



7th February, 2024

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The Listing Department
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Mumbai-400051
Stock Symbol & Series : IMFA, EQ

The Deputy General Manager
(Corporate Services)
BSE Limited
Floor 25, P.J. Towers
Dalal Street , Fort
Mumbai-400001
Stock Code : 533047

Sub : Earnings Call Transcripts

Dear Sir / Madam,

Pursuant to Regulation 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the audio call recording of the Company's Investor / Analyst Call held on 31st January, 2024 on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and nine months ended 31st December, 2023 is attached herewith.

You are requested to take the same on record.

Thanking you

Yours faithfully
For INDIAN METALS & FERRO ALLOYS LTD


(PREM KHANDELWAL)
CFO & COMPANY SECRETARY
Membership No: F3526

Encl : As above.



“Indian Metals & Ferro Alloys Limited
Q3 FY '24 Earnings Conference Call”

January 31, 2024



MANAGEMENT: **MR. PREM KHANDELWAL – CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY – INDIAN METALS & FERRO ALLOYS LIMITED**
MR. BIJAYANANDA MOHAPATRA – CHIEF OPERATING OFFICER – INDIAN METALS & FERRO ALLOYS LIMITED
MR. DEEPAK MOHANTY – HEAD OF FERRO ALLOYS BUSINESS UNIT – INDIAN METALS & FERRO ALLOYS LIMITED
MR. BINOY AGARWALLA – HEAD OF POWER BUSINESS UNIT – INDIAN METALS & FERRO ALLOYS LIMITED
MR. SANDEEP B. NARADE – HEAD, MINES BUSINESS UNIT – INDIAN METALS & FERRO ALLOYS LIMITED

MODERATOR: **MR. ARYAN RANA – VERITAS REPUTATION**

Moderator: Ladies and gentlemen, good day, and welcome to the Earnings Conference Call of Indian Metals and Ferro Alloys Limited, arranged by Veritas Reputation. At this moment, all participant lines are in the listen-only mode. Later, we will conduct a question-and-answer session. At that time, if you have a question, you may please press star and one on your touch tone keypad. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aryan Rana from Veritas Reputation. Thank you and over to you, sir.

Aryan Rana: Thank you, Lizann. Good evening, everyone. We warmly welcome and express our gratitude to each one of you for being a part of today's Earnings Conference Call for Indian Metals and Ferro Alloys Limited.

I'm Aryan Rana, your host for this session, and it brings me great joy to guide you through the proceedings as we analyse the financial results for the quarter concluding on December 31st, 2023. We're delighted to announce that IMFAs Market Valuation has witnessed an impressive surge of nearly 103% in the past 10 months, crossing the INR3,000 growth market capitalization milestone. IMFAs Market Valuation currently stands at approximately INR3,548 crores.

This achievement, despite external challenges, solidifies IMFAs position as India's foremost fully integrated manufacturer of superior ferrochrome in the metal and mining industry. While the detailed financial results are available on our company website and stock exchanges, it's essential to note that our discussion may include forward-looking statements contingent upon known and unforeseen risks and uncertainties and various factors. So, for a comprehensive overview of our Q3 financial performance and address any queries you may have, we are honoured to have esteemed members of our management team present today.

I welcome Mr. Prem Khandelwal, our CFO and Company Secretary; Mr. Bijayananda Mohapatra, our Chief Operating Officer; Mr. Deepak Mohanty, overseeing the Ferroalloys Business Unit; Mr. Binoy Agarwalla, heading the Power Business Unit; and Mr. Sandeep B. Narade, in charge of the Mining Business Unit.

Without further delay, I now hand over the call to Mr. Prem Khandelwal, our CFO and Company Secretary, to guide us through the financial highlights. Over to you, sir. Thank you.

Prem Khandelwal: Thank you, Aryan. Good evening, ladies and gentlemen. I welcome you all to this Q3 FY'24 Earnings Call of the Company. Third quarter years have been excellent, as you might have seen, especially if you compare it from the corresponding quarter of previous year.

Although sales has gone up by 10% from INR614 crores to INR675 crores, the profit has gone up by tenfold from INR10 crores to INR108 crores. The primary reason for this increase is the higher realization and lower cost. The sales realization has gone up from 93,000 to 1,03,000 in the corresponding quarter, and costs have gone down from INR80,000 to INR72,000.

Rest, all the figures are in public domain already through our press release, so I will not delve into those, and we can start the Q&A session now. Thank you.

