



“Ashapura Minechem Limited Q2 FY'26 Earnings Conference Call”

November 21, 2025



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Moderator: Ladies and gentlemen, good day and welcome to the Ashapura Minechem Limited Q2 FY'26 Earnings Conference Call hosted by Adfactors.

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 '*' and then '0' on your touchtone phone. Please note that this conference is being recorded.

This conference call may contain forward-looking statements about the Company which are based on the beliefs, opinions and expectations of the Company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Chetan Shah – Promoter Director of Ashapura Minechem Limited. Thank you and over to you, sir.

Chetan Shah: Thank you. Good afternoon, friends. I would like to extend a very warm welcome to all of you on this 2nd Quarter's earning calls and that's a half year ended on the September 30th, 2025. It gives me immense pleasure to connect with you once again. This beginning 2nd Quarter's earning call, we deeply appreciate your continuous interest, your support, your confidence in Ashapura Group's journey.

On call with us, we have our CFO – Mr. Ashish Desai; our Company Secretary, Sachin Polke and also Mr. Manan Shah who is the part of Promoters Group. And also we are very thankful to Adfactors who are our investor relationship team.

A quick recap, as you know that Ashapura has started in 1982. Many of you are joining first time on this call. So, I would like to say something that Ashapura has started its modest beginning in 1982 with the single product, Bentonite. Today, we are a multi-product, multi-solutions company and we are now going with a lot of the new initiatives for our group. We also diversified our activities in the various countries, especially in the Guinea and so Ashapura is divided in two parts, the business in India as well as the business outside the India. So, Indian business is basically based on our own raw materials coming from our own mines but we are going for more on value-added products while the Guinea business is mainly based on the resource base and we are mining in a very large scale and exporting our products to various countries.

I give you a very brief idea about the Guinea business. In 2nd Quarter, which is normally is always affected with the monsoon season but however, in this quarter, we have done export of 1.33 million tons of bauxite which is almost double when compared to the previous corresponding quarter of last financial year. The main reason to have this thing is because of the

better planning, we have made a very proper arrangements for the logistics and the ocean-going vessels as well as maintain the good quantity of the stocks in the port and also maintain the roads, which is normally these roads are most important part of our logistics arrangements. So, having all the factors in place, we are able to maintain a good volume of bauxite exports out of Guinea. You can say that the first half of this year was remain a more as consolidation and forward momentum for the Ashapura. For that, we have taken several initiatives and that each initiatives is taking us the steady progress across the Guinea as well as the business in India.

Last year, our biggest challenge was the logistics, which was the marine logistics, the arrangements of barging as well as transhippers. At the same time, it is also the challenge to finding the vessel, ocean-going vessels at the right timings and at the right freight. To overcome this kind of issues, we have entered into a long-term arrangements. Of course, this is driven by the index, but we have made the long-term arrangements for the coming quarters or you can say the calendar year 2026, so that we will not face any such problems related with the barging, transhippers or the ocean-going vessels. We have in contact with the company, who are a world-recognized company, providing such kind of logistic supports and we have made a long-term agreement with this company on basis of, again, on basis of index.

To overcome some of issues in Guinea, we have a large deposit was available, is available, but there was some kind of connectivity problems. So, during last two quarters, we were very busy building some kind of a special bridge over the river. It is the one of like a big initiatives from our side, so that we can access to a large and a good quality deposits in the other parts of our mining areas in the mines called BOFFA. This bridge work is already completed. We are going to start, the opening of the bridge will happen on 27th of November, very precisely. The bridge is about 60 meters above the ground level and the length of the bridge is about 100 meters. Estimated investment, we do not have the exact figure as on today, but it would be in excess of about Rs. 80 crore. Having these arrangements in place, we will have access to a very good quality of bauxites and a very large quantity of bauxite, which will help our volume in forthcoming quarters. There are few other initiatives also in the same area related with developing the mines. We have put up the new equipment, new mining equipment and lot of other handling equipment, so that we can have the efficiency and can have the better loading rate on daily basis.

Indian, coming back to the Indian business:

In Indian business, you can say that if you compare with the first half of the current year and the first half of the previous year or the corresponding year, there is more than 25% growth in the business. This is also because of normally the monsoon quarter, the quarter which is starting from the July to September, which is always not very positive quarter for any mining business. But this year, we have taken a lot of new initiatives and made a very good planning in a way that

so we can have a good result and will not suffer because of the monsoon season. And that is why you can see that there is about 25% growth in overall Indian business compared to previous corresponding the first half of financial year. So, Indian business is also growing very well, as well as the Guinea business is also growing very well. And we expect that we will, despite of the prolonged monsoon and despite of lot of destructions, we will be able to still able to achieve our target for the coming quarters without much problems. So, I feel that we are going in the right directions. And at the same time, of course, the few things, Manan will cover in his address to all of you, but in like there is a very stable price, the very stable demand and more or less the volume what is we plan to produce, which will be covered for the next year without much problems. So, we look that it is very exciting. The second half of this year will remain more exciting compared to the first half. And we are an entire Ashapura team is working towards this goal so that we can achieve our target as per given or we mentioned you in our earlier communications.

