LLOYDS METALS

LLOYDS METALS AND ENERGY LIMITED

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Date: 08th May, 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 Q4 and F.Y. 2023-24 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 Q4 and F.Y. 2023-24 Earnings Conference Call conducted after the Meeting of Board of Directors on 03rd May, 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: 2024.05.08 17:24:47 +05'30'

Trushali Shah
Company Secretary

"Lloyds Metals and Energy Limited
Q4 FY '24 Earnings Conference Call"

May 03, 2024

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

MODERATOR: **MR. SIDDHARTH GADEKAR – EQUIRUS SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Lloyds Metals and Energy Limited Q4 FY '24 Earnings Conference Call, hosted by Equirus Securities.

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 call, please signal an operator by pressing star "*" then "0" on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Siddharth Gadekar from Equirus Securities. Thank you, and over to you, sir.

Siddharth Gadekar: Good afternoon everyone and thank you for joining us today. We at Equirus are pleased to host Lloyds 4Q FY '24 Results Conference Call.

We have with us today Mr. Rajesh Gupta, Managing Director; Mr. Riyaz Shaikh, the CFO.

Now I would like to invite Mr. Rajesh Gupta to initiate the proceedings for the results call. Thank you.

Rajesh Gupta: Good evening everyone, and good evening, Siddharth, and congratulations to you. Thank you for joining us all for our FY '24 Results Conference Call. I trust this message finds you well. I hope each one of you has had the opportunity to thoroughly review the detailed earnings release we had shared on the exchange and on our official website.

The results that we are presenting today mark a significant milestone in our company's journey. We have achieved a top line of Rs. 6,000 crore mark in revenue for this year. This achievement underscores the robust performance and growth we have experienced across all segments namely, sponge, iron ore and power.

FY '24 has been pivotal for us as we are surpassed Rs. 1,000 crores in profit after tax, achieving dispatches of Rs. 10 million tons of iron ore . Looking ahead, our road map to Rs. 55 million is going to be one of its kind in the Indian iron ore space. We shall be single location mine operating at this scale.

In terms of operation, our sponge segment has recorded its best yearly production as a result of the new Konsari plant, whereas the iron ore segment continues its strong performance and also produced Rs. 10 million is also a record. Additionally, our power segment has witnessed a satisfying traction.

In FY '24, we set forth a comprehensive road map that charts our course for the future. Our direction is clear, and our execution team is fully dedicated to realizing our goals. We have spent specific timelines looking at various issues and diligently working towards them.

Just to reiterate, again to give you a brief snapshot to we would provide you with a glimpse of our plans. We are moving towards forward integration in our operation to become a value-added steel maker with a 4.2-million-ton steel capacity in total. This includes a good mix of 3-million-ton flat products and 1.2 million ton of long products. Expanding our iron ore production is central to our plans, with beneficiation playing a crucial role.

Furthermore, addressing logistics in steel making is vital and we plan to do so through two slurry pipelines to both our plants from the mine. This not only reduces freight costs but also aligns with our commitment to environmental sustainability. We believe that establishing such a capacity without resorting to debt will be a very big differentiating factor for us.

I will now hand it over to Mr. Riyaz Shaikh – our CFO, who will provide more details on our headline numbers and elaborate on our capital expenditure also. Over to you, Riyaz.

Riyaz Shaikh: Thank you, Rajeshji. Good evening, esteemed participants. Firstly, I thank all for taking the time to attend the company's earnings Quarter 4 and FY '24 concall, and also thank the Equirus team for hosting the concall.

So, to begin with today, I am delighted to share with you our operational performance for Quarter 4 FY '24. I will then provide an overview of our full year FY '24 results and updates on our capital expenditure and dividend declaration.

Starting with Quarter 4 FY '24, our revenue witnessed an impressive growth of 74% year-on-year, primarily driven by higher volumes in our sponge and iron ore segment. Our EBITDA also mirrored this robust performance, increasing by 153% year-on-year in Quarter 4 FY '24, with both iron ore and sponge segments contributing significantly.

