Date: 3rd February, 2025

To,

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

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051
NSE Symbol: LLOYDSME

Sub: Transcript of the Conference Call for investors and analysts for Q3 FY25

Dear Sir/Madam,

Pursuant to the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), and in furtherance to our intimation dated 23rd January, 2025 regarding Conference call with Analyst(s) /Investor(s) held on Wednesday, 29th January, 2025 we would like to inform that the transcript of the aforesaid conference call is attached herewith and the same is also available on the website of the Company at https://lloyds.in/earnings-call/.

The same may please be taken on record and suitably disseminated to all concerned.

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

Akshay Pankaj Vora
Digitally signed by Akshay Pankaj Vora
Date: 2025.02.03 18:05:16 +05'30'

Lloyds Metals and Energy Limited
Mumbai

Akshay Vora
Company Secretary
Membership No.: ACS43122

“Lloyds Metals and Energy Limited

Q3 FY '25 Earnings Conference Call”

January 29, 2025

MANAGEMENT: **MR. RAJESH GUPTA – MANAGING DIRECTOR – LLOYDS METALS AND ENERGY LIMITED**
MR. RIYAZ SHAIKH – CHIEF FINANCIAL OFFICER – LLOYDS METALS AND ENERGY LIMITED

MODERATOR: **MR. PRATEEK SINGH – DAM CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to Lloyds Metal and Energy Limited Q3 FY '25 Earnings Conference Call hosted by DAM Capital. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prateek Singh from DAM Capital. Thank you, and over to you, sir.

Prateek Singh: Thanks, Manav. Good evening, everybody, and thank you for joining us today. We, at DAM Capital, are pleased to host Lloyds Metals and Energy's Third Quarter and 9-month FY '25 Results Conference Call. We have with us today from the management, Mr. Rajesh Gupta, Managing Director; Mr. Riyaz Shaikh, CFO.

Without further ado, now I would like to invite Mr. Rajesh Gupta to initiate the proceedings for the call. Thanks, and over to you, sir.

Rajesh Gupta: Good evening, everyone, and thanks, Prateek, for taking this call. Thank you all for taking the time to join our conference call here. Connecting with the investor community and sharing updates on our business is always a great pleasure. I will first give a brief update on our operations and the status of our ongoing projects. After that, Riyaz, our CFO, will take you through the financials.

Let us begin with our 9 months FY '25 performance overview, which has been more than satisfactory, I would say. Our sponge iron division recorded highest ever production during the 9-month period at both the plants and are operating at optimum capacity utilization. In regard to our iron ore segment, the 9-month dispatches stood at 7.8 million tons and for Q3, it was 2.4 million tons. We are fully mobilized to mine and dispatch 25 million tons with the expectation that the EC shall be received in time by the end of this current quarter.

Now let me give you some other project updates. Execution has been one of our biggest strengths, having demonstrated this with the slurry pipeline, which is completed 85 kilometres, awaiting the pellet plant and the DRI plant completed last year in around 13, 14 months after the EC. The current ongoing projects are the DRI at Ghugus and the 4-million-ton pellet plant, both are nearing completion. Commissioning and testing has started and should be operational latest by this quarter end or maybe early next quarter.

On our 1.2-million-ton steel plant, at Chandrapur, the designing is complete. The layouts are ready. And the orders for the major equipment have been given. The EC has been applied for, and the land has been acquired. For The BHQ beneficiation plant, and the pilot plant has been ready for the last 8 months and has consistently delivered Fe content of 66% and beyond and a yield of 37% to 40%, which is better than our original expectation. Primary engineering is complete, and the equipment procurement is currently in progress. The land and other legal formalities required to take it fully forward is underway.

In summary, our project execution is progressing smoothly, and we remain confident of completing it well in time of our original schedules. I would like to mention specifically that we believe in Lloyds Metals being cost competitive. This has come as an imperative in the current market scenario. We have implemented several measures to ensure that our cost of steelmaking remain under check and our profits stay sustainable in the long run.

Our investments in Thriveni MDO business is a strategic move in this direction and would yield significantly benefits over the years. On fully consolidated, it is expected to result in meaningful earnings accretion

Now I would like to hand over to Riyaz who will explain the financials in more detail. Over to you, Riyaz.

