SHYAM METALICS
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SMEL/SE/2023-24/22

May 31, 2023

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

Dear Sir/Madam,

Sub: Transcript of the conference call for Audited (Standalone and Consolidated) Financial Results for the Quarter and Year Ended 31st March, 2023

Pursuant to the Regulation 30 read with Schedule III of SEBI (LODR) Regulations, 2015, we forward herewith the transcript of the conference call with investors and analysts held on Thursday, 25th May, 2023 for the Audited (Standalone and Consolidated) financial result of the company for the quarter and Year ended 31st March, 2023.

This is for your information and record.

Thanking You,

For Shyam Metalics and Energy Limited

BIRENDRA KUMAR JAIN
Digitally signed by BIRENDRA KUMAR JAIN
Date: 2023.05.31 17:00:22 +05'30'

SHYAM METALICS AND ENERGY LIMITED Kolkata

Birendra Kumar Jain
Company Secretary

"Shyam Metalics and Energy Limited Q4 FY2023 Earnings Conference Call"

May 25, 2023

ANALYST: **MR. NACHIKET KALE – ORIENT CAPITAL**

MANAGEMENT: **MR. BRIJ BHUSHAN AGARWAL – VICE CHAIRMAN & MANAGING DIRECTOR – SHYAM METALICS AND ENERGY LIMITED**
MR. DEEPAK AGARWAL – DIRECTOR - FINANCE & CHIEF FINANCIAL OFFICER – SHYAM METALICS AND ENERGY LIMITED
MR. PANKAJ HARLALKA – HEAD INVESTOR RELATIONS – SHYAM METALICS AND ENERGY LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Shyam Metalics and Energy Limited Q4 FY2023 Earnings Conference Call. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Pankaj Harlalka from Head IR at Shyam Metalics. Thank you, and over to you Sir!

Pankaj Harlalka: Thank you Seema. Good evening and warm welcome to all attending the conference call of Shyam Metalics and Energy Limited which is for the Q4 year ending FY2023 and for the full year ending FY2023. We have on the call Mr Brij Bhushan Agarwal, our Vice Chairman and Managing Director and Mr. Deepak Agarwal, Director - Finance and CFO of our company. So before we start the presentation Q&A I just wanted to remind you that the discussions today will be covered under the safe harbor statement which is in the second slide of our presentation. Hope you have had the time to read and go through the same. We now start the concall and I would like to hand over this to our Vice Chairman and Managing Director Brij Bhushan. Over to you Sir!

Brij Bhushan Agarwal: Thank you Pankaj and a very good evening and warm welcome to everyone who is attending this call. The past year for us has been a year of adaption and adoption. With the multiple challenges in the geopolitical crisis leading to the regime of high energy costs nevertheless continuous learning both at the management and the team level. Despite the same we have been moving along well and achieving overall growth at our company on the back of continuous growth and expansion. We have been reaping the benefit of moving up in the value chain from the integrated steel chain business, improving sales mix, revenue shares of pellets, sponges, billets have reduced from 63% plus in FY2019 to 31% in FY2023. This shows that we had been always value adding our product and trying to increase the realization and getting into a much better market and price rise. Going forward this share will be further reduced to 25% over next two years. Our finished steel has improved from the contribution of 17% in FY2019 to 48% in FY2023 to our revenues. This will sustainably improve our company profitability. While the steel prices faced headwind during the year our company has maintained healthy cash generation. It has been a year of a Brownfield expansion at our existing plants and also a year which opened a new avenue for us in the first year of the operation in the aluminum foil plant. Today around 2 lakh tonne of aluminum foil are imported in India. Our venture in this business is targeted towards import substitute. We are able to do a volume of around 11400 tonnes approximately and the average foil rolling has been in between 6 to 13 microns making us a very extremely specialized niche player in the niche industry and a complete different product. Our products are well accepted worldwide and we are exporting more than 60000 tonnes or 60% of our production what we are doing today. The monthly run rate is now around 1500 tonnes and the realization is around Rs.3.5 lakh per tonne. On the CRM plant work is underway at a full swing in our subsidiary company Shyam Metalics Flat Products Private Limited. The product is extremely interesting as it is going to add more value in our supply chain management. As we all know that the long products dealers and distributors where we have a very stronghold we will be able to maintain the same supply chain management and will add a lot of value in our new business as well as will give more sustainability in our existing business. This project is approved under the PLI scheme. Once the production is on stream we shall add new products to our expanding distribution channel. Similarly a separate team has started working on the Ramsarup expansion and we are confident of meeting all the target timeline as it has been showcased by our company in the past. The low carbon ferrochrome facility is also ramping up and contributing further to the topline growth during the last quarter and we expect it to be completely stabilized in the year FY2024. Our Mittal Corp acquisition will benefit from the backward integration of the existing business and will help us to capture a large part of the value chain in this stainless steel business. As we all know the stainless steel the major raw material and the ingredient is iron, power, ferrochrome and ferromanganese and I am very proudly today I can share that more than 90% of the product mix in making stainless steel as ingredient is going to be a backward and forward integration to our existing setup. We have also been working towards the long-term vision of the company scouting for the good value assets in the terms of iron ore mines and coal block. We have been able to identify and get iron ore mines in Maharashtra, Sundargarh which is spread over 1526 hectare and contains rich quality of iron in excess of 66 Fe content. We also would like to state that generally in the Odisha iron ore mine the grade are very low and the fines generation is in the tune of around 70% to 75% but the mines what we have been allocated has around 65% to 70% lumps and are very extreme Fe content. We have received a composite license as of now which has more than 10 years to start the extraction for the same. We intend to use the exploration period before we decide the final usage of the material but potentially having consistent access to high quality resources can have invaluable synergy to our steel business. We will share more detail once we have further clarity on the material availability and quality. The ongoing growth project and the recent acquisition are integrating well within our overall strategy of the efficient and low cost growth. The capex outlay for FY2023 was around Rs.1579 Crores and based on the existing plans we emphasize the total capex of Rs.1500 Crores in FY2024. With the expansion of our product portfolio and increase in the production capacity we expect to fund most of the upcoming capex through the internal accruals and continue to retain one of the best credit rating in the metal sector. We remain committed to our philosophy of ore to metal and vision to become a diversified metal company through a disciplined approach. Thank you. Thank you Pankaj.

