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November 14, 2024

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

Dear Sir/Madam,

Sub: Transcript of the conference call for Unaudited (Standalone and Consolidated) Financial Results for the Second Quarter and Half Year Ended 30th September, 2024

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 Friday, 08th November, 2024 for the Un-audited (Standalone and Consolidated) financial result of the company for the second quarter and half year ended 30th September, 2024.

This is for your information and record.

Thanking You,

For Shyam Metalics and Energy Limited

Birendra Kumar Jain
Company Secretary
Membership No. F13320

"Shyam Metalics and Energy Limited Q2 & H1 FY-25 Earnings Conference Call"

November 08, 2024

MANAGEMENT:	**MR. BRIJ BHUSHAN AGARWAL – VICE CHAIRMAN AND MANAGING DIRECTOR, SHYAM METALICS AND ENERGY LIMITED.** **MR. DEEPAK AGARWAL – EXECUTIVE DIRECTOR, FINANCE AND COMPLIANCE – SHYAM METALICS AND ENERGY LIMITED.** **MR. PANKAJ HARLALKA – HEAD (INVESTOR RELATIONS), SHYAM METALICS AND ENERGY LIMITED.**
MODERATOR:	**MR. SUMEET KHAITAN – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to Q2 & H1 FY2025 Earnings Conference Call of Shyam Metalics and Energy Limited hosted by Orient Capital.

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 Shyam Metalics. Thank you and over to you, sir.

Pankaj Harlalka: Thank you Michelle. Thank you, ladies and gentlemen for joining us in the call. I, Pankaj Harlalka, Head of Investor Relations at Shyam Metalics, wish you all a very good afternoon, Shubh Deepawali and a warm welcome to the 2nd Quarter FY25 post results conference call.

Before we delve into discussing the quarterly numbers, I hope you all had an opportunity to review our press release and the attendant investor presentation. Read along with the Safe Harbor statement, which are available under the investor section of our website and the same are accessible in the BSE and NSE websites.

To discuss the 2nd Quarter and H1 results FY25, I am joined by Mr. Brij Bhushan Agarwal – Vice Chairman and Managing Director, Mr. Deepak Agarwal – Executive Director, Finance and Compliance and Mr. Sumeet Khaitan from Orient Capital our Investor Relations partner.

Now, I would like to invite Brij Bhushan ji to provide his perspective on the performance of the 2nd Quarter of the current Financial Year. He will also provide his thoughts on our strength and strategies of the future. Thank you and over to you, sir.

Brij Bhushan Agarwal: Very good afternoon. Wish you all a very Happy Diwali and Prosperous Year. Dear esteem Investor/Analyst, we wish you and all my best wishes to the family of Shyam Metalics.

Since 2021, India has been the key driver of steel demand growth, and this trend is expected to persist. Steel demand in the developing world, excluding China is projected to grow 4.2% in 2025 while we are holding steady with our strong growth projection for India, forecasting 7% to 8% increase in the demand over next few years. This growth is driven by the expansion across all the steel consuming sector, with infrastructure investment continuing to be the major contributor. We have been growing at a steady pace over last few years, and have implemented fresh capacity from the internal accruals, in the phase manner nearly every quarter. This quarter, we have announced the commencement of the coke oven plant in Jamuria, West Bengal. The new facility began production, reflecting a significant step forward in the company expansion goal. This backward integration will enhance the company bottom line by reducing the cost and increasing control over the supply chain.

We have also announced the green field cold rolling mill CRM in Jamuria, West Bengal. The mill will specialize in producing pre painted gal volume coils and coil of galvanized iron, galvanized steel, GI/GL. This expansion is very crucial step in our journey towards the value-added product, Shyam Metalics, the coal rolling mill will support housing, warehousing, industrial sheds, infrastructure, affordable housing through the initiatives such as PMAY. We already have a vast distribution set up, specifically in the Eastern India. Our plant is one of the few Eastern located plant in India where there is a good demand of color coated sheet, especially in the North Eastern region, hilly track region. We foresee a healthy contribution in our top line, bottom line from this facility to our company in the coming years. We have commissioned a blast furnace of 0.77-million-ton capacity, a sinter plant of 1.1 million ton in Jamuria.