Riyaz Shaikh: Thank you, Rajeshji. Good evening, everyone. It's a pleasure to be here today to share our financial and operational performance for 9 months FY '25 and quarter 3 FY '25. Despite a dynamic and challenging market environment, we are pleased to report that we have delivered strong growth across key segments, driven by higher volumes in iron ore and sponge iron. Our ability to navigate market fluctuations, optimize resources and maintain cost efficiency has helped us achieve a resilient performance this quarter. Let us delve into the financial performance for 9 months FY '25.

Our revenue grew by 11% year-on-year, supported by robust iron ore and sponge iron volume. What's particularly encouraging is that our iron ore segment saw higher sales and improved realization. Sponge iron volumes also remained on an upward trajectory, further strengthening our revenue base.

On the EBITDA front, we witnessed a robust 31% year-on-year growth, mirroring our revenue performance. The strong momentum was primarily led by iron ore and sponge iron. While market conditions for sponge iron continue to be volatile, our operational efficiency and captive raw material source have provided a strong cushion against price fluctuations.

Now we will get into the specifics with segment-wise highlights. Iron ore. The iron ore business continued to be a key driver of our overall growth. Realizations per ton improved by 8% year-on-year in quarter 3 FY '25 to INR5,894 and by 10% year-on-year for 9 months FY '25 to INR5,718. Our EBITDA per ton for quarter 3 FY '25 was INR2,021, marking a 21% year-on-year increase. While for 9 months, FY '25, it stood at INR1,860, reflecting the same 21% growth.

Turning to DRI and Power. In the DRI segment, we recorded 78,000 tons in quarter 3 FY '25 and 239,000 tons in 9 months FY '25. While realizations were muted in quarter 3 FY '25, our captive iron ore supplies played a crucial role in protecting margins, ensuring stable profitability even in the fluctuating market.

In the Power segment, volumes remained flat year-on-year and muted power prices in quarter 3 FY '25 had an impact on the EBITDA. However, we continue to optimize efficiencies in this space to counter market challenges.

On the capex front, the company has spent INR2,700 crores in the 9 months FY '25 and a total of INR4,400 crores till date. Looking ahead, despite some volatility in pricing, our integrated operations and strategic planning have ensured a stable and resilient performance. As we move forward, we will continue to focus on cost efficiencies, value maximization and strengthening our market positioning.

Prateek, now we can open the floor for the question-and-answer session.

Moderator: We have our first question from the line of Parthiv Jhonsa from Anand Rathi.

Parthiv Jhonsa: So, I have got actually a couple of questions. Sir, the first question pertains to the mine's EC. I believe there was a public hearing which was there yesterday on 28th. Is it possible to know the status? And what is the progress on it? And by when can we expect the EC to come in? And once the EC comes in, how long it takes for the expansion to actually kick in? That's my first question, sir.

Rajesh Gupta: The public hearing was held yesterday in Gadchiroli under the aegis of the Government of Maharashtra, the collector, etc. And it went off well. The usual questions were asked, some queries were there relating to environment and employment, , which were expected, and they have been addressed and now we await the outcome from the district administration. It will go to the Centre from there, and then there will be a final EC committee meeting.The whole process, should take 60 to 70 days, to complete.

Parthiv Jhonsa: So, in 60 to 70 days, you mean the EC should come in? Or it is another couple of months after that?

Rajesh Gupta: Yes, our worst case expectation.

Parthiv Jhonsa: Okay. Sir, my second question was that you have done, I think, about 7.8 million, 7.9 million ton kind of sales of iron ore in the first 9 months, right? So, can you give the guidance for remaining part? Like it will be completely 10 million ton, so about 2.2 million ton in the fourth quarter. Is my reading correct?

Rajesh Gupta: Yes, that's pretty correct.

Parthiv Jhonsa: Okay. And sir, one place in the presentation you had mentioned that once the MDO business integration is completed, there'll be almost about, INR400 to INR500 of cost saving in the iron ore side of the business. So, can you throw some light on it that when can this come and when can these savings play out? What is the timeline for the same?

Riyaz Shaikh: See, the NCLT process is going on. The company has to first go on through the NCLT for the demerger. So, the business, as we have already mentioned that the MDO business will be coming in from 1st of April. So, all the effect would be coming in from 1st of April 2025 post the NCLT order is received. So, the entire business comes into this company from 1st April 2025. So, it will be for the next financial year.

Parthiv Jhonsa: Okay. So basically, my question was will this benefit kick in from the day one itself?