- Moderator:** Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Kaushal Kedia from Wallfort. Please go ahead.
- Kaushal Kedia:** Hi. Thank you for taking my question. Sir, on the capex, I just want to understand, the capex is on track, and how are we going to go about the capex on the Chrome Ore Mining Front and the Furnace Front? Can you just explain in a little detail, please?
- Prem Khandelwal:** Yes, capex front, we are well on time, but the possession of land is getting a little delayed, so we are trying to overcome that. But if we are not getting the possession within time, then it might get delayed a little bit. But that is not going to suffer the project too much. We will try to contain that delay. And as far as the amount is concerned, the furnace, we are going to spend around INR600 crores. And on mining, we are going to spend around INR1,000 crores. But this capex is going to be spent over a period of seven years.
- Kaushal Kedia:** Sir, so the furnace capacity will go up by 33%, right?
- Prem Khandelwal:** Yes, it will go up by 1 lakh ton. So, from 2,84,000, the capacity will go up to 3,84,000.
- Kaushal Kedia:** Okay. Sir, and the mining capacity, the commentary by Mr. Panda in the press release, he has said that this year we will cross 6 lakh tons for the first time. So, the mining capacity, we are increasing gradually. Is it so?
- Prem Khandelwal:** Yes.
- Kaushal Kedia:** So, the blast furnace, if everything goes...
- Prem Khandelwal:** Yes, sorry. Please go ahead.
- Kaushal Kedia:** So, the blast furnace, if everything is on track, I believe the blast furnace will come on track by September '26, correct?
- Prem Khandelwal:** No, it's September '25, not '26.
- Kaushal Kedia:** Okay. By September 25, okay. If the land procurement is on track?
- Prem Khandelwal:** Yes.
- Kaushal Kedia:** Okay. But the mining capacity, that will go up gradually. So, we should see more than 6 lakh tons in FY'24. And by FY'25, that means by March FY'25, how much should we see on the mining front?
- Prem Khandelwal:** Sandeep, would you answer that?
- Sandeep B. Narade:** So, in FY'25, we are targeting 7.3 lakh tons of ore.
- Kaushal Kedia:** This is March '25.

- Sandeep B. Narade:** FY'25. FY'24, we will be crossing 6 lakh tons, close to 6.7 lakh. And in FY'25, that will be 7.3 lakh.
- Kaushal Kedia:** So, sir, this excess chrome ore, we are hoping to sell it in the open market then?
- Prem Khandelwal:** No. We have no plans to sell in the open market. The excess ore, either we'll stock it or we'll look for some alternative to use that ore. But no plan to sell ore in the market.
- Kaushal Kedia:** Why, sir? Because in the domestic market we can command a good price also, right?
- Prem Khandelwal:** No, but as a policy, we are not selling ore.
- Kaushal Kedia:** Okay, sir. Thank you.
- Moderator:** Thank you. The next question is in the line of Saransh Sethi from Samar Wealth Managers. Please go ahead.
- Saransh Sethi:** Sir, am I audible?
- Moderator:** Yes, sir. Please proceed.
- Saransh Sethi:** Sir, I want to know what are the key drivers behind driving growth and what is the future outlook on demand side?
- Prem Khandelwal:** Deepak?
- Deepak Mohanty:** Can you come again once again. I could not -- a little bit of echoing happened while you were speaking. Can you repeat your question?
- Saransh Sethi:** Yes, sir. Of course. Sir, I want to know what are the key drivers behind revenue growth and what is the future outlook on demand side?
- Deepak Mohanty:** No, demand outside, let me tell you, as per ISSS, which is the International StainlessSteel Forum. So, they are expecting around 4%, 3.6% growth in stainless steel and conjunctions, okay. So, in that manner, what it was expected for basically calendar year '23, it was around 60 million but actually it should be slightly less. But in calendar year '24, it is going to exceed 60 million tons.
- So, which will drive the requirement and all. And as such, we being the integrated producer and long-term kind of our agreement with many people. So, we have also opportunity when our other production comes into line, we have the opportunity to increase in those areas as well as new areas. We are also looking at different kind of products and also to cater to other markets also.
- So, I don't think as far as -- because demand and the thing is issue is there. So, we do not have any challenges really to enhance our involvement in the global front with the big players where

we have long-term relationships. Considering our consistency in quality and delivery everything, we have enough opportunity to cope up to the additional quantity. Hope I have explained...

Prem Khandelwal: And Saran, as far as the revenue growth is concerned, we are already in the expansion mode and we are putting up two furnaces in Kalinga Nagar. So, that will increase the capacity by 1 lakh ton. In FY'26, we will see the revenue growth also.

Saransh Sethi: And sir, secondly, do you have any significant plan for domestic markets?

Prem Khandelwal: Domestic markets as of now -- yes, Deepak, please.

Deepak Mohanty: It is not at the moment, but as it grows, we will be also catering to the domestic market as per the requirement.

Saransh Sethi: Okay, sir. Thank you. That's all.

Prem Khandelwal: Thank you.

Moderator: Thank you. The next question is from the line of Dhviti from Molecule Ventures. Please go ahead.

Dhviti: Hello. Am I audible, sir?

Prem Khandelwal: Yes.

Dhviti: Good afternoon and congratulations on good set of numbers, sir. My first question is on if you could give breakup of cost of production per ton for Q3 FY'24 and EBITDA cost based on the RM prices.

Prem Khandelwal: Our Ferro Chrome cost for Q3 FY'24 is INR72,000.

Dhviti: Okay.

Prem Khandelwal: And EBITDA cost for Q3 FY'24 is INR79,000.

Dhviti: Okay. And how do we see that shaping up for Q4 FY'24?

Prem Khandelwal: It is more or less likely to remain same.

Dhviti: Okay. And sir, what about the power cost for current quarter and the Y-o-Y? So, if you could give a breakup of that.

