

SMEL/SE/2023-24/43

August 03, 2023

<p>The Secretary, Listing Department, BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 Maharashtra, India Scrip Code: 543299</p>	<p>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</p>
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Dear Sir/Madam,

Sub: Transcript of the conference call for Audited (Standalone and Consolidated) Financial Results for the First Quarter Ended 30th June, 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 Friday, 28th July, 2023 for the Un-audited (Standalone and Consolidated) financial result of the company for the first quarter ended 30th June, 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: 2023.08.03
10:39:56 +05'30'

**Birendra Kumar Jain
Company Secretary
Membership No. A8305**

OUR BRANDS:



SHYAM METALICS AND ENERGY LIMITED

REG. OFFICE: Trinity Tower, 7th Floor, 83, Topsia Road, Kolkata - 700 046, West Bengal, CIN: L40101WB2002PLC095491 GSTIN: 19AAHCS5842A2ZD
SALES & MARKETING OFFICE: Viswakarma Building, North West Block, 1st, 2nd & 3rd Floor, 86C, Topsia Road, Kolkata - 700 046
T: +91 33 4016 4001 F: +91 33 4016 4025 Email: contact@shyamgroup.com Web: www.shyammetalics.com Follow us on:    



“Shyam Metals and Energy Limited Q1 FY-24 Earnings Conference Call”

July 28, 2023



**MANAGEMENT: MR. BRIJ BHUSHAN AGARWAL - VICE CHAIRMAN &
MANAGING DIRECTOR - SHYAM METALICS AND
ENERGY LIMITED**

**MR. DEEPAK AGARWAL - DIRECTOR FINANCE & CFO
- SHYAM METALICS AND ENERGY LIMITED**

**MR. PANKAJ HARLALKA - HEAD INVESTOR RELATIONS
- SHYAM METALICS AND ENERGY LIMITED**

MODERATOR: MR. NACHIKET KALE – ORIENT CAPITAL



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Moderator: Ladies and gentlemen good day and welcome to Shyam Metals and Energy Limited Q1 FY24 Earnings Conference Call organized 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 Metals. Thank you, and over to you sir.

Pankaj Harlalka: And thanks for connecting with, call. Particularly our shareholders and our industry analysts. Thank you for taking the time out on this call to discuss our latest results and performance. Our results and a detailed investor presentation along with the safe harbor statement has been uploaded on the exchanges as well as our website. I hope everyone has had a chance to go through it.

To discuss our results we have with us, our Vice Chairman and Managing Director – Mr. Brij Bhushan Agarwal, and our Director Finance and CFO - Mr. Deepak Agarwal, they will take you through our Results. And then we'll proceed to Q&A.

Handing over to Brij Bhushan Ji to take it forward. Thank you.

Brij Bhushan Agarwal: Thank you and good afternoon everyone. And thank you for joining us on the Result Call today.

We reported a very resilient performance in Q1 despite the seasonal softness compounded by the slowdown in the prices. This was possible due to the continuous enrichment of our product mix and unwavering focus on cost. The roll product shipment rose from 36% year-on-year basis, while the volume of metallic and intermediate also improved. Quarter-on-quarter as the new capacity got commissioned revenue contribution from the roll product was 48% in the last quarter up from the Q1 of last vision, that was 41%.

EBITDA remains stable on the subsequent basis, despite 4% decline in realization. Q1 FY24 EBITDA was 405 crores, with a stable margin of 12.2%.

As we come towards the end of the implementation of the growth plan, announced during the IPO two years back, the Board has approved new CAPEX plan of 3915 crores to kick start the next phase of growth for the company. This will energize our process, progress towards more enriched product mix and higher volume and consequently, a much stronger company in the coming years.

We are also very happy to announce the change in our Board composition and statutory auditors, Mr. Malay Kumar De and Shashi Kumar have joined our Board as additional Director for the term of five years subject to the approval of the shareholder. Mr. Malay Kumar De is a retired



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IAS officer. He was the Chairman and Managing Director of WBSETCL, WBSEPCCL and he also served as the Chief Secretary for the government of West Bengal. Mr. Shashi Kumar also has a great experience of more than 50 years and he was the Ex-Chairman of Coal India Limited and earlier he was Director Marketing from Coal India, and he has been also working in the advisory of NTPC IFCO in Chhattisgarh Power. Based on the recommendation of the audit committee, the Board has recommended appointing MSKA & associates Chartered Accountants as a statutory auditor of the company. MSKA & Associate is the member firm of BDO International, which is the fifth largest international accounting tax advisory firm and is largest M/S network in the world.

