



IMFA Building  
Bhubaneswar -751010  
Odisha, India

Corporate Identity No.  
L27101OR1961PLC000428

TEL +91 674 2611000  
+91 674 2580100  
FAX +91 674 2580020  
+91 674 2580145

mail@imfa.in

www.imfa.in

30<sup>th</sup> May, 2024

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| The Listing Department<br>National Stock Exchange of India Ltd.<br>Exchange Plaza<br>Plot No.C/1, G. Block<br>Bandra-Kurla Complex<br>Bandra (E)<br>Mumbai-400051<br><b>Stock Symbol &amp; Series : IMFA, EQ</b> | The Deputy General Manager<br>(Corporate Services)<br>BSE Limited<br>Floor 25, P.J. Towers<br>Dalal Street , Fort<br>Mumbai-400001<br><b>Stock Code : 533047</b> |
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**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 24th May, 2024 on the audited Standalone and Consolidated Financial Results of the Company for the quarter and year ended 31st March, 2024 is attached herewith .

You are requested to take the same on record.

Thanking you,

Yours faithfully,  
For INDIAN METALS & FERRO ALLOYS LIMITED

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



“Indian Metals & Ferro Alloys Limited  
Q4 FY '24 Earnings Conference Call”

May 24, 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 NARADE – HEAD, MINES BUSINESS UNIT – INDIAN METALS & FERRO ALLOYS LIMITED**  
**MR. SAUNAK GUPTA – DEPUTY CHIEF FINANCIAL OFFICER – INDIAN METALS & FERRO ALLOYS LIMITED**

**MODERATOR:** **MR. ABHISHEK SAWANT – VERITAS REPUTATION**

**Moderator:**

Ladies and gentlemen, good day and welcome to the Earnings Conference Call of Indian Metals & Ferro Alloys Limited, hosted by Veritas Reputation. At this moment, all participants 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 press star and one on your touchtone keypad.

Please note that this conference is recorded. I now hand the conference over to Mr. Abhishek Sawant from Veritas Reputation. Thank you and over to you, sir.

**Abhishek Sawant:**

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 & Ferro Alloys Limited. I am Abhishek Sawant, your host for this session and it brings me great joy to guide you through the proceedings as we analyse the annual financial results for the quarter and full year ended 31st March 2024.

We are glad to announce an excellent operational performance during the year with the highest ever ferrochrome production, chrome ore raising and captive power generation, which has set the stage for a strong financial performance. This achievement has come despite all external challenges and it further solidifies IMFA's position as India's foremost fully integrated manufacturer of ferrochrome in the metals and mining industry.

While the detailed financial results are available on our company website and the stock exchanges, it is essential to note that our discussion may include forward-looking statements, contingent upon known and unforeseen risk, uncertainties and various other factors. To offer a comprehensive overview of our annual financial performance and address any queries you may have, we are honoured to have an esteemed team members of our management team present today. Mr. Prem Khandelwal, CFO and Company Secretary; Mr. Bijayananda Mohapatra, Chief Operating Officer; Mr. Deepak Mohanty, overseeing the Ferroalloys Business Unit; Mr. Binoy Agarwalla, who Head's Power Business Unit and Mr. Sandeep Narade, who is incharge of the Mines Business Unit.

Our agenda for today begins with a concise summary of our Q4, as well as annual financial performance. Following that, we'll open the floor for a Q&A session, providing you with the opportunity to engage directly with our management team.

Without any 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.

**Prem Khandelwal:**

Thank you, Abhishek and good evening, ladies and gentlemen. I welcome all of you to this Q4 and FY24 Earnings concall of the company. FY24 has been a very satisfying year for the company in the sense that the company has achieved the highest ever operational performance in terms of ferrochrome production, power generation and mining output and has been the second best year in terms of PAT. So, financial numbers and quantity numbers are already in public domain, so I am not going to repeat those numbers again.

But I would like to clarify just one item -- one-off item, which is in the fourth quarter results relating to Utkal Coal Limited. As you may be aware of, the company had invested INR111

crores in the share capital of Utkal Coal and had advanced a loan of INR243 crores to the company for a coal mining project. But on the principal amount of INR243 crores, the company had stopped recognizing interest, since the date of cancellation of coal block in 2014.

But in the fourth quarter, the Nominative Authority has quantified the compensation amount at INR353 crores, consequent to which the company has recognized interest on INR243 crores principal amount from 2014 to 2024, and the interest amount comes to around INR220 crores.