Riyaz Shaikh: Yes. Since it will be under the same umbrella, it was a consolidated figure. So, it will be kicking in from the immediate basis, with the increased EC limits.

Rajesh Gupta: With the effective date being 1st of April 2025.

Moderator: We have our next question from the line of Vikash Singh from PhillipCapital.

Vikash Singh: Sir, just wanted to understand, once the EC is in place, how long will it take to ramp it up to the previously desired guidance levels of that 15 million, 20 million or even 25 million tons? So, if you could give us some timeline over there.

Rajesh Gupta: So, there are two aspects to the physical execution. One is the physical mining and excavation, and one is the evacuation. As far as the mining is concerned, we have machinery in place through Thriveni to do the mining. And at peak times, we have done 1.8 million tons also in a month. So, 2.2 million tons roughly, in the first 1.5, 2 years, we would be not going in for any beneficiation. It will be a current process of direct sales zone. So that 2 million tons of excavation and loading onto trucks doesn't seem very difficult.

Regarding the evacuation, like I mentioned earlier, our pipeline of 10 million tons is in place. By the time the grinding plant and the pellet plant is ready, the 5 million tons will be transported through that and pro rata 15 million, 20 million tons would be dispatched through the normal route. So, we would have, therefore, a big support of the pipeline in helping us in evacuation. And therefore, we see that there will be not major worries in achieving the evacuation either. The day the EC happens, and the other legal formalities happen, we hope to be ready with the mining from day 1 within the first 30 days.

Vikash Singh: Understood. And sir, just one clarification. Until the beneficiation project comes in, we can actually go up to 25 million ton in the high-grade ore or we will cap our high-grade ore at a certain capacity and that 25 million ton, like you previously said, is a mix of 15 million-ton of low-grade beneficiated and 10 million ton of high grade, but then until that comes which is 27...

Rajesh Gupta: Yes. In the year FY '28, the mix would be 10 million tons of DSO and 15 million tons of beneficiated ore. Prior to that, step-by-step, we will be achieving 25 million tons total. So, in the first year, it will be 25 million tons of DSO directly.

Vikash Singh: Understood. But then my second question comes that DSO reserves seems to be pretty limited. So once if we utilize that 15 million and 25 million tons, if I'm not correct, we will be left with only with 45 million, 50 million ton of DSO, which is not sufficient, more than 4 to 5 years of high-grade ore. So just wanted to understand about the -- how we should look at the mine life of DSO versus the low grade going forward?

Rajesh Gupta: The reserves of DSO are 157 million, 160 million tons as per the Tata report, which has been certified by JORC. So, I don't know where you have observed the figure of 70 million tons, it's 157 million tons of DSO and around 700 million tons of BHQ. So, by the third year, we'll go down to 10 million tons of DSO to preserve the ratio for the next 35 years.

Vikash Singh: Understood, sir. And sir, just one last question, basically, on this environmental clearance. Once we get the clearance, from state, we need only the consent to operate, right? There is not much formalities on the state level left?

Rajesh Gupta: Yes, I believe that's the only formality that's left. There are other formalities, obviously. Like I mentioned, the public hearings is under the aegis of the state. The state has always been very supportive and continues to be supportive. And so all those regular formalities will be completed well in time.

Vikash Singh: Understood. And sir, just sorry to squeeze in one more question. In terms of parity, how do we stand versus Karnataka or Odisha material and imported material-wise? How the prices are ranging in Maharashtra or rather in Karnataka because recently, there's ordinance, Karnataka government is trying to pass a new mining bill. So, in case if Karnataka mining goes a little bit low, and we could supply there also since we are going to have a very large capacity, how does it sits including the logistic cost? Is that opportunity is also available with us?

Rajesh Gupta: So currently, some of our material is already going to Karnataka to various customers and we'll continue doing so irrespective of the fact of the taxation announced by the Karnataka government. And that taxation is actually a cost, not related to the selling price. So, the cost might go up, but the selling price would be ruled by the market. And since we are already competitive in that market, , we hope to be competitive later also. As such, today, we are supplying our materials in literally all four corners of the country. And we hope to continue doing so through various logistics, means like rake, truck and now pipeline as well.

Vikash Singh: So, on the rate parity, Karnataka versus Maharashtra, the gap would be, if you could give me this tax figure?

Rajesh Gupta: I could not understand your figure.

