



MOIL Ltd.

Q3FY13 Post Result Conference Call
Hosted by IDBI Capital Market Services Ltd.

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Moderators

SHRI. G.P. KUNDARGI, CMD

SHRI. MUKUND P CHAUDHARI, DIRECTOR (FINANCE)

SHRI. N.D. PANDEY, COMPANY SECRETARY

MR. CHETAN KAPOOR
ANALYST, IDBI CAPITAL MARKET SERVICES LTD.



- Moderator:** Good evening ladies and gentlemen. I am Moumita, moderator for this conference. Welcome to the conference call of MOIL Limited. We have with us today, Mr. G. P. Kundargi, CMD, Mr. Mukund P. Chaudhari, Director – Finance and Mr. N. D. Pande, Company Secretary. At this moment, all participants are in listen only mode. Later, we will conduct a question and answer session. At that time, if you have a question, please press * and 1 on your telephone key pad. Please note this conference is recorded. I would now like to hand over the floor to Mr. Chetan Kapoor from IDBI Capital. Please go ahead, sir.
- Chetan Kapoor:** We would like to welcome all the participants to the concall and a special thanks to the management. We will now hand over the floor to the management for a brief outline on the results, post which we can go to the Q&A session. Over to you, sir.
- G. P. Kundargi:** This is Kundargi, CMD, MOIL. Just we had the Board meeting today. The results for the third quarter, we have achieved a turnover of 700.30 crores. PBT is 476 crores. And PAT is 321.64 crores. PAT's net is up by 3% as compared to the last year, same period and turnover is marginally higher. We could able to sustain turnover, by increasing the sale volumes by 8% compared to the last year and also the production has increased by 6% as compared to the last year ending third quarter, which has resulted in maintaining the turnover, a slight increase in the turnover and there is a slight increase in the net by 3%. And this is in spite of the fact that the Ferro Manganese, there was a sluggish market for the Ferro Manganese. And Ferro Manganese sale was difficult for the last quarter, though we have tried four-five re-auctions, but we could not sell. Last year the Ferro Manganese turnover was more, because of the stocks on hand. So, this year whatever production is there, that is completely sold. But, those are the sale of stock last year, so we had more turnover to the extent of 25 crores more in terms of Ferro Manganese sale. But, now this time that was less, which was compensated _____ more increase in the sale volume by _____ to maintain this kind of turnover. And we think it is going to be sustained it in the next quarter also. Hope to achieve better results. Thank you.
- Chetan Kapoor:** And now we can move for question and answer session.
- Moderator:** Sure sir. Thank you.

Question and Answer Session

- Moderator:** Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again.
- The first question comes from, Mr. Ram Modi from Dolat Capital. Please go ahead.
- Ram Modi:** Hello. Good evening sir.
- G. P. Kundargi:** Good evening Mr. Ram Modi.
- Ram Modi:** Sir, just wanted to know what have been the sales and production numbers for manganese ore this quarter?
- G. P. Kundargi:** Manganese ore this quarter is 3,14,000.
- Ram Modi:** Okay, sale or production?
- G. P. Kundargi:** 3,14,000 compared to the last quarter of 240.
- Ram Modi:** Okay. And what has been the production?
- G. P. Kundargi:** Production of manganese ore is 3,14,000 for the quarter and overall up to the quarter is 8,01,000.
- Ram Modi:** 8,01,000, okay. And what has been the average.
- G. P. Kundargi:** 8,01,672 to be precise.
- Ram Modi:** Okay. And what has been the average realization during the quarter?
- G. P. Kundargi:** Average realization during the quarter was 7668 on the overall basis.

Ram Modi: On overall basis.

G. P. Kundargi: 7668 on overall basis. As far as for Ferro grade, it was 11,183 per ton.

Ram Modi: For Ferro grade it was 11,183. And what was it in Q2 sir?

G. P. Kundargi: It was in Q2, 10,812, Ferro grade and overall was 7652.

Ram Modi: Overall was 7652. Okay. Sir, just wanted to know what is the outlook on manganese ore right now? And there is just a line item which appears, we have booked a loss on our wind turbine business during the quarter. Wind turbine we have 1.2 crores loss, so what is this loss regarding on the EBIT side?

