LLOYDS METALS

LLOYDS METALS AND ENERGY LIMITED

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Date: 05th August, 2024

To,

BSE Limited
Corporate Services Department
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001
BSE Scrip Code: 512455

National Stock Exchange of India Limited
Corporate Communications Department
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai - 400051
NSE Symbol: LLOYDSME

Sub: Transcripts of the Q1 and F.Y. 2024-25 Earnings Conference Call conducted after the Meeting of Board of Directors of the Company

Ref: Disclosure under Regulation 46(2) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations 2015")

Dear Sir / Madam,

Pursuant to Regulation 46(2) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we give below the link to the Transcripts of the Q1 and F.Y. 2024-25 Earnings Conference Call conducted after the Meeting of Board of Directors on 31st July, 2024, hosted on the Company's website: www.lloyds.in

The audio recordings of the Earnings Call are also made available on the Company's website at: www.lloyds.in

Kindly take note of the same.

Thanking you,
Yours faithfully,
For Lloyds Metals and Energy Limited

Trushali Dinesh Shah
Digitally signed by Trushali Dinesh Shah
Date: 2024.08.05 18:12:54 +05'30'

Trushali Shah
Company Secretary

"Lloyds Metals and Energy Limited

Q1 FY'25 Earnings Conference Call"

July 31, 2024

MANAGEMENT:	**MR. RAJESH GUPTA – MANAGING DIRECTOR – LLOYD METAL AND ENERGY LIMITED** **MR. RIYAZ SHAIKH – CHIEF FINANCIAL OFFICER – LLOYD METAL AND ENERGY LIMITED**
MODERATOR:	**MR. ASHUTOSH SOMANI – JM FINANCIAL**

Moderator: Ladies and gentlemen, good day and welcome to Lloyds Metal & Energy Limited Q1 FY25 Earnings Conference Call hosted by JM Financial. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing the star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ashutosh Somani. Thank you and over to you, sir.

Ashutosh Somani: Yes, thanks operator and welcome everyone to the call. I will first thank Lloyds Metals & Energy for giving JM Financial the opportunity to host today's call. Without much ado, I will hand the call over to Mr. Rajesh Gupta, MD, Lloyds Metals & Energy. Over to you, sir.

Rajesh Gupta: Good afternoon, everybody. Greetings to all the investors present on the conference call and a very special thanks to Ashutosh and the JM Financial team for hosting this call. The quarterly results of our company were very satisfying and robust and the growth story continues both in terms of operational and financial performance.

We reported our best ever quarterly iron ore production as well as best ever quarterly DRI production. This was matched by highest ever quarterly revenue as well as quarterly profit. This quarter, the highlight also was the fundraising where we raised nearly $500 million over two issues, the QIP issue as well as the preference issue. The preference issue is still ongoing and should get completed very shortly. This fundraise will ensure that our capex program remains undisrupted through the cycle that we had planned over the next 3-4 years.

On the capex front, the projects are well executed and progressing as expected or maybe even better. The slurry pipeline is nearly over and testing is about to begin in the next 20-30 days as soon as the rains subside a little bit. The pellet plant is well on track and the DRI doubling capacity is also on schedule in Chandrapur.

Regarding the market scenario, the iron ore market demand in India remains buoyant, pricing being volatile seasonally. The structural demand of steel, therefore iron ore and therefore the metal space is very strong and we remain in a firm position as we speak. That's it from my side and I would now like to hand over to our CFO, Mr. Riyaz Shaikh, who will go into more details of the performance of the company. Over to you, Riyaz.

Riyaz Shaikh: Thank you, Rajeshji. Good afternoon, everyone. Thank you for joining us today. I am delighted to share with you our highest ever quarterly performance both operationally and financially for Q1 FY25. Our revenue of INR2,423 crores for Q1 FY25 saw a remarkable 23% Y-o-Y increase driven by higher sponge iron and iron ore volumes. Notably, Q1 FY25 iron ore volumes were the highest ever recorded in the single quarter for the company.

