



10th November, 2023

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

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

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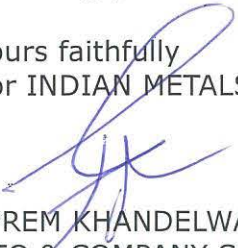
Dear Sir / Madam,

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 3rd November, 2023 on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and half year ended 30th September, 2023 is attached herewith.

You are requested to take the same on record.

Thanking you

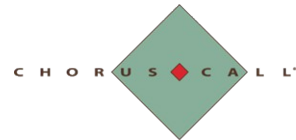
Yours faithfully
For INDIAN METALS & FERRO ALLOYS LTD


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

Encl : As above.



**“Indian Metals & Ferro Alloys
Limited Q2 FY '24 Earnings
Conference Call” November 03, 2023**



**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, FERRO ALLOYS
BUSINESS UNIT – INDIAN METALS & FERRO ALLOYS
LIMITED**

**MR. BINOY AGARWALLA – HEAD, POWER BUSINESS UNIT
– INDIAN METALS & FERRO ALLOYS LIMITED**

**MR. SANDEEP B. NARADE – HEAD, MINING BUSINESS UNIT
– INDIAN METALS & FERRO ALLOYS LIMITED**

**MODERATOR: MR. ARYAN RANA – VERITAS REPUTATION PR PRIVATE
LIMITED**



Moderator:

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

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

Aryan Rana:

Thanks, Chetna. Good evening to all of you. We extend our warm welcome and gratitude to all of you for joining us today on this Earnings Conference Call for Indian Metals and Ferro Alloys Limited.

I am Aryan Rana, your host for this session, and I am delighted to guide you through the various developments we have in store as we delve into the financial results for the quarter, concluding on September 30, 2023. It brings us great pleasure to share that IMFAs' market valuation has surged by nearly 50% in the last half of the year. For the discussed earnings quarter, IMFA successfully crossed the INR2,000 crores market capitalization milestone, presently standing at approximately INR2,370 crores.

This milestone reaffirms IMFAs' prominent standing as India's leading fully integrated manufacturer of superior ferrochrome in the metals and mining industry. Alongside ferrochrome production and sales, the company also offers fly ash bricks and low density aggregates. Our reach extends to key global markets, including Korea, China, Japan, and Taiwan, fortified by robust relationships with our core clientele.

IMFA, established in 1961, is headquartered in Bhubaneswar, India. We have already shared the detailed financial results on our company website and the stock exchanges, and also mailed it to you and shared with you on WhatsApp messages. However, a note of caution, our discussions may contain forward-looking statements that are contingent upon both known and unknown risks, uncertainties, and various factors.

To provide you with a comprehensive overview of Q2 financial performance and to address any queries you may have, we are honoured to have esteemed members of our management team present today. Mr. Prem Khandelwal, our CFO and Company Secretary, Mr. Bijayananda Mohapatra, our Chief Operating Officer, Mr. Deepak Mohanty, heading the Ferro Alloys Business Unit, Mr. Binoy Agarwalla, heading the Power Business Unit, and Mr. Sandeep B Narade, in charge of the Mining Business Unit.

Our agenda for today begins with a concise summary of the financial performance for the quarter ended September 30, 2023, and subsequently we will open the floor for Q&A session, offering you the opportunity to engage directly with our management team.

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

Prem Khandelwal: Thank you, Aryan. Good evening, ladies and gentlemen, and I welcome all of you to the second quarter FY24 Earnings Concall. The results for the second quarter has been much better in comparison to second quarter of last year, with the PAT surging from INR18 crores to almost INR90 crores, and EBITDA going up from INR79 crores to INR162 crores. Mainly on account of the lower cost, the cost of production has gone down from INR82,115 per ton to INR72,861 per ton. However, the price realization has also gone down, but not so much, from INR1,15,000 to almost INR1,10,000.

