

Q2FY10 Post Result Conference Call Transcript

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Moderator

Ladies and gentlemen good morning and welcome to the Q2 FY `10 Conference Call hosted of Shree Cement hosted by Prabhudas Lilladher. Joining us on the call today from Shree Cement are Mr. Bhandari, CFO, Mr. Prashant Bangur, Ex-Joint President and Mr. M. K. Singhi, Executive Director. We have with us from Prabhudas Lilladher Ms. Amisha Vora and Mr. Dilip Bhat (Joint Managing Directors) along with Mr. Kamlesh Bagmar. I would now like to hand the conference over to Mr. Kamlesh Bagmar. Thank you and over to you Mr. Bagmar.

Mr. Kamlesh Bagmar - Prabhudas Lilladher

Thank you Moderator. Good morning to all of you, on behalf of Prabhudas Lilladher I welcome you all to the Q2 FY `10 Conference Call of Shree Cement. Now I would hand over the floor to Mr. Bhandari to have any opening remarks on the results.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Good morning everybody. As is the usual practice I suggest that we start with the Q&A, you must have received the results already and prepared with my answers. Please go ahead.

Moderator

Our first question is from the line of Mr. Jinesh Gandhi from Motilal Oswal. Please go ahead.

Mr. Jinesh Gandhi - Motilal Oswal

Good morning sir.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Good morning Jinesh, how are you?

Mr. Jinesh Gandhi - Motilal Oswal

I am fine sir. Congratulations on continuously outperforming your peers.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Thank you.

Mr. Jinesh Gandhi - Motilal Oswal

Sir the question is on, firstly what was our coal cost or other energy cost in this Quarter On Quarter basis?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Coal cost you see at 7200 last HY, this HY we are at 4200, Q1 we were at 4000 and the resultant benefits are also there in the power cost. On the power front the cascading effect of the falling petcoke prices plus the consumption reduction from 84-85 units to about 72 units per tonne of cement, both have resulted in substantial savings.

Mr. Jinesh Gandhi - Motilal Oswal

So this 72 is in first half or...?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

72 is Q2.

Mr. Jinesh Gandhi - Motilal Oswal

Ok and 84-85 was first half last year?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yes.

Mr. Jinesh Gandhi - Motilal Oswal

That's very very substantial savings, what would you attribute that to?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Better plant availability, better capacity utilizations and good conversion factor, using less of clinker to make more cement.

Mr. Jinesh Gandhi - Motilal Oswal

Has our blending ratio also improved during that period and to what extent?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

I will give you the numbers, the blending ratio has gone I think from 34% to 35%, 1% is there and consequentially the PPC production has increased overall. I will send you exactly PPC and OPC product mix.

Mr. Jinesh Gandhi - Motilal Oswal

No, probably I am trying to understand in terms of cement to clinker?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

That is the conversion factor.

Mr. Jinesh Gandhi - Motilal Oswal

Yeah that's 1.35 versus 1.34.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Correct, the conversion factor has increased. What you have to do is you take 100 as the memont. So 100 divided by 76 was the conversion ratio in FY `08-`09 and 100 divided by 77 is for Q2 01 `09-`10 and 100 divided by again 77 is Q2 `09-`10.

Mr. Jinesh Gandhi - Motilal Oswal

So infact it has gone down?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No. 1 divided by 76 is 134 and Q2 is 135...

Mr. Jinesh Gandhi - Motilal Oswal

Ok that's 1.31 and that's 1.3....

Mr. Ashok Bhandari, CFO - Shree Cement Limited

1.34 and 1.35, I will tell you the exact bit.

Mr. Jinesh Gandhi - Motilal Oswal

Secondly in terms of realizations, this quarter we haven't seen some major contraction on our realization front, sequentially has only gone down marginally but I guess that's more to do with the higher clinker sales. How is realization situation now vis-à-vis second quarter?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Before I go into realization you have to understand the industry dynamics, the capacity utilization is showing a decline in Pan India and also _ that means the capacity overhang is now becoming more visible. The demand has not gone down but the capacity utilization which in Q1 `09-`10, in North India it was about 92% has come down to 89% and Pan India it was 89%, it has come down to 85%. So looking at this number it is obvious that the aggressive capacity creation or the delayed capacities has started showing their impact now and going forward the cement EBITDA should compress because of the capacity override.

Mr. Jinesh Gandhi - Motilal Oswal

That we haven't seen the numbers as of now?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, of course not. 92 to 89 is not a major variation. Please understand that H1 the demand in North has increased by 13.8%. So we will have to see the full impact of capacity, the capacity has come over the half year and further capacities are coming. So the combined effect is to be seen.

Mr. Jinesh Gandhi - Motilal Oswal

So which one, capacities are yet to be commissioned operations?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Well as per our understanding Grasim 3 million tonnes, JP Associates 4 million tonnes and Ambuja 2 million tonnes in north, I am talking of north only. And then 3 million tonnes of cement grinding of Shree. So 12.2 is expected upto Q4 out of which 9 is integrated and 3 is grinding capacities.