I appreciate your attending this call. And I will hand over this to our CFO, Ashish Desai to give you some figures, quick figures that will help you to understand more about our current performance. Thank you very much.

Ashish Desai:

Thank you, Chetan sir. And good evening, everyone.

Coming to the financial performance:

I will be giving you numbers for Quarter 2 as well as H1 of '26. First of all about Quarter 2, consolidated revenue from operation for the current quarter that is Quarter 2 stood at Rs. 952.5 crore, reflecting growth of around 57% year on year. And this is basically primarily driven by continued strength in the Guinea bauxite exports and stable performance across domestic verticals. EBITDA for the Quarter 2, '26 doubled year on year which was Rs. 132.1 crore and 102.6% growth that is 13.9% which was 10.8% in last quarter of '25. And this improvement also again was supported by improved cost efficiencies and higher operating leverage.

Talking about profit before tax:

PBT for Quarter 2 Financial Year '26 was Rs 81.2 crore, growing over 128% year on year with PBT margin at 8.5% which was 5.9% in Quarter 2 of '25. Basic EPS for Quarter 2, '26 stood at 10.11 compared to 4.71 in the same period of last year.

Talking about H1 number in totality, consolidated revenue for H1 stood at Rs. 2,308 crore, reflecting growth of around 75% year on year. Talking about EBITDA, H1, '26 came to Rs. 319.9 crore which is up 105% year on year with margin percentage of 13.9% compared to 11.8 in H1 of 25. Profit before tax, H1, '26 was Rs. 213 crore, growing at 112% year on year with PBT margin of 9.2% which was 7.6% in the last first half. Basic EPS, H1, '26 stood at 21.61

compared to 11.22 in the same period of last year. Despite an approximate 3% correction in bauxite prices and a stronger local currency, EBITDA per metric ton of Guinea bauxite has dropped very slightly. It was USD 8.9 per metric ton compared to USD 9.3 per metric ton in Quarter 1, supported largely by improved internal operational efficiency

One major point to be highlighted is about income tax. During the quarter, if we see consolidated public result profit and loss, Rs. 24.76 crore is added to PBT. As a net income tax impact on consolidated profit and loss. This is mainly because parent company order related to litigation in respect of carried forward losses aggregating amount Rs. 259 crore settled in favour of the parent company. Company has recognized deferred tax assets and credited Rs. 34.62 crore to the profit and loss.

I will request Manan now to explain the dynamics of the Guinea and India business.

Manan Shah:

Thank you, Ashish Bhai. Good evening, everyone.

Let me take you through some key business developments of Quarter 2 and H1 of FY'26:

We will begin with Guinea. In the first half of FY'26, we exported 3.38 million metric tons of bauxite. We have almost achieved the full year volume of FY'24-'25. The infrastructure we have built, including 3 ports and over 370 km of in-house and mines to port road network is now finally enabling easier execution of higher volumes. Our partnership with China Railway is progressing well. We have started working jointly in mining, logistics and port operations, which will give us a much stronger foundation to manage operations and improve our capability to execute. Our BOFFA and GSM port expansion remains on track to complete by Q2 FY'27. And this will lift our total handling capacity at these ports from 16 million metric tons to 27 million metric tons, allowing us to serve both captive and third-party cargo more efficiently. As mentioned earlier, bauxite prices have seen a little bit of correction, 5% approx. over the quarter. However, the demand for bauxite continues to be very stable.

Our production volumes are fully committed for calendar year FY'26. However, the pricing will be adjusted as per the index. We see aluminum metal prices as fairly strong and stable and we expect this to support bauxite prices going forward. I would like to highlight that there was some monsoon impact for the month of October. However, things are much better now and the Company is fully geared up to achieve its internal targets.

About our iron ore business in Guinea, we have mentioned earlier that we have a strategic long-term sale and purchase agreement with a local beneficiation plant and we are happy to announce that trial production has begun. We are expected to commercialize further within the next two quarters. We would like to reiterate that we are confident of achieving our target of 15 million metric tons in FY'27-'28.