Moving on to the full-year FY '24 Results:

We continue to experience strong growth with revenue soaring by 90% year-on-year, predominantly led by increased volumes in our iron ore segment. Similarly, our EBITDA for FY '24 witnessed a substantial growth of 101% year-on-year, once again with the iron ore and sponge segments playing pivotal roles.

Now, on the operational front:

Our iron ore production stood at a commendable 10 million tons, while our DRI segments saw production of 2,60,000 tons. Additionally, our power division achieved sales of 188 million units during the year. On a per ton basis, our EBITDA for iron ore stood at INR 2,375 for Quarter 4 and INR 1,710 for the full year.

Now regarding our capital expenditure:

In FY '24 we invested around INR 1,700 crores. We are pleased to inform you that we have been efficiently executing our CAPEX plan. The 85 kilometers slurry pipeline project is already 50% complete and our DRI and pellet projects are progressing at a breathtaking speed. We anticipate both projects to be completed by FY '25.

Moving on to our balance sheet:

I am proud to announce that our company remains gross debt-free, and we envision it to remain so even after executing a CAPEX of INR 33,000 crores.

Dwelling deeper into our returns, you will find that our ROCE remains north of 50%. However, if we adjust the CWIP numbers, our ROCE exceeds 100%. This indicates that our CAPEX projects are strategically placed to be ROIC-accretive.

We have declared a dividend this year of 100%. That is Rs. 1 per share. Looking ahead, we are optimistic that our company will achieve major milestones in the coming years.

Now I will open the floor for any questions you may have. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nikun Lahoti, who is an individual investor. Please go ahead.

Nikun Lahoti: Sir, my question is, you mentioned in a video that in 4 to 5 years you expect the revenue to be after the steel plant coming and full expansion capacity of Rs. 25 million tons, revenue of Rs. 35,000-40,000 crore. So, what could be like revenue break-up between iron ore and steel?

Riyaz Shaikh: What is the break-up of iron ore versus steel?

Nikun Lahoti: Yes, in future like of revenue, what could be expected?

Riyaz Shaikh: So, broad basis, the figure that you are mentioning probably was given in one of my interviews. It is a simple calculation of the current rate of steel and iron ore. Approximately, our iron ore sales at that point of time will be around 6 million tons, sorry, 9 million tons, after our whole CAPEX plan is over. And steel pellet will be around 6 million tons, and other semis will be around half a million tons, and steel will be around 4.2 million tons. So, if you total all of that would come to 40,000 crores or probably a little more than that. The percentage of revenue I would leave for you to calculate.

Moderator: We seem to have lost the line for Mr. Lahoti. We move to the next question. The next question is from the line of Nishant Bagrecha from InCred Equities. Please go ahead.

Nishant Bagrecha: So, I have a couple of questions. Firstly, when do we expect to receive all the clearance to expand our mine to around 55 million tons? That is my first question.

Rajesh Gupta: We expect this to, in various phases there are approvals such as the IBM plan approval and ultimately the EC. We expect all that to happen by the yearend 2024-25.

Nishant Bagrecha: And sir, secondly, so just wanted to check on the volume outlook. So, how should we look at the volumes in FY '25, assuming we receive EC by the end of calendar year '24? And so can we see 15-16 million tons volumes in FY '25 and then 25 million tons in '26?

Riyaz Shaikh: As Mr. Gupta just mentioned, we are expecting clearance by the year-end. That is mostly in the last quarter of the yearend. So, we are as such projecting of around 12 to 13 million tons in this year. 10 million is for sure and if the approvals are in place, which we are expecting, so pro-rata accordingly we should be getting around 3 to 4 million additional. So, around 13 million is what we are expecting to be doing in this financial year.

Nishant Bagrecha: So, I have one more question. So, we have taken an enabling resolution for the QIP. So, when do we expect to complete the process? And again, how much are promoters going to infuse? Any color on that?

Riyaz Shaikh: The process of the same is on. As you said, we have just got a clearance last week from the shareholders. The process is on and when everything is crystallized, we should be coming back to you.

Rajesh Gupta: We are also planning that the dilution by the promoters will not be to a very large extent. There will be some dilution but not to the full extent. The promoters would be investing something. The plans are not yet freezed.

