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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 Unaudited (Standalone and Consolidated) Financial Results for the First Quarter Ended 30th June, 2026**

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 Tuesday, 21st July, 2026 for the Un-audited (Standalone and Consolidated) financial result of the company for the first quarter ended 30th June, 2026.

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: 2026.07.24 13:31:18 +05'30'

Birendra Kumar Jain
Company Secretary
Membership No. F13320

"Shyam Metalics and Energy Limited

Q1 FY27 Earnings Conference Call"

July 21, 2026

MANAGEMENT: **MR. BRIJ BHUSAN AGARWAL – CHAIRMAN AND MANAGING DIRECTOR – SHYAM METALICS AND ENERGY LIMITED**

MR. DEEPAK KUMAR AGARWAL –DIRECTOR OF FINANCE AND GROUP CFO – SHYAM METALICS AND ENERGY LIMITED

MR. PANKAJ HARLALKA – HEAD OF INVESTOR RELATIONS TEAM – SHYAM METALICS AND ENERGY LIMITED

MODERATOR: **MR. BINAY SARDA – ERNST & YOUNG**

Moderator: Ladies and gentlemen, good day and welcome to Shyam Metalics & Energy Limited Q1 FY27 Earnings Call Conference Call hosted by Ernst & Young. 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 this 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. Over to you, sir.

Pankaj Harlalka: Thank you, Sanya. Good afternoon to everyone and thanks for connecting with us on our first con call of this financial year. On behalf of Shyam Metalics, I'm delighted to welcome you all to this call, particularly our shareholders and our industry analysts. Thank you for taking the time out on this call to discuss our latest results and performance.

Our results and a detailed investor presentation has been uploaded on the exchanges as well as on our website. I hope everyone had a chance to go through it. To discuss our results, we have with us our Chairman and Managing Director, Mr. Brij Bhusan Agarwal; our Executive Director and Director of Finance, Mr. Deepak Kumar Agarwal; and Mr. Binay Sarda from E&Y, our Investor Relations partner. They will take you through our results and then we will proceed to the Q&A session.

Now I would like to hand over the call to Bhusan ji. Thank you, and over to you, sir.

Brij Bhusan Agarwal: Hi. Good afternoon and good evening, everyone. Bharat Mata Ki Jai. Ladies and gentlemen, a warm welcome to everyone on behalf of Shyam Metalics. I sincerely thank all of you for joining us today. Your continued trust, support, engagement has been extremely instrumental in our journey, and we deeply value long-standing relationship, trust we have been building day by day with our investors, analysts, stakeholders and all the participants.

We commenced Q1 FY27 on spectacular strong note, delivering another quarter of robust growth, driven by extremely disciplined execution, operational excellence and the resilience of our entire integrated business model. During Q1 FY27, the revenue grew by 23% year-on-year to approximately INR5,500 crores, while EBITDA and PAT also followed an increase by 28% and 21%, respectively.

EBITDA margin expanded by 100 basis points on a year-on-year basis, reflecting sustained operational efficiency on the back of cost optimization, improved product mix, benefiting from our integrated operations and focusing more on B2C and value-added product, innovation and values.

Before I speak about our business progress, let me briefly touch upon the broader industry environment. Globally, the metal industry continues to witness volatility due to the fluctuation in the prices, trade flow, geopolitical development. However, medium-to-long term look extremely constructive and positive, supported by infrastructure spending, smart manufacturing growth, renewables and infra housing and all these sectors.

In India, demand continues to remain healthy, driven by the growth. And as we know, our country being a developing nation, the fast treasury growth of last 10 years has witnessed the growth across the sector by the government-led infrastructure development, railway modernization, urbanization, manufacturing expansion and increasing focus on domestic value addition.

These trends continue to provide a strong foundation for growth across metals, such as steel, stainless steel, aluminium and specialty alloy. Since our inception and philosophy, we had always built a diversified integrated value chain metal business that creates long-term value sustainable for all of our respective shareholders.

In this regard, one of the key highlights during the quarter was unveiling of our Vision 2031 road map, which articulates our long-term vision, ambition of transforming Shyam Metalics from commodity-focused steel manufacturer into a diversified value-added metal conglomerate with a stronger and more resilient earning profile.

Those strategic investment across stainless steel, specialty steel, aluminium and other HR coils are on the downstream business. We are building multiple growth engines that will enhance value addition with extremely deep integration and significant strengthening of our profitability, sustainability and perennial growth over the coming years.

We are recently -- we have recently achieved an important milestone by starting the commissioning of our additional capacity of aluminium facilities in Odisha, further strengthening our downstream aluminium capabilities. This facility enabled us to manufacture varieties of aluminium foil stocks, which will be converted into foils catering to both domestic and international market.