On the realisation front, we witnessed encouraging Y-o-Y growth. Sponge iron too recorded significant volume increase, the highest ever, both Y-o-Y and QoQ. Our EBITDA performance mirrored our revenue growth with a substantial 32% year-over-year increase in Q1 FY25. This robust performance was primarily led by our iron ore and sponge iron segment, supported by higher margins. During FY24, we incurred a capital expenditure of INR1690 crores and in Q1 FY25 alone, we have invested INR598 crores. These investments reflect our commitment to sustainable growth and operational efficiency.

Let me provide some key highlights. Iron ore production for Q1 FY25 stood at 4 million tons. Dispatches were at 3.6 million tons. Realisation for Q1 FY25 was INR5710 on average, a 7% Y-o-Y growth. EBITDA per ton for Q1 FY25 was INR1848, up 23% Y-o-Y.

DRI and Power. The DRI segment reported a Q1 FY25 production of 76,704 tons, a 16% Y-o-Y increase. Realisation for the DRI segment remained marginally muted Y-o-Y. The Power segment reported a steady performance with a 5% Y-o-Y increase in sales for Q1 FY25. I want to extend my gratitude to the entire Lloyds Metals team for their hard work and dedication, which has enabled us to achieve these exceptional results.

We remain focused on delivering sustained growth and value for our shareholders. Thank you for your continued support. We look forward to discussing our performance in more detail during this call.

Moderator: The first question is from the line of Parthiv from Anand Rathi Please go ahead.

Parthiv: I just wanted to know the status of the increase in this mining capacity, which you are planning to take from the current 10 million tons. And what is the timeline when the new production would come on stream? And if you can throw some light on what kind of numbers are you looking at once these mines are up and running, as far as your EBITDA numbers are concerned?

Rajesh Gupta: The mining capacity enhancement has three steps. There are two steps to the approval process. One is the IBM approval for the mining plan, since it is a very major size expansion. And that process is over and we got the IBM plan approved by them. The EC clearance is the next step. We are under process for that and should be in line by, I would say by January or so.

Regarding the production process itself, as we speak, we are enhancing the screening grinding capacity as well as the mobile equipment, also electrifying most of the new equipment, so that as soon as we get the approvals, we should be up and running with the total capacity. Like you saw, we have done 4 million tons in this quarter. So, if you extrapolate it, it comes to 16 million tons.

By the time the approvals come, we should be up and running with the requisite monthly capacity. And then pro rata, we will be able to do as required for the year.

Parthiv: So, sir, is my understanding correct that if all the approvals come in, say, by mid to end of January, then it will only be two months of the new capacity on screen? So, last year, you have already done like 10 million tons. On a pro rata, it will be…

Rajesh Gupta: By that time, we should have achieved 10 million tons. So the next two months will be around 20% of another 5-6 million tons is what we hope to do. But that's obviously not given, it depends on so many other factors, primarily being the final approval coming in. Okay.

Parthiv: So, this new approval is between the iron ore and BHQ, right? So, what will be the mix of that going forward between iron ore and BHQ?

Rajesh Gupta: Mining approval is for , 55 million tons. And we will limit our mining to 25 million tons in the first year only for iron ore, dispatch of 25 million tons of iron ore in the first full year. And subsequently, as we speak, the beneficiation plan, putting up that process is going on, including environment approvals and land acquisition and all that. And of course, the engineering, the pilot plant, all that of beneficiation is also ready. So, every year we will add one-one module of the beneficiation plan of input of 15 million tons and output of 5 million tons, capping the total output at 25 million tons over the life of the mine.

Parthiv: Got it, sir. And what about the steel facility which you are planning to put in say by FY26-27, what is the progress on that, sir?

Rajesh Gupta: Like I clarified earlier, in 24-25, we should be up and running with the first pellet plant and the slurry pipeline to go with it, as well as to double our DRI capacity to 700,000 tons and the pellet plant would be 4 million tons. That should be up and running by the end of this financial year. Next financial year 25-26, we hope to start the second pellet plant of another 4 million tons and the 1.2 million steel plant would be June to September of 2026.