G. P. Kundargi: Just a minute, Mr. Mukund Chaudhari is replying to this.

Mukund P. Chaudhari: Hello, good evening. I am Mukund Chaudhari, Director – Finance.

G. P. Kundargi: Yeah, good evening sir.

Mukund P. Chaudhari: Good evening. We have explained this in note number five to the segment results. Performance of this division during the quarter is not indicative of the annual performance, since maximum electricity is generated between April and September due to high wind velocity during this period. So, last year also similar situation was there, but if you notice one thing, last year the loss during this quarter was 130 lakhs and it has come down to 124 lakhs. It was due to higher power generation during this period.

Ram Modi: Okay, higher power generation during this period. Sir, what is the outlook on manganese ore prices right now?

G. P. Kundargi: Manganese ore price, it was a very bad year, 2011 and 2012 was very bad. But, outlook from various angles it shows that it will be getting stabilized. Manganese ore prices are going to be stabilized somewhere around 5 to 5.5 DMTU in the coming month. And we hope that the prices will get stabilized.

Ram Modi: Okay. So, we had largely kept our prices same for Q4. So, do we expect any further increase or decrease in these prices sir?

G. P. Kundargi: Price is more or less _____ we hope to maintain the same range of average realization in the fourth quarter also. Mostly and only slightly try to increase in our sale volume.

Ram Modi: What is the target now for this year sir?

G. P. Kundargi: This year target is 11,50,000 tons, production target.

Ram Modi: Okay. And on the sales target?

G. P. Kundargi: Sales target is more or less I think around 11.25.

Ram Modi: 11.25, okay. And what are we looking for the next year sir now?

G. P. Kundargi: Next year targets, basically we have now taken up the capacity building process in our mines, increasing the number of shafts to work under deeper levels, because our mines are underground, mostly, 70%. And our accuracy levels are now mostly workable level, but now we want to explore to the bottom level and we are deepening and setting up new projects. So, next year we are more or less working on the same lines, because next year we are going to commission two projects. So, after the commission of those projects, next year in 2013-14, definitely production is going to come much more than the expected, then the rise will take place. So, till such time one more year we will take for capacity building, where we have commissioned one shaft this year and two shafts are going to be commissioned next year. So, that will help us in increasing production from 2013-14, but next year more or less on the same lines the production will be there.

Ram Modi: So, we do not expect any increase in production next year?

G. P. Kundargi: Maybe marginal, not much.

Ram Modi: But in 2014-15, we will have substantial?

G. P. Kundargi: Yeah, 2014-15, 2015-16, there will be a quantum jump, because of the additional levels coming in for production.

Ram Modi: Okay, okay, I will join back in queue.

G. P. Kundargi: Yeah, sure.

Moderator: Thank you sir. The next question comes from Ms. Neha Manpuria from JP Morgan. Please go ahead.

Neha Manpuria: Sir, if we look at our average realizations based on the 283,000 sales volume that you have given, it seems our prices, blended prices declined anywhere between 12% to 13%. You have mentioned that your Ferro prices were also Rs.11,000 which is about 8% lower. So, how much of the price decline is due to decline in Ferro grade versus higher (audio break) _____, so just wanted to know the sales breakup for the quarter.

G. P. Kundargi: Sales breakup for the quarter is 1.38 lakhs. The breakup is 1.38 lakhs Ferro grade sales against the earlier 1.31. And we have sold about 74,115 of _____ lower grade and about, fines were about 2,12,000, sorry 70,000. 70,642 fines.

Neha Manpuria: 70,000 fines?

G. P. Kundargi: 70,642 fines. So, total is about 282,909. So, out of 282, 137-138 is Ferro grade.

Neha Manpuria: But, the proportion of fines has increased quarter on quarter?

G. P. Kundargi: Yeah, 48.75% is Ferro grade and this is quarter on quarter. It was 19.32% fines was in first quarter and second quarter 18.81%, it was stagnant more or less, but it has further increased 24.97, because in rainy season fines lifting is less, because of the moisture content. So, that is why that is supposed to increase in third and fourth quarter.