Mr. Jinesh Gandhi - Motilal Oswal

So except for JP, rest all capacities are in the hand of already strong players in north, the JP capacity which can have some impact on pricing. Sir lastly on our merchant power plan, firstly what was merchant power sales in this quarter and merchant power EBITDA and secondly in terms of our long term plans I believe we have made some announcements for 600 mega watts, if you can throw some more light on that?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yeah I will take you through that, in Q2 we sold 640 lac units earning a power EBITDA of about Rs. 32 crores. Please understand that there are 3 distinct phases of capacity addition in power, one is 150 megawatts which is 45 megawatts of green power or waste heat recovery power and roughly 100 megawatts of thermal. Now out of this 145-150 megawatts 95 will get commissioned within March `10, 50 megawatts of thermal only may spillover to Q1 `10-`11. I am using the word may, this covers the waste heat recovery and the thermal, the second is pure thermal merchant power plant which is 300 megawatts, 150 x 2. We expect to commission 150 megawatts by March `11 and balance 150 megawatts by September `11. But please understand that the capacity addition of 45 megawatts of waste heat recovery and 50 megawatts of capital will get commissioned next month onwards. So accordingly Q4 power sale numbers will jump substantially. Q3 the power sale will be roughly at 600 lac units only but Q4 this number may go about 3 times the level.

Mr. Jinesh Gandhi - Motilal Oswal

So effectively in all it would be about 450 megawatts plus 150 which was already 100 was already there?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

150 is already there and 450 is getting added so we are looking at a total combined capacity September `11 of 565 megawatts out of which 110-115 will be itself consumption and 450 will be merchant sale which will again add to component 10% of the entire merchant sale or maybe slightly higher is waste heat recovery where fuel cost will be zero and balance will be thermal.

Mr. Jinesh Gandhi - Motilal Oswal

And in terms of would this entirely be merchant, this 300 megawatts or...?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, it will be entirely merchant.

Mr. Jinesh Gandhi - Motilal Oswal

And how you would be funding this the _ megawatts I mean obviously we have a very strong Balance Sheet but...?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

We have taken a resolution in yesterday's Board for borrowing upto about Rs 800 crores but that is just a resolution we intend to borrow about 300-500 crores for completion of all these projects.

Mr. Jinesh Gandhi - Motilal Oswal

As a company our view is that merchant tariffs will continue to remain strong for next 3-5 years?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Well let us put it like this, in our initial assessment of viability we have taken Rs. 2 as the EBITDA levels assuming Rs. 4.5 as the selling price which is lower than the state grid price in Rajasthan and a fuel and other operating cost of Rs. 2.88 paise per unit. So that is the assumption on profitability of power but please understand that the profitability of waste heat recovery will be Rs. 4+ because I don't have any _ there.

Mr. Jinesh Gandhi - Motilal Oswal

And the total CAPEX from this would be on 300 megawatts...?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Just Rs. 1200 crores.

Mr. Jinesh Gandhi - Motilal Oswal

Ok sir. Thanks a lot. I will come back in queue.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yeah.

Moderator

Thank you Mr. Gandhi. The next question is from the line of Ms. Tina Mermani from Kotak. Please go ahead.

Ms. Tina Mermani - Kotak

Hi sir. Congratulations for a good set of numbers. My question is regarding your expansion plans for _ clinker units if any like you are well on time for your grinding units but you plan to setup clinker units going forward?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Unit 8 of 1 million tonne, work has been started at Ras and it should come by Q2 `10-`11.

Ms. Tina Mermani - Kotak

FY `11?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yeah FY `11, `10-`11, yes.

Ms. Tina Mermani - Kotak

So correspondingly along with that 1200 CAPEX, CAPEX for this year would also be there...?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yes. We are actually planning two things not only clinkerisation unit to be commissioned in Q2 FY `11 but also grinding unit in Jaipur which should also commission more or less at the same time.

Ms. Tina Mermani - Kotak

And that will also be for 1 million tonne or 1.5?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

We are looking at 1.2 to 1.5.

Ms. Tina Mermani - Kotak

So that will also be around quarter two of FY `11?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Correct.

Ms. Tina Mermani - Kotak

What would be approximately the CAPEX for this clinker plus grinding units?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

The clinker plus grinding units CAPEX, for Jaipur grinding units and Unit VIII is estimated at about Rs. 350 crores.

Ms. Tina Mermani - Kotak

And sir my second question is regarding the tax rate like in the last conference call you mentioned that your effective tax rate will be around 18-20% because of these benefits from captive buyer sales. This current quarter tax rates was much lower any specific reasons for that?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, it is very simple. When you do the calculation, when you look at declining EBITDA scenario you don't have your profit estimates and you calculate tax plus the early commissioning of green power and the other thermal units should give me higher level of power profitability. I still maintain that year end my tax rate should be about 16-18%. It was the combined effect of two quarters which I had to take in this quarter.

Ms. Tina Mermani - Kotak

So based on the early commissioning of these units, is there any change in the depreciation guidance which you had given in the last quarter?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, I will put it the other way please understand that power units commissioned upto March 31st 2010 will be covered by a grandfather clause even than the direct tax code whereby 80-IA benefits will be available. Now that means we have to concentrate fully on commissioning as much power units as we can within March `10. That may necessarily lead to relocation of resources in such a manner that the grinding units will get completed but they may still not stabilize so we may keep it on a trial run. So depreciation impact in financial numbers of any grinding units or maybe a power hub, one power unit or one unit of a power unit, some unit of a power unit maybe under trial run as the depreciation may consequently get revised downwards for FY. But we are not sure, we will give you a final position in January 2010 only.

Ms. Tina Mermani - Kotak

Ok. No problems sir. That's all from my side. Thank you.

Moderator

Thank you Ms. Mermani. The next question is from the line of Mr. Mihir Jhaveri from Religare Capital. Please go ahead.

Mr. Mihir Jhaveri - Religare Capital

Hello sir. Congratulations on a very good set of numbers.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Thank you Mihir. Tell me.

