"Sarda Energy & Minerals Limited

Q3 & 9M FY'25 Earnings Conference Call"

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MR. PADAM KUMAR JAIN – DIRECTOR AND CHIEF FINANCIAL OFFICER – SARDA ENERGY & MINERALS LIMITED
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MODERATOR: **MS. VINITA – STELLAR IR**

Moderator: Ladies and gentlemen, good day and welcome to the Q3 and 9-month FY25 Earnings Conference Call of Sarda Energy and Minerals 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Vinita from Stellar IR. Thank you and over to you, ma'am.

Vinita: Thank you, Muskan. Good afternoon, everyone and thank you for joining us today. We have with us today the senior management team of Sarda Energy and Minerals Limited, Mr. Pankaj Sarda, Joint Managing Director, Mr. Manish Sarda, Deputy Managing Director, Sarda Metals and Alloys Limited, Mr. Padam Kumar Jain, Director and Chief Financial Officer, who will represent Sarda Energy and Minerals on the call. The management will be sharing key operating and financial highlights for the quarter and nine months ended December 31, 2024, followed by a question-and-answer session.

Please note this call may contain some of the forward-looking statements which are completely based on the company's beliefs, opinions and expectations as of today. These statements are not a guarantee of our future performance and involve unforeseen risks and uncertainties. The company also undertakes no obligation to update any forward-looking statement to reflect developments that occur after a statement is made.

I now hand over the conference to Mr. Pankaj Sarda. Thank you and over to you, sir.

Pankaj Sarda: Thank you and good afternoon, ladies and gentlemen. Welcome to Sarda Energy's Q3 earnings call. I hope you have had the opportunity to review our results, press release and presentation uploaded on our website and the stock exchanges.

Macroeconomic overview- The global economic growth has remained steady and is projected to maintain stability through the CY2025. Stronger growth in the U.S. is likely to offset slowdown in other economies, including Europe. The recent ceasefire in the Middle East should help ease the geopolitical tensions leading to stabilization in energy prices and ocean freight rates. However, potential tariff escalations and policy shifts could heighten trade tensions, could disrupt supply chains and weigh on global growth. In India, we have observed growth moderation over recent months.

The Trump 2.0 era in USA may bring significant changes to international trade policies and climate change regulations impacting global economic order and consequently India's economy. The U.S. Fed after three rate reductions in 2024 has kept rates steady due to persistent inflation concerns. India's fiscal deficit is projected to decline to 4.4% against 4.8% estimated for the current year. RBI has rolled out plan to infuse INR1.5 lakh crores to ease liquidity. Tax rebate for lower middle class is expected to boost consumption and economic activity.

The recent reduction in the repo rate after five years signals the start of an easing cycle, though banks may take time to pass on the benefits due to high deposit costs and tight liquidity conditions.

Operational performance.

We achieved highest ever quarterly generation in captive power plant at our Siltara plant in Raipur. Hydropower generation grew by 7% Y-o-Y, supported by a strong monsoon. The performance of IPP thermal power plant improved significantly, achieving load factor of 74% during the quarter and 67% for nine months compared to 56% in FY24. Various operational efficiency measures have contributed to this improvement.

It could have been even better, but for plant maintenance shutdown and lower power prices on energy exchanges, we expect further improvement with January already recording PLF of 97%. Additional capital expenditure has been planned to ensure sustained operations at full capacity.

Our Indonesian coal mine, which resumed operation in September 2024, produced 0.33-million-ton coal. In Raipur, one of the five ferroalloy furnaces was under shutdown for modification from 1st September to 1st November 2024. The captive power plant at Vizag also underwent a 22-day maintenance shutdown, affecting ferroalloy production there.

Expansion and project updates.

Coal mines

Gare Palma IV/7- The mining capacity at Gare Palma IV/7 is set to increase from 1.68 million ton to 1.8 million ton.