Neha Manpuria: So, fourth quarter also it will be at similar levels only.

G. P. Kundargi: Similar level, yes

Neha Manpuria: Okay, okay. And what was the fines prices were in the quarter?

G. P. Kundargi: Fines, average realization in the quarter is 3016 for the fines.

Neha Manpuria: Okay. So, fines prices are more or less flat. And sir, in terms of our cost structure, other expenses increased quite sharply on a quarter on quarter basis, any particular reason for that?

G. P. Kundargi: Just a minute, just a minute.

Mukund P. Chaudhari: It is mainly due to increase in CSR expenditure. Good evening, I am Mukund Chaudhari.

Neha Manpuria: Good evening Mr. Chaudhari.

Mukund P. Chaudhari: It is mainly on account of increase in CSR expenditure, R&D expenditure, of course royalty.

Neha Manpuria: Okay, got it. And sir, update on our CAPEX, how much have we spent so far and what is it, are we revising our guidance for the full year and next year?

Mukund P. Chaudhari: CAPEX we have already told you, last time we have talked that regarding _____ projects we could not go ahead much. Our other investments are in line with our projections, CAPEX investment.

Neha Manpuria: Okay, how much have we spent sir here to date?

Mukund P. Chaudhari: 103 crores.

Neha Manpuria: Sorry, I didn't get the number.

Mukund P. Chaudhari: 103 crores, 103.7 to be very precise.

Neha Manpuria: Okay, okay. And how much are we expecting next year?

Mukund P. Chaudhari: Next year is 175 crores.

Neha Manpuria: Got it, this is excluding the JV of course.

Mukund P. Chaudhari: Pardon?

Neha Manpuria: This is excluding the JV?

Mukund P. Chaudhari: Yeah.

Neha Manpuria: Okay. And sir, Ferro Manganese you mentioned that the demand was quite sluggish in the third quarter. What are the trends you are seeing now? Do we expect the segment to improve?

Mukund P. Chaudhari: Yeah madam, there has been a very sluggish market demand and prices are more or less stagnant during the second and third quarter. And even we are not able to sell through the auction sales. As far as the market feedback, there is slight improvement in the market and slightly going to go up and stabilize in the coming days.

Neha Manpuria: Got it sir, okay. That's all sir. Thanks for taking my questions.

Mukund P. Chaudhari: Thank you.

Moderator: Thank you. The next question comes from Mr. Sanjay Jain from Motilal Oswal Securities. Go ahead sir.

Sanjay Jain: How does the balance sheet look like? Like how much cash surplus we have?

Mukund P. Chaudhari: Good evening. This is Mukund Chaudhari here, Director-Finance. It is around 2400 crores.

Sanjay Jain: Okay. Are we getting any request from the Government to invest into other public sector companies who are coming for OFS or what is the view of the Board in this regard? There are some news items which we have seen recently.

G. P. Kundargi: It is not in OFS. UP has come out with a circular sometime back that CPSE's are allowed to purchase the shares of other CPSE. So, accordingly in terms of this mechanism, we have to identify the company where we intend to invest and talk to DoD on this. DoD will take it forward to Ministry of Finance and then they will give a clearance for that transaction, if it is okay with them. So, this will be purchase of sales from the Government itself, it will not be OFS route. It will not be OFS.

Sanjay Jain: Okay. So, my question is what is the thought process in the Board of MOIL to utilize this cash, would you take this as an opportunity? How do you view this thing, would you look at this as an opportunity or would you think that this is an unnecessary instruction from the Government, how do you do it?

G. P. Kundargi: We don't take it that way.

Sanjay Jain: Basically what I want to understand from you is, how are you going to utilize this cash that you have surplus in the balance sheet? In your view, is this investing into the other PSU a good opportunity or not a good opportunity?

G. P. Kundargi: We have got many projects on our hand, but for some time we can invest and then we can think of it. And we are considering this option, we have not yet finalized on anything.

Sanjay Jain: But, my question is, are you working towards investing into other PSU's or not working towards?