Mr. Mihir Jhaveri - Religare Capital

Sir just wanted to know this petcoke prices which we booked this quarter and last quarter if you can give us...?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Last quarter as I told you, the first quarter was 3900 or so, Q2 was 4200. Today we are booking orders at, we are buying at 5500 but then as I told you that my elementary or the consumption gets booked at weighted average cost it is not that Q3 fuel cost will be at Rs. 5500. It will be a weighted average of 4200 + 5500 depending on the inventories _.

Mr. Mihir Jhaveri - Religare Capital

Absolutely sir. And sir if you can give me the total CAPEX which you have incurred till now and for the full year FY `10 and FY `11 now?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yes, total CAPEX estimated to be done by 31st March 2010 is Rs. 898 crores out of which Rs. 436 crores has been spent and Rs. 450-460 crores is remaining over next 6 months. In `10-`11 we expect to spend about Rs. 1600 crores out of which 1578 should get, out of this about Rs. 77 crores is already been spent so about Rs. 1500 crores is required to be spent upto `10-`11. In totality my total CAPEX plan as on date including the 300 megawatts power plant Unit 8 clinkerisation unit, grinding unit at Jaipur and all such other projects it is Rs. 2500 crores out of which I have already spent Rs. 500 crores and about Rs. 2000 crores is to be spent which has the breakup of over Rs. 500 crores in this year, in this FY and roughly Rs. 1500-1550 crores in the next FY.

Mr. Mihir Jhaveri - Religare Capital

And sir as you said we are raising _ I mean next year probably?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, here we are trying, we are in a dilemma actually. The interest rates curve is going at looking to harden so we may do part borrowings within December or January itself before the next quarter credit policy review.

Mr. Mihir Jhaveri - Religare Capital

So still not decided ours will be the quantum sir?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

As I said we took a resolution of Rs. 800 crores of borrowings yesterday but we don't intend to borrow more than Rs. 500 crores. The first immediate to cap my borrowings across is about Rs. 300 crores. Everything depends on how the profitability of the unit moves and how much cash is really needed.

Mr. Mihir Jhaveri - Religare Capital

Correct sir. Thanks a lot.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yeah.

Moderator

Thank you Mr. Jhaveri. The next question is from the line of Ms. Ami Shah from Astaire Securities. Please go ahead.

Ms. Ami Shah - Astaire Securities

Good afternoon sir. Congratulations for a very good set of numbers, I just needed some statistical detail as in how much cement sales have we done in this quarter?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Cement sale was 21.8.

Ms. Ami Shah - Astaire Securities

And previous quarter cement?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

What do you need? You need cement sale and clinker sale, isn't it?

Ms. Ami Shah - Astaire Securities

Yeah.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

The cement sale, we did 21.63 in this quarter and clinker 3.19, Q1 was 23.1 and 2.38, combined half year is for 44.73 and 5.57.

Ms. Ami Shah - Astaire Securities

Can we have it in Q2 FY `09 also?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Q2 FY `09 number I would like to send you separately, Q2 FY `09 was 20.2 but this is clinker and cement or 20.2 whatever you want to put.

Ms. Ami Shah - Astaire Securities

And sir can I also have power export details?..

Rs. 640 lacs.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

If you want I will give you the numbers. Q1 was 529 or 538 import and again you need Q2 `09?

Ms. Ami Shah - Astaire Securities

Yeah.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Q2 `09 was very small, 165 only.

Ms. Ami Shah - Astaire Securities

Sir with this H1 FY `09 would be?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

H1 FY `09 we have started in September only that's why 165 number is there.

Ms. Ami Shah - Astaire Securities

Sir could I also have revenue breakup in terms of region in U.P., Haryana, Rajasthan?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

I don't have the statewise revenue, I can give you the quantitative, not even quantitative details. You send me a mail I will send you the details.

Ms. Ami Shah - Astaire Securities

Fair enough sir, no problems. That's it from my side. Thank you.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yeah.

Moderator

Thank you Ms. Shah. The next question is from the line of Mr. Jay Asher from JM Financial. Please go ahead.

Mr. Jay Asher - JM Financial

Hi sir, Jay Asher here.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Hi Jay.

Mr. Jay Asher - JM Financial

Sir just wanted to....

Moderator

Excuse me this is the operator.

Mr. Jay Asher - JM Financial

Yeah.

Moderator

Mr. Asher you are sounding very soft.

Mr. Jay Asher - JM Financial

Yeah now its better.

Moderator

Yes sir, thank you.

Mr. Jay Asher - JM Financial

Sir just wanted to know when do you expect Surajgarh capacity to start commercial production?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

In January `10.

Mr. Jay Asher - JM Financial

Rourkee?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

March `10 but as I explained you that the consideration is more into commissioning the power plant to obviate any risk of giving up 80-IA. So maybe these will get commissioned alright but maybe on trial runs.

Mr. Jay Asher - JM Financial

And sir Jaipur?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Jaipur is September `10.

Mr. Jay Asher - JM Financial

Sir as it is expected earlier your Surajgarh and Rourkee capacity will take a cement grinding capacity close to 12 million tonnes and Jaipur will be additional again?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Jaipur you see again, please understand Jaipur maybe not aggressive grinding unit as the other two. I am having one million tonne of clinker which will come in September `10 so my clinker capacity goes to 8.5 million tonnes. If you take a 1.35 conversion factor we need a grinding capacity of roughly 11.5 million and if you go ahead and take a 40% conversion factor then we need 12 million plus. So it needs to be, we are 12 million grinding with Rourkee and Surajgarh, maybe we will have a million tonne more at Jaipur.