But as the compensation amount of INR353 crores is not enough to cover the entire principal and investment amount along with the interest, the balance amount of INR221 crores has been written-off, which is forming part of other expenses. And the interest component of INR221 crores forms part of other income, apart from that, all other things are normal things.

So with that, I would now request to start the Q&A session.

**Moderator:** The first question is from the line of Aashav Patel from Molecule Ventures PMS. Please go ahead.

**Aashav Patel:** Thank you for the opportunity. First of all, I would like to thank the entire team and congratulate the entire team for an excellent set of numbers in a globally very tough environment. To start with, my first question is in quarter 4 consolidated P&L, we have seen an increase in other income by roughly around INR50 crores compared to the usual range. So can you please specify what led to this increase in other expenses?

**Prem Khandelwal:** Other expenses, you are talking about consol account or?

**Aashav Patel:** Consolidated other expenses.

**Prem Khandelwal:** Consolidated other expenses, we have usual like repairs and maintenance has gone up by INR12 crores because of boiler repairs and furnace repairs was done. These are one-off kind of expenses. And the selling expense has gone up by INR6 crores primarily because of more tonnage we have sold in this quarter. And the routine overhead cost has escalated to around INR10 crores and there is a write off of goodwill.

As I have said in my opening remarks, we have written up the investment of INR111 crores in UCL. So there was a goodwill amount of INR21 crores also lying in the consol account, which we had to write-off, so if you put all these together, you will get the figure.

**Aashav Patel:** Got it. So all these items shouldn't be, for example, goodwill write-off and everything should be part of exceptional line item?

**Prem Khandelwal:** Saunak, why have we done this? Can you explain that?

**Saunak Gupta:** So primarily this is on the basis of routine expenditure and going by INDAS requirement. It is that since whatever was our investment amount that we had in the standalone financials in UCL, where we have also put a note that about INR111 crores we are providing for impairment. On the same basis, on the goodwill which has been created in the consolidated financials has to be

also written off as a part of the other expenses. And we cannot treat it as the exceptional expenses. So that is why we have taken it in the normal course of business.

**Aashav Patel:** Got it, sir. So my second question is that our EBITDA, what would be our EBITDA production cost for quarter 4? And how do you expect it to pan out in quarter 1?

**Prem Khandelwal:** Just a moment. Let me see EBITDA cost. EBITDA cost for Q4 is around INR82,000 to INR83,000 a ton. And I think Q1, it should be in the same range, more or less in the same range.

**Aashav Patel:** Similar. But we have seen coking coal has been correcting significantly in the last six months. And met coke is also expected to be corrected in a similar fashion. What was our coke cost in quarter 4? And what is the coke cost in our inventory?

**Prem Khandelwal:** Deepak, would you explain that?

**Deepak Mohanty:** Yes. Actually, our coke cost -- it is something like in the quarter 4, it is around INR15,500 around. And which was in the previous year, if you consider it was something like INR22,000, INR23,000. So it has come down quite a bit because of the downtrend. And our existing coke, whatever we have, what we are using at the moment, so that is more or less in line with this.

But it is -- as you are telling also, the prices have come down. I mean, we have booked for what will be shipped in the next quarter, early next quarter in June. So those prices are coming down quite a bit.

So going ahead, of course, that will take three months and all those things. Actually, it will be after maybe four to five months. But still our coke cost for the next quarter will be hovering in the same line.

**Aashav Patel:** Okay. But for Q2 onwards, we can expect a significant decrease in coke cost.

**Deepak Mohanty:** In Q2? No, it is remaining more or less in line. That's what in Q2. Q3, it will go down.

**Aashav Patel:** For how many months we hold the coke inventory, sir?

**Deepak Mohanty:** Yes, we keep around three months inventory because it comes from mostly from Columbia. So it has a shipping time of 45 days and then packing the material for shipment, all those things. So normally, we keep the inventory for three months.

**Aashav Patel:** Got it, sir. Okay, sir. I have other questions. I'll come back in the queue.

**Prem Khandelwal:** Thank you, Aashav.

**Moderator:** Thank you. The next question is from the line of Shubham Sethia from Bajaj Finance. Please go ahead. Mr. Sethia, your line is unmuted. Please go ahead with your question.