Gare Palma IV/5- We have acquired another fully explored underground coal mine, Gare Palma IV/5, with 78 million ton in geological reserves and 39 million ton in extractable reserves, Grade G8. The vesting order was received on February 4th, 2025, and we anticipate coal extraction within the next financial year.

Shahpur West Coal Mine- The mining lease has been executed. Mine opening permission is expected this quarter, with production targeted within two years.

Bartunga Hill JV Coal Mine- We are preparing the detailed project report and mining plan.

Rehar hydropower project (25 megawatt)- The project has begun trial run and is expected to be commercially operational by the end of this financial year.

Captive solar power (50 megawatt). While progressing on schedule, delays in the construction of CSPDCL substation bay and transmission line may slightly impact the timeline.

Mineral wool project- This sustainability initiative is progressing well and should be operational before the financial year's end.

30-megawatt TG set replacement- Work is on track, with operations expected to commence in mid-FY27.

Now I hand it over to our Director and CFO, Mr. P.K. Jain, to discuss about financial performance.

Padam Kumar Jain: Thank you, Pankaj.

Revenue- The company achieved consolidated revenue of INR1319 crores in Q3 FY '25, marking a growth of 43% year-on-year and 14% quarter-on-quarter.

Profitability- Despite challenges in steel and ferro alloys segment due to downturn in prices, lower production, inventory losses and low profit from hydro segment due to seasonal effect, operating EBITDA almost doubled year-on-year from INR194 crores to INR382 crores. Despite mark-to-market provisioning of INR46 crores on investments, consolidated profit after tax grew 75% year-on-year to INR200 crores and remained steady quarter-on-quarter.

Debt and liquidity- Net consolidated debt, including working capital loans, stood around INR1400 crores. Long-term loans repayable within next one year is INR223 crores. The liquidity is strong, with cash and liquid investments exceeding INR1400 crores as on 31st December 2024, which is in addition to loans given as part of our treasury operations. The credit rating of the company is reaffirmed at AA- by Crisil post-acquisition of SKS.

I now hand over to Mr. Manish Sarda to discuss the steel and ferroalloy industry overview and outlook. Over to Manish.

Manish Sarda: Thank you, Mr. Jain. Global steel production declined by 0.9% to 1839.4 million tons in CY 2024, with China recording decline of 1.7%. India, however, bucked the trend growing at 6.3% to 149.6 million metric tons. Despite fall in steel production, China recorded highest-ever steel export of 110.72 million metric tons steel in CY 2024, recording a growth of 22.7% over 2023.

Aggressive exports from China weighed on global steel prices. In December alone, China exported 9.72 million tons, which is higher than average for most previous months. Many countries have invoked safeguard measures against Chinese imports.

India remained net importer of steel despite moderation. During the calendar year 2024, India imported 10.82 million metric tons of steel against 9.03 metric tons in CY 2023, whereas exports fell to 7.63 million metric tons against 7.83 million metric tons in CY 2023.

Ferroalloy prices remained subdued during the quarter. Merchant power prices also remained subdued due to above-average rainfall and increased generation. Power prices on the exchanges remained below INR4 on average. The Indian Coal Index recorded fall of 14.84% from 155.44 in December 2023 to 132.38 in December 2024.

Domestic crude steel production in Q3 FY '25 was 37.78 million metric tons, up 3.5% year-on-year, and 2.9% quarter-on-quarter. Domestic finished steel consumption grew by 7.64% year-on-year and 3.33% quarter-on-quarter to 38.46 million metric tons. Our ferroalloy exports during the quarter was down to 23,250 metric tons due to fall in production as compared to 28,200 metric tons in Q2, and 33,400 metric tons in Q3 of 2024.

We expect pick-up in credit, off-take and economic growth supported by liquidity infusion and government spending. Net import of steel and fall in the coking coal prices, a major input for primary steel producers are expected to keep steel prices in check.