For the half year also, the results are much better. The profit after tax has gone up to INR200 crores compared to INR151 crores. The production and sales numbers, production has gone up from 61,000 to 67,000 tons. Power generation has gone up from 275 million units to 296 million units, and chrome ore production has gone up from 79,000 tons to 1,34,000 tons. The price realization I have already mentioned, it has gone down from INR1,15,000 to INR1,10,000. And cost of production has gone down from INR82,000 to INR73,000. With this, we can start the Q&A session. Thank you.

Moderator: Thank you very much. We will now begin with the question-and-answer session. We take the first question from the line of Mr. Aditya Rathi from Aequitas Investments. Please go ahead, sir.

Aditya Rathi: Thank you for considering the question, sir. Sir, I wanted just a little clarification on what are we expecting in terms of cost per ton in next quarter and reasons pertaining to it.

Prem Khandelwal: Aditya, cost for the next quarter may be more or less the same. Although there will be some reduction on coke cost, but there will be some increase on power cost. So, I think for the next quarter also, cost is more or less likely to remain the same at these levels.

Aditya Rathi: Okay. And sir, what about the realization as compared to this quarter for next quarter?

Prem Khandelwal: That would be very difficult to give at this moment. We will come to know at the end of the quarter only because we are selling 60%-70% on long term, but another 30%-40% we are selling on a spot basis. So, the blended will come to know after the end of the quarter only.

Aditya Rathi: But just a wild guess or directional guidance towards where we see it going?

Prem Khandelwal: I think it should be more or less in line with the second quarter.

Aditya Rathi: In line with second quarter?

Prem Khandelwal: Yes.

Moderator: Thank you, sir. We take the next question from the line of Kaushal Kedia from Wallfort PMS, please go ahead, sir.

Kaushal Kedia: Sir, any update on the money that we are supposed to receive from JSPL?

Prem Khandelwal: Sorry, I didn't get you. Hello, you have some noise in the background.

Moderator: Hello, Mr. Kaushal. Sir, it looks like the line for the current question is disconnected. We move on to the next question from the line of Aashav Patel from Molecule Ventures PMS. Please go ahead, sir.

Aashav Patel: Thank you for the opportunity. Very good evening, Premji and the entire team. Congratulations on the excellent set of numbers despite very soft demand, seamless steel demand at Chinese end. So, sir, my question is that our anticipated cost of production for the result which you have posted, which is Q2, was around 78,000 per ton, right, per ton. But you have mentioned in the opening remark that it is 72,000 per ton. So, I just wanted clarity on those lines.

Prem Khandelwal: No, 72,000 is the cost of production, Aashav.

Aashav Patel: For this 72,000, it is for Q2, right?

Prem Khandelwal: Q2, yes

Aashav Patel: Okay.

Prem Khandelwal: Per INR 72861 per ton –is the cost of production. And what you are mentioning is the cost of goods sold, which is around INR 76,000 and EBITDA Cost is around INR 78000.

Aashav Patel: Okay. And what would be the realization for Q2?

Prem Khandelwal: Q2 realisation is 1,10,000.

Aashav Patel: Okay, 1,10,000.

Prem Khandelwal: Yes.

Aashav Patel: You are also considering the other income part of it in this realization?

Prem Khandelwal: No, no. This is the prime realisation I am talking about.

Aashav Patel: Okay.

Prem Khandelwal: Other income is separate.

Aashav Patel: Okay. And we expect around 2,000 to 3,000 per ton of reduction in the COP for Q3, right?

Prem Khandelwal: That is on the Coke front. But there might be some marginal increase on the power front.

Aashav Patel: Okay. Got it. And sir, next question is that we have – day before yesterday only we announced that our WOS, which is Utkal C, would get amalgamated in the parent entity. So, I just wanted to understand that transaction because historically that was only 80% owned by the parent entity and remaining 20% was not with parent entity.

So, when we received this INR 400 Crores, assume INR400 plus crores amount, whatever it comes out to be. So, what exactly does the parent entity get? Do they get the entire 100% of it or they will get the 80% of it?