Vikash Singh: So basically, Karnataka material price versus Maharashtra material price ex of logistics, so what would be the gap?

Rajesh Gupta: So, there are some price differentiation between various destination ex the mine, there will be some differentiation. And those are commercial information, which I cannot easily pass on, but let me put it this way that, that's why we are doing a door-to-door delivery, which you might have seen in our presentation, and many places we are giving ex our siding where the customer takes care of the transport.

And I mean, it's a logistic-oriented business. And that is part of the reason why we have tried to have an understanding of equity with Thriveni. So that all that income also remains in-house. But having said that, rate parity changes from time to time, location to location and product to product. Very difficult to define it as a precise figure.

Moderator: We have our next question from the line of Rahul Agarwal from Aventus Capital.

Rahul Agarwal: So, I just had a couple of questions. So, I wanted to firstly understand we acquired the MDO business of Thriveni Earthmovers, but they are also into in the pellet trading business, which

Lloyds is also going to continue going forward. So, I just wanted to understand if there's any plans to acquire the pellet trading side of it as well? Or are we just going to stick to the MDO business?

Rajesh Gupta: what we have taken over is the MDO business. The other businesses like equity in BRPL and in MRPL –remains with them and does not come to us at all.. We are supplying raw materials, and we have an understanding with Mandovi for supplying iron ore to them and off taking some pellets from them.

Rahul Agarwal: Okay, sir. So that partnership is going to continue...

Riyaz Shaikh: We would be starting off with our own pellet plant. So, there is no question of trading does not allow that.

Rahul Agarwal: So, sir, the partnership with Mandovi is then going to end once that pellet plant starts?

Rajesh Gupta: No, it's a 10-year agreement.

Rahul Agarwal: Okay, sir. And then, sir, I just wanted to ask, so Thriveni Earthmovers and Infra Limited, the new entity that is being formed, is projected to have around INR5,500 crores of revenue in FY '25. Could you just tell us -- could you just aggregate that in terms of what Lloyds will be contributing? And what will be coming from all the other mining projects that you will be able to acquire which has, I think, other companies whose mines are also controlled by Thriveni?

Riyaz Shaikh: Currently, they're doing around 71 million tons of capacity. They're operating 71 million tons, which should increase to 125 million tons with Lloyds Metals' EC increase. The revenue is around INR5,500 crores. It should increase to around INR8,000 crores in the next financial year with the increase in the EC, so from Lloyds Metals, it should be around INR2,500-odd crores.

Rahul Agarwal: All right, sir. And finally, just one more thing. So, sir, we were actually trying to look for the financials of Thriveni Earthmovers for the financial year '24, but we were unable to find that. If you could just give me any guidance on how we could go about doing that?

Riyaz Shaikh: Available with the ROC sites. And if you need it, you get in touch with us, we will be able to provide it.

Rahul Agarwal: All right. So, anybody I can contact in particular?

Rajesh Gupta: Yes, Mr. Chintan Mehta in our office.

Moderator: The next question is from the line of Divya Agarwal from Ficom Family Office.

Divya Agarwal: It's Ficom Family Office. So, sir, my first question is one of our customers recently signed an MoU with the Maharashtra government of investing around INR3 lakh crores in Gadchiroli district. So, I wanted to understand, will there be an impact on Lloyds Metals on this investment?

Rajesh Gupta: If you're talking about the JSW MoU?

Divya Agarwal: Yes, sir.

Rajesh Gupta: So, we're not fully privy to what the MoU is about. We know that in the past, they have signed a composite mining license with the Indian Government for one of the mines in Surjagarh. The exact details of what the MoU they have signed, we are not aware. Not only one, I think other MoUs have also been signed by Viraj Steel, So 3 or 4 MoUs are there now envisaged for 3 or 4 steel plants in Gadchiroli.

Like the Prime Minister and the CM has said that it is the next steel city, and we are proud to have laid the foundation to that city. And with the iron ore reserves being very huge, I'm sure that a lot of steel companies will come, and the infrastructure overall would be developed in a better way once more companies come in. More taxes and royalties are received by the government, so they would invest more money in the district. So, we feel positive about all this.

Divya Agarwal: And just a follow-up on that, do we have better cost structure in those mines...

Rajesh Gupta: I'm sorry.

Divya Agarwal: Just a follow-up on that. Do you have a better cost structure as compared to those mines which these guys are having?