Mr. Jay Asher - JM Financial

Ok. So one million tonne additional cement capacity which will not have backup to clinker?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, no, please understand the backup of clinker is completely dependent on how demand-supply moves and how the OPCs and PPCs mix moves.

Mr. Jay Asher - JM Financial

Ok assuming a blending at around 1.35 you may not require Jaipur immediately but as demand scenario improves you may...?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yeah it is completely market dynamics, as my market improves or what marketing strategy we take or whether we go into an increasing lead distance or we reduce the lead distance is completely dependent on how the realization moves. We don't take a call on realizations, we are gearing ourselves for all eventualities so that we can take this advantage of the situation.

Mr. Jay Asher - JM Financial

And sir since you mentioned that there might be an event where grinding units might be on trial run at the end of the financial year. And you said there might be a downward revision to depreciation guidance...?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

January `10 Jay, January `10, not now. These are all things which have come up very recently. We are reviewing it and we will take a final, we will give you a final depreciation guidance in January `10.

Mr. Jay Asher - JM Financial

Sir can you tell us the exact gross debt number encashed in liquid investments?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yes, I can certainly give you that number, 1938 is cash and liquid investment, Rs. 1938 crores and Rs. 1596 crores is gross debt that is on 30th September.

Mr. Jay Asher - JM Financial

Ok. Thank you very much and best of luck.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Thank you.

Moderator

Thank you Mr. Asher. The next question is from the line of Ms. Madhuchanda Dey from Kotak. Please go ahead.

Ms. Madhuchanda Dey - Kotak

Yeah, my question is on the power sales. You mentioned that your _ recovery unit is going to start and you also gave a guidance of tripling your units sales of power per quarter. How much of an incremental will come from green power?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

You see, let us put it 45 MW x 7 million units that is 350 million units will be the yearly sale divided by 4 so about 78 say 80 million units will be from green power.

Ms. Madhuchanda Dey - Kotak

But you expect it to stabilize that fast?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yes, that is not a problem.

Ms. Madhuchanda Dey - Kotak

Have you started any trial runs or something?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No it is not like that. We are already in green power to the extent of about 6 to 8 MW _ it is just getting replicated, nothing else.

Ms. Madhuchanda Dey - Kotak

Okay, okay. So 80 million units is what you expect from Green Power in the fourth quarter.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

I, yes 80 million is the number. Now if the stabilization problems are there, it may be anything between 60 to 80.

Ms. Madhuchanda Dey - Kotak

Okay, okay. Thanks a lot.

Moderator - Marina

Thank you, Ms. Dey. Next question is from the line of Ajit Motwani from Emkay Global. Please go ahead.

Mr. Ajit Motwani - Emkay Global

Good afternoon Mr. Bhandari.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Ajit, bolo.

Mr. Ajit Motwani - Emkay Global

Most of the questions are answered. Just a you know question on the CER income. It is about 8 crores this year which was about 17.5 last year. Just wanted to know apart from the realization impact, you sold lesser units this time around because of the ...

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, that's the price my friend.

Mr. Ajit Motwani - Emkay Global

Sir, but in terms of quantity have you sold the same this year and last year?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, no, no, no. We have sold smaller quantity.

Mr. Ajit Motwani - Emkay Global

Okay so in terms of like how much still balance you can sell in this year?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

We are awaiting some more units. I'll get you the details and send it to you.

Mr. Ajit Motwani - Emkay Global

Okay. Thanks a lot.

Moderator - Marina

Thank you, Mr. Motwani. Next question is from the line of Vivek Maheshwari from CLSA. Please go ahead.

Mr. Vivek Maheshwari - CLSA

Sir, hi sir.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Vivek you had yesterday or ...

Mr. Vivek Maheshwari - CLSA

Yes sir, but just a few more clarifications please.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yes please.

Mr. Vivek Maheshwari - CLSA

Okay. Sir, first on the power the number that you have given say roughly Rs.2 per unit of EBITDA right, in FY 11.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Correct.

Mr. Vivek Maheshwari - CLSA

That and 4.5 of selling price. So that implies Rs.2.5 of you know generation cost which is at what _ prices that ...

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Please understand. It is extremely difficult for me to give you a estimated _ number.

Mr. Vivek Maheshwari - CLSA

Right, but ...

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, one second. Just give me one second. I am talking a 50% jump for \$120, \$140 scenario which was the peak of _.

Mr. Vivek Maheshwari - CLSA

Okay.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

So today it is a bit above 85, 90 or may be 92 dollars.

Mr. Vivek Maheshwari - CLSA

Right.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

So if I jump it up by 1.5 times to reach the 140 level, hello?

Mr. Vivek Maheshwari - CLSA

Yes sir.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

To reach to 140 level.

Mr. Vivek Maheshwari - CLSA

Um hm.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

My fuel cost will become 1.5 times current.

Mr. Vivek Maheshwari - CLSA

Right.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

That is what has been factored into.

Mr. Vivek Maheshwari - CLSA

Okay. Understood, that's what I wanted to know on this. Second, on Jaipur grinding, I am sorry if I am repeating this question, but basically the idea of Jaipur grinding is more from logistic perspective. It is not that we are planning a line or something.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

You are absolutely right. You are absolutely right. It is more, it is not that I don't have adequate grinding capacity.

Mr. Vivek Maheshwari - CLSA

Right.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

To take care of the clinkerization unit.