Expected safeguard measures to check steel imports in India will help in improving margins for Indian steel industry. India remains the fastest-growing major economy driven by domestic demand and favourable demography. The reversal of interest rate cycle will enhance competitiveness and encourage capital investments, creating demand for steel and other metals.

Improved PLF and sales realisation in our IPP business and fall in finance costs should further strengthen profitability. That concludes the performance and outlook.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Vikash Singh from Phillip Capital. Please go ahead.

Vikash Singh: Good afternoon, sir, and thank you for the opportunity. Sir, I just wanted to understand the iron costs given on the standalone level, if I see, there was a sharp uptick. Any particular reasons for the same?

Padam Kumar Jain: Your voice is cracking. We are not able to hear the question clearly. There is a problem in the line. Can you switch the I-note?

Vikash Singh: Yes, sir. Sir, I just wanted to understand our iron costs on a standalone level has jumped up pretty sharply. So, what are the main reasons behind the same?

Padam Kumar Jain: Iron ore?

Vikash Singh: Our total raw material cost has increased very sharply. One could be iron ore. What are the other cost components which have led to such a sharp increase in the sequential iron ore cost? Iron cost, I mean to say.

Padam Kumar Jain: It is not only the iron ore cost. Because we have the power plant also, then coal purchase is also there. And in case of ferro alloy, you see the selling price has gone down. The raw material cost has not gone down. So, raw material consumption includes the effect of the higher cost of the inventory of the manganese ore. And so far, as total material consumed is concerned, that includes the coal consumption in the IPP.

Vikash Singh: Understood. Sir, in terms of realizations, how should we look at these spot realizations right now versus the 3Q averages? How much they are higher, or they are at the same level? If you could give us some idea.

Padam Kumar Jain: More or less, prices are at the levels at which these were for the Q3 averages.

Vikash Singh: Understood. Sir, our SKS power plant would have been 70 or higher PLF level this quarter. So, if you could tell us by when we can see the full utilization and the phase 2, any idea on the phase 2 expansion plan? Because we have already utilized 600 MW as of now.

Padam Kumar Jain: It is already conveyed in our opening address. In January, we have achieved 97% PLF. So, the machines are operating at full capacity. But in between, we are facing certain maintenance issues. So, we are addressing all those issues. So, average PLF will improve.

But yes, we have to take certain more steps to ensure that at a sustainable level, we achieve 100% capacity utilization. So, that is the case with PLF. But as of now, the plant is operating at 100% capacity and is generating at full capacity of 600 MW.

Vikash Singh: So, any plan to expand this capacity? I believe we have some already. The infrastructure is already there for the next 600 MW.

Padam Kumar Jain: Yes, basic infrastructure is readily available. But we have to seek all the approvals and carry out the techno-economic viability study and all the environmental related clearances. So, it will take its own time. Not in the immediate future. But yes, we will take steps one by one. Effectively, first we have to go for the approvals.

Vikash Singh: Okay. Sir, my second question is related to ferro alloy division. Are they making PBT level losses right now? And since the manganese prices are sharply up in the last few days, have they seen this to reflect in the finished product prices as well?

Manish Sarda: The ferro alloy prices recently have moved up and we have seen a little bit of improvement on the manganese ore side as well. But we will have to wait and watch in the coming 2-3 months as to what happens because there are protectionist measures which have been taken by many countries like Europe, US, they both announced. So, we will have to see how the demand pulls up in the coming 2 months.

Vikash Singh: But for this quarter, we had PBT level losses. Is that assumption, correct? Looking at the number right now?

Padam Kumar Jain: No. We had inventory losses to some extent but not PBT losses.

Moderator: Thank you. The next question is from the line of Mehek from Agility Advisors. Please go ahead.

Mahek: Sir, I wanted to understand more from the pricing point of view. So, what is the pricing difference between the power which we sell from the hydro power plant and from the SKS power plant as well as the profitability?