This facility will improve India's Steel production capacity. This development demonstrates our commitment to encouraging industrial growth, creating employment and opportunities in this region. To improve operational efficiency the plant has a 18 megawatt top gas pressure recovery turbine, which contributes 10% energy recovery, the specialized cooling system of water, which makes the plant more efficient and very, very competitive. The furnace is designed with a zero process water discharge to optimize the process efficiency as a part of the organization growth strategy. In addition to the blast furnace, the company has commissioned the sinter capacity to convert the iron ore fines to the feedstock of the blast furnace.

The Brownfield expansion demonstrate Shyam Metalics strategic emphasis on increasing production efficiency, reducing the cost, improving the bottom line and top line. At Shyam, we understand high CAPEX business and metallurgy post our foray in the aluminum foil and stainless steel, which has facilitated us to image as a multi metal company. Aluminum and stainless steel are the metal of future, and we see a tremendous growth in this metal, alongside simultaneous growth in our carbon steel specialty alloy business. We have grown our capacity across numerous product at a CAGR more than 18% on our existing facility and product line.

However, the focus has been on the value added product, where the revenue has grown at a CAGR of 43.2% in last five years. We expect to do well and to add more value added products in next few years. We have announced the CAPEX of close to 10,000 crores since 2021 being an IPO year, we have already incurred a CAPEX close to 5000 crores till FY25 which accounts of 50% of the total CAPEX announced. Out of the incurred CAPEX, more than 2600 crores has been capitalized, switching to the assets which has begun and contributing in the growth of the company. In the stainless steel we shall grow four folds over next five years, from our existing capacity of 1.5 lakh ton to close to 6 lakh ton capacity.

In aluminum segment and specialized foil and product, we are planning to grow two-fold to 2.5 fold in next five years, adding more multiple high niche product basket for the specialized application, and increase our volume, and will improve the bottom line and the top line. The carbon steel as well. We will further like to grow, and we will like to add the capacity close to 1.5 to 1.8 fold in next two to three years, from 2.32 million to close to 3.6 million tons. The incremental capacity in the captive power plant of existing 386 megawatt to 706 megawatt is being 1.8 fold growth over the period. If you see on the overall growth pattern, I would like to share that all these product what we are doing is a brownfield expansion, and we are adding our existing capacity, which will help us to reduce our cost and help us to take more market share as we are very much mature in major expansion what we are taking right now. We look forward to maintaining the positive momentum, delivering continuous success in the upcoming year.

Looking ahead, several upcoming project facilities are expected to begin operational in the current financial year, including the DRI, the stainless steel billet plant, the oxygen plant, the captive power plant which has both add value and increase the margin profile. Thank you so much.

Now, I would like to hand over to Mr. Deepak Agarwal – our Director CFO to share few more words on the financials and other growth.

Thank you so much. Deepak, carry on to you.

Deepak Agarwal: Thank you, sir. A very good afternoon and happy Shub Deepawali to all the participants.

I thank all of you for taking time out on this call to discuss the results for the 2nd Quarter of the current financial year. In India a favorable monsoon is expected to boost the rural economy and as we move into the second half of the year, we anticipate an improvement in government capital expenditure, which was subdued in the first half due to elections and weather related disruption. A strong fiscal balance and robust tax collection should support ongoing CAPEX spending. The Indian Steel Association is actively engaging with the government to ensure a level playing field for the domestic industry. RBI shift to a neutral stance is expected to be positive, potentially paving the way of interest cuts in the coming months. Thus, in turn should stimulate investments and boost consumption across the country.

Now, I would like to share a quick review of the reported Consolidated Financial for the 2nd Quarter Under Review for the Financial Year '24-25:

There has been a 23.6% revenue growth in Quarter 2 of the current financial year vice versa Quarter 2 of the last financial year. We have consistently cash positive with a net cash balance of 1099 crore in Quarter 2 of the current financial year, against the positive of Rs.1338 crore in the quarter one of the current financial year. As you all are aware that the 82% of our power sourcing from our captive power plant at a cost of Rs.2.47 per kilowatt in Quarter 2 of the current financial year, while our average power cost including the grid power, at a Rs.3.04 per unit. This brings a huge delta to our EBITDA. In Quarter 2 of the Current Financial year on a consolidated basis, the company reported an operating revenue of Rs.3635 crore, a growth of 23.6% over a Quarter 2 of the last financial year. The sales mix constitute a high percentage of volume from finished steel, which accounts for 43% of the total revenue. Our export is contributing 11% of our total revenue. The company has been able to book an operating EBITDA of Rs.407 crore.