Prem Khandelwal: Binoy?

Binoy Agarwalla: Sorry, I couldn't get you. You are comparing with Q3 FY'24 versus Q4 FY'24?

Dhviti: Q3 FY'23 and Q3 FY'24.

- Binoy Agarwalla:** The power cost Q3 FY'23, it was variable cost was INR4.77. And Q3 FY'24, the variable cost has come INR4.30. There is a saving of around 47 paise.
- Dhviti:** Okay. And so, considering the rise in realizations of Ferrochrome in the past few months, how do we see our Q4 realization? Will it be similar to what we did in Q3? Or how is that standing out?
- Prem Khandelwal:** Look, Q4 realization will be a little lower, because the price -- the benchmark has come down by \$0.09. So, I think there will be some reduction in our price also.
- Deepak Mohanty:** I would like to add two things also. In addition to that, you know that Chinese New Year and other places like Kutuzov holidays and other things, particularly month of February, non-transaction, normally people don't conclude anything. They do it prior. So, it will be remaining in that level. So, it will be slightly lower with the decrease in long term, this benchmark price.
- Dhviti:** Okay, sir. And what will be our cost for coal and coke inventory? Has there been some spike in the coke prices? So, when will that be coming in the cost?
- Prem Khandelwal:** Deepak, coke cost?
- Deepak Mohanty:** Yes, coke cost, actually it has come down. We are using it somewhere in \$320 around in that range at the moment. And the prices are going up slowly, because the coking coal prices have also gone up. But our booking is always forward, because we get it from Columbia and it's a long lead time required for that consignment term.
- So, our thing will be more or less in the range of the present market scenario, which is around \$350 to \$360. So, not much change will be there in coke, particularly coke front, which has come down drastically, in fact, from the earlier quarters, which we looked at earlier. In last year, corresponding quarter, it was quite high.
- Dhviti:** If you could give a number for that, sir?
- Deepak Mohanty:** So, corresponding year, if you look at the coke price was something like 47,000 or something, let me just one minute. It was around 47,000 around, which has come down by around 10,000 now, like 37,000.
- Dhviti:** Thank you, sir. That's all from my side.
- Prem Khandelwal:** Right. Thank you.
- Moderator:** Thank you. The next question is from the line of Saket Kapoor from Kapoor Company. Please go ahead.
- Saket Kapoor:** Yes. Namaskar, sir. Thank you for this opportunity. Sir, firstly, when we look at the numbers on a Q-on-Q basis, our depreciation has gone down from INR26 crores to INR15 crores. So, what explains this, sir?

- Prem Khandelwal:** We have changed the method, Saket, this time from WDV to SLM. That's why it has gone down from INR27 crores to INR14 crores.
- Saket Kapoor:** Okay. And now, sir, Q-on-Q, this will be the number going ahead?
- Prem Khandelwal:** Yes. Now, it is SLM. So, more or less, this is going to be the number going forward.
- Saket Kapoor:** Sir, why we have adopted this straight line method? What was the reason?
- Prem Khandelwal:** We had appointed a consultant to study the plant life and other things. And we have studied industry norms also. Most of the companies in our industry are following SLM method. We were only following WDV. So, we did a study and then came to the conclusion that SLM is more suitable to us compared to WDV. So, that's why we decided to change the method.
- Saket Kapoor:** And Prem sir, also for the other expenses, Q-on-Q, we see a reduction of INR7 crores on a base of INR118 crores. So, any one-off items or what has led to this reduction of INR7 crores?
- Prem Khandelwal:** Saket, INR7 crores is nothing. It's almost only 7%.
- Saket Kapoor:** 7% is there, sir?
- Prem Khandelwal:** Yes. So, it's normal, I think, some item might have reduced.
- Saket Kapoor:** Sir, can you give me the cost per ton for the second quarter? 72,000 you gave for Q3.
- Prem Khandelwal:** Yes.
- Saket Kapoor:** What would be the cost for the previous quarter, sir?
- Prem Khandelwal:** It was 70,500.
- Saket Kapoor:** Come again, sir?
- Prem Khandelwal:** 70,500.
- Saket Kapoor:** Okay. So, the cost has gone up Q-on-Q?
- Prem Khandelwal:** Yes.
- Saket Kapoor:** Okay. And the realization for Q2 and Q3?
- Prem Khandelwal:** Realization for Q2 was 1,01,000. Q3, I've already told, 1,03,000 INR.
- Saket Kapoor:** Okay. And for the next quarter also, these metrics are going to remain. But the selling price, we are not aware how it will shape up. But for the cost, it is going to...
- Prem Khandelwal:** The selling price will come down a little bit, but the cost will remain the same.