Rajesh Gupta: We would not be aware of their physical cost structure. But as far as I'm aware that the 6 mines have been auctioned at a premium of around 110% of the revenue. So, if I'm selling at around INR4,000 average, their cost would be around INR4,000 into 1.1x extra over and above mine, which I do not have to pay.

Divya Agarwal: Right. Right. Fair enough. Got it, sir. And secondly, on the gross margin front, sir, our overall sales volume if we've seen quarter 3 FY '25 is like slightly higher and the raw material cost as a percentage of sales was 21% in Q3 FY '24 versus it is 8% in Q3 FY '25. So, can you throw some light on that? Why is it so low in Q3 FY '25?

Riyaz Shaikh: In the second quarter, there were 2, 3 factors because of which the cost structure was on a higher side. It was on the sponge iron front where production in this quarter has been lower. There was a physical verification of these stocks. So, there was some mismatch in that, so we had to provide for that, as well as there was a change in the consumption norms of coal, what we have done in this year to reduce the imported coal consumption. All these things have resulted in this mismatch in the numbers.

Divya Agarwal: Okay. So, can we expect the similar range going forward?

Riyaz Shaikh: Yes.

Rajesh Gupta: AsI have mentioned earlier, we are always cognizant of the market. Once the market of the sponge iron and the steel industry gets a little softer, we instead of focusing on volume alone in the DRI sector, focus on cost as well. And by using local coal, cost has come down,and little production has come down because of that. And that's the advantage that we are seeing.

Divya Agarwal: Right. Got it. And the next question is on the DRI segment. So, if we see the sales is very little in this quarter as compared to the last quarter, while the volume has fallen by 8%, but the sales, if you see in absolute terms, it's down by like 48% quarter-on-quarter. So, what is the reason for that?

Rajesh Gupta: Sales in terms of quantity?

Divya Agarwal: No, the volume is down by 8%, but if you see the total DRI sales, it's down by 48%. And you said in the investor presentation, the...

Riyaz Shaikh: In the last quarter, there was an industrial promotion subsidy, which we received. because of that, the -- if you see that the volumes -- the difference in the volume is coming in. Around INR70 crores is what we received in the form of IPS last quarter.

Divya Agarwal: Yes. Got it. And on the IPS front, did we receive anything in this quarter?

Rajesh Gupta: That will continue now. sorry, this was a onetime. The IPS was one time for the prior period. Now once the pellet plant starts, we will apply and get for the new projects, that is both the DRI and the new pellet plant, we will start getting after some time. That income is not recognized in this quarter.

Divya Agarwal: Sure, sir. And just last question. In the last con call, you said we'll be selling around 3 million tons of BHQ, but are you planning to sell it in this financial or will it be in the next financial year?

Rajesh Gupta: No, we won't sell 3 million tons of BHQ. S

Riyaz Shaikh: Maximum BHQ what we will be doing is 15 million tons of output. And that will be on a stepped-up manner. We start with DSO, and then we keep on reducing the DSO as and when the BHQ capacities get added.

Rajesh Gupta: BHQ is not a tradable product.

Moderator: The next question is from the line of Prince Choudhary from PINC Wealth.

Prince Choudhary: Yes. Can you provide with the timeline for the beneficiation plant, when the phase 1 will be operational then phase 2 and phase 3?

Rajesh Gupta: **For** the beneficiation plant, before we come into the physical phases, we have the technical phases and the approval phases. The technical phase of clearing the process route is final and our pilot plant is up and running. And we are now in the phase of testing that output, number one. Number two, the permissions required, including getting the land, etcetera, are already in place -- I mean, are already applied for and in place. And physically, we feel '27 the first phase would be completed.

Prince Choudhary: By '27, only first phase will be operational, right?

Riyaz Shaikh: We're doing it in 3 modules, it will be 15 million tons per module. So, the first module of 15 million tons will be done in that time.

Prince Choudhary: Okay. And other 2 phases?

Riyaz Shaikh: Other 2 would be in the next each financial year.

Rajesh Gupta: every financial year after that.

Prince Choudhary: Okay. And what will be the royalty for that BHQ one?

Rajesh Gupta: So, the royalty currently is less than INR55 as it is not recognized as iron ore by the country. The royalty is around INR65 for Maharashtra for this product, which is what we would be paying in the worst case scenario.