Deepak Agarwal: Thank you Sir. A very good evening to all of you. I will give a quick review of the reported consolidated financial for the quarter and for the year ended FY2022-FY2023. On a consolidated basis the company on Q4 reported an operating revenue of Rs.3380 Crores. There is a growth of 18% over Q4 of FY2022. Like in the previous quarter in Q4 too we have been able to sell higher percentage of sale volume of finished steel at a higher realization which has enabled the company to grow in terms of revenue and EBITDA over the previous quarter. As a result our EBITDA for the Q4 on a consolidated basis was at Rs.413 Crores a growth of 86% over Q3 of the current financial year and degrowth of 38% over the Q4 of the last financial year. Just to drive home the points the major raw material cost to operating revenue ratio in percentage terms it has been decreased by 160 bps in Q4 of the current financial year over the previous quarter. We have reported a good EBITDA in Q4 of the current financial year in comparison to the previous quarter. In order to maintain this growth in EBITDA number we have been judicious and cautious on all other cost components. For the Q4 of the current financial year on a consolidated basis we reported EBITDA margin of 12.2% an increase of 460 bps over the previous quarter on the backing of also better realization across all product segments ranging from 3% to 18%. For the year ended for FY2023 we reported total revenue of Rs.12610 Crores and a growth of 21% over the last year. On the EBITDA front our company has reported an EBITDA of Rs.1486 Crores against Rs.2600 Crores for the year ended last financial year that is 2021-2022, they went downside of 43%. As you all aware that FY2022-2023 is totally a geopolitical crisis and the imposition of export duties on all our metal products. We have reported a net profit degrowth of 51% for the year over the previous year. We could achieve the higher margin owing to the increase in our steel volume growth with capital allocation policy and buying key raw materials at right time basis on our experience. We also focus on the improving the product mix which led to improvement to the blended realizations and concurrently improving the operational efficiency like cost optimization and rationalization of efforts, which enable us to report a good and consistent set of operating profit and net profit. We have achieved a good improvement to our working capital days for FY2023 our working capital days is at 24 as against 43 days at the end of the FY2022 vis-à-vis we achieved the massive improvement to our capital efficiency during the first half and the same change is being perpetuated. Our return on capital and return on equity at the end of FY2023 are at 15% and 14% respectively. The gross debt which was at 0.09% at the end of FY2022 is slightly higher at 0.18% at the end of FY2022-FY2023. Our net debt position is Rs.448 Crores as on March 31, 2023 and we have also been a long term investor worth of Rs.910 Crores which has not been considered arriving the net debt position. Moreover an amount of Rs.201.1 Crores is attributed to our joint venture partner in the case of Ramsarup Industries Limited and on the cash flow statement you can look out for FY2023; we incur a capital expenditure of Rs.1579 Crores as against Rs.940 Crores in FY2022. In addition we incur Rs.379 Crores for the acquisition of Ramsarup Industries Limited from the net cash flow activities of Rs.1507 Crores during FY2022-FY2023. We have mostly spent on the capex undertaking at our company. I am glad to share that the financial risk profile of the company is very, very strong and our strategy has always been to incur the capital expenditure in a smaller progress in a peaceful manner to ensure that the balance is never same. At all points of time we closely monitor the liquidity, solvency and capital efficiency ratio. I would like to assure you that the company sustained a healthy financial risk profile despite pursuing the sizable capital expenditure plans. Out of the Rs.3950 Crores of capex announced during the IPO and further capex in March 2022 we have already cumulatively incurred Rs.3007 Crores up to the FY2022-FY2023 and capitalized Rs.1574 Crores worth of assets. We have completed almost 75% of our total state capex. The remaining Rs.955 Crores shall be expanded over the next two years and the mission to be completed in this financial year. We spent Rs.1579 Crores on the capital GCF and the next capex additional spend will be between Rs.1300 Crores to Rs.1500 Crores. On the announced plan for Ramsarup Industries we have incurred a capex of Rs.77 Crores till March 2022-2023 out of which 60% of that capex from our account is 46.20 funded by us and the rest by non-controlling joint venture partner. On the CRM plant we have incurred a capex of Rs.53 Crores. We also expect an outgo of Rs.351 Crores approximately for the completion of our acquisition of Mittal Corp during the FY2023-FY2024. Aided by the internal cash generation and sufficient liquidity surplus which will ensure we take only limited debt in the event of any fund flow which match. I would like to assume that the bulk limit utilization at the consolidated level is expected to remain moderate going forward too. Annual cash approval should suffice for the capital requirements and debt repayment. We have been following a prudent capital allocation policy by which 70% of the capex generation is invested back into the business and 20% is retained to maintain our liquidity surplus and 10% is returned to the shareholders as a dividend. On the back of good operating and financial performance with a strong net cash flow from operating activity of the company yesterday in its Board meeting declared an interim dividend of Rs.1.8 per share amounting to an outgo of Rs.46 Crores. I am also happy to announce that we have also implemented the SMEL ESOP scheme to be approved by the Shareholders of the company for shares and options of 1335756 equity shares to be taken from the existing promoters here which comes to around 0.5% of the issued share of the company. This will go a long way to create a way for our partners and retain the great talent pool available in our company. Now I conclude my financial update and throw the floor open for the question and answer session. Thank you everyone.

