SMEL/SE/2024-25/44 **August 05, 2024**

The Secretary, Listing Department, BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 Maharashtra, India Scrip Code: **543299**	**The Manager – Listing Department National Stock Exchange of India Limited** "Exchange Plaza", 5th Floor, Plot No. C/1, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India Symbol: **SHYAMMETL**

Dear Sir/Madam,

Sub: **Transcript of the conference call for Audited (Standalone and Consolidated) Financial Results for the First Quarter Ended 30th June, 2024**

Pursuant to the Regulation 30 read with Schedule III of SEBI (LODR) Regulations, 2015, we forward herewith the transcript of the conference call with investors and analysts held on Wednesday, 31st July, 2024 for the Un-audited (Standalone and Consolidated) financial result of the company for the first quarter ended 30th June, 2024.

This is for your information and record.

Thanking You,

For Shyam Metalics and Energy Limited

BIRENDRA KUMAR JAIN
Digitally signed by BIRENDRA KUMAR JAIN
Date: 2024.08.05 14:42:03 +05'30'

Birendra Kumar Jain
Company Secretary
Membership No. A8305

"Shyam Metalics and Energy Limited

Q1 FY '25 Earnings Conference Call"

July 31, 2024

MANAGEMENT: **MR. BRIJ BHUSHAN AGARWAL – VICE CHAIRMAN AND MANAGING DIRECTOR – SHYAM METALICS AND ENERGY LIMITED**
MR. DEEPAK AGARWAL – EXECUTIVE DIRECTOR, FINANCE AND COMPLIANCE – SHYAM METALICS AND ENERGY LIMITED
MR. PANKAJ HARLALKA – HEAD OF INVESTOR RELATIONS – SHYAM METALICS AND ENERGY LIMITED

MODERATOR: **MR. SUMEET KHAITAN – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to Q1 FY 2025 Earnings Conference Call of Shyam Metalics and Energy Limited hosted by Orient Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pankaj Harlalka from Shyam Metalics and Energy Limited. Thank you. And over to you, sir.

Pankaj Harlalka: Thank you, Shlok. Thank you, ladies and gentlemen for joining us in the call. I, Pankaj Harlalka, Head of Investor Relations at Shyam Metalics, wish you all a very good evening and a warm welcome to the first quarter FY 2025 post results conference call.

Before we delve into discussing the quarterly numbers, I hope you all had an opportunity to review our press release and the attendant investor presentation. Read along with the Safe Harbor statement, which are available under the investor section of our website and the same are accessible in the BSE and NSE websites.

To discuss the first quarter results, I am joined by Mr. Brij Bhushan Agarwal, Vice Chairman and Managing Director of our company, Mr. Deepak Agarwal, Executive Director, Finance and Compliance, and Mr. Sumeet Khaitan from Orient Capital. For our investor, our Investor Relations partner.

Now I would like to invite Brij Bhushan ji to provide his perspective on the performance of the first quarter of the current financial year. He will also provide his thoughts on our strength and strategies of the future. Thank you. And over to you, sir.

Brij Bhushan Agarwal: Yes. Hi. Good evening, everyone. We thank you for joining the call. We missed to conduct the last analyst meet post our March quarter result, going to be my in US for a prolonged period of for business. We should ensure that we shall have analysts call every quarter. And as we to learn from the questions raised by the knowledgeable audience.

We are pleased to have a blessing and the mentorship of Mr. C. S Verma, who has been a stalwart consented to join our board as an Independent Director. He was the ex CMD of SAIL, NMDC and the Chairman of International Coal Venture Limited. And yesterday he attended his first board meeting in our company. Despite the election being conducted this quarter, the performance of our company has been quite satisfactory, and we are reaching towards the multi metal companies with the consistent to the EBITDA performance. Let me provide you our strategy as a management and how to evaluate to enter into the new business area in our company. We are ore to metal company, and we understand some metallurgy and high capex business.

Being very disciplined in our capital allocation. We are able to navigate the adverse situation much better and with our philosophy to implement capex through the internal accrual and take bank funding only to meet our working capital requirement, we have been able to steer a steady ship over the last two decades of being in this business.