Padam Kumar Jain: Hydro power plants, we have long-term pricing contracts. So, those are supplied at a fixed price and there are different prices for different plants which are commissioned at different points of time. So far as IPP thermal power plant is concerned, we are selling part of the power in the long-term, part of the power in the medium-term, part of the power in the short-term, and the remaining power we are selling in the exchanges.

So, these prices are subject to market fluctuations. So, comparing directly is very difficult. Because there we have a long-term contract, here we are selling majorly in the spot market. A part of it is going into the medium-term also. So, there cannot be a direct comparison.

Prices of IPP power plant will be subject to the market fluctuations and seasonal effect also. During rainy season, the price realizations may be lower. During summer season, you may get much better prices. So, there is no direct comparison between both the projects.

Mahek: Okay, but any ballpark number, what would be the average realization? Like in thermal, you mentioned in the last previous conference, it's close to INR 5.0 a unit. So, similar, what is in the hydropower plant as well? Any ballpark number?

Padam Kumar Jain: Hydropower plant, in one plant, we have tariff of INR3.85. Another plant, we have INR5.21. And third power project is subject to cost plus formula. So, that varies from may be INR7 to INR5 or so. So, in case of thermal power plant, we can expect INR 5 plus on average for the whole year.

Mahek: Okay, and profitability will be different for both. Like for thermal, EBITDA level is close to 40%. Hydropower, it would be more or it's in the similar range?

Padam Kumar Jain: Hydropower EBITDA level is in the range of 80%.

Mahek: 80%, okay.

Padam Kumar Jain: Because there is no raw material cost, there is more of the interest cost. So, EBITDA cannot be compared for both the projects. One has the raw material; another has the interest as the raw material. So, there is no direct comparison on EBITDA level.

Mahek: Okay, understood. And sir, last question, any update on the Supreme Court ruling for the SKS power plant?

Padam Kumar Jain: Hearing has not yet taken place.

Moderator: Thank you. The next question is from the line of Balasubramanian from Arihant Capital Markets. Please go ahead.

Balasubramanian: Sir, my first question regarding the ferroalloy prices. It's Q-on-Q 19% decline in average realization for ferro manganese, there is 8% Q-on-Q decline in silico manganese. So, like any specific reasons, like what are the dynamics in the market?

Manish Sarda: Can you repeat the question, please? Because I am not able to hear you clearly. Mr. Jain, can you hear clearly?

Padam Kumar Jain: We couldn't, we couldn't.

Balasubramanian: Yes, okay. So, like in ferroalloy price trend, I am looking at the PPT, it's 19% Q-on-Q downside for ferro manganese and around 8% Q-on-Q downside for silico manganese. Any specific reasons for that and what are the market dynamics at this point of time?

Padam Kumar Jain: Sorry, we are not able to hear your question clearly.

Manish Sarda: Voice is very muffled. It is actually coming very muffled. I mean, I can hear some parts of it that you want to know the silico manganese prices and the ferroalloy's overall pricing coming down and what are the reasons thereof. Is that correct?

Balasubramanian: Yes.

Manish Sarda: Yes, so particularly there is no reason. It's a commodity and there is a cycle. We have seen that there have been a bit of a slump in demand, you know, and that's the only reason.

Balasubramanian: My second question regarding on looking at this sales volume data for the iron ore pellet and sponge iron, etcetera. So only sponge iron only year-on-year 48% growth. The remaining are into less than like some of the like volumes are looking at 20%. The remaining are 18% kind of downside only. So, our revenue has reported 40% to 43% year-on-year and like how much it comes from price realization side and volume realization side?

Manish Sarda: Can you actually rejoin because everything that you are saying is muffled up. We can't hear you clearly. At least I am not able to – Mr. Jain.

Padam Kumar Jain: No, we are not able to hear clearly.

Manish Sarda: It's all like echoing or muffling up.

Balasubramanian: Okay. Thanks sir. I will come back in queue.

Manish Sarda: Can you just rejoin and again come back and ask the question please?

Balasubramanian: Fine, sir.