There is an increase by 32% over a Quarter 2 of the last financial year, and the EBITDA margin in Quarter 2 of the current Financial Year was 11.2%.

When we talk about the overall EBITDA for the quarter, which was amounted to Rs.481 crore that is because of 74 crore is generated through income from our treasury investments made in various government securities, sovereign bond, arbitrage fund, etc. Primarily in order to maintain the trend in EBITDA number, we have been judicious and cautious, yes on all other cost components. Our profit after tax for the quarter stand at Rs.216, crore. There is a decrease of 55% on year-on-year basis. This is because of Quarter 2 of the last financial year, the PAT was high owing to the adjustment of Rs.328 crore for the deferment of taxes, deferment of assets and the reversal of income tax provision, which was made earlier on account of broad forward losses arises on acquisition of Mittal Corp Limited. Actually, we have a PAT positive if we compare with the Quarter 2 of the current financial year to the Quarter 2 of the last financial year. The PAT margin in the quarter is 5.9% which is quite sound considering the current market trend in peer comparison.

In Shyam Metalics Group, our working capital management is very, very prudent. The group focuses mainly on selling, either on advances or letter of Credit basis leading to lower debtors and inventory period of 15 to 20 days and 80 to 95 days respectively. On the other side, we also book majority of our purchases in LC considering our good credentials, this helps us in keeping the creditors also on checks. I am also happy and glad to announce that recently, our credit rating has been further upgraded by CRISIL from AA stable to AA (Positive), which is reposed the company's credentials and confidence by the CRISIL.

Certainly, the corrections in the steel prices did impact our profitability, causing decline in our EBITDA margin on a quarter-to-quarter basis, which is apart from the seasonal factor, local supply demand imbalances and policy impact geopolitical and China export factor played a major role. Its aggressive export strategy, coupled with steep prices undercutting amidst its own economic crisis is disturbing the global steel export dynamics, parallelly the raw material prices India have not corrected to that extent. The Indian steel prices remain under pressure on a higher import and comparatively weak export. The domestic iron prices remain firm, while the price of iron sponge also fell. In stainless steel and aluminum segment, our revenue per ton has increased by 31% and 6% respectively on a quarter-on-quarter basis. We are on the consolidation phase in these segment, and volume will increase in near term, margin will also further increase over a period of time.

At Shyam Metalics, we have always followed prudent capital allocation policies. We reinvest 70% of our total cash generated back into the business, retain 20% as a liquidity surplus, and 10% to distribute to our steel shareholder as a dividend. The policy shall facilitate us to be cash positive even at the peak of our CAPEX cycle. Our policy also ensure us with a steady other income comprising of income from our investments made in government sovereign bonds, ensuring timely CAPEX implementation for our company. As on 30th September, 2024 the amount parked in government bonds and other liquid investments to the tune of 2165 crore, which will help also in going our upcoming project also. A synopsis of CAPEX and a growth bond has been laid down in the investors presentations, and we are well on track to execute this as per the expected timeline. We look forward to maintaining this positive momentum, delivering continuous success in the upcoming quarter.

With this, I now open the forum for question-and-answer session. Thank you, thank you to everyone.

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

Amit Dikshit: I have couple of questions. The first one is on aluminum division. Now, in case of aluminum, we are seeing that cost is increasing across the value chain, whether it is alumina, I know of course alumina we don't use, and others raw materials such as scrap, etcetera, worldwide. Do you also see a similar cost escalation in our foil stock and if so, do we see margins coming under pressure in aluminum division in coming quarter?