Parthiv: Okay, sir. So, just one last question. So, just considering, your pellet plant will be coming up in phases in FY25 and FY26, what is the kind of delta you are expecting from these plants, if it's possible to quantify the numbers?

Rajesh Gupta: Given the, quality of the iron ore as well as the pipeline that would be in place by that time, along with the pellet plant, we expect the minimum delta to be around INR1200 to INR1500 per ton.

Parthiv: Thank you so much for your answer, sir.

Moderator: Thank you. The next question is from the line of Siddharth Gadekar from Equirus Capital. Please go ahead.

Siddharth Gadekar Hi, sir. Good evening. So, my first question is on the realizations. If I look at the steel mint prices, our prices remain similar to the last quarter but we have seen a sharp drop in realizations of around INR500 on the iron ore side. What explains the drop in realizations?

Rajesh Gupta: From last quarter to this quarter?

Siddharth Gadekar: Yes.

Rajesh Gupta: From Q4 to Q1, the realization difference would be primarily because our lump production was maximum last quarter. Being the end of the year, we were focusing on extracting the maximum lump, and this year it has been a normal mix of around 18%-20% lump and balance is fines. So, that is why the drop is there. The price has come down in the Q1 by INR500-INR600 in fines, plus the factor of this lump lesser.

Siddharth Gadekar: Okay. So, secondly, in terms of BHQ facility, we were supposed to do some trials in April to June. Have we got any results on that?

Rajesh Gupta: So, the pilot plant has been commissioned, and the results are as expected. It is around 65%-66% FE we are getting. On a consistent basis, 67% we have reached, and the yield of that material is around 38%-40%.

Siddharth Gadekar: So, our first beneficiation plan should come online by FY27. Is that understanding, correct?

Rajesh Gupta: Yes.

Siddharth Gadekar: So, thirdly, in terms of our capex for the next two, how should we look at the capex numbers?

Riyaz Shaikh: In this year, first quarter, we have done around INR598 crores. What we have planned with all these projects to be completing, we should be doing INR2,700 crores more in the next nine months. So, that should be taking it at around INR3,300 crores in this year and around INR6,500-INR7,000 crores in the next year for the capex.

Siddharth Gadekar: And lastly, on the CSR expenses, have we front loadedfor the entire CSR expenses this quarter?

Rajesh Gupta: Last year, the CSR expenses for the whole year was around INR65 crores. This year, the first quarter itself has seen a big jump because we have started a new school, completed one school, completed the garment factories and many other things. So, we have done around INR68 crores in the very first quarter of CSR expenses.

The capital nature of the CSR has been completed, two schools, one hospital and one garment factory. These are the big-ticket items which have been completed, and this will help the community at large over the next 50 years, obviously.

Siddharth Gadekar: So, how should we look at the CSR expenses for the entire year then, going ahead?

Rajesh Gupta: It will be now going back to the INR7-INR8 crores per quarter.

Siddharth Gadekar: Okay, got it. That's it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Amui Gavre, an individual investor. Please go ahead.

Amui Gavre: Congratulations on a good set of numbers. I just have one question, sir. Can the company maintain the debt-free status even after doing the INR33,000 crores capex?

Rajesh Gupta: Yes. As you might be aware, we have just done a fundraise also of a QIP of INR1,200 crores, and we are also in the process of doing a preferential warrant issue, which is around INR2,960 crores. So, that would be around INR4,200 crores of fundraising via equity. This is what we had planned. The company intends to remain debt-free for all the projects. This fundraise will be used for any shortfalls, if any, it would be used for the projects.

Amui Gavre: Okay, Thank you, sir. That's from my side.

Moderator: Thank you. The next question is from the line of Nikunj Lahoti, an individual investor. Please go ahead.

Nikunj Lahoti: Sir, the company has a mine in Surjagarh. Does the company have more mines or wish to plan to build more mines?