While significantly increasing value addition from our existing portfolio. The aluminium flat roll product projects remain on track for commissioning during the second quarter. All major projects across our portfolio continues to progress as planned and we expect to commission within the targeted timeline.

Importantly, several of the key project drivers, which we have discussed during our investors meet and our target of 2031, comes from the expansion of HR coil plant, specialty steel plant, aluminium plants and special bar plants, which are all under the construction stage and will be commissioned as per the target given.

One of the biggest competitive strengths continues to be our integrated operation and industry-leading cost position. As we know, energy is a very big raw material for the metal business and our competence on our cost and control on the energy is highly appreciable. During the quarter, Shyam Metalics acquired 26% equity stake in Emerge Green Power Private Limited, which is constantly becoming an associate company of the company.

The investment is aligned for a long-term commitment towards sustainable energy, security and operational efficiency. The partnership is expected to reduce our dependence on grid power, lower energy cost and increase our share on the renewable operations and support our ESG objectives.

Over time, this initiative is all over expected to contribute to improved EBITDA margins through the lower cost related operational expenditure while strengthening compliance with evolving regulatory and sustainability requirement. As we all know, since IPO from INR6,000 crores revenue, in 4 years, we have marched to close to INR18,500 crores, and EBITDA from INR600 crores to INR2,300 crores and with a CAGR of more than 20%.

With our present expansion, what we have declared and the progress at site. We are very sure that, we will maintain this growth trajectory, what we had been doing in the past, and will become more and more investor and stakeholders friendly in the time to come. This also reflects our capital allocation policies, strong internal cash generation and long-standing commitment from self-funded growth.

And the current quarter's run rate annualized revenue has a potential to deliver robust year-on-year growth, with operating EBITDA expected to grow at a significant decent pace, supported by sustainable margin expansion. Even at this scale, our long-term EBITDA margin aspiration of around 14% to 15% remain very conservative considering that we are already operating at close to 13% to 14% EBITDA margin with several high-value business yet to contribute. This provides strong visibility for our future earnings expansion and reinforces our confidence in the long-term value creation potential of our Vision 2031 strategy.

Looking ahead, supported by a diversified portfolio, strong financial position and well-defined growth pipeline, we remain well positioned to keep it -- capitalize on emerging opportunity and create sustainable long-term value for all our respective shareholders.

Thank you once again, and now I would love to hear the financials from -- and pass on the phone to Deepakji to share all the financials, and further discuss on the financial aspect. Thank you.

Deepak Kumar Agarwal: Thank you, sir. Good evening, everyone, and thank you for joining us today for Shyam Metalics and Energy's Earnings Call for the first quarter of the current financial year. Myself, Deepak Agarwal, Director Finance and Group CFO of the company, I am pleased to present our financials and operational performance for the quarter on behalf of the Board of Directors and the entire Shyam Metalics family.

Our Chairman and Managing Director, Mr. Brij Bhushan Agarwalji has already shared his perspectives on the business and our strategic priorities. I would now like to take you through the financial performance, key operational developments, strategic initiatives that continue to strengthen our foundation for sustainable growth.

I am pleased to report that we have begun with the current financial year on a strong footing, delivering a healthy performance across our key financial and operating parameters. Despite a dynamic market environment, our integrated business model, diversified product portfolio and focus on operational excellence have enabled us to deliver consistent growth while maintaining the financial discipline.

During the first quarter of the current financial year, our revenue from operations stood at INR5,455 crores, registering a growth of 23.3% on a year-on-year basis, and 4.1% on quarter-on-quarter basis. Similarly, the EBITDA for the quarter stood at INR812 crores, which is a total EBITDA, which is reflecting a growth of 28.3% on a year-on-year basis and 7.4% on quarter-on-quarter. And as far as EBITDA margin expanded to 14.9% in comparison with the 14.3% in quarter 1 of the last financial year, and 14.4% in quarter 4 of the last financial year.

Similarly, our operating EBITDA stood at INR765 crores, with an operating EBITDA margin of 14%, supported by an improved product mix, stronger operational efficiency, better realization across key product categories. Profit after tax for the quarter stood at INR351 crores, reflecting a growth of 20.6% on a year-on-year basis, and 12.6% on a quarter-on-quarter basis. The PAT margin stood at 6.4% against 6% in the last quarter.

We are also pleased to say that our Board has declared an interim dividend of INR1.8 per share. This reflects our continued commitment to delivering consistent shareholder return, while maintaining a prudent and disciplined approach to capital allocation. What is particularly encouraging is that this performance has been driven by a combination of volume growth, value-added product contribution and disciplined cost management. Our continuous focus on maximizing efficiencies across the value chain is translating into a stronger profitability and sustainable earnings growth.