**Shubham Sethia:** Sir, what was the specific consumption of coal in quarter 4 and for overall FY?

**Binoy Agarwalla:** Sir, I could not hear. What were you asking?

- Shubham Sethia:** What was the specific consumption of coal for quarter 4 and then overall FY?
- Binoy Agarwalla:** Overall, specific coal is coming around 1.01 in ARB per megawatt.
- Shubham Sethia:** And, sir, specific consumption of coke per metric ton of ferrochrome production?
- Deepak Mohanty:** So basically, for ferrochrome, it is around 450 to 500 kgs of the fixed carbon is required. So you can say 0.5 or 0.6 if you take on the fixed carbon basis, 0.5 to 0.6 ton per metric.
- Shubham Sethia:** Okay. Sir, my next question is on the power cost. So what was the tentative power cost for quarter 4?
- Binoy Agarwalla:** Quarter 4 or you are asking for FY'25 Q1?
- Shubham Sethia:** No. For quarter 4 FY'24.
- Binoy Agarwalla:** Power cost, variable cost is 4.37.
- Shubham Sethia:** And fixed cost, sir?
- Binoy Agarwalla:** Sorry?
- Shubham Sethia:** Fixed cost?
- Binoy Agarwalla:** Fixed cost is around 1.30.
- Shubham Sethia:** 1.3, sir?
- Binoy Agarwalla:** INR1.30.
- Shubham Sethia:** And for quarter 1, what we are expecting, sir?
- Binoy Agarwalla:** We are expecting variable cost will be around INR4.20.
- Shubham Sethia:** Okay.
- Binoy Agarwalla:** And fixed cost will be at par with Q4.
- Shubham Sethia:** Sir, my next question is on the NSR side. So we saw very good NSR for overall quarter 4 and then for FY'24. What is our forecast for this Q1 and Q2 in terms of NSR, sir?
- Prem Khandelwal:** You mean net realization?
- Shubham Sethia:** Realization, sir.
- Prem Khandelwal:** Market has improved a little bit after Q4, so I think we can see an increase of around INR3,000 to INR4,000 for Q1.
- Shubham Sethia:** So total will be, sir, around?

- Prem Khandelwal:** This quarter it was around INR1,02,000. So we may see INR1,05,000-INR1,06,000 in the next quarter.
- Shubham Sethia:** Okay. Thank you, sir. That's all from my side.
- Moderator:** Thank you. Our next question is from the line of Joe Shah from 7seas. Please go ahead.
- Joe Shah:** Prem, going back to our last con-call, we were told that construction of Boundary Wall for Kalinganagar project was not started, could not be started because of some administrative issue. So now what is the status of this Kalinganagar land? When we are going to start the Boundary Wall construction?
- Prem Khandelwal:** BNM, would you answer that?
- Bijayananda Mohapatra:** Yes. Regarding this Kalinganagar project site, so there is a R&R issue, compensation issue. The IDCO has already given the disbursement process started, and they have initiated to the district administration. But in the meantime, election has already started, so they will give this distressed families after the election, so mid-June. Thereafter, this process will be started, construction of Boundary Wall.
- Joe Shah:** Did you say it will start? So there won't be delay on this side, or after month we'll be able to start construction?
- Bijayananda Mohapatra:** No. District administration will help us for construction. Because of the election, they don't want any law.
- Joe Shah:** Right. Okay. Now one more question about this ethanol. What is our annual capacity in liters per year? How many liters will be produced per year from this ethanol?
- Bijayananda Mohapatra:** Sir, this project we are putting is around 120 kiloliters per day. Basically it is from maize, broken rice, and damaged food grains. So if you take 300 working days...
- Joe Shah:** Your production capacity, what about production capacity?
- Bijayananda Mohapatra:** Production capacity is 120 kiloliters per day.
- Joe Shah:** Okay. 120 kiloliters per day. And how many tons of rice bran we need for 1 kiloliter?
- Bijayananda Mohapatra:** It is not rice, sir. We are more focused about the maize. So it will be basically maize-based because that area maize cultivation is too much. So that will -- the exact figure I have to check for the project.
- Joe Shah:** No problem. Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Saket Kapoor from Kapoor and Company. Please go ahead.
- Saket Kapoor:** Namaskar, Prem sir. Namaskar to all the team members.

