



5<sup>th</sup> June, 2023

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**Stock Symbol & Series : IMFA, EQ**

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

**Sub : Earnings Call Transcripts**

Dear Sir / Madam,

Pursuant to Regulation 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the audio call recording of the Company's Investor / Analyst Call held on 31<sup>st</sup> May, 2023 on the Audited Standalone and Consolidated Financial Results of the Company for the quarter and year ended 31<sup>st</sup> March, 2023 is attached herewith.

You are requested to take the same on record.

Thanking you

Yours faithfully  
For INDIAN METALS & FERRO ALLOYS LTD

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

“Indian Metals & Ferro Alloys Limited  
Q4 FY '23 Earnings Conference Call”  
May 31, 2023

**MANAGEMENT:** **MR. PREM KHANDELWAL– CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY– INDIAN METALS & FERRO ALLOYS LIMITED**  
**MR. BIJAYANANDA MOHAPATRA– CHIEF OPERATING OFFICER – INDIAN METALS & FERRO ALLOYS LIMITED**  
**MR. DEEPAK MOHANTY–HEAD OF FERRO ALLOYS BUSINESS UNIT– INDIAN METALS & FERRO ALLOYS LIMITED**  
**MR. BINOY AGARWALLA–HEAD OF POWER BUSINESS UNIT–INDIAN METALS & FERRO ALLOYS LIMITED**  
**MR. SANDEEP B. NARADE–HEAD, MINES BUSINESS UNIT– INDIAN METALS & FERRO ALLOYS LIMITED**

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

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

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

**Aryan Rana:** Thanks, Melissa. Good evening to all of you and thanks for joining this earnings conference call of Indian Metals and Ferro Alloys Limited to present and discuss the financial results for the quarter and full year ended 31st, March 2023. With a market valuation of over INR1,500 crores, the company operates in the metal and mining industry business space. With 190 MVAs installed in its capacity and 204.5 megawatt captive power generating capacity, that includes 4.55 Mw solar power, and enormous chrome ore mining tracks, IMFA is India's foremost fully integrated manufacturer of quality ferrochrome.

The company's business portfolio includes the manufacturing chain, the mining of chrome ore, the production of electricity and smelting of ferroalloys.

We have sent you the results. I hope you have received the same. The results are also available on the Company website and the stock exchanges.

Before we proceed to the call, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties and other factors.

To discuss the results and address the queries of investors, we have with us the management represented by Mr. Prem Khandelwal, CFO and Company Secretary. Mr. Bijayananda Mohapatra, Chief Operating Officer. Mr. Deepak Mohanty, Head Ferroalloys Business Unit. Mr. Binoy Agarwalla, Head Power Business Unit and Mr. Sandeep B. Narade, Head Mines Business Unit.

We will start the call with a brief overview of the Q4 and year-ended financial year 2023 and then we will open the floor over to Q&A session. Each participant can ask two questions and then can come back in the queue.

With that said, I will now hand over the call to Mr. Prem Khandelwal. Over to you, sir.

**Prem Khandelwal:** Thank you, Aryan and good afternoon, ladies and gentlemen, for taking time out in joining this earning conference for the company. For the fourth quarter, the fourth quarter has been remarkable for the company because we are back on the track with a net profit of INR63 crores, as compared to INR10 crores in the previous quarter. And for the entire year, we had the highest ever turnover in the company with INR2,640 crores and highest ever total income of INR2,702 crores. Although, the PAT numbers are not as comparable, not as good as the last year, which was an exceptional year, but even then it is a creditable year in the sense that this is one of the best years in the history of the company, barring the exceptional year last year.

As far as production sales numbers are concerned, for the fourth quarter, we have produced 61,200 tons of ferrochrome and we had mined chrome ore of 193,000 tons and we have sold around 57,362 tons of ferrochrome. The price realisation was INR117,000 per ton roughly for the fourth quarter and for the entire year it was INR116,000 tons as compared to INR1,09,000 tons in the previous year.