The group projects and recent acquisitions are propelling our strategy of efficient and low cost growth. With continued robust cash generation and one of the lowest gearing ratios in the steel sector. We remain confident of financing the upcoming CAPEX requirements largely through the internal accruals and retaining the strong credit rating. The company is developing in the area that will allow us to constantly reinvest our profit and growth, while maintaining the balance sheet strength the strategy is to be present in the multiple end products related to our expertise and presence on the metal purification value chain. The company looks very different today in the terms of profit mix vis-à-vis, what it was five years ago and we look very different five years from now.

With that I would hand over the floor to Mr. Deepak Agarwal – Director Finance and CFO to update you on the financial performance. Thank you so much.

Deepak Agarwal:

Thank you, sir. A very good afternoon to all the participants and I thank all of you for taking time out on this call to discuss the results for the First Quarter of the current Financial Year.

I will be glad to share a quick review of the reported consolidated financials for the first quarter under review for the current financial year 2024. Shyam Metalics Group has been reaffirmed by external rating CRISIL AA stable for the long-term borrowing and CRISIL A1+ for the short term borrowing. This reading reflect the established market position of Shyam Metalics Group industrial sector. The rating validates the factors like the group comfortable financial risk profile backed by healthy debt protections metrics reinforce our trust in our strong business model, which continue to generate healthy cash flow.

I would now like to draw your attention to the financials of the company on a consolidated basis:

In Quarter One of the current financial year on a consolidated basis the company reported operated its operating revenue of 3307 crore a growth of 3% over Quarter One of the last financial year. The sales mix constitute a high percentage of volume from finished steel which account for 48% of the total value. Although there has been some motivation in the existing module, with the challenging macro environment, which has adversely impacted the commodity prices coupled with the domestic regulatory changes. The company has been able to book an EBITDA of Rs.405 crore declined by 33% over the Quarter One of the last financial year, and



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EBITDA margins of Quarter One of the current financial year was 12.25%. In order to maintain the trade in the EBITDA numbers, we have been judicious and cautiously on all our cost component. Our profit after tax for the quarter stands at 235 crore, which has seen a decline of 43% year-on-year, PAT margins for the quarter is 7.11%, which is quite sound considering the current market trend and PR comparison.

In the Shyam Metals Group, the working capital management is very prudent. The group focus mainly on selling items on advances or letter of credit basis learning to lower debtors and inventory period of 15 to 30 days and 70 to 80 days. With regard to the update of acquisition of Mittal Corp Limited, at present all the pending litigation for the Mittal Corp has already been resolved and settled and application for approval for resolution plan has been filed with the NCLT Mumbai bench, the matter has been heard and reserved for order. At Shyam Metals, we have always followed prudent capital allocation policy. We reinvest 70% of our total cash generation back into the business, return 20% as a liquidity surplus and return 10% to our esteemed shareholder as a dividend.

Our adequate CAPEX plan have been lead out in the investors presentation, our total CAPEX in aggregate 3915 crore which includes the 625 crore towards Ramsarup Industry Limited. Out of 625 crore 250 crore is attributed towards joint venture partner. In effect, our total CAPEX spend attributed to our Shyam Metals, even aggregate of 3655 crore. Our CPP portfolio of 357 megawatt with an addition of 20 megawatt pending completion at Ramsarup will be 377 megawatts. Currently, we will enhance our power capacity by 220 megawatt, this 220 megawatt currently 90 megawatt will be commissioned at Sambalpur plant and another 20 megawatt will be at Jamuria plant, and additional 40 megawatt will be at Ramsarup industrial Kharagpur. The post all announced CAPEX implementation of our CPP will be 597 megawatt. Additionally, we are putting up to start with the 100 mega solar CAPEX implantation to enhance our renewal portfolio to 109.1 megawatt for sustainability and our first major step towards reducing our carbon footprint. The CAPEX emphasized is 1230 crore. In the CAPEX program as per the plans of the company to move forward value added products. We are enhancing our downstream facility by additionally 1.6 million tonne including our CRM stainless steel DI pipe, hot flat products, parallel flange beam, and steel wire drawing at an aggregate CAPEX cost of 1395 crores which is lower than the standard CAPEX cost.

