“Lloyds Metals and Energy Limited

Q2 F.Y. ’24 Earnings Conference Call”

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

Moderator: Ladies and gentlemen, good day and welcome to Lloyds Metals and Energy Limited Q2 F.Y.24 Earnings Conference call hosted by Equirus Securities Private Limited. As a reminder, all participant lines will be in 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 and then zero 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: Hi, Good Afternoon, everyone and thanks for joining us today. We at Equirus are pleased to host Lloyds Metals and Energy's Q2 F.Y. 24 Results Conference Call. We have with us today, Mr. Rajesh Gupta, the Managing Director and 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: Ladies and gentlemen, Good Evening, and welcome to our Q2 F.Y. 24 and H1 F.Y. 24 results conference call. This is our first earnings call, and I would like to welcome you to this. We are delighted to share with you all our Company's remarkable performance and achievements for this quarter and half year.

I am pleased to report that the Company's performance for H1 has been nothing short of remarkable in terms of both growth and achievement as well as top line and bottom line. We have achieved this through strategic planning, hard work and dedication from our exceptional team. The outstanding performance in the iron ore and DRI sectors have significantly contributed to our success.

Our iron ore volume for H1 24 has surged by 115% year on year, and DRI volumes have grown by 25%. These strong results reflect our dedication to operational excellence and efficient resource management. One pivotal moment in our journey was our approval from 3 Million to 10 Million Tons for our mining from the EC, Environment Clearance.

We swiftly acted on this, and already, in the first half of this year, we have achieved more than 5 Million Tons. On the DRI front, we have recently commissioned in the last part of September our green field plant at Konsari of 70,000 Tons. This is the first plant in Gadchiroli district after around 35 years, the first industrial set up of any kind after 35 years, and we have commissioned within 13 months from the final ~~clearance again,~~ environment clearance.

This would be for a green field plant in any area and particularly in a difficult geography like Gadchiroli; it speaks volumes for our execution team. DRI volumes apart from this have grown by 25%, as I mentioned earlier. Some of the questions raised by analysts are regarding our realisation and cost structures.

Our realisation of iron ore is particularly aligned with market dynamics, and our cost for mining remains very competitive and, therefore our cost also in the DRI sector. In iron ore particularly, our exemption from additional premiums and royalties of up to 120% over and above the regular royalty of 19.6% is giving us a very big advantageous position as far as commercial mining is concerned. This is because our mines fall under the allocation route.

We are further committed to enhancing our competitiveness. One of our weak points currently is transport from the pipeline, from the mine to the stockyards and for the pellet plant, we will be commissioning Western India's first slurry pipeline. This will reduce our transport costs substantially and bring us on par with any other manufacturer of iron ore.

Looking ahead to our future prospects, we have laid out an ambitious roadmap. Iron ore, we are now talking about 12 Million Tons from 10 Million Tons. This is under the automatic EC route.

When I say automatic, it means that no public hearing is required, and the process will be over by this year's end. On DRI and steel making, in Chandrapur, we will be commissioning our; we have started up the project for doubling our DRI, more than doubling our DRI capacity, as well as adding a steel mill shop and wire ore mill with a total of 1.2 Million Tons. This is through the blast furnace route, blast furnace and arc furnace route.

In Gadchiroli, near the mine, I mentioned earlier about the pipeline, which will be used to feed a pellet plant in the initial stage of around 4 Million Tons. There. That will give us a total capacity of a pellet capacity of 4 Million Tons, a DRI capacity of 3.4 Lakh Tons and a power capacity of 34 Megawatts. The combined capital expenditure for these projects is estimated to be around INR 6,300 -7000 Crores over a period. We are also actively working towards expanding our mining capacity, like I mentioned earlier. These projects will all be commissioned.

We are pretty clear that they will be commissioned without any external loans and only through internal accruals. And our robust cash flows would support this very comfortably. And the whole plan is based on that.

Beyond this three-year plan, we are looking at, in that region where we already are, we are looking at developing a 3 Million Ton HR plant which is under study right now. So that is where we are. And now over to Riyaz, please.

Riyaz Shaikh: Thank you, Rajeshji. Ladies and gentlemen, Good Evening and thank you for joining us on our Company's maiden earning call to discuss the financial highlights for the first half of the fiscal year 2024 and the second quarter of the same year. It is great to be before you today to provide an overview of our strategic direction.

Let’s dive straight into the numbers. In H1 F.Y.’24, our revenue reached an impressive INR 3,089 crores, marking a remarkable 100% year-on-year increase. EBITDA for the same period stood at INR 854 crores, showing a substantial 92% year-on-year growth.

