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14th November 2024

The Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza
Plot No.C/1, G. Block
Bandra-Kurla Complex
Bandra (E)
Mumbai-400051
Stock Symbol & Series : IMFA, EQ

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

Sub : Earnings Call Transcripts

Dear Sir / Madam,

Pursuant to Regulation 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the audio call recording of the Company's Investor / Analyst Call held on 8th November, 2024 on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter ended 30th September 2024 is attached herewith.

You are requested to take the same on record.

Thanking you

Yours faithfully
For INDIAN METALS & FERRO ALLOYS LTD


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

Encl : As above.



**“Indian Metals & Ferro Alloys Limited Q2 FY25
Earnings Conference Call”**

November 08, 2024



MANAGEMENT: **MR. PREM KHANDELWAL – CHIEF FINANCIAL OFFICER & COMPANY SECRETARY**
MR. BIJAYANANDA MOHAPATRA – CHIEF OPERATING OFFICER
MR. SAUNAK GUPTA – DEPUTY CHIEF FINANCIAL OFFICER
MR. BINOY AGARWALLA – HEAD OF POWER BUSINESS
MR. SANDEEP B. NARADE – HEAD, MINES BUSINESS UNIT
MR. SURESH BABU – HEAD, FERRO ALLOYS BUSINESS UNIT
MR. M. VENKATESH – HEAD SALES AND MARKETING, FERRO ALLOYS BUSINESS UNIT

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



*Indian Metals & Ferro Alloys Limited
November 08, 2024*

Moderator: Ladies and gentlemen, good day and welcome to the Analyst Conference Call of Indian Metals & Ferro Alloys Limited arranged by Veritas Reputation.

At this moment, all participant lines are in the listen only mode. Later, we will conduct the question and answer session. At that time, if you have a question, please press “*” and “1” on your touchtone keypad. Please note that this conference call is being recorded.

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

Aryan Rana: Thank you. Good evening and thank you for joining this Conference Call with Indian Metals and Ferro Alloys Limited to “Review” our “Financial Results” for the 2nd Quarter of Fiscal Year 2025 ending September 30, 2024.

IMFA has seen a remarkable year with about 80% increase in market valuation in the past one year and over 700% in the last 5 years recently got re-affirmation of our credit ratings by ICRA. Our long-term facility rating remains at AA- with a stable outlook while our short-term rating continues at A1+. This endorsement reflects IMFA’s robust financial performance with sustained profitability, strong cash flows and solid debt coverage indicators projected to remain strong in the near term.

The improved financial profile is largely a result of effective debt reduction since FY22 and the company is favorably placed for growth in the Ferro Chrome sector. As a fully integrated manufacturer of quality Ferro Chrome and a leader in the industry, IMFA benefits from a highly competitive cost structure driven by self-reliance and chrome ore and power production. We remain one of India's top Ferro Chrome exporters with a diverse operational portfolio encompassing chrome ore mining, electricity production and Ferro Alloys smelting.

Our Financial Results are available on our website in the stocking changes for further reference. Please note that today's discussion may contain forward-looking statements that involve risks, uncertainties and other factors. These statements should be considered in light of our businesses risk which could impact future performance or results.

Joining us today are key members of our management team, Mr. Prem Khandelwal - Chief Financial Officer and Company Secretary; Mr. Bijayananda Mohapatra - Chief Operating Officer; Mr. Saunak Gupta - Deputy Chief Financial Officer; Mr. Binoy Agarwalla - Head of Power Business Unit; Mr. Sandeep B Narade – Head, Mines Business Unit; Mr. Suresh Babu – Head, Ferro Alloys Business Unit and Mr. M. Venkatesh - Head Sales and Marketing, Ferro Alloys Business Unit.



We will start with the “Brief Overview” of our Q2 FY25 Results, after which we will open the floor for questions. With that, I will now hand over the call to Mr. Prem Khandelwal ji – our CFO. Over to you, sir. Thank you.

