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18th August, 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 Q1FY26

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 08th August, 2025 regarding Conference call with Analyst(s) /Investor(s) held on Wednesday, 13th August 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/investors/analyst-and-investor-meets-and-presentations/.

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: 2025.08.18 18:28:19 +05'30'

Lloyds Metals and Energy Limited Mumbai

Akshay Vora
Company Secretary
Membership No.: ACS43122

"Lloyd Metal and Energy Limited
Q1 FY '26 Earnings Conference Call"
August 13, 2025

MANAGEMENT: **MR. RAJESH GUPTA – MANAGING DIRECTOR – LLOYD METAL AND ENERGY LIMITED**
MR. RIYAZ SHAIKH – CHIEF FINANCIAL OFFICER – LLOYD METAL AND ENERGY LIMITED
MR. CHINTAN MEHTA – CHIEF INVESTMENT OFFICER – LLOYD METAL AND ENERGY LIMITED

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

Moderator: Ladies and gentlemen, good day, and welcome to the Lloyds Metals and Energy Q1 FY '26 Earnings Conference Call hosted by DAM Capital Advisors. 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 this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Prateek Singh: Thanks, Shruti. Good morning, everybody, and thank you for joining us today. We at DAM Capital are pleased to host Lloyds Metals and Energy's First Quarter FY '26 numbers. We have with us today from the management, Mr. Rajesh Gupta, Managing Director; Mr. Riyaz Shaikh, CFO; and Mr. Chintan Mehta, CIO.

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: Thank you, Prateek. Good morning, everyone, and a warm welcome to the Q1 FY '26 earnings call of Lloyds Metals. I would like to express our gratitude to DAM Capital and Dharmesh bhai for graciously hosting this call.

To begin with, let's say this, Q1 has been a fantastic quarter of milestones for us. We have successfully commissioned the pipeline and the 4 million ton pellet plant in Konsari, both are among the fastest execution in India. We have received the environmental clearance to expand the mining to 26 million to 55 million tons per annum, up from 10 million tons. We completed the acquisition of the remaining MDO operations, integrating cost efficiency and boosting long-term profitability and further strengthening our mining business performance and margins.

Our construction of the steel plant in Ghugus is well underway, with the pre-commissioning of the DRI cables already started. To briefly touch upon the market scenario for iron ore and pellets, the domestic iron ore pellet market remains strong, supported by strong steel demand and capacity expansions across the country. Steel demand continues to remain at 8%, 9% growth.

India steel trajectory is driving sustained iron ore uptake. And therefore, the pellet demand continues to grow and especially in the environmental advantages in steel making that pellet making offers. The domestic demand remains the primary focus. Internationally, the iron ore -- in the international market, iron ore market has passed the worst, I believe, with index now poised to run between $102 to $110 for the rest of the year.

Coming to a few of the highlights for this quarter. We need to highlight the strategic investments in pellet plants. We have invested in two pellet plants. One is Mandovi River Pellets Private Limited, which is on the West Coast near Goa and one is Brahmani River Pellets Limited, which is on the East Coast in Orissa. This strengthens our pellet -- our access to pellet markets across the country, East, West and Central, positioning us as one of the most formidable players in the Indian pellet industry.

Last year, we were 0. Right now, we are 9.5 million. And next year, we'll be at 13.5 million tons capacity. We are now well geared to cater to both domestic and export markets fobr pellets. While the domestic environment is highly conducive, we are actively evaluating export opportunities.

Our capex program is promising at full swing, well planned, meticulously executed and running simultaneously across three locations. As mentioned earlier, at Konsari, the pellet plant Phase 1 has started and Phase 2 is on track, with operations expected by the end of this FY.

At Ghugus, the wire rod mill project is in advanced stages. All steel plant have been executed. Construction has started. The DRI WHRB plants will start getting commissioned in this quarter. Having said this, we are still looking at growth, maybe even beyond iron ore. We are looking at studying opportunities in other minerals and resources in various geographies to shape the next phase of growth.

We would do it in a very phased and systematic way, the way we have developed our iron ore business with a society-inclusive model and minimal leveraging, giving us the confidence. This will give us the confidence to replicate similar success in new resources.

With these strategic developments, we are confident of delivering growth ahead, which will be similar, if not exceeding our growth in last 4 years. I thank all our investors for being part of our journey and for their continued trust and support.

Now, I'll hand over to our CFO, Riyaz, who will walk you through the financial performance for the quarter.

Riyaz Shaikh: Thank you, Rajeshji, for the brisk and insightful strategic update. I will now take you through our quarter 1 FY '26 financial and operational performance, along with key highlights on execution and capital expenditure. Starting with overall financial performance. The first quarter of FY '26 has been marked by strong operational execution, translating into robust financial delivery. Our total income stood at INR24,084 million, broadly flat year-on-year, but registering a sharp 99% increase sequentially.