Rajesh Gupta: As of now, there have been no such opportunities where we have been very excited.

Nikunj Lahoti: And, sir, how much is the freight cost per ton for iron ore?

Rajesh Gupta: Freight cost up to our siding is around INR11,00 per ton. Our total freight cost is INR1,600 because much of our material we are transporting up to the gate of the customers. So the average freight cost has been around INR1,600 per ton.

Nikunj Lahoti: How much after starting of slurry pipeline, how much do you expect to get it lower?

Rajesh Gupta: On an average, I would say around INR800-INR900 per ton would be reduced.

Nikunj Lahoti: Thank you, sir.

Moderator: The next question is from the line of Rajesh Majumdar from B&K Securities. Please go ahead.

Rajesh Majumdar: Yes, sir. Thank you so much for the opportunity. This is my first time in this call. So I just want to know some broad answers from you. As to this new capacity that we have post expansion, what is the royalty on these new mines? And do you apprehend any increase in the royalty structure given the fact that, the court has recently allowed that states can charge extra royalty on mining? That was my first question.

Rajesh Gupta: So the royalty would continue to remain the same around 19.8% of the average sales price, which includes DMT and NMET. The current court case which is still being studied, it's a 300-page document. They're still studying it. But prima facie it's not that additional royalty will or can be charged. It's prima facie saying that royalty is not a tax and the state can charge taxes. So that's the broad basis of the case. The exact implication and effect of that on the total iron ore industry and the steel industry is yet to be understood and studied by everybody.

Rajesh Majumdar: Sir, I wanted to know who are our main customers in iron ore?

Rajesh Gupta: We have around a book of 25 to 35 customers quarterly. We have customers ranging from JSW, JSPL, all the Chandrapur customers which are smaller in each quantity, Gopani, Chaman, etc. but they buy all our lump product. We are selling to Bajrang. We are selling to Sunflag. So a very wide-ranging customer. I think the largest customer is around 15%-18%, 20% of our product range.

Rajesh Majumdar: Will that be JSW?

Rajesh Gupta: Yes, that is JSW.

Rajesh Majumdar: Okay, I wanted to know your outlook on the domestic prices, the discount that prevails over the iron ore imported or landed cost. Do you foresee any change happening there given the fact that a large amount of mining capacity is coming in India?

Rajesh Gupta: So the international pricing even at this depressed state is around $100 per ton of 62%. Indian prices are much lower, always have been, number one. Number two, so there is no link to that actually speaking. And in terms of mining capacity being added, there is also steel capacity being added like we all know. The Prime Minister's program is to produce 300 million tons of steel by 2030. For that we require around 300 million tons more of iron ore which is nearly doubling the capacity just like of steel. And that capacity we do not see on the anvil right now.

Rajesh Majumdar: Okay. And so my last question is that the beneficiation plant is going to be using the iron ore that we are mining. So the total capacity of our iron ore mines post expansion is 25 million tons and beneficiation is 45 million tons. So basically 20 million tons is the additional beneficiation capacity. Is that correct?

Rajesh Gupta: So the output of the beneficiation would be 15 million tons and 45 million tons would be the input and 15 million tons would be the output of the beneficiation plant. And 10 million tons would be direct sales ore. So 10 plus 15 would be 25 million tons ultimately over 3 to 4 years.

Rajesh Majumdar: Okay. So 10 million direct sales oreand 15 million via BHQ processed ore]

Rajesh Gupta: Yes. The beneficiated ore would be producing 66%-67% which is much richer ore, very low in alumina and slica. So we use it internally it will be a good premium in production costs. If we sell it, it will be a good premium in selling price.

Rajesh Majumdar: Thank you so much, sir. Thank you.

Moderator: Thank you. The next question is from the line of Giriraj Daga from Visaria Family Trust. Please go ahead.

Giriraj Daga: Yes. Hello, so my first question is regarding the prices. So let's say last month NMDC has cut prices. Okay. So what is the average realisation for July compared to average of 1Q?