Brij Bhushan Agarwal: Thanks, Amit. I appreciate you understand the pressure of the 2nd Quarter in spite of such a rough and tough scenario, we had been able to perform decently. Aluminum as a commodity in the business of foil stock or alumina that is different, but if you see the product variety what we are manufacturing, we are manufacturing a very specialized quality. Where we are exporting more than 50% in the western world be it USA, Europe and all. And most of this product what we manufacture is a specialized product. There has been a recent change in the scenario in the aluminum business because some imports which was coming in the country and there was some kind of a free import on the finished material, has created more better margins in the country and demand. And the product what we are making it is basically a converter where we buy foil stock and we convert into a specialized foil. So, the margins have increased because there is a shortage, the Europe market has opened, the demand is good. And I would say the business and the margin in the aluminum business is on the better trend side. If you see quarter-on-quarter basis this quarter vis-à-vis the last quarter, we have done fairly decent and better.

Amit Dikshit: Okay. The second question is on the, we have recently announced yesterday that we have commissioned the color coated complex. So, just wanted to know how much volume should we expect from this complex in this year. And from the commissioning of coke oven what kind of cost benefits that we can see. And if you are seeing any pressure on marketing front as far as color coated is concerned?

Brij Bhushan Agarwal: We have just commissioned the plant and I believe like in next few weeks maybe by end of December we should be able to recently control and commercialize the complete operation properly. We expect that from the next quarter onwards the December, January quarter onwards we will be able to resume complete operation and we expect that this year we should be able to do a business of close to around 70 - 80,000 tons.

Amit Dikshit: Okay, that's good. And the last one if I can squeeze one more, we saw that the short term borrowings have increased in this quarter so, any specific reason for that and whether we will see them coming back to our normal position going ahead?

Deepak Agarwal: See the short-term borrowing in the last quarter that was decreased because of, if you see last quarter QIP proceed has been received and which was repayment into the working capital. The increase in the working capital only because of that and also we are increasing our inventory to the tune of 200 crore including raw material advances.

Amit Dikshit: Okay. So, this would actually be beneficial for you because now iron ore prices where they are.

Deepak Agarwal: And also in the last quarter, if you compare with the last quarter, in the last quarter there was a repayment of working capital out of other proceeds, QIP proceed received, that is the main reason. If you look at the working capital from March to September.

Moderator: Thank you. The next question is from the line of Prithul Shah from Anubhuti Advisors. Please go ahead.

Prithul Shah: My question is with respect to the margins so, as you said that currently in this quarter, current quarter was not good and we posted around 11% margin, so are we expecting Q3, and Q4 to remain in this range or we can expect some positive EBITDA margin growth in next two quarters for the balance year?

Brij Bhushan Agarwal: See, generally if you see the trend of last so many years, quarter three is the end of Quarter 2 end of festival and we see once generally after November onwards we see there is some kind of changes on these scenario. But yes, I don't see there is going to be major change in the present scenario, we should the major change it's very difficult to determine on the numbers presently, on the margins and all we are determined only by the demand, supply and the price. But I feel it should remain decent, in spite of so much odd in the other results, like the way we have performed, if you see the margins, if you see the volume growth, if you see everywhere, we had been able to, I expect that, this will add a good value, the new product, the new production, will increase our margins, and will increase our volume, will increase our top line as well. So for us, we should be doing better on this fourth quarter. And third quarter is, since it is we commission the plant, and everything is getting stabilized, so we don't see major changes in the third quarter.

Prithul Shah: Okay, sir got it. And sir another question with respect to our capital work in progress. So currently, around 4300 crore is in the capital work in progress. So by end of this year, that is March 25 how much amount we are expected to capitalize out of this 4300 crore?

Deepak Agarwal: As far as capitalization is concerned, if you see in the last quarter, we are capitalizing coke oven plant and our color coated plant, and this quarter we are going to capitalize blast furnace center plant, and we expect that out of 4000 crore, 800 crore, we have already incurred in the first half, and we expect that another 1000 crore we will be incur in the second half of the current financial year.

Moderator: Thank you. We will take the next question from the line of Shaleen Kumar from UBS Securities India. Please go ahead.

Shaleen Kumar: Few questions from my sides, one on our color coated sheet, any sense what kind of EBITDA per ton we will be looking for to begin with from the next quarter?

Pankaj Harlalka: So, in the color coated sheets, we expect an EBITDA, because we will be buying HR from the market right now. We don't have our own HR, so around 3500 goes there. So we should be making anything between 5500 to 6500 that is the expected line of EBITDA right now. That is when we go to the color coated, right now we are selling more of CR coils right now. So as we graduate to the color coated that time we should be making around 6500.