Coming to our India business:

All four of our India verticals continue to deliver stable performance and improved realizations, despite Q2 being a seasonally weaker quarter. I will briefly cover each of our verticals; Bentonite and Allied Minerals. This year, we were better prepared for the monsoon with investments in operations and sufficient pre-monsoon inventory storage. This helped us to maintain strong sales and dispatch momentum. Strong focus on iron ore pelletizing business and construction sectors supported us. We continue to focus on value-added applications in oil and gas, foundry and environmental solutions. We would like to share that we have started production in two new bentonite mines in Kutch after receiving all clearances recently. We expect to distribute 300,000 tons annually, which will improve the cost structure and the sales potential for this vertical.

Coming to our next division wide performance minerals:

We had a strong growth in our kaolin products led by increasing export demand for our current product portfolio, particularly in paint and fiberglass segment. Currently, we are close to complete capacity utilization at our Paddhar Kaolin plant. We remain focused on new product development and customer acceptance efforts through our Ashapura Innovation and Knowledge Center, which will boost our brand revenues and margins over the medium term. We are looking at capacity expansion in the near future for our higher value product lines within the same facility.

Our third division, Specialty Absorbent Solutions:

Bleaching clay, a forward integration of our bentonite mineral, continues to operate at near full capacity utilization, backed by robust demand from edible oil refiners. We see a strong and increasing demand from the edible oil sector, where your company commands over 70% market share in the premium clay segment in India. Exports are also improving on a year-on-year basis, as India remains a cost-efficient destination for this product globally. We are now evaluating suitable options to further increase our bleaching clay capacity through de-bottlenecking and brownfield expansions. Company is currently undertaking a detailed evaluation for the same. The recent commissioning of our 9-megawatt solar plant, which is linked to this bleaching clay plant under the group captive model, has helped to lower cost and reinforce our sustainability goals. Please note, APL owns 26% of the solar SPV. We foresee a minimum 20% reduction of the power cost at this plant from this initiative.

Our fourth division, advanced ceramic materials:

Our associate company, Orient Ceratech Limited, witnessed a strong quarter with both Q2 and H1 profits more than doubling YOY. Market sentiment in the oil and gas segment has been particularly encouraging, which is a key driver for our propens business. Other ceramic

businesses such as NRM, castables and refractory raw materials are also growing steadily. The China plus one opportunity continues to strengthen. For example, we have recently seen the imposition of anti-dumping duties on China in Europe for some of our ceramic products. We remain well positioned to cater to this shift. Overall, our India business is growing steadily, backed by captive raw materials, positive demand tailwinds and continuous focus on development and sales of value-added materials.

This is all from our side. We now open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin with the question-and-answer session. Our first question comes from the line of Ronak Jain from Sanghvi Family Office. Please go ahead.

Ronak Jain: Good evening, sir. Thank you for the opportunity. Most of my answers are covered in opening remarks. I have just one question. What amount of PAT Ashapura estimates to spend on R&D? Which segment for R&D? That's my question.

Manan Shah: You want to know the percentage of spend of R&D of revenue?

Ronak Jain: No, offset. Incoming future. What are we estimating R&D cost?

Manan Shah: Sure. So, I think that I would like to say that our R&D cost currently is quite a low percentage of PAT. I have not calculated exactly currently, but it is not very high in terms. But going forward, maybe we can reach 2%-3% of PAT, which we think is sufficient for the size of our Company and the kind of business we are in. I think 2%-3% could be a medium-term goal. But currently, we may be a little bit lesser than that.

Ronak Jain: So, thank you. Just one more question. The bauxite rate which we are assuming, it will be stable at these prices going forward, right? Is my understanding correct?

Manan Shah: Correct. So, currently, bauxite prices, as we mentioned, have declined about 4%-5% over the last 90 days or so. Broadly, our view is that bauxite is not a very volatile commodity and prices are generally stable when you compare it to iron ore or other such more volatile commodities. Our in-house view is that prices should be at least stable over here or may even increase a little bit from here. This is our view as on date. But mostly, we expect it to remain stable at the very least.

Ronak Jain: So, just last question if I can squeeze in. So, what are the 2-3 factors which can affect bauxite rate both upside and downside?

Manan Shah: I think that as we can see that US-China relations are, for example, slowly improving, but slowly. This kind of improvement could definitely contribute to the increase in bauxite prices and

aluminum prices. So, I think just a little bit of the global uncertainty, if it were to be reduced, we would expect a positive effect on our product.

Ronak Jain:

Sure. Thank you. Thank you for answering.

Moderator:

Thank you. Our next question comes from the line of Parikshit Gujarati from Niveshaay. Please go ahead.

Parikshit Gujarati:

Thank you for the opportunity, sir. So, I had just a question that can you provide a detailed breakdown of the cost structure? So, if suppose a bauxite is selling at the price of \$74 per ton, so what are the mining costs? What are the port and logistics costs? And what are the freight costs, etc.?