Rajesh Gupta: The price realisation in Q1 has been around INR5700 partly delivered to the customer, partly delivered to the siding. And the average realisation this quarter, this month would be little lesser than that. We have reduced the prices once. So we don't know how exactly the quarter will play out given the scenario.

Giriraj Daga: Is it something like INR300-INR400 what NMDC also cut?

Rajesh Gupta: That would be similar.

Giriraj Daga: And assuming there is an expectation of another cut coming from the August 1 onwards. So are we also anticipating similar INR300-INR400?

Rajesh Gupta: At the moment we are well booked till nearly end of August. So we don't know, but nobody can predict the prices of commodities like you very well know, sir.

Giriraj Daga: No. So understand, let's say we are booked on quantity. So we will not be, reducing the prices even if NMDC reduces borrow, the customer will ask us to reduce the prices for that?

Rajesh Gupta: We are not under pressure to market the product right now because of the monsoons. Even NMDC has had problems in the monsoons. We are having problems in the monsoons of delivery. So with all of that the pressure of the sales is not there. So we would not be looking at a price cut immediately..

Giriraj Daga: Second, what is the specific beneficiation capex for the 45 million ton?

Rajesh Gupta: Around INR5,000 crores for all the 3 units. Okay.

Giriraj Daga: And lastly on a full year number, like last quarter you mentioned about 12-13 million ton of number depending on the approval. So how confident are you for this number as of now?

Rajesh Gupta: There are many external factors. Primarily being the EC approval. Last time we got the EC approval after the IBM approval, we got it within 5-6 months. This time we got the IBM approval in the month of early July or maybe end June. So, from that angle January seems to be a possible thing.

Giriraj Daga: Sure. Thank you.

Moderator: The next question is from the line of Ajay Lahoti, an individual investor. Please go ahead.

Ajay Lahoti: Yes, sir. Jai Sriram. Sir, we read a report of Ventura that you have two more mines. What do you have to say about this?

Rajesh Gupta: We have no other mines other than the one that we are operating right now.

Ajay Lahoti: So is the report of Ventura report not correct then?

Rajesh Gupta: Let me correct that if there is a mistake. But as of today we have only one mine operating.

Ajay Lahoti: Sir, my vision is to invest for 10 years. So what business will I have remaining after 10 years?

Rajesh Gupta: our mine is valid till 2057. Reserves are around 800-900 million tons. And we have to mine 25 million tons in a year. So our plan is until 2057. Of course we will look at other opportunities. Plus, we will make 4.2 million tons of steel, 12 million tons of pellet and we will take out iron ore and sell it in Indian market. That is the long-term vision. The mine validity is 2057 and we have the reserves until then as well

Ajay Lahoti: Thank you, sir.

Moderator: Thank you. The next question is from the line of Harshil, an individual investor. Please go ahead.

Harshil: Yes. Good afternoon, sir. What is the capex spend for the financial year 2025 and 2026? And are we doing through internal accruals or are we taking any debt to fund it?

Rajesh Gupta: No, we are not taking any debt. That is very clear what we have always been mentioning. The capex plans for the two years is in the year 2024-25, we are looking at around INR3300 crores of capex. And in the year 2025-26, we are looking from INR6,500 to INR7,000 crores of capex. As I have earlier also mentioned, we have just done a fund raise of QIP as well as a preferential warrant is under process. So, we plan to do all these projects through internal accruals. Any shortfall or any issues would be supported with this fund raise of QIP as well as the preferential issues.

Harshil: Okay, sir. Thank you.

Moderator: Thank you. The next question is from the line of Prince Chaudhary from PINC Wealth. Please go ahead.

Prince Chaudhary: I have a question. Out of the total capacity of 25 million tons per annum for iron ore, how much do we use for the captive consumption and how much is sold to the customers?

Rajesh Gupta: Post-expansion, all the total expansion plan, we will be selling around 4.2 million tons of steel, 6 million tons of pellets and 9 million tons of iron ore. So, out of 25 million tons of iron ore that we mine, this would be the end product sale that we would be doing. 4.2 million tons of steel, 6 million tons of pellets and 9 million tons of iron ore.