Moderator: Thank you. The next question is from the line of Devang from Eagle View Ventures. Please go ahead.

Devang: Sir, our long-term borrowings increased from INR1,000 crores to INR2,400 crores. What are the peak debt we can see in coming quarters?

Padam Kumar Jain: I think this must be the peak for the coming quarters.

Devang: Okay. So, this is the peak number for debt?

Padam Kumar Jain: Yes. At least for unless we go for some other major activity at least for the next few quarters. This is the peak. Now, it is getting reduced as we are starting repaying the loan taken for SKS acquisition. So, it will go down from here.

Devang: Okay. And, sir, my second question is we have a good cash on balance sheet. We have very low debt. Can we expect dividend payout in coming quarters or coming years?

Padam Kumar Jain: That is a matter to be discussed at the board meeting and decided by the board. It is very difficult to comment on this at this juncture.

Devang: Okay. Thank you, sir.

Moderator: Thank you. The next question is from the line of Vikash Singh from Phillip Capital. Please go ahead.

Vikash Singh: Hi, sir. Thank you for the opportunity. I just wanted to understand our capital allocation preferences. Given right now our debt is high, but obviously we would be paying with the cash flow. If we have a second round of capex then our choice of the business would be majorly, first choice of the investment would be steel, power or the ferro alloy. How should we look at it?

Padam Kumar Jain: No, we are investing in a diversified way. We are investing in hydropower projects also. We will be taking up two more hydropower projects. We will be going for coal mines also as a backward integration. We have planned even for the iron ore mine. So, majorly it is going on the backward integration side.

And definitely when we come up with the expansion of the SKS power plant that will be another major capex. So, the capex - capital allocation will be distributed over all the different segments of the activities carried out by the company.

Vikash Singh: Understood. And sir, we haven't participated in any manganese ore mining auctions I think basically?

Manish Sarda: There is no major manganese mine which has come up in the country right now. There have been two, three auctions which are all small mines. They are 6 hectares, 7 hectares, 8 hectares and the reserves are very, very meagre. They are like some 60,000, 50,000, 40,000. Those are not viable workable mines with low grades of manganese in it. So, we are not participating in these tenders.

Vikash Singh: Understood, sir. That's all. Thanks.

Moderator: Thank you. The next question is from the line of Aman Madrecha from Augmenta Assets Managers. Please go ahead.

Aman Madrecha: Hi, sir. Thanks for the opportunity. So, firstly I would like to understand a strategy on the coal mines like, for example, the upcoming coal mine would be the capacity expansion on the Gare Palma side and another would be the Shahpur West Coal Mine. And so how are we looking at the same and what is our strategy towards the same?

And how are we looking at all these mines under the underground mining thing like what is your view on the same and how much viable is the underground mining scenario in India currently?

Pankaj Sarda: So, underground mine as we go beneath the surface the grade of the coal increases. So, the capex and the cost of production increases, but at the same time the quality of coal also increases. Now, we are little dependent on imported coal that we are buying from South Africa.

So, all these underground coal mines will help us to reduce our imports of RB2 and RB1 grade of coal from South Africa. And even for our ferro alloys units, we are dependent on high-grade coal so that raw material will also come from these underground coal mines.

Aman Madrecha: So, I just wanted to understand till date the underground mining things like, for example, correct me if I am wrong around 95% of the coal mine in India is from open-cast mines currently and around 5%, 7% is from underground mines. So, what was the thing that was hindering this underground coal mining operation in India and what will change going forward because we are entering into various revenue-sharing agreements with Coal India and MDOs. So, what is your take on the changes?

Padam Kumar Jain: No, we have taken only one mine under revenue-sharing arrangement from Coal India. Rest all are direct allocation to us from the Ministry of Coal. So, in one coal mine, and that will not be underground as we have planned for the mine in revenue-sharing. That will be open cast mine. And underground mines, we have taken two underground mines. One is Sahapur West, and another is Gare Palma IV/5. IV/5 is an operational coal mine which was operated earlier by Monnet and later on by Hindalco.