We continue to witness healthy demand across several product categories, enabling us to further strengthen our market position. The growth in our business continues to be supported by increasing contribution from value-added products as we continue to invest in downstream operations. Our strategy of moving up the value chain while maintaining our cost leadership position remain intact.

Our balance sheet continues to remain one of our key strengths. We maintain a conservative financial profile defined by lower leverage, strong liquidity and healthy cash generation. Our disciplined capital allocation approach and focus on working capital efficiency continue to support both growth and financial resilience. This financial strength allows us to pursue strategic investment while maintaining flexibility to navigate market cycles and capitalizing on emerging opportunity.

Now I would like to touch base upon key update during this quarter. We have successfully commissioned of our aluminium foil facility and our investment in renewable energy to Emerge Green Power are important steps towards strengthening our value-added product portfolio, improving energy efficiency, enhancing the sustainability of our operations. This investment remains aligned with our broader objectives of driving profitability and sustainability growth.

All our previous announcement -- announced capex projects remain on track and are expected to significantly enhance our product portfolio and value-added capability over the coming year. We are pleased to share the successful commissioning of our color coated plant in April 2026, which increased our cold rolling capacity by 60% from 0.25 metric ton to 0.4 metric ton -- million ton. The expanding facility positions us to address high-growth opportunity across solar energy, automotive, infrastructure and consumer durables while strengthening our downstream value-added product portfolio.

On the capital expenditure front, we incurred INR575 crores during this quarter towards our ongoing expansion project. Going forward, the balance approximately INR9,580 crores of our announced capex is expected to be deployed over the next 3 to 4 years across our planned project. We remain confident in funding this investment, primarily through internal accruals, supported by our strong cash generation and healthy balance sheet. These investments are aligned with our long-term vision of expanding our presence in specialty products, strengthening downstream integration and improving margin sustainability.

As these projects ramp up, we expect a meaningful improvement in earnings quality, profitability and capital efficiency. We remain confident of delivering a 600 to 700 basis point improvement in return on equity and return on capital by 2031, supported by higher utilization, richer value-added product portfolio and increasing contributions from our downstream businesses.

As we move forward, we remain confident about the opportunities ahead, our integrated operations, focus on value-added products, strong financial positions, ongoing strategic investments provide a solid foundation for the sustained growth. We will continue to focus on operational excellence, prudent capital allocation and creating long-term value for all our stakeholders, partners.

With that, I would like to conclude my remarks. Thank you once again for your continued trust and support. We will now be happy to take up your question as well. Thank you. Thank you to everyone.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Amit Dixit from Goldman Sachs. Please go ahead.

Amit Dixit: Yes hi. Good evening everyone and thanks for the opportunity. Congratulations for a very good set of numbers. Two questions from my side. The first one is, essentially, if I look at 2 divisions, aluminium and specialty alloys, EBITDA per ton in aluminium has gone up almost 52% Y-o-Y. Is it more driven by LME prices? Or is our product mix also has a role to play over here?

Also, in specialty alloys, if I see EBITDA margin Q1 FY27 is almost 20.5%. In FY31 vision that you shared with us, EBITDA margin works out to roughly 15%. Now this is a significant variance that we see despite many of the things not getting reflected. So just wanted your comments on both of these numbers.

Brij Bhushan: Wonderful. Thank you, Amit. First of all, regarding the aluminium, the numbers have improved. It is a mix of the benefit, what we are getting on the price from the LME side. Also, improvement in the product mix, which we have been doing continuously.

And related to your question number two, related to the specialty alloy, yes, the numbers have improved because there's a good demand of the specialty alloy, what we are making. And we are improving day by day in creating more special alloys so that we fetch more and more better values. So related to that 2031 number when we are discussing -- we are discussing as a complete holistic number of Shyam Metalics, where one of the part is specialty alloy, aluminium is the other part, carbon steel is other part.

So when we are talking overall, we are trying to see that in the time to come, we should be able to have around 15% to 17% or 16%, we are talking on the overall business value side. And sometimes, the numbers may go up, sometimes the number may come down, there's a stock gain, losses, market fluctuation and all. So this is -- what we are giving you the number is completely extremely conservative and very prudent. Thank you.

Amit Dixit: Sir, just to push that further, I mean, if I look at aluminium and look at the other division, which is the stainless steel. The numbers that we see in Q1, I mean, compared to your FY31 vision looks like -- FY31 vision is a tad conservative. I mean being conservative is, of course, fine. But I think from the look of the numbers that Q1 FY27 was not -- I mean, too great a quarter. And FY31, when a lot of backward integration will be built in both these divisions, it looks like we are headed for a much better number in FY31 if things stand where they are like Q1 FY27. We are headed for a much better number in EBITDA, at least, than what you guided in your Investor Day.