We entered the business with a marginal working marginal capital allocation, which is up to the 10% of our net worth to understand the neediness before committing a large capital to that business. The business we enter into should contribute independently to both our top-line and bottom-line, with an IRR of 18% on the capital and the business should be able to scale up to provide an EBITDA of minimum INR500 crores for that business in next seven to eight years.

Apart from the existing business of carbon steel, Speciality alloy, we had foray into a business of Aluminium foil and stainless steel. I must compliment my entire team here, who has been very supportive and is able to overcome all these challenges to stabilize the Aluminium foil plant in the record time and also to get the order from across the world mainly from US and Europe.

We have become the highest exporter of Aluminium foil in the country today and we have been able to develop the product fitment into numerous applications of our product, which is now given us the confidence to announce and enhance the further capacity with further capex for the metal for future. The backward integration and the forward integration will facilitate in bringing us the higher EBITDA over the next three years to five years. Similarly, we see a lot of potentials in the stainless-steel business with renewed focus of the government in development of the coastal infrastructure and the numerous bridges announced across the sea in the various parts of the country after the success of the Worli-Bandra Bridge.

The requirement of time tested and quality stainless steel in the construction of such a project. Our company has been able to stabilize the quality and product to this sector and our product is now well established and is being accepted by the largest EPC contractor like Ashoka Buildcon and LNG and many others.

We have a capex of INR1,160 crores spend over next three years to be increased the stainless-steel manufacturing facility through the primary route and we have our own power, our own iron and our own ferro product and special Speciality product. We see a tremendous growth in the industry and the clear visibility of the big EBITDA numbers in next five years from the division alone.

Our company has set a clear goal to move up on the value chain and product value added product offering. The contribution from the value-added product in our revenue is likely to move up to 80% of our revenue in next five years from the present contribution of more than 50% to the revenue presently.

We have always maintained a very cost effective and ensure to maintain leadership on that front along with the planned expansion with the best product and at the most competitive price. At our Odisha plant, we have implemented four railway lines with our siding, and which can enhance and overcome the movement of the material by handling more than 120 rakes in a month.

We already have also invested in 17 railway rakes and have ordered for two more under the own wagon scheme there. We get a perennial assurance for the supply and handling of the material management from the raw material to the dispatch of finish. Our power portfolio is also going to increase up to 700MW ensuring the contribution of the capital requirement, captive power requirement and shall be through our captive production and shall be in the range of around more than 85%, 90% of our energy consumption.

With this, I would now like to hand over the floor to Mr. Deepak Agarwal, the Director of Finance and the CFO to update you the financial performance for the Q1, FY 2025. Thank you so much.

Deepak Agarwal: Thank you, sir. A very good evening to all the participants, I thank all of you for taking time out on this call to discuss the results for the first quarter of the current financial year. I will glad to share a quick review of the reported consolidated financial for the first quarter under review for the current financial year ended 2025.

There has been an 8.4% revenue growth in the quarter 1 of the current financial year vice versa quarter 1 of the last financial year, we have been consistently cash positive with a net cash of INR1,338 crores in quarter one of the current financial year, as against the positive of INR1,514 crores in last quarter of the last financial year. As you all are aware that, the power is a major ingredient in any steel industry, and we have a substantial captive power capacity and that capacity will further enhance as our MD is already speaking.

Therefore, our total power requirement, we are sourcing 82% of the total power requirement from our captive sources with a lowest cost of INR2.37 per kilowatt, which will improve our margins as well. Therefore, we are achieving, or we are maintaining our sustainable margin quarter-on-quarter basis, while average power cost, including the grid power, our total power cost is approximately INR3.12 per kilowatt. And this brings a huge delta to our EBITDA.

I would now like to draw your attention to the financials of the company on a consolidated basis. In quarter 1 of the current financial year on a consolidated basis the company reported an operating revenue of INR3,612 crores, a growth of 8.4% over a quarter of the last financial year.

The sales mix constituted a high percentage of volume from Finished Steel, which accounts for 45% of the total revenue. The company has been able to book an EBITDA of INR488 crores and which is increase of 18% over the current over the quarter one of the last financial year and the EBITDA margin of the current financial year was 13.5% in order to maintain the trend in EBITDA margin, we have been judicious and cautiously on all other cost component.