Shaleen Kumar: And timeline for us to graduate to the color coated?

Pankaj Harlalka: Another month and a half.

Shaleen Kumar: So, from next quarter onward we can assume right that we should from the January quarter onward, we should be in a position to self-color coat it right?

Pankaj Harlalka: Right.

Shaleen Kumar: Got it. And with respect to, there is too much pressure we could see on the carbon steel over here. Just want to ask you, partly you have answered but, how has been your October been like, is it the same number, same kind of pressure wind, facing in October as well, in terms of the profitability EBITDA per ton?

Pankaj Harlalka: In October, we have seen some relief in terms of realizations, the prices have slightly moved up, and there have been a slight change even in the raw material prices. So, in the 2nd Quarter whatever the margin was around 11%, in the third quarter we should be able to at least better that by 100 basis points.

Shaleen Kumar: Okay, right. But in our third quarter, we also have these two things coming up coke oven/ our coated sheet. So, with that there's a cost saving as well as new project as well. So how should we think about it on that front. So our sales will grow and our margins will also grow?

Deepak Agarwal: Yes, definitely with the implementations of coke oven, blast furnace and center plant, the margin will definitely improve from the fourth quarter onwards. After stabilizing all the commissioning plan, it will be stabilized within this quarter, and we will definitely look into the improvement will happen in the fourth quarter onward.

Shaleen Kumar: But Deepakji, then that will be on top of whatever the market thing is, right, that's because of the cost saving?

Deepak Agarwal: Yes, 100%.

Shaleen Kumar: So, whatever Pankaj has replied of 100 basis point likely improvement that is not taking into consideration of the benefits of these, coke oven, blast furnace, Sinter plant, you are including that as well?

Deepak Agarwal: Yes.

Shaleen Kumar: So that cost saving is on top of the market environment, better market environment in 3Q is it right?

Deepak Agarwal: Yes, very correct. Our margin has been improved by 100 basis point in the October month. What Pankaj spoke, there is little bit improvement in the realization in the October month with the implementations of blast furnace, coke ovens and color coated, our margins will definitely improve in the carbon steel because of implementations of blast furnace, it will be stabilized. We expect that it will be stabilized within this quarter and the margins with the implementations of blast furnace you will get from the fourth quarter onward, and as and when the realization will improve. Definitely, our EBITDA margin will further improve.

Shaleen Kumar: Any ballpark estimate, what kind of a contribution, I don't want to put you on a tight spot, but anything if you can range or something you can give us what kind of improvement you envisage with blast furnace coming in?

Brij Bhushan Agarwal: Let me take it over. Hi, Shaleen. See, today we are making steel, we are buying the pig iron from the market. And giving them the premium the market is good, your logistic cost, and there's lot of advantage, we will be using it captively. Now, whatever we will be producing now we will be consuming around close to 30%, 35% captively. And since we have a railway siding, we have a power plant, we have a captive coke oven plant. Our cost of manufacturing this hot metal pig iron is extremely competitive, and with the kind of design, the technology, what we have done the oxygen enrichment process, the PCI, the Bhelai stock, these are the all top level one automation. These are the top class, design we have incorporated. So once we are able to resume the plant completely, we expect that, we should be able to increase around 3.5 to Rs.4000 per ton EBITDA on the complete supply chain of this new project. Once everything is stabilized, we operate at 90%, 95% everything is, we are using the gas or our pellet plant. The gas of the blast furnace is going to the pellet plant. We are using the coke oven gas in the CRM complex, where people are using the energy, we will be using our byproduct gas, lot of combination, synchronization, and the balancing of the product, by product everything is going to, so it is definitely going to add good value in the time to come.

Shaleen Kumar: Sure Bhushan Ji. Just moving ahead on to our aluminum segment, we were hearing about there is a anti possibility of anti-dumping duty on Chinese product in aluminum foil. Is there any update that you have heard about?

Brij Bhushan Agarwal: It has been filed, so there are some restrictions I will not be able to share completely, because my business unit head who handles this will be able to brief as on the status. But yes, it is very much on the positive line. The import from the China is almost, at a very, very slow down or maybe it's hardly, people are doing a fresh import. So there is a good vibration and good energy in this business now.