Moderator: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen we will wait for a moment while the question queue assembles. The first question is from the line of Mr. Amit Dixit from ICICI Securities. Please go ahead Sir.

Amit Dixit: Good evening everyone and thanks for giving me the opportunity. First of all congratulations for a good set of numbers and a turnaround performance as well as taking the initiative of putting operating numbers every month on BSE that is very helpful for us for tracking the company. Two questions I have the first one is essentially on the number of aspects that we are working on including Mittal Corp integration and the ramp up of low carbon ferrochrome project along with we expect that this year by June the steel capacity should also come up so what kind of revenue growth shall we expect in FY2024 and what is the target level of EBITDA margin that we should pencil in that is the first question?

Brij Bhushan Agarwal: See low carbon ferrochrome is an extremely niche product it is completely yo-yo business and it is a very high tech from the arms of the technologies and the process side. Since we have commissioned first furnace in LCFC we have stabilized now almost 80% to 85% and with the expectation we are able to now gain the desired result. Now from the prospect of revenue side I can say that if we are doing say around 5000 tonnes a month today around Rs.100 Crores revenue we can generate additional from the LCFC. Simultaneously it is a very high value added product like it is almost 30% to 40% more I would say it is almost double more than double the value of the ferrochrome. This business generally enjoys an EBITDA of around 20% to 25% the product size so this is going to add a very good value and also the beauty of this product is it is a forward integration of our ferrochrome so we do not have to buy the raw material. If we talk in the terms of carryover of the inventory cost and all it is hardly negligible and your number two about Mittal Corp see this is a Danieli mill it is an Italian plant one of the top of the line in the country. It is right now doing some conversion of Baba Kalyani in the defence they are doing some product rolling in Mittal Corp as well so this stainless steel overall from next year is going to generate a revenue of around Rs.1700 Crores to Rs.1800 Crores. This year might be we will be doing say around Rs.400 Crores to Rs.500 Crores because it is a plan where we have to do lot of modification since this was under the NCLT lot of wear and tear has been observed and with today’s time we are upgrading the technology which is not a very major issue but this plant is going to come in full stream by next year. The beauty of the Mittal Corp is they have a stainless steel TMT facility and TMT is our product. Why we choose Mittal Corp first of all we are adding more value in getting into the stainless steel and stainless steel TMT. If you see from the TMT side none of company in the country today is doing TMT. Sunflag has tried but they are not very perennial they have a lot of quality issues and today NHI and a lot of governments other organizations who are doing coastal projects they have notified to use TMT and they are getting it regulated in the system because now they know the plant is in full swing they will be able to get it and with our technical presentation we have been given a comfort from their end like whatever this policy they were not very stringent is going to be very strong in the time to come. Apart from that if you see the stainless steel what we will be doing in Mittal Corp is majorly of 200 series why because first of all 200 series does not attract any nickel percentage. Number two whatever ferrochrome, ferromanganese, iron and power is required is going to be consumed from our existing plant so it is almost like going backward integration so this is a very great synergy as adding a new product, getting into more value added products, getting into more supply chain business and it does not really we are in the wire rod and we are in the long product business. We have a customer who consumes stainless steel wire rod and carbon steel both so we are making our strength in terms of the product basket and also increasing the numbers bottomline as well as being a great risk management from the product mix side. Thank you.