Manan Shah:

Currently, on this call, I will not be able to provide a detailed costing. However, most of our costs are related to the logistics, both road and sea logistics and transshipment logistics. So, most of our costs are actually built from logistics and mining is a smaller part of the cost.

Parikshit Gujarati:

Can we do in percentage terms?

Manan Shah:

Currently, I would not be able to give you offhand on percentage terms. However, I mentioned that currently our EBITDA is close to \$9. So, and to some extent, of course, with the bauxite prices, the freight also has a certain correlation. So, we do expect that currently how we are operating, we do expect that we can maintain this kind of EBITDA in the future. So, that's one point what I can mention. But detailed breakup on this call may take quite a while because we have maybe more than 20 different cost headers.

Parikshit Gujarati:

Okay. And so, my second question is that what is the correlation between bauxite prices and your EBITDA? So, if suppose the bauxite prices fall 10% from here, what would be the effect on EBITDA? Are you saying that you will be able to maintain 13%-14% margins, which you are doing currently in the next 2-3 years?

Manan Shah:

So, there is some correlation between the bauxite prices and the freight, which we pay to ocean-going vessels to deliver our bauxite. So, a lower bauxite price may also be linked to, of course, we cannot say this for certain, but a lower bauxite price can typically result or can have the, at the same time, the possibility of a lower freight price. They are not completely correlated, but there is a partial correlation. It would be very difficult to predict exactly what would happen if the 10% of the fall in bauxite prices were to happen. To some degree, our EBITDA may get compressed, but not by the full degree. So, if 10% of the bauxite prices fall, it's not like our margin would also reduce by 10%, but there would be some percentage impact. But I would not say the correlation is 100%. It would really depend on the cost of fuel, the cost of vessels at that

point. But of course, if the prices were to drop 10%, it would have a negative impact on our margins.

Parikshit Gujarati:

And sir my next question was that, that where are you seeing such massive growth in aluminum demand that you have planned such a big CAPEX of from 3 million metric tons to 15 million metric tons in the next three years? So, what are the demand drivers you are seeing from China and from across the world?

Manan Shah:

It's a good question. So, currently, if I am not wrong, China imports close to 200 million tons of bauxite. What is actually happening in this industry is that there were many traditional locations like Indonesia, Australia, and even some small quantities from India, Malaysia. However, what is happening in this industry is that Guinea is increasingly emerging as the most preferred destination to source bauxite from. So, while the aluminum global industry may be growing at very few percentage points, what we are seeing is a shift from many locations traditionally to Guinea as a preferred bauxite destination. There are many Chinese players who are not fully integrated. Most of their production may not be fully integrated in terms of the fact that the smelter owners are linked to the bauxite mine. So, many of them would like a partner like us, a proven mine owner from which they would want to buy bauxite from over the longer term. So, the opportunity actually comes that we provide a very good source of Guinea and bauxite to many Chinese companies as a strategic supplier to them and as well as the fact that Guinea will be the world's predominant destination for bauxite even in the medium term to longer term. So, the shift is there that things are moving from other locations to Guinea. And overall, the imported bauxite will increase as domestic bauxite. See, China did have some amount of bauxite sales as a part of their total bauxite consumption. But that continues to increase year on year due to depletion of reserve or some environmental related issues. Their imports should at least be going up 10% year on year even because of this. So, 10% to 15% even their imports may increase year on year as they continue to shift. So, there are a lot of positive tailwinds for Guinea in particular whether it is the lower domestic availability of bauxite or the changes of location preference. So, this is why we are very confident that even our target of 15 million tons or even something beyond that has a pretty solid and stable market where the quantities would be taken.

Moderator:

Thank you. Our next question comes from the line of Vivek Singh from IOCL. Please go ahead.

Vivek Singh:

Sir, my question is what as per you people, what are the new uses of aluminum or bauxite in the international market in terms of electric vehicle or renewable energy?

Manan Shah:

So, definitely, I think the adoption of electric vehicles does help because there is more aluminum used in electric vehicles and also many of these solar panels. In India, you can see there is a huge growth of solar for example. So, all the base panels of solar are made out of aluminum. Also, generally, aluminum is also a very consumption-driven product. So, typically, it has always seen

a stable growth whether it is in the basic applications like cans or other industries. So, I mean, I don't have specifics. Generally, when we see reports, we do see at least a minimum of 3.5% and up to 5% growth on various reports. But definitely, what I can think of is that EV and solar would be pushing a degree of that growth. But mostly, when we are working, we are assuming about 4% to 5% is something that we are working with. Our focus also remains a little bit more on this changing trends of bauxite in terms of the destination, the quality and the import substitution sort of. So, aluminum, I can only offer a general comment as of now.