On the profitability front, EBITDA came in at INR8,087 million, up 12% year-on-year and an impressive 188% quarter-on-quarter. EBITDA margins expanded to 33.6%, reflecting both better iron ore realization and operational efficiencies. Profit after tax stood at INR6,346 million, up 14% year-on-year and over 3x higher quarter-on-quarter, with PAT margins of 26.35%. These numbers underscore the resilience of our integrated business model even in the face of commodity price variation.

Now speaking on per ton matrices to give a more closer look at performance. For iron ore, sales volume for the quarter was 3.45 million tons, up 2% year-on-year and 107% quarter-on-quarter. Average realization stood at INR6,061 per ton, up 6% year-on-year and stable sequentially. EBITDA per ton for iron ore improved to INR2,223, an increase of 20% year-on-year and 46% quarter-on-quarter, driven by better grade and efficiency.

Speaking about DRI. Volume was 78,900 tons, higher by 3% year-on-year and 13% quarter-on-quarter. Realizations were muted, down 10% year-on-year and 2% quarter-on-quarter given market price softness. On power front, it was quite muted. Volume remained stable year-on-year and quarter-on-quarter, though realizations were down 27% year-on-year due to lower merchant power prices.

I would also like to spend some time on mentioning about capital expenditure and execution. This quarter has been remarkable in terms of execution. Our capex program is progressing exactly as per schedule, with work happening simultaneously across all major sites. In quarter 1 FY '26, we incurred INR13,270 million of capex, following the INR36,947 million invested in financial year '25.

Key projects include BHQ benefication. The pilot plant results are consistently showing results of over 63% Fe content. Pellet Plant 2 at Konsari is expected to be ahead of schedule. Wire rod mill and steel plant at Ghugus progressing well, with civil and structural work underway. Then we have the slurry pipelines, which in infrastructure, which improves logistics efficiency. The discipline and simultaneous execution across locations, mines, pellet plants and downstream steel facilities positions us strongly for volumes and margin expansion.

The update on the Thriveni MDO, that is TEIL, Thriveni Earthmovers India Private Limited acquisition. The acquisition of Thriveni's MDO operation through Thriveni Earthmovers India Private Limited has been completed. This integration gives us direct control over a critical cost driver in mining and is expected to improve mining EBITDA margin on a consolidated basis. The TEIL acquisition will start getting consolidated into our financials from quarter 2 FY '26 onwards, further enhancing earnings visibility.

Speaking about the balance sheet and financial strength, which remains core to our strategy. We continue to maintain a robust balance sheet with strong operating cash flows and prudent capital allocation. This financial strength ensures that our growth ambitions, both in core iron ore and pellet capacities and in new mineral opportunities are fully funded without overleverage.

We have consistently delivered industry-leading shareholder returns over the last 1 year. LMEL shares have delivered a 117% return versus 24% for the NSE Metals Index. And over the last 3 years, shareholder returns stand at over multiple, reflecting strong operational delivery and market confidence in our growth strategy.

For my closing remarks, in summary, quarter 1 FY '26 has delivered on both operational and financial fronts, underpinned by disciplined execution, cost control and strategic investment. With the projects under implementation and the benefit from TEIL consolidation from next quarter, we remain confident of sustaining momentum through the rest of FY '26.

Now the floor is open for questions. And I look forward to having a good interactive session with all of you.

Moderator: The first question is from the line of Amit Dixit from Goldman Sachs.

Amit Dixit: Congratulations for a good set of numbers. Just a couple of questions from my side. The first one is regarding your recent strategic investment. So, while Brahmani River pellet makes sense around 50%, but just wanted to understand the rationale for acquisition of 19.4% stake in MRPPL.

What is the rationale behind it? It doesn't give us any control over material or a meaningful stake as well. So if you could explain the rationale behind it? And whether the recent pellet strategic investments signify that we are going to be a meaningful player in the pellet market or later on as our steel capacities develop, these can be back-ended to supply our steel plants?

Rajesh Gupta: Could you repeat the second part of the question? I couldn't understand it.

Amit Dixit: Yes. The second part of the question is that what is the final -- what you're looking at basically after the acquisition, whether you want to be a meaningful player in the external pellet market or this pellet investment, essentially these pellet plant will feed into your own steel plant?

Rajesh Gupta: So let me answer the first question -- the second question first. With 25 million tons of regular mining and sellable -- 26 million tons of regular mining and around 5 million tons of steel production, we'll always have a 16 million ton roughly excess pellet/iron ore. And that if it is marketed in a blended way, it will always be the right strategy, number one.

Number two, so we would always be having pellet output as a long-term strategy. Number two is also that the BRPL asset would mostly be using iron ore from that area itself and marketing the iron ore also -- the pellet also in that area itself. So, there are also talks with the long-term consumers utilizing the pipeline and the pellet asset there.