With that we can start the question-and-answer session now. Thank you.

**Melissa:** Thank you. Ladies and gentlemen, we will now begin the question-and-answer-session. We have the first question from the line of Saket Kapoor from Kapoor and Company. Please go ahead.

**Saket Kapoor:** Namaskar, Prem saab, namaskar to the team. Thank you, sir, for the opportunity and a good set of numbers. As per our last conversation, it was conveyed to the investing community that we have hit the peak in terms of the raw material prices and henceforth the benefit of lower raw material and better realizations will accrue to the numbers. And that is what we have seen for this quarter.

Sir, I am just taking some gist of what our MD told today at CNBC. So just a couple of points from where he left there. Firstly, sir, if you could give us some understanding on the capex part. Sir spoke about capex in two phases. First, the INR1 lakh, the one which will be done by 2025 and then for another INR1 lakh. So if you could elaborate what is our capex plan for the coming four to five years, sir?

**Prem Khandelwal:** No, Saket, I think there is some confusion there because MD spoke about 1 lakh ton of ferrochrome capacity which is coming up online in second quarter of calendar FY '25. Okay. He didn't speak about any other 1 lakh ton. So I think there is some confusion there. As of now, what we are planning is 1 lakh ton of ferrochrome capacity with an investment of INR550 crores in Kalinganagar.

**Saket Kapoor:** Correct. And last year, sir, we capitalized around INR200 crores in the capital work in progress. So what should we attribute that INR200 crores to?

**Prem Khandelwal:** No, that is too specific a question. We need to check that one, Saket. You can send us a mail. We will answer that separately.

**Saket Kapoor:** Okay, sir. Sir, can you give us some color on the major raw materials, especially the coal and the coke prices and how have they fared, the met coke? I think especially from Columbia is the one which we are using because of some specification. So how are the price trends and the MD also guided for EBITDA margins improving from 22% to 25% for H1. So it is expected to elaborate.

**Prem Khandelwal:** As far as Q4 is concerned, coal cost, the variable power cost has come down from INR4.77 paise to INR4.26. And although, the coal cost has not come down in Q4 because we are using the old inventory, high cost inventory, but the coke cost has come down. Deepak, would you like to expand on the coke front?

**Deepak Mohanty:** Yes, actually, we have procured in the \$450 level earlier, but that has come down by another \$70, \$80 at the moment. But that coal will be received in the Q2 when it will be utilized. So it is coming down with the earlier, it was above \$500, which has come down slowly. And ultimately, we have in the Q2, we are seeing a slightly much lower price for the coke, particularly for that region. So in fact, below \$400 we have now booked, which will be received in the month of July.

**Prem Khandelwal:** In fact, Saket, we had bought at the peak of \$700 in last year. And from there, it has come down to around \$380 now. So as we intimated earlier also, the costs are coming down gradually.

**Saket Kapoor:** So the benefit of lower coal cost will be accrued from second quarter?

**Prem Khandelwal:** In first quarter and second quarter also.

**Saket Kapoor:** Sir, if we look at the lower volume part, there also, the MD mentioned that for the sales for the quarter have been 57,000 and there was some inventory at the vendor managed inventory yard. Can you elaborate what would be the amount of the stock that will percolate to Q1, sir?

**Prem Khandelwal:** So 7,000 tons of ferrochrome were shipped on 30th of March. So billing will be done in this quarter, current quarter.

**Saket Kapoor:** So 7,000 tons of ferrochrome is quarterly booked?

**Prem Khandelwal:** Yes.

**Saket Kapoor:** And sir, if you could also throw some light on the inventory part, sir, that is again, the inventory is higher because of this only, sir? We have the inventory at 137 tons.

**Prem Khandelwal:** So that 7,000 tons is again appearing in the inventory.

**Saket Kapoor:** And lastly about the Posco part, sir, earlier because of some natural calamity last time, there was some force majeure for Posco. So are there deliverables now? It went out and they have been disposed to that 7,000 tons per month?