To facilitate the sales, we will have to add intimidated capacity of delay in various form by adding 1.03 million tonne of capacity. We shall further enhance our DRI capacity by further 1.0 million tonne. And we are also adding a verification plan to increase to improve our margins at our plant. The total CAPEX of our intermediate capacity which comes to around 1190 crore in our newly installed aluminium foil plant, we shall spend another 100 crore for aluminum mills with castor as a backward integration and battery foil plant enhance the product offering. We feel that the CAPEX spend and the margin, may improve our margin for our company for near future and further increase our product basket. The capacity has been stated based on present capacity, plus all capacity coming up based on the project announced earlier. We have made a few changes into the present investor presentation if you see in the last quarter this project well



we did not reduced the non-current investment portfolio of 798 crore which are parked in a fixed asset government bonds and mutual fund after reducing that to the total net debt of 448 crore. We had arrived at the net cash of 562 crore in the previous quarter. And as of in this quarter we are a net cash in this quarter is 499 crore. Now, I conclude my personal speech and throw the floor open for the question answer session. Thank you.

Moderator: Thank you so much. We will now begin the question-and-answer session. First question is from the line of Amit Dixit from ICICI Securities. Please go ahead.

Amit Dixit: I have a couple of questions. The first one is essentially on the new CAPEX plan, if you could also let us know the timelines of broad categories, let us say hot flat products, parallel flange beam, when can we see these coming, similarly aluminium plants that battery coil plant along with that and if you could clarify on ferro alloys this 0.2 whether it is your I am sure it is like low carbon ferro chrome only. So, if you can just clarify that, that is the first question.

Management: Hello Amit, thank you. As far as new CAPEX is concerned, the commissioning of the new CAPEX will be majorly the new CAPEX will be commissioned in the Year '24-25. A few capacity likewise the aluminium foil and DRI capacity of ferro alloy will be commissioned in this financial year that is '23-24 and the power plant and the aluminum foils, battery foils, will be commissioned in the Year '24-25 and the rest will be in the year 25-26.

Amit Dixit: Okay. So, what we can expect that in FY26 essentially all these capacities will be up and running and will be ramped up to 100% utilization possibly?

Management: Correct all this capacity which we are going to announce that will be 90% will be commissioned at the end of the financial year 25-26.

Amit Dixit: Okay, fine. The second question is essentially if I look at the financial statements, The EBITDA margin is still at 12.2% and thermal coal prices have come up significantly in the quarter. So, it looks like the complete benefit of thermal coal prices has still not been passed on. If you could just let us know the thermal coal prices on an average that were surpassed into P&L in Q1 FY24 and what is the change that we can expect to see in Q2 and similarly for iron ore prices?

Management: Amit, as far as the pathway of the correction in the coal target, we have already taken into account in the current quarter of the current financial year if you see the realization has been corrected by 4% despite of the realization corrected by 4% because of the other side, all sizes has been correctly that has already been taken into the first quarter and 100% it will be further effected in the second quarter as well. And as far as iron ore price is concerned we have not yet, the correction of iron ore is not been happening in the first quarter, it will be happening in the next quarter.

Brij Bhushan Agarwal: Amit, I would also like to suggest, if you see our the new expansion module what we have suggested on the flat product side this is a specialty steel because we are already in the stainless