Now, it has come up for auction third time and now we have taken. So, this is an operating underground coal mine and it has got high grade of coal near our existing coal mine IV/7. So, the high-grade coal will be utilized for our Sponge Iron plant and Ferro Alloys plant and to that extent, the capacity of our IV/7 will be freed for SKS power plant.

Manish Sarda: And just to clarify that I assume you think that underground coal mining is difficult and just has started happening, but India has been doing underground coal mining, iron ore mining, manganese ore mining for the longest period of time. So, there is absolutely no problems in underground coal mining per se.

Aman Madrecha: Understood. So, sir, going by your comments, for example, this Gare Palma IV/7 will gradually meet the requirements fully of our SKS power plant. The Gare Palma IV/5, the approvals are under process and this Sahapur West coal mine that will be used for our Sponge Iron and Ferro Alloys operations, right? Correct?

Padam Kumar Jain: Yes, surplus coal if any will be sold in the market.

Aman Madrecha: And sir, what is the expected timeline for the Sahapur West? It can take another one and a half years.

Padam Kumar Jain: One and a half to two years. Two years we are considering from here. Once we get the mining opening permission during the current quarter, it should not take more than two years of the time to commence. We are considering two years’ time to start the production.

Aman Madrecha: So, sir, as of date for this, for the existing operations, like how much of this Gare Palma IV/7 mines we are selling outside and how much we are consuming in captively?

Padam Kumar Jain: No, we are not selling any coal outside after acquisition of SKS. We are falling short of the requirement, rather we are buying coal from the market.

Moderator: The next question is from the line of Balasubramanian from Arihant Capital Markets.

Balasubramanian: Yes, sir. Sir, earlier you mentioned about the overall international market has been a little bit impacted because of Australia, has impacted by the flood and alloy market also is quite slow and Gaza attack also have been impacted in the international market. You have mentioned about the demand expected to pick up from February month onwards. What is the status on that overall international market side?

Manish Sarda: See, the overall international market right now, it is subdued, and it will take some time, I guess, once there is clarity on the protectionist attitude by European Union we have to see. We have to look at that again, Trump has just announced, duties on steel, today, but it's not clear how many countries they are going to apply the duties on to.

So, we have to wait and watch. Right now, the focus more will be on India's domestic demand that will come in, the infrastructure push and the growth that we will see in India. So, India will be in a quiet comfortable position because I think that most of the duties will be targeted towards Canada, China, Mexico, Latin American countries.

This is what we expect. So, I think overall, you know, after may be a month or two, we'll have the complete clarity on the international markets. But right now, the demand is a little slow.

Balasubramanian: Okay. So, I'm looking at the sales volume data. Sponge Iron only have grown more than 48% year-on-year. The remaining are less than that only. But our revenue has grown 43% year-on-year in this quarter. So, how do we understand, like, about the growth side, whether its volume driven or price driven?

Padam Kumar Jain: So, you see, Sponge Iron is one of our intermediary products, which is partly consumed in the downstream production and partly sold off in the market. So, when the Sponge Iron production has gone up, if you see, there is no material change in the Sponge Iron production. Slight change is there, definitely. In the nine months we have produced, 249,000 tons.

So, the higher sale is on account of the lower consumption in the steel production because the steel production has reduced a little bit because we have been selling power in the market. That's why percentage wise it appears to be on the higher side because we are selling a very small quantity of the Sponge Iron in the market. So even slight change in the sale side. There is no material change in the production side, but yes, sale side it has gone up because we have consumed less quantity in the production of steel. Otherwise, our steel capacity is more or less constant and stable. So, except marginal improvement on account of the efficiency, there is no material change in the production side in the steel segment.

Balasubramanian: Okay, sir. So, is there any clarity on the growth side, 43% in this quarter year-and-year growth, whether it's driven by price or volumes?