Amit Dixit: Thanks for the elaborate answer. The second question is essentially on iron ore mine that we have acquired with the promoter company now while I understand from your opening remarks that the Fe content is really very attractive but first of all what are the timelines for starting this mine and what is the strategy going forward whether you will transport the ore all the way to your plants in Odisha and Bengal or you will sell it over here and do that kind of logistics hedge?

Brij Bhushan Agarwal: See first of all this is a very interesting question and we are ourselves contemplating a lot on this question so but whatever we have right now we are working on I am just sharing you my thought process. Iron ore is a very rare resource and most of the mines in the country right now are below

60% so getting a mine of 66% to 67% is a great achievement from the company side. Number two it does not have a challenge of a land acquisition because the complete land is under the forest and with the government policy of converting the forest land into a normal mining land is not a problem. Had this been individual aggregator it would have been really difficult to start the mine. This mine has a very high grade ore and if you are able to use this kind of a grade of ore your coke consumption, your carbon consumption, the CO2 emission when we are talking of the product quality everything changed drastically. We are now 10 years like the concerns what we have got has a deadline of 10 years so we are not in hurry. We have done initial survey. One of the mines is already operating and enjoying the common boundary so the material is very well good and well established, the resource is very beautiful there is no doubt. We have railways adding 80 kilometers down from that mine so we can transfer the lumps to a railway and can transport to our Odisha plant and since we have such a high grade ore and with the lumps quality it is not fines. Generally getting 70% and 65% fines from the mine is something which is very, very rare so it is going to add lot of value but we are still under the due diligence stage. A lot of homework we have to do once we go into a detailed exploration, risk analysis, and total business plan so we are not in a hurry and it is not going to consume a big capex from the company side so it is a very nominal entry on the allocation side has been committed and maybe some little bit more we have to spend in next one year on the exploration, so we will not be able to take any call on our concrete plan till we do a complete due diligence, exploration, strategy working and then we will be able to share it, but yes it is not a kind of any kind of a risk we are going to carry over and whatever call we are going to take is going to be something a good value for the company side. Thank you.

Amit Dixit: Great. Thanks a lot and all the best Sir.

Moderator: Thank you Sir. We take the next question from the line of Ashutosh Somani from JM Financial. Please go ahead Sir.

Ashutosh Somani: Thanks for taking my question. Sir the revenue profile which you mentioned from Mittal Corp what is the capacity utilization that you are foreseeing in FY2024-FY2025 and what is the margin profile one should be looking at for this business in 2024 and 2025 that is my first question, the second question is what is the size of the gross block here and whether we have assumed any debt for Mittal Corp and what are working capital requirements here?

Brij Bhushan Agarwal: See the capacity of this plant is presently around 182000 to 2 lakh tonne per annum but we can easily make up to 2.5 lakh tonne with our technical study but I would not like to go all out on the commitment side. We presumed that in the coming year we will be doing around 1.5 lakh tonne of stainless steel and when we are talking from the margin side today it has a great product mix like we are putting a downstream the wire annealing plant and which is going to be commissioned by end of this year so it will have a different product mix like we are expecting that 50000 to 60000 tonnes we will be able to do a stainless steel TMT which is extremely niche.

It generally generates an EBITDA of around 15000 to 20000 tonnes in today's time and in the time to come with our general if I am prudent on the numbers I think we should be able to do EBITDA of around Rs.150 Crores average from next year onwards.

Ashutosh Somani: Sure and Sir on the balance sheet side if you have assumed any debts?

Brij Bhushan Agarwal: No. Deepak can you just share on the balance sheet side and all if you have any.