Prince Choudhary: Okay, like INR65 per ton, right?

Rajesh Gupta: INR65 per ton of BHQ.

Prince Choudhary: Okay. And if we sell it for other third party, if I'm doing beneficiation of the iron ore and selling it to third party, is there any other charges on that? Or is it only the royalty which we have to pay?

Riyaz Shaikh: Royalty is the cost.

Rajesh Gupta: No. Like I mentioned earlier, there is no buyer for BHQ, and we have no plan to sell any BHQ. There are no other costs except the mining cost, obviously, and the royalty.

Prince Choudhary: Okay. And the mining cost would be more than what we do for the DSO, iron ore, if I'm not wrong around then? Or it will be the same?

Rajesh Gupta: It will be lesser per ton of BHQ, but when we beneficiated, we have to use 2.5x -3x of the material So, from that angle, the ratio will be a little higher, but the grade is also higher.

Prince Choudhary: Yes, from that concept only, like I have to mine, for example, 2.9 or 3 tons is required for 1 ton of DSO. So, for that, in percentage terms, our cost would be more right, if I'm correct?

Rajesh Gupta: Mr. Prince, you asked me question of if I sell BHQ. So, for BHQ, the mining cost is lower. After beneficiating the BHQ, the finished iron ore cost would be around 2.5x of the BHQ mining, which is much lower than iron ore mining and 2.5x of the royalty. So, if that answers your question.

Prince Choudhary: Yes, sir. Yes, sir. Understood.

Rajesh Gupta: Assuming around 40% yield.

Moderator: We have our next question from the line of Parthiv Jhonsa from Anand Rathi.

Parthiv Jhonsa: Sir, in the opening remarks, you mentioned the capex number. I actually missed that. Is it possible to repeat the same for Q3 and 9 months?

Riyaz Shaikh: I didn't get you. Can you just repeat?

Parthiv Jhonsa: Yes, the capex for Q3 and 9 months, sir. Is it possible to get the number, you had said in the opening remarks?

Rajesh Gupta: In the 9 months, it is INR2,700 crores, and we've done totally around INR4,400 crores till now.

Parthiv Jhonsa: Okay. Okay. Sir, also just one question to harp on the ex-mine cost when compared to, say, someone who is a merchant miner, right? Considering we have allotted mine. And what will be the cost differential there? For example, if someone is mining, considering the MDO cost and everything, what would be the cost differential with us compared to a merchant miner as on date?

Rajesh Gupta: I'm not privy to other miners in Gadchiroli. A, there are no mining going on right now. I'm not privy to the physical costs. On the premium cost, I already mentioned that, and I think it's in the range of 110%, so that is around INR4,400 higher approximately.

Parthiv Jhonsa: No, I believe, sir, there are no other merchant miners mine. I just wanted to understand with miners, say, from Karnataka or Odisha if they are doing on MDO, what would be the cost differential just to get a comparison?

Rajesh Gupta: I think I don't track my competitors so closely. I think the easiest way to track it would be NMDC was a pure mining play or maybe Tata Steel. I'll have to have a look at that. We believe we are quite competitive in the overall mining cost. And with the advent of Thriveni coming into our fold, it will be much lower because the profit of the MDO would be consolidated in our books as well.

Parthiv Jhonsa: Okay, sir. Sir, and just on the...

Rajesh Gupta: And one more point is that being newly established in Gadchiroli 2 years compared to NMDC being 20 years or 30 years and Tata Steel being 100 years plus, their cost may be different. I would have to ask, and I'll ask my IR people to work out the costing and give me a better understanding as well. Thank you for the question.

Parthiv Jhonsa: No problem, sir, I'll get in touch with Chintan on this, absolutely fine. Sir, the last question is, is it possible to possible to give a heads-up on what will be the kind of a conversion cost there? Or it's too preliminary right now?

Rajesh Gupta: We have the cost with us. We believe that the overall cost ex mine or ex beneficiated plant would not be very different from the current DSO cost given the lower royalty at INR65. We are trying to understand the laws a little bit more of whether INR65 can be reduced or not. And so it would be in the same range, maybe a little bit plus/minus but the grade is better, the silica, alumina is much, much lesser. So, for the end user, there's a much, much bigger benefit. Whether we make pellets or we sell steel or my consumers makes steel, it will be a much better benefit. Beneficiated ore based pallet are around $45 to $50 premium for that grade.