- Saket Kapoor:** Cost is going to remain the same. Sir, today in one of the interviews, MD did spoke about our ore output to go up, and you were earlier discussing. So, what are we contemplating in terms of the excess ore that we are going to mine? Other than stocking it, what other activities are we envisaging? Any type of job work?
- Prem Khandelwal:** Nothing, has been frozen at the moment, Saket. So, it's not proper for us to delve into that right now. We are just exploring the alternatives to use that ore.
- Saket Kapoor:** Okay, sir. So, lastly, sir, on the coal prices, we have seen in international markets, coal prices are only correcting by 8% to 10%. I'm not aware of the grades. So, how are the current coal prices, spot prices trending? And what kind of further advantage can we expect in terms of the coal prices and then also the trend for the metallurgical coke, if you could give some colour on that?
- Management:** Binoy, regarding coal, would you answer that?
- Binoy Agarwalla:** Yes, the coal price, as of now, it is in decreasing trend. Earlier, we used to buy spot auction at 6,000, 6,200 in FY23. But now it has come down to 4,000. It is slowly, gradually coming down. If it remains like this, then our variable cost will remain also like in the same line.
- Saket Kapoor:** Okay, then for the coke part, sir, coke we are importing, metallurgical coke.
- Deepak Mohanty:** So, I told, as I told, considering the Colombian coke, particularly which we use, so it will be in the range of 350 to 360 over a period of next six months for our usage. Thereafter, nobody can say how it will turn out, coking coal and coke scenario and other things. So, for the moment, you may consider for next six months, it will be in that range, \$350 to \$360 per ton of coke.
- Saket Kapoor:** And lastly, sir, on the compensation part, the INR390 crores is what the figure that have been crystallized from the authority that will be due to the company?
- Prem Khandelwal:** Yes.
- Saket Kapoor:** And sir there is, again, the other party has gone to the arbitration to seek what relief, sir? What are they contemplating or contesting now?
- Prem Khandelwal:** Initially, they initially, they went to coal Tribunal for a stay of order, final order, which was turned down by the Tribunal. And now they are, they are, they are into the Tribunal to, for the reduction in the compensation amount. We are also into Tribunal for whatever reduction the NA has done, INR64 crores reduction. We have also filed a case in Tribunal for restating that amount, because there is no logic for reduction of amount.
- Saket Kapoor:** Okay. So, there has been a INR64 crores. No, no. I'm just seeking the clarification only, ma'am. No further question. There has been a reduction of INR64 crores on the sum of, nominated by, sums finalized by the nominated court. That is 390 minus 64. That is what they are...

- Prem Khandelwal:** 416 minus 352 they have done. So, the provisional order was INR416 crores. But it was 352crores as per final order. So, the INR64 crores reduction, whatever they have done, we have challenged that also in coal Tribunal.
- Saket Kapoor:** Okay. But then, what is the reference of INR390 crores here, sir, when you are mentioning 416?
- Moderator:** Mr. Kapoor may we request you to return to the question. Sir, there are participants waiting for their turn.
- Saket Kapoor:** Done. Yes, ma'am. I'll join again.
- Moderator:** Thank you. The next question is from the line of Kaushal Kedia from Wallfort.
- Kaushal Kedia:** Sure, I just want to understand that demand is not an issue. I think when we had met you earlier also, you were pretty confident that demand is not going to be an issue even after capacity expansion. So, we could sell at the prevailing rates. So, if we want to model in our financial models for, say, three years down the line, it is safe to assume that given the prevailing realizations, EBITDA will go up by more than 33% going forward after expansion.
- Prem Khandelwal:** No, no. See, in our industry, it's very difficult to predict anything beyond one quarter.
- Kaushal Kedia:** Okay. No, fair enough. But I'm not saying, I'm not talking about the rates. I'm talking about more on the volume sales. So, after we've done the capex, demand is not going to be an issue.
- Prem Khandelwal:** Yes, yes. That's true.
- Kaushal Kedia:** Because I think, and as a policy, you're saying, so we don't want to sell ferrochrome in the domestic market.
- Prem Khandelwal:** Chrome ore I said, not ferrochrome.
- Kaushal Kedia:** Okay, sir because I think the way the stainless-steel demand is increasing, I think we'll have a big market in India for ferrochrome.
- Prem Khandelwal:** Yes, of course, if the market goes up in India, yes, that's, I think, Deepak Mohanty also said the same thing, that if the market goes up in India, we'll sell in the Indian market? Why do we export it then?
- Kaushal Kedia:** And I think the realizations will be slightly better also in the Indian market. Is my understanding correct?
- Deepak Mohanty:** No. Realization will be always in line with the world market price, because there will be leads that lag at certain points in time, or certain points where some glitches, like at the moment the chrome ore prices have gone up, for which the prices have gone up. But that is not a sustainable thing. And nobody in this world -- any country, they deal with their own prices, more or less aligned to the world price. Okay, and more or less in line.
- Kaushal Kedia:** And we are confident of finishing the capex in September '25.

Prem Khandelwal: Yes, as of now, we are trying to do that. But if the position gets delayed, then it might get a little bit more.

Kaushal Kedia: By about how many months?

Prem Khandelwal: Difficult to predict at the moment. Depends on when we get the position of land. Yes.

Kaushal Kedia: Okay, sir. Okay. Thank you very much, sir. All the best. Thank you very much.

Moderator: Thank you. The next question is in the line of Rakesh Roy from Omkara Capital. Please go ahead.