There has been a significant increase in EBITDA margin across all product categories on a quarter-on-quarter basis apart from pellets. We registered a healthy growth in part-time revaluations across several products, Finished Steel, Billets and Sponge Iron.

Our profit after-tax for the quarter ended as stand at INR276 crores, which has seen an increase of 37% year-on-year basis. The PAT margin is 7.6%, which is quite sound considering the current market change and peer comparison. In Shyam Metalics Group the working capital management is very prudent and the group focusing mainly on the selling, either on the advance or letter of credit. This is leading to our lower debtors and inventory period to the tune of 15 to 30 days and 70 to 90 days, respectively. At Shyam Metalics, we have always followed prudential capital allocation policy. We reinvest 70% of the total cash generation back into the business. We retain 20% as liquidity to maintain our liquidity and return 10% to our valued shareholder as a dividend. The policy shall fascinate us to be a cash positive even at the peak of our cash cycle. Our hope towards the policies also ensure us with a steady other income, comprising of interest income from investments made in various government sovereign bonds and also ensuring timely capex implementation for our company.

Our ambitious capex plan had been laid out in the investor presentation and we are well on track to execute them as per the expected timelines. We have incurred a capex cost of INR4,948 crores till first quarter of the current financial year, which accounted a more than 40% of the total capex exercise to the tune of INR10,025 crores in the last three years, out of which INR2,650 crores have been capitalized and in quarter one we have invested INR308 crores as in capital expenditure, which is incurred in capacity expansions, enhancing portfolio and cost efficiency.

We have also procured 17 rakes under Own Your Wagon scheme from the Indian Railways. This will help us in freight cost optimization. We have commissioned operational 0.15 million tons of DRI unit and 20 megawatt of captive power plant unit in Ram Sarup Industries plant through industry plant at Kharagpur in the last quarter. We had further 12 capex line items to be announced in current financial year, comprising of Coke Oven plant with a capacity of 0.45 million tons, which light up is already been done.

The blast furnace which will be implemented in Jamuria. The heat are expected shortly and the commercial production expected to be start in next 45 to 60 days. The blast furnace at Kharagpur, the project expected to be commissioned in December 24. Since the plant expected to be commissioned in September 24. DRI plant 0.23 million tons stainless steel blades of 0.13 million tons. CRIM Phase I of 0.25 million ton, cold and hot coil run have already been begin oxygen plant, battery, foil battery foil plant and many more will come up in the upcoming year.

We look forward to maintain this positive momentum and delivering continuous success in the upcoming quarters. With this, I now open the forum for question answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Amit Dikshit from ICICI Securities. Please go ahead.

Amit Dikshit: Yes. Hi. Good afternoon, everyone and thanks for the opportunity. Congratulation for a good set of numbers and adhering to the growth plan and the momentum. I have two questions here. The first one is on the aspirations along stainless steel and aluminum. What we have seen that over a few quarters the plans regarding both of these segments have been quite a bit. So I just wanted to understand from a three to four year perspective that what are our plans for in stainless steel?

We are currently ramping up the call for 200, 400 while our margins currently might be might be lower compared to some of our peers. But what is the ultimate target over there, that is on stainless steel? On aluminum in particular, whatever our plans on the on the downstream units, particularly battery enclosure. So, if you could highlight that this would be great. That is my first question.

Brij Bhushan Agarwal: Hi, Amit. If we recall all my past, you know, uh, investors call conversation what we had. I was absolutely super optimistic on the business of aluminum as well as stainless steel. The acquisition of Mittal Corp was one of our strategy from the group side of entering into a stainless steel business, learning and maturing more and more to understand the bigger era in the investment of the stainless steel business.

As you are aware of like, we have lot of strength on the ingredient used for making stainless steel. You beat iron, the captive power, the specialty alloy. So this was basically a strategy, what we had planned like getting into the business of stainless steel is not going to be a very new organic forum but it is going to be a forward and backward integration in the terms of the new metal and adding the synergy of the business, going value forward and entering into a market which is growing for more than 18% to 20% year on year.

