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To,

BSE Limited PJ. Towers, Dalal Street Mumbai-400001 Script Code:532181	National Stock Exchange of India Ltd, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai -400051 Script Code: GMDCLTD
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Dear Sir,

Subject : Transcript of Analysts/ Institutional Investors Meet

We had vide our letter dated 18th August, 2022 intimated the Stock Exchanges about the schedule of Analysts/ Institutional Investors Meet on 20th August , 2022 at 11.00 AM IST through audio Conference Call.

We send herewith a copy of Transcript of the said meet which took place on 20th August, 2022. The said transcript along with the audio is also uploaded on the Company's website i.e. www.gmdcltd.com.

You are requested to kindly take note of the same on your record.

Thanking you,

Yours faithfully,
For Gujarat Mineral Development Corporation Limited


Joel Evans
Company Secretary

Encl : As above

Gujarat Mineral Development Corporation Limited

(A Government of Gujarat Enterprise)

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Gujarat Mineral Development Corporation Limited
Q1 FY'23 Earnings Conference Call
August 20th 2022

Management

1. Shri Roopwant Singh, IAS - Managing Director
2. Shri Kulshrestha -- Chief General Manager & Chief Financial Officer
3. Shri H. K. Joshi, Senior General Manager, Technical
4. Shri Swagat Ray -- General Manager, Project Planning & Development
5. Smt. A.K. Iyer -- General Manager, Accounts
6. Shri Rajat Das -- General Manager, Marketing and Sales
7. Shri J.N. Dave -- General Manager, Power
8. Shri P.R. Shah -- General Manager, Geology
- 9.** Shri Joel Evans -- Company Secretary



Gujarat Minerals Development Corporation Limited
Q1 FY'23 Earnings Conference Call
August 20, 2022

Moderator: Good morning, ladies and gentlemen. I'm Steven, the moderator for this conference. Welcome to the Conference Call of Gujarat Mineral Development Corporation Limited arranged by Concept Investor Relations to discuss its Results for the First Quarter ended June 30, 2022.

We have with us today, Shri Roopwant Singh, IAS, Managing Director; Shri Kulshrestha -- Chief General Manager & Chief Financial Officer; Shri H. K. Joshi, Senior General Manager, Technical; Shri Swagat Ray -- General Manager, Project Planning & Development; Mrs. A.K. Iyer -- General Manager, Accounts; Shri Rajat Das -- General Manager, Marketing and Sales; Shri J.N. Dave -- General Manager, Power; Shri P.R. Shah -- General Manager, Geology and Shri Joel Evans -- Company Secretary. At this moment, all participants are in the listen-only mode. Later, we will conduct a question-and-answer session. At that time, if you have a question, please press '*' and '1' on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the floor to Shri Roopwant Singh -- Chairman and Managing Director. Thank you and over to you, sir.

Roopwant Singh: Good morning, friends. We welcome you all to the first conference of this financial year. The year has started well, for GMDC. The company has been on a correction course for the past three quarters and whatever results are visible now have been due to the concerted effort of the entire team and a very supportive board. I would not like to repeat that as well, they are evident and in front of you. We welcome you all for sparing time and we invite questions and queries from your side. Thank you so much.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Amit Dixit from Edelweiss. Please go ahead.

Amit Dixit: I have three quick questions if I may. The first one is on realization. While realization increased QoQ for every mine, but for Mata No Madh for some reason, there was a slight decline. If you can explain that. That is the first question. The second question is essentially on our mining costs. So we have seen that mining costs have gone up maybe because people cost might have gone up or shipping costs might have gone up. If there are some other elements to it and how do we look at it going ahead? And the third question is if you can throw some light on the BCG draft report that was supposed to be tabled around this time?