Number three, regarding the Goa, like you are aware, we had a foot in the door earlier by having a conversion contract. We are selling them iron ore, and that continues there. So the asset purchase, if you might have noticed, is at a very, very low valuation, mostly at a book value, basically because it's a long-term thought process to have a foot in the door in the Western Coast as well, especially when we look at the export market from there.

Right now, export is unviable with $6, $7 premium over iron ore. Once that will change over a period, then that asset will be more viable. And answering your last -- first question, why only 19.5% or whatever is what was available for us.

Amit Dixit: Okay. Got it. Got it. The second one is essentially in your prepared remarks, you mentioned that the company might be looking for some other mining investments maybe overseas. So if it is not too early, is it possible to give -- drop a head that what could be -- whether we would be...

Rajesh Gupta: It is too early. Even internally, it is too early. We have been scouting, like I said, across metals and across geographies. It is too early to commit anything on that.

Amit Dixit: Okay. So if I just squeeze in one more, and that is an offshoot from the last question. What kind of profitability we are looking at pellet considering that our iron ore is of higher grade with low silica alumina content? So, what kind of profitability you are working with? I mean, preferably there will be some good buyers for it in export market as well?

Rajesh Gupta: Right now, our sales is totally in the Indian market. We have produced around 2.5 lakh tons, 3 lakh tons till now in the last 40 days. And we are sold out till mid-September or so, mostly in the Indian market. The profitability is around -- extra from iron ore of around INR1,500 to INR1,800 per ton on an EBITDA basis. The advantage to that pellet plant is also the pipeline. So, we save on the iron ore transportation as well.

Moderator: Our next question is from the line of Vikash Singh from ICICI Securities.

Vikash Singh: Sir, my first question pertains to our guidance of 22 million tons of iron ore mining. We did 3.5 million and currently monsoon is going. So, our asking rate for the second half could be anywhere between 7 million to 8 million tons per quarter, assuming some impact for the monsoon in 2Q. So, just wanted to understand how confident we are on this? And what is the evacuation plan on -- because evacuating 8 million to 9 million tons in the last quarter would be difficult, right?

Rajesh Gupta: Right. So having completed the 2 quarters, let's say, around 8 million tons -- 7.5 million to 8 million tons, we'll be left with around 14 million tons in the 2 quarters. Out of the 2 million tons will be evacuated -- 2.5 million tons will be evacuated by pipeline to the Konsari plant. We hope to sell some concentrate from there as well. And balance is around 12 million tons, 11.5 million to 12 million tons, which leaves around 45,000 to 50,000 tons a day of transportation by truck to customers as well as by truck to the railway sidings.

We have got 3 railway sidings fully operational with full-fledged stockyards near the railway siding. We have the truck and the full network available to be able to do that. We have been doing on good weather days up to 60,000 tons per day on a stretch of 3, 4 days. So right now, it's possible. We haven't achieved that quarterly figure, but daily, weekly figures have been achieved beyond this limit.

Vikas Singh: Noted, sir. Sir, my second question again pertains to your 2 strategic investments. Just wanted to understand, is there any clause already there, which allows us to buy the remaining stake or for the time being, it is just the minority stake which we are picking up?

Rajesh Gupta: I couldn't understand the question.

Vikas Singh: So in this 2 strategic investments basically, the MRPPL and BRPL, is there any clause which allows us to take further stake in these companies at a later stage achieving certain milestone? Or this is the only transaction, which we are doing and there is no plans for further increasing the stake in this company?

Riyaz Shaikh: Yes. See, currently, we weren't looking -- we were trying to get in more and more whatever we could achieve, but we could achieve only 49%. The balance 50% remains with our partner, that is TEMPL only. So it's more or less in the same group. Yes, if there is a requirement of taking over that, we will be able to do that.

Vikas Singh: And just, sir, what about Mandovi?

Riyaz Shaikh: Yes, you were saying something?

Vikas Singh: Regarding Mandovi because 19.4%, that too in Goa where there is a low grade availability and you are predominantly dependent on export market to be good, while there's a lot of news coming that the Chinese capacity might get cut. So the low versus high-grade premiums might also shrink going forward.

So, I still didn't get the rationale why you gone to that geography? Because you are already creating a good pellet capacity by yourselves, sir. There was no basically exact reason for us to go for a small plant like that.

Rajesh Gupta: The Mandovi asset have been purchased at book value, at their procurement value. And so that is a very low price asset. We are supplying them iron ore. And it's a strategic investment. I mean, it's an investment not -- you will not get involved in the operations apart from what we are right now doing.

The pellets if exported will be through us, like we have been doing earlier. So that would continue. It's an additional partnership with the promoters there. They would not be interested in selling more, like I mentioned earlier. And at the moment, we are very, very going to continue on the same basis.

Vikas Singh: Yes, sir. So exactly, that is why my concern was since we don't have control and we are -- ourselves is a very dominant player in that space, what was the need to just go and buy minority stake? Because I don't think that this would contribute significantly into our financials as well.