Brij Bhushan: This has been our trajectory record like whatever numbers we have given, we have over delivered it in the last four years, if you see. And in last four years, from this number to this number, so in terms of EBITDA, our revenue was -- if you see, it is much beyond what we had promised. We would love to be conservative. This is our nature, that we take all the safety factors in our process and all. And we can't change with our habit. We rather believe to speak less and deliver more. So that has been one of our approach.

And if you see all the projects, what we have declared and from the numbers are generating, if you see -- the beauty is if you see the commissioning date and time of the project, most of the projects will be commissioned in '29, majorly '28, '29, three years from today. And the numbers, what we are promising is for 2031. So there is a lot of good story, still going to ripe up in between. And you would love to see that what we speak, we should be able to deliver much before, much better. So that -- we are all very confident for the company and the growth and all the surprises have been taken within that time.

Amit Dixit: Great, sir. Thank you very much. The second question is essentially on the demand side. Now what we have seen that prices of secondary rebars have actually gone down significantly. And not only secondary, but also primary rebar. Just wanted to understand whether it is a seasonal factor or you see the demand being weak on the ground?

Brij Bhushan: Every time during the season, every time during this kind of season and all this kind of an issue always crop up because of the monsoon, floods, logistic, people. So this is something very regular. There's no surprise. And if you see from the overall demand prospect, we all know that the country is doing very well. Still, there is a growth of 7% to 8% every year on steel. And rebar contributes the major consumption of steel in the country close to 50%, 55% of the overall steel production. So it will grow.

And I think we don't have to be really worried because we are now in a different mode of growth story as a country. And Shyam Metalics means the plants on the east part of the country will see a new growth story because a lot of investments are going to come up on the east side, northeast side since we have two government aligned, first time in last 50 years. So we will definitely get a lot of advantage of our position, location in the time to come.

And these are all phases, we should not be bothered for this two, three months demand supply gap and all because we are seeing this for almost more than 15 years now, and we are very well prepared with these kind of surprises and all, how to keep our speed at pace and also manage the market demand and supply. Thank you.

Amit Dixit: Got it sir. Thank you so much and all the best.

Moderator: Thank you. And the next question is from the line of Vikas from Serene Alpha. Please go ahead.

Vikas: Hello. Am I audible?

Brij Bhushan: Yes. Please carry on.

Vikas: Congratulations on a good set of numbers, sir. My question on aluminium plant, you are talking about. It is a newly commissioned aluminium foil plant in Odisha and your announcement with starting the commercial production. So any update on this order book pipeline or on any commercial order are you getting from there?

Brij Bhushan: We are already in the business. We have a lot of order booking. We have almost close to more than 10 months order bookings from our existing foil plant.

Vikas: Any number, sir, kindly?

Brij Bhushan: So the plant has been commissioned. It will take a few months to streamline issues and all. So, we have already given the projection in our annual numbers. So we don't have to worry. And we have been in this business for almost more than -- we know what, when and how to do it. So, it's not a new project for us in terms of the expansion of our existing business. So, we should not be at all worried on any concern.

Vikas: And it is start or any trial batches are running?

Brij Bhushan: So it has started. Commissioning starts, it takes time. The plant was commissioned. So all the operations and other things will -- is in the process, and it will take some time to completely make it 100% operational. We have to follow step by step.

Vikas: Okay. Thank you sir.

Moderator: The next question is from the line of Ruchit Agarwal from Unifi Mutual Fund. Please go ahead.

Ruchit Agarwal: Yes. Hi, sir. Thank you for the opportunity and congrats on the numbers. Sir, if you could just refresh our memory and let us know what projects are we seeing commission in the near term, maybe in the next 4 to 6 quarters or so?

Brij Bhushan: Very good afternoon, and thank you, dear. See, this year, we are going to commission -- we have already commissioned our expansion of the flat product, color-coated line. So we expect that the numbers are really going to be fantastic this year. I think it should be almost more than double this year in the flat products.

And the aluminium business has been commissioned, so it will take another 3, 4 months to regularize completely. So we should expect that from the third quarter onwards, we should start seeing the real value coming up in the aluminium space. And a few steelmaking -- iron-making facility is going to be commissioned by end of second year or early third quarter. So this is also going to add a lot of value.

So quarter 3, quarter 4 is extremely very important for us on the new value-added side. And some power plants are going to be commissioned in the second quarter. So this is also going to help us a lot in terms of improving further our bottom lines. I think, majorly, that's all. Anything I left, Deepak?

Deepak Agarwal: No, no, nothing. You've covered everything.

Brij Bhushan: I covered everything.

Ruchit Agarwal: Got it, sir. And just, sir, on our FY31 plan, I believe the aluminium and both CRM, the volumes that we mentioned, we currently have the capacities for same after the recent commissioning. Given the demand scenario, how you outlined it, can we expect maybe another leg of capex in these 2 pockets?