**Prem Khandelwal:** Deepak?

**Deepak Mohanty:** Yes, sir. In fact, it was stopped in the month of September, force majeure that discussed. And from month of January, they have started taking. And at the moment for this quarter also, it's in the 21,000 level. And going on also, it will be in that range as per our contract.

**Saket Kapoor:** And sir, could you throw some more light on the realization for ferrochrome currently? And one more request, sir, as we see in many companies' websites, there is a provision for the latest update on the international prices of the commodity that the company sells. Ours is a single product commodity. And for all investors, it is not feasible to track these prices. So if a link could be created for us so that on a monthly basis or on a 15-day basis that it is updated, we can get an idea of how the current ferrochrome prices are trending. It is available with

SteelMint, but everyone cannot source the same on a real-time basis. So it's a request that could be done for the...

**Prem Khandelwal:** I think that will create more confusion in the investor community because there are different kinds of prices for different kinds of grades. What we are producing, what price we are quoting, we don't know. So that might create more confusion.

**Saket Kapoor:** Okay, so then what are the current realizations and how have been the contracts done?

**Prem Khandelwal:** Deepak, would you have that number? Current realizations are around, I think...

**Deepak Mohanty:** It is similarly around 1,20,000 around it will be for this quarter, which is slightly higher than the last quarter, \$0.02-\$0.03 higher than the last quarter for that reason. Last quarter in Q4 it was 116 or 117 around and this quarter it will be around 119, 120. Minus -- we are doing 1,20 lakhs.

**Prem Khandelwal:** 1,20 will be the realization for Q1.

**Deepak Mohanty:** Prime material.

**Saket Kapoor:** Yes. So come again?

**Prem Khandelwal:** Yes, 1,20,000 is going...

**Deepak Mohanty:** Prime material. Ferrochrome, prime ferrochrome.

**Saket Kapoor:** Correct. And sir, you did speak about this renewable tie-up also going ahead. I think we have currently 5 megawatts from the solar. So going ahead, sir, are you looking for this open access source forum that has been availed by the government going ahead or what kind of capex are -- do we envisage going ahead to have renewable tie-up?

**Prem Khandelwal:** Bijayananda, I would request you to answer that one.

**Bijayananda Mohapatra:** Yes, for our Kalinganagar, that upcoming project, we have to get power through renewable energy. That will be a hybrid system, that means solar-plus wind. So we are going for a 50 megawatt capacity and that will be captive generation, not open access. It will be captive. We will have a share on that one. So we will get benefits of being a captive user.

**Saket Kapoor:** Okay. And what will be the investment there, sir?

**Bijayananda Mohapatra:** Investment is a captive share. It will be in lower rents. It will be around in the tune of INR100 crores.

**Saket Kapoor:** And sir, for the coal prices, what have been our coal costs, I think INR2,700 was guided to us in Q4. So what is the current coal cost and what was for Q4?

**Bijayananda Mohapatra:** You mean, thermal coal?

**Saket Kapoor:** Both, sir. What we chose from the rejection coal was this. The average coal cost, sir.

**Bijayananda Mohapatra:** Okay. Binoy, would you like to?

**Binoy Agarwalla:** Yes, yes. I am answering. Actually, in Q3, the weighted average cost, MCL-plus washery rejects was to around INR2,800. But in Q4, weighted average of washery reject and MCL has come down to INR2,600. That is the difference of INR200 around.

**Saket Kapoor:** And what will be that for Q1, sir?

**Binoy Agarwalla:** Q1 will be remaining same as now in Q4.

**Saket Kapoor:** Okay. And sir, Coal India did announce some increase in coal prices. That effect?

**Binoy Agarwalla:** Coal India has increased. They have given the notification from G2 to G10. But we are using G12, G13 coal. So there will be no effect on G12 and G13.

