LLOYDS METALS

LLOYDS METALS AND ENERGY LIMITED

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Date: 03rd May, 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 Q4 & FY25**

Dear Sir/Madam,

Pursuant to the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), and in furtherance to our intimation dated 21st April, 2025 regarding Conference call with Analyst(s) /Investor(s) held on Wednesday, 30th April, 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: 2025.05.03 16:49:36 +05'30'

Akshay Vora
**Company Secretary**
Membership No.: ACS43122

“Lloyds Metals and Energy Limited

Q4 & FY '25 Earnings Conference Call”

April 30, 2025

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

MODERATOR: MR. PARTHIV JHONSA -- ANAND RATHI SHARES AND STOCK BROKERS.

**Moderator:** Ladies and gentlemen, good day, and welcome to the Lloyds Metals Earnings Call, hosted by Anand Rathi Shares and Stock Brokers Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Parthiv Jhonsa from Anand Rathi Shares and Stock Brokers. Thank you and over to you, sir.

**Parthiv Jhonsa:** Thanks, Hardik. Good evening, everyone, and thank you for joining us today. We at Anand Rathi are pleased to host Lloyds Metals and Energy Q4 and FY '25 Earnings Conference Call. 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, I would now like to invite Mr. Rajesh Gupta to initiate the proceedings for the call. Thanks, and over to you, sir.

**Rajesh Gupta:** Thank you, Parthiv. Good afternoon, everyone. A warm welcome to all our investors joining us today. A special thanks to the team at Anand Rathi for hosting this call. FY '25 has been a remarkable year for Lloyds Metals and Energy.

We have achieved the highest ever profit before tax. We have achieved the highest ever sponge iron production for a financial year, and maintain the annual run for iron ore as well. For the second year, we have completed 100% of our capacity of 10 million tons. We were in the consolidation phase. And we have also strengthened our CSR commitments in the likes of education initiatives like 2 schools, Lloyds Raj Vidya Niketan and GD Goenka Lloyds Public School in the 2 towns of Gadchiroli and Hedri.

Health and water initiatives, including 130-bedded hospital and various medical checkups, eye camps, etc., have been carried out . And also sports initiatives like the Gadchiroli Premier League for fostering youth empowerment has been done in that area.

I'd like to give an update on the Thriveni MDO business acquisition. NCLT approval is in process and is underway and is expected to be done by Q1 FY '26. The 2 entities have started integrating culturally. Our teams are bonding well and are aligned with the company's growth objectives. We believe this is a major milestone, which will unleash a huge opportunity going ahead.

Moving forward on our capex progress. The slurry pipeline project is commissioned and complete. And right now, today only the material has started moving from Hedri to Konsari.

Other projects like the 4 million ton pellet plant, the 360,000 ton DRI plant and the 60-megawatt power plant are nearing completion. These projects are progressing at a breath-taking speed and are significantly ahead of typical industry time lines. We received EC for the pellet plant in November '23 and is under pre-commissioning. This is close to around 18 months. This is for a greenfield plant, which includes getting water and power infrastructure to 2 greenfield locations in difficult areas in Gadchiroli.

Similarly, for DRI 360,000 ton plant and the 60-megawatt power plant, we received the EC only in February '24, and 1 plant should be commissioned in June '25 and the other by July '25 as well, within a gap of 1 month of each other. This affirms our commitment towards timely execution of our projects.

Coming specifically to Q4 FY '25, our iron ore volumes were subdued in Q4. It is within 10 million tons for the year. The reduction in volume partially was because of the -- we front-ended the production, anticipating the EC clearance for the expansion a little earlier. That did not happen. But we had dispatched in the first 3 quarters more quantities. And therefore, only lesser quantities were left for the quarter ended. Lower volumes in this quarter naturally led to lower absorption of fixed costs and therefore, margins seem subdued.

Regarding the mining EC update, which many would like to hear of. . This will become one of the largest mines in the country, irrespective of any mineral, except coal. The time taken for approvals is therefore a bit longer than our expectations. We appreciate the authorities' cooperation in this regard. All major formalities have been completed, and we await the final outcome from MOEF very shortly. Given the scenario, we foresee some minor loss of iron ore volumes from 25 million to maybe 1 million ton or lesser than that.