Rajesh Gupta: It does not contribute to our financials. It's a INR16.5 crores investment by a company, which is worth INR85,000 crores. And we believe that it's an investment which will pay in the long run, which strategically, we have now a foot in all the 2 -- both the coasts and the central part of the country. That is a very strategic decision. We have -- I mean, there's nothing else I can really say on this. INR16.5 crores is the investment. There's no management stake.

Riyaz Shaikh: The marketing contract continues, what we are still doing. The export is through us only. We'll be doing that. We'll continue doing that.

Moderator: Our next question is from the line of Parthiv Jhonsa from Anand Rathi.

Parthiv Jhonsa: Sir, my first question pertains to the entire cost optimization. Considering our per ton EBITDA has been better compared to the hike in ASP or realization, is it fair to assume that we have started getting some benefit from Thriveni already and this will continue going forward?

Further, you have mentioned on one of the slides, if I'm not mistaken, Slide 19, that once 85-kilometer completely wraps up the slurry pipeline, you would have about INR500 to INR600 per ton kind of a cost saving and captive logistics would be about INR100 to INR150 per ton. So is it fair to assume that this about INR2,200 EBITDA per ton can easily be close to about INR2,700, INR2,800 in next 2 quarters?

Rajesh Gupta: The benefit of Thriveni would come in automatically with the consolidated figures. The slurry pipeline advantage for 10 million tons out of 26 million tons will be there. So therefore, the advantage would be INR500 into 10 by '26. So, that will be a little lesser. I hope that answers the question.

Parthiv Jhonsa: Yes, no. So just wanted to understand, does this INR2,200 EBITDA per ton include anything or does it -- has it started including anything from the Thriveni benefit or it will completely accrue in Q2?

Riyaz Shaikh: See, the Thriveni benefit will start coming in only in the next quarter, the running quarter because consolidation, it will be -- the consolidated numbers will show you that. Till now, it wasn't there. It was just an effect of the slurry pipeline, which we just commissioned for almost an end part of the last month of the quarter and the realization as well as the work what we have been doing on the cost front. So, all these things have helped us in improving our EBITDA.

Rajesh Gupta: Let me add one item on this logistics question. We have started in this quarter our logistics company, which would also be more in the Thriveni group of companies -- under Thriveni rather than directly under Lloyds. That will also...

Riyaz Shaikh: It will be a step down subsidiary.

Rajesh Gupta: Step down subsidiary. And that will also add 2 things to the cost saving exercise. One is reduction of costs by having internal control. Number two, the profitability of that company would remain within the group -- within the company. And number three, the early gentlemen, Vikash mentioned about the evacuation that is also supported by that company.

And number four, of course, is also the greening of the whole exercise. So, logistics is a very, very serious aspect of us, and we are looking at all aspects to make sure that logistics are green, are saving money and are efficiently evacuating the product.

Parthiv Jhonsa: Sure. That is quite helpful, sir. Sir, my second question is pertaining to the MRPPL 19.4% strategic stake. Right now, I believe it's about 2 million ton kind of a capacity. Just because you are supplying a high-quality ore to them apparently, is there a possibility for them to hike this 2% to, say, 4%, 5% if the export opportunity or the domestic opportunity in that belt increases? Is there a good opportunity to increase the capacity there? Any idea on that?

Rajesh Gupta: I believe that the company would be looking at beneficiation assets in that Goa because there are a lot of dumps that are being auctioned. And there is a beneficiation plant available with the Chowgule's, erstwhile owner of this company. So the strategy is to use that more, beneficiate it in the Chowgule plant and bring it to this pellet plant and mix it with our -- blend it with our ore and get a very acceptable quality of pellet for the domestic market.

Parthiv Jhonsa: And sir, if I may just squeeze in a quick one. You have given guidance till '27. Just wanted to understand by '28, your BHQ 15 million tons would come on stream, that would give about close to about 5 million tons of equivalent ore, right? So is that fair to understand that your iron ore production would drop down from '25, '26 guidance to, say, 20 number and your BHQ would be 15 million? Is that understanding correct?

Rajesh Gupta: We are accelerating our BHQ program from input of 15 million tons in the first phase to -- 30 million tons in the first phase. So, that will give us 10 million tons output and the DSO sales would come down by same amount. So, we'll be able to execute the 26 million tons that is allowed under the EC for the life of the mine.

Parthiv Jhonsa: Got it. So 16 plus 10, correct?

Riyaz Shaikh: 16 plus 10. Yes.

Moderator: Our next question is from the line of Siddharth Gadekar from Equirus.

Siddharth Gadekar: Sir, first on the operational performance, can you give a split between the fines and the lumps this quarter in terms of volume and the realization?

Riyaz Shaikh: It was around 11% of lumps and balance was fines.

Siddharth Gadekar: And realization for both?

Riyaz Shaikh: The realization was INR6,500 for the lumps and around INR 5,900 for the fines.

Siddharth Gadekar: Sir, secondly, for this quarter, how are we looking at the realization?