Deepak Agarwal: Yes we are, as far as acquisition cost is concerned we will be incurring around Rs.351 Crores that will be through our internal accrual and if the working capital requirement will be between Rs.150 Crores to Rs.200 Crores for the final figure that will be from the bank.

Brij Bhushan Agarwal: But majorly we are going to contribute in the time to come we are going to integrate our downward so overall it is not going to have a mass working capital requirement. The ferroalloy inventory management what we are carrying over should be converted into stainless steel but yes we will be having a free margin of around Rs.150 Crores of the business.

Ashutosh Somani: Sure and Sir if I can squeeze in another question on the iron ore plan what is the mining plan for the year, how much are we looking at in terms of tonnage for FY2024 and FY2025?

Brij Bhushan Agarwal: No. There is no any target for 2024-2025 because we just have got a LOI. These kind of mines are virgin mines which will take its own course of time, maybe once we do a complete thorough due diligence or we will be able to not share but we have enough time 10 years we have to start the mine so may be around eight to nine months we will take to do the satellite survey and so it takes its own time. Maybe end of this year quarter we will be able to discuss about the iron ore final plans.

Ashutosh Somani: Sure I understood the stage of things. Thank you Sir.

Moderator: Thank you Sir. We take the next question from the line of Arijit Dutta from Kotak MF. Please go ahead Sir.

Arijit Dutta: Good set of results congratulations for that. There are three questions starting with the iron ore block so it is just 126% premium initially we thought that we will not participate in the mining option why we have undergone to such extent of 126% premium because that will be even if the grade is higher it will be on the higher grade only the premium that we have to pay?

Brij Bhushan Agarwal: As usual you always play a googly Arijit. See I will tell you this is a very high grade mine 66% to 67% lumps your mining cost is very less number one, number two your overburden is hardly anything and when you are carrying over 66% to 67% lumps to your plant the strategy completely changes. If I am talking these mines is 66% to 67% at the value of 125% approx we have to say in the general option it could not be more than 80% to 90% with a carryover of the quality, with the carryover of the lumps, with the carry of the mining cost but still I totally appreciate we will do a detailed working. We have just got an LOI. The risk carryover is hardly negligible. We will have a complete mining plan, talk totally thoroughly due diligence by the best of big 4, we will definitely like to evaluate and take the next course of action but this mine is very special extremely special in the terms of quality. Land challenges are not there. The government wants to develop this mine, it is in Maharashtra, the governance is very good and the alumina silica content is also very low so overall the impact of this material down the plant furnace is going to be something extremely on the better side but yes still we do not go in 1000% detail we will not be going ahead in full go. We need to do a due diligence and then we will take a final call. Thank you.

Arijit Dutta: Done Sir. Sir if I remember in 2021 we have sold some subsidiaries because we want to clean our books hardly any promoter entity overlap you wanted in the company then why a 49% stake we bought through a company wherein the promoter has 49% stake why again the complication?

Brij Bhushan Agarwal: About the mines?

Arijit Dutta: Yes Sir.

Brij Bhushan Agarwal: Deepak will be able to share. Deepak can you just share.

Deepak Agarwal: Yes Sir. Mr. Arijit as you know the government has come up with on a regular basis mining offers. What we do we are participating on a regular basis for application for mines which require more of a net worth requirement and which is easily available from our promoting and we have six companies. Once the risk analysis is completely done and evaluated by our risk management team and once the bid is in our favor we shall ensure to bring all right to the operating company. This is basically only to maintain secrecy in participation as a part of our business strategy. There is no such intention to have any related party.

Brij Bhushan Agarwal: Because most of these mining bids what we do we create a subsidiary and we do not want to disclose the identity of our organization because once you disclose you will see a different competition jumping into this and all these mining due diligence and all we are very secretly and very, very closely they are monitoring it so this is the reason and once we are getting anything we have disclosed in the stock exchange. We cannot share anything in the past that we have got and we have not declared so this also clarifies the clarity and the intention of the company. While we are doing this and once there is any development we have informed the stock exchange.

Arijit Dutta: Sir all these things could have been done in a wholly owned subsidiary also?

Brij Bhushan Agarwal: But that also has been tracked know because the people who are doing the mining who are applying for the mining and all they also track the shareholder list, they are also track they go in too much of detail. There are too many of issues so once you are doing the mining option participating a lot of strategy you have to follow so it is a part of our strategy.

Arijit Dutta: Now we got the mine anything that we would like to go so that it will be in under wholly owned subsidiary kind of thing?

Brij Bhushan Agarwal: No not at all. We have not got any mines and if there is any development in the time to come in the interest of the shareholders and in the interest of the good corporate discipline it will be stated and declared in the SEBI and with our investors.