- Prem Khandelwal:** Namaskar, Saket.
- Saket Kapoor:** Sir, as you alluded to the earlier participant about the other expenses for this quarter, which is to the tune of NR162 crores, that includes INR21 crores of the royalty, the goodwill part.
- Prem Khandelwal:** Yes, the write-off.
- Saket Kapoor:** And other than that, then the remaining INR20 crores is also a non-recurring one or what should we take into account for that remaining balance?
- Prem Khandelwal:** Again, as I said, the INR12 crores is repairs and maintenance and this is again non-recurring. But INR6 crores of selling expenses is because of higher tonnage. So that is recurring in nature. And other overheads of INR10 crores is again non-recurring in nature.
- Saket Kapoor:** Other? Last point, sir.
- Prem Khandelwal:** Other overheads of INR10 crores is again a one-off kind of thing. So that may not repeat again.
- Saket Kapoor:** Okay. Sir, when we look at your Note 7, Note 6 rather, therein you have proposed about some acquisition of 52 lakh shares of UCL. Sir, if you could explain the nature of the transaction and how much we will spend to acquire this 21% stake?
- Prem Khandelwal:** As you are aware of, IMFA is holding 79% stake in UCL. So on balance, 21% is held by promoter companies. And we are in the process of merging that UCL into IMFA. But we have been advised that if you make UCL 100% subsidiary, the merger process will be much easier. That's what we are trying. But in UCL, since the value is nil, we are buying the 21% remaining stake at INR1 to make it 100% subsidiary and then we'll launch the merger scheme.
- Saket Kapoor:** Right, sir. And sir, when we look at the segmental reporting, therein we find that under the mining category, on a revenue of INR139 crores, we have booked loss of INR110 crores. So are these all goodwill and all these issues that get factored into the segment under mining? Or how will you explain this, sir?
- Prem Khandelwal:** Saunak, are you aware of that?
- Saunak Gupta:** Yes, so over there, what usually happens is that all the cost in mines, everything including whatever is the expenses that has been incurred for raising as well as mining is actually shown under the segment. But since it is a captive consumption, so only those if you are sold outside are considered. Otherwise, whatever is the value of transfer that is accounted there as a revenue. And that is what is given to our FABU business and the Ferro Alloys business. So, on a standalone mining, it shows a loss because all the costs that have been incurred in the mines are booked under the mining costs.
- Saket Kapoor:** Okay, but this is only one off for this quarter only. Every quarter we are booking revenue in this trajectory of INR130 crores and the loss is closer to INR1 crores. But only for this fourth quarter, we are seeing this loss rising to INR110 crores. So that was my only reason. Last year also --



- Saunak Gupta:** It is actually dependent upon whatever is our mining and dispatch plan to our Ferro Alloys business. So, that can be quarter-to-quarter depending upon whatever is our production plan.
- Saket Kapoor:** Sir, these are the extraordinary costs? It is a significant number, INR112 crores for the year as a whole.
- Saunak Gupta:** No, it includes routine cost and UCL expenses.
- Saket Kapoor:** Right. Sir, when we spoke about this ethanol project, what is the capex that we have outlined for the project and when will we start spending on the same?
- Prem Khandelwal:** BNM ?
- Bijayananda Mohapatra:** The project cost is around INR140 crores and now we have applied for the single window clearance to the government of Orissa and as well as we have applied for this environment clearance to MOF. So we have this one hearing on 14th May. There is some concern that also we have replied. Hopefully, we will get the EC by next month. So, after that, this land belongs to us.
- So then we can start about the land preparation, all these things. Then simultaneously, we will go for the project execution.
- Saket Kapoor:** And when will be any timeline when we will be commissioning this project?
- Bijayananda Mohapatra:** This is generally around 12 to 14 months.
- Saket Kapoor:** And on a capex of INR140 crores, what should be the expected top line since 1,20,000 litres you mentioned, I think so.
- Bijayananda Mohapatra:** There is a 120 KLD used to call kiloliters per day.
- Saket Kapoor:** So at today's value of ethanol, what should be our optimum revenue at full capacity?
- Saunak Gupta:** So it is what you correctly mentioned. It is 1,50,000 or basically 150 KLD. And in that cost of INR140 crores, INR30 crores is related to our own land. So we will not actually have any pay-outs on that. So overall, our investment will be somewhere around INR100 crores-INR110 crores. And of this –
- Prem Khandelwal:** Saunak, he is asking Revenue, turnover?
- Saunak Gupta:** So, turnover would be somewhere around -- once we achieve that 150 KLD, it will be around INR200 to INR220 crores to start with. But it will depend upon the market price, which can increase.
- Saket Kapoor:** Right. And the margins are also in double-digits. And this product is because I think that the OMC will be fetching the --
- Bijayananda Mohapatra:** OMC is the controlling authority, sir.