G. P. Kundargi: We are not exactly working into investment into other PSU's, but only as I said DoD's are studying the options basically. But, our interest is to invest in the upcoming projects, number one to enhance the production and available capacity and also we are get some of the new leases, where we have to invest on opening of new mines. And also the investment what we are looking for, for the last two-three years, some deposits outside defense are higher manganese content. At the moment we are going to invest in projects, not exactly we are very eager to go into the _____.

Sanjay Jain: Okay. And let me ask you slightly differently, is Government pursuing the Board of MOIL to pursue this option?

G. P. Kundargi: Actually Government is not pursuing immediately, only they have told to see this option also.

Sanjay Jain: Okay. There is no pressure at all?

G. P. Kundargi: There is no pressure.

Sanjay Jain: Okay, thanks so much.

Moderator: Thank you sir. The next question comes from Mr. Nikhil Anand from IIFL. Please go ahead.

- Nikhil Anand:** Congratulations on your results firstly sir.
- G. P. Kundargi:** Thank you. Thank you Nikhil.
- Nikhil Anand:** Can you please give me some idea on the current inventory of the company? What is the kind of inventory that the company is holding right now?
- G. P. Kundargi:** At the end of third quarter 1,03,000. 1,03,000 at the end of third quarter plus available production during this fourth quarter.
- Nikhil Anand:** And what would be the mix of the inventory?
- G. P. Kundargi:** Mix of the inventory is, out of 1 lakh, 37 lakh is Ferro grade and 62 lakhs is of low grade. Sorry, 62,000 is low grade and 38,000 is Ferro grade.
- Nikhil Anand:** Okay. And sir can you just give me some update on the joint venture as in what is the kind of progress that we are seeing towards that?
- G. P. Kundargi:** This I will give you a picture on the joint venture. The joint venture is basically is formed to produce Ferro iron. So, one is in Bhilai and one other is in Andhra Pradesh RINL. Particularly in the recent development, as you have heard from the paper or read from the newspaper that there is an acute power shortage in Andhra Pradesh and there is a 30% power cut and they providing only three days of power. So, under such conditions, depending upon the Andhra Pradesh State Government power, going for an immediate production is very difficult, with immediate commissioning. Most of the power plants are also _____ Ferro grade plants are closing down there. And what we are planning was, we have discussed with RINL Board also. So, unless or until you have a backup of power plant or small power plant to facilitate the production of Ferro grade, so we should work along with the power plant with the revised capacities. The work of revised capacities work is taken up by _____. And regarding the power plant, still discussions are going on with RINL. But, unless power purchase agreement is done through the in-house RINL or SAIL-NTPC projects, it is difficult to immediately go ahead. We have to wait and watch the power position before going in.
- Nikhil Anand:** Right sir. And sir, can you just give me the number for CAPEX again? Going into FY14, what is the kind of CAPEX that we are looking at?
- G. P. Kundargi:** I think FY14 it was 176 crores, excluding JV, in our own in-house projects.
- Nikhil Anand:** Right. Thank you. Thank you for answering my questions sir.
- G. P. Kundargi:** Thank you Nikhil.
- Moderator:** Thank you. The next question comes from Mr. Rakesh Vyas from HDFC Mutual Fund. Please go ahead sir.
- Rakesh Vyas:** Hello sir, good afternoon.
- G. P. Kundargi:** Hello, good afternoon Mr. Rakesh.
- Rakesh Vyas:** Sir, one of the announcements on BSE for your company highlights that you have applied for eight coal blocks in the recent auction route. So, I just wanted to understand the thought process of the company behind it and then I will ask the second question.
- G. P. Kundargi:** Yeah, thought process is basically we are not able to go ahead with any diversification plans as planned, because most of the diversification plans are power intensive, number one. So, both the joint venture for us are going slowly because of the power availability factor decrease. So, we thought that getting the coal linkage is very difficult nowadays and also imported coal is also difficult for us as a PSU. So, since there was allotment process for the PSU particularly, quota for PSU, we also wanted to apply. And because so many PSU's have got coal blocks, so we have applied for eight coal blocks, out of which six are for captive power purchase and two are for commercial purpose. So, let us see how it goes and where we will end up and what we will get. So, accordingly the main thought process is to, if the coal block is allocated and we can go for mining as well as power generation and as well as downstream manufacturing projects of manganese based alloys.