The Mittal Corp plant is more or less it is stabilized and it has been a big learning on our part to go for a bigger decision, as we have always been mentioning in our forum that we like to always invest with a small capital and after the learning, we go for a major expansion and we only go into a business when we see the numbers are big. And we always have a opportunity to enhance and expand year on year.

So, in related to the stainless steel, I can tell you like, we have a plan, like in next three to four years, which should be close to 0.7 to 0.8 million tons of stainless steel. And we are entering into a flat product and flat product in the stainless steel is a very big market in the country, as we know the key business and the high-end utensils and the decorative material in the stainless steel, some component on the automobile in this industry, the railway in the stainless steel. So, there is lot of opportunity in the flat product. And in the time to come, after this new plant is going to be commissioned with our own integrated facility of stainless steel, raw material, billets and slab, what we are going to do internally in our plant. It is going to enhance a lot of value as a strategy and for our investors in our company Shyam Metalics.

In related to Aluminium, yes, now we are more or less, I would say we are 90%, 95%. We are through with our thought process, our inception of participation in the Aluminium, our focus foray into the special grade of foil and the easy battery foil. It is all onstream. Today our utilization is more than 80, 85% in the Aluminium. And we are – we should be very proud to know that more than 55% we are exporting to the best of the country. In spite of such a huge geopolitical issues and other issues, we are able to maintain a decent margin and we are particularly pretty well.

We are going to double the capacity of the foil in the Aluminium since the demand is very good, and to integrate the complete business from the supply chain side, we are setting up a foil stock plant where we will be making our own foil stock, and we will be converting that into foil. And there are other Aluminium sheets and other specialized material which is used in the automobile.

As we know that in the automobile business, the major strategy for an automobile producer is to make the vehicle lighter and aluminium being a very lighter and very persistent metal in the automobile in the EV space. This is going to add a lot of value. And we see that with this new venture the complete holistically the aluminium business will make a good change and we can see a lot of value addition and participation in the new era the new product of the aluminium, apart from the foil and the other item what we are doing now. Thank you.

Amit Dikshit: Thanks for a very comprehensive reply. The second question is essentially on Ram Sarup. So if I look at the capex that has been actually put on ground, the share of the -- capex that has been put by the other partners, if not in the same proportion as we have in the same proportion of the partnership. So, I just wanted to understand why we are ourselves putting a lot of capex upfront ending it. While the joint venture partner has, I think, invested around 40-odd crores up till date. So, what is the plan or thought process regarding that?

Brij Bhushan Agarwal: Deepak, can you answer this?

Pankaj Harlalka: Yes. Amitji, I think, there is some misconception. So, the entire contribution is a 60:40. So we are contributing 60% to the joint venture, and 40% is contributed by the joint venture partner for every penny spent.

Brij Bhushan Agarwal: I think we can share the data and all.

Amit Dikshit: If I look at the capex that have been spent so far, our -- the total contribution of the joint venture partner is around 50%.

Pankaj Harlalka: We are not showcasing as a 60%, 40% capex. We are showcasing the entire capex together. So the initial project, the first phase was around INR747 crores. Then we were to spend around INR625 crores in the second phase. So, whatever – till now, whatever we have spent for the Ram sarup, it's been contributed as 60% from the Shyam group and 40% from the joint venture group.

Brij Bhushan Agarwal: Okay. Maybe we can ask Amit to share his view, and you can give your complete detail of the financials what is required. But there should not be any difference maybe. Maybe some little bit of INR2 crores, INR5 crores, INR10 crores here and there. But I don't think there is any big difference.

Amit Dikshit: No, no, I'll take it up offline. No problem. Okay.

Brij Bhushan Agarwal: Yes.

Amit Dikshit: Thank you. Great. Thank you so much. Bye.

Moderator: Thank you. The next question is from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

Pradeep Rawat Yes. Good afternoon and thank you for the opportunity. So, I would like to know what would be the revenue and EBITDA, like peak revenue and EBITDA potential after the capex has been concluded, all the capex that are planned till date, keeping the current realization as the – realization for those revenue potential?