Vivek Singh:

Thank you, sir.

Moderator:

Thank you. Our next question comes from the line of Vardhman Sancheti from AVS Equity. Please go ahead.

Vardhman Sancheti:

Congratulations to the management for delivering such a fantastic set of numbers despite some challenges, right? So, my first question is that you had expanded the capacity, old capacity which is scaled to 27 million metric tons. So, by which year we would be attaining the full utilization level?

Manan Shah:

So, currently, as we have mentioned that we have set a target for us of 15 million metric tons in FY'27-'28. For now, what I can say is that this is not the final target. We do have plans to grow beyond this. That's why we are so focused on having the correct partnerships as far as logistics and other operations are concerned because this gives us the strength to execute far beyond 15 million tons. I might not be in a position to comment when the 27 million ton capacity would be fully utilized. But we can say safely that we are developing the capability to go far beyond 15 million tons.

Vardhman Sancheti:

Maybe, can we expect by FY'30?

Manan Shah:

I mean, it's possible.

Vardhman Sancheti:

Okay. And sir, my second question is that Guinea is contributing nearly more than 70% of the turnover. I just want to know that what the management is planning to mitigate the country specific risk going forward? Are we diversifying with other minerals with respect to different geography?

Manan Shah:

So, that's a good question. Historically, we have seen that many multinationals, specifically in the field of bauxite, have been operating in Guinea for at least 40 years to 50 years, if not more. So, firstly, our perception of Guinea is that it is fairly stable and benign for businesses in the mining industry. So, that's my starting point. The second point about diversification in terms of moving from Guinea into other minerals or other geographies, I think that as a company, we do have a watch on other countries and mineral opportunities which they present. However, it would

be too soon to comment on some kind of a specific plan. However, I mean, what we can say is that we are actively tracking other countries in Africa for mineral opportunity. It has taken us several years. We set foot in Guinea in 2016 and almost 8-9 years later that we have this performance now. So, it's very important that we are fully focused on developing this project to its potential and being able to recover our investments also soon. And at the same time, we are on the lookout for new opportunities in the rest of Africa. When there will be something concrete with us, we will be happy to share with you.

Vardhman Sancheti: Okay, thank you.

Moderator: Thank you. Our next question comes from the line of Nalin Shah from NVS Brokerage. Please go ahead.

Nalin Shah: First of all, I think hearty congratulations on the Q2 and H1 performance, which is really excellent. My question is that, Manan, whatever the numbers which you have given that '27-'28, we are talking of 15 million tons. So, based on that, if you can just tell us just for our understanding purpose, that what would be the current year, full year target and next year target so that we understand from the current year, if it is 8 million tons, that you will go to 11 million tons and then 15 million tons, that is first. And second question is that you had also mentioned about the China Railways, this thing is going on. So, this 15 million tons, does it include China Rail contract? And that will add further or it will be a part of this only?

Manan Shah: Sir, thank you for that question. Let me answer the second part first. China Railway is supporting us in our operations, infrastructure and logistics. So, to that extent, we are working with them as a partner. They are not the end customer for this bauxite. So, our target of 15 million tons does not include them as a customer. Rather, they are a partner who are supporting us in our journey to achieve this target. Regarding the next year and how we see the progression towards 15 million tons. So, we have kept 15 million tons target for the year after next essentially. We are kind of expecting a linear progression. So, I think FY'24-'25 was about 3 million tons and we are targeting about 15 million tons. But we do think that it will be a close to linear progression, you can add it up. The point is that Q2 and Q3 always provide little bit of challenges and Q1 and Q4 or rather Q4 and Q1 is the years where we other quarters where we really ramp. Our objective is every year in Q1 and Q4 to take the Company to newer heights. This is how we are organized.

Nalin Shah: Correct. Okay. Thank you very much.

Manan Shah: Thank you. Thank you, Nalin bhai.

Moderator: Thank you. Our next question comes from the line of Mahavir Jain from Astrum Advisors. Please go ahead.