Rajesh Gupta: The markets have -- I think if I look at the average price, it will be a little INR200 more at the moment, our current market price, and we see that it will continue. Nobody can really predict the iron ore pricing. But given the fact that steel demand growth is 8%, 9%, production is similar 9% and iron ore is up by 8%.

We see the continuous gap increasing and also seeing it in the market by seeing that there is lesser exports, a little more imports of iron ore and some pellets coming. So with all that, we think that the market would be quite strong for iron ore.

Siddharth Gadekar: Okay. Sir, secondly, in terms of our volumes for 2x, where we are guiding for around 14 million tons in the second half, sir, have we already started negotiations with the customers to actually supply the entire volume?

Rajesh Gupta: Yes, we have. Our largest two customers have been getting 31%, 35% from us that would continue on the same ratio, and that has been negotiated on some index basis. The other products are internally, like you said, pellet. Pellet is going to a brand-new geography because earlier, we didn't have enough lumps. So the pellets is going to the southern geography where there's a good demand.

So, that is actually taking away 2 million tons going forward, 2.5 million tons of our pellet of our iron ore away from the market, away from our sales liability and going to a brand-new market. I see pellet and lump as competing with each other. So, that's why we are very careful of that. The rest of the market basically grows in the same ratio, and we are very, very confident of able to evacuate the material and sell the material at similar margins, if not better than the last quarter.

Siddharth Gadekar: Lastly, on our wire rod capacity also, we have started any discussions with customers? Any primary market that we would be targeting for wire rod?

Rajesh Gupta: We are -- this is the first plant in our area in the Western region in the Maharashtra region. We have a very clear cut marketing strategy tied up. Number one is that we are doing 3 service centers in 3 different areas. One is very near the plant.

One would be near Hyderabad again and one would be near Bombay, Pune. So with these 3 service centers, we'll be able to sell a large quantity of TMT, even though it is wire rod, we would sell it in coil form and the service centers would be able to sell TMT.

The wire rod itself, we are talking to some wire rod manufacturers as well as to LRPC manufacturers to be able to get into that field, especially LRPC is growing at the rate of around 25% -- 20%, 25%, and we want to partake in that. It will be very, very partnership-oriented marketing for that product.

Thirdly is that we have 3 products that we'll be selling from our mill. One is wire rod, which is around 700,000 to 800,000 tons. TMT, both in wire rod form and in straight form, around 300,000 tons. And alloy steel bars, carbon steel bars, which will be around 200,000, 300,000 tons. So, we have a whole range, very, very flexible thought process in our marketing and in our product mix as well as the mill configuration.

Siddharth Gadekar: Got it. Sir, lastly, on the capex for this year, how should we think about the capex, including the acquisitions that we are doing?

Riyaz Shaikh: See, for the acquisition, we have that cash flows are built in within the company internal approvals, plus some shares is what we have to be doing. So it will be an issue of new shares. And the balance capex, what we are already there in our pipeline, that is all the thing we've done around INR1,300 crores to INR1,400 crores in the first quarter. And going ahead, we should be on an average doing over the next 3 years at around INR7,500 crores to INR8,000 crores. And plus, we have the 65% of the warrants, which is pending. So, around INR1,770 crores is pending on that. We should be getting that.

Moderator: Our next question is from the line of Bhavin Chheda from ENAM Holdings.

Bhavin Chheda: Sir, congratulations on overall good set of numbers and getting EC raised to 26 million tons. Overall, good...

Moderator: Sorry to interrupt. Bhavin sir, your voice is a bit low.

Bhavin Chheda: Can you hear me now?

Rajesh Gupta: Yes.

Bhavin Chheda: Yes. Sir, congrats on overall numbers and getting a EC limit to 26 million tons. So just a few questions. I think just a follow-up on the earlier one. Annual capex, you said INR7,500 crores to INR8,000 crores for next 3 years, next 2 years?

Riyaz Shaikh: Per year.

Bhavin Chheda: For the projects, which are already going on?

Riyaz Shaikh: Per year, yes. That would be per year.

Bhavin Chheda: Okay. So for the projects, which are already going on for expansion of steel and pellets, so we are pending -- it would get over in INR24,000-odd crores.

Riyaz Shaikh: Correct.

Bhavin Chheda: Right. And this includes a greenfield 4 million pellet capex also to Ghugus, which is there in the presentation right now?

Riyaz Shaikh: Yes.

Bhavin Chheda: And the new slurry pipeline.

Riyaz Shaikh: Yes, sir. Yes.

Bhavin Chheda: Okay. Second question, I just missed out on the 14 million evacuation plan for second half you had mentioned. I just missed out 2, 3 points there. Can you repeat that, sir?

Rajesh Gupta: Okay. Around 2.5 million tons would be evacuated by the pipeline, leaving around 11.5 million tons. If you divide that by 180 days, it leaves around 50,000 tons per day. We have been doing 60,000 tons regularly on dry days in the rainy season as well after the EC. And we are very confident that we can complete the 22 million tons that is the capacity allowed by the EC in this financial year.