Prem Khandelwal: No, no. You see, first this money will have to be paid to IMFA because they have extended the loan to UCL. So, the amount will be first repaid to IMFA for some interest. And if anything, else is left, then that will be distributed among shareholders. Okay.

Aashav Patel: Is there equal proportion of ownership?

Prem Khandelwal: Sorry?

Aashav Patel: Is there equal proportion of ownership? Is there proportion of ownership?

Prem Khandelwal: Yes, yes, yes.

Aashav Patel: Got it. Okay, sir. That's all from my side. Thank you.

Moderator: Thank you. We take the next question from the line of Mr. Saket Kapoor from Kapoor and Company. Please go ahead, sir.

Saket Kapoor: Yes. Namaskar, sir. And thank you for the opportunity.

Prem Khandelwal: Namaskar, Saket.

Saket Kapoor: Sir, you mentioned about lower metallurgical coke prices. As earlier also, in the earlier call also it was mentioned that it is booked and the benefit has a lag after two quarters. So, up to quarter, I think the quarter four that you told that the lower price benefits would prevail. What are the current price trends for the metallurgical coke, sir?

Prem Khandelwal: It has gone up after that. Whatever tonnage we have booked after that, the last tonnage what we have booked is at \$340. As compared to \$316, the lowest whatever we have booked.

Saket Kapoor: So, this \$316 is in transit and this will be consumed sometimes in the fourth quarter.

Prem Khandelwal: Yes, third and fourth quarter.

Saket Kapoor: Third and fourth quarter. And for the first quarter?

Prem Khandelwal: Deepak, are you able to speak now?

Deepak Mohanty: Yes. It will be mostly consumed in the last fourth quarter.

Saket Kapoor: Okay. And for Q1 next financial year, we have booked it for \$340.

Deepak Mohanty: \$345 around Yes.

Saket Kapoor: Sir, for the thermal coal, I think so last quarter also you mentioned that the variable cost will go up because of in this quarter, I mean quarter two because of some maintenance, plant maintenance and all. I think, what have been the per unit cost, sir for us?

Prem Khandelwal: The variable cost per unit for second quarter was INR4.

Saket Kapoor: Okay.

Prem Khandelwal: As compared to...

Binoy Agarwalla: That cost will be booked now in quarter three. We have already taken the shutdown, but cost will come in Q3.

Saket Kapoor: Okay. I can take. So, that INR4 was the cost for Q2 and it will go up to INR4.50 for Q3.

Binoy Agarwalla: Not INR4.50, around INR4.15

Saket Kapoor: Is it feasible to split the cost of INR72,861 between contribution from metallurgical coke and thermal coal or power for INR110 crores?

Prem Khandelwal: Saket, those details I don't think it's appropriate to give those details here in the call.

Saket Kapoor: No issue, sir. I will take it separately. But coming to my point about the green field project, sir. What is the -- any other further current update? Are there things in this process, in the pipeline?

Prem Khandelwal: I would request Bijayananda to answer that.

Bijayananda Mohapatra: This renewable power, round-the-clock power is a hybrid power of solar and wind. We have signed up the term sheet with the party and we will go for power purchase agreement and shareholding this month. And the generation will be in between March, April '25 to June '25. They will start giving power to us and the capacity is 50 MW with availability factor of 80%.

Prem Khandelwal: I think he is asking about the Kalinga Nagar project.

Saket Kapoor: Yes. That was I – anyway, sir but when you are dwelling with that 30 MW that will be for the existing facilities of IMFA?

Prem Khandelwal: No, this is for Kalinga Nagar we are talking about.

Saket Kapoor: Okay. The green power energy agreement is also for Kalinga Nagar?

Prem Khandelwal: Yes.

Bijayananda Mohapatra: Not only for Kalinga Nagar, it is for Kalinga Nagar as well as for Therubali. We will push some of our captive power from here also.