Prem Khandelwal: Thank you, Aryan, and good afternoon, everyone. Thank you for joining us on today's Earnings Call for Q2 FY25.

We are pleased to report Results that exceeded our expectations for this quarter, reflecting the hard work and commitment of our team and our strategic focus on operational efficiency. Our profits came in stronger than anticipated, bolstered by solid performance across our key segments. This positive outcome reinforces our confidence in the strength and resilience of our business model even as we navigate a dynamic market environment.

Looking ahead, we expect the upcoming quarters to continue this trend. We anticipate stability in demand and pricing which should allow us to maintain a steady performance. We remain committed to driving sustainable growth supported by our investments in technology and efficiency improvements. We are grateful for the continued support of our stakeholders and we are eager to build on this momentum. Thank you once again for your trust and partnership and we look forward to your questions now.

Moderator: Thank you very much, sir. We will now begin with the question and answer session. The first question is from the line of Sid Mehta from HNI. Please go ahead.

Sid Mehta: I have a question, if you can clarify my understanding of the operations going forward, if I read it correctly based on the CNBC interview I saw today, it seems that in the future, in the year FY25-26, there will be probably, the quantity of production will be more or less what we have going right now, but there may be an improvement in the price as well as there is currently a reduction in the cost of coking coal, and that both aspects together should be expected to increase our profitability going forward. So, is this one correct outlook that I am having?

Prem Khandelwal: No, for the next quarter, I don't think the MD has indicated that.

Sid Mehta: For the next 15-18 months, 15 months?

Prem Khandelwal: No, I don't think he has indicated that because in our business predicting more than 2 quarters is very difficult. So, what he has mentioned in the interview that next 2 quarters looks like that we are going to maintain these kind of margins. Beyond that, it is very difficult to predict anything, so we need to see where the market is at that point of time and the demand and supply situation will determine the price.

Sid Mehta: So, in FY25-26, we will be setting up the expansion facilities and after FY25-26, the year after that pretty much we would start seeing some result of the expansion, right, so the quantity would

increase only at that time, today we are producing everything we can and we are selling everything we can?

Prem Khandelwal: Yes, that is right.

Sid Mehta: So, any improvement in the next year, next FY would come mainly from price increases, if any if they take place, right?

Prem Khandelwal: Correct.

Sid Mehta: And maybe foreign exchange improvements also?

Prem Khandelwal: And maybe some cost reduction. It all depends on where the market is at that point of time.

Sid Mehta: So, once we pass over this scenario, if I am understanding it correctly, we will get an expansion of roughly 40%. So, if our capacity would go from say about two point some lakh tons to another probably 1 lakh tons added end to that?

Prem Khandelwal: Yes.

Sid Mehta: And say, 2-3 years after that we would look to probably expand another 2 lakh tons if I am understanding correct?

Prem Khandelwal: Another 1 lakh ton.

Sid Mehta: The second expansion also would be this underground mining and all that, that would also be 1 lakh tons?

Prem Khandelwal: Yes, that will start somewhere in FY28 or FY29.

Sid Mehta: Would you like to add anything to this outlook as I am seeing?

Prem Khandelwal: No, I think pretty much you are on this thing, as you said, next year we cannot predict anything, but next 2 quarters, yes, that we can predict that it is more or less likely to be like this.

Sid Mehta: Now, in terms of the global situation, our position today is such that we can sell everything that we are making, we are one of the lowest cost producers. If Africa, maybe if the situation improves or if the world goes slightly into recession, a little bit here and there, I don't see that it should affect us right very much because right now, at 90-95 cents, we are already among pretty a low price at the moment?

Prem Khandelwal: You see, we are at such a level in as far as cost curve is concerned that if prices come down at certain unsustainable level, then most of the facilities would be shut down worldwide. So, almost

70%-80% capacity will shut down, but even at that level, we would be making some money. That is the advantage we have.