- Mahavir Jain:** Hi, congratulations on a very good set of numbers. I just wanted to know that as we are targeting a 15 million ton and also a further increase, what kind of EBITDA can we expect with the operational leverage kicking in?
- Manan Shah:** So, with the information which we have, I definitely believe that there may be still some room to improve the efficiency of our operations given that we are still quite far away from our target of 15 million tons. I think that every quarter, like we mentioned earlier, our CFO Ashish bhai mentioned that despite the almost 3% drop in bauxite prices, our EBITDA was quite stable and did not reflect the equivalent drop. And a lot of that is because of improved operational efficiencies because we have the support of our partners, which contributes a long way to managing our cost. And we are also improving as time goes by. In my opinion, if prices are to remain stable, definitely we think that this would be the lower end of the EBITDA range. I would not be currently in a position to comment that how far the EBITDA can increase, but I can say that there is a scope to improve the margins, probably as the volumes increase, we should see that efficiencies will increase from here because our infrastructure and planning is for a far bigger volume. So, we do see that that should kick in.
- Mahavir Jain:** Yes, that is what. So, is there any remote chances? Are there any remote chances of the EBITDA reaching at \$20 per ton?
- Manan Shah:** I think that is too remote.
- Mahavir Jain:** Okay. All right. Thank you so much.
- Manan Shah:** Thank you.
- Moderator:** Thank you. Our next question comes from the line of Sudarshan Mall from Dhunseri Investments. Please go ahead.
- Sudarshan Mall:** First of all, congratulation for good set of numbers. As you mentioned in the call that there's a lot of shift changes happening in demand for bauxite from Guinea rather than other parts of the world. It would be helpful if you could add some color, like why is this shift happening? Why are people preferring more of Guinea's bauxite versus RWA?
- Chetan Shah:** So, a few important things is that, like the current, earlier the Guinea has been coming into the big way into export of bauxite. So, Australia, Malaysia, and Indonesia were dominating for the specially the supplies to China. Now, the Australia has reduced the volume for many reasons, but currently they have reduced the volume of exports. So, Australia is now exporting only 30 million tons to China. Indonesia has completely banned the export of bauxite. And same way the Malaysia is doing very small volume, something like quota-based exports, which is not more than 3 million to 4 million tons per year. India was also one of the prominent exporters to China.

But since the government of India has imposed the 15% duty on export of bauxite, and at the same time, the quality of Indian bauxite was not so high, so that India is also gradually dropped from the race. So, currently you can say the dependable source of the bauxite is only remain the Guinea. On the other hand, the Guinea is the largest bauxite reserves in the world, which is estimated about 30 billion tons of bauxite, which is a proven reserves, and it can go up to 50 billion tons probable reserves. So, second thing is the Guinea government, like that depends on the export of minerals, primarily bauxite, and in future, maybe iron ore. So, it is 40% of the GDP of the Guinea government. So, Guinea government is also supporting the export of bauxite. So, if you look at that this volume in Guinea, now currently is 150 million tons, which expected to be about 200 million tons in next two years or what you can say, 10% growth in the export of the bauxite because there is no other country, like Brazil, it's a very limited export. Ghana has also very limited export. So, if you any new capacities coming in China or in India, which has to depend on the imported bauxite, and that is the source is currently is only Guinea. So, looking at all these factors, the Guinea will remain very prominent exporter of bauxite for I think next few decades.

Sudarshan Mall:

That was helpful, sir. So, just one more question. We were reading that, the smaller mining companies were recently barred from mining activity in Guinea. So, just wanted to understand that, what was the backdrop? And like, how do we see the situation? Basically, I do want to understand the backdrop and have we received any kind of information or anything on that?

Chetan Shah:

Actually, you can say that Guinea government has cancelled more than 180 mining licenses. Primarily, it is related with the gold and rare earth and few different minerals, and not too many from the bauxite mining. So, because people have obtained the license, have not been doing any activities for a very, very long time. They're not making any new investment. And the idea is to get the license and sell it with the premium to other producers or you can say other companies. In such case, Guinea government say that if you are not actively using your permit, then it is no need of to continue it, because the permit is issued for you to produce the minerals, invest in the country and not for just the trading purpose. You know, it's just you buy, get the permit because of some reason, and then you sell it that permit. So, they have cancelled this kind of permits or you can say licenses. Those who are doing the genuine business of this thing, they are not affected by this cancellation policy. Only mainly is the gold licenses, which has been cancelled. Primarily, you can say 90% is the old gold related or rare earth related licenses. Rest all is been intact.

Sudarshan Mall:

Okay. So, if I may squeeze in just one last question.

Chetan Shah:

Yes, go ahead.