Nishant Bagrecha: And sir, last one, a bookkeeping question. Like, how much incentives are we likely to receive each year starting from FY '25 to FY '29? And how would the incentive structure look beyond FY '29?

Rajesh Gupta: Incentives?

Nishant Bagrecha: Yes.

Rajesh Gupta: From the state government?

Nishant Bagrecha: Yes, sir, from the state government.

Rajesh Gupta: So, these incentives are on capital basis and actually when we start the processes. So, by that time, we will have FY '25, which is the current year, we would not have much of the plans operational. We will all start operating in the last quarter as predicted. So, there will not be any major incentives. Apart from what is balanced from previous periods, we are not anticipating to receive much incentives for FY '25. Post that, the figures are going to be approximately based on turnover et cetera and various rules. The cap that we have got is 150% of the CAPEX for one of the plants and 110% for the other plant. And at the end of the period, say 2030-31, it will be 2,500 crores approximate. So, it is going to be a phased manner of incentives.

Moderator: Thank you. The next question is from the line of Parthiv Shah from Tracom. Please go ahead.

Parthiv Shah: Sir, I just had a query on one of your slides, Slide #19, where you mentioned the year-wiseiron ore output. And it mentions that first full-year post all approvals, year one, 25 million tons, mine DSO and then subsequently year 2, year 3, year 4 onwards, you have the BHQ element. So, sir, I just want to understand, when we talk of a statistical mining capacity of 55 million tons, is that like total, salable iron ore output, or out of that in the BHQ share, not all will be saleable? How to look at it?

Rajesh Gupta: At the peak our, iron ore mining would be 55 million tons, with 10 million tons of DSO, and 45 million tons of BHQ. The BHQ would be beneficiate down to 15 million tons. So, 10 plus 15, 25 million tons would be the usable or sellable ore that we have at the end of the period. The beneficiation will be done through three plants, , the processes are on right now to put up these plants. The investments and the planning and the testing etc. started, and the pilot plant is on, so that the first beneficiation plant we hope to have in '27-'28.

Parthiv Shah: And sir, in terms of ramping up the ore capacity, so you mentioned the FY '25, probably you are looking at 12 to 13 million tons, right? So, then, FY '26, '27, '28, any such roadmap you can give that, till the BHQ thing is up and running and proven…..

Rajesh Gupta: 25 million tons EC once approved and received. It would be producing 25 million tons of usable ore on that time. Depending on the beneficiation, the usable ore would have a mix of direct sales ore as well as beneficiated ore, which is there in the slide that you are talking about.

Parthiv Shah: And sir, regarding the current fines, so are you, I am assuming you are selling the current fines in the market right now, or maybe you are providing to some pellet players till your pellet plant comes?

Rajesh Gupta: So, we are selling all of our fines to pellet or sinterplant users. That includes a pellet plant. I mean, that's what we don't have our own pellet plant, as of now. That will happen next year, where we will use some of the fines. Does that answer your question, or did I miss some nuance of the question?

Parthiv Shah: Yes. You had some trading agreement with some pellet producer.

Rajesh Gupta: So, we do have an agreement to sell fines to MRPPL,a company in Goa, which is one of the oldest pellet plants in India, in the world in fact, and all the iron ore is being purchased by them from us. So, all their ore were consumed from our mine. That's given stability of ore, all the exports and some quantities are being purchased by us back.

This is giving us two advantages. One is it ties up a little small chunk of our iron ore sales. Number two, it also gives us the experience to do pellet seed marketing. We have established a brand called LMELPEL, and we hope to be selling that high-end pellets used for gas based DRI which is called DR Pellets to the MENA market particularly over the next year.

Parthiv Shah: Sir, just for my simplistic understanding, your quality of pellets, how close will it be to Vale pellets?

Rajesh Gupta: Vale pellets, so there are two stages to this answer. Right now we are not beneficiating our own. We are designing it and using it. We have very small quantity of 66% Fe material, which we are using to make these pellets in MRPPL. Around 1.5 million tons, what maximum we can sell, whatever we require for export, we are giving that to him. That's number one.