Sid Mehta: So, such a bad scenario seems unlikely that people will drive the price down so low that they?

Prem Khandelwal: Yes, very unlikely and if it happens, then you see the kind of jump back we have seen earlier also.

Sid Mehta: One last question, what is your view on what are the options available to us to discuss the money that will come to us?

Prem Khandelwal: No, the money, as of now, you may know that lot of expenses have been lined up. Almost, we have to spend almost Rs. 2,000 crores in next 6-7 years. So, apart from the dividend, I don't see any further disbursement.

Sid Mehta: No further windfall disbursements?

Prem Khandelwal: No, as of now, we are not anticipating any such kind of thing because we would be needing money for expansion lot of expenses.

Sid Mehta: It is the correct thing.

Prem Khandelwal: Yes.

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

Dhviti: I had a question that given the new capacities will be on stream in 2 years and we already have our mining capacity approval. So, do you plan to expand to any inorganic routes like acquisition of some smelting capacity just to achieve the volume growth in FY25 and FY26?

Prem Khandelwal: We are open to that Driti and we are in fact looking for those kind of opportunities in the market also, but nothing lucratively is available at the moment. So, if something comes up, definitely we will look for that.

Dhviti: And sir, if you could help me with the cost of production for Q2 FY25?

Prem Khandelwal: Q2 FY25, the cost of production was Rs. 69,600.

Dhviti: And EBITDA per ton?

Prem Khandelwal: And EBITDA was Rs. 176 crores which is around 25.38%.

- Dhviti:** And sir, power for this quarter and also if you could help me with the coal cost and coke cost?
- Prem Khandelwal:** Power cost variable cost for Rs. 3.85 paisa and the coke cost was Rs. 16,545.
- Moderator:** Thank you. The next question is from the line of Joe Shah from Seven Seas. Please go ahead.
- Joe Shah:** Now Prem, regarding this legal stake, we know that the Supreme Court has rejected review petition filed by Union of India, all the legal rows are closed now and now this hanging bigger stakes is a big tension for us. We are also not able to utilize the compensation which we have received for UC. Now, I think the only option left is the parliamentary action which is not a small job, but I remember our Vice Chairman during Manmohan Singh's time, he was coordinating with all the Central India States for mineral matters. He is a brilliant person, we know and he is an elected Member of Parliament from Orissa and very active in Parliament, so I think this, this better should be taken up by him, not just for the benefit of IMFA, but for the benefit of the entire mining industry and because it is very important that this matter is sorted out amicably in the interests of the industry, which Indian Government of India also believe that this is very unjust ruling by Supreme Court. So, now do you have any idea of what is happening in Parliament for this matter?
- Prem Khandelwal:** No, I have no idea about that, but I believe this matter has been taken by all the mining companies with the government and in fact FIMI has also given their representation that this levy should not be allowed. So, beyond that, I have no idea. And our MD has also taken up the matter with the ministry. So, all the companies are jointly taking the action, so let us see hopefully there should be some amicable solution to this, but beyond that I won't be able to comment anything on this.
- Moderator:** Thank you. The next question is from the line of Sanjeev Goswami from Fractal Capital Investments. Please go ahead.
- Sanjeev Goswami:** Sir I was saying the production of Chrome Ore, actually declined by almost 50%, while Ferro Chrome production has gone up by more than 10%. So, do we really buy Chrome Ore from other mining companies like Orissa Mining Corporation? Or we had enough inventory of Chrome Ore initially?
- Sandeep Narade:** Yes, we are having the inventory and if you compare with the last year, it sounds to be dropped, but this year the monsoon was quite long and there was a rainfall almost all the days. So, that was the main reason. And last year, the monsoon was delayed, so we could make up the production in H1 and you can see the difference is of almost 1 lakh tons, so there is no direct impact of this. So, we are in line and in Q1 it was 100%, in Q2 about 18% less. But yes, we have the stock. We are having the inventory of ore, so no need to buy from others.
- Sanjeev Goswami:** And generally, we don't buy Chrome Ore from outside?