Industry outlook. The Indian iron ore market continues to be buoyant, defying the international market. The prices are very steady, and the demand on steel is running consistently at 8% year-on-year and therefore, also on iron ore. The government's focus on steel capacity expansion has remained strong and multiple government initiatives have initiated the urgent need of scaling up of greenfield iron ore mining as well as beneficiation.

Most importantly, the saga of high-price auction continues with an average of 20 million tons is now further scheduled every year for the next 5 years to exit the allotted route and go into auction route. We once again reaffirm our commitment to creating long-term value for all our stakeholders. Thank you for your continued support and for being part of our exciting growth journey.

I now hand over the call to Riyaz, who is our CFO, to walk you through the detailed financial performance.

**Riyaz Shaikh:** Thank you, Mr. Rajesh, for the detailed insights and setting the context for today's discussion. Good afternoon, everyone. Let me take you through the key financial highlights for FY '25 and quarter 4 FY '25.

FY '25 revenue grew by 3% year-on-year. Growth was primarily led by better realizations for iron ore and record sponge iron production. Iron ore volumes remained flat year-on-year at 10 million tons. Iron ore sales volume for quarter 4 FY '25 stood at 1.66 million tons. In regards to EBITDA performance, FY '25 EBITDA grew by 13% year-on-year to INR 2,005 crores. Growth was driven by higher realizations in iron ore. However, realization for sponge iron and power remained muted, which slightly moderated overall EBITDA growth despite record volumes.

Speaking about realizations and per ton. Iron ore realization for quarter 4 FY '25 stood at INR5,994 per ton, down 6% year-on-year. FY '25 realization was INR 5,766 per ton, up 6% year-on-year. Iron ore EBITDA per ton for FY '25 was INR1,801, up 5% year-on-year. DRI and Power segment. DRI volumes for FY '25 stood at 3,08,000 tons per annum. Power volumes grew 5% year-on-year for FY '25. However, realizations for sponge iron and power are muted, impacting segment margins.

A few additional points to be taken note, our ESOP cost for the quarter was around INR13 crores, which is non-cash. There were some community development expenses of around INR17 crores to INR18 crores in this quarter. As to the capex, the company incurred a capex of INR1,690 crores in FY '24, which increased to INR 3,695 crores in FY '25. We are guiding a capex of INR6,000 crores to INR6,500 crores for FY '26 focused on mining, pellet and steel capacities.

With this, we would like to open the floor for question-and-answers. Thank you.

**Moderator:** The first question comes from the line of Siddharth Mehrotra from Kotak Securities.

**Siddharth Mehrotra:** I just had a small query on the volumes, which we plan to do. So sir, now we are almost on the verge of monsoons, while we have guided that we will get our EC soon, that will perhaps significantly impact our volume ramp-up. So I mean, can you just lay out the steps you have taken to ensure that the materiality of lower volumes is not there when the final volumes for this year come out?

**Rajesh Gupta:** So last year also, the volumes in the monsoon were not as bad as compared to the average, number one. Number two, this year, our pipeline is getting commissioned, and that will help in moving the volumes out of the mine. The mine itself is not majorly affected by the monsoons.

So last year, we did around 2 million tons in the monsoon, which is equal to an average of the year, and we assume that the similar percentage would be achieved during the year. We have already started producing in a larger quantity. And the first quarter itself will give better results, better quantity than earlier.

**Siddharth Mehrotra:** Okay, sir. So approximately 20% of full-year volumes in monsoons, right? That is the base case assumption?

**Rajesh Gupta:** Yes.

**Siddharth Mehrotra:** Okay. And when we are considering monsoons, approximately that is 4 months of the year, 3 months of the year, 5 months of the year?

**Rajesh Gupta:** It was not in that manner.

**Moderator:** The next question comes from the line of Amit Dixit from ICICI Securities.

**Amit Dixit:** Just a couple of questions from my side. The first one is again on iron ore volumes. So you mentioned in your prepared remarks that the EC is still pending, and we may fall short by 1 million ton or something thereabout. So what would be your guidance at this point in time for FY '26?

And the related question is that where we see this EC approval getting stuck because 1 month has already passed in Q1 FY '26. So just wanted to give a little bit more color on this aspect.