Brij Bhushan: Yes. We are planning another capex, but still it's under the diligence stage, because once we commission our HR plant where we'll be producing close to 2 million tons. So we will be definitely doing an expansion of another downstream project, but it is under the Board and a lot of studies are going on. So we should -- we'll be clear by third quarter.

But yes, definitely, there will be a lot of -- another good story is ripening up in next 2 to 3 years. These are projects are on the ground. In 2 years, 2.5 years, 3 years, everything will be commissioned if you seeing it.

Ruchit Agarwal: Right. Got it. And sir, on the last but more of a long-term strategic kind of question. Are we planning something on the iron ore bit as well, given the size of our steel portion 5 years out from now, can we expect that we go further and integrate more backwards given our exposure in...?

Brij Bhushan: We are doing a continuous due diligence on the iron ore assets and all. But most of the assets are at a very high premium. And we feel that it is not going to be wise on our scale of business to add lot of cost on the raw material. Because for us, raw material is not a problem. They are very near to the mines.

Two, for the better integration, we are -- we have commissioned the beneficiation plant. We will be using the low-grade iron ore and beneficiate and we'll be adding modules from the iron of that.

Three, if you see this is a very interesting strategy, what we have taken a couple of years before. We were extremely clear about the iron ore pricing, supplies and all. So our development is more on the downstream value additions. So we are integrating more on the downstream and high value and B2C. Because here, we see a better value and more sustainable from the business point of view. Thank you.

Ruchit Agarwal: Got it, sir. Thank you for that, and wish you all the best.

Moderator: Thank you. The next question is from the line of Satyadeep Jain from Ambit Capital. Please go ahead.

Satyadeep Jain: Hi. Thank you. Just firstly, on stainless steel. In the Vision document, the EBITDA implied seems to be almost INR15,000, INR16,000 per ton on stainless steel. Just trying to understand what kind of product mix are you considering for stainless steel and how much 300 series when the flat steel capacity rises?

Brij Bhushan: See, we have been very conservative. I think we have shown around INR14,000 a ton, number 1. Number 2, our major product, two-third is going to be 200 and 400, which is almost a nickel-free steel, and close to 35%, 40% is going to be 300 series. So it's going to be a mix of 200, 300 and 400. And majorly will be coming to the -- it's a flat steel.

Satyadeep Jain: Yes.

Brij Bhushan: You were saying something.

Satyadeep Jain: No, I was asking the pig iron will be used for 200, 400 series. So for 300 series, given high nickel content, you'll be sourcing a nickel from outside for that?

Brij Bhushan: Yes, yes. nickel, we don't have a nickel in our country. So we will be taking nickel from -- maybe we'll be buying some scraps and we'll be buying some nickel pig iron, which everybody does worldwide for making a nickel grade. So these are only the 2 alternative worldwide. There's no other alternative.

Satyadeep Jain: And for the CRM and cold -- color coated and CRM, the EBITDA per ton was INR8,500 almost per ton this quarter. Is that something that can be a sustainable number we can look at in the HR capacity context?

Brij Bhushan: See, if you see all the numbers, what we have shared is this quarter number, we are penetrating more on the B2C market and we are developing our brand. There might be some little bit of changes in the sluggish time because market is competitive. But yes, in the time to come, this is going to be exactly the number we are focusing.

Satyadeep Jain: Just maybe 1 or 2 follow-up questions. On the fundraising approval of INR4,500 crores, given that you do expect to meet the capex from internal cash flow, is that mainly enabling resolution? Or is there a thought to raise some funds for...

Brij Bhushan: Enabling resolution. Just -- no, it's just enabling resolution. Nothing very serious on the table.

Satyadeep Jain: Lastly, on Emerge Green, you mentioned there's been an acquisition of 26% interest. Just what kind of capacity are you looking at? And this company, if I understand, has not commissioned any capacity in India yet. Just maybe any thought, is it -- it's not a related party, I understand. I think, maybe anything you can share on what kind of capacity you're looking at? And what is the background for this company?

Brij Bhushan: Not very clear with your question. Actually, I'm traveling Can you repeat it?

Deepak Agarwal: This is basically what we are announcing our solar project. So solar, whatever we have announced, we have announced only on a capex basis, now...

Brij Bhushan: That okay. Solar project, okay. So this is all -- right now, you don't need to do any major capex from your internal accruals. A lot of companies in the solar spaces, they are installing the plant on the JV with a very little bit of equity. They're setting up the plant with a buyback agreement and all. So, we find that structure is more better because while we -- and they are doing business at around 8%, 9%, 10% yield. And it's much more comfortable in the terms of the warranty and guarantee of the equipment.