Our EBITDA margins remained steady at 28%, and our profit after tax for H1 F.Y.24 was a commendable INR 635 crores. Our numbers for H1 are more than 90% of the F.Y. 23 full year.

Now, turning our attention to the second quarter of F.Y. ‘24, our revenue reached INR 1,111 crores, demonstrating a substantial 62% year-on-year growth compared to the same quarter last year. EBITDA stood at INR 306 crores, reflecting an impressive 81% year-on-year increase. And our EBITDA margins stood at 28% in Q2 F.Y. 24 compared to 25% in Q2 F.Y. 23. Our PAT for Q2 F.Y.24 reached INR 231 crores, a substantial 107% growth year-on-year.

Moving on to our operational highlights, our iron ore volumes for H1 F.Y. 24 reached 5.4 Million Tons, showing a remarkable growth of over 100%. Meanwhile, DRI volumes reached 115,000 Tons, a 25% year-on-year increase compared to 92,000 Tons the previous year.

Regarding realisations, our iron ore realisation in Q2 F.Y. 24 was INR 4,600 per ton, DRI realisation stood at INR 31,700 per ton and power realisation at INR 4.6 per unit. One of the most significant milestones for us was the commissioning of a greenfield DRI plant in Konsari, with a capacity of 70,000 Tons.

This achievement, completed in just 13 months, speaks volumes about the strength and efficiency of our project team. As we move forward, we are actively pursuing our strategy to become a value-added steelmaker with plans to reach a wire rod-making capacity of 1.2 Million Tons. We expect these capacities to come online in F.Y. '27 and F.Y.'28.

We intend to apply for an expansion of our iron ore mining capacity to 12 Million Tons, which will further enhance our cash flows. Regarding cash flows, we remain committed to financing our capex plant through internal approvals only. We are confident that our cash flows will comfortably meet the tasks we have set for ourselves.

Now, I look forward to your questions and discussions. Over to you, Siddharth.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Mr. Jatin Damania from SVAN Investment Managers. Please go ahead, sir.

Jatin Damania: Thank you, sir, for the opportunity and the call. Sir, I just wanted to understand that in first half, we did 5.18 Million Tons of the volume, and for the full year, we are guiding for 10 Million Tons. Now, with the EC approval yet pending, do you think that we will be able to do 12 Million Tons of iron ore next year, or will we probably hover around 10-10.5 Million Tons for F.Y. '25?

Rajesh Gupta: Thank you, sir. The way this works is that once the EC is received, we get the additional quality pro-rata for that part of the year. We expect to get that additional EC only by the end of the financial year.

Jatin Damania: So, what is the maximum permissible EC? Because we were earlier doing 8; now from 8 to 10, 10 to 12 we will be reaching it. What is the maximum permissible EC or the limit that we have for our mining operation?

Rajesh Gupta: Earlier, it was 3 Million Tons, not 8 Million Tons; it was 3 Million Tons. 3 got enhanced to 10 based on an application and a mining plan given by us. 10 to 12 and 10 to 14, a process where the so-called automatic, but not really automatic, but what is avoided is the public hearing process.

So, up to 14 is without the public hearing process. Beyond that, we are re-evaluating our reserves for which extensive drilling program and exploration program has been achieved. And we will also be making a mining plan. All this is being done under the aegis of Tata Steel, which has a mining division that is helping us do that on a professional basis. And we will be able to come back after that.

Jatin Damania: Sir, last time when we met, you had mentioned that we have huge reserves of BHQ. And from my limited understanding, we require a thorough process, and no one in India is doing this scale of beneficiation. I just wanted to understand what scale of operation we are studying to do a beneficiation in terms of size and what could be the cost and the technology we want to use or evaluate for the same.

Rajesh Gupta: Sir, you have mentioned the word study, and then you are asking all the detailed questions, which is an anomaly. Number one is that in India, it will be the first time being done. It is not the first time in the world.

This process of beneficiating from BHQ, which is Banded Hematite Quartzite, is very well used in China. We have studied plants with a 22 Million-Ton plant per annum of input. Based on our mining plan, etc, we will be able to come up with a final number very shortly. In the next one or two months, we are expecting our final reports to come in, where we would be able to explore and define our mining plan over the life of the mine, which is till 2057.