Roopwant Singh:

We start with Mata No Madh. Mata No Madh project is currently the backbone of the organization and is the largest contributor to the kitty of lignite that is available for supply to the energy sector and for market sales. This year in this quarter, we have supplied a large amount to ATPS and KLTPS. The reason is ATPS was not doing well in the previous quarter compared to this Q1 of last year to this one. The performance there has improved, and an essential requirement is regular sustained supply of fuel. And second is the KLTPS plant which belongs to the state power utility, that was under a major repair and overhaul in the last financial year. That has also come into operation this year. So, the supplies to both these plants have increased. The pricing for the fuel there is regulated by a government formula, which is very conservative. And though there is action underway to update that formula, so that GMDC is able to get adequate realization or reimbursement for the efforts put in, but the realization from Mata No Madh being low is principally on account of more supply to the power sector. As far as the mining cost is concerned, Amit, you are well aware, there has been a huge upward correction in the fuel prices. The fixed cost component for our lignite production is in the range of 9% only. The rest of it comes from the variable components, that is work and diesel. Out of this, diesel accounts for more than 50% of the cost. We are bulk consumers. So, there has been a huge correction in the range of Rs.80 rupees to in excess of Rs.120 for bulk supply. So, that has had an impact on the mining cost, the way you see the cost has gone up significantly. BCG report, yes, their engagement with us is divided into three phases. Phase-I was identifying opportunities, and the subsequent phases are moving towards those opportunities. So, phase-I has completed. And we have a report of actionable points. They can broadly be divided into improvement of processes and new initiatives at our level. But the larger initiatives would require more deep diving and we would be coming to you with those larger initiatives in the subsequent interactions with the investor community. But at the moment you would see us acting on three, four fronts. There would be an effort towards greater digitization and automation of operations in the mining operations that we do. There's going to be a thrust on that. Our customer outreach and the entire customer experience we seek to upgrade by regular interactions taking feedbacks. There is also a lot of discussion on reclassifying the customer base, which is very crudely classified into small and large and there is an anguish from the smaller players that they do not get the benefits or they're treated at par with much larger players. So you would be seeing action on these immediately. The larger things would require deeper studies and those studies and those actions have been initiated. We shall be coming to you with those initiatives. We've had spoken about those initiatives in our earlier con calls and discussions and we shall be updating you. Thank you, Amit.

Moderator:

The next question is from the line of Vaibhav Badjatya from Honesty and Integrity Investment. Please go ahead.



Vaibhav Badjatya:

So, I just have two questions. One is on the pricing and other is on the volume. On the pricing front, we have seen significant slowdown in our price hike. So, just in that context, I want to know that what is still the differential that you see, I don't want exact number, but broad differential that you see between imported coal and lignite based on Surat delivery, you can just broadly highlight what's the difference? Is a slowdown in price revision driven by more Russian coal coming into Gujarat or there is some rethought from the new management that probably we should slow down due to inflation concern on the pricing front, that's the question on pricing? And second question is on the volume front. So, we have seen Morbi area announcing significant one month shutdown. So, is it likely to kind of change our volume outlook, which we have kind of targeted for 10 million tons, is there any risk to the volumes or do you expect that after Q2, probably from Q3 onwards, there will be sharp recovery. So, just wanted your views on these.

Roopwant Singh:

On the pricing, as we have discussed earlier, the pricing strategy, which was changed last year, made the entire marketing and sales division responsive to its main competitor, that is imported coal. We had a target number that we were able to achieve and we were holding on to a differential. And as you would have seen in March, appropriately comparable imported coal price for 4200 GCV stabilized. So, we broadly stabilize near that level with a significant differential. And last month, there was slight uptick, and so, we made some minor corrections, and now, there is that price of imported coal has further eased. So, we are sensitive to these needs. And as I have stated earlier, we are committed to our MSME sector. We shall be supplying them at a enter differential cost, but we will at the same time not miss out on an opportunity. We are fully sensitive, the management is supportive and the board is very supportive of these efforts. And the volume is quarter one we held out good numbers, 2.5 million tons, although this quarter monsoons have been extremely good, which does not usually turn out to be very good for lignite mining. There has been very good rain in all geographical regions in a very small period of time. So there was a strain on supply, the stocks got exhausted and allocations went down. Morbi also took a month off. That was more on account of the supercharged imported coal prices rather than us. As far as the volume ramp up is concerned, we are committed to that. And you would have seen RFPs for significantly expanding the capacity of Bhavnagar project, which are live right now.

Vaibhav Badjatya:

But just a follow up on the volume. Because there's a lot of problem on the gas availability as well in the pricing of it as well. So are you seeing significant shift from there in terms of kCal cost for the gas and coal, are you seeing that it is becoming more viable for the customer to probably shift to coal by doing some CAPEX?