So, we are just changing the strategy, investing more with the JV companies to build, run and operate, and creating the value for the company. Am I right, Deepak, this is what is required to say, right?

Deepak Agarwal: Yes. This is basically what we have announced earlier on a capex model in a solar project. Now we are trying to transfer and modify from capex to opex model, where we will get the long-term agreement with the investors and putting up some solar renewable energy projects at our in-house plants. That is our strategy.

Satyadeep Jain: I understand this is a group capex model where you put in 26% equity. But it seems -- just trying to -- this is not a related party...

Deepak Agarwal: Yes, this is completely not a related party. This is a venture fund, this PE fund. They are investing in the renewable energy, where we have acquired 26% stake from it then.

Moderator: The next question is from the line of Devesh Lakhotia from Ikigai Asset Manager. Over to you sir.

Devesh Lakhotia: Yes. Congrats on the results. Just a couple of questions. One, this quarter, if we look at the volume mix, there has been a bit of a change on a sequential basis. Pellet volumes have gone up while sponge and carbon steel overall volumes have gone down. So, if you can maybe throw some color in terms of, is it more because of demand scenario, more because of economics or any other reason?

Brij Bhushan: See, it is such a big supply chain management. Individually, it would not be very appropriate in giving me an answer because there are no such substantial changes. But at times, your plant goes for maintenance, you sell the product. Once you see, you're getting a better realization and you take the maintenance or you take all these things, so it's very small. I think, there's no such substantial numbers change. These are all just some short-term opportunity gain, I would say.

Devesh Lakhotia: Got it. So, more BAU only? Nothing to highlight?

Brij Bhushan: Yes, yes, yes.

Devesh Lakhotia: Then secondly, I think in the March call, we had highlighted that we were sitting on a bit of RM inventory, which we had kind of loaded on too. So, what's the inventory situation like right now? And sir, largely because this quarter, we did see a lot of margin improvement sequentially. So largely, has that kind of all been booked in Q1 and sequentially now it will track more...

Brij Bhushan: This is generally the trend of this business. So, this is the trend of the business. Because you are in the monsoon, you have to use the inventory. You have to store the inventory. Now a lot of geopolitical issues are going on, vessel size and all. So, nothing can be within the guideline in today's time.

So, it's sometimes more an opportunity call, more a necessity call. So, it's very difficult to answer this question. But till everything stabilize and all, the geopolitical issues and a lot of issues which is going on. So sometimes it will be a little better, sometimes it will be little higher side. So, this is all the general.

Devesh Lakhotia: Right. So, the INR4,500 crores, sort of, an overall inventory that we were carrying, has it come down or is it still at elevated levels, at those levels?

Brij Bhushan: Deepak, can you answer this question?

Deepak Agarwal: Yes, yes, yes. We will be maintaining our inventory level more on a 2- to 3-month inventory level, and we will continue with the inventory level.

Devesh Lakhotia: Got it. Thanks.

Brij Bhushan: It cannot happen in steel. Because you are buying coal from Coal India, you have to deposit the money. And after the -- once you get the railway rake, you get the coal, so 2:1 deposit, 3:1 deposits are there. Iron ore, you have to buy from the government company, you have to make a lot of payment to them, deposits. So, these are all something, not us, but every steel company, major primary producers, they are also following the same practice.

Maybe 15 days, 20 days, it can happen, plus and minus, but this has to remain like this, because different kind of a product mix is there, availability planning is there, opportunity decisions are there. So, these are part of the business basically. This is not a big thing in a INR1000 crores inventory, it may become less or more. I think we should look at the macro picture.

Devesh Lakhotia: Right, sir. Got it. Thanks a lot.

Moderator: The next question is from the line of Vikas Singh from ICICI Securities. Please go ahead.

Vikas Singh: Congratulations on a very good set of numbers. Sir, my first question pertains to our volume growth target of 25% in FY27. Given the 14% growth now and 2Q seasonally weak, so the question is that, had we seen only 10%, 15% kind of range in 2Q or 2Q is on a higher side as of now? Because if that's so, our asking rate is very high. So, your thought process on that?

Brij Bhushan: If you see, we have been focusing more on the EBITDA numbers of more than 20%, 25% for FY27, number one. So, a lot of EBITDA numbers are going to increase on the downstream value. One, a lot of iron-making facilities are going to be commissioned end of second and early third quarter. The numbers are going to come from there. And other plants also, the efficiency level and other small alteration additions are happening.

So, we have given a very detailed presentation of each and every individual unit wise. So more or less, we should consider that this year also, we will grow more than 20% in the terms of numbers. Is it EBITDA or we talk about the revenue.

Deepak Agarwal: Volume growth also...