The initial studies have shown that we have around 180 Million Tons of Hematite ore, which we call direct sales ore. And 630 Million Tons of BHQ. These are the initial studies, and those final numbers are being derived. The resource report should come in the next one and a half months. The reserve report should come in the next one and a half months. The DPR and the resource report, which will be JOC-approved, would come in around three months after that.

Jatin Damania: By the end of this financial year, we will get more clarity on the benefits.

Rajesh Gupta: Total clarity will be there by the end of this financial year on, number one, the reserves of both Hematite and BHQ. Number two, how much quantity of BHQ would be beneficiated, what would be the quality of it, what would be the yield of it, and the capex of that.

Moderator: Thank you. The next question is from the line of Mr Parthil Shah, who is an individual investor. Please go ahead, sir. Hello.

Parthil Shah: Thank you, sir, for taking my question. And congratulations on a decent set of variables. I was just checking, sir; ever since the mine operator, Prabhakaran sir and his family has joined the Board and also taken a stake, I just want to understand if the Company has multiple families as promoters? So, what roles and responsibilities are demarked for each member? Could you throw some light on that, sir?

Rajesh Gupta: Thriveni Earthmovers Private Limited, is the MDO, and as well as they are the co-promoters of the Company. My family is the original promoter. Mr Prabhakaran, who is the MD of TEMPL, is also the MD of Lloyds Metals. His role is; currently, he is focused more on the mining aspects of the Company, as well as on the start-up of the project, primarily the environmental and the outside battery limit issues of the area, which is a and challenging geography, to make sure that we can start up this greenfield plant in a non-industrial area in a very correct way.

And that has resulted in the quick turnaround of the project at Konsari. With him, we now have five co-promoters on board. Mr. B. L. Agarwal, who is the erstwhile MD and my uncle, is around 76-77 years of age and taking over a mentor role as the Vice Chairman of the Company. Mr. Mukesh Gupta, the Chairman, is the overall guidance and force behind all our energy—Mr. Prabhakaran's role I mentioned.

My role is to look at the finances and look at the operations. And Mr. Madhur Gupta, who is the Director, his role is responsible for the day-to-day operations of Ghugus and in future operations of Konsari as well. Mr. Venkateshwaran, an Executive Director, has been with the Company for two years. Prior to that, he was a professional working in Thriveni. And he is the Director and the Mining Agent for our Company.

Parthil Shah: Okay. Thank you. I just want some sense of the volumes for F.Y. '25-'26. Any estimates you can help us with?

Rajesh Gupta: So, '25-'26, definitely, we can see a horizon of 14 Million Tons by the end of the year. So, it will be 12 Million Tons for the entire year and maybe for 3-4 months, it will be pro-rata, say around 12 plus 1. So, let's say 12.5 to 13.5 million tons of that. Plus, we see DRI at full capacity of 340,000 Tons by that year.

Parthil Shah: Okay. So, you are looking at another 2 Million Ton EC over and above the 12 Million Ton EC that you have proposed?

Rajesh Gupta: Like I mentioned, this is a 20% -- 20 plus 20 rule is applicable, and we are hoping to go in that direction for this.

Parthil Shah: Okay. Understood. So, your mine life is till -- lease is till 2057. So, what is it going to be the strategy like? Would you like to extract more ore based on the reserve data, which will eventually come giving more details? Do you have a strategy where you would prefer to end this mine way before 2057, or you are okay with trying to have the mine run till reached?

Rajesh Gupta: So, your question is double-edged. You are indirectly asking me what the reserve is. I am saying 14 Million Tons I will do next year or next 2 years. So, the reserves are not yet frozen. I mentioned that the non-frozen figure is 180 plus 635 Million Tons. We are moving a little northward of that, and we hope that the mine will continue for the life of 2057.

Parthil Shah: Okay. So, for all the capex that you announced, if I am not wrong, are we getting some 110% incentives for all the projects or are there any exemptions. Can you throw some light on what sort of benefits you will be getting for doing this capex?

Rajesh Gupta: So, we are operating in two districts of Maharashtra. Both are naxal-affected districts. In Gadchiroli, we are getting 150% of the total project cost that we would invest for both of these projects. That is the pellet plant as well as the steel plant that we are talking about. The steel plant is not yet approved by our Board, to be very honest. So, that 150% we will get through two routes. One is the 9% state GST, SGST that whatever we sell in the state, that 9% will be refunded to us over a period.

Plus, whatever iron ore we use, the royalty of that would be refunded to us with a cap of 150% of the total project cost. In Chandrapur, where we are putting up a steel plant of around INR 4,000 crores, where the cap is 110%. But that is only against the state GST. There is no royalty refund there.