- Sandeep Narade:** We don't buy it.
- Sanjeev Goswami:** The reason I am asking is because if you look for FY21 to FY24, your Ferro Chrome production plus Chrome Ore has come down from 0.5 to 0.39 in FY24. So, is it because the production of Chrome Ore coming out is better or what exactly explains that?
- Prem Khandelwal:** No, we didn't get your question. You are talking about Chrome Ore consumption in terms of Ferro Chrome?
- Sanjeev Goswami:** Yes, exactly.
- Prem Khandelwal:** No, I don't know from where you got the figure, but Chrome Ore in terms of Ferro Chrome, the chrome ore consumption is almost 2.3, I am seeing all the year, 2.3-2.4, it is not coming down.
- Sanjeev Goswami:** So, if you look at FY21 to FY24, the Chrome Ore production increased from 5,21,000-6,70,000. That is increase of almost 1,50,000, while the production of Ferro Chrome increased only 5,000?
- Prem Khandelwal:** Yes, but that is not the comparison, because we are holding inventory, but consumption is almost same. It is around 2.4 tons per ton of Ferro Chrome.
- Moderator:** Thank you. The next question is from the line of Saket Kapoor from Kapoor Company. Please go ahead.
- Saket Kapoor:** We have spent around Rs. 41 crores for the first half for the purchase of property, plant and equipment. So, how much of this is to be our new furnace project and when are we going to start spending in a major way, CAPEX for the new project?
- Suresh Babu:** We have started our boundary work from the last month and the boundary work will be completed by the end of this December. So, we are expecting to start the furnace by 2026 July.
- Saket Kapoor:** And we have placed the order for the equipments?
- Suresh Babu:** Yes, major packages we have ordered, like power plant and other electrode systems of the furnace and packages we have already made LOA and some of them were ordered.
- Saket Kapoor:** And when will we draw money? When will we paying them for that? In which quarter we will be drawing cash for the same?
- Suresh Babu:** The payment will begin from the Q2 beginning of the next year, some of them in the Q1 and major will be coming Q2 of the 2025.
- Saket Kapoor:** And how much have been entrusted with? What will be spending on this in terms of the plant equipment?



Suresh Babu: Plant equipment for furnace packages, it will be around Rs. 181 crores and power plant is around Rs. 95 crores and other we have paid till date around Rs. 63 crores.

Saket Kapoor: And sir, what is our cash balance, if you could give me in terms of our investment in liquid funds and what is the cash on books?

Prem Khandelwal: Total cash and bank balance as on date is Rs. 869 crores.

Saket Kapoor: And our working capital requirement is?

Prem Khandelwal: Working capital is Rs. 240 crores.

Saket Kapoor: So, -600 is net cash where we are here?

Prem Khandelwal: Yes.

Moderator: Thank you. The next question is from the line of Sid Mehta from HNI. Please go ahead.

Sid Mehta: My question relates to our expansion going into ethanol production. I am just curious, not a criticism or anything that about what is the reason that while we are making Chrome Ore, we decided to get into a different field altogether and right now from my understanding the sales on that would be around Rs. 300 crores, which is a fairly small amount for us as a company. So, doing some different business, getting into a whole different area, but getting a small amount of revenue, so I am just curious what was the reason, I am not criticizing or anything, I am just curious about this and will this 300 one day become Rs. 3,000 crores also or it will remain Rs. 300-Rs. 400 crores like that?

Bijayananda Mohapatra: Actually, we have diverted this new project as a diversification and we have a land at Therubali. So, utilizing that one, this one and initially we are going for 120 KLD, afterwards we will go on increasing the capacity seeing the plant performance.

Sid Mehta: So, if we go for maximum capacity in the future given our land, roughly what would you expect the sales say in today's prices to be, in theoretically, what would be the maximum sale?