**Rajesh Gupta:** As far as the EC aspects are concerned, the process is on. The committee has, in fact, made a visit to the mine, which is normally not a requirement because it's a big mine. We welcomed them to our mine. And post that, the processes are over, and we hope to be getting it very, very shortly. We have given timing earlier also. But at this moment, I think May end should be the date that we anticipated the worst case.

And in terms of the volume guidance, like I said, around 1 million tons, 1.2 million tons maximum would be reduced based on 25 million tons.

**Amit Dixit:** Okay. So that means the second half could be a bit more heavy in terms of volumes compared to the first half of the year?

**Rajesh Gupta:** Yes, yes.

**Amit Dixit:** Okay. Great. The second question is on the capex. So in the prepared remarks, it was mentioned that INR6,000 crores to INR6,500 crores capex in FY '26. Now, first of all, does it include maintenance capex as well? And if you could divide it into broad buckets, where it would be invested in what all equipment?

**Riyaz Shaikh:** See, when we say, INR6,500 crores is including the mining assets, that is for the beneficiation plant, the steel plant that is 1.2 million tons wire rod plant, the pellet plants. These are all included in this, plus some normal capex. Normal capex is it's not to a larger term, but it should be around INR50-odd crores for a particular year as going to the average is what we have been doing.

**Amit Dixit:** Okay. The third one, if I can, is an update on BHQ. So in the presentation, you did mention that there has been some progress, etc. Just wanted to understand where we are on that and if the commissioning time line that we have anticipated is on track?

**Rajesh Gupta:** So on BHQ, the pilot plant is performing extremely well. We have updated our technology inputs to reduce processing costs a little bit on that and fine-tuning that. That's number one. In the meantime, the engineering of the overall project is going on at large pace in China with our partners there. Number two.

Number three, on the permission level, we are anticipating to get the permissions to start the ground progress by around Diwali 2025. So with that, the case and then by June, July '27, we should be in a position to start the beneficiation plant of the first train and 6 months thereon for every train. So there will be 3 trains of 15 million tons input and 5 million tons output. So July '27, March '28 and July -- March '28, we will finish off, sorry.

**Moderator:** The next question comes from the line of Vikash Singh from Phillip Capital.

**Vikash Singh:** Sir, my first question is regarding the annual dispatch. While we still had the EC of 10 million tons, so any specific reason we fell short by 0.5 million tons in terms of dispatches?

**Rajesh Gupta:** There is some captive consumption that is not iron ore sold. So that comes in the captive consumption side. The production of the mine of full 10 million tons.

**Vikash Singh:** Sir, my second question pertains to the iron ore realization seems to be slightly up on a sequential basis. But if you look at the EBITDA per ton, it was down sharply. Any specific reason for the same?

**Riyaz Shaikh:** If you see for the overall -- full financial year, we are almost, in fact, better than what we did, what we have been achieving over the last previous years. Yes, in this quarter, yes, it has been. There were some lumpy expenses for community development that was incurred. There were some ESOP expenses, as I mentioned in my opening remarks also.

Plus, what we have done is, we have done some front-loading of expenses in this quarter to ramp up our capacities to achieve the 25 million tons. So that is some major cost what has been taken in this quarter. And that's the reason why the cost is on the higher side.

**Vikash Singh:** So effectively, the other operating expenses, which are higher...

**Riyaz Shaikh:** Updating us on the higher production.

**Vikash Singh:** Understood, sir. Sir, in terms of the iron ore market, on one hand, you say that the Thriveni might get a huge business with the iron ore mines they would need to commission in India. And at the same time, if more mines get commissioned, our existing business will get a little bit impacted. So just wanted to understand your views on the incremental iron ore availability and how do you see the prices in the domestic market?

**Rajesh Gupta:** Question that you raised about Thriveni. But on the additional market, let me just throw some light. Indian steel market is growing at the rate of around 8% production and similar on demand. So that is a very positive sign.

The iron ore market is growing a little lesser than that around 5% to 6% Therefore, the exports are reducing, International market is still very, very high compared to any Indian pricing. So that is still not a threat at all. I don't see that happening any threat in the near future on the pricing front.

In terms of -- we did a detailed research through SteelMint for our potential market, and we feel that around 70%, 75% of our material would be sold within 400 kilometers to 600 kilometers range of the mine or the pellet plant. So that is the status.