Jatin Damania: Okay. Regarding the…

Rajesh Gupta: Correct them if I am wrong, Riyaz. This would infact cover, especially Gadchiroli would cover our total project cost over the period of the project plus the interest thereon. Yes.

Riyaz Shaikh: Yes. Over a period of 12 years is what we get this money back.

Jatin Damania: Okay. Got it. And the last question is regarding the pellet CV. Just a request. Just one last question. So, I do not have to come back in the queue.

Moderator: Could you re-join the queue please because we have other participants also waiting in line.

Jatin Damania: Okay. No problem. Sure.

Moderator: Thank you so much.

Jatin Damania: Thank you.

Moderator: The next question is from the line of Mr. Rakesh Roy from Omkara Capital. Please go ahead, sir.

Rakesh Roy: Yes. Sir, my first question is regarding the sponge iron business. Sir, on your sponge iron business side, I see your revenue come down 12% year-on-year. But sir, same as what EBITDA is come down, EBIT margin has come down to 4% compared to last year same period is made by 13.4%. Any reason behind this, sir?

Riyaz Shaikh: Yes. This quarter, we had a plant shutdown. And since it is a seasonally weak quarter, everywhere, if you see all these steel companies, they are usually on a shutdown, or any maintenance shutdown is all taken in this quarter. The off-take is lesser. So, we had that. That's the only reason why it has been coming down...

Rakesh Roy: Okay. I agree with what the shutdown happened in Q2. But last year, the same time shutdown happened, sir?

Riyaz Shaikh: Last year, we did not have this complete maintenance plant shutdown. It was not. This year, it was a complete maintenance shutdown. So, we were completely out.

Rakesh Roy: Okay. So, how much is the revenue impacted from this one if you go through one?

Riyaz Shaikh: Around INR 30 crores, INR 30 crores- INR 35 crores.

Rakesh Roy: INR 30 crores- INR 35 crores. Okay, sir. Sir, my next question regarding what you have in Gadchiroli, you have this one 10 Million, sir, iron ore plus you going to set up 4 Million for pellet also there, sir?

Riyaz Shaikh: Correct.

Rakesh Roy: Okay. And 3.5 is a DRI. Is it already there?

Riyaz Shaikh: 0.35 Million.

Rakesh Roy: 0.35 Million. Sorry.

Rajesh Gupta: 3 Million is steel plant. But that is in the future project, which is not yet formalised. It is in the planning stage right now. Currently, we have only 10 Million of iron ore EC permission and 3,40,000 Tons of sponge iron.

Rakesh Roy: Okay. I agree. Sir, recently you have your commission, this is 70,000 in the same place, sir, Gadchiroli?

Riyaz Shaikh: It's in Gadchiroli district. Yes.

Rakesh Roy: Okay. Right, sir. Sir, my last question is that…

Riyaz Shaikh: 3.4 includes this 70,000 Tons.

Rakesh Roy: Includes the 70,000 Tons. It totals 3,40,000.

Riyaz Shaikh: Yes.

Rakesh Roy: Sir, any view about the iron ore prices in the near term in the next one year or two years? How will it looks like, iron ore prices, sir?

Rajesh Gupta: Iron ore prices are very, very volatile as the stock market. Right now, we are seeing that the prices have moved up in last six months from the $100 to $110 range the index, the IODEX index from around $110 to $120, around $10 to $12 the index has moved up on a broad basis. Right now, it's at $122.

Rakesh Roy: Right, sir. Is there any chance to improvement in margin because Pet Coke is coming down and you see any margin improvement from here onwards?

Rajesh Gupta: Pet Coke doesn't affect us currently. In India, the steel market has increased by 15% in this H1. The sponge iron market has gone up by 17%. So, the demand is very, very robust. Seasonally from July to September, October is always weak compared to the rest of the year. And I am seeing that the prices should move back up very dramatically over the new year, that is, January, and March.

Rakesh Roy: Any chance of improvement in DRI realisation because currently it's at 31,700...

Moderator: Mr Rakesh. I am very sorry to intervene. Could you please join the question queue again for the follow-up questions? Thank you so much, sir. The next question is from the line of Mr. Abbas from GreatKapital. Please go ahead, sir.

Abbas: Yes. Thanks for the opportunity. So, I have a couple of questions related to your pellet. If you see the seed marketing to MTPA capacity, we have tied up the firm. So, sir, are we targeting the domestic or export market mainly?