Brij Bhushan: We see the growth coming from the aluminium, we see the -- sorry, we see the growth coming from aluminium. We'll see the growth coming from flat products. We'll see the growth coming from iron. We see there is going to be a substantial cost benefit once we commission the power plant. So, everything will have its own value adding this year, FY27.

Vikas Singh: Noted, sir. Sir, my second question, again, following up on the previous participants. Even though the fundraising is an enabling resolution, given our confidence on the internal funding side, plus given that cost of debt is always cheaper concerning our margins. Our thought process on the debt averseness, why we are so averse of taking debt? Because a minor debt profile could have a better ROE for the investors.

Brij Bhushan: I'm very impressed with your question. People say, don't take debt. Reduce debt in the company. You say, take debt.

Vikas Singh: See, we are not -- sir, I am looking at…

Brij Bhushan: We are not very adverse on taking the debt. But once we have our cash generation and we are aligned with our business growth and we see that there is no mismatch, why should I take a debt? If there is a certain kind of a mismatch, we can very easily reissue, we can very easily raise capital, we can very easily take a debt. So that is always the fall-back option.

But till we feel that there is no misalignment with our growth and all, and we are very comfortable. So, we feel -- when you are in the comfort zone and everything is going right and you are not compromising with our growth in the terms of the capital and all we see, we have to abide with our process, what we had been following for almost last 20 years. We are growing at 20% every year.

Vikas Singh: But we are a little bit of -- why we are having this even the enabling resolution considering you have been walking the talk and meeting your guidance. So got a little bit confused on the enabling resolution, when we don't...

Brij Bhushan: No, no, no, nothing like that. But if we see any big opportunity coming up, you have to take decision very fast. But there's no such opportunity we are evaluating now. We are just prepared for all kind of opportunity, so that we should not look back once the opportunity comes. But I can assure you there is no such opportunity we are evaluating. And we are very comfortable. Which company gives you 20% return.

IRR every year from last 20 years when 8 out of 10 people were suffering. And we had been performing very consistent, very perennial. All of our growth stories are very differently, very stable EBITDA, very stable growth. So I'm sure -- this is -- everybody must be very happy.

Vikas Singh: Noted sir. Thank you. That’s all from my side.

Moderator: Thank you everyone. Ladies and gentlemen the next question is from the line of Netra Deshpande from Mirae Asset Shareholder.

Netra Deshpande: Hello. Am I audible?

Brij Bhushan: Yes, yes.

Netra Deshpande: Congratulations for the good set of numbers, sir. Just would like to ask you, what is the expected time line for the capital forward cost model that you discussed earlier? Because what would be the revenue contribution, which is expected from this distinct value-added product line. So can you please -- this is my first question.

Brij Bhushan: See, when we are talking 2031, most of our investments are being deployed, number one, on the flat product business, where we plan to produce close to 1.7 million, 1.8 million tons of steel, which is going to be a backward integration for our colour-coated business, also a forward integration for our present iron-making facilities, one. So we expect good numbers from that business, one.

Second, the specialty steel long products business, what we are doing in Ramsarup, where we are putting up an auto steel plant, SBQ mill, which is going to be commissioned by end of next year, we expect a decent number is going to come from that business, because these are all value-added forward integration business.

Three, the stainless steel business, what we are setting up, which is on the ground, and all the businesses, what I'm discussing is on the ground, the project -- and under the project execution. A major number is going to also rise. Today, we are doing a run rate of close to around INR130 crores, INR140 crores in the stainless steel business. We expect that once we commission our new plant and it goes at 70%, 80% capacity, we should be able to do a run rate close to INR600 crores to INR700 crores. So these are the 3 major bull rider.

Apart from that, our existing business, we are adding this iron facilities, we're upgrading our plants, how to improve on the cost side, adding more power plants. Aluminium business is another new business addition to our existing business, which is going to add a lot of value looking forward.

So all these businesses, what we are setting up is all on the high value-added, better margins, and it will also create more sustainable value for the company and reduce the volatility of the business from the iron ore prospect or from the mineral prospect of what most of the metal companies are facing.

Netra Deshpande: Okay. Got it sir. Thank you for this. And second question, sir, just about the hedging policies, like what exactly about like -- due to this global volatile commodity prices, so what would be the control.

Brij Bhushan: We do export, we import also, we export also we have natural hedges. Whatever is remaining we also hedge. So it's part of our business, nothing to worry. Because one of the biggest advantage, what Shyam Metalics has, like most of the input, raw material is from the country. So we do make in India and we also make from it in India. So we don't have to worry so much majorly. So nothing -- and whatever we are importing, we have a good export business also. We are exporting close to 1,500 to 2,000 export is there. INR2,000 crores export is there. So that happens, nothing to worry as such.

Netra Deshpande: Okay. Got it sir. Thank you so much and thank you for the opportunity and wish you all the best.

Brij Bhushan: Thank you.