Arijit Dutta: Understood. Sir my second question is on the cash flow so there is Rs.380 Crores outflow that is there in the cash flow is within that acquisition of subsidiary if you can clarify which subsidiary and what is nature?

Deepak Agarwal: Mr. Arijit the cash flow for acquisition of subsidiary means the money deployment in our subsidiary Ramsarup Industries Limited.

Arijit Dutta: So the Ramsarup we are addressing as a subsidiary it is not acquisition of method?

Deepak Agarwal: In total the acquisition cost of Ramsarup will be Rs.380 Crores.

Arijit Dutta: Yes Sir.

Deepak Agarwal: So acquisition cost of Ramsarup is Rs.378.99 Crores which is 100% our acquisition cost. Once if you see in the cash outflow from financing activity there is a non-current borrowing of Rs.200 Crores from our joint venture partner and our contribution is approximately Rs.240 Crores. If you see in the cash flow statement in the below line cash flow from financing activity there is proceed from non-current borrowing of Rs.205.96 Crores which has come up from the joint venture partner. When you are netting this Rs.200 Crores from this acquisition cost our contribution is approximately Rs.200 Crores.

Arijit Dutta: It is very clear. Also in the balance sheet there is a minority share, the minority share balance has shown to almost like Rs.386 Crores versus Rs.4 Crores last year, even if you look at the P&L there is a negative loss of Rs.9 Crores that is going to minority so if you can reconcile how Rs.4 Crores is becoming Rs.386 Crores in the minority account?

Deepak Agarwal: If you see we are consolidating our total asset block of Ramsarup in our Shyam Steel as 100% and we are showing 40% of non-controlling limited has a non-controlling minority share of around Rs.386 Crores something. You are asking why this has been reduced from Rs.400 Crores to Rs.386 Crores right Rs.4 Crores to Rs.386 Crores right?

Arijit Dutta: Yes Sir.

Deepak Agarwal: This is only because of the differences and this is equivalent to 40% of the joint venture partner which is basic.

Arijit Dutta: 40% will be 40% of Rs.380 Crores right Sir?

Deepak Agarwal: No it is not 40% of Rs.380 Crores. We are consolidating the existing asset of asset block of Ramsarup in our operating company which is around Rs.1000 Crores to Rs.1100 Crores and out of this Rs.1100 Crores the 40% is contributing approximately Rs.400 Crores.

Arijit Dutta: Understood and the Ramsarup capex guidance of Rs.750 Crores is still there or there is any change to it?

Deepak Agarwal: No this is still there and we have already incurred Rs.77 Crores March 31, 2023.

Arijit Dutta: Understood. That is all from my side Sir. All the best and thank you.

Moderator: Thank you Sir. We take the next question from the line of Pruthul Jitenbhai Shah from Anubhuti Advisors. Please go ahead Sir.

Pruthul Jitenbhai Shah: Thank you for the opportunity and congrats on a great set of members. My question is with respect to the volume so this year we have around 5% Y-o-Y volume growth for full year and our long product volume has grown by 41% so just wanted to have the idea that what guidance you want to give for next year with respect to total volume and the volume of long products?

Deepak Agarwal: As far as the sales volume is concerned this year on a Y-o-Y basis 2022-2023 our total sales value is 2 million tonnes and we are expecting that the long steel product which comprises of long products, billets and sponge we are targeting to sell 2.4 million tonnes for the current financial year that is 2023-2024.

Pruthul Jitenbhai Shah: Sir can you repeat 2.4 million tonnes for?

Deepak Agarwal: 2.4 million tonnes of our total steel sales volume and when we talk about the 2.4 million tonnes we are targeting 1.5 million tonne of long products and rest will be steel billet and sponge iron.

Brij Bhushan Agarwal: So approximately we are targeting 15% yes more or less. 15% to 17%.

Pruthul Jitenbhai Shah: I am just asking that 15% to 17% overall based on **total volume during the year, long products consol 15% to 17%** ?

Brij Bhushan Agarwal: Majorly it will be in the long product.

Pruthul Jitenbhai Shah: So like say total volume can grow at 15% but long product can even grow at 20% plus?

Brij Bhushan Agarwal: We expect that it should be around 15% to 17% this year.

Pruthul Jitenbhai Shah: My question is with respect to tax rate in Q4 so what was the reason for this lower tax rate in this quarter?

Deepak Agarwal: Yes as far as tax provision is concerned in Q4 why it is so low because we are anticipating in the Q1 of the last financial year that we were anticipating getting more profit and we are provisioning our tax provisions in the first three quarters on the new regime basis but after completion of our Q4 we feel that we will not be converting our tax regime from old to new regime we will stay with the old regime that is why that adjustment of last three quarters in the Q4.