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steel now, and this flat product is going to be on the side of the specialty steel and stainless steel side. So, we are proposing a half a million tonne of flat product where the best strategy for the organization right now is since we are in the business of making specialty alloy, low carbon, ferro chrome, manganese, iron, we have a captive power plant, and we don't have to rush on the scrap side for procuring the stainless steel scrap. So, it makes a lot of value for us to go forward. So, if you see the expansion, the new expansion what we have declared it is completely a downstream, adding upstream values as well as the value chain, as we know the stainless steel demand is going to become robust in the country and there is a lot of, with the acquisition of the Mittal Corp now with our good team, which we have right now, we are doing a lot of changes in the strategy of the stainless steel and we see that we have to be in the complete supply chain management of the stainless steel business. By doing this flat product of stainless steel, all these stainless steel pipes manufacturers, the component manufacturers, the household manufacturers, the white good manufacturers, lot of consumer will come within the foothold of the within the product mix. So, I really see a great value where the new expansion is coming up. Also, if you see all of our major expansions, when we are talking of we are going to add a billion tonne of DRI, we are going to add a power plant, these are all either it is driving towards the cost side by adding a power plant we are reducing the cost of the power because our new expansions are also going to require a lot of power and also with the new capacity addition of the pelettization plant. And we see that we have almost 2 million tonnes, one and a half to two million tonne of additional pellets which we have in our system we need to consume that. So, overall it is a complete value drive from the iron ore pellet to the steel. So, this is going to create a great value for the organization and it is almost, all the projects are majorly the brownfield projects and it is in the same stream where we are working right now. I don't see there is any challenge in understanding the business and the business where we are, we are going to increase our more market share and also create into a better market and add more value to the company.

Moderator: Thank you. The next question is from the line of Nirvana Laha from Nirvana Capital. Please go ahead.

Nirvana Laha: So, my first question is on long steel volume this quarter. So, if we look Q-o-Q, there is almost a 10% decline in long steel while our more capacities have come online during this quarter. So, what has caused this, are we seeing some demand softness and how do you see this panning out in the next few quarters?

Brij Bhushan Agarwal: I actually don't see any kind of reduction or any kind of correction in the process of the sales volume side, but since this is a second quarter and we all know that we are in the monsoon quarter and during these time there is a slowdown in the construction activity there might be some pressure on the price side, but that also with the today's market, I see everything is bottomed out. So, I don't see any challenges on the front of the field side. Yes, the margins where we are right now, it has already bottomed out and the market internationally is also reviving and we will be able to maintain a decent numbers this quarter as well as hence forth.



- Nirvana Laha:** Okay. But the 28,000 kind of reduction in long steel volume that you think is nothing structural and it should be up in after monsoon?
- Brij Bhushan Agarwal:** Yes. And during this time we take plant maintenance because of the slowdown in the demand there is annual maintenance shutdown also, activities happen in the power plant area and once you take the activity of the power plant then downstream facilities also so these quarters generally we also do a preventive maintenance in the plant. So, some effect also come from the plant side also as a annual shutdown and all. But nevertheless, I can visualize that the position where we are right now and the kind of market where we are with our cost advantage. The we are growing year-after-year, I don't see that there is going to be any correction in the sales side of the volume of the long products and all.
- Nirvana Laha:** Okay, thanks. And I heard your answer on margin. But if you could give some more color on that, so we were all expecting that margin should expand a little Q-o-Q because coal and coking coal, everything has gone down. So if you can talk a little bit about that, how do you think margin might progress in the quarters coming ahead?
- Brij Bhushan Agarwal:** You are right, the coal prices are going down and this quarter we can see the iron ore prices will also come down. But, if you're talking on the average margin side you have to also see that we are in the monsoon time and like we said, there might be some kind of pressure on the seasonal side of the monsoon. And I don't see that the margin where we are operating right now that it would decline further, these are chances of going upward. But yes, we will definitely get the advantage on the input of the raw metal pricing and the correction what we are seeing in the energy prices, coal, iron ore and all.
- Nirvana Laha:** Okay. And one question on the new CAPEX. So, your older CAPEX, post IPO CAPEX the downstream product have still not come online. So, one would have thought that you would like that to come online or products to go to the market and then announce the second phase of expansion for downstream products. So, just want to understand what is the thought behind going with such a large CAPEX before the first phase has also come online.
- Brij Bhushan Agarwal:** If you see, first of all, I would not say that it is a very large CAPEX. If you see, on the time of the IPO, the initial CAPEX, what we declared was around 3100 crores. Later on, we added and it went to around 3900 crores, I'm talking of one year from now and on that 3900 crores we have already invested 3200 crores, all the downstream activity of the long product side has been commissioned, six months to nine months back. Now, the new commissioning, what is going to happen is for the pig iron plants which is in full stream, the power plant which we just now commissioned. So, these are all going to add the value and increase the numbers, EBITDA numbers on the bottom line side, because today we are buying the pig iron and we are consuming, if we are able to produce this backward integration pig iron with our own captive coke oven plant, we generate a lot of power and we get a lot of advantage on the reduction of the power cost as well as the raw material ingredient what we are buying for making steel. So, I see we are very much within track and downstream all the cold rolling mill complex what we