Rakesh Roy: Hi, sir. My first question is your realization part. As you said, in Q4, realization will come down. But if we see overall picture for CY24, you just mentioned that the stainless-steel business will grow nearby 3.6% on international level. So, we see any more realization will grow same like 3.6% or more than 3.6% in CY24?

Deepak Mohanty: No, actually 3.6% growth is also quite a bit, considering a lot of issues at the moment going on. Russia-Ukraine war has not stopped. And if it stops, it will not be 3.6%, it will be exponentially going up. And the rates we issue is also decreasing the trade and everything. So, a lot of stability needs to come in the world, then only you can think of any higher 3.6% growth is a very good growth if it is really achievable.

Rakesh Roy: And then how much growth you are looking for, you are seeing for the Indian domestic stainless-steel business for if you say CY24 and '25?

Deepak Mohanty: No prediction so far by anybody, but everybody said because as you know, the consumption per capita consumption is still below 2.5. Any minor change can lead to a very great requirement level. So, nobody can say, but things are pressing. So hopefully it will go up and then we'll be catering to domestic also.

Rakesh Roy: Okay. And any comments on the China economy and from your point of view on China, sir?

Deepak Mohanty: Chinese economy, you must have heard, they are facing certain crisis with real estate side and you know Evergrande has been directed for liquidation. So that is a good news and bad news also because that will ultimately make the things stable, which was unstable because they were trying to manage and manage. But particularly as I have told in the previous con call also, that Chinese stainless-steel producers are behaving good.

They don't want to bring down stainless steel production, not the ferrochrome production, but they are working on low margin. So that is why even now the production, ferrochrome production, if you look at, they are producing 650,000 per month and they are producing at least 3 million tons of stainless steel every month. So, it is a good thing they are managing and keeping the things in tandem.

So, I hope things will better and they are having also, government is having concerns, started certain concern because their population has come down by 0.15% to 0.08 million in 2023. So, if the population goes down continuously over the years, going ahead, their workforce will be going down, which is a concern they are working on. Otherwise, things are more or less stable.

Rakesh Roy: Right. So, one last question, sir. So last question is the same on realisation. I am just asking -- Q4, can we see Q4 is a bottom-out for realisation sir or is it or near term more downside of realisation, ferrochrome?

Deepak Mohanty: I think it will remain in the -- it will not go further down because of the cost. So only because of currency devaluation and all, they are able to work it out, but further going below will not be sustainable. As I told, both ferrochrome and stainless-steel people are operating at a very low margin,

Rakesh Roy: Right. Thank you.

Moderator: Thank you. The next question is from the line of Nihar Shah from Crown Capital. Please go ahead.

Nihar Shah: Good evening, sir. I'm fairly new to the company, so I have two, three questions. What are the opportunities we are exploring going ahead with the company?

Prem Khandelwal: Nihar, your voice is not clear.

Nihar Shah: Hello. Am I audible now?

Prem Khandelwal: Yes, a little better.

Nihar Shah: Yes, I was saying that I'm fairly new to the company. So, can you help me understand the opportunities we are exploring going ahead?

Prem Khandelwal: I didn't get your question, Nihar. Can you repeat it again?

Nihar Shah: Yes. Sorry. Now, now is it better?

Prem Khandelwal: Yes.

Nihar Shah: I am saying that can you help me understand the opportunities we are looking...

Prem Khandelwal: No, no, your voice is breaking again.

- Moderator:** Sorry to interrupt, Mr. Shah. Your audio is breaking up. Sir, may we request that you return to the question queue? Because we are unable to hear you clearly. Thank you. The next question is from the line of Vinay Nadkarni from Hathaway Investments Private Limited. Please go ahead.
- Vinay Nadkarni:** Yes, just wanted to check out, can you just give us some light on what is the cost of material as a percentage of sale and what would be the power cost as a percentage of sale? I believe these are the two key costs for you.
- Prem Khandelwal:** We need to work out percentage. Binoy its not...
- Management:** Actually, power, we are not selling. We are using as a captive.
- Prem Khandelwal:** No, no, he's asking about the power cost as a percentage of sales.
- Vinay Nadkarni:** Yes. Or the ferrochrome production.
- Prem Khandelwal:** So that we need to work out. We'll tell you that separately.
- Vinay Nadkarni:** Okay. Thanks. Thanks.
- Prem Khandelwal:** Right. Right.
- Moderator:** Thank you. The next question is on the line of Joe Shah from 7seas. Please go ahead.
- Joe Shah:** Deepak, I have one question for you regarding the impact of this. The Chinese reserve requirement issue has been reduced by \$0.50 cents, which is significant. Will it have any impact on the ferro chrome demand in China?
- Deepak Mohanty:** I couldn't hear. Somehow I got a break in between. Can you repeat?
- Joe Shah:** Yes. Now, Chinese reserve requirement ratio has been reduced by \$0.50 cents. So, to help struggling economy, Chinese economy, will it help in better ferro chrome demand from China?
- Deepak Mohanty:** With the ferro chrome demand, as you know, it is already there and they are also 50% dependent on export.
- Joe Shah:** Right.
- Deepak Mohanty:** Their internal consumption plus 50%, around 50% also, they require the export market. So, which is not in very good shape in Europe and UK or US and other places. So, it's not very good. That's why they are keeping a tandem by producing, maintaining the level of stainless steel as well as ferro chrome, balancing the price and minimum things so that they need not to cut down.
- And also, they are bringing up ferro chrome where it is more cheaper, like northern part, Inner Mongolia and on and closing down the high cost producers. That kind of balancing they are managing. So hopefully it will continue.