Moderator: We have our next question from the line of Siddharth Gadekar from Equirus.

Siddharth Gadekar: So first, just on the EC approval, broadly that we are expected to get the EC approval in the next 60 to 90 days. FY '26 should be a year where we have the full EC, and we should be mining 25 million tons?

Rajesh Gupta: Yes, Siddharth.

Siddharth Gadekar: Okay. Sir, secondly, on our BHQ, have we started ordering the equipment? Or what is the status on that?

Rajesh Gupta: The engineering is all in full swing. Some of the very long-lead items, I think we have just ordered or about to order. Our teams have gone to Australia and to China to inspect new and better technologies also. I think we'll be in the position to order those equipment in the next 10 days or so, we'll be placing the biggest orders. We have got the big grinder in place, with the gyratory crusher, which would be getting installed shortly.

Siddharth Gadekar: Sir, secondly, then broadly, we should be on our original timeline in terms of commissioning the BHQ plant -- the first BHQ plant. Is that fair understanding?

Rajesh Gupta: Yes. We continue to maintain. That would be maintained.

Siddharth Gadekar: Okay. Sir, secondly, on the second slurry pipeline, when do we expect that to commission?

Rajesh Gupta: So, the way we have done our scheduling, which I mentioned to you earlier, is we are asking the cash flows to take care of that. And so, once the two pellet plants are ready and the first BHQ plant is ready, then we'll work on the second BHQ plant and this pipeline and the pellet plant.

Siddharth Gadekar: Okay. Got it. But...

Rajesh Gupta: The first pellet plant in Chandrapur.

Siddharth Gadekar: So broadly by FY '28 end, we should have 2 beneficiation plants and at least 8 million tons of pellet which would be online, right?

Rajesh Gupta: And 1.2 million tons of steel at Chandrapur.

Moderator: We have our next question from the line of Abhishek Mehra from DAM Capital Advisors.

Abhishek Mehra: I just had one question. I just wanted to ask what is the closing iron ore inventory volume figure as on Q3?

Rajesh Gupta: We'll come back. We will just come back in a minute for that. Any other questions?

Riyaz Shaikh: The closing inventory is 0.4 million tons.

Moderator: I think the line got disconnected.

Rajesh Gupta: The answer is 0.4 million tons.

Moderator: We'll move on to the next question from the line of Dhananjai Bagrodia from ASK Investor.

Dhananjai Bagrodia: Congratulation on a good set of numbers. Just wanted to understand what capex are we looking for this entity over the next 3 years or so? And how are we looking at this entity on a longer-term basis in terms of a business plan or how are we seeing that?

Riyaz Shaikh: Can you just repeat?

Dhananjai Bagrodia: So just a question is, how are we looking at capex over the next 3 years on a consolidated level across divisions? And how are we looking at this company over the next 3 to 5 years in terms business plan because we have now got the clearances, we are trying new opportunities, so how should one look at it?

Riyaz Shaikh: Yes. See, as we've informed you that we should be getting into this 25 million tons of EC, and so we should be doing that much of production in the next financial year. So going forward, it should be 25 million tons of iron ore. In the next 2 years, as I just mentioned, we should be done with the 4 million ton of pellet plant, we should be around 7 lakh tons of DRI production and 1.2 million tons of wire rod plant, that is steel plant and an equivalent of 125 megawatts of power along with it.

In terms of capex, we should be doing around INR5,000 crores by this year's end. That has to be done around INR4,400 crores, so we should be reaching around INR5,000 crores by this year end. And going forward in the next 2 years, yes, we should be doing more than that at around INR6,000 crores to INR6,500 crores every year of capex to achieve all these projects of ours.

Dhananjai Bagrodia: Okay. And just to understand, is our vision to focus on which part of the chain going ahead? Obviously, the first leg, what you mentioned, but over longer term, this company wants to be known as a mining company, processing company. What about that? How are we looking at that?

Rajesh Gupta: So, our long-term vision is to be a cyclical-free steel industry. At the same -- how we will achieve that is, , by very, very low debt, if any, number one. Number two, we'll have a part of the iron ore that we mine will be sold as either iron ore or as pellets and part will be sold as steel. So out of 25 million, around 10 million will be sold. Balance will be converted into steel and selling around 4.5 million tons of steel and rest will be semi-products, and around 15 million tons will be sold as pellets or iron ore, mostly pellets.