Roopwant Singh: This shift in the industry keeps on taking every few years. Something has their opportunities. And from what I have gathered, many of the larger plants have equipment to take care of both needs, but they shift occasionally, like, for example, the Surat cluster a decade or ago, and now shifted to gas and then shifted back to solid fuel. So, this is a call which they take because the margins they seek to maintain them. So at the moment, the shift is in favor of solid fuels. And now with solid fuel prices, imported fuel prices going up, they're still sustained. This is what our feedback is.

Moderator: Next question is from Parthiv Jhonsa from NVS Brokerage. Please go ahead.

Parthiv Jhonsa: Sir, I have just a very couple of broad-based questions. Sir, in Q1 your revenue was almost more than doubled with excellent PAT. So, just want to know with the target of this 10 million tonne Russia, what is your perception of how the other remaining three quarters will be? So, what is your overall view when you are saying that you will foray into that rare earth elements mining and everything? And with this new couple of mines on the block, what will be the total overall opportunity for the company?

Roopwant Singh: Very briefly, we are chasing 10 million tonne. Second quarter is going to be slightly late because of excessive rains. In the last two quarters, we will have to do a lot of catching up. To achieve that, I mentioned Bhavnagar tender. These are two very large RFPs which have been floated. We will take care of entire northern Gujarat, central Gujarat and southern Gujarat once these become operational. New mines, yes, you should see operationalization of these mines within the next two financial years. You would be seeing RFPs for MDOs or turnkey contracts very, very soon.

Parthiv Jhonsa: Sir, my last question is with this new goal is again firming up, how do you perceive our prices, lignite are going to firm up or are they already in good space or just the movement of the pricing of the metal?

Roopwant Singh: I didn't understand the question.

Parthiv Jhonsa: No, no. So I just wanted to understand are the prices firming up now, for the material for lignite or the energy range bound or what is the current scenario?

Roopwant Singh: So, like I said in the earlier question, in March, the price is for imported coal our competitor had stabilized. We need a certain differential and we maintained it. There was a slight spurt. We caught it. Now, those prices are easing. And we are sensitive.

Moderator: Next question is from the line of Rabindranath Nayak from Sunidhi Securities. Please go ahead.



Rabindranath Nayak:

Sir, I have a few questions regarding the plans for monetizing the bauxite and the lignite for core products. Any volume and value proposition for these impact on top line and bottom line for this year and next year, if you can guide something? And regarding this RE reserve, you have already good results is my understanding. The reserve is pertaining to lithium or cerium or what is the timeline if possible for top line or the bottom line on this? And regarding this, we have already appointed the strategic consultants for six months already. So, what is the key projections you have, any broad suggestions they have said, we can wait for some suggestion from that could be helpful for our understanding?

Roopwant Singh:

Let me answer it in the reverse order this time. BCG has been onboarded. Phase-I is over. Their recommendations for our organization can broadly be classified into three categories: One is improvement and the second is diversification and strategic play. The improvements are on processes, marketing, sales and internal governance mechanisms, that activity has already kicked into action. And we would see hopefully the results in the coming quarters, because they are an evolving thing, some of these actions take a lot of time, but the activity has started. The second larger one, why they were here is for diversifying the company, taking it beyond lignite and making the company future-proof from its reliance on a single fuel. There have been very good suggestions and they have advised on the wide array of opportunities that this company sits on, namely, the reserves of limestone, silica sand and multi-metal assets, etc., So those are things on which we have made our preliminary analysis and in the coming months, a lot of study and further research has begun on each of these. We shall be updating you on each of these initiatives, because they are large initiatives subsequently. This would not be the right time for us to say on each of them. As far as the RE initiative is concerned, yes, a study is underway. We had hoped it would be over and we would be able to give you answers, but it would still take some time. But what I can say is the initial prognosis seems encouraging. We have as a key to the study that is underway. We are planning to further take up exploration in our Kadipani reserve also for these metals. You should see an RFP for that in some time. Bauxite, yes, it was languishing. We were sitting on unsold assets. Recent initiatives include open auction-based sales. Number two, benefiting the quality so that we are able to find willing takers. Three, improving the relation and hand-holding of our joint venture partner so that off take goes up to maximum capacity. And similar initiatives are underway for smaller, but again, important manganese asset also. Bauxite, this year, hopefully should end well and so for manganese also.