- Joe Shah:** Okay. Now, Deepak, one more thing. Today, MD mentioned in CNBC interview that average price for the Q3 was INR1,09,000 for the prime ferro chrome. Now here we are seeing the 1,23,000. So, what is the, actually, what is the difference? Why difference is there?
- Deepak Mohanty:** No, where you are seeing 1,23,000?
- Joe Shah:** No, here we are discussing. So, MD said that it was prime ferro chrome of Q3.
- Deepak Mohanty:** You know, total average realisation is 1,02,000, what Mr. Prem Khandelwal was informed, which we normally look at for the costing and in this. But there are certain rates and other things which goes at a higher and certain rates which goes at a lower. So overall, it is 102.
- Joe Shah:** Overall, the realization is 102 average?
- Deepak Mohanty:** Which was 93,000 in the corresponding quarter.
- Joe Shah:** Okay. Okay. Okay. Thank you. Thank you.
- Moderator:** Thank you. The next question is on the line of Saket Kapoor from Kapoor Company. Please go ahead.
- Saket Kapoor:** Prem sir, I also missed this point. Then what is the significance of this 1,23,000 for number which you mentioned?
- Prem Khandelwal:** Where are you getting that number, Saket? 1,23, we have never mentioned.
- Saket Kapoor:** Okay, sir. Then please, I stand corrected. What was our realization for Q3?
- Prem Khandelwal:** 1,03,000, I said for quarter Q3 FY'24, it is 1,03,000 compared to 93,000 in Q3 FY'23.
- Saket Kapoor:** Okay. And Q2 was 1,01,000?
- Prem Khandelwal:** 1,01,000.
- Saket Kapoor:** So, from 1,01,000, it is 1,03,000?
- Prem Khandelwal:** Yes.
- Saket Kapoor:** That is what the number is. And this is what we are anticipating for current, currently current prevailing market conditions also?
- Prem Khandelwal:** For Q4, it will come down a little bit from 1,03,000.
- Saket Kapoor:** Okay. Sir, on the compensation part, sir, in the December notification, we have mentioned that the freehold and the leasehold pertaining to Utkal-C Coal Mines at INR353 crores, approx number. Out of that...
- Prem Khandelwal:** INR352 crores.

- Saket Kapoor:** Yes, INR352 crores. And out of that, JSPL paid around INR131 crores and INR221 was pending. Post that, sir, what should we learn from this INR390 numbers mentioned and also the INR416 numbers mentioned by you during the call?
- Prem Khandelwal:** Sorry, you are getting confused, Saket. INR416 was the provisional order, which we had declared through the stock exchanges also.
- Saket Kapoor:** Correct.
- Prem Khandelwal:** That is only related to land.
- Saket Kapoor:** Okay.
- Prem Khandelwal:** That has been reduced to INR352 crores by NA. We have already got INR20 crores on the statutory portion. We have already got INR20 crores. So, INR352 plus INR20, we are adding INR372. And another INR18 crores we should get on mining infra, which is not yet finalized. So, all put together, we are saying that maximum we can get INR390 crores as of now.
- Saket Kapoor:** Okay.
- Prem Khandelwal:** And we have challenged the INR64 crores of reduction also in coal tribunal. If we get that, then it will again go back to INR433 crores. INR390 plus INR64 crores.
- Saket Kapoor:** Okay. Now it is clear. So, there is a lot of buffer here also for the INR64 crores part also. What are we contesting for this INR64 crores money? Why has there been a litigation pertaining to this figure?
- Prem Khandelwal:** They have disallowed certain amounts there, which as per Act, it is not disallowable. So, we have contested that. How can you disallow when the Act says nothing about this, like registration charges, lapsed period of lease. So, those things are, as per Act, those things are not disallowable. But NA has disallowed those amounts. So, we are contesting that.
- Saket Kapoor:** Right. And Prem sir, what is the cash on book, sir, as on 31st December?
- Prem Khandelwal:** Just a moment, let me see. It is around INR398 crores.
- Saket Kapoor:** INR398 crores. This is the net cash number post the working capital requirement?
- Prem Khandelwal:** No, no, no. This is the gross number and working capital is INR245.
- Saket Kapoor:** So, we have to reduce. Okay. 245 from this 398 number?
- Prem Khandelwal:** Yes.
- Saket Kapoor:** To get the net cash?
- Prem Khandelwal:** Yes.