Bijayananda Mohapatra: From Choudwar thermal power plant.

Saket Kapoor: Okay. Sir, if we take our earlier conversation for the quarter one, we were looking for more or less similar numbers for the entire year. But with quarter two performance and I think what our MD also commented in an interview just an hour earlier, we are looking for, as of now, similar set of performance even for H2. So, we are confident now that H1 and H2 may be on similar lines. Earlier we were looking for?

Prem Khandelwal: No, Saket, we can't comment on these numbers. This is just a guess. You have to estimate the numbers. We can't comment on that.

Saket Kapoor: Correct, sir. Sir, can you explain me the reason for expected credit loss of INR21 crores that we have booked in the cash flow, sir? The reason why and last year also there was this credit loss was there?

Prem Khandelwal: No, I need to check that one. I don't have the numbers readily available with me.

Saket Kapoor: Okay. One more question from cash flow part. On the income tax paid, we paid around INR53 crores for the first half. So, this INR53 crores is the only income for this financial year or the previous year tax item is also there. If you look into my questions, I can get them answered later on also. But if you have handy, please?

Prem Khandelwal: No, I don't have the numbers handy with me. Need to check.

Moderator: Thank you. The next question is from the line of Ashish Kejriwal from Nuvama Wealth Management. Please go ahead, sir.

Ashish Kejriwal: Yes. Thanks for the opportunity. Good evening, everyone. Sir, my question is on this Utkal C mine. What is the status on that? Because what we understand is that the other party has already gone ahead and they are removing the overburden and coal is going to come by December also. So, because we have not been paid yet. So, what is the status over there and what actions we can take in order to receive that money?

Prem Khandelwal: See, these two things are separate, Ashish. Getting money and operating mines are totally different. The vesting order has been issued, so they are the owner of the mines now. And as far as money is concerned, that is a separate transaction which is being dealt with by nominated authority. Okay, so they have to pay to nominated authority. They in turn will pay to us. So, there is no link between the operation of the mine and payment of compensation.

Ashish Kejriwal: So, where is the status now? Because last time we thought that it should be within a week?

Prem Khandelwal: Yes, status remains the same. We are still waiting for final order of nominated authority. The meeting held on 13th of October. They said within seven to 10 days they are going to issue final orders but still they have not issued the same. And we are waiting for final order.

Ashish Kejriwal: Okay. So, we can't do anything. We just have to wait for final order?

Prem Khandelwal: Unfortunately, that is the provision in the law. So, we have to wait for the final order. After that only any action can be taken.

Ashish Kejriwal: Sure, sure. And secondly, when you are giving the numbers of cost of goods sold as well as realization. But when we calculate our realization from the P&L, the revenue in a volume number which you gave, it seems that ferroalloy realization is something like INR 1,01,000. Whereas, you said INR 1,10,000.

Prem Khandelwal: That is the average realization you are talking about, Ashish. I gave you number of prime realizations. We have a sub-standard sale also.

Ashish Kejriwal: Okay.

Prem Khandelwal: So, whatever number you are giving is average realization for prime and sub-standard.

Ashish Kejriwal: Okay, okay. So, is there any change in the product mix in this quarter as compared to last quarter?

Prem Khandelwal: No, there is no change in the product mix. But whatever price you get in the market, that is for prime. So, if you have to compare apple to apple, then you need to compare with the prime realization only.

Ashish Kejriwal: Okay. So, you mean to say that 110 is the prime one and obviously sub-standard could be much lower. So, is it possible to give the mix between your prime and sub-standard?

Prem Khandelwal: It varies quite a lot every quarter. It depends on what kind of chrome content is there. Deepak, could you elaborate on that?

Deepak Mohanty: No, no. Normally, when you produce ferrochrome, you get prime and sub-standard, which is substantially different than the prime product, which goes at a very low price because you cannot keep everything inside the plant and you have to sell it out. So, for that reason, and there is a limited market and all, so depending upon the situation and all, we sell those things. So, if you add that, normally it's around 6% to 7% of the total product, that kind of market.