- Saket Kapoor:** And last point is on the tax provision part. We find that there is a higher tax outgoing. Any prior period item also we are seeing or what could be the reason? The profitability is definitely higher. So what is our tax rate currently?
- Prem Khandelwal:** Tax rate is 25% Saket. We have gone for new regime. So tax rate is 25%. I don't think tax rate is high. Because of high profitability, tax is high.
- Saket Kapoor:** And just to conclude, employee benefit also include the director remuneration, the promoter's commission also. That is the reason why it has gone up for this cost.
- Prem Khandelwal:** No, no. It has gone up because of the normal increments, as well as the commission also. Because of higher profits, higher commission.
- Saket Kapoor:** And sir, I would also like to thank the Board for the increased dividend pay-out and also the commitment which Panda sir alluded to during the television interview, whether he did. I did not get the fact that he will be sharing the pay-out with his investors as has been the case as the precedent be. So we are really grateful to the team for agreeing to this task and rewarding their shareholders in the best possible way.
- Prem Khandelwal:** Thank you, Saket. And this has already been the management priority to reward the shareholders wherever possible.
- Saket Kapoor:** Correct. Correct, sir. And we have acted on the same task. Thank you, Khandelwal Ji. And thank you to all the team members. All the best. Thank you.
- Moderator:** Thank you. The next question is from the line of Satyan Wadhwa from Profusion Investment Advisors. Please go ahead.
- Satyan Wadhwa:** Sir, can you tell us what the production and sales number was for March quarter? And what would you expect for FY25?
- Prem Khandelwal:** Production for March quarter is 65,000 tons and sales is 68,000 tons. And next quarter –
- Satyan Wadhwa:** What are we planning for next quarter?
- Deepak Mohanty:** Next quarter, it will be slightly lower because we had some maintenance in between from which we started from March and completed in May. So, in TCP2 and one furnace at Choudwar and one furnace at Therubali. So, that will be slightly around 62,000 it will be in that range next quarter.
- Satyan Wadhwa:** And for the full year, what would you project?
- Deepak Mohanty:** We are expecting around 250,000 to 260,000 as usual in that range.
- Satyan Wadhwa:** So 62,000 to 65,000 per quarter, is that what you're saying?
- Deepak Mohanty:** I told normally 250,000 to 260,000 in that range. Around 260,000 only it will be, because we had some maintenance in the initial part of the beginning of the year and all. So taking that into

which happens normally after five to six years in two furnaces, that will reduce, cannot go to the DCM level probably. But it will be in and around 260,000. Okay.

**Satyan Wadhwa:** All right. Great. Thank you.

**Deepak Mohanty:** Thank you.

**Moderator:** Thank you. The next question is from the line of Ashaav Patel from Molecule Ventures PMS. Please go ahead.

**Ashaav Patel:** Thank you for the opportunity again, sir. My question is, clear margin pressure is visible globally, even on large South Africa-based smelters like Mirafra. What is the situation exactly in China right now? Given that they don't have captive ore, what sort of margins do you think the non-integrated players over there will be making? And do you expect it to inch upward?

**Deepak Mohanty:** Let me answer. So, actually Chinese market, in fact, their ferrochrome production has gone to 770,000 per month, which was in the range of 600 to 650. And the stainless steel production also accordingly has gone up there. Only thing, China now, they have a strategy to operate at a very low margin, but have higher efficiency and higher operational ratio.

So which is going on. And their domestic demand also is not very bad, but only the problem is the real estate sector, for which the government has given certain declarations that they will buy out and bail out this real estate. If really that happens, things will become better. Otherwise, at the moment, the situation is quite steady.

Demand, supply are matching and going on. And it's not going to go up further at the moment unless government takes some initiative. Otherwise, it is more or less stable. And in the range of around \$0.98, \$0.99, which is the level, is workable for most of the people.

**Ashaav Patel:** Got it, sir. And sir, on a EBITDA basis, EBITDA per ton basis, we will be more profitable than Chinese smelters, right? Is that correct understanding?

**Prem Khandelwal:** Absolutely.

**Ashaav Patel:** Okay. So what sort of chrome ore inventory is currently present in Chinese port? Rough ballpark?

**Deepak Mohanty:** Yes, Yes. It's around 2.6 to 2.7 million tons, which is mostly 50 days consumption.

**Ashaav Patel:** 50 days consumption only. So the inventory looks to be quite on the lower side of the spectrum compared to the usual.

**Deepak Mohanty:** Little bit delay in shipment and registry issues, which is delaying the thing. But nowadays, probably they are maintaining in that range.