- Saket Kapoor:** Right, sir. Thank you, sir. And all the best, sir.
- Prem Khandelwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Nihar Shah from Crown Capital. Please go ahead.
- Nihar Shah:** So, I was just asking that I'm fairly new to the company. So, can you help me understand the working capital cycle and what are the working capital days?
- Prem Khandelwal:** Normally, it is 25%. The working capital is 25%. And cycle, as it is calculating, very difficult because Coke, we stock for six months, we import one shipment altogether. So, that way, it is very difficult to calculate. But on average, we take it 25%.
- Nihar Shah:** Okay. I understood. And can you help me understand the opportunity we are exploring going ahead with the company?
- Prem Khandelwal:** Opportunity? I didn't get you. What kind of opportunity? We are already expanding our ferro chrome capacity. We are already expanding our mining capacity. And apart from that, we are also working on some renewable power project. So, these are the things at the moment we are exploring.
- Nihar Shah:** Okay. Okay, sir. So, as you said, like we can only predict one quarter ahead? So, what are we predicting?
- Prem Khandelwal:** For price.
- Nihar Shah:** For price. So, looking at that, what are we predicting our revenues to be in last quarter, quarter four?
- Prem Khandelwal:** Deepak, do you have that number or difficult to predict at the moment?
- Deepak Mohanty:** Our projection, basically, turnover.
- Prem Khandelwal:** Turnover for the fourth quarter?
- Deepak Mohanty:** Maybe around, I have some figures. INR600 crores or close.
- Prem Khandelwal:** But we'll come to know after the end of the quarter. We are going to sell on the spot basis also. So, difficult to give that number now. I think we'll have to wait for the end of the quarter.
- Nihar Shah:** Okay. Okay. And I just wanted to ask that, are margins sustainable at this level?
- Prem Khandelwal:** Yes, we are hopeful of maintaining 23%, 24% margin.
- Nihar Shah:** Okay, sir.
- Prem Khandelwal:** Right.

- Nihar Shah:** Thank you and all the best.
- Prem Khandelwal:** Thank you. Thank you.
- Moderator:** Thank you. The next question is from the line of Joe Shah from 7seas. Please go ahead.
- Joe Shah:** No, Prem, I understand that the spot ferro chrome price in India is now about INR120,000. So, when in February there is a festival holiday in China, can we sell in India in the spot market to have a bit better realization?
- Prem Khandelwal:** Deepak?
- Deepak Mohanty:** Yes, actually, the thing you're telling is practically not moving and all steel mills are opposing and not buying at that level. It's being the offer. People are not buying at that level. But we supply a certain quantity and those will be in line with the current market scenario. It's not, anyway, it's not INR120,000. It may be INR118,000, INR119,000, INR117,000 in that range where the really deals are taking place.
- Joe Shah:** Okay. Okay. Very good. Now, Prem, one question for you. We have approached this tribunal for this reduction in this Utkal-C compensation by INR64. Now, there's JSPL, they are approaching tribunal. The tribunal has not given them any stay order. Now, can they go to court again after tribunal, they can go to court and to delay the compensation payment?
- Prem Khandelwal:** For stay?
- Joe Shah:** Yes, tribunal has not given them the stay, right? So, they are supposed to make the payment.
- Prem Khandelwal:** They will go to court. They will go to court for what? For staying the order?
- Joe Shah:** Yes, for objecting the order.
- Prem Khandelwal:** I don't know. They can go to court also, but they have, till now, they have not gone to court.
- Joe Shah:** Okay. Okay. Good. And our approaching this tribunal for the INR64 crores of difference, that we must not delay the whole payment of the INR250 crores to INR222 crores balance.
- Prem Khandelwal:** That should not get delayed because both the things are separate.
- Joe Shah:** Right. So, we expect this INR221 crores payment in about three months' time?
- Prem Khandelwal:** No, difficult to give any timelines there.
- Joe Shah:** Okay. Okay. Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Akshada Deo from Vivog Commercial Limited. Please go ahead.

- Akshada Deo:** Hi. I just wanted to understand a little bit of the backstory of how you were able to connect the profits so far. I am new to the company. Was it just because of the materials cost that you have experienced a reduction in the same, and you were able to translate that into realizations, or was there something else?
- Prem Khandelwal:** Well, two factors I said, madam. One is that price has gone up by INR10,000 a ton, and cost has come down by INR8,000 a ton. So, there is a saving of INR18,000 per ton, and if you multiply that by 60,000, 65,000 normally what we sell in the market, that will give you the number.
- Akshada Deo:** Okay, sir. So, it was basically, okay, market dynamics is what you're giving.
- Prem Khandelwal:** Yes.
- Akshada Deo:** Okay. Okay. And the court tribunal that is going on, do you have a timeline on when you are expecting the said cash of roughly INR390 crores?
- Prem Khandelwal:** Statutorily, they have to dispose of case within 90 days' time.
- Akshada Deo:** Sorry, sir. What time?
- Prem Khandelwal:** Statutorily, they are supposed to dispose of the case within 90 days' time.
- Akshada Deo:** Okay.
- Prem Khandelwal:** Right.
- Akshada Deo:** Okay. Okay. Thank you so much.
- Prem Khandelwal:** Right. Thank you.
- Moderator:** Thank you. The next question is from the line of Vinay Nadkarni from Hathway Investments Private Limited. Please go ahead.
- Vinay Nadkarni:** I just wanted to check out what is the capacity utilization for this year so far?
- Prem Khandelwal:** Deepak.
- Deepak Mohanty:** So, basically, we are in line with our budget and as we have always given that production and sales, both will be in the range between 250 to 260,000. So, what we will do better than that?
- Prem Khandelwal:** So, that would be what percentage of your total capacity? I'm sorry, I don't have the...
- Deepak Mohanty:** We say 284,000 is the capacity, but we produce in the range of 250 to 260,000.
- Vinay Nadkarni:** I get that. I get that.
- Deepak Mohanty:** Although that is the capacity, you have the maintenance, you have a lot of other things to go on in between. So, taking that normal things out, it will be...