Rajesh Gupta: So here we are. This is a very nice opportunity that we have got. Apart from the seed, the seed marketing is one very big benefit we are getting because when we go in for 4 Million Tons as a Company it will be the first time, and we have one of the bigger plants in the country. So, this would help us to enter the market at a more steady and gradual pace.

Our job is to sell iron ore and consult with them and to make sure that they make good pellet out of our iron ore. And whatever we can buy from, so that is the one arrangement that we have. This arrangement ensures that as an iron ore miner. It ensures that we get better value of iron ore throughout the year. Even in the lean period, we have assured customers.

And the second advantage of the iron ore that is that without paying export duty, we can -- when the party wants to export it, they can ship it or export it through us. That is the first hat. The second hat, as a pellet manufacturer like I said, is a good seed marketing strategy for us. And also, we have understood how to make this high-grade pellet with low gangue material.

To that effect, we are branding our product as LMELPL, which is a nice-sounding name. But it is one of the first and highest grade products of pellet in India that we will be selling. And as a trader, we have done one shipload right now. The margins of these trading, as when we buy and sell, would not be very high, which is the trader's want. But it helps us in the overall marketing and knowing the customers. I hope this answers your question.

Abbas: Yes, that was helpful, sir. Thank you, sir. Thank you so much.

Rajesh Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Mr. Mehul from Dissero Consulting Pvt. Ltd. Please go ahead, sir.

Mehul: Sir, can you tell us what kind of capex we have incurred so far on our steel plant and also on the DRI plant?

Riyaz Shaikh: The capex that we have incurred to date is around INR 740 crores. And we intend to be doing a capex of, as Rajeshji said earlier, it is around INR 4,500 crores- INR 6,000 crores over a period of four years. And everything we intend is to be done through internal accruals. So, we will be facing it over the period of four years from our cash flows. Yes.

Mehul: Okay. And one more question. This pellet marketing, how do we see that impacting our financial out of that facility?

Riyaz Shaikh: Immediately as just being a trader, as the previous question was answered, just being a trader, it would just help us. It won't have a major impact on the cash flows, but yes, it helps us as a seed marketing thing. Where we realise money, not only seed marketing, we spend money, it will be how we will be realized, that would be a small portion of how we will be, it will be benefiting our cash flows but and it gives us the experience of exports, it provides us with the experience of the pellet market, which we will be entering into very soon in the next two years.

Mehul: Understood. Thank you so much.

Moderator: Thank you, sir. The next question is from the line of Mr. Saket Kapoor from Kapoor and Company. Please go ahead, sir.

Saket Kapoor: Yes. Greetings, sir, and thank you for this opportunity. First, sir, out of the total output of the iron ore, what portion is towards the external sale and how much is being consumed for our sponge iron unit?

Riyaz Shaikh: In the first half year, if you see, our dispatches are around 5.4 million tons from the mines, out of which it is 5.2 Million, which has been sold to the outside market. remaining is what has been consumed internally.

Saket Kapoor: Okay, and sir, going ahead also with this the EC clearance and our output going to 12 Million Tons, how is this ratio going to be positioned and also post the commissioning of the steel unit when it is going two years down the line, how should the external sales and our sales consumption would look like, sir?

Management: So, over the next three years, we will be commissioning two plants, like I mentioned. One is the pellet plant of four million tons and the steel plant of one million tons. Together, they will consume around six million tons out of the 14 million tons that we are producing right now.

Saket Kapoor: Sir, what is our pellet production for the first half?

Management: Right now, we are not producing pellets.

Saket Kapoor: Okay. So, what should be the pellet production for this year and the H1 and H2 in particular?

Management: Our first pellet plant will be commissioned in 2027.

Saket Kapoor: 27. And the capacity, sir?

Management: Four Million Tons.

Saket Kapoor: Four million tons, and for as mentioned in the presentation about the clientele to whom we are supplying the iron ore, do we have any volume of take agreement with them? Or how does this work out?

Management: There is some volume of take agreements, and now this agreement with Mandovi River Pellets Private Limited. So, we have two such agreements. One is a pure volume agreement; one is an agreement for conversion of pellet, not conversion, manufacturing of pellet and buying back when we want to. That's these are the two agreements of around Three Million Tons roughly. Balance One Million Tons, Half a Million right now we are consuming, and 6.5 Million Ton is sold in the open market, which includes consumers from all over India. We go as far east as Barbil, which is the heart of iron ore industry, as west as Hazira and Kandla, in south we go as south as Tirupati and north as far as Gorakhpur. So literally, our iron ore is being sold in all parts and directions of the Country more or less always around spot price basis.