Ashish Kejriwal: Okay. So, you mean to say when we are selling 67,000, around 6% to 7% is sub-standard and rest is prime?

Deepak Mohanty: Sometimes. It depends. Sometimes we don't sell, sometimes we sell it based on the requirement of people, those who use that and all, so it depends.

Ashish Kejriwal: Okay. And in terms of cost also, when we say 73,000, is it somewhat different from what we get? Because ultimately, we are getting the EBITDA per ton, which is around INR22,000 per ton, but the number which has been shared, that seems EBITDA per ton should be much higher?

Prem Khandelwal: No, cost is derived by the Prime production only.

Ashish Kejriwal: Right. So, when you are talking about INR73,000 per ton, that is cost of the Prime?

Prem Khandelwal: Yes.

Ashish Kejriwal: And sub-standard, obviously, that is subservient in that. We don't have extra cost in that.

Prem Khandelwal: Yes.

Ashish Kejriwal: Okay. I'll just look into the math and maybe I'll get back to you soon.

Prem Khandelwal: Okay. Right. Thank you.

Ashish Kejriwal: And sir, lastly on Greenfield project. Have we ordered our long gestation period machineries, that one lakh ton?

Bijayananda Mohapatra : Yes. We have gone for mainly the furnace transformer which we have already ordered and expected to reach our site by December '24. The other things required for operation are under process for finalization of orders, which will be majorly done by November and December of this year.

Ashish Kejriwal: Sir, when we are expecting our first commercial production to start from the new one?

Bijayananda Mohapatra: As on date, we are expecting in the month of May, June of 2025. Commissioning.

Ashish Kejriwal: Okay, sir. Thank you. And lastly, if you can share your net cash position at the end of second quarter, that will be helpful?

Prem Khandelwal: Net cash position in the second quarter is around INR449 crores.

Ashish Kejriwal: This is cash?

Prem Khandelwal: Yes.

Ashish Kejriwal: And what about gross debt which includes working capital?

Prem Khandelwal: Working capital loan is around INR350 crores.

Ashish Kejriwal: INR350 crores. Okay. And I think we don't have any long-term debt?

Prem Khandelwal: No. We don't have any long-term debt.

Ashish Kejriwal: Sure. So, roughly net cash is our INR100 crores?

Prem Khandelwal: Yes.

Ashish Kejriwal: Okay. Thank you, sir. Thank you so much and all the best.

Moderator: Thank you. We take the next question from the line of Joe Shah from 7Seas. Please go ahead, sir.

Joe Shah: Prem, you mentioned that we are waiting for the final order of nominated authorities regarding Utkal C compensation. Now, is it that the JSPL has to accept this final order or again they can go for litigation, they can take us to court and waste our time and everybody's time? And is there

any -- suppose they go to court, then again we should be entitled to some compensation for delayed payment of the compensation.

So, INR 416 crores. Suppose they delayed by one year, we should have INR50 crores, 12% per annum. We should have some compensation. So, what is your idea about this? Because we are worried about the delay actually.

Prem Khandelwal: It is very difficult to comment on that, Joe bhai, because I don't know what they are going to do. After getting the final order, we'll come to know what are their action plans. So, we can't comment on that.

Joe Shah: Okay. Let us wait for this final order. Thank you. And Deepak, one question for you. We are all worried about the China, very slow market in China. Do you think that in six months' time, say from April 2024, April-May 2024, there should be improvement in Chinese market? You are experts in this subject. So, please let us know your views.

Deepak Mohanty: I think nobody can predict from now, what will be in the first quarter of next year. But, however, they need to stabilise. There is a certain kind of crisis mainly based from the real estate side. So, things need to settle and there are many other factors which can change the scenario immediately. So, that's why. But we should always hope that things should come to proper perspective and things should move on well. So, infrastructure will develop and more depend on our Indian development also.