- Sudarshan Mall:** Sir, given that we have such an optimistic outlook on volumes, and we have been delivering in the last two quarters also, but it seems that you are not refraining from giving any guidance of increasing EBITDA per ton, which is an obvious outcome that will happen. Just want to understand, if there is any risk that you are kind of seeing, which we should be aware of, or like why this, if I may ask, which looks very inevitable that margins will expand with such massive volume growth?
- Manan Shah:** Sorry, can you just rephrase that?
- Sudarshan Mall:** Basically, I am trying to understand that when the output from the volume is so bright, but still, management is kind of refraining from giving any expansion in EBITDA margins or EBITDA per ton guidance. So, is there any kind of risk that you guys are, like, trying to first see that and then, so, are there any risks to the very optimistic story, which we should be aware of?
- Chetan Shah:** So, it's not really from the point of view of that, can we see some risks, and so we are refraining from giving the guidance. I think that, as the starting point for these discussions was a very clear committed target of 15 million tons. We do, however, refrain from giving quarterly guidance or guidance on EBITDA, even though we have mentioned that we think this is the lower end of the range at these prices and we expect operations to stabilize. See, mining industry has, of course, its own challenges and commodities and cycles. What our real focus area is that we want to build our infrastructure, our partnerships and our customers so that we can easily discharge a 15 million tons of volume and this is how we are focused. Sometimes it can happen that in a quarter, couple of vessels, each vessel is having 200,000 tons. If two vessels leave after 2 days or 3 days, so the quarterly numbers can often change, subsequently things can change. So, and you know, each vessel is worth maybe \$10 million-\$15 million, if not more. So, even sometimes you have the cut-off date of 31st and something and then the vessel goes few days later. So, there can be some kind of volatility on a quarterly basis and we really want to focus on the long-term goals of the Company, in which case we have given a clear long-term guidance both on the volume which we want to achieve and that we want to definitely improve our EBITDA from here. So, that's what I can leave you with. It's not really about risk but just that we want to maintain the long-term focus.
- Sudarshan Mall:** Sure, sir. That was very helpful. Best of luck.
- Chetan Shah:** Thank you.
- Moderator:** Thank you. Our next question comes from the line of Raj Shah from RK Family Office. Please go ahead.
- Raj Shah:** So, in the last call, you said that iron ore will not add meaningful in terms of revenue. But, sir, if I do some rough calculation, even if it is unbenefited and supplied to local area, then also with

the mining capacity of 300 million tons, starting with 5 million and then to 10 million tons can have a meaningful impact on the topline. And sorry, if this question is repeated, I have just joined the call. And I also wanted to know what's the update on iron ore mining and what are the volumes you are seeing in coming years?

Manan Shah:

So, we had mentioned in our introductory presentation that our iron ore activities have begun. We are underway. Trial production has begun and we are supplying some quantities to the plant which we have mentioned earlier in our note. We are seeing that this should commercialize to meaningful volumes within a quarter or two. And the same has been communicated in the introductory presentation. Like you said correctly, the topline may not be very significant because the deal is on ex mines basis. However, it will contribute meaningfully to the bottomline over a short period of time.

Raj Shah:

No, sir. What I was asking is even if it is unbeneficiated and supplied to local area, then also I think on 5 million tons of supply or even next year 10 million tons of supply, it can have a very meaningful impact on topline. So, why you are saying that it will not impact topline?

Manan Shah:

I will explain to you why. See, when we do a most of the bauxite transactions we are doing are on CIF basis, which means the revenue is on a delivered to China basis and logistics is a large part of the total revenue. When we are doing iron ore business, it is on ex mines business. Earlier on this call, I have also mentioned that the major part of the total cost comes from logistics and a very limited part of the cost comes from mining. So, any transactions which are undertaken on an ex mines basis would have far lower value than the delivered prices. So, when you see these iron ore indexes also they are delivered to China or something like this. The kind of business we are doing in iron ore is a very close to ex mine business. So, it won't be like the same pricing or even a fraction of the pricing. Let's say what would be if we were doing a let's say iron ore transaction CIF to China. So, that's why the topline would be limited in the sense that because these are ex mines transactions. However, it should contribute meaningfully to the bottomline or some extent to the bottomline. The exact volumes that we can do once we have some more data from this trial production and all this, we should be able to share that once we are ourselves concluded with the potential of these mines. So, that's the explanation.

Raj Shah:

Okay. So, sir, can you tell me like what per ton are we expecting from our iron ore selling?

Manan Shah:

Like I mentioned that we are in trial production. We need some time ourselves to be able to ascertain the long-term realization from these resources on a per ton basis. But maybe at best, I can say that our realizations would be within a few dollars.

Raj Shah:

Not \$40-\$45, like less than \$10 you are saying?

Manan Shah:

It would definitely be less than \$10 dollars. Like I mentioned, it is an ex mines transaction.