**Ashaav Patel:** Does this mean...

- Deepak Mohanty:** They are not maintaining like earlier 3 million, more than 3.5 million. They were in the range of 2.1 million tons stocking, but what I'm telling that is at the ports. Of course, there will be some inventory in the plants and all, but port stock wise also now they have gone up from 2 to 2.1 million to 2.7, 2.8 in that they are maintaining at the moment.
- Aashav Patel:** But given that whenever the demand improves in China, does this slow inventory mean that price increase could last for a longer time until they actually procure the ore again from South Africa and convert it into ferrochrome and provide the supply in the market?
- Deepak Mohanty:** You see the demand if it goes up naturally prices will go up, but Chinese are trying to maintain a low margin both in ferrochrome and also in stainless steel rather some destocking took place which has brought the stability in stainless steel particularly destocking. So they are maintaining that as a strategy.
- So that's why they don't want to take it high and then bring it down similar way like which was happening earlier, but nowadays they are operating with low margin at all the places, but maintaining operational level of 90%.
- Aashav Patel:** Sure, got it, sir. Sir, next question is regarding the upcoming capex. So as we have already announced the INR1500 crores of capex, I just wanted to know how the fund outflow is expected to be spread over the next 5 years to 7 years
- Prem Khandelwal:** You want year-wise breakup?
- Aashav Patel:** Yes, roughly year-wise breakup. I understand exact can't be laid down at the start of the project?
- Prem Khandelwal:** Yes, because that will be difficult to give year wise, but since the spread is over a period of 6 years to 7 years we are quite hopeful of funding it through our internal accruals.
- Aashav Patel:** So except the smelter the entire mining capex will be spread out. So in a single year we won't require any significant amount?
- Prem Khandelwal:** Yes, even in the space, smelter will be spread over a period of 18 months.
- Aashav Patel:** And what is the current status of EC, environmental clearance regarding this 1 lakh metric ton enhancement?
- Prem Khandelwal:** EC has been recommended for grant of EC. I think within a month's time we should be getting it.
- Aashav Patel:** and for chrome ore enhancement?
- Bijayananda Mohapatra:** Chrome ore enhancement already we have got EC for Mahagiri from 3 lakhs to 6 lakhs. We have already got CTO and we have produced in the last quarter. And for SMC also we have got EC for 6 lakhs enhancing from 3 lakhs to 6 lakhs.
- Aashav Patel:** So mining EC has already been achieved?

- Bijayananda Mohapatra:** Yes,
- Aashav Patel:** But we cannot sell this as a merchant miner this enhanced chrome ore?
- Prem Khandelwal:** No, 50% of that we can sell, but as a policy we don't do that because that's why we are adding more furnace capacity.
- Aashav Patel:** And sir given that we already have a robust balance sheet with INR300 crores of net cash and also expecting around INR250 crores as a final settlement from Utkal C and we are already generating INR400 to INR500 crores of annual cash flow which is sufficient to fund the announced capex of INR1500 crores as mentioned by you. So my question is that in the past management communicated of further expansion beyond this 1 lakh metric ton capacity. So any concrete plans have been laid down on this part?
- Prem Khandelwal:** No, as of now beyond that we have not planned anything concretely because any expansion along with the ore output without ore, we cannot expand in the furnace further.
- Aashav Patel:** But sir we are meaningfully increasing our ore. At the same time we are increasing our furnace capacity only by 30%.
- Prem Khandelwal:** No, as of now you see whatever extra ore we are going to get, maybe after 18 months, 12 months to 18 months by that time, this furnace will come up for operation also and in the next phase when we are going to get further ore, then we'll plan the furnace. That is at the very initial stage now. No concrete plans on that as of now.
- Aashav Patel:** All the best from me. Thank you.
- Moderator:** Thank you. The next question is from the line of Shubham Sethia from Bajaj Finance. Please go ahead.
- Shubham Sethia:** Sir our annual production for the year was around 2.6 lakh tons with adding this 1 lakh tons of capacity, so this year output will be in the same range only 2.6 lakh tons?
- Prem Khandelwal:** Yes.
- Shubham Sethia:** And from the next year onwards we can expect like if we take 18 months of capex time for the smelter, so we can expect half of the capacity inaugurating from the next year onward?
- Prem Khandelwal:** In FY27 we can expect net capacity to be operational.
- Shubham Sethia:** Sir, my next question is again is on the cost front only. So for the overall production in Q4 what was our specific power consumption?
- Binoy Agarwalla:** So basically specific power consumption is around 4000 units.
- Shubham Sethia:** Sorry sir?
- Binoy Agarwalla:** 4000 units per ton of ferrochrome.