Mr. Vivek Maheshwari - CLSA

Um hm.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

It is rationalization of overall logistic cost.

Mr. Vivek Maheshwari - CLSA

Okay. So there is no line nine which ...

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Not at the moment. Not at the moment.

Mr. Vivek Maheshwari - CLSA

Okay, okay. And can you also please give me the clinker realization number, sir for this quarter?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Clinker realization number of this quarter, I have this quarter clinker realization has been 2785.

Mr. Vivek Maheshwari - CLSA

2785 which means cement realizations are roughly 3,550?

Mr. Vivek Maheshwari - CLSA

Okay, sure.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Do your maths fine.

Mr. Vivek Maheshwari - CLSA

Right sir, sure. Thanks.

Moderator - Marina

Thank you, Mr. Maheshwari. Next question is from the line of Mitesh Jain from Enam Securities. Please go ahead.

Mr. Mitesh Jain - Enam Securities

Just one thing, Bhandari. What is your naked cement realization this quarter and the comparable last quarter sequentially?



Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, wait a minute. I will give you the figures.

Mr. Mitesh Jain - Enam Securities

Yeah.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Q1 09 hello, Q1 09 Q1 10

Mr. Mitesh Jain - Enam Securities

Q1 10, yeah.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Is 3,549.

Mr. Mitesh Jain - Enam Securities

Okay.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Q2 is 3,572.

Mr. Mitesh Jain - Enam Securities

Okay.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Got it? That's what you needed _ also?

Mr. Mitesh Jain - Enam Securities

No, I think Mr. Bhandari, this includes freight, right?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Correct. This is the realization number. You need the NCR?

Mr. Mitesh Jain - Enam Securities

Yeah, NCR _

Mr. Ashok Bhandari, CFO - Shree Cement Limited

I'll send you a mail.

Mr. Mitesh Jain - Enam Securities

Acha no problem, sir, yeah.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yeah.

Mr. Mitesh Jain - Enam Securities

That's it from my side.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

NCR number nahi hai na. He wanted an NCR number.

Moderator - Marina

Mr. Jain, do you have any further questions?

Mr. Mitesh Jain - Enam Securities

No, I am done with it.

Moderator - Marina

Thank you, Mr. Jain. Next question is from the line of Ajay Sharma from __. Please go ahead.

Mr. Ajay Sharma - __

My question _

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yeah.

Mr. Ajay Sharma - __

If I look at 2,500 cores over the next 2 years ...

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, no, no, no. I said 2,500 crores up to March rather September 11.

Mr. Ajay Sharma - _

Yeah, so that's next 2 years.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yeah.

Mr. Ajay Sharma - _

Yeah. So what I am saying is and that increases the fixed assets by 2, 2.5 times _

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No. Please understand that out of this 2,500 crore, 500 has already been spent upto September 30th.

Mr. Ajay Sharma - _

Right.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Another 500 is estimated to be spent up to March this year.

Mr. Ajay Sharma - _

Right.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

So the opening Capex on April 1, 10 will be 1,500 crore roughly.

Mr. Ajay Sharma - _

Yeah. My question is not so much about Capex. It is about if you look at your business 2 years from now, _ with power, how much will be cement. I am talking about the earning breakup 2, 3 years from now. Will you be more like Shree Power and Cement Company or just Shree Cement?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, it will be more like Shree Power and Cement. I will have a 2/3rd, 1/3rd scenario.

Mr. Ajay Sharma - _

2/3rd power 1/3rd cement, right?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Nahi 2/3rd cement, 1/3rd power, but we expect to get that power at a later date.

Mr. Ajay Sharma - _

Okay, that's one. Second question was approximately 550 is where you will reach by September 11, right? Yehi kaha na aapne?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

565 yes.

Mr. Ajay Sharma - _

565, ismese merchant aap kitna bechoge?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

450 roughly.

Mr. Ajay Sharma - _

450 and finally fuel ka kya plan hai?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Fuel is, please understand that all the cement plans today being set up on merchant basis are on imported fuel.

Mr. Ajay Sharma - _

Right.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

We have taken multi-fuel boilers which can use imported fuel, PETCO, _.

Mr. Ajay Sharma - _

Okay so as of now, you've kept it open especially for the 115 to 2 which comes ...

Mr. Ashok Bhandari, CFO - Shree Cement Limited

That's correct. When we develop larger power scenario we will certainly do more fine tuning on power fuel sourcing.

Mr. Ajay Sharma - _

Okay. Thanks that answers my questions.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yeah.

Moderator - Marina

Thank you, Mr. Sharma. Next question is from the line of Anand Doshi from Capital Matrix. Please go ahead.

Mr. Mahesh - Capital Matrix

Good afternoon sir. This is Mahesh from Capital Matrix.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Hello, yeah go ahead.

Mr. Mahesh - Capital Matrix

I wanted to know what is the strategy between power and cement. As you say the visibility on the capacity overhang is very much there. So if your capacity on cement utilization goes down, so how do you plan to sell your power outside?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

How do I plan to sell my power outside?

Mr. Mahesh - Capital Matrix

I mean suppose your EBITDA margin goes down for cement substantially.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Ha.

Mr. Mahesh - Capital Matrix

You can stop cement purchase also sell power directly, right?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

That is what I am doing. I am already selling part of my power.

Mr. Mahesh - Capital Matrix

Um hm.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Which is a tripartite arrangement. One is pilot between us and the state government.