Brij Bhushan Agarwal: We expect that in next whatever capex which is being capitalized this year will be completely stream in operation by next year because end of this quarter, October, November, it will take couple of months to stabilize the plant and all. You see, there will be a huge revenue jump in terms of sales going on. And we expect that, you know, in next by 2026, 2027, we should be able to do a top line of around INR25,000 crores.

And if you see the sustainable EBITDA of any company like, where we have been pursuing so perennial in last three years, it's very difficult to tell you the exact number, but it will be in line with the present, you know.

Deepak Agarwal: I would also like to add about that EBITDA and revenue, if you see the past also, we are going with meet a CAGR of more than 30%, and we hope so that we will continue with this run rate in the next four to five years.

Brij Bhushan Agarwal: Now we will try to, we will try to, but our target is always more than 20%. But we should be little prudent and we are giving our best.

Pradeep Rawat: Yes, after the capex, what would be the captive power consumption from our captive source?

Deepak Agarwal: It would be around 80%.

Pradeep Rawat: So, it would be similar to current?

Deepak Agarwal: Yes.

Brij Bhushan Agarwal: So, lot of expansion is happening. You know, everywhere will be requiring powers and all and just finishing plant expansion, we are putting up an SMS will be and, you know, doubling the CRM capacity, which is going to be commissioned. So all these are in line maybe six months here and there, but everything is in line with the manifesto that we have to be more than 80% should be our captive.

Pradeep Rawat Yes. Understood. Thank you. That's all from my side.

Moderator: Thank you. The next question is from the line of Rakesh Roy from Boring AMC. Please go ahead.

Rakesh Roy Hi, sir. Yes, this is Rakesh here. My first question regarding sir, do you see any surprise decline for the coming one or two months from here onwards?

Brij Bhushan Agarwal: Rakesh, see metal industry and all, you have to see a very holistic situation for a year and basically majorly any decline in the prices of the finished product and all automatically there is a correction in the raw material prices. So, it might affect a couple of months here and there, but overall we are in line to the product, the delta of the raw material more or less. It is varying in the similar way might be taking time for the raw material correction, but and the stock advantages and the stock disadvantage. But more or less I would say it would be in line.

Rakesh Roy Okay. So the prices remain the same sir or the same like a Q1? We can hope for a full year?

Brij Bhushan Agarwal: No, no, no. It's not because it's a monsoon time. You cannot say, because we are hitting the monsoon time and the festival is there. So always the second quarter are a bit, on the tighter side from the pricing and the supply chain management process. But post Diwali again, we are expecting a price which should be equal to Q1 or maybe the better one Q1.

Rakesh Roy Okay. My next question is, recently in budget, the government announced reducing the stamp duty for this one, the ferroalloy and this one. Is there any help to us?

Brij Bhushan Agarwal: Not really, actually. For the very rare minerals and lithium and nickel is one of the components it will definitely make some betterment on this from the nickel front but with the kind of business portfolio it will have a very marginal support.

Rakesh Roy: And that's how the demand scenario for your access bar diva in and for which geography you are more focusing currently?

Brij Bhushan Agarwal: Currently I would say it is decent and because of the monsoon side and all, the construction activity is a little slow but more or less, I would say it is not bad.

Rakesh Roy: Okay. And last question regarding the area you have you stated this year you are targeting nearby INR1,500 crores, INR1,600 crores from the Mittal Corp SS. So, we are intact on this top end guidance from SS?

Brij Bhushan Agarwal: Your question is not very clear.

Rakesh Roy: No. I guess I am saying that under this you are targeting nearby INR1,600 crores from SS i.e Stainless Steel for FY25?

Brij Bhushan Agarwal: Yes, because we are adding lot of downstream facilities, we are adding a bright bar facility, we are adding a wire facility from the wire rod and we are going to the complete supply chain, end to end solution. So, the project is going on in full swing and by the end of this year, we should be able to commission the complete bright bar and the wire plant. And it will be in the line approximately what we have been discussing.

Rakesh Roy: So, you are saying bright bar and wire system?

Brij Bhushan Agarwal: Wires are there, finished wires are there. And the bright bar is there, the re-bar is there. These are all the specialized products. We are only focusing on the specialized products.