- Shubham Sethia:** Thank you sir.
- Moderator:** Thank you. The next question is from the line of Anant Mundra from MyTemple Capital. Please go ahead.
- Anant Mundra:** Hello. Good afternoon, sir. Thank you for the opportunity. Sir, just wanted to seek a clarification. You mentioned the current EC limit is 1.2 million tons for us already. Is that correct?
- Bijayananda Mohapatra:** Let us say EC we are having a 1.2, 6 lakhs for MMC and 6 lakhs per Sukinda. After EC, we have got the 6 lakhs production from Mahagiri, but 6 lakhs per Sukinda we'll start after getting this underground operation which will take 6 to 7 years.
- Anant Mundra:** So right now we are producing mainly from Mahagiri. Is that what you're saying?
- Bijayananda Mohapatra:** Actually, we are doing this open-cast mining from Sukinda that we are restricting to 3 lakhs. So that the underground operation we are keeping those stocks and the rest incrementally, everything we are doing from Mahagiri. Because Mahagiri operation CTO that consent to operate that we have got up to 6 lakhs.
- Anant Mundra:** Okay. So currently, Sukinda you'll just restrict to 3 lakhs, and Mahagiri you'll ramp up to 6 lakhs?
- Bijayananda Mohapatra:** Yes as per requirement with our furnace consumption.
- Anant Mundra:** And once we have to do the phase 2 expansion of Kalinga Nagar at that point of time we will explore expanding Sukinda to 6 lakhs is that correct?
- Bijayananda Mohapatra:** Up to 1 lakh we'll require around 2.5 lakh ore. So 9 lakhs is there. 3 lakhs from Sukinda, 6 lakhs from Mahagiri.
- Anant Mundra:** So Sukinda will not do beyond 3 lakhs that's the correct answer?
- Bijayananda Mohapatra:** Because unless we go for an underground operation we have to reserve our open-cast stock.
- Anant Mundra:** Okay. Thank you. That's it from me.
- Moderator:** Thank you. The next question is from the line of Saket Kapoor from Kapoor and Company. Please go ahead, sir.
- Saket Kapoor:** Sir, a small point you mentioned that for this quarter, for quarter 4 we have some overhead and exceptional expenses in the overhauling part and that we have booked for this quarter and the volume dip we will see in the next quarter. This is what you are communicating?
- Prem Khandelwal:** Mostly, yes.. Those are overhead expenses it has nothing to do with the volume, Saket. Volume is more or less fixed around 60,000 tons every quarter.
- Saket Kapoor:** No, sir. When we look at quarter 4 numbers the production number is at 65. We are looking at a lower volume number. This is also not a monsoon quarter. That will happen later on. For Q1,

we are expecting production in the range of 62,000 and for that the expenses will be different. I was just trying to understand whether we have booked the expenses in March quarter or it will have a bearing again in the first quarter.

**Prem Khandelwal:**

Deepak ?

**Deepak Mohanty:**

Okay. I think it will be basically something will be measured equipment and other stuff when issued and booked in the March. Something also will come in April. So, some amount. But the production will be mostly in the level of 63,000.

**Saket Kapoor:**

Right. 63,000 should be our tonnage for the quarter.

**Deepak Mohanty:**

Yes, tonnage wise. For this quarter. I am saying quarter.

**Saket Kapoor:**

And, sir, our realization, as you mentioned, are currently trending up by 3% to 4% as of now. We are 45 days into means 2/1 into the quarter. So, the realization trajectory is the spot prices are up by 3% to 4%. That is what you alluded to.

**Prem Khandelwal:**

INR3000 to INR4,000 per ton.

**Saket Kapoor:**

Per ton. That is the spot prices?

**Prem Khandelwal:**

Yes.

**Saket Kapoor:**

Okay. And if we take the percentage that we take for the quarterly run rate that we book every quarter, what is that trend there, sir?

**Prem Khandelwal:**

No, I didn't get you, Saket. Can you repeat it again?

**Saket Kapoor:**

So, we also have a contracted price index that is set every quarter. Where is that index currency? What is that indicating?

**Deepak Mohanty:**

So, basically, you are talking about the benchmark.

**Saket Kapoor:**

Benchmark, right, sir. I missed the word.

**Deepak Mohanty:**

Benchmark price has gone up in this quarter by \$0.8 cents from \$1.44 to \$1.52 cents.