Mr. Mahesh - Capital Matrix

Um hm.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

One is a periodic contract between us and the utility companies.

Mr. Mahesh - Capital Matrix

Hm.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

And the third is open Indian energy exchange.

Mr. Mahesh - Capital Matrix

Yeah, but then ...

Mr. Ashok Bhandari, CFO - Shree Cement Limited

One second, one second.

Mr. Mahesh - Capital Matrix

Sorry.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

And the same strategy will continue.

Mr. Mahesh - Capital Matrix

Okay. When your cement production goes down because of capacity underutilization, you will sell power __, right?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, wait a minute. Please understand that after becoming 565 MW of power capacity.

Mr. Mahesh - Capital Matrix

Hm.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

I am 90% merchant anyway.

Mr. Mahesh - Capital Matrix

Right.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

So I have to keep on selling power. It is not that I will sell power because I am making losses in cement. This company has never made losses in cement at all.

Mr. Mahesh - Capital Matrix

Right, right.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

So, power is an identified source of business. We are going into it basically to remove the cyclicity of cement _ hedging against any cyclical variations.

Mr. Mahesh - Capital Matrix

Okay sir and do you see any working capital stress because of this cement underutilization or EBITA margin pressure on cement?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

How does that affect the working capital? Do I change my sales strategy?

Mr. Mahesh - Capital Matrix

Okay.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

It might go up or go down slightly or _ the fuel inventories may go up and go down slightly. But my dear friend, you are talking to a company which has 2,000 crore liquid cash.

Mr. Mahesh - Capital Matrix

Right.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

What working capital variations are going to affect me anyway?

Mr. Mahesh - Capital Matrix

Okay sir. Thank you.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yes.

Moderator - Marina

Thank you, Mr. Doshi. Next question is from the line of Pankaj Tibrewal from Principal Mutual Fund. Please go ahead.

Mr. Pankaj Tibrewal - Principal Mutual Fund

Yeah, good afternoon sir. This is Pankaj. Couple of questions on your power. Can you just throw some light on whether the equipment ordering has been done for the ...

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yes.

Mr. Pankaj Tibrewal - Principal Mutual Fund

For the 300 MW?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yes.

Mr. Pankaj Tibrewal - Principal Mutual Fund

And is it to the Chinese guys again?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, it's a mix. The boiler parts are Indian. The turbines are Chinese.

Mr. Pankaj Tibrewal - Principal Mutual Fund

Okay. Do you think there have been issues on Chinese visas and so on and the work across different Chinese power plants is getting hampered or delayed. Do you foresee such kind of problems ...

Mr. Ashok Bhandari, CFO - Shree Cement Limited

The execution responsibility is with an Indian company.

Mr. Pankaj Tibrewal - Principal Mutual Fund

Okay. _

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Cethar Vessels.

Mr. Pankaj Tibrewal - Principal Mutual Fund

Cethar Vessels, okay.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

We don't envision any problem there. They have set up our three power plants and we have always delivered before time.

Mr. Pankaj Tibrewal - Principal Mutual Fund

Okay, so execution doesn't seem to be a problem.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

It doesn't as of date.

Mr. Pankaj Tibrewal - Principal Mutual Fund

Okay. The second is most of your power plants are coming across is the land enough for the ...

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, no, no, you are mistaken. 300 is coming at _

Mr. Pankaj Tibrewal - Principal Mutual Fund

Yeah, I am sorry, _.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

_ is coming at _ we have enough place.

Mr. Pankaj Tibrewal - Principal Mutual Fund

You have enough space for land acquisition. And the overall ...

Mr. Ashok Bhandari, CFO - Shree Cement Limited

We have the land in our possession. There is no acquisition required.

Mr. Pankaj Tibrewal - Principal Mutual Fund

There is no acquisition required, fine sir. An the third thing is overall view, we want to go to, what's the longer term power target? Is it 1,000 MW? The Capex would continue for a longer period? I mean what's your overall ...

Mr. Ashok Bhandari, CFO - Shree Cement Limited

The Managing Director of the company had gone on record saying that we are looking at sites to add up another 500 to 700 MW of power.

Mr. Pankaj Tibrewal - Principal Mutual Fund

–

Mr. Ashok Bhandari, CFO - Shree Cement Limited

But then the site needs to be identified a proper site and approvals are to be taken. As of date, the vision is there. We intend to make the company insulated from cyclicity of cement EBITA and power is a sustainable business. We have tasted it for last 7 years. For 6 years we have done captive, 1 year we have done captive plus merchant. We are increasing our merchant sale capacity. We are running the business and we would like to grow in that line.

Mr. Pankaj Tibrewal - Principal Mutual Fund

Okay. And as we speak what's your relation to the merchant power?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

With this quarter we did Rs.6.60 on.

Mr. Pankaj Tibrewal - Principal Mutual Fund

Um hm and as of we speak today, I mean in October, November have you seen some pressure coming in?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, nothing.

Mr. Pankaj Tibrewal - Principal Mutual Fund

Nothing. Thanks and all the best.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Thank you.

Moderator - Marina

Thank you, Mr. Tibrewal. Next question is from the line of Murtuza Arsiwala from Kotak Securities. Please go ahead.

Mr. Murtuza Arsiwala - Kotak Securities

Yeah, hi sir. Hello?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yes, Murtuza.

Mr. Murtuza Arsiwala - Kotak Securities

I just want a breakup out of the total _ what would be the internal consumption and what would be the external sale?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Samajh lo bhaiyya ki 28 se 30 MW bechta hoo 119 ke karib banata hoo.