Rakesh Roy: Sir, any plan to enter into specialty for supplying to like for defense or any other for semi-skilled in near future or you are working on that?

Brij Bhushan Agarwal: No, we are already supplying to the defense company and all they are buying -- they are making some specialized products for their defense and all. But it is not directly to the defense from us, but there are the intermediate processing company who make specialized wire, they supply to the defense and all. So, right now we are already supplying to this railways and defense companies.

Rakesh Roy: Railway and defense companies. And so, what is the utilization for Mittal Corp. in Q1?

Brij Bhushan Agarwal: It is, I think, close to 65%, 70%. Am I right, Deepak?

Deepak Agarwal: Yes.

Brij Bhushan Agarwal: Yes. Close to.

Rakesh Roy: All right sir. Thank you, sir. Thank you.

Moderator: Thank you. The next question is from the line of Nirav Shah from GeeCee Holdings. Please go ahead.

Nirav Shah: Yes. Good evening, sir. Thanks for the opportunity and congratulations on a very strong set of numbers in a tough environment. So, I have two related questions. One is sir, I mean, what was the movement in our coal costs from Q4 to Q1? And based on our inventory levels? I mean, what is the indicative trend for Q2? And same for the iron ore, sir if that's possible?

Brij Bhushan Agarwal: We are in line, I think more or less the coal prices are very stable. I don't see this much changes. I'm talking as an overall seeing the scenario and all because the coal is available in abundance. And I don't see there is any kind of a challenge which will come up in the time to come from the coal stack. And the beauty of Shyam Metalics is we are dependent on the Indian coal and we are not depending on -- we are not very dependent on the coking coal fluctuation and the high volatility. And after our blast furnace commission, also the percentage of the coke vis-à-vis coal will be very minimum. So, this is one of a very great trend from the cost of the energy side, whether we talk of power or whether we talk of the fuel in the terms of coal and all. So, more or less I would say it will be perennial.

Nirav Shah: But directionally, I mean, how do you see the overall COP moving for Q2? Because prices are down because of the seasonality defect as well. But on the costing front, should there be any savings in the key cost components?

Brij Bhushan Agarwal: Yes. iron ore prices are -- have -- there have been correction in the iron ore prices and the overall I would say it will not be very big difference. But yes, there will be a marginal difference in the cost.

Nirav Shah: Got it. And sir the second question is on our capex, on our current expansion plan. How do you see the outgo for the current year and FY 2026?

Deepak Agarwal: We have incurred capex is around INR5,000 crores. We are targeting INR2,000 crores, which will be incurred in the current financial year and INR2,000 in the next financial year and balance will be in the financial year 2026-2027.

Nirav Shah: Got it. Great, sir. Thank you very much and all the best, sir.

Moderator: Thank you. The next question is from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

Pradeep Rawat: Yes. Thank you for the follow-up. So, I have a question regarding our DI pipe plant. So, when would be this plant be commissioned?

Brij Bhushan Agarwal: No, this plant is going to be commissioned in FY'26 because we have shifted this plant from the existing Jamuria plant to the Ram Sarup; new acquisition, what we have done. So now we are building up a new blast furnace and all the steam will be coming up in because the cost feasibility and the synergy of that plant is a deadly better than the existing plant. So, we are targeting to commission this in FY'26.

Pradeep Rawat: Okay. So, as we can see, many other players are also expanding in DI pipe. So would it create a risk of overcapacity by the time our plant would be running?

Brij Bhushan Agarwal: See, the demand is also increasing, and the capacity is also increasing. Today, the EBITDA margin is around INR18,000 to INR20,000 a ton. But I don't see this is a very realistic number from the point of ductile business. Our conceptualization on the business is at the level of around INR7,000 to INR8000 or maybe INR10,000 maximum. And today, if you are investing close to INR300 crores on the ductile pipe business, in addition, because we only have a blast furnace. So, if you are making close to 300,000 tons initially for next two years. So, we have a pretty decent ROC and IRR on the business. So, it's nothing very risk from the company point of view.

Pradeep Rawat: Okay. Understood. And with respect to DI pipe only. So, is the OPVC a potential replacement of DI pipe as said by many plastic players in the industry?