declared six months back it has to come in the scheme from the coming year onwards. So, I don't see that it is a large CAPEX and today the CAPEX what we are declaring right now, it has to be completed in next two to three years, we are talking of three years, we will be almost over with the old CAPEX by March coming year. So we will have enough time and enough cash in the system that we will be able to invest and increase the better performance in the company.

Nirvana Laha: Sir, if I may just my question actually was that we haven't still seen our products go commercial from the cold rolling mill, etc. that you've announced already. And we are even now going ahead with more products and downstream. So I'm just asking from a market acceptability of products point of view there are no concerns, that is not something that?

Brij Bhushan Agarwal: Not at all.

Nirvana Laha: Okay. And for the new power CAPEX that you're doing on power. So right now, 75% of your power is through captive. So after FY26, with this new power CAPEX that you're doing with the other CAPEX, how much of the power is expected to be captive?

Brij Bhushan Agarwal: It will be in the same range of around 75% to 80% because the new capacity what we are adding will also be requiring more power. So, it is almost going to be in the same level of around 75% to 80%.

Moderator: Thank you. The next question is from the line of Gaurav Gandhi from Glorytail Capital Management. Please go ahead.

Gaurav Gandhi: Sir, in earlier calls you have mentioned aspiration to be a B2C company to overcome the cyclical nature of the business. Can you update on that, where do we see ourselves presently and future progress towards that goal?

Brij Bhushan Agarwal: Very correct. If you see from last two years, the volume what we have penetrated in the long term, the tonnage what we were doing, three years before and every year how much we are already penetrating towards the B2C market. We are doing structural steel, we are doing long product, construction steel and all of our products what we had planned two years before was focusing on the B2C that is the major integration and the ideology of the company which we are focusing on. And in the new CAPEX plan also if you see, majorly it is on the downstream side, it is not on the upstream side like whatever iron we are doing, whatever specialty alloy we are doing, we are trying to convert into a value added steel so that we can add more value on the B2C space as well and as well as B2B.

Gaurav Gandhi: Okay. And the second question is, you mentioned about forming an advisory committee on various business opportunities and strategies. Does it include existing members associated with the company or any external experts in that committee?

Brij Bhushan Agarwal: Your question is not clearly dear, can you just repeat once again?



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- Gaurav Gandhi:** In the press release by the company there is mention of forming an advisory committee on various business opportunities and strategies. Does it include existing members associated with the company or any external experts, can you share more details?
- Brij Bhushan Agarwal:** These are all external experts like, we are talking of the people who are the legendary in the metal business, they are going to be with the big name, with a great experience and all. So, majorly they will be all from the outside who has been serving the big conglomerates and the big giant in the industry.
- Moderator:** Thank you. The next question is from the line of Jem Allice, Individual Investor. Please go ahead.
- Jeme Alison:** Thank you. My name is Jeme Alison, my first question was, what was the cash flow from operations figure like this quarter?
- Management:** As far as cash flow is concerned, we have a total cash flow as of now is around Rs.300 crores in the first quarter and we expect the total capital for the current financial year, which will be in between Rs.1800 crore.
- Jeme Alison:** Okay. The next one is on the new CAPEX that you guys have announced if you can just give me a sort of approximate number that you will be spending, in each of the three years in FY24, FY25 and FY26?
- Management:** Yes, we are projecting the total CAPEX which we are going to implement and which we have already announced in the year '23-24, we are going to incur a CAPEX cost of around 2100 crores in the year '23-24, 24-25 we will be incurring Rs.2300 crore and 25-26 we will be incurring Rs.1000 crore.
- Jeme Alison:** Okay. And I know this was asked by a previous participant, and you've also given us the number of the cash that we have on our books, but you guys are confident that we won't be able to take, we don't need to take too much debt for this new by doing this new CAPEX between the money that you guys will be raising from the QIP, etc.?
- Management:** Yes. All has been planned, with the planning of the present cash reserve, and the money what we are using, we have taken all that into consideration.
- Moderator:** Thank you. The next question is from the line of Darshin Shah, Individual Investor. Please go ahead.
- Darshin Shah:** First of all, let me just start by appreciating the scale of CAPEX plans been very well laid out in the presentation. So as an analyst it helps us a lot to analyze the company. So kudos to you and the team for that. So, my question is more relating to the renewable energy part, I see this significantly moving towards that. So, if you could just paint some picture what is the rationale behind it?