Shaleen Kumar: Right, sir. And sir, if I can again, a little bit over here. Any status update on our battery foil, we were working with some of the battery manufacturers, and what's the status over there, in terms of our application?

Brij Bhushan Agarwal: The battery foil has been all almost established. We have got all the test, and all done. We have signed the NDA, an agreement for few battery manufacturers which is coming up in the country, and once they commercialize the production in 25-26 we expect that we will be participating with major battery supplies in the country.

Shaleen Kumar: So, probably in FY26 we should see that,

Brij Bhushan Agarwal: we are not waiting for the battery to be.

Moderator: Thank you. The next question is from the line of Rakesh Roy from Boring AMC Erstwhile Omkara Capital. Please go ahead.

Rakesh Roy: My first question is regarding realization for sponge iron compared to peers our realization is very low, why sir because if I see sponge iron realization is down by 25,000. So, why down compared to other peers in same business line?

Brij Bhushan Agarwal: No, I have to check, because it cannot be maybe, if you are comparing the sponge iron prices in the Western India, which is a market, then it is different. Otherwise, it's a very open commodity and it is all, there cannot be a major change maybe 100 or Rs.200, if you can just share your information, I will be able to give you an appropriate reply.

Rakesh Roy: I hear it from the **Llyods metals** because the pig iron, and the sponge iron realization is really high so that’s why I asked this question.

Brij Bhushan Agarwal: Because they are in the Nagpur belt, you are correct. Their area is little in the Maharashtra. And, because they need to carry the cost and all from the raw material from the other part of the country. So it is little on the higher side, but it cannot be Rs.1000, maybe Rs.300, Rs.400 or maybe something like that.

Rakesh Roy: It is more than Rs.1000. Okay, regarding RM pellet sizes if you see your pellets realization awareness compared to the last few down by nearby Rs.1000. So, can we see the same trend will go on in Q3 or this will bottom out sir?

Brij Bhushan Agarwal: See it all depends on the market, demand and supply, if you see the iron ore prices going down, the pellet price goes down. If you see the pellet price goes up, there iron ore prices goes up. So it's all depend on what cycle are we calculating the numbers, the pricing. So there is not a major change as or now, I would say maybe because the market is quite stable presently. But maybe we expect that, we are still, we are able to share this number with such an odd situation where we are suffering from the geopolitical issues. So much pressure is there in the metal industry, still if you see the overall as a group level, overall product side, we are able to insulate with lot of challenges, whether it be the flat product, or you be it any other sector of the carbon resource and all. So, as said that, at this this point of time it is a stability is there, not a major impedance but in the time to come, we expect that from the fourth quarter onwards, we will see good improvement. We just expect, I can't say, 1,000% but yes, we are all very optimistic. Thank you .

Rakesh Roy: Okay, right sir. Sir, my last question is regarding SS, earlier you had said that your target is nearby 1500 crore for FY25 from right now, for full year revenue. So we are still stick on that target?

Brij Bhushan Agarwal: Your voice is not audible, can you please repeat again?

Rakesh Roy: Sir again you are saying that you are targeting nearby 1500 crore for SS, stainless steel revenue.

Brij Bhushan Agarwal: Correct.

Rakesh Roy: So, we are still intact on that guidance of 1500 crore for FY25?

Brij Bhushan Agarwal: We should be close to between 80% to 90%, because the market, the prices correction has taken place in this stainless-steel price also. If you see the numbers on the price, and also so there is an impact on the revenue once you see the correction in the sale prices and all, but maybe close to around 1100 crores or so maybe we should be able to close it, but again I have to recheck and reconfirm you.

Moderator: Thank you. The next question is from the line of Neerav Shah from GeeCee Holdings. Please go ahead.

Neerav Shah: Sir two questions, firstly is on the CAPEX, we did mention in our opening remarks that the CAPEX in second half will be around 1000 odd crores, taking the full year CAPEX to close to 1850 crores, but based on the current expansion plans, and with some modifications, adjusted for the cycle, how much do we expect to spend next year and in 27 for the current expansion plan?