So, the pellets are, the quality that MRPPL is making is nearly equal to that of Vale. I would say in a range from 0 to 100, it would be in the range of 85 to 90 is how near we are to Vale.

When we go to our own pellet plant, the same schedule will arise till our beneficiation plant starts. Once the beneficiation plant starts, our ore will get upgraded to around 66-67% Fe and at that point of time, our pellets that we make in our own plant or in any other plant, in our plant or in MRPPL would be equal to Vale quality. Obtain similar kind of premium, Vale, like you know, uses 100% beneficial ore only. So, we are able to achieve that quality without beneficiating, which is a rarity in itself in today's iron ore scenario.

Parthiv Shah: Valid point, sir. Sir, you have mentioned in your PPT that along with iron ore you also had coal. Now, am I assuming correct? You don't have any coal mine right now, right? So, your coal sourcing will come from there and how will you manage the cost of coal?

Rajesh Gupta: So, coal we are buying for our DRI plant either through auction route from WCL or importing it. And later on we start our blast furnaces, the coking coal will be imported.

Parthiv Shah: Do you have any plans to bid for any coal mines in the country?

Rajesh Gupta: We haven't bid for any coal mine at the moment.

Parthiv Shah: Sir, just lastly regarding your value-added steel and talks of the 4.2 million tons per annum steel plant, flats and logs involved, just to understand, you will have better grip on your numbers because of your current backward integration nature, the type of quality of the ore that you have and your future plans and everything. So, you know, if currently say Tata Steel domestic EBITDA by ton is like the benchmark in terms of they can deliver in a good cycle, even a Rs. 20,000 EBITDA by ton, what are you expecting? What sort of EBITDA by ton in a good cycle your plant will be able to deliver?

Rajesh Gupta: Sir, you very correctly mentioned about our cost control, especially without any premium. So, our mines will fetch no premiums royalty till 2057, which is a big differentiator from every other steel maker in the country today except one. Apart from that, we are not going to have, so we have one or two players will only be left with no premium mines in 2032, '31-'32. That will further add to our competitiveness compared to every other steel maker.

Our iron ore is well stabilized. We have done good surveys and good resource calculations and exploration, and we are confident that the qualities are what I just mentioned, especially after beneficiation. For the 4.2 million tons, approximately 15 million tons of pipeline route will be used. So, though the plants are not at the pit head, for all practical purposes, the cost of transportation of iron ore is as good as that because of the pipeline route, and of course it also makes it greener. Again, with the beneficiated ore, our iron ore will be very high quality, lesser coke also greener.

Apart from this is our IPS root. Maharashtra is one state which gives a very robust investment incentive. Our average incentive between the two plants is around 125%, which is the cap over 12 years. So, approximately, like I mentioned earlier, 2000 to 2005, the growth is flowing back to us once that peak flow happens.

So, with all of this, we believe that on the cost front, we should be amongst the most competitive players, not only in India, but in the world. Of course, only time can tell, but we are very confident of our numbers.

Regarding EBITDA, steel is a cyclical business. Between March and April, the price has gone up by Rs. 2,500 to Rs. 3,000. Why? Difficult to answer. So, it's a cyclical business. I cannot answer about what will be the EBITDA numbers per se. But we believe that because of all this, the EBITDA numbers will always be stronger than every other steel company in India.

Parthiv Shah: One more point regarding the choking of the current infrastructure. As I understand, with only 10 million tons of iron ore mining, all the connecting roads and whatever rail infrastructure you can use are highly choked up. So, now we are talking of ramping up our ore mining. How supportive has the government been in terms of giving you both the road and the rail infrastructure or you are looking to develop the roads on your own? What is the thought process in that? Because I hear from every mining company that mining output is not an issue, but the logistics is a nightmare in our country. So, how are you tackling that challenge?