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- Brij Bhushan Agarwal:** I'm not clear with your question, can you just repeat once more please.
- Darshin Shah:** Sir we are moving significantly towards the renewable energy part. So, wanting to understand the rationale behind it?
- Brij Bhushan Agarwal:** See, first of all we have, our expansions are going on. And we have already, we are working on our ESG plans within the ESG plans, we have a plan that we should be as a good entrepreneur as a good institution we have to also focus on the green energy. We have also drawn the carbon footprint for the organization where we have to work on this, so all these renewable energy what we are evaluating right now we don't have to look for a market to sell the energy because and all the CAPEX, IRR what we are planning is first of all, it has a good IRR of more than 20% because if we are doing the renewal within the company, you get the advantage of tax and other advantages. And number two, we don't have to look for a market to sell the power. So, all these makes a very good combo and very holistically if you see one side we are generating power, we are reducing the footprint we are getting into a renewable space green power and also we are utilizing that power in our existing system. This is the major issue.
- Moderator:** Thank you. The next question is from the line of Nirvana Laha from Nirvana Capital. Please go ahead.
- Nirvana Laha:** Can you please let me know the net fixed asset and capital work in progress position as on this quarter?
- Management:** Sorry?
- Nirvana Laha:** Can you let us know the net fixed assets and capital work in progress position as on this quarter?
- Management:** In this quarter, we are capitalizing 805 crore what we are projecting earlier this consists of we are commissioning in this quarter pellet 1.2 million tonne. We are commissioning sponge iron 0.39 million tonne, we are commissioning steel melting of 0.3 million tonne, we are commissioning long steel 0.3 million tonne and we are commissioning 90 megawatts of power plant and one railway siding. Total CWIP as of 31st March 2023 is 2465 crore.
- Nirvana Laha:** Sir can you give the figure as on 30th June or 1st July, is it possible?
- Management:** 30th June, 2465 crore is 30th June CWIP.
- Nirvana Laha:** Okay. Thank you and one more question on the CAPEX the existing CAPEX so if I look at.
- Moderator:** The next question is from the line of Dinesh Kumar Padmanabhan, Individual Investor. Please go ahead.
- Dinesh Padmanabhan:** Thank you for the opportunity. Quick question, can you throw some light in what do you think is the target in terms of revenue or EBITDA whatever the new CAPEX I know that when we



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were planning the first phase, we want it to be 25,000 crore revenue company by 2025. Now with this investment of the second CAPEX, could you tell us what will be your targets please in terms of the top lines and the EBITDA and whatever you can throw light on?

Management: As we rightly said all the time like Shyam Metalics we are targeting at a CAGR of around 15% to 20% year-after-year. So, this information, Pankaj can you share this information you have right now, year-after-year what is the?

Management: Sir we cannot share any forward looking number, we can share only we will be growing with a CAGR of with this CAPEX announcement, definitely our top line will be enhanced year-after-year by 20%, more than 20%.

Moderator: Thank you. The next question is from the line of Miraj from Arihant Capital. Please go ahead.

Miraj: I have one question, I wanted to understand with the new CAPEX so that we've announced through fundraise, just to understand over here the promoter entity would be putting in through the fundraise to bring down the promoter, they have to bring it down to 75%. So am I right in that understanding, they won't be putting or they will be also putting in money. That's my first question.

Management: We will be doing the QIP and maybe some portion of OFS. But this is very much in the discussion stage right now because we it is under the booth to review and our merchant bankers they are working maybe short while we'll be coming out and disclosing everything.