Brij Bhushan Agarwal: Well, it is going to be -- it's a new product. And lot of penetration is there, but it will also be in the market. So, the people who -- because ductile pipe has a very different feature and it's very strong, very robust and the application of ductile pipe will be there. The increasing market will be also replaced by OPVC, yes, 100%. You are correct. But the market is very big and lot of ductile is being now exported from India to the Western world, you beat USA, Europe and all. The market overall globally is also increasing because everybody is spending, among this, money in the infrastructure across the globe.

And here we are talking from a very, very, low capacity. It's not a very big capacity. What we are adding and we are not doing the complete ductile pipe of making an investment of INR2,500 crores. For us, it is hardly a few hundred crores, so we don't see any kind of a risk. And on the balance sheet of the Shyam Metalics also, this is going to be a very, very, one of the products of the company product. So as a company, I don't see that we are going to have any kind of surprises in this project.

Pradeep Rawat: Yes. Understood. Thank you very much.

Moderator: Thank you. The next question is from the line of Rakesh Roy from Boring AMC. Please go ahead.

Rakesh Roy: Hi, sir. Again, one question sir. So just your -- want your view, sir? Sir, people are talking about GFRP rebar, glass fiber reinforced polymer. So how is the market and how is the impact on SS or carbon steel rebar in near future?

Deepak Agarwal: Very under mature. I cannot comment on this. You know I'm also listening. But you know, if you make your house, would you like to make a polymer house or a steel house? You know, these are myths across the world you are seeing, you know, the things are very different everywhere. The construction is happening. I've never seen.

Rakesh Roy: Okay, okay. So it's okay. And, sir, any progress on your aluminum foil business for EV batteries?

Deepak Agarwal: We have already signed the MOU with the best of the battery manufacturers in the country, and we are expecting that they will be in full swing from FY'25-FY'26. So, we are fully geared up. Our sample has been all approved and I don't see any challenge because from day one I have been always stating that, you know, our main prime focus will be on the EV battery foil once. We see the battery plant coming up in the country.

Rakesh Roy: Okay. And, if I'm right, the our EV, EV battery fall capacity is near by 5000?

Deepak Agarwal: Very, very smoothly we can do 5000. No problem. And we are also expanding more foil. We are supplying foil to the defense company in the US who are using for the ammunitions and all, and they are much other better product. Also, we have been able to discover during the business transformation. So, we will have a multiple healthy product in our foil business.

Rakesh Roy: So, sir – Our captive power plant cost?

Deepak Agarwal: I'm not able to hear you properly. Can you speak loudly?

Rakesh Roy: Sir, I'm saying our captive power cost is how much? INR2 you can said. Maybe I missed. INR2 something you said?

Brij Bhushan Agarwal: Around INR2.30 Correct.

Rakesh Roy: INR2, slightly better. Right. And the last question sir, any plants to enter into new business or new segment income index next two-to-three-year, sir.

Deepak Agarwal: Not really as on date. If something comes, which is very good for the company, for our investors, we will evaluate. But as on date we are busy with execution of our business projection. What we have shared in last 1, 1.5 years.

Rakesh Roy: Any company are you looking to acquire a India and outside India to expand?

Deepak Agarwal: So, we keep on evaluating all the proposals. But you know, you wouldn't like to invest anything which has a the supply chain or the strategy part. But this is ongoing day in, day out. It's not no from my side, but we are not doing anything aggressive as well because I don't see anything very attractive as on date on the board where we see that, we are going very strong on that.

Rakesh Roy: Right. Thank you, sir.

Moderator: Thank you. The next question is from the line of Sunidhi Joshi, who is an Individual Investor. Please go ahead.

Sunidhi Joshi: Congratulations on the good set of numbers, sir. And I had one question. Can you provide latest developments on the iron ore block at Maharashtra by when we are expecting it to operationalize?

Brij Bhushan Agarwal: Yes, this is a block where we had got the license now and we have ten years time. I've never shared my position on the iron ore block, but we will be doing the due diligence. And once we have to create the infrastructure, also, once we are through with our blueprint, then I would to share the business plan on this.