Dhananjai Bagrodia: Okay. Okay. Fantastic. Congratulations, sir. And any other funds raise we're going to do after this? Or is it just going to be no more funds required?

Rajesh Gupta: All these plants that we mentioned are for Lloyds Metals. We have yet to sit with management of Thriveni to understand their capex plans and their requirements and overall things. There would be some fundraises in both the companies.

Moderator: We have our next question from the line of Kartik Khandelwal from Hem Securities.

Kartik Khandelwal: A few quarters back in the con call, we showcased the desire to achieve a revenue of around INR40,000 crores by '28 to '29. So, the recent acquisition of MDO business we did and the revenue we'll be earning from this, is it considered in that target? Or will it be over and above our desired revenue target of INR40,000 crores by FY '28 or '29?

Rajesh Gupta: I think your question got lost. Your voice was a little echoing. Can you repeat the whole question?

Kartik Khandelwal: Sir, a few quarters back, we showcased a desire to achieve a revenue of around INR40,000 crores by FY '28 or '29. So, the recent acquisition of MDO business and the revenue will be earning from this, is it considered in the target itself? Or will it be over and above the desired revenue target of INR40,000 crores by FY '28 or '29**Rajesh Gupta:** It'll be over and above.

Moderator: We have our next question from the line of Aman from Seven Rivers.

Aman: So, any price cuts that we have taken in December and January? And how do you see it moving in February?

Rajesh Gupta: Price cut. We haven't taken any price cut. Most of our material is sold for this year of 10 million tons. So, we don't see any price cut on the anvil.

Aman: And sir, the realization for DRI has come off. What would be the reason for that? And can you explain what's the linkage with, let's say, iron ore realization in terms of what's the flow-through or linkage with iron ore?

Rajesh Gupta: The DRI realization has come down. You're talking about in January or in...

Aman: For the quarter, sir?

Rajesh Gupta: So, our realization has come down for the quarter, not up. The DRI is more linked to the secondary steel market and the scrap market, lesser to the iron ore market. And also, as far as our raw material is concerned, we've got two raw materials, iron ore and coal. So, both of those are part of the equation that people have. And ultimately, the supply and demand and the steel sector has been a little soft on the demand side. I think oversupply is there. The demand is still 7%, 8%, 9% growth.

Moderator: We have our next question from the line of Kishor Udasi, an Individual Investor.

Kishor Udasi: I just wanted to ask how much will be the total iron ore mining for this financial year?

Riyaz Shaikh: We are expecting the EC e by this financial year-- total mining or mining cost?

Kishor Udasi: No, no, only mining. Iron ore mining. How much million tons?

Rajesh Gupta: 10 million tons.

Kishor Udasi: So, it won't be above that, sir, if we get environmental clearance before March?

Riyaz Shaikh: If we get it before March, on a pro rata basis, we can but that looks difficult. But yes, we can drive a little bit more than 10 million tons.

Kishor Udasi: Okay. But right now, we are calculating only 10 million for this financial year?

Riyaz Shaikh: Yes.

Moderator: We have our next question from the line of [Vimogh Shah from GoyamLabdhee Fintec.

Vimogh Shah: Actually, I joined a little bit late, so if my question is already answered, then please ignore it. I will read the transcript. So, my question is like what is the company's plan for achieving the 100-megawatt of renewable energies for captive consumption?

Rajesh Gupta: We have tied up with 2 companies, Hinduja and Amplus. We are about to sign the final contracts with them. We've been buying power from them and also becoming an equity holder of 26% in those two special subsidies for that power.

Vimogh Shah: Okay. And my second question is like, could you provide a detailed projection on how this cost reduction will translate into the pricing competitiveness in the market and enable a company to maintain its profitability?

Rajesh Gupta: So, the landed cost of this power is around INR4.50- INR4.75 per unit. And the landing cost of MSEDCL cost is around INR8.50, number one. Number two, and of course, this is green power, so that is also very important for us in our business strategy. So, with those two benefits, I think it's very easy to calculate the cost benefit to the product.

Moderator: Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for closing comments. Over to you, sir.

Rajesh Gupta: Thank you, sir. As usual, it has been a very informative and helpful discussion. And these questions always help us to think of our management strategy also going forward. Thank you, everybody, for the interest in our company.

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

Rajesh Gupta: Thank you.

Riyaz Shaikh: Thank you very much.