Miraj: Understood. And the second question I just wanted to understand in one of the previous answers, you said that with CAPEX IRR will be upwards of 20%, am I right in hearing that?

Management: Perfect.

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

Rakesh Roy: Sir my first question regarding, you have mentioned that you are doing the from 400 to 500 crore for Mittal and for FY24, so FY25 you are targeting nearby 1700 crore from Mittal. You are still intact on this number sir?

Management: You are not very audible. Can you just repeat?

Rakesh Roy: My question is sir, in last call you have mentioned you are expecting nearby 400 to 500 from Mittal Corp for FY24 and nearby 1700 to 1800 for FY25. So we are still intact with this number?

Management: Yes, you are talking of the revenue model right?

Rakesh Roy: Yes.



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- Management:** Yes, very much, we are very much in line with what we discussed.
- Rakesh Roy:** So, trying to understand in Mittal Corp generally we are making 800 crore or we are doing some different also sir there in Mittal Corp?
- Management:** We are in the process of, we have acquired we are doing the modification and upgradation in the plant, we are doing some EMT stainless steel TMT bars, we are doing some rolling for the for the company who are the defense suppliers like we are doing some kind of job work for them right now because this is something which has been going for during the time of the RP process. The time to come yes company will enhance it's more value and more value in more specialty alloy and stainless steel and we are also thinking in to add the downstream in the Mittal Corp like the wires and the bright bars and all these are also, so we'll see that we have to be one of the most sustainable and the most value added business in the terms of the stainless steel.
- Rakesh Roy:** Understood. Sir my next question regarding for Q1 our volume increase overall, but sir when we see realization is down, year-on-year basis or Q-on-Q basis, why should any reason is?
- Management:** Every steel company what is the reason, every company realization is coming down.
- Rakesh Roy:** Yes, sir, but compared to other players our realization like let's discuss on the 10% but our company is just need a flat any reason?
- Management:** Its not about, I don't see because the price and the realization we have to be governed by the market we can only cover the, we can only improve on the margins by our efficiency of the plant and the marketing strategy. So, the overall the global market has come down, over all the prices corrections has taken place. So, this is one of the reason where we are also, we are also seeing this kind of.
- Rakesh Roy:** Or sir we are seeing more correction in coming fourth quarter sir?
- Management:** See this is bottom out, if you see overall the things are now started getting better next year is election year a lot of development is going to happen and after this monsoon which we see that in next month, one and a half month situation will resume and the demand will start coming up. Actually don't see now the major corrections like we are more concerned on the margin side and further advantage what we are seeing is on the raw material side as well.
- Rakesh Roy:** Sir next question is regarding your aluminum foil business, sir still we are, in Q1 how much export from this one aluminum foil?
- Management:** Almost 65% to 70% of the product what we are manufacturing we are exporting.
- Rakesh Roy:** Okay. And sir any plan to add another like a currency we have some 40,000, any plan in the near future to add more capacity?



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Management: Right now, we are not adding any foil capacity, but we are working, we have already developed a battery foil for the EV batteries and all, because the plant when we took we took with the compliance of the EV battery foil. The market for the battery in the country is going to spike from 25, 26 onwards. We are all prepared and with a very minimalistic CAPEX we can start developing and manufacturing the battery foil.

Rakesh Roy: Okay. So, is your foil under development phase or we have already developed?

Management: It is already developed because it's one of the best company in the world and we are the biggest collaborate in developing battery foil. Machine supplier what we have the technology tie up and all is all battery compliant. We are enhancing the value later on, once we see the battery manufacturing start in the country.

Rakesh Roy: And still you are looking for only domestic market or export market both sir?

Management: At present, so, we want to start with the domestic market and later on we will be penetrating both in the domestic and the international because we don't want to do anything which is completely based on one market. And since we are very new company in the battery, in the aluminium foil we established the plant and now it is a time for us to add value with the future thoughts the future markets.

Rakesh Roy: Sir any other company in India who are making same line of business EV foil?

Management: No, not to my knowledge, but Hindalco is also now thinking foil what we are manufacturing Hindalco is not doing that. Our is very precision foil but I was reading an article where I understand that they are also right now working on the battery foil but battery foil is going to be a big market.