Sunidhi Joshi: Okay. And can you help us understand how has our distribution network grown in the past few quarters?

Brij Bhushan Agarwal: So, it is growing, quarter-on-quarter. It is growing, we are increasing. And we are trying to, capitalize on the better network on the high price zone with a better realization, a perennial market. It's a continuous process. We are on that.

Sunidhi Joshi: Okay. Thank you. All the best.

Moderator: Thank you. The next question is from the line of Manav Gogia from YES Securities Limited. Please go ahead. Mr. Manav, you may go ahead with your question.

Manav Gogia: Yes, sir. So, one question I had was on the cost front. On Q-o-Q basis, the cost of material consumed, went up by 11% on sort of joined the call late, so I might have missed this. Can you just underline the factors behind this rise in the cost of material?

Brij Bhushan Agarwal: Deepak, can you answer this? I'm not very clear with this question.

Pankaj Harlalka: So, Manav, you got to look at the cost of material along with the change in inventory. Then you see that, you will see that it's on the positive side. That's why we've had a better EBITDA.

Manav Gogia: Okay.

Deepak Agarwal: You see, if you see the inventory level of the finished goods, which was enhanced by INR231 crores.

Manav Gogia: Yes, sir. Okay. Yes, sure. Thank you so much.

Moderator: Thank you. The next question is from the line of Mudit Bhandari from IIFL Securities. Please go ahead.

Mudit Bhandari: Yes. Hi, sir. Good evening. Regarding aluminum plants, specifically for our plant, I just wanted to know what is the supply chain of aluminum? What parts will be at Jamuria, what parts will be at Sambalpur and Caster will be there. And how it shall flow?

Brij Bhushan Agarwal: Mudit, we are planning to set up this Foil stock. Green Foil stock plants. Basically, the Foil raw material is a Foil stock. Right now, we are importing and sourcing from the Indian manufacturer. In the time to come, we will be utilizing the recycled scrap and will be taking some English from Hindalco Vedanta, which is across our existing plant within the 10-15 kilometers. With our cheap source of power what we are producing now will be converting the same into the specialized Foil, which has a very different metallurgy.

And we will be utilizing the same foil for our Giridih plant as well as for the Pakuria plant. In addition to that, we are also doubling the capacity of the Foil where we are. We have developed few more metallurgy of certain more value added Foil for the other businesses, other utilization which will be developing and will be able to cater the market.

Mudit Bhandari: So, under the existing plant is at Jamuria, if I'm correct, and…

Brij Bhushan Agarwal: The existing plant is at Pakuria. Foil plant is at Pakuria.

Mudit Bhandari: Okay. And for Foil plant which you are planning will also be nearby 10, 15 kilometers you said.

Brij Bhushan Agarwal: Yes. The new Foil plant. We are doubling the Foil plant, which will be coming up in our Odisha plant only where we have a Steel plant. Yes, adjoining the same plant we are setting up where will be utilizing our own resources, our own infrastructure, which we don't have to make it as a Greenfield which is a kind of a brownfield. And we're making the steel.

Mudit Bhandari: Okay. And is it possible? And is it possible to share EBITDA per ton, broadline of Stainless Steel, what we are currently at?

Deepak Agarwal: As far as EBITDA per ton is concerned and that is in the case of Stainless Steel for the quarter, it is around INR8,000 per ton.

Mudit Bhandari: Okay.

Pankaj Harlalka: We have it in the presentation.

Mudit Bhandari: Okay.

Moderator: Does that answer your questions. Mr. Mudit?

Mudit Bhandari: Yes. Thank you.

Moderator: Thank you so much. As there are no further questions, I would now like to hand the conference over to Mr. Sumeet Khaitan from Orient Capital for closing comments.

Sumeet Khaitan: Thank you, everyone for connecting on the call today. I would also like to thank the management for sparing the time and answering all the queries today. We are Orient Capital Investor Relations Advisors to Shyam Metalics & Energy Limited. For any queries please feel free to reach out to us. Thank you everyone. And have a nice day.

Moderator: Thank you, sir. On behalf of Shyam Metalics & Energy Limited that concludes this conference, thank you for joining us and you may now disconnect your lines.