- Vinay Nadkarni:** So, you're kind of peaked out on your capacity?
- Deepak Mohanty:** Yes.
- Prem Khandelwal:** Yes.
- Deepak Mohanty:** Yes, yes. We are utilizing almost 100%. Even maybe last quarter it was 104%.
- Vinay Nadkarni:** So, from this period till the September 25, when your new capacities will be generated, you will be more or less at the same utilization levels? And therefore...
- Deepak Mohanty:** Absolutely, 250 to 260,000 levels. I think you are thinking of many other things as Mr. Prem Khandelwal informed. So, if you can arrange some other avenues and for the utilization of chrome ore then it will be more.
- Prem Khandelwal:** I have already said to assume between 250 to 260 only.
- Vinay Nadkarni:** Yes. And with the downward realization prices expected to be lasting in 2025, in 2024-25, do you see impact in your growth being more or less stagnant next year? Till the time your new capacities get developed?
- Prem Khandelwal:** So, the price we said, the price is likely to be more or less same like this year, next year also. Yes.
- Vinay Nadkarni:** And capacity too? I mean the output also?
- Prem Khandelwal:** Yes, yes, yes.
- Vinay Nadkarni:** So, it will be more or less stagnant as the current year?
- Prem Khandelwal:** Yes.
- Vinay Nadkarni:** Okay. One last question was on material cost. Your material cost seems to be pretty 54%, 55% of your total cost. Is that a norm in your industry in ferro alloys? Because others have seen is pretty high.
- Prem Khandelwal:** No, because we have our own captive ore, our cost is very less. Okay.
- Vinay Nadkarni:** So, that's mining, captive mining and captive power. These are the main costs and both of them your maximum.
- Prem Khandelwal:** Yes. These two are giving us a lot of savings in the cost front.
- Vinay Nadkarni:** Okay. Thanks a lot, sir. And I would await your mail or you're on the earlier question that I had on power cost and material cost.
- Prem Khandelwal:** Okay. Right.

- Vinay Nadkarni:** Yes. Thank you, sir. Thank you very much.
- Moderator:** Thank you. The next question is from the liner, Joe shah from 7seas. Please go ahead.
- Joe Shah:** Binoy Agarwalla, one question for you. Now, about the hybrid renewable power tie-up, can you explain it? Because I remember two, three quarters ago, there was some information that we'll have to invest INR100 crores in this company, which is going to supply us a renewable power. So, can you explain more on this?
- Binoy Agarwalla:** Means our discussions are on with two, three developers.
- Joe Shah:** Okay.
- Binoy Agarwalla:** Those who are giving us, those who will be giving us renewable energy.
- Joe Shah:** Right.
- Binoy Agarwalla:** And that will be on RTC basis round the clock and it will be in the hybrid mode, solar and wind, so that during daytime we can get solar and during nighttime also we can get wind. In that way, in that collaboration, we are trying to develop in that sense.
- Joe Shah:** Will we be able to invest some money with this?
- Binoy Agarwalla:** Yes. Investment amount would be around INR100 crores.
- Joe Shah:** 100 crores. Right. Okay. Very good. And first, side by side, we'll be using our captive percent, about 50%.
- Binoy Agarwalla:** Sorry, sorry, your voice got break.
- Joe Shah:** Apart from the solar and wind, the renewable energy, we'll be utilizing our captive coal also, our captive power generation also.
- Binoy Agarwalla:** Yes.
- Joe Shah:** Yes. Okay. Thank you.

Moderator: Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Abhishek Sawant for his closing comments.

Abhishek Sawant: Yes. Ladies and gentlemen, your presence on this conference call today has been greatly appreciated. We would like to thank you for this opportunity to explore in fast future growth strategies and discuss how we plan to navigate through these challenging times.

Our optimism for the growth journey ahead, not only within India, but also in other regions, remains steadfast. On behalf of the company's esteemed board of directors and dedicated management team, I extend our heartfelt gratitude to every one of you for your active participation in today's calling. Your interest and insightful questions have been a valuable contribution to our discourse.

Should you have any future inquiries or require additional information, please do not hesitate to reach us on aryan.rana@veritasreputation.com. We remain at your service to address any queries you may have in the future. Once again, thank you for being a part of this conference call. We eagerly anticipate a promising future and continued growth together. Wishing you all a fruitful and fulfilling time ahead.

Moderator: Thank you, members of the management team. Ladies and gentlemen, on behalf of Indian Metals and Ferro Alloys Limited, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.

Management: Thank you.