**Saket Kapoor:**

Okay. And that benefit we will get in the Q1 realization in terms of the contracted volume?

**Deepak Mohanty:**

You see, we will get benefit naturally for that reason. It will go up. And the thing what Mr. Khandelwal has told that it is increasing. Taking all those things into account, we will gain 3000 to 4,000 in the average realization.

**Saket Kapoor:**

Okay. But only dampener will be, we will be selling less than what Q4 has been. Q4 is the highest at 60, closer to 68,000, sir?

- Deepak Mohanty:** But as the production will be around 53,000, naturally, the sales projection is also at the same rate system, because we don't have really stock to operate beyond the stock. Already last year, we have done. So, we are at the minimum stock. So, that's the level what we are expecting, 53,000.
- Saket Kapoor:** And sir, our mining lease, for which year, when will the expiry or the renewal come?
- Prem Khandelwal:** Mining lease is up to 2049 and 2055.
- Saket Kapoor:** Okay. Right, sir. Thank you once again. Thank you, sir.
- Prem Khandelwal:** Thank you, Saket.
- Moderator:** **Thank you.** The next question is on the line of Joe Shah from Seven Seas. Please go ahead.
- Joe Shah:** Deepak, I understand that from June onward, MARAF, South Africa, they will stop announcing the benchmark price. What will be the impact on the pricing? How will they be able to decide on the price?
- Deepak Mohanty:** Well, it's a big impact, just that bombshell has come on 20th of this month. So, people are working out, have to work out with people, because that was a good base to start negotiations with, but which will not be there. But eventually seems will people have to -- there are many other indices, like your CRU, fast market and many other things are there. So, it has to be dealt with individual customers, how to bring in certain, whatever the way to further negotiation and moving ahead.
- Of course, everybody, including Glencore and all, they are working on that. So, a lot of issues were there, for which they have now stopped it. But anyway, so the things have to change and change that we managed well. So, we'll be doing all those things in the coming days.
- Joe Shah:** Right. Now, Deepak, one more thing, I need your views on macroeconomics, because now our future for IMFA will be based mainly dependent on the ferro chrome price realization. We are stuck around 10,5000, 2,000, 6,000, something like that. But now, people are talking about the Fed rate cut in maybe 6 to 9 months, if it happens. So, will it increase the amount of commodities and standardization and hence ferro chrome? What is your view?
- Deepak Mohanty:** Well, you see, I've just attended ICDR, where SMR presented a paper, where particularly for stainless steel sector, they are expecting around 4% growth. And even the ISSF have told also there will be 3.6% hike in stainless steel consumption. And we are expecting, which is at 58 million stainless steel worldwide production, back to reach 59.5 million tons in this '24 calendar year. So, I don't think there will be much issues at the moment. People are changing, but I think it will not and China trying to bail out their residential, these real estate people. If it happens, things will be more or less steady.
- Joe Shah:** Sir, but suppose there is a Fed rate cut, then it will increase the demand for our standard steel beyond our target consumption will go up? It is generally believed that with Fed rate cuts, consumption will go up and...



**Deepak Mohanty:** You see, China is producing more, but they have to have the opportunity to sell. And Europe, particularly Germany and many other places are not in very good shape economically. Inflation, debt inflation and interest rates and everything. So, with all those things, that's why people are, even with the negative sentiment, they are telling that their consumption is expected to grow around 3% to 3.5%, which is, according to me, is very good. If that remains, things will not behave well.

**Joe Shah:** Okay. Okay. Thank you.

**Moderator:** Thank you. As there are no further questions, I now hand the conference over to Mr. Abhishek Sawant for closing comments. Over to you, sir.

**Abhishek Savant:** Ladies and gentlemen, your presence on this conference call today has been greatly appreciated. You've had the opportunity to explore IMFA's future growth strategies and discuss how we plan to navigate through the 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 each one of you for your active participation in today's call. Your interest and insightful questions have been a valuable contribution to our discourse. Should you have any further inquiries or require additional information, please do not hesitate to reach out to us, or you can contact my colleague, Aryan Rana at [aryan.rana@veritasreputation.com](mailto:aryan.rana@veritasreputation.com).

We remain at your service to address any queries you may have. Once again, thank you for being a part of this conference call. We eagerly anticipate a promising future and a continued growth together in FY 2025. Wishing you all a fruitful and fulfilling time ahead. Thank you.

**Prem Khandelwal:** Thank you.

**Moderator:** Thank you. On behalf of Indian Metals & Ferro Alloys Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.