We are seeing a lot of our customers are increasing their requirements and increasing their capacities. And all that is helping us to increase to look at a very much better picture in terms of realizations going forward.

**Vikash Singh:** Understood, sir.

**Rajesh Gupta:** Could you repeat your question about Thriveni or does my answer?

**Vikash Singh:** It largely answers, sir. Sir, just one last question, if I may. What is the spot iron ore realization versus 4Q average?

**Rajesh Gupta:** So again, this INR6,000 that we have achieved last year. In the last quarter, we were around INR6,200, INR6,100. I mean, depending on the commodity and the location, it is going to be very similar. There has been no major movement.

We have kept the prices constant. OMC has inched up the prices. NMDC has not. These are the major merchant competitors, and we are keeping the prices in the right track. The steel market is not at its best with the 12% safeguard duty, I think it will become better, but we have taken care not to increase the prices even though there was some scope, we have not done that.

**Moderator:** The next question comes from the line of Jatin Damania from Svan Investments.

**Jatin Damania:** Sir, just on the follow-up questions in terms of the beneficiation plant where our pilot plant is already ready. So as you indicated that definitely we'll be moving ahead with the capex. So what sort of capex are we envisaging on that pilot plant?

**Rajesh Gupta:** We have started giving equipment order for the equipment. And for all the 3 trains, we anticipate around INR5,000-odd crores as a total beneficiation project.

**Jatin Damania:** And by when do we expect the plant to be ready?

**Rajesh Gupta:** So the first train would be ready, like I said, by June 2027.

**Jatin Damania:** And sir, in terms of the cost saving initiatives, now one of our slurry pipeline is being ready and probably likely to be ready in the second half and pellet plant 1 will be ready. So overall cost saving initiatives, what will be the cost savings initiatives that we'll be getting in the second half based on the slurry pipeline?

**Rajesh Gupta:** The slurry pipeline is actually being commissioned today on trial run basis. And the pellet plant will be commissioned by end of June. The slurry pipeline initiates a cost saving of around INR500, INR600 per ton of pellet, the pipeline is for 10 million tons, we are commissioning the first phase by 5 million tons right now. The grinding will be commissioned, the grinding for the second 5 million tons will be commissioned along with the second pellet plant.

**Jatin Damania:** Last question on the pellet plant. Now we are doing a pellet in the 3 phases, Phase 1, Phase 2 and Phase 3. So how comfortable and confident we are in terms of scaling our pellet capacity to almost 8 million tons that we'll be able to sell it or consume it?

**Rajesh Gupta:** So in terms of selling pellet, I think the market is very vibrant. There's a very shortage, but a huge demand for lumpy ore or pellets. So given our costing, we are confident of achieving a good marketing of that. Like I said earlier, we identified the markets and with the help of SteelMint, and one of that has been that we have -- in our seed marketing campaign, we have been able to get -- be successful in a tender which happened day before yesterday with RINL, which is the first time that RINL actually bought pellets in the open market like this by auction.

So we have been successful in that. So yes, we are confident of achieving a profitable or EBITDA accretive, PAT accretive margins in our pellet plant.

**Moderator:** The next question comes from the line of Siddharth Gadekar from Equirus.

**Siddharth Gadekar:** Sir, first thing on the iron ore volumes. So for FY '26, when we are guiding for 23 million, 24 million tons of volume, have we started engaging with customers in terms of offtake and their demands? And how should we look at pricing going ahead given that, in the second half, there will be a significant surplus that would be coming from us in the open market?

**Rajesh Gupta:** So we are aware of the fact that a 15 million ton increase, including the part of the quantity would be fed into the pellet plant. So out of the 15 million tons extra 4 million tons will be consumed in the pellet plant. So around 10 million tons goes in the iron ore market. Out of that 10 million tons, around 0.5 million tons is consumed extra in our DRI plant. We're talking about 9.5 million tons extra marketing to be done. We feel that our quality and the markets are such that it can easily be absorbed without any impact on the pricing.

That's why I did mention in my opening remarks that around 100 million tons of material will be going out of the allotment route into the auction route over the next 5 years as an average of 20 million tons every year goes away from a low-cost regime to a higher cost regime. The auctions in the last 3 rounds have not been less than 125% with a peak of 200%. These indicate that the demand is very, very strong going forward as well. Stalwarts in the industry are paying those premiums.