Rabindranath Nayak:

Regarding this RE, again on this topic, so, is there any chance that central government will take part in the business or takeover business in future or is there any chance for the company to divest holding RE business to central government or how we should look at it in future? And what kind of reserves, cerium reserves or if you can give some name of the reserves what we are having in RE, that would be helpful, sir?



- Roopwant Singh:** I understood the second part of the question. What is the first part of the question?
- Rabindranath Nayak:** First part is the company which is there in the central government space, whether that company can participate or in future if RE business will become big and the central government will take that business from you, or take part in some stake in the RE business, so, if you can guide something on that?
- Roopwant Singh:** Well, I can't guide you on something which has not happened and which may happen if it's required. It is a sector which is closely controlled by Government of India and Department of Atomic Energy. Whatever initiative that we take would be in consultation and directions from them. And as far as what kind of reserves are there? We have a good concentration of light rare earths. The metals and everything, we shall be sharing subsequently.
- Rabindranath Nayak:** So magnetic rare earths, we don't have in reserves, is that correct?
- Roopwant Singh:** Please note, we have light rare earths.
- Moderator:** The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.
- Deepak Poddar:** I just wanted to understand more on your EBITDA per ton. I mean, quite fantastic EBITDA per ton close to about Rs.1,800 to Rs.1,900 per ton this quarter. So can you indicate the sustainability, how sustainable is that?
- Roopwant Singh:** Deepak, I will repeat again. We were working towards a stable differential from the imported coal. We arrived at it. At the moment, the prices seem to be easing up. So, we are watchful and what our internal analysis and market analysis says that in the proximate future, we see imported coal holding some price and we hope to sustain that differential.
- Deepak Poddar:** So if that differential is sustained, ideally our EBITDA per ton is also likely to sustain, right?
- Roopwant Singh:** Yes, this is 91% of our lignite revenues.
- Moderator:** Next question is from the line of Rishabh Shah from RS Capitals. Please go ahead.
- Rishabh Shah:** I just want to understand the thought process. Understanding even the government company and going forward there might be sudden changes for the top management level. So, what is the thought process behind ensuring the company outlooks people with the current momentum continues for a longer period? Second thing, I believe in the last call, you mentioned that the total market for you is around 25 to 28 million tonnes. So, is this primarily the major market is from imported coal only? My third question is, is there a possibility or an opportunity to cater to a market outside Gujarat also? And my last question is, I believe we



have some investments in some certain listed companies. So now, what is the plan of that, are you going to monetize or that is going to be there for eternity?

Roopwant Singh:

I will answer your first question as I would have no answer to it and it would not be fair for me to speak on it. The Gujarat demand for solid fuel stands at around approximately 26 million tonnes. We have currently limited ourselves to Gujarat because the demand is significantly large and we are a Gujarat-based company. But in the coming three to four years, you should see our production going up to 14 million tonnes to 15 million tonnes. *(inaudible) (technical difficulty)*. As far as our investment in listed companies is concerned, at the moment we are holding, but they are part of a strategic transformation plan that we are doing in partnership with BCG. So, based on our capital requirements and the timing, we shall be taking a call on them. That is a very relevant point and we are mindful of these investments. As far as management is concerned, I would not be the right person to comment. But it is a very fantastic board; it is very supportive and very forward-looking. That is all I can say.

Moderator:

Next question is from line of Hemant, an investor. Please go ahead.

Hemant:

We have seen extremely good results in Q1. So apart from Q2, do we see the momentum continuing in this financial year? What kind of annual revenue you are targeting for FY'23 as well as margins?

Roopwant Singh:

So I'll probably repeat myself what we said. Q2 because of these heavy rains and spread out all over the state of Gujarat, please expect a slight moderation, because the quantity available has gone down. We shall be doing a lot of catching up in Q3 and Q4 and hopefully we are able to ramp up our capacity. So we are hopeful of good numbers this year. I can't share anything specific regarding numbers, but we should expect good numbers by the end of this year.

Hemant:

Sir, even if you can't give a specific number, any broad range?

Roopwant Singh:

I'm not at liberty. Please look at our pricing, please look at our volume.

Hemant:

Will it be better than FY'22?

Roopwant Singh:

We are hoping for better.