Bhavin Chheda: Right. And the last question on BHQ grade, the capex, what we are doing, as you said. Now, Phase 1, you are doing 30 million tons at one go. And how would it be commissioned in phases?

Rajesh Gupta: So the 30 million tons would be 6 trains.

Bhavin Chheda: 6 trains?

Rajesh Gupta: There were 3 modules of 3 trains each, so 9 modules. The 3 modules are 3 trains each. So, there are 9 trains. We'll be commissioning -- we are doing -- going ahead with 6 trains in the first phase.

Bhavin Chheda: Will give you a total of?

Rajesh Gupta: Each train would be commissioned, say, let's say, every month, every 15 days or 1 month, 2 months. But the overall infrastructure will be ready for the 30 million tons input and 10 million tons output.

Bhavin Chheda: Okay. And the first train should be next year?

Rajesh Gupta: No, I would -- next -- by the end of the financial year.

Bhavin Chheda: Okay. By March '27 or so, or Jan '27 basically.

Rajesh Gupta: Yes. December '27.

Riyaz Shaikh: FY '26 -- FY' 27.

Rajesh Gupta: FY' 27, yes. Sorry.

Moderator: Our next question is from the line of Vinit Thakur from Plus91 AMC.

Vinit Thakur: I had a couple of questions. Could you tell me about what our IPS benefit will come on stream? Is it from this year or next year?

Rajesh Gupta: The IPS paperwork has started. We will be able to credit the IPs for the pellets in this year itself.

Vinit Thakur: And sir, how much are we expecting?

Rajesh Gupta: I don't have the figures on hand. But essentially, the pellet plant divided by 12, and also the DRI plant when it gets commissioned.

Vinit Thakur: Okay, sir. And sir, I had one operational question. Sir, we completed our pellet plant in 18 months, whereas industry size is around 3 to 4 years. What gives us the moat to complete the plant in such a fast pace?

Rajesh Gupta: One of the reasons is focus, focus, focus. Number two is we have got our own internal company. When I say internal meaning Lloyds Engineering and their associate, LICL, which has hired all the equipment, not -- which owns all the equipment for the pipeline as well as the erection. Many of the employees, the workers are employed by this company.

So it's essentially like a full-fledged construction company itself. We are depending on ourselves rather than anywhere else in the outside. And number three is the total support from the local authorities as well as equipment suppliers because all that is very important. Number four is continuous cash flow is going without any hiccups. So, all these things add to this execution strategy, which will continue in all our projects.

Moderator: Our next question is from the line of Divy Agrawal from Ficom Family Office.

Divy Agrawal: Congratulations on the great set of numbers. Sir, firstly, in Q1, our total production was around 4 million tons. And in Q2 due to monsoon, it is expected to be around 2 million tons. So, we are left with around about 16 million tons, which translates to around 2.7 million tons per month. So, my question is, do we have the capability and the resources or the machineries to produce 2.7 million tons per month?

Rajesh Gupta: Actually, it is 4 million tons in this quarter as well. And this question has been answered earlier, including the pipeline and the fact that we have done 50,000 to 60,000 tons on a single week -- on a daily basis on a single week, we are very, very confident that we can evacuate the full 22 million tons that is required under the EC in this financial year.

Divy Agrawal: Sure, sir. That was helpful. And second, sir, I just wanted to know about the price hike. So, were there any price hikes in this quarter? Or do we expect any price hikes in coming quarters as well?

Rajesh Gupta: There has been a price hike around 15 days back when the quarter started. And like I said earlier, I cannot predict what the price hike would be like. The market has a supply-demand issue for iron ore. And so we are hoping to succeed in that way.

Divy Agrawal: Just if I can squeeze in one. So what are the margins for Thriveni Pellets and MRPPL? And what kind of synergies do we expect from these acquisitions that Lloyds would incur?

Rajesh Gupta: Thriveni Pellets, like I mentioned earlier, is looking at -- not Thriveni, BRPL is looking at a long-term agreement where at one end, the mine is available with one company. And at the other end, there is a steel plant. So, we are looking at that conversion type of agreement.

We can make it consistently INR600 to INR800 margin well within the investment area that we have. And MRPPL is a little more troublesome, and that's why we have only 18% to 19% stake in that -- 19%, 20% stake in that.

Moderator: Our next question is from the line of Harsh Shah from Seven Rivers Holding.

Harsh Shah: Sir, first question is that we are envisaging investment of around INR600 crores in Dubai. So if you can elaborate about the time line and what kind of opportunities are we foreseeing there?

Riyaz Shaikh: We were just -- as Rajesh ji has also mentioned, we are looking into other geographies and other minerals and all those stuff, what we are looking in for expanding. So, this is just a preparation for that. We can -- we incorporate a company. And if any opportunity is available, then we can go through it on a quicker note. That's why this company is happening.