International stalwarts are paying 125%, 135% premium. The last mine, one of them very small mines went at a premium of 200% of the sales value. So obviously, those people who are buying that are perceiving a shortage going time forward, and we are there to service them during that period with our enhanced capacity.

**Siddharth Gadekar:** But we have started negotiations with our customers for that volume?

**Rajesh Gupta:** Yes, sir.

**Siddharth Gadekar:** Sir, secondly, on the pellet volume, how should we think about the production for this year?

**Rajesh Gupta:** Around 2.5 million tons.

**Moderator:** The next question comes from the line of Prakhar Khajanchi from Anand Rathi Financial Services.

**Prakhar Khajanchi:** My first question is, on last call, you have guided for cost saving on a consolidated basis once MDO merger is completed. Will this start from day 1 itself or it will be take time to flow?

**Riyaz Shaikh:** As soon as we are just waiting for the NCLT order in this merger. So once the NCLT order is received, the consolidation will start happening because the date is 1, April '25. So it will start from 1, April '25 immediately.

**Prakhar Khajanchi:** Okay. When will be the second pellet plant commission?

**Rajesh Gupta:** Second pellet plant will be a year behind the first pellet plant. Construction for that has also started. So we are confident of that next year.

**Moderator:** The next question comes from the line of Divy Agrawal from Ficom Family Office.

**Divy Agrawal:** So I just wanted to know about the rationale behind raising the INR5,000 crores that you have announced. And also, I just wanted to know about the capex that you have announced of around INR6,000 crores, INR6,500 crores. So how much from it would be internal accruals?

**Riyaz Shaikh:** Can you repeat your question?

**Divy Agrawal:** So I just wanted to know the rationale behind the INR5,000 crores. And secondly, I wanted to know the fund is INR5,000 crores and the INR6,000 crores to INR6,500 crores of capex that you have announced, how much will be from internal accruals?

**Riyaz Shaikh:** See, the INR5,000 crores resolution what we have taken, it's an enabling resolution. There is no concrete thing on it. What we are going to be going forward for any fund raise or any such thing to the equity route or any other route is not yet decided on. As of today, the INR6,000 crores what we are anticipating on the project for this next financial year is all through internal accruals and the balance of the preferential warrants what is pending to be called for.

**Divy Agrawal:** Got it. Secondly, on the IPS benefit, sir, how much did you receive in FY '25 versus how much were you expecting to be received in FY '25? And how much can we expect in FY '26 as well?

**Riyaz Shaikh:** We have not received any IPS for the new projects. Only for the old project, we had received some INR72 crores of IPS in the last year. This year, we will be around...

**Rajesh Gupta:** This year, the accrual of the IPS starts as soon as we start the operations.

**Divy Agrawal:** So how much can you quantify?

**Riyaz Shaikh:** It will be on accrual basis. We'll be getting that funds will be coming only in the next year, next financial year.

**Divy Agrawal:** So in FY '26, you don't expect anything?

**Rajesh Gupta:** As a cash flow, no. The past inflows, the past inflows would start coming in will come in majorly around INR35 crores, INR40-odd crores.

**Divy Agrawal:** In FY '26, right?

**Rajesh Gupta:** Yes.

**Divy Agrawal:** Okay, sir. Got it. And just wanted to know about the INR40,000 crore revenue that you had guided in some of the previous communications by FY '28, FY '29. So how much would the IPS benefit would be the contribution in that?

**Rajesh Gupta:** That's a difficult question. I don't think we have the answer to that ready. In principle, let me explain to you that the IPS is capped by 150% of the investment that we do in Gadchiroli and 115% of whatever investment we do in Chandrapur. In Gadchiroli, the investment in both the places, this cap would be reimbursed with a maximum of 12 years, as well as a minimum of value.

So basically will be divided by 12. And every year, it will be accruing towards local sales GST, that is the SGST of that year as well as the royalty as Gadchiroli is concerned for the captive consumption that we do of iron ore.

So based on that, we feel that every year, any project that we invest in, we will be getting the IPS over the next 12 years, 150% or 115% as the case may be. This is accrual, plus 1 year to 1.5 years for disbursement by the government of Maharashtra.

**Divy Agrawal:** Okay. So it takes around 1 year, 1.5 years for disbursement, right, after the commissioning of the project?