Rajesh Gupta: So, I always say one thing, my friend, that steel is more of a logistics game than steel itself. For logistics out of the mine, we are developing our mines to the extent of, you know, every year we are spending up to Rs 100-150 crore to develop the roads and maintain the roads at our end, outside the mine also, up to the stockyard and up to the railway siding. This has ensured that we have been able to ramp up from half a million-ton dispatched in '21-'22 to '23-'24, that is 2.5 years, to 10 million ton. Our monthly averages have gone up to a run rate of around 18 to 20 million tons also in some of these months. In March, we produced very less iron ore because of reaching the capacity of 10 million tons. So, I do not think that to achieve 10 million tons we were ever choked up, to use your word. Railway facilities from the three sidings that we are using right now is quite adequate to all parts of the country. We have also over a period developed a lot of road network outside the state also. So, we are sending our material from the mine area to Raigarh, Raipur, even Orissa now in some cases, to West Bengal in some cases by road, taking advantage of incoming coal that comes in for various reasons or other inputs that are coming from the port. So, we are continuously on the watch out for looking at best logistics practices and it is a very, very important part of our business. I think that answers your questions.

Parthiv Shah: Yes, sir. Thank you very much. Answers all my questions.

Moderator: Thank you. The next question is from the line of Ritwik Sheth from One Up Financial. Please go ahead.

Ritwik Sheth: Sir, just two questions from my end. Sir, what is the capacity of the slurry pipeline when it will completely be commissioned?

Rajesh Gupta: So, we have two pipelines planned. One is the pipeline from the mine or Hedri to our Konsari plant, both being in the district of Gadchiroli. That's a 85-kilometer pipeline with a 10 million ton capacity. That pipeline has two grinding units, 5 million ton each. The first one will be commissioned in December-January and the second grinding unit will be commissioned next year. Both these grinding units are in sync with the pellet plant. So, at the end of that period, we would be transporting 10 million tons on this pipeline, 85 kilometers.

The other pipeline that we have planned is a 5-million-ton pipeline from Hedri again to our Ghughus plant. This is in Chandrapur. The length of this pipeline is 185 kilometers. The survey of this pipeline has started, and we are applying for permission as we speak and that is a little bit further down the line, maybe by March '28-'29. I am getting confused. March '28 is when that pipeline will be ready, again linked with the pellet plant in that plant, in that location.

So, a total of 15 million tons will be transported by pipeline out of the 25 million tons sellable product that we will be doing, leaving 10 million tons to be transported by other means, which is equal to what we are doing right now. So, in the long run, we are very confident of achieving our logistic needs.

Ritwik Sheth: And what would be the approximate logistic cost savings when both these pipelines will be commissioned?

Rajesh Gupta: So, in the first plant, around Rs. 700 to Rs. 800. In the second plant, around Rs. 1,100 to Rs. 1,200 rupees.

Ritwik Sheth: And sir, my next question is regarding the CAPEX that we are undergoing. Can you tell us what is the pending CAPEX for all the expansion projects and when are these projects expected to be completed?

Rajesh Gupta: It's a very long, drawn out question. Long run out answer because the CAPEX plan is very, very extensive. Let me go location wise. The total CAPEX plan that we have is around Rs. 33,000 crore. The first location that I will talk about is Chandrapur, which is our first plant. There we are in the first phase, we are doing 2 DRI units, 2 into 500 DRI units and a 2 into 30-megawatt power plant. The power plant is mostly from waste product. This should be ready by March '25.

In the same location, 1.5 years down the line, we will go in for a steel plant. A steel plant will envisage one blast furnace, two arc furnaces, casters, and two rolling mills to produce 1.2 million tons of wire rod product. The total plant expansion in this is around Rs. 6,300 crore with both these phases put together.

The third phase is to this plant which is the pellet plant that we just talked about earlier with the pipeline. That pellet plant is 4 million tons. That 4 million tons would be utilized 2 million tons for the steel plant in this location and 2 million tons to sell to other steel plants next door to us.

Even the pellet plant and the pipeline, they will become more viable. And all this put together, Rs. 6,300 crore, Rs. 6,400 crore. And that is location number 1.

Location number 2 is Konsari, which is in the district of Gadchiroli. In that location, we have started a DRI unit, 2 into 100, 2 into 95-ton DRI unit in a period of around 13 months after we got the EC clearance for that. Subsequently, now we are constructing the first pellet plant. The long-term plan of this is 2x4 million-ton pellet plant.