Harsh Shah: Okay. And sir, we have raised...

Riyaz Shaikh: Nothing specific at the moment. Yes.

Harsh Shah: Sorry. Can you come again?

Riyaz Shaikh: Nothing specific at the moment.

Harsh Shah: Okay. Okay. And sir, we have raised -- we are raising INR2,500 crores through debentures. And last year, we had taken enabling resolution. We expect the remaining part of INR2,500 crores also to come in sometime in the current year?

Riyaz Shaikh: See, we're not looking in for any further dilution as such. This is the NCD what we felt should be more than enough for taking care of all our projects, any -- the volatility associated with the industry. So, we're just going in for INR2,500 crores. So as of today, it is only this much. If anything comes up, we'll be letting you all know.

Moderator: Our next question is from the line of Aditya Agrawal from Finavenue.

Aditya Agrawal: Yes. So sir, I have two questions. First is like we are projecting our top line to be somewhere around INR40,000 crores in a matter of 4, 5 years down the line. So coming on to our backward integration, that is slurry pipelines and the acquisition of Thriveni. And today, as of now, our EBITDA margins were like somewhere around 33% in the quarter. So, do we expect the operating margins to be somewhere north of around 40 percentage in next 4, 5 years?

Rajesh Gupta: No, I think the steel margins would normally be much lesser. I don't have the figures off-hand.

Riyaz Shaikh: The cost saving -- with all the cost saving steps what we are taking, we are trying to achieve, if not beyond 40%, we'd like to close to 40%.

Aditya Agrawal: Close to 40%.

Rajesh Gupta: And we will compound these figures more properly as the industry is progressing as our macro improves.

Aditya Agrawal: Yes, sir. And sir, second is like this -- on the pellet pricing, so are we planning to supply pellets towards Raipur market as well? I mean from the industry sources, there is a lot of DRI capacity that is coming over there. So, do we have any plans to supply pellets over there? Or we will be looking for a different location for supplying pellet in the market?

Rajesh Gupta: We have already started our pellet output, mostly in the south part of the country because there was a bigger supply-demand gaps there and a lot of DRI units are there also. We do not exclude Raipur from our thought process. At the moment, that margin is a little more crowded, and we look at geographies which give us the best realization without disrupting the overall market.

Aditya Agrawal: Yes, sir. And sir, like coming on to our -- the overall production and the pipeline that we are having, so are we optimistic on the steel pricing like overall market outlook? I mean, iron ore is pretty stable. So coming on to pellet, like do we expect pellet to be stable somewhere around INR9,000 to INR10,000 per ton?

Rajesh Gupta: Right now ex-factory are around INR8,700, INR8,500. And we see that moving with the iron ore market going forward. I think the worst of the pellet industry -- the pellet industry as well as the smaller steel players suffer a lot in the rainy season. So, I think in the next 9 months, we foresee a very steady demand for pellets and pricing should reflect based on iron ore and iron ore pricing, like I mentioned earlier, cannot be predicted by anybody.

Aditya Agrawal: And sir, our top line guidance of INR40,000 crores remains intact for next 4 years?

Rajesh Gupta: We have given such a guidance? I don't think so.

Aditya Agrawal: In the May '24, 1, in the last con call.

Rajesh Gupta: 4.2 million tons steel plant itself gives you INR25,000 crores and 10 million tons of iron ore gives you the balance. So, that's where that INR40,000 crores top line comes from. Yes, it does – if the projects are all online.

Moderator: Our next question is from the line of Tanmay Choudhary from Ventura Securities.

Tanmay Chaudhary: I just have a follow-up question on the iron ore production. Like we are guiding for 22 million tons in FY '26. So correct me if I'm wrong. Like 4 million tons is going for pellet plant, 0.5 million tons will be going for DRI. So, we are left with around 17.5 million tons over the -- for the open market side, right?

Rajesh Gupta: A little more because it's not 4 million tons, it's annualized 4 million tons. It's around 2.5 million tons for the pellet and around 800,000 tons for the DRI.

Tanmay Chaudhary: For the DRI?

Rajesh Gupta: 800,000 tons. So, we are left with 3.3 million tons, which is around 18 million tons.

Tanmay Chaudhary: And we are not seeing any issue on the demand side like absorption side over there?

Rajesh Gupta: No, I'm not seeing that at all.

Tanmay Chaudhary: Okay. Okay. And sir, one more question, like over the DRI part, just wanted to know like how do we see going forward because we have seen realization have come down despite of volume going up. So, can you just comment over like how do you see it?

Rajesh Gupta: So, DRI and the steel sector is undergoing its annual problem of the rainy season. Unfortunately, it started a little before that because of the international problems of China. Now, I'm seeing the DRI is still under pressure and margins are still under pressure, still positive over and above iron ore price or pellet price for that matter, but under pressure. Margins will remain under pressure for the next 6 to 8 months, I see. And yes, pellet is more stable and demands are better.