**Rajesh Gupta:** No, no, no. After it is accrued.

**Moderator:** The next question comes from the line of Kartik Khandelwal from HEM Securities Limited.

**Kartik Khandelwal:** My question was regarding the sponge iron Q4 FY '25 margins. Earlier Q2 and Q3, we were able to achieve margins for profit before finance cost and taxes. The margins were around 27% in Q2 and 18% in Q3. But it has drastically brought down to 0.84% in Q4. So any reason for that?

**Riyaz Shaikh:** Sponge iron, yes, we have in this quarter, as I had mentioned earlier also, we have done some large expenses on community development, which were required. And that's the reason, and that has been -- that's the reason why it is on a higher side of those expenses are one-time expenses, which have occurred. It's a lumpy expense, and that has taken up most of the profitability.

**Rajesh Gupta:** The division of the quantity in the last quarter is lesser, I mean the year is very high. The division of the last quarter is similar.

**Riyaz Shaikh:** Lesser than the last quarter.

**Moderator:** The next question comes from the line of Rahul Agarwal from Aventus Capital.

**Rahul Agarwal:** So I had a couple of questions. So the first one was related to the cost savings questions that a couple of people have asked you previously. Would be that there is a -- you mentioned in the presentation that there will be a high amount of cost savings through Thriveni business, the slurry pipelines, etc.

But I was having some trouble with the per ton cost savings that were related to mining and freight. Given the numbers in the presentation, it seems as if the per ton costs are already quite low. And what we are expecting further, is it because of volumes, like the INR500 to INR600 per one pipeline and INR800 to INR1,000 per ton for the other pipeline. Will that be incorporated in terms of volumes?

**Rajesh Gupta:** One of the major volume savings would be because of the consolidation of Thriveni into the company, and number two, the slurry pipeline. So these 2 reduce our cost of sales to a large extent. I think vis-a-vis the other figures, I suggest that Chintan could get in touch with you and resolve that matter. But basically, those are the 2 big ticket items on a per ton basis.

**Rahul Agarwal:** Sure, sir. I actually tried to reach out to Chintan for last quarter, I was unable to do that, but I will try to reach out to them again. So sir, the next question was about BHQ realizations and volumes. So I know that, obviously, the project is still some ways away from getting into full flow. But could you just give me an idea of what the realization might be like and what the volumes will be like once you start the plant?

**Rajesh Gupta:** BHQ is a byproduct of the mine. We have a reserves of around 700 million tons, which is normally thrown aside by most mines. The Fe content is only 35%, 38%. BHQ, Banded Hematite Quartzite. We will be beneficiating this material into a 66% iron ore, which is one of the highest grade iron ore available in the country.

So as such, BHQ itself is not sellable. And neither we plan to sell -- we will sell some of the concentrate that we produce out of this, which would be comparable to the iron ore market on that day adjusted for the Fe content.

**Rahul Agarwal:** Okay, sir. So similar to the Hematite that we already sell, right?

**Rajesh Gupta:** Yes. The yield of BHQ is around 35% for 3 tons of BHQ, we get 1 ton of concentrate.

**Rahul Agarwal:** Okay. Then sir, just you spoke about the reserves. And I just wanted to know, given that we have a total reserve of about 850 million tons, now that we are expanding into iron ore into '25 and we'll be doing BHQ, do we have enough reserves for the next decade or so because the math was a bit weird. So do we have enough reserves to continue? Or are we going to say maybe move towards BHQ completely in the next few years?

**Rajesh Gupta:** BHQ completely in 2034, '33, something like that as per the mining plan. Till that time, we have reserves for direct sales ore as well. Over a period once the BHQ plants are fully commissioned, the DSO will come down gradually. And ultimately, it will be after '33, '34, something like that, it becomes 100% BHQ.

**Rahul Agarwal:** And just one last thing. What are the pellet realizations? I just wanted to know the number if that's possible?

**Rajesh Gupta:** So we are not selling pellets right now other than through our seed marketing program. The pellet realizations internationally are very poor. We are able to get a much better realizations in India. So in Goa, we are selling our pellets for around INR11,000, INR10,500. That's not us, but the manufacturer of the pellets with our iron ore. We are exporting some pellets. I think in this year, we should get around $128 to $130.