Joe Shah: Right. Okay. Thank you.

Deepak Mohanty: Okay.

Moderator: Thank you, sir. The next question is from the line of Aditya Rathi from Aequitas Investments. Please go ahead, sir.

Aditya Rathi: Sir, continuing on the Utkal 'C' allotment. As far as I remember, last time we spoke and you said that until and unless they pay us the money, they can't start operating in the mining. And I just read in the JSPL report that they'll probably start it by November of this year. So, do we expect to receive the money around it before it? What do we expect? What is our outlook towards it?

Prem Khandelwal: As I said, we are waiting for the final order of nominated authority. It all depends on that.

Aditya Rathi: And that means that they can still start it without paying us?

Prem Khandelwal: Yes, they can. As per the law, they can start the operations. Because the mines has been vested to them now.

Aditya Rathi: Okay. And, sir, when will the order come?

Prem Khandelwal: That, we are also waiting for last 15 days. So, it's a government machinery. Very difficult to predict any timeline for that.

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

Rakesh Roy: Hi, sir. Sir, my first question regarding China, sir. So, China recently, sir, announced a 1 trillion, sir, steel usage for 2024. Any comment on this one?

Deepak Mohanty: Actually, it's not very clear. Can you repeat the question?

Rakesh Roy: Yes, sir, China government recently announced nearby 1 trillion RMB for infrastructure. So, in that case, sir, in China, steel demand will improve? Your view, sir?

Deepak Mohanty: Yes. It really has. Because, you must be aware, two major infrastructure developers, Evergrande and Country Garden, they were struggling with heavy debt. And that has put them back and real estate is not. And infrastructure in that real estate, lot of steel usage stimulus. So, if that comes to proper thing, I think it will go up.

Rakesh Roy: Okay. So, in that case, our realization also improved for CY '24?

Deepak Mohanty: Pardon?

Rakesh Roy: Sir, if steel demand will improve in China, in that case, in our realization, our realization also increased, sir? Can we assume?

Deepak Mohanty: No. We have already, Mr. Khandelwal has informed that we sell in 30% to 35% maximum in the spot basis. So, in those, it will naturally, if the prices go up, our realization will go up. But other measure, we work on quarterly or long-term pricing kind of thing. So, for this quarter, there should not be much change. But it depends on how that 30%- 40%, what counts.

Rakesh Roy: I'm just saying for FY '25, sir. For FY '25 onwards, sir?

Deepak Mohanty: Nobody can tell how, what will be. You don't know. Now, this Israel conflict is going on. That can affect many things. Even the World Bank prediction is barrel rate can go up to \$150. So, if, who knows how it will pan out, how it will be. There are many, that's why I told in the previous, there are many factors which can affect. If something happens in South Africa, things will change in the top of a hat only immediately. So, there are many issues, but we should be forward looking and positive.

Moderator: Thank you. We take the next question from the line of Mr. Saket Kapoor from Kapoor and Company. Please go ahead, sir.

Saket Kapoor: Yes, sir. Sir, for 65% of our sales is long-term. So, how have the benchmarks cents is trending for this quarter and versus last quarter?

Management: So, benchmark has gone up by \$0.02. So, basically it was \$1.51. Now, it has become \$1.53. But with the discount, the actual operation is happening. So, there is a slight minor increase in the benchmark related prices.

Saket Kapoor: Sir, I missed your discount part. Can you repeat your statement once again?

Deepak Mohanty: No. I showed \$1.51 per pound of chromium was the declared benchmark price for Q2. And for Q3, it is \$1.53 per pound of chromium. So, basically, so, but normal actual transactions does not take place at that. With a discount to that, it operates. So, accordingly, but since the prices have gone up marginally, even our long-term prices also have gone marginally.

Saket Kapoor: Sir, what are the current spot prices for the month of October? How are the Ferrochrome prices trending?