Pruthul Jitenbhai Shah: Inaudible

Deepak Agarwal: Not 34%. From the current financial year definitely all, we have an option whether we will continue with the old regime or we will choose the new regime.

Pruthul Jitenbhai Shah: Okay so what would be the tax guidance for FY2024?

Deepak Agarwal: It will be between 27% and 30%.

Pruthul Jitenbhai Shah: Sir wanted to know the current realization of the products from pellets, sponge iron, billets and long products?

Deepak Agarwal: Similar whatever is the current realization pellets will be approximately Rs.9000 per tonne, sponge iron is between Rs.27000 per tonne, billets realization currently is going on Rs.43544, billet steel realization is between Rs.52500 to Rs.53000 and ferroalloy realization is Rs.90000 to Rs.92000.

Pruthul Jitenbhai Shah: Thank you so much. That is it from my side.

Moderator: Thank you Sir. We take the next question from the line of Raj Oza an Individual Investor. Please go ahead Sir.

Raj Oza: Thank you for this opportunity so my first question is about the aluminium business it is good to see the aluminum plant getting operationalized in a record time so what are your plans to scale up the aluminium business?

Brij Bhushan Agarwal: See at present we have just stabilized the plant. There is a good demand. Right now we are operating at around 55% to 60%. We have to bring it to 90% because the complete plant is streamlined and all the R&Ds whatever development activity has to be done so we are trying to develop new products within the existing plant only. We are trying to put up a lubricating line which again generates a good income and good product based in the aluminium space. Presently we are working right now but not very concretely I will be able to spell everything now till we are able to operate this at 90% and once we are done then we will discuss about the expansion of the new aluminium business.

Raj Oza: Sure Sir also in FY2023 our tonnage was around 11300 metric tonnes so like can you give some information about the tonnage in FY2024 what can we expect in FY2024?

Brij Bhushan Agarwal: We are expecting somewhere around close to 17000 to 18000 tonnes.

Raj Oza: Thank you.

Moderator: Thank you Sir. We take the next question from the line of Mr. Mulesh Savla from Shah n Savla. Please go ahead Sir.

Mulesh Savla: Good evening and thanks for taking my question. Sir can you speak a little more detail on our plant under PLI scheme what is the incremental turnover required, how many years we are going to get the incentive and what is the total expected incentive out of that plant?

Brij Bhushan Agarwal: Around Rs.2000 to Rs.2500 is overall commercial value and I will not be able to spell out very elaborately because I just know the overall ballpark number so this advantage we are going to get for almost five years and likely in the terms of value if you ask we should be able to generate more than Rs.20 Crores to Rs.25 Crores additional bonus in the terms of PLI benefit every year so it should accumulate around Rs.100 Crores.

Mulesh Savla: Okay so in all above Rs.100 Crores we can expect from this plant by way of PLI scheme incentive?

Brij Bhushan Agarwal: Yes very correct.

Mulesh Savla: Realization Sir your answer to the aluminium plant you said you are expected to do about 70000 to 80000 tonnes of aluminium in FY2024 have I heard correctly?

Brij Bhushan Agarwal: Rs.17000 to Rs.18000.

Mulesh Savla: But we have total capacity of about 40000 tonnes and you said that we are operating at about 55% to 60% and we are likely to reach to 90% then we should be able to reach across at least 20000 tonne per year?

Brij Bhushan Agarwal: No it all depends upon the microns. We are making a very thinner base and this 40000 tonne capacity is on the average micron size of around 18 to 20 micron. Our average is 6 to 9 micron which fetches more than Rs.40000 Crores to Rs.50000 per tonne EBITDA and this is a very specialized product. On the return on per hour basis on the tonnage side this multiplies 1.4 times on the other side. This is an area where we are focusing to increase our EBITDA and to get into a deeper and higher product margin base.

Mulesh Savla: Most of that is expected or it is consumed locally?

Brij Bhushan Agarwal: Export more than 60% is export.

Mulesh Savla: Is there any difference in the realization in export against the local sales?

Brij Bhushan Agarwal: No export is much better realization. Our more than 80% of the export is in USA. This is a very specialized product where we have obtained an FDA approval. It is being used by a company who are making exclusive and they require foils as a part of so it is a very high value added business what we have been able to develop so this is the reason why our margins are good and it is an extremely very, very different quality in the terms of general material because there is a lot of things from the quality side, the whole quality, the sustainability quality, the tangibility of this so we have been able to achieve every parameter so our focus is going to be majorly in the export in the time to come.