- Raj Shah:** I agree. I just wanted to. Okay. Thank you. This is my question.
- Manan Shah:** Thank you.
- Moderator:** Thank you. We will take the last question from the line of Tushar Sarda from Athena Investments. Please go ahead.
- Tushar Sarda:** Thank you for the opportunity. I have a couple of questions. One of course has been answered. You said that you are selling on CIF basis. So, on the realization from the volumes that you're given, it looks like it's around \$60-\$65 per ton. So, this is net of any royalty or taxes that you may have to pay on mining?
- Manan Shah:** The EBITDA data which we have given is after deducting all costs, including taxes and royalties. I mean, the final EBITDA.
- Tushar Sarda:** I am asking about realization. So, realization is gross of taxes or net of taxes?
- Manan Shah:** The EBITDA per ton, basically EBITDA means earnings before interest depreciation.
- Tushar Sarda:** No, I am asking for revenue.
- Manan Shah:** Sorry. Can you rephrase exactly what you would like to know about the revenue?
- Tushar Sarda:** So, your revenue is Rs. 720 crores and the volume you have given is 1.33 million tons. So, that comes to around Rs. 5,500 a ton or maybe around \$60-\$65 a ton. So, this \$60-\$65 a ton is after taxes or before taxes that you may have to pay to the government.
- Manan Shah:** Sir, it's a gross revenue. It's before. However, I would not read it as, I would just like to caution against reading it as a realization of \$65. We do have some FOB contracts, which would, therefore, the FOB contracts would be without the freight. So, there would be like some contracts which would be at a much lower than \$75, maybe around close to \$50 or something. So, on the revenue side, there can be in a year, in a quarter, if you're doing more FOB business and less CIF business, the realization may appear to be down. But it's more to do with the fact that certain companies prefer to buy on FOB basis and book their own vessel. Certain companies prefer that we book the vessel and give them the product. So, the revenue can fluctuate. However, the focus is that the EBITDA per ton should be maintained in either model.
- Tushar Sarda:** Okay.
- Manan Shah:** And \$75 is also the price on a DMT basis. So, obviously, bauxite is not supplied with zero moisture. So, when we do supply the bauxite, it has some moisture, which is to be deducted pro

rata. So, let's say there is a 10% moisture in the bauxite, which we supply, we have to deduct the \$7.5. So, a combination of the fact that the index prices are DMT and that some of our contracts are on FOB basis is why the revenue number should not be misunderstood for a per ton realization. And that's why the company is focusing on EBITDA.

Tushar Sarda:

Okay. I understood that. Second question was, you said that you use the ports and you build internal railway lines and also what is the average distance that you travel internally within Guinea before you reach the port?

Manan Shah:

So, railway, hopefully someday. Today, we are having roads in Guinea. We have the, currently the two active mines, BOFFA and HUDA. And one is about, I think, approximately 120 kilometers is around in HUDA and around 60 kilometers is BOFFA. And so, this is the final distance, which has to be traveled from the mine site to the port. Within the mines, it's difficult to say, like, there would be different pits and different locations.

Tushar Sarda:

Yes, that I understand. And what is the capacity of these ports? You have multiple ports, right? So, what is the capacity?

Manan Shah:

We have three ports, one supporting to iron ore and two supporting to bauxite. The total capacity is 16 million tons. We have offered the breakup also in our investor note shared in previous quarter, wherein our GSM port can do 6 million tons, BOFFA port can currently do 5 million tons and our Konta port can also do 5 million tons.

Tushar Sarda:

Okay. And iron ore will start from which quarter, Q3 or Q4?

Manan Shah:

So, we expect, so like I mentioned, trial production has started. We are trying our best so that the commercial quantities can happen in this quarter. But max within two quarters, we should see some commercial quantities like at least like numbers, which would be at least close to like, say, a million tons or more within the next quarter or two. So, commercialization, I mean, we define by that at least 1 million tons a quarter or half million or something like this. So, just within a quarter or two quarters, we should be able to get that, subject we are just seeing how our trial run is going.

Tushar Sarda:

And any guidance on EBITDA for iron ore on a per ton basis?

Manan Shah:

Give us some time. Like I mentioned, we are in trial. We will be more than happy to bring that out into our information once we have a basic level of clarity. So, we will get to that.

Tushar Sarda:

That's it. Thank you so much. Thank you and all the best.

Manan Shah:

Thank you.

Moderator: Thank you. Ladies and gentlemen, due to paucity of time, we close the call. For further queries can be taken up with the investor relations team. I now hand the conference over to the management for closing comments.

Manan Shah: In closing, we would like to thank you all, our investors, analysts, and stakeholders for your continued support and confidence in our Company. The journey we have taken from India to Guinea, from raw materials to value-added solution, is one of transformation and resilience. As we move forward, we are confident of sustaining our growth trajectory with strong fundamentals, focused strategy, and global partnerships. For any further information or clarifications, please feel free to reach out to our investor relations team at Adfactors. Thank you so much. We appreciate the time and patience all of you have shown on this call. Thank you.

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