Hemant:

Any range, 10%, 15%, 20% can we expect?

Roopwant Singh:

Hemant, please do the numbers. Our quantity as we have shared, our goals and pricing we have shared. Just do few calculations.

Hemant:

What will be the EBITDA per ton we can expect for the entire fiscal year?



Roopwant Singh: I think it will be better than last year provided the price differential holds.

Moderator: The next question is from the line of Keshav Garg from CCIPL. Please go ahead.

Keshav Garg: Firstly, I would like to thank you on behalf of all shareholders for the excellent performance and all your efforts for the transformation of this company and you are saving the country a great deal of foreign exchange; thank you very much for that. Wanted to understand that are we thinking of putting up any lignite washery, does it make sense? And sir, secondly, I wanted to understand that we have a huge amount of cash reserves that we have lent to the state government at I think 5.25% which is below the rate of inflation. So, it would be far better if we could do a share buyback and return the money to the state government instead of just the real value of our cash reserves falling?

Roopwant Singh: Lignite washery is merely a washery name. It is dry beneficiation of lignite to two ends. One, remove pyrite from our Mata No Madh resources and remove ash from our Mata No Madh resources. This is a step which is vital towards our movement and a commitment towards meeting our ESG goals. Yes, we are yet to formulate a full strategy, but these are our first steps in that direction. Improved quality of lignite from Mata No Madh will significantly decrease the pollution and hugely improve the efficiency of our thermal power plant and also of the state utilities thermal power plant. Second, there is no money given to government. It is lent at an interest rate which is better than whatever was prevailing at that point of time with GSFC. It is a non-banking finance company, but it is owned by the government of Gujarat. So, it is not parked with government. It is merely an instrumentality. And as far as the cash reserves are concerned, we don't have any plans of buyback because we are in expansive and aggressive mode. We are going to open six new ignite projects and develop further lines of business, which we are doing in consultation with BCG, and we shall be updating you on each of these initiatives subsequently. So there is no plan for buyback. We are on an expansion journey.

Keshav Garg: Also, wanted to understand that our power division is now making profits. So basically will it sustain going forward?

Roopwant Singh: Sorry, correction, it's not making profit, the losses are down. Last quarter, it was neck-and-neck, there was no loss, this year, the loss compared to last year has come down. We had hired AT Kearney to critically look at this asset. The issue has gone to the board and board has responded positively. Hopefully, if these corrections come through, we should be making some money from this division also.

Moderator: The next question is from the line of Bajrang Bafna from Sunidhi Securities. Please go ahead.



Bajrang Bafna:

So, my first question pertains to the improvement that we are expecting on the power side apart from thermal power, I believe that there are some movement which is also happening towards renewable side. So if you could update us on that, will be really helpful? And my second question pertains to the movement towards rare earth side. I think we believe that Mackenzie has been roped in for taking this to the next level and there were some articles which have been publicized where we are looking for some strategic partner also to go into that direction. So, if you could update us what is the movement on that side, and when can we see some sort of announcement or some development, which could take us to the next level? I think it is a long journey for us, but, we are also looking for hiring some professional person who have an understanding of these minerals, which was also publicized. So, if you could update on that side will be really appreciated?

Roopwant Singh:

As far as the thermal power asset is concerned, I think I spoke about that just now. So, I will not speak on that. As far as the non-conventional energy is concerned, we are making efforts to develop our in-house system to strengthen our governance of these assets. Capital in the range of Rs.1,200 crores to Rs.1,300 crores over a period of a decade was invested in these non-conventional assets. And we have not developed the kind of in-house capabilities that are needed to monitor these assets so that they are able to deliver well. So, we are currently in that exercise. You'd have seen advertisements for recruitments of experts on these fronts. Hopefully, we'll be able to squeeze out more juice from these assets, because it is more of a governance and less of a technical issue. So, please expect improvements on these fronts in the coming months. As far as the rare earth journey is concerned, yes, McKinsey has been onboarded. Yes, their study is underway. Hopefully, it is in the right direction, but it will still take some time. We have not floated any advertisement for onboarding a partner. But yes, we are going to hire professionals who will be able to analyze the ore and other aspects better so that we develop in-house capabilities moving towards in this direction. You should see some advertisements for further studies and further exploration of these assets by GMDC in the coming weeks. And we shall be coming forward with more clarity as this is an emerging area and our studies get concluded.