Mulesh Savla: Looking at these high value accretive products and backward and forward integration can we expect our margins to come back to our FY2022 level or you feel still there is a time to reach to 2022 level, we have EBITDA margin of about 25% in FY2022 blended EBITDA margin?

Brij Bhushan Agarwal: We are following the industrial standard if you see. If there is a correction the finished price, the raw material price it affects JSW, it affects Tata Steel, and also it affects us also. It will not be wise for us to state that we will be able to generate 24 or 25 but we have to follow the market trend and the market scenario on the pricing side.

Mulesh Savla: Sir looking at the current market trend and the competitive landscape what do you feel is the achievable level?

Brij Bhushan Agarwal: It is very difficult. This is a question which is very difficult at this point of time because we have all the products and the raw material is highly volatile and today at the geopolitical crisis where we are all suffering it would not be wise so whether maybe after Q2 we will be able to visualize more better.

Mulesh Savla: I thought that if you have any aspirational numbers with you or you must have some internal targets so I just wanted to have some color on that?

Brij Bhushan Agarwal: My target will not be appropriate for me to discuss in this forum. We have always worked on the higher targets but when we are talking in this forum we have to be very prudent and very discipline on all our values I believe in this thing.

Mulesh Savla: I appreciate. Thank you so much and Sir one small clarification we have to reach to about 75% promoter holding so any plan on dilution to the equity in the near future?

Brij Bhushan Agarwal: The team is working. We have time. We have now more than a year and we are working and once we are done with the final strategy we will share the detail.

Mulesh Savla: Alright Sir. Thank you so much and wish you all the very best.

Moderator: Thank you Sir. We take the next question from the line of Nirvana Laha an Individual Investor. Please go ahead Sir.

Nirvana Laha: Good evening thanks for the opportunity. If I did not hear wrong I think you said that you have 10 years to operationalize the iron ore mine so is it 10 years for the lease duration or 10 years for you to start operation?

Brij Bhushan Agarwal: No we have got the 10 years like once they have given the concern within 10 years we have to start the operation. The lease license is more than 50 years I do not think there is any concern on this.

Nirvana Laha: Is there a theoretical capacity of iron ore from the mine that you are aware of that?

Brij Bhushan Agarwal: It has been estimated around 300 million tonnes but still we have to do a lot of research and evaluate so the tentative numbers should be around 250 to 300 million tonnes.

Nirvana Laha: Got it and a few questions on the accounting side so the Q4 depreciation was lower than the Q3 depreciation I am just curious with assets coming online how that happened?

Deepak Agarwal: There a lot of projects have been coming in Q3 but in Q4 none of the projects have been coming in Q4.

Nirvana Laha: Yes Sir the depreciation not increasing is fine but decreasing is a little I could not understand how it decreased from Rs.132 Crores to Rs.126 Crores?

Deepak Agarwal: Only because of the written down value, as in the Q4 will be written down value from the Q3 and most of the plant has been commissioned in Q2 and Q3.

Nirvana Laha: Got it so the fixed asset addition that happened in H2 was only around Rs.300 Crores that is what I can see so I think in this quarter in Q1 there will be a large fixed asset addition are you in a position to tell how much of that will get added?

Brij Bhushan Agarwal: Yes in the Q1 of the current financial year most of the asset will be commissioned.

Nirvana Laha: The number that you can tell right now?

Deepak Agarwal: It is 1.2 million tonnes of pellets for capex of approximately 250 crs and 90 MW CPP captive power plant is also coming. In Q1 it will be capitalized approximately Rs.500 Crores.

Nirvana Laha: Final question from my side so the cash flow statement if I look at the half yearly number the plant & property investment there was Rs.2130 Crores and for the full year that number is showing up as Rs.1579 Crores so it appears that purchase of PPE number has dropped from half year to full year so could you explain this?

Deepak Agarwal: Sir I have to check in the half year number I do not know right now I will definitely share why it has been high.

Nirvana Laha: Because the half year number purchase of PPE is Rs.2130 Crores and the same number for the full year is Rs.1579 Crores?

Deepak Agarwal: I have to check and then I can definitely share your number in chat box accordingly we will tell you.

Nirvana Laha: I do not have access to the chat I will drop an e-mail.

Deepak Agarwal: Sure.

Nirvana Laha: Thank you.

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. Nachiket Kale for closing comments. Thank you and over to you Sir!

Nachiket Kale: Yes thanks everyone. I would like to thank the management for taking their time out for this conference call today and also thanks to all the participants. If you have any queries please feel free to contact us. We are Orient Capital Investor Relations Advisor to Shyam Metalics. Thank you so much everyone.

Moderator: Thank you. On behalf of Orient Capital and Shyam Metalics that concludes this conference. Thank you for joining us. You may now disconnect your lines.