Prince Chaudhary: So, that iron ore which we will mine, about 25 million tons, will it be used for the captive purpose?

Rajesh Gupta: Yes, 4.2 will consume around 8 million tons. 9 million tons will be sold as iron ore. 6 million tons will be converted from iron ore to pellet and around 8 million tons will be converted from iron ore into steel. That gives the 25 million tons overall picture.

Prince Chaudhary How much is the freight cost using the slurry pipeline?

Rajesh Gupta: Around INR800 to INR900 is what we will be saving on the slurry pipeline transport cost.

Prince Chaudhary: Okay. Thank you. That's it from my side.

Moderator: Thank you. The next question is from the line of Vansh Jain, an individual investor. Please go ahead.

Vansh Jain: Hi good evening sir. Given that the company is moving towards forward integration and will be producing value-added steel products, what is the management's projection for EBITDA margins?

Rajesh Gupta: After steel production, I think it's too forward-looking for us to respond on this call, at this point in time

Vansh Jain: Okay. Thank you, sir.

Rajesh Gupta: Can I expand on that answer that the gentleman just asked me?

Moderator: Yes, sure, sir.

Rajesh Gupta: So, compared to my competitors in the steel business, we will be lower on the iron ore cost because we have no premiums royalty on ore. We will be lower on the iron ore cost because a good pipeline network would be set up. So, these two savings are around INR4,000 a ton of iron ore. And that translates to around INR8,000 a ton of steel. So, this is definitely where our delta would be for the life of the mine.

Moderator: Thank you. The next question is from the line of Amui Gavre, an individual investor.

Amui Gavre: I just have this question, sir. What will be the timeline guidance regarding the 25 million ton iron ore approval?

Rajesh Gupta: I just answered that. I think January 2025, we should be up and running, subject to the EC approval being received.

Amui Gavre: Okay, and to add to that, is there any volume guidance that you would like to provide for iron ore for the next financial year?

Rajesh Gupta: We would be capping our iron ore production at 25 million tons.

Amui Gavre: Okay. Yeah, that's it from my side. Thank you, sir.

Moderator: Thank you. The next question is from the line of Shamal Kothari, from Shamal Traders. Please go ahead. Mr. Shamal, your line has been unmuted. Please go ahead with your question.

Shamal Kothari: Jai Shri Krishna. Sir, there is a project in Surjagadh, Gadchiroli, Surjagad Ispat Private Limited. Will it benefit our plant or our mine in any case?

Rajesh Gupta: We hope that they will be our customers of iron ore out of the 9 million tons that we have to sell. So, definitely that will be beneficial to the company.

Shamal Kothari: Sir, any plans of taking stake in that company, sir?

Rajesh Gupta: No, we have no such plans at the moment.

Shamal Kothari: Okay. And, sir, one more thing. There is a mine, Bande mine of Sunflag iron ore. In that mine, the Supreme Court case is going on. So, any plans that we are going to take that mine in future from Sunflag and Triveni is going to operate it because Triveni is the best in mining?

Rajesh Gupta: Triveni is one of the finest mining MDO operators, definitely, and that is why they are doing our mining. However, regarding the Bande mines, I have no idea and no knowledge of what is Sunflag's plans or Triveni's plans for that matter.

Shamal Kothari: Okay. Thank you, sir.

Moderator: Thank you. The next question is from the line of Bhavin Chheda from Enam Holdings. Please go ahead.

Bhavin Chheda: Sir, two, three questions. One, what was the mix of lumps and iron ore fines in this quarter versus quarter four? Second is, iron ore sales, what was the sales mix state-wise? Like entire sales happened in Maharashtra or you sent to other states and was there any exports and so? And the third question was, what was the average Fe content of the iron ore that we produced in the quarter?