Bijayananda Mohapatra: Maximum 120 KLD means around Rs. 300 crores. So, add another 120 will increase to another Rs. 300 crores like that we will, phase wise will expand not at a time.

Sid Mehta: Total how much KLD you can put?



Prem Khandelwal: That would be difficult to say anything at the moment because it depends. We are just experimenting now with 120 KLD and very successful and if we get extra land there then we will expand further, but nothing concrete has been worked out.

Sid Mehta: So, in the future, we can go for 300-500 KLD like that?

Prem Khandelwal: Yes, because you see the Ferro Chrome production in that area, logistically there is a disadvantage around Rs. 6,000 per ton. So, it doesn't make any sense in expanding Ferro Chrome in that area. So, we have enough infrastructures available there, lot of land is available, railway siding is available and that is a full agriculture belt. So, maize, rice, everything is available in plenty there. So, that was the reason for expanding in ethanol and we are seeing lucrative business and if it is successful then we will expand further.

Sid Mehta: So, it is likely to be successful because are there any other people doing the same business, they are taking ethanol out of maize in that area and selling?

Prem Khandelwal: No, that area, I think nobody else is there. So, that is why we have started. We have pioneered there.

Sid Mehta: Let us hope it all works out, I am glad that some new initiative is there and by God's grace, let us say one day it can go from 120 to maybe 1,200 also.

Prem Khandelwal: Let us hope so.

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

Kaushal Kedia: Sir, I want to ask you in one of the annual reports, you mentioned that you have proven capacity in the reserves are 21 million tons and in some earlier interview, I think someone had mentioned that it can increase also, you have not done proper survey of the area. I want to know what is the kind of reserve that you have in the mines?

Sandeep Narade: Can you please repeat the question?

Kaushal Kedia: What are the mining reserves that we have, proven reserves?

Sandeep Narade: Number as of now, I am not having with me right now, but yes, we are having enough reserves for our lease period from both the mines.

Kaushal Kedia: So, we are comfortable for the next 20-25 years?

Sandeep Narade: Yes.



- Kaushal Kedia:** So, it is upwards of I am assuming 21 million tons?
- Sandeep Narade:** Yes, roughly.
- Kaushal Kedia:** Sir, and can you just repeat what was the EBITDA cost per ton?
- Prem Khandelwal:** EBITDA cost per ton is around 77,500.
- Kaushal Kedia:** Sir, and the new furnace that we are setting up, where will we get the power from?
- Bijayananda Mohapatra:** Actually, we are setting up the power plant in the Kalinganagar and whatever our thermal capacity is now, it is now catering there. So, for future we are getting tie up with the renewable energy, it is a hybrid solar plus wind. So, with that grid power we will go for that furnace.
- Kaushal Kedia:** No, which CAPEX that we are doing, it includes setting up of how many megawatts of power plant?
- Bijayananda Mohapatra:** No, we are starting up a small power plant, utilizing the furnace gas. It will be around 9 megawatts. That is beneficial to just using the heat from the flue gas. That is now real thermal power plant.
- Kaushal Kedia:** So, the balance will be dependent on the grid only?
- Bijayananda Mohapatra:** Not in grid. We are getting tie up with the captive hybrid power plant.
- Kaushal Kedia:** What does that mean, captive hybrid power plant?
- Bijayananda Mohapatra:** That means somebody setting up a solar plus wind energy, we have to set as a stakeholder.
- Kaushal Kedia:** So, we will be investing in that as equity shareholder?
- Bijayananda Mohapatra:** Yes.