The demand of steel has gone up by 8% over the last 2 years, 3 years. It was a little more in the 2 years back, and now this year is around 8%, 9%, which is still a very, very strong demand. The problem is that the supplies are even stronger. The supply growth is even stronger, and it will take some time to stabilize till the steel market stabilizes. DRI is a factor of the steel market.

Moderator: Our next follow-up question is from the line of Vinit Thakur from Plus91 AMC.

Vinit Thakur: One more question I had is since we have moved towards 100% green mining, are there any plans to venture into green steel as well?

Rajesh Gupta: Definition of green steel is not fully understood by me. The taxonomy revised by the government of India, our steel plant would be in the 5-star rating.

Moderator: Our next follow-up question is from the line of Parthiv Jhonsa from Anand Rathi.

Parthiv Jhonsa: Sir, my first question is pertaining to the couple of coal blocks, which were auctioned in the nearby vicinity. I believe those blocks are not yet operational. So, any chances those would come out for reauction and you would be able to participate in that because they're in very close vicinity to the existing mine?

Rajesh Gupta: Ore or coal?

Parthiv Jhonsa: Ore. Iron ore.

Rajesh Gupta: Iron ore. There were six blocks, which were auctioned in the past. I have no exact status of what is the exact status of that. Those were exploratory consolidated blocks. I have no idea what is the status of those blocks.

Parthiv Jhonsa: Okay, sir. Sir, my last question is pertaining to the capex. I believe you said that your yearly capex for next 3 years is about INR7,500 crores to INR8,000 crores. Just wanted to know, in the near term, you're going to see some amount from the warrants. And I just wanted to check like would we be open to take debt just to fund these capex or it will completely be from internal accruals?

Rajesh Gupta: So, we have taken some debt.

Riyaz Shaikh: We have taken some debt in the last year also, this year also. Wherever we feel there is a shortage or wherever we feel there would be a stress is when we are planning and going ahead with that. Now, we've taken an NCD approval of INR2,500 crores.

This is something, which we are looking at over the next 3 years, which should give me a buffer. It could be a long-term type of a thing is what we are targeting at. And it should be a buffer, which should be taking care of all our debt requirements till the time of capex what we have announced.

Moderator: Our next question is from the line of Amay Sharda from Purnartha Investment Advisors.

Amay Sharda: So, I just had a question on Thriveni Earthmovers Limited. So, I just wanted to understand whether we'll be using this company for our captive purposes? Or will it also have its own outside business?

Rajesh Gupta: It already has outside contracts. They are operating in -- we are operating in Odisha for iron ore around 14 mines, in Jharkhand with the NTPC mines, in Indonesia, in Andhra in 2 mines, 1 mine in Barite. So, we are already doing that.

We continue to do that, and we'll also continue to look at other MDO opportunities and any international assets as well. If we go into that, the asset will be owned by Lloyds Metal and the MDO would be done by Thriveni. So, we have the double engine growth for future projects is what we are planning.

Amay Sharda: So sir, like what kind of margins does the company earn on these contracts? And what kind of revenue expectations do we have from this company for the rest of the year?

Rajesh Gupta: Roughly, the revenue currently is around -- last quarter was around INR7,500 crores.

Amay Sharda: Okay. And the margin, sir?

Rajesh Gupta: One minute, sorry. INR750 crores. The difference between millions and crores, I got confused. Sorry. EBITDA is around 33% of that. Going forward, the tonnage of Lloyds Metals would be added in this year for sure, which would take it up from INR750 crores per quarter to around INR1,100 crores per quarter going forward.

Amay Sharda: Okay. So before this, we were not a client of Thriveni Earthmovers?

Rajesh Gupta: We were the clients of Thriveni Earthmovers. We were also the -- yes, we were the -- not this particular company. This is a break-off from the original company. That structure is explained in our previous presentations as well.

Moderator: Our next question is from the line of Prateek Singh from DAM Capital Advisors.

Prateek Singh: Just a last bookkeeping question and following up from the earlier question. So, earlier when we had announced acquiring 80% in Thriveni, so we had given projections for the next few years basis, existing business operations. So, are we at a point where we can give a new estimate if we have won any new order wins? Or should we still assume the same numbers given earlier?

Rajesh Gupta: Since the last quarter, they have not won any new contracts. They are all busy in consolidating these 2 companies and getting the right mix of people. And the integration of 2 big companies is always not an easy job. So, we are all busy there. That integration process is well underway, and we are very happy with the way the integration is going and...

Riyaz Shaikh: We are looking for new opportunities.

Rajesh Gupta: And new opportunities are being looked at.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments. Over to you, sir.

Riyaz Shaikh: Thank you, everybody. Hope we have replied to all your questions, all your queries. If anything else remains pending, you can always get in touch with us. Mr. Chintan Mehta, he is the Investor Relations Officer. You can always get in touch with them, and he'll be providing with you all the replies. Thank you.

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.