Brij Bhushan Agarwal: See, ballpark I am saying we have a very strong capital allocation policy. And if you see as Shyam Metalics Energy we are a very, very diversified company where we have a energy power plants are there, aluminum, stainless steel, carbon steel, and all. On an average we are targeting that we are spending close to 1700 to 1900 crores every year, seeing the cash, seeing the strong allocation, capital allocation policy.

Neerav Shah: Okay. So, our commissioning timelines will revolve around that, if our cash flows are faster, we will do more CAPEX?

Brij Bhushan Agarwal: Yes, correct. We always review, you have seen that we had been always very prudent in sharing our CAPEX plan and once one CAPEX is done, we declare the second CAPEX, third CAPEX, and all we always review quarter-after-quarter, see the cash, see the businesses and then we take up the matter there. So this is the way we operate.

Neerav Shah: And sir second question is on the specialty alloys side, for the last two quarters we are seeing our profitability jump remarkably from around 12 to Rs.14,000 per ton to Rs.20,000 per ton. So is it primarily because of a mixed change or is it sustainable now, the base is now slightly higher than what we have been indicating in the past?

Brij Bhushan Agarwal: It is sustainable, but there has been a major correction in the European market because we export majorly in the European market because we have a big export and the specialized alloy, because of some changes in the international market, there has been some corrections. So, but as a product it will be very sustainable because you have your own captive power plant where we are generating at a very competitive price of around Rs.2, Rs.2.5 a unit. And we make a multiple product where we consume captively also, and this business is extremely sustainable. We don't have to look back anytime.

Moderator: Thank you. The next question is from the line of Tushar Khurana from Desalado Advisory. Please go ahead.

Tushar Khurana: I just have a one question, what specific measures are being implemented to improve the utilization rates at Mittal Corporation, are there any targets set for the next quarters?

Brij Bhushan Agarwal: See, it's a very, very micromanagement question which I will not be able to answer you in detail, but briefly I will be able to share. Please apologize for this. I would say Mittal Corp we acquired the plant last year, and we had resumed the sinter plant. Plant is under operation, we have introduced lot of new grades in the stainless steel, which is a welding rods, wire rods, which is extremely, very, very critical grade what we had been able to develop, we are now been getting the order from the European market also, we are able to stabilize, because all the international company, they have lot of criteria of approvals and all. So we are making lot of new grades. And we are putting up a bright bar plant also downstream, wire plant also downstream. In the time to come, you will see that, we are planning from end-to-end solution, there is no company in the country presently who is making from ore to wires. So, Shyam Metalics is going to be a company by next year end where we will be able to make the fasteners, we will be able to fasteners grade rods, not fasteners but wires, bright bar which is on the industrial application and which has a great export potential in the engineering segment and all.

Moderator: Thank you. We will take the next question from the line of Mudit Bhandari from IIFL Securities. Please go ahead.

Mudit Bhandari: Just a confirmation, the number of CAPEX that you said 1700 to 1900 crore is for the period from FY25,26,27 for each year. And secondly, is there any what changes in working capital can be expected for the, as we are stabilizing and the expansion is going on. So considering that, what net debt number can be expected at around one year or two year down the line, net cash?

Deepak Agarwal: Mudit, as far as CAPEX incur for the next two to three year, the remaining CAPEX required is 4551 crore. Out of this 4551 crore in the next six month, we will be incurring 1000 crore, 2300 crore will be incur in the year 25-26 and remaining 1200 crore will be incurred in the 26-27. When we talk about the working capital utilizations, we will see with the commissioning of all our CAPEX or something, definitely the working capital will increase. But if you see in the past also, our average working capital utilization will be around 50% to 60% level. We will be always be in the cash positive. So, you will see it will be in between 1000 odd crore to 1200 crore something average utilization for next one and a half year.

Mudit Bhandari: And expected net debt, net cash, increase or decrease?

Deepak Agarwal: Net cash always be positive.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Mr. Sumeet Khaitan from Orient Capital for closing comments. Over to sir.

Sumeet Khaitan: Thank you for connecting us on the call today. I would also like to thank the management for sparing the time and answering all the questions today. We are Orient Capital Investor Relations Advisors to Shyam Metalics & Energy Limited. For any queries please feel free to reach out to us. Thank you everyone.

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