Rakesh Vyas: Okay. Will it be possible for you to name out the eight projects, eight blocks?

G. P. Kundargi: Eight projects I can name out, I think. There are about two-three projects in Chhattisgarh, three are in Chhattisgarh, two are in Jharkhand and two are in Orissa, one in Maharashtra. So, we have selected better options out of the seventeen available projects.

Rakesh Vyas: Okay. Sir, in the captive segment, one needs to have a power plant either in a very advanced stage or at least up and running condition to get allocations. I am just trying to understand, of this six captive, where are we looking at the power projects where we would feed this coal?

G. P. Kundargi: _____ Chhattisgarh, we are looking towards that. Most of them are in Chhattisgarh only, because _____ Bhalai. So, we are looking at Chhattisgarh permanently.

Rakesh Vyas: So, will we provide coal to the other parties or will we set up our own power projects?

G. P. Kundargi: We will be setting up, we plan to set up our own, because joint venture is there, we can power to the joint venture plant. But, ultimately based on the coal mined by _____, we have to set up our own plant.

Rakesh Vyas: Okay. So, this is not for supply to any third party power project that is not the idea?

G. P. Kundargi: No, no, these captive power plants, whatever the _____ we have to generate power.

Rakesh Vyas: Sure. And sir, on these two blocks for commercial mining, has Government indicated to us as to what kind of reserve price they are looking to set up or what will be the mechanism for that reserve price at all?

G. P. Kundargi: 8th of February is the last date for getting applications. So far Government has not disclosed anything, because last date for coal block is 8th February. So, we have just applied three days back and completed the formalities. There are so many other possibilities...may be they will compile and come out with a price, so far I don't know.

Rakesh Vyas: Okay sure. Great sir, that's it from my side. Thank you so much.

G. P. Kundargi: Thank you Rakesh.

Moderator: Thank you. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad.

The next question comes from Mr. Ram Modi from Dolat Capital. Go ahead sir.

Ram Modi: Sir, I just wanted to ask what is the progress on extra lease which we had got from Government of Maharashtra?

G. P. Kundargi: Yeah, this I will give the details for that. We had received the prior permission of Central Government for an allotment of _____ to MOIL. Then the letter has come to me and as well as to the Government of Maharashtra. So, but we are yet to receive the grant order from the Maharashtra State Government. We have referred that to the Central Government for checking some clarifications in view of the Supreme Court judgment in the case of 2G spectrum. There is auctioning of natural resource, so they are waiting for the reply. As soon as the reply comes, then we will be getting it.

Ram Modi: Okay. So, this mine would at least take three-four years and we need to complete...?

G. P. Kundargi: Yeah, yeah, it will be completed and it is around 600 hectares initially.

Ram Modi: Initially 600 hectares, okay. Sir, the second is on, how has been the pressure of imports on manganese ore prices in India? How has the imports behaved in the last nine months and if you can just give some idea about that?

G. P. Kundargi: Yeah definitely, imports last year it was to the tune of 20 lakhs, 2 million tons, mostly for higher grade 40% and above. And most of the imported ore is utilized for making silicone manganese and exporting that to the other countries and some of their imports have been utilized for blending low grade ores from other sectors. And this is going to continue, because as long as export is there, the imports are going to continue. And these imports are definitely going to have a reasonable pressure in the pricing, which we have to match it with international price.

Ram Modi: Okay. So, how are we currently benchmarked in terms of where we are almost equal to the imported landed price now?

G. P. Kundargi: We are slightly above, we are slightly above, 5%, to the tune of 5% above the international price.

Ram Modi: So, we are not finding any problem in terms of off take for this?

G. P. Kundargi: So far we have not, but fourth quarter we are under pressure, because lot of material is available. But, still we are able to push up, because already we have signed a contract of more than 2,05,000 and still planning is going on. We hope that we will achieve the last year's target.

Ram Modi: Okay. What would be our pricing policy, so we will continue to benchmark it at almost 5% premium and we would be almost at equal to imported...?