Deepak Mohanty: No, actually, if you spot price, if you talk about China, which is the major price, it was around \$0.94. But October, but in November, it has gone down little bit, \$0.92, \$0.93. Domestically also, it has been at the moment around INR1.10 lakh. So, which has also gone down recently. But things can change anytime because these are not viable rates for any policy.

Saket Kapoor: But we are hovering in the range of INR1.10 lakh to that extent?

Deepak Mohanty: Yes, in the domestic market, that is what.

Saket Kapoor: And 35% of the sales are determined by these prices only?

Deepak Mohanty: Yes, domestic as well as spot in China and other places.

Saket Kapoor: Sir, when we heard Mr. Panda today in the conference, in a media interview, he did spoke about that Kalinganagar unit is designed closer to the hub of stainless steel. And we will be focusing more on the domestic demand since we are now, the type of the economy for the country is now moving up.

So, do we see a change in trend on the -- on our buyers going ahead as has been, that has not been the case earlier. We have already been an export-oriented unit dependent on export as the main selling. But the comments were different. So, what's the thought process on the new capacity that we are setting up and who will be the buyers? How are we plan to sell the expanded capacity?

Deepak Mohanty: Actually, you see, expanded capacity, we are looking for new horizon. We cannot -- we are not in the planning to increase our involvement at the present areas. Mostly we will see, but as the domestic demand is expected to go up, naturally we will cater more to domestic, if that is to the sale and mostly because the ferrochrome prices remain in line with the world trend.

So, I don't think we'll have to look for other geographies if there is a demand in the domestic market. It all depends on how the domestic market and how is the requirement based on that, naturally we have to cater.

Saket Kapoor: The short point was that is there any incremental demand from the existing customers or how is the commitment from your long-term contracts are? Do you have that off-take agreement revision two years down the line from where, like POSCO takes 7000 ton per month, so that

gets revised to 10k ton or any other figures? Anything on that timeline that we have or this is the quantity that is continued?

Deepak Mohanty: No, we have the opportunity because of our quality and timely delivery everywhere, wherever we are supplying, but we are looking for new geographies and spread in our marketing strategies.

Saket Kapoor: Okay, sir. I also congratulate the Board for the interim dividend part, that too on the higher side at INR7.50. Although, sir, paying dividend to investors and also promoters being the largest shareholder, the tax incidence part is significantly higher, since it is tax on recipients, but considering buyback would have been more tax efficient way of distributing cash to the investing community.

So, I would request to deliberate on buyback also as a medium to distribute cash, although we know that a large capex is in the anvil, but still, that would also give a very different message also in terms of the valuation at which our stock is trading? So, that was my understanding and my submission. And all the best.

Prem Khandelwal: Saket, we have dealt with this point several times and the management view is very clear that buyback is not a viable option at the moment for us.

Moderator: Thank you sir. We will take the next question from the line of Joe Shah from 7Seas. Please go ahead.

Joe Shah: Deepak, I understand that there is a power problem in South Africa which is making the Ferro Chrome production in South Africa difficult and expensive, but there is no disturbance of export of UG2 to China. So, unless and until there is a disturbance of Chrome Ore export to China, we cannot expect Chinese cost of production export process to go up and Ferro Chrome to be able to go up. So, what is your take on the UG2 export from South Africa to China?

Deepak Mohanty: No, no. That naturally I cannot comment directly, but you might have seen that there is an appreciation in South African currency Rand while there is a depreciation in Chinese currency. So, if South African appreciate, then naturally the UG2 prices will go up. But how it pans out and all, how stable it is, it all to be seen. Nobody can predict at the moment.

Joe Shah: Okay. Then one more question for you. I understand that Boundary Wall for Kalinga project, the construction of Boundary Wall will start around December '23. What is your target?

Deepak Mohanty: Bijayananda, would you answer that?

Bijayananda Mohapatra: Actually, we are supposed to start the Boundary Wall in the month of October, but in the October month it got delayed because of Pooja and some friction among the contractors. So, hopefully we are expecting that Boundary Wall mid of the November will start.

