Moraiya.

**Bhoomika Nair**

Okay. Great sir thank you so much.

**Sanjay S. Majmudar, Independent Director**

Yeah.

**Operator**

Thank you for your question Ma'am. We have a next question from Mr. Bhalchandra Shinde from Batlivala & Karani. Please go ahead.

**Bhalchandra Shinde**

Sir just wanted to know in other expenditure is there power and fuel cost increased or it was at a normal level. Normal only most of the other expenses are at normal level.

**Bhalchandra Shinde**

Okay.

**Sanjay S. Majmudar, Independent Director**

The power and fuel let me see I will give you the exact figure. And if you look at the percentage of sales in Q2 it was about 10.86 and the corresponding Q2 it was 10.46 so it's almost the same.

**Bhalchandra Shinde**

Okay.

**Sanjay S. Majmudar, Independent Director**

As a percentage of sales okay.

**Bhalchandra Shinde**

Okay. Thank you very much sir. Thank you.

**Operator**

Thank you for your question sir. We have a next question from Mr. Vinay Rohit from ICICI Prudential Life. Please go ahead.

**Vinay Rohit**

Sir just wanted to understand our relation from 1Q has come down so just primary due to currency or there is some impact of product mix?

**Sanjay S. Majmudar, Independent Director**

Sorry, sorry, realization from?

**Vinay Rohit**

From 1Q to 2Q has come down so...

**Sanjay S. Majmudar, Independent Director Vinay Rohit**

Okay. And sir just want to get an idea so we are producing at 40K per quarter and our capacity is 200K right, so I mean obviously the full capacity won't be utilized. So what is the peak utilization we run at?

**Sanjay S. Majmudar, Independent Director**

We can go up to 80% to 85%.

**Vinay Rohit**

Okay. Thank you. That's all from me.

**Operator**

Thank you for your questions sir. We have a next question from Mr. Abhijith Vara from Equirus Securities. Please go ahead.

**Abhijith Vara**

Yeah, thanks for taking my question. Just one book keeping question if I missed out. What is the blended realization you saw this

quarter?

**Sanjay S. Majmudar, Independent Director**

Sorry sir?

**Abhijith Vara**

Your - realization you saw this year?

**Sanjay S. Majmudar, Independent Director**

Average realization?

**Abhijith Vara**

Yeah.

**Sanjay S. Majmudar, Independent Director**

Just one second - this quarter it is about Rs.102 a kilo, Rs.103 a kilo.

Fine sir. Those were my questions. I will get back to queue if I have any, thank you.

**Operator**

Thank you for your question sir. [Operator Instructions]. We have a question from Mr. Gagan Thareja from Comgest India. Please go ahead.

**Analyst**

Yeah. Good evening, sir. Is it possible to understand how your mining sales break up geographically or mineral wise?

**Sanjay S. Majmudar, Independent Director**

Sir, I can't give you on the call. Sorry.

**Analyst**

Okay. And is it also possible to understand the breakup of your cement sales you know in terms of domestic and international?

**Sanjay S. Majmudar, Independent Director**

See if you look at Q2 our cement sales stood at about 78 crores and that is in India and I can Gagan, I can take this entire thing offline.

**Analyst**

Okay, okay sir. Just last question.

**Sanjay S. Majmudar, Independent Director**

Overall sales India in Q2 is in terms of value it is about 151 crores in Q2 and sales outside India is about 275 crores.

## **Analyst**

This is for the cement segment you are referring?

## **Sanjay S. Majmudar, Independent Director**

No, no total.

## **Analyst Sanjay S. Majmudar, Independent Director**

426.

## **Analyst**

Right, right sir. You've also been sort of building up presence in the quarrying segment if I understand it I mean where do you stand in the venture as of today?

## **Sanjay S. Majmudar, Independent Director**

Well we have in fact done the field trials and where the process of launching it.

## **Analyst**

Okay.

## **Sanjay S. Majmudar, Independent Director**

In relevant markets of the advanced countries of the world.

## **Analyst**

Okay. Related to mining I will just sort of modify my question and again ask would it be fair to assume that a very small chunk of your mining sales have been in India or maybe if you could just throw up a ball park fraction of what sales of out of the total mining sales happened in India?

## **Sanjay S. Majmudar, Independent Director**

Yeah, mining sales I think annually we do some 7,000 tonnes to 8,000 tonnes in India so may be a 2,000, 2,500 tonnes per quarter is the kind of run rate in India.

## **Analyst**

Okay. Thank you sir. That would be all from my side.

## **Operator**

Thank you for your question sir. We have a next question from Naysar Shah from Birla Sun Life. Please go ahead.

## **Naysar Shah**

Hi, good evening Sanjay.  
Good evening sir.

## Naysar Shah

Sir, I just wanted to understand even if I store 15 crores of FX loss from other expenditure your other expenditures on a Y-o-Y basis have seem to have gone up 60% so I just trying to understand just key two or three times which we would have kind of led to such a sharp increase in other expenditure?

## Sanjay S. Majmudar, Independent Director

One is of course about 30 crores would be the FX part. Plus we have the I mean it would also more appropriate to look at it as okay okay. Earlier there is a re classification which we which we have also clarified in the first quarter. Part of our earlier what we used to classify as a raw material items stored and other they have been re classified as other expenses.

I'll get back to you on this.

There is not a problem at all. But there is nothing abnormal about it that's all I wanted to confirm but I'll get back to you on this.

## Naysar Shah

Sorry Sanjay on the FX loss earlier you said the FX loss is 15 crores and now you are seeing 30 crores so can you just help us understand this.

## Sanjay S. Majmudar, Independent Director

Total for half year.

## Naysar Shah

Okay.

## Sanjay S. Majmudar, Independent Director

The figure of 15 was Q2.

## Naysar Shah

Okay.

## Sanjay S. Majmudar, Independent Director

And a figure of 30 is been the half year ended 30th September 2012.

Okay. And Sanjay what is the how much is a outstanding hedged book as of now in terms of dollars and million dollars how much it will be? Hedge book outstanding.

## Sanjay S. Majmudar, Independent Director

\$30 million.

## Naysar Shah

Okay and this you are saying that you have hedged at 52.

## Sanjay S. Majmudar, Independent Director

Yeah, just one second. Yeah, yeah, yeah, \$65 million.

**Naysar Shah**

\$65 million.

**Sanjay S. Majmudar, Independent Director**

Yeah, yeah.

**Naysar Shah**

Okay at 52.

**Sanjay S. Majmudar, Independent Director**

Yeah.

**Naysar Shah**

Okay. Thank you very much. And all the very best.

**Sanjay S. Majmudar, Independent Director**

Thank you.

**Operator**

Thank you for your question sir. [Operator Instructions].

I think moderator if there is no other question we may conclude the call considering the fact that this is the second of the last working day and we are bit late in terms of official pooja time et cetera.

**Operator**

Certainly 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.

**Sanjay S. Majmudar, Independent Director**

Thank you very much.