Mr. Murtuza Arsiwala - Kotak Securities

Okay.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

88, 89 MW dekhlo jaar.

Mr. Murtuza Arsiwala - Kotak Securities

Okay, okay.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

120 me se 30 nikal lo, 90 jaar.

Mr. Murtuza Arsiwala - Kotak Securities

Okay sir, okay, thank you.

Moderator - Marina

Thank you, Mr. Arsiwala. Next question is from the line of Hintendra Gupta from SPA Securities. Please go ahead.

Mr. Hitendra Gupta - SPA Securities

Good afternoon, sir. Congratulations on good set of numbers. Sir, I would like to know average _ of our cement sales.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, that is extremely difficult. We are selling in all the areas. And you send me a mail and I will send you a calculation on what quantity has moved what and the average can be calculated.

Mr. Hitendra Gupta - SPA Securities

Okay, sir.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

I don't have that number just now.

Mr. Hitendra Gupta - SPA Securities

Okay. Sir, the average cost of debt you can just give me that number?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

–

Mr. Hitendra Gupta - SPA Securities

Average cost of debt, sir, the current debt in the books.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Okay, the average cost of debt is 8.41.

Mr. Hitendra Gupta - SPA Securities

Okay, 8.41, okay.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Average _ I can give you I have it here.

Mr. Hitendra Gupta - SPA Securities

Okay.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

529 km.

Mr. Hitendra Gupta - SPA Securities

529 km, okay, that's good. And sir one more thing like the new debt which we are going to be raised, we will be raising in the current market scenario. So what kind of interest rate you are expecting or?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

I am looking at lower than what my weighted average is. I don't intend to increase the weighted average.

Mr. Hitendra Gupta - SPA Securities

Okay we were taking loan in this year _ next year, sir?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, as I told you, there is a dilemma or there is a choice. A call has to be taken.

Mr. Hitendra Gupta - SPA Securities

Okay.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

On how steep the interest curve will move.

Mr. Hitendra Gupta - SPA Securities

Okay.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

And I should be in Bombay next week to try and assess what to do. But I intend to take about 300 crores within this FY.

Mr. Hitendra Gupta - SPA Securities

Okay.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

And about 200 crores next year or whatever how the scenario emerges I don't know.

Mr. Hitendra Gupta - SPA Securities

Okay, okay, so one more thing, like the power plant at what PLF it is running, sir?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

91, 92% kuch ho, 98%.

Mr. Hitendra Gupta - SPA Securities

98% so we expect it to complete in __, sir?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Well, as _ said past performance is not a guarantee of future. But it gives you confidence.

Mr. Hitendra Gupta - SPA Securities

Okay, sir. Can you guide me with the sales volume for the full year, sir, this year?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

10 to 10.1 million.

Mr. Hitendra Gupta - SPA Securities

10 to 10.1 and power? And sir, power?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Power, I should do about I think 350 million units or something.

Mr. Hitendra Gupta - SPA Securities

Okay, so this would be ...

Mr. Ashok Bhandari, CFO - Shree Cement Limited

—

Mr. Hitendra Gupta - SPA Securities

So this would be only _ 350?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Nahi, nahi, 1,170 is the saleable quantity, right?

Mr. Hitendra Gupta - SPA Securities

1,170 is the saleable quantity, okay.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yeah.

Mr. Hitendra Gupta - SPA Securities

Okay, sir. Thanks a lot for your numbers, sir. I will get back in line.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Thank you.

Moderator - Marina

Thank you, Mr. Gupta. We have a follow-up question from the line of Mihir Zaveri from Religare Capital. Please go ahead.

Mr. Mihir Zaveri - Religare Capital

Sir, this power, most of my questions are answered, this power thing, 350 million units you said for full year?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, no, 1,170 sale for the year. 11 mane gyra so sattar lakh unit.

Mr. Mihir Zaveri - Religare Capital

Gyra so sattar lakh unit, okay. For the full year for FY 10?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yeah.

Mr. Mihir Zaveri - Religare Capital

Okay, okay. And for FY 11 sir?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Ek minute tehero year. Gyra so sattar ka figure galat hai. I am sorry. I am wrong on that number. The half year number was 1,170.

Mr. Mihir Zaveri - Religare Capital

Okay.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Full year power sales would be 350 ha theek hain, 350 million units.

Mr. Mihir Zaveri - Religare Capital

Million units.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

350 million units.

Mr. Mihir Zaveri - Religare Capital

And there will be a substantial jump in FY 11 as you said.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yes.

Mr. Mihir Zaveri - Religare Capital

Okay, okay. Thank you.

Moderator - Marina

Thank you, Mr. Zaveri. Next question is from the line of Jaspreet Arora from Anand Rathi. Please go ahead.

Mr. Jaspreet Arora - Anand Rathi

Hi sir, good morning and congratulations.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Thanks.

Mr. Jaspreet Arora - Anand Rathi

Sir, I just want one figure. EBITDA on power that you made in first quarter 9, 10. I don't have that figure. Can you give it to me?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

First quarter 9, 10 EBITA was 28, 29 crore roughly.

Mr. Jaspreet Arora - Anand Rathi

Okay, okay, great. Thanks a lot sir.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yeah, 28 crore.

Moderator - Marina

Thank you, Mr. Arora. We have a follow-up question from the line of Jinesh Gandhi from Motilal Oswal. Please go ahead.

Mr. Jinesh Gandhi - Motilal Oswal

Hello?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Ha Jinesh.