Padam Kumar Jain: As stated, our steel production has remained more or less stable, except slight improvement on account of the efficiency. So, sales of one product may slightly go up, another product may slightly go down. That may happen. Otherwise, it will remain more or less in the similar levels.

Because if we are selling surplus power, because we are getting better realization on sale of the power, we are reducing production of the steel billet. That may result into increase in the sponge, but that may reduce the sale of the billet. But it will not affect the profitability because ultimately, we are generating revenue either by sale of the steel or by sale of power.

Balasubramanian: Got it, sir. Thank you.

Moderator: Thank you. The next question is from the line of Rajesh Bhandari from Nakoda Engineers. Please go ahead.

Rajesh Bhandari: Sir, first of all, the quality of the presentation and the content of the presentation, both are extremely good.

Padam Kumar Jain: Thank you.

Rajesh Bhandari: Sir, this power plant, which is said to have PLF of around 97%, 98%, that means it will generate something around 500 crores of units in the years?

Padam Kumar Jain: No. This is for 1 month. What happens in between is that there are maintenance shutdowns as well. So generally, in the best operated plants, 85%. If you sell in the market partly and sometimes you are not able to sell, then between 80% - 85% is a reasonable PLF for IPP which are selling in the open market. So, 80%, 85% PLF on annual basis we should consider as a good percentage. May be 80%.

Rajesh Bhandari: We can expect that there will be a difference of INR400 crores in profitability because of SKS power plant?

Padam Kumar Jain: It should come comfortably. Yes, in the entire year it should come comfortably.

Rajesh Bhandari: Yes. Sir, is there any status of the court case?

Padam Kumar Jain: Any?

Rajesh Bhandari: What is the status of the court case now, sir?

Padam Kumar Jain: There is no hearing yet.

Rajesh Bhandari: Sir, what is this Mineral Fibre? You have started manufacturing of Mineral Fibre in Vizag?

Padam Kumar Jain: This insulation wool is used as insulation material in the buildings also, in the industries also. So that it is used for heat insulation.

Rajesh Bhandari: But it has a better selling value?

Padam Kumar Jain: Sorry?

Rajesh Bhandari: The sale price. Sale price is good?

Padam Kumar Jain: Yes, sale price is good.

Rajesh Bhandari: And sir, are we bidding for any other thermal power plant or hydel power plant, any chance?

Padam Kumar Jain: See, this is based on opportunity. It is an ongoing process. If there is an opportunity, it is seen.

Rajesh Bhandari: And now the debt is so big, sir. So why don't we do any QIP, sir? So, the debt will be reduced. Interest cost will be reduced.

Padam Kumar Jain: That will be reduced gradually. If you do any big acquisition, it goes up. Despite that, there is not much increase in the net debt. The annual EBITDA remains as much as the Net Debt. So, there is no such concern.

Rajesh Bhandari: See, nowadays, whoever gets a QIP, and our company is so comfortable, so according to that, it can come easily, sir?

Padam Kumar Jain: It's okay. We will see when it is needed. Right now, we don't feel the need.

Rajesh Bhandari: Okay, sir. This is my question. Right, sir. Thank you.

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

Padam Kumar Jain: Yeah Thank you. To summarize, while the steel segment faced pricing and margin pressure, SKS Power's operational performance improved, and hydropower generation saw year-on-year growth. Backed by sound balance sheet, low leveraging, and strong liquidity, the company has been reinvesting surplus funds in a number of diverse projects for consistent growth.

In the next financial year, 25-megawatt hydropower plant, mineral wool project, 50-megawatt solar power plant, and Gare Palma IV/5 will also contribute to the profitability. The diversification strategy of the company has paid off to have consistently sustainable cash flows, insulating us against cyclicality of the steel industry. Please feel free to reach out to us or our IR team for any further questions. Thank you, all the participants.

Moderator: Thank you. On behalf of Sarda Energy and Minerals Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.