Saket Kapoor: That's into the led distance, sir?

Management: The lead distance from the mine to the siding is around 180 km—160 km from the mine to the siding. From the mine to the stockyard is roughlyabout 40 km. 50 km.

Saket Kapoor: And this sale to your customer is through the railway route or the road route? What percentage goes to?

Management: It is a mix of both. Depending on what is the most viable and most available. It is a mix of both,

Saket Kapoor: Correct, sir. Sir, you mentioned that the last question is about the sponge iron market. You mentioned about the plant shutdown that we took. If you could give us some more colour on how currently the market is shaping up, particularly for the downstream product for the intermediate product? If you could give some colour. I think we have heard that inventory pileup has had a seasonal impact. So, your outlook on the same?

Management: So, we don't have any inventory pile-up. We sell our material as and when it is produced. We always have at least 10 12 days' orders in hand—number one. Number two is, like I mentioned, this season is soft. And even last year, it has been soft. Last year, say, the prices were maybe a little bit lower than anticipated. But if you factor in the lower cost of coal, it is more or less the same realisation that we are getting.

Saket Kapoor: Thank you for the answer, sir, and we hope to continue this conversation.

Management: Thank you.

Moderator: Thank you. The next question is from the line of Mr. Nihar Shah from Crown Capital Partners. Please go ahead, sir.

Nihar Shah: Yes, my question was regarding the margins. In H1, we have seen approximate margins, EBITDA margins of 27.5%. So, going into H2 and F.Y. 25, are we looking at similar kind of margins after we see some capex going ahead?

Management: So, some costs will reduce with the volumes going up. Margins are tied up to one, which is our control, that is the cost. In this case, there is no raw material, so the margins are, therefore totally dependent on the iron ore rising. And, like I mentioned earlier, that is a very volatile market. Though the steel market is down, the iron ore market is better than last year, the same quarter as the previous consecutive quarter. Going forward one year, I would not be able to give any kind of prediction.

Management: But as we value add, obviously, the margin should be good.

Nihar Shah: Understood, understood. So, we have seen tremendous growth of around 100% year-on-year. So, is this sustainable along the line, or will it face some slowdown?

Management: Sir, I don't think we can commit that anything. Number one, we are supposed to be giving forward-looking statements, but definitely, with the volumes that I've talked about, 100% won't be there next year.

Nihar Shah: Okay, thank you. Thank you.

Moderator: Thank you. The next question is from the line of Mr. Nishant Bhargecha from Incred Capital. Please go ahead, sir.

Nishant Bhargecha: Thank you, and thanks for the opportunity. Sir, I have a couple of questions. So firstly, again, who would be your target customers in Pellet in India? And again, once this four-million-ton pellet capacity comes online, would you continue with this two-million-ton external capacity?

Management: The pellet consumers will be similar to our iron ore consumers but expanded into include more exports, which right now for lump. Obviously, we aren't exporting, we are not allowed to export. So, the consumers for our pallets would be given a location: Raipur, Chandrapur, all of central India and also some parts of eastern India and southern India. So basically, the same, the same freight economics would play, and we should be able to sell all over India. But definitely in our area itself we see, including our steel plant, a consumption of Three Million Tons. So that's one. We would continue with the manufacturing of pellets externally or supplies to iron ore externally and optics of pellets from them also. All the pellets that they would sell would be under our branding.

Nishant Bhargecha: Okay, that was useful, sir. And secondly, again, sir, we have seen that JSW and Shyam again bidding for mines in the areas near a wind. So, how should we look at the competition in this area going ahead?

Management: They have a bid for the composite contract, which is giving them around 10 years to explore the mine and start it, and I believe the exploration process, I think, has not yet started. So, it's a pretty forward-looking statement regarding another Company which I would not be able to say when they would begin to the mine and how that would affect us in a competition.

Nishant Bhargecha: Yes, no problem, sir. And, as you have mentioned, we are targeting around 14 Million of iron ore. So, is it fair to assume that the entire volume could be sold in India?

Management: Including this pellet, which pellets would be exported, but yes, most of it we would want to sell into India.

Nishant Bhargecha: Okay, okay, thank you so much, sir.

Management: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for this session, and I would like to hand over the conference over to the management for closing comments. Please go ahead, sir.

Management: Thank you, everybody for this interaction and our first earning call. we hope that this will continue over a period and we hope that we have been crystal clear in all our answers. Thank you very much.

Moderator: Thank you, sir. On behalf of Equirus Securities Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.