- Kaushal Kedia:** So, a third party setting it up and we will be investing in that?
- Bijayananda Mohapatra:** Yes.
- Kaushal Kedia:** And how much is that investment, Rs. 95 crores?
- Prem Khandelwal:** Rs. 120 crores.
- Kaushal Kedia:** So, that is including in this CAPEX or you included in this CAPEX or that is a separate investment?
- Prem Khandelwal:** No, that would be separate CAPEX. It is not included in the furnace.
- Kaushal Kedia:** And sir, to set up 1,00,000 tons of furnace, what is the cost? Is it Rs. 500 crores or Rs. 1,000? I am confused because when I like last?
- Prem Khandelwal:** No, it is around Rs. 650 crores, Kaushal. Furnace is Rs. 650 crores and for mining it is around Rs. 1,000 crores.
- Kaushal Kedia:** And this mining is to go to 1.2 million tons?
- Prem Khandelwal:** Yes, 1.2 million tons.
- Moderator:** Thank you. The next question is from the line of Joe Shah from Seven Seas. Please go ahead.
- Joe Shah:** Regarding power investment mentioned of about Rs. 85 crores in Kalinganagar, that is for processing power from the gas, right?
- Binoy Agarwalla:** That Kalinganagar power plant is around 9 megawatts. That power generation will be done from the furnace off gas.
- Joe Shah:** So, we will be producing 9 megawatts of power from this furnace gas?
- Binoy Agarwalla:** Yes.
- Joe Shah:** Now, one more thing, Prem, this Sukinda underground mining, which we are going to start when we are starting with the project underground because it is very challenging project, underground mining and what is the timeline and how much investment should be needed?

- Sandeep Narade:** Yes, the timeline is next 5-6 years to start the improved production and investment will be about Rs. 1,000 crores.
- Joe Shah:** And when we will be starting this underground project?
- Sandeep Narade:** We have already started some work.
- Moderator:** Thank you. The next question is from the line of Akhilesh B, who is an Individual Investor. Please go ahead.
- Akhilesh B:** Sir, I have two questions. So, one is on the Supreme Court verdict which came few months back that State Government can also get the royalty have you had any discussion with your state government in Orissa? Is there any idea you are getting about how it will proceed going ahead?
- Prem Khandelwal:** No, that Act has been struck down in Orissa High Court and the State Government has gone to Supreme Court against that. So, that is pending since so many years now. So, unless the act is reenacted, nothing is payable as of now.
- Akhilesh B:** So, do we have no contingent liability on other?
- Prem Khandelwal:** No, there is no demand, there is no contingent liability. So, that is how we are not showing anything in our books and even Tata Steel also which had quantified earlier this quarter, they have also withdrawn that note because there is no demand, there is no act as on date.
- Akhilesh B:** So, as on date, royalty is still decided by the center?
- Prem Khandelwal:** Yes, IBM, not center, IBM.
- Sandeep Narade:** Royalty will be the 15% and IBM declares the price on which we pay royalty.
- Akhilesh B:** And that is status quo, nothing has changed since this process?
- Prem Khandelwal:** Yes, nothing has changed.
- Akhilesh B:** And unlike Tata Steel, we didn't even have any contingent liability or demand in the past, so?
- Prem Khandelwal:** That was when Tata Steel had any demand, I don't know how they have shown it because the act was struck down. So, obviously, there is no demand.
- Akhilesh B:** That worried lot of investors?
- Prem Khandelwal:** So, now they have modified the note. This quarter result, they have now modified note.