Moderator: Thank you very much. The next question is from the line of Shaleen Kumar from UBS India. Please go ahead.

Shaleen Kumar: Yes hi. Thank you so much. Congratulations, Bhushan, for a very, very good set of numbers. Sir, two questions. One, generally, as we enter the July month and the monsoon season, we typically see some softness. In 1Q, the realizations were pretty good. So the softness is typical, which we see every year? Is there any sharper than that?

Brij Bhushan: This is a regular feature. I agree with you. Other than that there is nothing. However much our investors give us stress, every season, every quarter -- this we have to accept. All the metal business go through this phase. Rain, water, moisture, utilization. These are very normal thing. We have to see on the total average yearly number. So now we have to understand that we are not in the consumer business. We are into an infra business. We are into a high-value metal business.

Worldwide, wherever there is a snow, somewhere there's a flood, somewhere there's a rain, somewhere there's a heat, these things, they are never perennial throughout the year. So impacts are always there. So when we talk on the numbers, we talk on the annual numbers. One quarter can be extremely super, other quarter can be fine. But overall, when we talk, we are talking on the annualized.

Shaleen Kumar: So sir, second question in regards to that. Sir, in 1Q, you delivered like 30% plus EBITDA growth, right? And looking at the presentation and your commentary as well, our CRM plant has been operational. Our aluminium plant is operational. Our stainless steel bar, wire is also getting operational. Then there is a power plant also coming, right? And the realization are pretty good.

Then sir, why are you saying 20%, right? I mean if I simply do math, simple mathematics -- no no, not fundraising. I am saying you're talking about 20% growth for the year. I'm saying, why are you saying 20%? Because mathematically, if I do, these capacities come and realization sticks around, including the seasonality because there's a seasonality in this as well. Your EBITDA growth will be upward of 30%, 35%. Simple maths.

Brij Bhushan: Yes, yes. We have a habit of saying always discounting our percentages.

Shaleen Kumar: But sir, is anything wrong in my thought process? I agree, you want to be conservative. But if let's say.

Brij Bhushan: No, no. In our projections, also, it is more than 25%, but we have been very prudent on our commitment decisions and all. We love to share the better surprise and good surprise with our investors and shareholders. They don't want any kind of a spot.

Shaleen Kumar: Yes, yes, yes. But my thought process is also not wrong, right? If things stick around and everything is fine.

Brij Bhushan: No, no. You're right. Yes, numbers are going to be fantastic -- 100% fantastic year-on-year.

Shaleen Kumar: Okay sir. That is it from my side sir. Good set. Thank you so much. Best of luck.

Moderator: Thank you. We will take the last question now from the line of Kartikeya Pandey from 360 ONE Capital. Please go ahead.

Kartikeya Pandey: Yes hi. Thank you sir. And thanks for the detailed exposure on your PPT. My one bit was on the specialty alloy capacity. So any future capacity expansion on this front because the EBITDA per ton is just next to, I guess, the aluminium segment. So are you looking at any expansion because IMFA is coming out with a capacity of around 100 KT. So anything on this part?

Brij Bhushan: Can you just repeat your question once again? I think -- your voice is not very clear. I'm so sorry. Can you please repeat once more?

Deepak Agarwal: He's asking about, is there any enhancement of capacity of specialty alloy?

Kartikeya Pandey: Sir, because the IMFA is coming out with capacity expansion of around 100 KT. So -- and I'm just wondering, such a strong stainless growth road ahead. So why.

Moderator: Sorry to interrupt, Mr. Kartikeya, sir. Please use your handset while asking a question.

Brij Bhushan: Presently, Kartik, presently, it is under the evaluation stage, but not -- we have not declared nothing major expansion is coming up presently. Some little bit of addition on the quantum will be there on the improvisation and all. Because we make a little difference. We make a little different alloy than what IMFA is making and our technology is a little different. So -- but yes, presently, no, but in due course might be. So very difficult for me to say that we are doing. It is under the evaluation stage.

Kartikeya Pandey: Okay, sir. It is a very attractive EBITDA per ton profile and then stainless steel growth is also there. Is it because of mine availability, any issue with chromite ore? Is it on that?

Brij Bhushan: This is Shyam Metalics. Shyam Metalics has been always doing something miraculous. You have to appreciate. We are making something beyond values. So what we are doing, our costs, our product mix, our design. So we always try to create something unique. We had been doing extremely well all the time on our specialty alloy.

Moderator: Thank you everyone. That was the last question for today. I would now like to hand the conference over to the management for closing comments.

Pankaj Harlalka: Thank you, everyone, for being on this call. We have this regularly, expect you to be -- keep joining and asking, enriching our thought process with your lovely questions. Good evening, and thank you.

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

Brij Bhushan: Thank you, everyone.