G. P. Kundargi: It will be slightly fluctuating, neither this way or that way. More or less it will remain same.

Ram Modi: More or less it will remain same, okay. So, you expect the prices to remain stable from here on.

G. P. Kundargi: Yeah, we expect it to remain stable, yes.

Ram Modi: Okay. Sir, just last thing, what would be the impact of increase in diesel cost for us?

G. P. Kundargi: Definitely diesel cost improvement is there. I think cost per ton may go around about 1.5% or so, to that extent, because diesel is mainly consumed in the underground generators etc. and lot of handling and transport in the mine. Maybe it will be adding another 1% to 1.5% overall to the cost.

Ram Modi: So, what would be the current cost per ton for this quarter sir for ferrous and manganese ore?

G. P. Kundargi: Around Rs.3900 per ton.

Ram Modi: So, we will have an impact of almost 2%, 1% to 1½%?

G. P. Kundargi: Around that, yes.

Ram Modi: Okay. Thank you sir.

G. P. Kundargi: Thank you. Thank you very much.

Moderator: Thank you sir. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad.

The next question comes from Mr. Bhavesh Chauhan from Angel Broking. Please go ahead.

Bhavesh Chauhan: Good evening sir. Sir, just wanted to know what was the mix of lumps versus fines during the nine months of FY13?

G. P. Kundargi: 6,50,000 is the lumps and 1,76,000 is the fines. 1,76,000 is fines.

Bhavesh Chauhan: And sir, going forward in FY14 how much would be the mix, should it remain more or less at the same levels as it was?

G. P. Kundargi: Next year it will remain more or less same, but after that fines may come down.

Bhavesh Chauhan: Okay, thanks a lot sir.

Moderator: Thank you sir. The next question comes from Mr. Rakesh Vyas from HDFC Mutual Fund. Go ahead sir.

Rakesh Vyas: Sir, sorry, carrying on with that coal block application, I am trying to understand, we have expertise primarily in underground mining. I do understand we do lot of open cast, but when you are trying to select for the blocks, has there been a conscious strategy of looking at a specific kind of mining or that is not the idea?

G. P. Kundargi: Idea, we have also gone for both underground as well as open cast in this case. We have got both the expertise and moreover even _____ and coal method mining also we can also adopt. And open cast, given the price, it is always better, it depends on from where we will get good block in the market.

Rakesh Vyas: Got it. And sir, just one question out of curiosity. If let's say, after a block has been allocated to a particular company and reserve price is what is not agreeable, what are the options available, one cannot take it up, is that the case?

G. P. Kundargi: Yeah, yeah, we cannot opt for that if we are not comfortable with that, so we cannot opt for it definitely.

Rakesh Vyas: Okay, got it. Thank you so much sir. Thanks.

Moderator: Thank you sir. The next question comes from Ms. Neha Manpuria from JP Morgan. Go ahead ma'am.

Neha Manpuria: One follow up question sir. Given that most of the raw material pricing is now done in a shorter duration, are we considering moving from quarterly prices to say monthly prices, because now BHP is looking at weekly prices on manganese ore, so any thought on that?

G. P. Kundargi: We have not thought on that actually, because our process is quarterly pricing and mostly we are looking at domestic requirement. So, because as a PSU we are going through a particular process of going through website, calling the requirements and compiling it and allotting the _____. So, this whole process is taking us about ten-fifteen days. And whatever contract we sign, normally people take about two months, two and a half months to lease it, so I think we will be continuing with the quarterly pricing presently.

Neha Manpuria: Got it sir, thank you so much.

Moderator: Thank you ma'am. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad.

The next question comes from Mr. Krishna Kumar a shareholder. Go ahead sir.

Krishna Kumar: Yes sir, good evening.

G. P. Kundargi: Good evening Krishna Kumar.

Krishna Kumar: I would like to ask, we have already declared dividend, how much is it for this quarter?

G. P. Kundargi: We have 20%, interim dividend is 20%.

Krishna Kumar: Okay. Now, I did not hear what is the PBT and PAT, can you please repeat that sir?

G. P. Kundargi: PBT, PAT. PBT is 476 crores. PBT is 476.11 crores and PAT is 321.4 crores.

Krishna Kumar: 321.6?