- Akhilesh B:** And sir, second question is, can you refresh us on this ethanol project? What is our total CAPEX? When is the payback period, our expected EBITDA once it transfers refreshes only?
- Saunak Gupta:** So, on the ethanol project, our CAPEX is approximately Rs. 140 crores and we expect to get this around in 6 years' time (the payback period).
- Akhilesh B:** And what can be the projected EBITDA at full utilization?
- Saunak Gupta:** In full utilization, we expect it should be somewhere around 14%-15% EBITDA.
- Moderator:** Thank you. The next question is from the line of Pavan Kaware from NMV Securities. Please go ahead.
- Pavan Kaware:** Sir, my question is on CAPEX. In quarter 4 of FY24, you had given a CAPEX number of Rs. 1,500 crore, is there any improvement in that number?
- Prem Khandelwal:** Improvement, you meant reduction?
- Pavan Kaware:** Obviously, you have said 2000 today?
- Prem Khandelwal:** No, 2000 is because there are several CAPEX items are there like we have furnace capacity, then mining, then ethanol, then RE power, all put together is around Rs. 2,000 crores.
- Pavan Kaware:** If you can give me a break up of this Rs. 2,000 crores?
- Prem Khandelwal:** Estimated around Rs. 650 crores furnace, Rs. 1,000 crore for mining, Rs. 140 as Mr. Saunak said, Rs. 140 for ethanol and roughly Rs. 100-Rs. 120 crore for RE power.
- Pavan Kaware:** So, what is the expected CAPEX for this and the next 2 years?
- Saunak Gupta:** So, this year, we expect to be around, if I go by the order release, will be around Rs. 600 crores CAPEX. Next 2 years, we are in the finalization stage. So, we will be actually framing it out.
- Pavan Kaware:** So, out of this Rs. 600 crores for this year, what was the executed CAPEX till now in half year?
- Saunak Gupta:** As of now, what Suresh mentioned especially the Kalinganagar project we have around if I say executed is around Rs. 60 crores, and a portion which the ethanol has started. So, there we have some and the rest of them would be the routine CAPEX which we have spent around Rs. 50 odd crores. That is the thing as of now. So, what we mentioned this basically is on the basis of order released. So, the overall order released is in that tune, annually Rs. 600. But as of now we have released in the tune of about Rs. 300-350 crores.
- Pavan Kaware:** So, out of this 600, if it includes maintenance CAPEX?



- Saunak Gupta:** Yes, routine CAPEX is included.
- Pavan Kaware:** What is your routine CAPEX sir?
- Saunak Gupta:** It is around Rs. 70-Rs. 80 crores.
- Pavan Kaware:** Rs. 70-Rs. 80 yearly?
- Saunak Gupta:** Yes.
- Moderator:** Thank you. The next question is from the line of Mohit Madhiwalla from Envision Capital. Please go ahead.
- Mohit Madhiwalla:** Sir, I just wanted to understand that has there been any reclassification of costs in the cost of material consumed line item?
- Prem Khandelwal:** Yes, from this quarter onwards, we are showing power and fuel separately. So, if you see our results, there is a line item of power and fuel expenses of Rs. 101 crores.
- Mohit Madhiwalla:** So, this was earlier being?
- Prem Khandelwal:** This was earlier clubbed under the raw material consumptions, but the auditors have advised that no, this is not part of raw material, this is a separate line item. So, we have segregated this and that is why the two items are appearing now.
- Mohit Madhiwalla:** And I just wanted to confirm a few things in terms of the capacities that we have and all of that. So, on our Ferro Chrome production capacity, we are currently at 2,84,000 tons, right?
- Prem Khandelwal:** Yes.
- Mohit Madhiwalla:** And what would be the utilization for this quarter?
- Prem Khandelwal:** I didn't get utilization for this quarter means we are running at full capacity now. So, on average, we are producing around 65,000 tons every quarter.
- Mohit Madhiwalla:** And I also wanted to check on the ethanol plant just in terms of when the revenues are expected, just a little bit on that as well?
- Prem Khandelwal:** We are expecting it to be operational by end of December 25, so last quarter of FY26, we should be seeing that.
- Mohit Madhiwalla:** Sorry, last quarter of FY26?



Prem Khandelwal: December FY25, we are expecting it to be operational. So, January to March quarter 26, we should be seeing the revenue out of that.

Moderator: Thank you. The next question is from the line of Joe Shah from Seven Seas. Please go ahead, sir.