Rakesh Roy: So sir this EV foil it comes under 40,000, they have separate capacity?

Management: No, it is a part of the same installed capacity.

Rakesh Roy: So part of this sir?

Management: Yes.

Moderator: Thank you. The next question is from the line of Nirvana Laha from Nirvana Capital. Please go ahead.

Nirvana Laha: In slide number #15 in your presentation, you have said that around 508 crores of CAPEX is pending for the CRM, the cold rolling mill. So this is an addition to the 717 crore which is pending for the other capacity?

Management: Yes.



- Nirvana Laha:** Okay, so is there anything else apart from this 507 also which is in the works or which is pending, because I'm just trying to make sense of how much CAPEX from what you've already announced before this new CAPEX. How much is spending so it's 717 plus 508. Is there anything else also?
- Management:** So, if you see the Ramsarup slide, which is one slide earlier there is some amount pending there also. So, we've already incurred about 193 crores there so out of the 747. So 448 is towards our company which is Shyam Metalics, that additional is also pending. And we've also done an acquisition of this company Mittal Corp, so towards that whatever we need to pay the acquisition price that is also finding.
- Nirvana Laha:** Okay, how much does that value?
- Management:** 351 crores is the acquisition price plus we may be spending around 75 to 100 crores modification and all.
- Nirvana Laha:** Okay, so this entire all these items put together around 2000 crores do we expect to incur that in this financial year itself?
- Management:** Yes.
- Nirvana Laha:** The entire amount right. Okay and overall, from a debt position for the financial year end FY24 what kind of debt to equity metric are we looking at, I'm sure there must be a capital structure target. So can you tell us about that, because there's a lot of CAPEX happening?
- Management:** So, if you see the debt equity today is about 0.08. We don't see it going upwards of that because we have about +1300 crores in terms of treasury and we are going to make some money this year also. So, put forward to that we are not going to take debt to implement the CAPEX. So, the debt equity is going to remain the same or it will be better than that.
- Nirvana Laha:** Okay, better than the current debt equity position?
- Management:** Yes. So, it could be lower but not higher.
- Nirvana Laha:** Okay. And overall with your current CAPEX plus the new CAPEX plan am I right in saying that you will try to deploy around 3000 to 3500 crores of CAPEX this year or is that number too high?
- Management:** No. So, what we have projected we are going to deploy like that only. It. may be a 50 crore or an 80 crore plus minus not the numbers that you are thinking.
- Nirvana Laha:** Okay because for the new CAPEX if I heard right in answer to an earlier participant you said that around 2000 crores was going to be spent and all this around 2000 crores is already pending?
- Management:** The 2000 crores includes for the pending CAPEX also.



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- Nirvana Laha:** Okay. So, total CAPEX for FY24 you envisage is around 2000 crores am I right?
- Management:** Yes, total CAPEX cost
- Moderator:** Thank you. The next question is from the line of Jeme Alison, an Individual Investor. Please go ahead.
- Jeme Alison:** Thanks for the opportunity again. Could you just guide us on the additional, the CAPEX that is yet to be implemented from what was announced earlier, we have about 1.45 million all in all between ductile pipes, sponge iron and blast furnace, etc.. So, if you can just give some rough timeline on these, when these will be coming online?
- Management:** So, basically if you look at a blast furnace of six lakh tonnes, we are expected it to be commissioned by December this year. Along with that, we will have the coke oven plant which is of 0.45 million tonnes so, that should be commissioned either in November or along with the blast furnace in December. So, this is about 1 million tonne already. 6 lakh plus 4,50,000 and then we have the ductile iron pipe which is pending which is a two lakh plant that is expected in September 25.
- Moderator:** Thank you. As there are no further questions. I would now hand the conference over to Mr. Nachiket from Orient Capital foreclosing.
- Nachiket Kale:** Thanks to all for sparing their time and answering all their queries. Orient Capital is the investor relations advisor to Shyam Metals. For any queries please feel free to get in touch with us. Thank you everyone.
- Management:** Thank you everyone.
- Moderator:** On behalf of Shyam Metals and Energy Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.