Bajrang Bafna:

Just one quick question on that side. Recently, we've heard the government that they will allow some private miners to enter into lithium mining in our country as well, and very recently and then NMDC has announced that they will start exploiting these minerals in Karnataka and maybe outside India also. So, any ballpark assessment that we are also getting some note from the government that to explore this opportunity as well in our country?

Roopwant Singh:

Government of Gujarat, this year has made a provision to set up a special lab dedicated towards the RE exploration analysis and to set up a core library for the same. The government is very well aware and they are moving in that direction. I can speak for our government. The initiative of Government of India to broad-base the number of players in



this sector is a welcome step, because this is a pioneering field. More mines, more technology will lead to better results and a better strategic position for our nation in the global space.

Moderator: The next question is from the line of Vaibhav Badjatya from Honest and Integrity Investment. Please go ahead.

Vaibhav Badjatya: Thanks for the follow up. So, all of us understand second quarters, because historically as well there has been seasonality during rainy season of our performance, so it's quite expected. But on second half, on the pricing front, because there will be winter in Europe and they are also trying to restart their coal plants, how do you see the outlook for the pricing differential, because there can be quite severe situation internationally in the second half, so I just wanted your views on that? And secondly, this specific grade of 4,200 kCal is what you're talking about. So if I compare that with some of the other grades, there is a difference in movement. So most of the other grades have moved up or at least have remained same. So what is driving that difference in movement? And do you expect that grade also to catch up with other grades, if you can throw highlights on these two parts that would be helpful?

Roopwant Singh: Well, international geopolitics is much, much beyond our scope to answer. And what I can say is, like I said earlier, I repeat, I can speak about our customers. During the past three quarters, the number of customers have gone up. We have a better relationship with them. I think they're better satisfied. To fine tune it, we have started customer feedback surveys and we are getting ourselves, the company assessed on seven to eight parameters and we are going to address each of these parameters. Amongst these there will be a question that what is their fuel preference within solid fuels, pure solid fuels, many of these larger players I believe has the capacity to accommodate gas and solid fuel both. And they frequently shift to whichever is a better opportunity. At the moment, I don't see gas emerging there. So, there should be decent demand for our product within our state, provided we keep it at the right differential. As far as the grade wise prices are concerned, yes, I mentioned Rs.4,200. But we track others also. And we usually look at the prices which are closer to ours in GCV and which are available in the market, because certain prices are advertised, but that grade is not available. And the differential that we talk of, is not full price per se, it is landed cost. So, we are mindful of what our customer incurs in transporting it to its place and we are also looking at it in terms of per GCV cost as to how much does it actually cost him in terms of energy cost. So, that is how we look at these numbers. At the moment 4200 grade is available. The larger rate they are available with a slightly longer waiting period. So that is why we have benchmarked it with this one.

Moderator: Next question is from the line of Satyan Wadhwa from Profusion Investment Advisors. Please go ahead.

Satyan Wadhwa: You have been taking price hikes periodically and very pleased to see that. Can you just shed some light on what the current realization is versus what it was in Q1? Has the cost gone up



in terms of MDU and any other sort of non-employee type costs for mining directly because diesel prices have been on a tear, but now moderating, so, just wanted to get a handle on what the cost structure is looking like during last quarter?

Roopwant Singh: Fixed cost has in fact gone down; it was around 10% last year, it has gone down to 9% this year. Variable cost, yes, it has increased because of this wild rise in diesel prices, which is almost slightly more than 50% of our variable cost. What was the first question?

Satyan Wadhwa: The first question was that you've been taking price hikes pretty regularly. So just trying to get a sense of what is the average realization looking like now versus June quarter, because price hikes have been coming through, so just trying to get a sense of, if you don't take any more hikes starting today, what will like the second quarter pricing be or realization be versus the first quarter?

Roopwant Singh: Our weighted average price for last year was close to Rs. 3,000 and this year it is in excess of Rs.4,000. So even its imported coal prices, we are taking a decision of slightly downward correction, I think we are sitting on comfortable margins.

Satyan Wadhwa: Versus first quarter, pricing realization in second quarter should be higher, right?

Roopwant Singh: Yes, but volumes would be tighter.