Joe Shah: Prem, this is a rather futuristic statement or suggestion. Now, there is a lot of interest and discussion about the ethanol. Now, there is a very interesting program which is called sustainable aviation fuel, SAF, which is produced using ethanol as a feedstock to process like alcohol-to-jet ATJ. Now, India is seeking expertise from US, Europe about this SAF blend and SAF blend is getting mandated for aviation, so this is the confusion this SAF production in future, we are establishing the ethanol, this ethanol we built mainly for the vehicles on the roads. Now, this is for the aviation fuel and India is supposed to become global hub of this SAF because of our location, so this is number one? Number two is, this is an interesting point, now CBAM is a carbon border adjustment mechanism tax. It is coming into effect in Europe in 2026 because now, everyone is becoming aware of carbon tax and carbon emission and they want to control it. So, Europe is going to levy tax only for the carbon emission and that will make freight very expensive. So, freight of chrome ore from South Africa to China will become more expensive. And China, US, Japan, Korea, they are also considering this kind of carbon tax. So, that will put us in benefit in a way because already, as our power generation is concerned, we are using renewable energy, and our underground mining is also producing less of pollution. So, these are our benefit. So, maybe time will come when the import a good kind of import from us more beneficial than doing all the processing and getting from other places. This is another. CBAM is a very interesting point which we should keep in mind.

Prem Khandelwal: Thank you.

Moderator: Thank you. The next question is from the line of Pavan Kaware from NMV Securities. Please go ahead.

Pavan Kaware: Sir, my question was on our CAPEX plans on our mining and Chrome capacity expansion. So, what is the expected time when we can see the full capacity expansion in mining and coal production both?

Prem Khandelwal: Mining will be in stages. Sandeep, could you give the dates?

Sandeep Narade: So, we are expanding this Sukinda mine for the production capacity in the first phase, 6 lakh tons per annum. Right now, we are producing 3 lakh tons. So, from that we will move to 6 lakh tons. So, that will come in FY31.

Pavan Kaware: This is about the mining and what about this 1.2 lakh tons in expansions?



Prem Khandelwal: That is the mining, Sandeep is talking about Pavan, 1.2 million tons, ultimately we will reach 1.2 million tons. From both the mines, together it will be 1.2 million tons.

Pavan Kaware: And basically expected in FY31?

Prem Khandelwal: Yes.

Pavan Kaware: And what about the Ferro Chrome capacity increasing by 1 lakh ton?

Prem Khandelwal: That will come in 2nd Quarter of FY26.

Pavan Kaware: So, it will be counted in financial year 27?

Prem Khandelwal: Yes.

Pavan Kaware: So, our current capacity of mining is 6.51 lakh, so will it be possible to produce this much tons of Ferro Chrome because for this 3.84 lakh, we will be requiring nearly 8.8 lakh?

Bijayananda Mohapatra: Just a minute. These are our production. Our capacity is now 9 lakh only, Mahagiri underground is 6 lakh and Sukinda opencast 3 lakh. So, as on date, our capacity is 9 lakh.

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

Abhishek Sawant: Thank you. Our Q2 performance has been solid, driven by consistent growth, higher revenue and improved margin. Thanks to our fully integrated model and debt free balance sheet. While the global stainless steel demand is under pressure due to economic slowdown, China's recent economic indicators show promise with their October PMI marking the first growth in 6 months, along with stability in the real estate prices. This is encouraging for the Ferro Chrome market, especially as many global regions face uncertainties. Rising power costs in South Africa may also drive China to seek alternative Ferro Chrome sources potentially benefiting our industry. As we move forward, we are focused on our expansion plans, which are progressing consequently. Thank you all for joining and we look forward to continuing positive momentum. On behalf of the Board of Directors and management, we thank you all for your participation in this conference. Have a good day ahead.

Moderator: Thank you very much, everyone. On behalf of Indian Metals & Ferro Alloys Limited and Veritas Reputation, that concludes this conference call. Thank you all for joining us and you may now disconnect your lines. Thank you.