Rajesh Gupta: Okay. Third question is very easy. It's our blended 63%-64% totally for lumps and for fines. And other than the exports, we have not done anything in this quarter. So, 63%-64% has been the Fe content in this quarter. Number two, the lump versus fine lump has been around 18%-19% in this quarter. Last quarter was around 25% was the lump versus 18% this quarter and what was your third question, sir?

Bhavin Chheda: Entire iron ore was sold in Maharashtra or you did sell out of Maharashtra?

Rajesh Gupta: We have a well-distributed policy. The lumps are sold mostly in Maharashtra to both blast furnaces and DRI units in Maharashtra. Fines are sold in Maharashtra, Raipur, Karnataka, sometimes to UP also, maybe not so much in this quarter. I think we did sell something to Jharkhand. So, it goes in many cities and of course we have sold to Goa as well.

Bhavin Chheda: And as you mentioned on the earlier part of the call that IBM approval is received and I think you are awaiting EC approval which is by January as you guided. Except for the EC, any other approval which you also require for incremental iron ore volumes?

Rajesh Gupta: So, when I say EC approval, it includes EC approval and then we have to add the CTO, Consent To Operate and then we are ready to go. So, that's a process, that's part of the same process. Apart from the environmental clearance, there is no other clearances like forest or something is not required.

Bhavin Chheda: Forest is not required in this case?

Rajesh Gupta: Yes

Bhavin Chheda: And the trial production of the BHQ plant what you had started that's running fine and all that?

Rajesh Gupta: Yes, absolutely. I clarified earlier, 66% regularly, 67% in trials and around 30%-40% yield from BHQ to finished product.

Bhavin Chheda: Yeah, thanks a lot.

Moderator: Thank you. The next question is from the line of Rohan Koshi from New Horizons. Please go ahead.

Rohan Koshi: Hi, thanks for taking my question. Just wanted to expand a little bit on the comment you made on the benefit that you have about INR8,000 a ton on steel and how does that kind of sustain over time and you said also INR4,000 a ton on iron ore, right?

Rajesh Gupta: So, post the 2015 MMDR Act, all mines which were more than 50 years had to go in for a compulsory auction and most of the mines post 2030 will have gone for that. Last, from 2015 to

2024, in 7-8 years, there have been around 140 millilitres of capacity which has gone in for auction at an average premium of 120%. So, I'm taking that as a premium of around INR3,000 that those mines have to pay.

If we extrapolate that to the further auction that will happen including major steel queuers that are still operating the older mines, that 120% translates to around INR3000 on a very, very conservative basis or premium that they are paying over and above the royalty that I am paying or that even they would need to pay. So, that INR3,000 is one delta and then we add to that the pipeline saving. Most of the steel plants are not attached to the mine. The pipeline network is not there in many of the plants or the mines for that matter. So, the transport cost, if you add that further, that's around INR1,000 on an average is what I've estimated for all these mine/plant combinations. And I'm talking about the big steel plants.

The smaller steel plants like the mini biopellets on a commercial basis, etc., I'm not even including that in this discussion. So, this INR4,000 delta that I have, steel requires approximately 1.9 to 2 times of iron ore of the steel output. Iron is 1.6 to 1.65 and then iron to steel is around 1.1, 1.15. And then for the losses, I'm taking 2 times, 1.9 times. So, that INR4000 translates to INR8,000.

Rohan Koshi: And does that sustain over the life of the mine?

Rajesh Gupta: Contractually, yes. And when I talk about this beneficiation plant, the beneficiation plant produces like I said 66% Fe content that reduces the coke requirement to the blast furnaces or coal requirement in the DRF furnaces or power requirement in the ARC furnaces, whatever way you make the iron. In the net steel making, around 15% to 18% energy requirement either of coke or coal or power comes down. And that's again a delta which I have not yet calculated.

Rohan Koshi: Thank you.

Moderator: Ladies and gentlemen, that was the last question for today's conference call. I would now like to hand the conference over to the management for their closing comments.

Rajesh Gupta: Thank you, everybody. It was a nice session. Hope I have clarified and replied to all your queries and questions. Thank you very much.

Moderator: On behalf of JM Financial, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.