Satyan Wadhwa: That volumes will be lower. So I'm not trying to ask you about EBITDA guidance. I'm just asking about realization only?

Roopwant Singh: Per ton realization should be better.

Satyan Wadhwa: Newcastle coal is I think 5,500 to 6,000 kCal. And your average kCal is what about 3,000 plus or minus a bit?

Roopwant Singh: You can put it around between 3,200 and 3,400.

Satyan Wadhwa: Given that you have high moisture content and a buyer typically is only buying as he needs to buy roughly 2 tons roughly or 1.8 tons instead of 1 ton of imported coal, what discount to imported coal? would a buyer be happy buying lignite at 50%, 60%, I'm just trying to get a sense?

Roopwant Singh: That is a question which there is no definite answer because it's a different product and our product varies from project-to-project. So the product from our Rajpardi mine is almost at par with imported coal, but yes, it's classified as lignite. But yes, our product from Bhavnagar project has a very good calorific value, 3,600 - 3,800, but it has pyrites. So, it is a very amorphous set of products that we have. So I can't give a very specific answer to it. That is why we price our lignite product from different products differentially. And as an end



consumer, from what we have been able to learn from our customers is, they have a requirement for both, because the imported coal is broadly powdered and not in a lumpy form and ours is in a lumpy form. So, what ideally suits their boilers is a mix of both. So this is what we have been able to learn and that is why there's this sustained demand for our product also. But yes, it is a reality. This is lignite, this is not coal, this is not very high calorific intensity coal. So we have to keep it at a differential price. But there is no one answer. Yes, the differential in Rajpardi would be less, yes, the differential in Bhavnagar would be more.

Satyan Wadhwa: Current prices for imported coal is between \$350 - \$400. So your coal price is \$50 right now. If I just convert, say 4,000 at Rs. 80, you're almost at 12.5% of imported coal. So on a kCal basis, you are very, very cheap. That's why I ask that question, what is the what is the warranted discount, 55%, 60%. 65%, 85% is probably not the best discount,

Roopwant Singh: Please add one more thing to your calculation - the landed cost. That will make the entire picture clearer for you. Our product is produced in western ghats, which is more than 400 kilometers away from Surat, one of the consumption centers, it is produced in Bhavnagar, which is 250 - 300 kilometers away from Surat, but only 100 kilometers from Morbi. So, what we calculate is which mine caters to which area and what is its landed cost and what is the landed cost for imported coal also, because it broadly comes at two to three ports and we have an idea of which trader or big trader sells it where, so what is their freight cost. So if you look at these figures, then the differential is slightly less. But your analysis is right, but there is one gap.

Satyan Wadhwa: But I guess just if you're taking imported coal, freight plus port charges plus inland freight, that will still amount to maybe more than the amount of freight you have to pay even if you have to ship two times instead of one, is that correct or wrong?

Roopwant Singh: It's the opposite actually, Their landed cost is slightly lesser than us, because it has to travel large distances except for the one which is produced in Rajpardi and Tadkeshwar and goes to Surat. For the rest of it, there is a significant transportation cost.

Satyan Wadhwa: Your transportation cost will be in the tune of Rs.1,200 to Rs.1,500 if it's going by truck, is that a fair assessment?

Roopwant Singh: Mr. Das, could you comment on the these prices; transportation cost per ton?

Roopwant Singh: I'll give you an idea of fuel cost and you take a call on it. If you transport it from the South Gujarat mines to Surat, so you're looking at amount which ranges from Rs.500 to Rs.700, and if you transport it from Bhavnagar to Surat, you're looking at least add Rs.1,000 there and if you're transporting it from Kutch, please add Rs.3,000 to the original one.