**Moderator:** The next question comes from the line of Vinit Thakur from Plus91.

**Vinit Thakur:** I saw the presentation and there was a question I wanted to get an answer on. What are the future capex time line we're looking at? When are they coming on stream?

**Riyaz Shaikh:** The next year, as I've been already telling you this, this is around INR6,000 crores to INR6,500 crores is what we have to do. Till date, as we have announced around INR32,000 crores, INR33,000 crores of capex over the next 5 to 7 years. Of that, INR5,000 crores has been done until 31, March '25.

Next year is what we do is INR6,000 crores, INR6,500 crores, similar thing we should be done in the next to next year and then a higher figure of around INR8,000 crores to INR9,000 crores in the next years. So by that, we should be completing it over the next 5 years.

**Vinit Thakur:** And when are the projects going to be live, like the pellet plant and the 1.2 million steel plant, the BHQ throughput, when are they going to be live? Like is there a time line of each of these plants?

**Rajesh Gupta:** Sequentially, I think there in the presentation, but let me repeat it. The first DRI plant would be live in June 2025. The first pellet plant and pipeline would be live in June 2025. The second pellet plant would be live approximately June 2026. The steel plant of 1.2 million tons would be live September '26. The first BHQ plant would be live June '27. Rest of the BHQ would be live March '28. And the final steel plant of 3 million tons would be live in March '29 to September '29.

**Moderator:** The next question comes from the line of Manu Kumar an individual investor. Since there's no response, we'll move on to the next participant. The next question comes from the line of Abhishek Kamdar from Value Plus Advisors LLP.

**Abhishek Kamdar:** Given the scale of investment planned in the steel vertical and the long-term value creation potential, is it a possibility to eventually list the steel business through an IPO or demerger once the operations stabilize?

**Rajesh Gupta:** No, Abhishek, there's no such plans or thought process at the moment. We believe integration may be the best way forward, but that's too forward thinking for us right now.

**Moderator:** The next question comes from the line of Vivek Patel from Le Luxe.

**Vivek Patel:** I just wanted to know regarding a bookkeeping question. I just wanted to know the non-current assets have increased from INR169 crores to INR795 crores. So can you help me with that? What would be the breakup of that?

**Riyaz Shaikh:** This is more on the advanced tax position, the non-current assets because -- and mostly that is receivable with the government authorities.

**Vivek Patel:** And even on the other current liabilities, so it has increased from INR30 crores to INR1,335 crores in...

**Riyaz Shaikh:** That is the advances from customers.

**Moderator:** The next question comes from the line of Siddharth Gadekar from Equirus.

**Siddharth Gadekar:** Sir, just one thing on the pellet plant. Given that there will be an annual maintenance at peak, we would be operating the plant at 90% or we can go up to 100% over the full-year beyond FY '26?

**Rajesh Gupta:** I think the capacity would be 100%, not in '27, but we will be able to achieve 4 million tons in each of these plants by '28 or so.

**Siddharth Gadekar:** Even adjusted for the annual maintenance that we will take a shutdown.

**Riyaz Shaikh:** Yes. The plants are designed for a higher capacity. So this would be what we can achieve for the whole year, including the annual shutdowns.

**Siddharth Gadekar:** Sir, and secondly, in terms of when we spoke about 100 million tons of iron ore moving from allocation to the auction route. So, given that the market will likely become tighter, is there scope for us to increase prices further from these levels going ahead?

**Rajesh Gupta:** Steel is a commodity. Iron ore is a bigger part of the same commodity. And I would not even think of predicting the future pricing of any commodity.

**Moderator:** The next question comes from the line of Kartik Khandelwal from HEM Securities Limited. The participant seemed to have dropped. Ladies and gentlemen, that brings us to the end of the question-and-answer session. I would now like to hand the conference over to the management for the closing comments.

**Riyaz Shaikh:** Thank you, everybody, for an engaging question-and-answer session. I hope we have answered reply to all your queries. If anything is pending, you can always get in touch with anyone of us so that we'll be happy to give you all the replies in that case. Thank you very much. And thank you, Anand Rathi team for hosting this call.

**Moderator:** Thank you, sir. Ladies and gentlemen, on behalf of Anand Rathi Shares and Stock Brokers Limited, that concludes this conference. You may now disconnect your lines.