Moderator: Thank you. The next question is from the line of Ashish Kejriwal from Nuwama Wealth Management. Please go ahead, sir.

Ashish Kejriwal: Thanks for the opportunity. Sir, I was just trying to calculate the number, but I was unable to do that. So, please help me in that. You said INR110,000 is a prime product price and you said there was a cost about something like INR72,000 even cost of goods sold around INR76,000. So, which means you are saying around INR34,000 per ton is EBITDA, which we are generating on our prime product?

Prem Khandelwal: Ashish, let me stop you there. I said cost of goods sold. I didn't tell you the EBITDA cost. EBITDA cost is INR78,000.

Ashish Kejriwal: So, what is the difference between this EBITDA cost and this INR76,000?

Prem Khandelwal: There are impact of changes in inventory and there are unallocable expenses also there related to CHQ our head office. So, those costs will also get added there. So, EBITDA cost if calculate EBITDA, then EBITDA cost is INR78,000.

Ashish Kejriwal: Okay. So, let it be INR78,000 also. Then INR110,000 minus INR78,000 is your INR32,000 should be the EBITDA per ton for prime products.

Prem Khandelwal: No, no. You just said average is 1,01,000.

Ashish Kejriwal: No, no. You said average is a prime.

Prem Khandelwal: Prime realization is INR1,10,000. But our average relation is INR1,01,000 because we have sold some substandard material also.

Ashish Kejriwal: Understood, sir.

Prem Khandelwal: If you are dividing direct sales from tonnage, then you won't get this number.

Ashish Kejriwal: No, no. What I am trying to do is that we said that normally 6% is our substandard project. So, even if we assume 10% was there, then also I was trying to look at EBITDA calculation for our prime product. So, suppose INR67,000 out of that 10% is your substandard. So, roughly INR60,000 should be our prime. Then if I am trying to calculate that INR60,000 with your INR32,000 per ton, then also my number comes to be closer to INR200 crores, whereas we have reported INR150 crores. I am not calculating any substandard project profitability also if it happens. So, I am just trying to get that maths in right order. Or I can ask you offline.

Prem Khandelwal: There are lot of other components also. You go through the results; you will come to know. You need to add everything there.

Ashish Kejriwal: I think I can take it offline then.

Prem Khandelwal: Yes, yes. You take it offline, you need to rework it again, because there are other incomes the other expenses also which need to be taken into account for calculating EBITDA.

Ashish Kejriwal: When we are saying INR78,000 we are not including other expenses in that.

Prem Khandelwal: No INR78,000 we are including all the expenses, barring finance and depreciation.

Ashish Kejriwal: That's what I am asking sir, because INR 78000 is above EBITDA INR 11000 is above EBITDA so difference is 32,000...

Prem Khandelwal: No, you are not getting the point.

Ashish Kejriwal: Okay. I will take it offline then sir.

Prem Khandelwal: Yes.

Moderator: Thank you. We take the next follow-up question from the line of Mr. Saket Kapoor from Kapoor and Company. Please go ahead sir.

Saket Kapoor: Sir, when we look at this employee benefit expenses of INR51 crores, does the commission on profits being factored for the MD and the KMPs?

Prem Khandelwal: Yes. Right.

Moderator: Thank you sir. Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to Mr. Abhisekh Sawant for closing comments. Thank you and over to you sir.

Abhisekh Sawant: Dear all, your presence on this conference call today has been greatly appreciated. We have had the opportunity to delve into IMFA's future growth strategies and how we plan to navigate these challenging times. Our optimism for the growth journey ahead, not only within India, but also in other regions is unwavering.

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 disclosure.

Should you have any further inquiries or regional additional information, please do not hesitate to reach out to us or you can also contact my colleague; Aryan Rana at 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 continued growth together. Wishing you all a very happy Diwali and a wonderful year ahead.

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