The last one is BOF based flat product mill and downstream for making hot rolled galvanized coils and cold rolled galvanized coils. Out of the two pellet plants, we already have one pellet plant under construction along with the pipeline. That should be ready again by March '25, what I mentioned earlier, similar to the DRI unit.

And the second pellet plant should be ready one year after that by June '26. And the steel plant targeted by September '28 to March '29. The total investment in this location along with the slurry pipeline that I earlier mentioned is around Rs. 21,000 crore. The permission for this steel plant is yet to be applied. All of the permissions are with us.

The third location is our mine.

Ritwik Sheth: Sir, just to interrupt, the blast furnace flat product is the 3 million tons.

Rajesh Gupta: Yes. The third location is the mine, where we right now are mining 10 million tons. We will upgrade that to 55 million tons, like I mentioned earlier, at an investment cost of around Rs. 800 crore. This investment includes basically the basic infrastructure and like I said, roads, etc., everything. Apart from that, we have a plant next to this, which is already being constructed, as we speak, for the grinding unit of the pipeline. But apart from those grinding units of the pipeline, we will be putting up 3 beneficiation plants with a throughput of 15 million tons each and an output of 5 million tons each. That is around Rs. 5,000 crore investment. The total investment all put together is around Rs. 33,000 crore. And again, what Mr. Riyaz said, we have spent Rs. 1,700 crore in the last two years. And right now, the expansion plans are very, very on and full swing.

Moderator: Thank you. The next question is from Abhas Punjani from InCred Equities. Please go ahead.

Abhas Punjani: I have a couple of questions regarding the ore. So, what will be the royalty rates for the low-grade ore?

Riyaz Shaikh: Royalty for low-grade.

Rajesh Gupta: So, when we are talking about low-grade ore, we are talking about the BHQ?

Abhas Punjani: Yes.

Rajesh Gupta: Currently the BHQ, the Indian IBM rules give iron ore grade up to 45%. This is 35%. So, if I take the pro rate up from 45 to 35, the royalty will be around Rs. 45 a ton for that ore.

Abhas Punjani: So, what will be the approximately cost of mining?

Rajesh Gupta: The mining cost including this royalty, the mining cost itself and the beneficiation cost would be in the same range that we have right now, which is around Rs. 2,500.

Moderator: Thank you. The next question is from the line of Anand Kumar, who is an individual investor.

Anand Kumar: Very nice to see the presentation from you, sir. Having said that particular thing, I think I see a lot of dynamism in the organization. For example, in the last PPT, we saw only one pipeline of 89 kilometers. Now we see another pipeline that is coming up on that.

Rajesh Gupta: That pipeline will be under construction

Anand Kumar: So, that's very good, sir. So, there is a lot of dynamism that is coming on that one and execution is going on very well. So, the first question related is that what would be the savings with the current DRI plant operation when this pipeline is complete?

Rajesh Gupta: So, like you said, we will be saving Rs. 1,300 a ton. We use 1.8 metric ton of iron ore. So, 1.8 into 1,100 is 3,500.

Anand Kumar: It's approximately 10% is what we are going to get more efficient with respect to...

Rajesh Gupta: Yes, logistics is always a very, very big cost in our business.

Anand Kumar: The second question is that when we recently completed one DRI plant I think few quarters back, are we getting any incentive from the Maharashtra government on that one or there is no incentive for that?

Rajesh Gupta: The incentives are due. We are not yet claiming it for some strategic reasons. The incentives are due, but we are not claiming it.

Anand Kumar: So, that is also covered under that one. Now, are we going to get incentives for this slurry pipe or we are not going to get incentives for this slurry pipe investment?

Riyaz Shaikh: Yes. All our capital…

Anand Kumar: We are going to get.

Riyaz Shaikh: Yes, will be applicable for incentives.

Anand Kumar: We are going to get that one. The second one question, sir, previously, you were talking about power plant expansion. If you really look at your previous presentation, you spoke about expanding the power generation to only 90 Megawatt more or something like that.

Rajesh Gupta: I am sorry, my feel on investment, I missed out on power. My apologies. All the plants the power plants will be captive in the first location, it will be around 150 Megawatts and the other location will be around 300 Megawatt. Hedry will not be captive. That will be buying power from outside.