Mr. Jinesh Gandhi - Motilal Oswal

Sir for the tax rate on quarterly basis has been quite varying. What's the _

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, no, you have to understand. Q1 my realization numbers and my profits were at a different level.

Mr. Jinesh Gandhi - Motilal Oswal

Right.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Q2 they have undergone some changes.

Mr. Jinesh Gandhi - Motilal Oswal

Hm.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

When I adjust the total advance tax estimate for the year, to the extent of 50% of that revised number the adjustment has to be done in Q2 only.

Mr. Jinesh Gandhi - Motilal Oswal

Okay, okay. So for full year we still look at ...

Mr. Ashok Bhandari, CFO - Shree Cement Limited

16 to 18%.

Mr. Jinesh Gandhi - Motilal Oswal

Okay. And for FY 11 we mentioned cement volumes of 10 to 10.1 million tonnes.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

_ for 9, 10.

Mr. Jinesh Gandhi - Motilal Oswal

Okay. And what's the volume target for FY 11?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

11 to 11.5, yeah FY 11 thoda jaldi hai bhai abhi. Let the capacities get settled. Let us see how the demand goes.

Mr. Jinesh Gandhi - Motilal Oswal

Okay.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

FY 11 jara jaldi hai babu.

Mr. Jinesh Gandhi - Motilal Oswal

And sir clinker _ pointed to 1 million tonne or lower than that?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Utna hi hoyega. FY 11 the estimate clinker.

Mr. Jinesh Gandhi - Motilal Oswal

FY 10.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

FY 10 the estimate clinker is about 0.8 to 9 something like that.

Mr. Jinesh Gandhi - Motilal Oswal

Okay. And roughly our power plans you mentioned that we are looking at another site for another 500 to 700 MW. In terms of our ...

Mr. Ashok Bhandari, CFO - Shree Cement Limited

That is the vision statement.

Mr. Jinesh Gandhi - Motilal Oswal

No, _

Mr. Ashok Bhandari, CFO - Shree Cement Limited

We are working on it. Once we finalize something, we will settle the share with you.

Mr. Jinesh Gandhi - Motilal Oswal

Right, just trying to understand whether we are entirely focused just on merchant power or we are also planning to look at regulated power business module as well?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

No, we have taken some people who are advising us.

Mr. Jinesh Gandhi - Motilal Oswal

Okay.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

And this is 300 tak to koi problem hi nahi hai.

Mr. Jinesh Gandhi - Motilal Oswal

Right.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

150 x 2 we are not, but we have taken some people, very senior people who are going to advise us on how to go about the 500 to 700.

Mr. Jinesh Gandhi - Motilal Oswal

Okay.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

So it's pre mature for me to comment at the moment.

Mr. Jinesh Gandhi - Motilal Oswal

Right, okay. Okay sir, thanks a lot and all the best.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Thank you.

Moderator - Marina

Thank you, Mr. Gandhi. A reminder to all the participants in the conference, if you wish to ask a question at this time, you may press "*" and then "1". The next question is from the line of Aditya Ahluwalia from ICICI Prudential. Please go ahead.

Mr. Aditya Ahluwalia - ICICI Prudential

Sir, hello.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yeah.

Mr. Aditya Ahluwalia - ICICI Prudential

Can you please tell me what would be your realization deadline from September to October from the peak to mid October _ operate.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

I will not be able to give you that answer because let October finish.

Mr. Aditya Ahluwalia - ICICI Prudential

Um.

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Let October finish, my friend. Because the numbers get generated only on 2nd November.

Mr. Aditya Ahluwalia - ICICI Prudential

Okay and for the month of September?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

We are having some Rs.2 per bag kind of a decline.

Mr. Aditya Ahluwalia - ICICI Prudential

In September?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

Yes.

Mr. Aditya Ahluwalia - ICICI Prudential

Thank you. That's it.

Moderator - Marina

Thank you, Mr. Ahluwalia. Participants who wish to ask a question at this time may press "*" and then "1". There are no further questions from the participants at this time. Mr. Bagmar, would you like to add a few closing comments?

Mr. Kamlesh Bagmar - Prabhudas Lilladher

Nothing maam. Thank you, sir. And thank you the management team of Shree Cement for giving us an opportunity to host the con call. And thank you to all the participants. Thank you sir. Do you have any closing remarks?

Mr. Ashok Bhandari, CFO - Shree Cement Limited

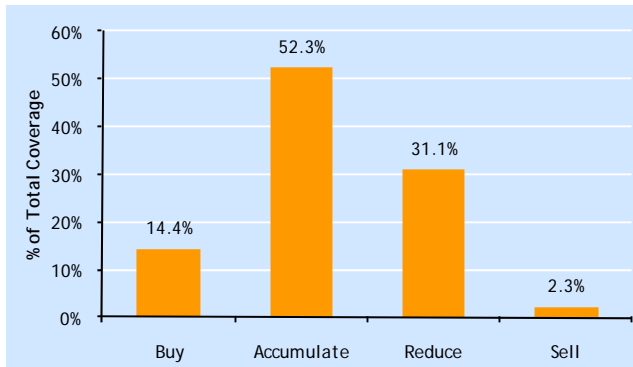
No, I am fine. Thank you very much and see you whenever I am in Bombay.

Moderator

Thank you Mr. Bagmar. Thank you gentlemen of the management. On behalf of Prabhudas Lilladher that concludes this conference call. Thank you for joining us on the Chorus Call Conferencing Service and you may now disconnect your lines. Thank you.

END.

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