- Moderator:** The next question is from the line of Rabindranath Nayak from Sunidhi Securities. Please go ahead.
- Rabindranath Nayak:** Can you please guide us what is the contribution of revenue this year and next year beyond lignite and power or includes the renewable power?
- Roopwant Singh:** So, revenue at the moment 91% is coming from lignite and the rest break ups Mr. Kulshreshtra, would you like to say something?
- L. Kulshrestha:** Maximum revenue comes from lignite 91%, from power is around 7%, and remaining 2% is from other minerals.
- Rabindranath Nayak:** What is your target for this year and next year?
- L. Kulshrestha:** We are expecting revenue from lignite, that would be around 90% and then 3% from bauxite and 6% - 7% from power, remaining from other minor minerals.
- Rabindranath Nayak:** Next year, any idea sir?
- Kulshrestha:** I'm talking about FY'22-23.
- Rabindranath Nayak:** FY'24?
- Roopwant Singh:** Next year sales will improve as our new projects come. We shall be sharing those details as our tenders and strategy formalizes.
- Rabindranath Nayak:** Our gas position is almost 50% of reserves and we have hired a consultant for improving a business further. So it is going to get better in coming few years. So in this context, one question is, is it unfair for a shareholder to expect a bonus issue kind of thing or it is absolutely say something on this?
- Roopwant Singh:** I wouldn't be able to say something on it and we have a very generous board, let us see what they say.
- Moderator:** Thank you. The next question is from theline of Deepak Poddar from Sapphire Capital. Please go ahead.
- Deepak Poddar:** Just wanted to understand why our tax rate was on the higher side last year, and how do we see that going forward?



Roopwant Singh: We made a correction in that and we moved ourselves to a lower slab and I would request our general manager, accounts to please comment on that.

Anupama Iyer: This is Anupama. Last year, we have moved from old regime to new regime. But due to change from old regime to new regime, we have made some adjustment in our deferred tax which we will carry. So last year effective tax rate was higher, but this year onwards, it will be as per new regime and will be in the range of 25%-26% only.

Moderator: The next question is from the line of Keshav Garg from CCIPL. Please go ahead.

Keshav Garg: Just wanted to understand that you have around half a dozen of associates and joint ventures. So is there any activity in these or are they dormant? When can we expect revenues to start from these joint venture and associates and also from bauxite and basically non-power, non-lignite streams that we are looking at?

Roopwant Singh: Very direct reply. Only two of these joint ventures are operational. One is for bauxite and one is for manganese. You should see an improvement in the offtake that they're going to take in the current year. Bauxite is going to benefit the quality so that they readily are able to absorb it and use it. Manganese, we are also working on looking at multifarious aspects to improve the returns that are there, not a lot, but still. Some of them are non-starters and many of them are in the closure phase. So request only to focus on these two; But if our studies and work on advice of BCG and McKinsey come through, you should look at larger joint ventures more robust with a better governance structure in the coming years.

Keshav Garg: Also, when can revenue start coming in from bauxite and manganese?

Roopwant Singh: You should see an improvement this year.

Moderator: The next question is from the line of Keval Kumar, an individual investor. Please go ahead.

Keval Kumar: Are there any plans for diversification in metal sector for mining or manufacturing? And my second question is company is having a huge stock of bauxite at the end of last financial year. Whether the company has taken any steps for liquidation of bauxite stock, and whether the company is profitable in bauxite mining or not?

Roopwant Singh: I will start with bauxite. We're sitting on stock of bauxite in excess of 1 million tonnes which is eight to nine years old. There has been significant degradation in the stock. We made open auction for part of it. Option was partly successful; some of it has found takers. At the same time, this old stock is going to be beneficiated and RFP for some trials in a few days. Once it has beneficiated, brought up to the level of what customers want, you should see offtake there. We are not very aggressive on mining bauxite, but we are aggressive on offtake and



beneficiation of our existing stock which is huge and which is locked capital for us. And your first question was on diversification in metals. Yes, what is going on, as you're aware on manganese and bauxite also and rare earth that we spoke off. But we will be able to speak about them conclusively and with more confidence in the coming quarters.

Moderator: As there are no further questions, I now hand the conference over to the management for their closing comments. Over to you, sir.

Roopwant Singh: I thank all the gentlemen who participated with these insightful questions, because it helps us look at ourselves more critically, and helps us perform better, and the management learns from these interactions and is able to rise to new levels. I have a few names in front of me who we spoke to. I thank them, I thank Amit ji, thanks, Rabindra ji, Vaibhav, Bajrang, Rishabh, Hemant, Keshav, Satyan and Keval Kumar ji. Thank you so much and I thank the moderator for organizing this conference. Regards.

Moderator: Thank you members of the management. Ladies and gentlemen, if you need any further information or clarification, please e-mail at gaurav.g@conceptpr.com. This concludes your conference call for today. You may now disconnect your lines.