Anand Kumar: But sir, is it right to go for the, it is going to be coal-based power generation, right, sir? It would be coal-based power generation, right, sir?

Rajesh Gupta: Yes, I was just coming to that. Out of 450 Megawatt, around 300 Megawatt we envisage to be waste heat recovery or waste coal recovery, waste products recovery basically, and around 150 Megawatt would be direct coal-based thermal power.

Anand Kumar: Sir, is there any thought about using solar power for generating and using locally? Just like Godavari power had done that particular thing substantially in the recent past and they saved a lot of money on that.

Rajesh Gupta: The plans are not yet frozen. We are looking at investing through the captive route that is available in the market. We are looking at investing for some solar power in that route. The plans are not yet frozen. We are looking at it very actively.

Anand Kumar: I think that would be important because otherwise you establish the whole plant and after that again we will have to go green. So, you get into solar, it would be unnecessarily a power plant, we will have to keep it idle on that one. So, that was the question that was there.

Rajesh Gupta: If the power is not there, there is no power plant. So, in the long run, we envisage that to be totally solar. We hope to get there very shortly.

Anand Kumar: Sir, it would be very helpful. What are the projects which are going to become on by the end of this year? If some kind of information is provided, that would be good. I know things are happening at a break-neck speed, but as an investor is not being aware about what is happening on that one, it would be helpful if you can actually put a slide saying that what is expected to happen by the end of the year and next year. So, that we have some estimates what is happening further on that.

Rajesh Gupta: So, I have mentioned earlier, this year '24-'25, we should have the two DRI plants ready.

Anand Kumar: That is 0.36 MT.

Rajesh Gupta: 0.36 million tons ready. And we will have the associated power plant ready. And we will have one pellet plant ready and with that one pipeline for that. And the mine should be ready to produce 25 million tons.

Anand Kumar: And out of this pellet plant, what are we going to produce 4 million tons one? That would also be supporting the DRI plant, sir, or is it going to be completely sold out differently?

Rajesh Gupta: So, that's a call that the market, because this first, we have been producing for the first 1.5 years, we have been producing around 800,000, 650,000 tons of DRI. We will have the option during this period because we will be selling the product out. So, depending on the market requirement, we can be flexible either DRI or pellet, I mean either iron ore DRI or pellet-based DRI.

Anand Kumar: So, that's going to depend upon that cost economics at that point of time. Is my understanding right, sir? It depends upon that market pricing at that point of time.

Rajesh Gupta: On the market pricing, because at that time, I am not consuming our own DRI. Then our results, our thought process will be much more crystal clear.

Anand Kumar: The other one that is another question that I have is that previously you were talking about increasing the mining capacity by 20%, that is 10 million to 12 million, because you need very little EC clearance of process for that.

Rajesh Gupta: I have talked about a year back or so, or around nine months back, I remember. When we went into the detailing of that process, we realized that we do save on the public hearing process, but the other processes of the approval are very, very same. So, we decided to go in for the big bang approach rather than small approach of 20%, 20% and then the beneficiation plan. And also we got very encouraging results from the beneficiation studies that we have carried out. We also produced, I have not produced, I have set up our pilot plant for the beneficiation in record time. So, with all that on the beneficiation, we decided to go the big bang way.

Anand Kumar: So, that means this year mining capacity is going to be 10 million is what we should be. That's what, yes.

Rajesh Gupta: Actually, it depends very much on when exactly we get it, because after that we will have to do it pro rata. So, let us see how it works out.

Anand Kumar: But anyway, even if you get it by March, I think it would be extraordinary speed for getting the EC clearance. I would definitely look forward to hearing the positive news on that.

Riyaz Shaikh: 10 million would be the minimum. Anything over and above that would be based on approvals

Moderator: Thank you very much. That was the last question in the queue. I would now like to hand the conference back to the management team for closing comments.

Rajesh Gupta: So, thank you everybody for all the very interesting questions and we hope we have been able to be lucid in the answers and our Investment Relations desk will always be open for any other questions. Thank you.

Moderator: Thank you very much. On behalf of Equirus Securities, that concludes the conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.