G. P. Kundargi: 4.

Krishna Kumar: Great. Thank you. That is all I had.

Moderator: Thank you sir. And the next question comes from Mr. Ram Modi from Dolat Capital. Go ahead sir.

Ram Modi: Sir, you mentioned that you have already sunk one shaft and next you will be further thinking to deepening the shaft, two shaft in the next year. Can you just mention the names of those shaft and which mines?

G. P. Kundargi: Next year I think Munsar shaft, one shaft in Munsar, we are going to commission in the end of next year and one more shaft Ukwa mines. These two shafts we have to commission by next year, by April. So _____ these mines are presently worked out by _____ less. So, once the shafts are in place, then the production at the lower level will also come up along with the new levels, with the....

Ram Modi: Okay. So, that will also increase the production.

G. P. Kundargi: Yeah, that will increase production and one shaft we have recently commissioned in Gumgaon mines, where the development work is going on and _____.

Ram Modi: Sir, just wanted to know with increase in production now, are we looking to sell it in export markets or we will continue to focus wholesale?

G. P. Kundargi: We will be focusing on domestic market only, because the demand exists for our production.

Ram Modi: Okay. And what is the pressure in from other domestic miners sir? How are they shaping up? And with the Shah Commission panel set doing something in Orissa, has the manganese ore production got impacted in Orissa?

G. P. Kundargi: Not much, because Rungta Mines are in place, only OMDC that is in Barbil area, I think the mines are closed, that is not due to Shah Commission that is due to easy clearance, they are waiting for the easy clearance etc. So, otherwise Sandur is working that is also open in Karnataka again and this Rungta is working and Tata is working, more or less it remains same.

Ram Modi: Okay. And sir, our pricing is almost same till this month or we are little bit...?

G. P. Kundargi: We have reduced the prices from 1st January by 5% in all grades, because there is lot of pressure, even import prices also are marginally _____. We are also aiming at little more higher sale volumes also, because last two quarters we have not increased the prices. Prices were almost stagnant. And prices are slightly under pressure, to cope up with the requirement and go for more sale there was a decrease of 5%.

Ram Modi: Okay. For the fourth quarter we have decreased by 5%.

G. P. Kundargi: Yeah 5%, but still we hope to make up all these things to _____.

Ram Modi: Okay, thank you sir.

G. P. Kundargi: Thank you.

Moderator: The next question comes from Mr. Nikhil Anand from IIFL. Go ahead sir.

Nikhil Anand: Sir, you said that you have reduced your prices by 5% start of this year, but our global peers have increased prices in Feb too sir. So, are we not revising our prices?

G. P. Kundargi: No, actually because most of my segment is less than 40%. The global prices are basically 44 and 48.5. My prices, because they are only lower grade and medium grade, mostly 38%-40% and nearly _____ production. I think it will be very difficult, because there is only one consumer is there for high grade now in Chandrapur Ferralites some of the major _____ producer. So, from _____, because that is also the segment with 0.1-0.2 _____, not much also, which is also higher by 5% even after considering that kind of increase in the prices.

Nikhil Anand: And sir, has the rupee depreciation not helped us during the quarter?

G. P. Kundargi: Not much, because they are more or less at the same level. Last year the depreciation was not much.

Nikhil Anand: Okay sir, thanks a lot sir.

G. P. Kundargi: Thank you.

Moderator: Thank you sir. The next question comes from Mr. Saurabh Prasad from Standard Chartered. Go ahead sir.

Saurabh Prasad: Hi sir, just small data point which I missed regarding...what are the volume sales and volume production for the quarter?

G. P. Kundargi: For the quarter sales volume is 2,82,909, _____ and the production for the quarter is 3,14,000.

Saurabh Prasad: Okay. Thanks.

Moderator: Thank you sir. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad.

There are no further questions.

Thank you. Ladies and gentlemen, this concludes your conference call for today. Thank you for your participation and for using Door Sabha's conference call service. You may go ahead and disconnect your lines now. Thank you and have a good evening.

Note:

1. This document has been edited to improve readability.
2. Blanks in this transcript represent inaudible or incomprehensible words.