**Saket Kapoor:** And lastly, on the OTS part, Prem saab, it was the settlement has happened at INR52 crores. Earlier we're envisaging is at INR71 crores. So that understanding is correct, post this...?

**Prem Khandelwal:** No. INR71 crores is the amount we have to pay. That we have paid. So that was the amount to be paid, not the settlement amount.

**Saket Kapoor:** But we have booked INR52 crores, I think so.

**Prem Khandelwal:** We have already provided for INR26 crores in the books already. So the balance amount has been provided now.

**Saket Kapoor:** Okay. And now the issue is there, put to rest, sir. Now the issue is put to rest. Now we don't have any other contingency.

**Prem Khandelwal:** No. That is the final settlement we have entered into with them.

**Saket Kapoor:** Okay, sir. Other than this, sir, any other contingency line items we have on that is pending to be resolved in the near future?

**Prem Khandelwal:** Yes, there are other items also. So we are trying to resolve them.

**Saket Kapoor:** Okay. Sir, I'll join the queue, sir. And thank you and all the best to the team, sir.

**Prem Khandelwal:** Thank you.

**Saket Kapoor:** And the AGM also, I think the notice is not yet, the dates have not been provided.

**Prem Khandelwal:** No, that will be provided within time, in due course.

**Saket Kapoor:** Okay. Thank you, sir. I'll join the queue.

- Call Operator:** Thank you. We have the next question from the line of Manish Sehgal, an investor. Please go ahead.
- Manish Sehgal:** Sir, just wanted to understand with Utkal cash flow coming in and the kind of cash flow we'll get in H1 and H2, we'll have decent amount of cash and books by the end of the year with market cap at around INR1,500 crores and perhaps INR260 crores already in the books and maybe some more coming through. Would you think a buyback makes sense for enhancing shareholder value at the current prices that the shares are trading at?
- Prem Khandelwal:** See, Manish, we have lined up a lot of expenses also. So buyback at this point of time is not sensible in our opinion. So although, we are paying good dividends, so buyback dividends will be rewarding shareholders, but buyback I don't think is feasible at the moment given the expansion plans we have lined up.
- Manish Sehgal:** So, but expansion would be how much in terms of value? Because we've announced INR500 crores.
- Prem Khandelwal:** Around INR2,000 crores we have been investing in over a period of seven years. So we need to have that kind of cash flow also in our kitty. And we are planning it through internal accruals.
- Manish Sehgal:** So INR2,000 crores of total capex over next seven years is what you're saying?
- Prem Khandelwal:** Yes.
- Manish Sehgal:** Okay. Fine. Thank you so much. Do you think that will increase dividends perhaps if not buyback?
- Prem Khandelwal:** Yes, wherever possible, we are trying to give the maximum dividends.
- Manish Sehgal:** Okay. One final question in terms of cost of production, what you are seeing now versus Q4?
- Prem Khandelwal:** That will be difficult to answer at the moment because it depends on what kind of material we are using when. So I won't be able to give the exact number for that, but it should be lower than Q4.
- Manish Sehgal:**

- Prem Khandelwal:** Right. Thank you.
- Call Operator:** Thank you. The next question is from the line of Vaibhav Badjatya from Honesty and Integrity Investment. Please go ahead.
- Vaibhav Badjatya:** Hi, sir. Thanks for providing the opportunity. So just a few questions from a longer-term perspective. So if you can help us understand, you know, how ferrochrome consumption in stainless steel series 200, series 300 and series 400 differs, that would just help us understand how the demand can fluctuate going forward. If you can just highlight this part, that would be helpful.
- Prem Khandelwal:** Deepak, would you answer that one?
- Deepak Mohanty:** So let me, nobody can tell, but let me tell you the 2022 calendar year, stainless steel output was at 55.255 million tons, which is, which was lower by 3 million tons from the previous year, that is 2021. But all predictions are there that in the current year, 2023, it will be reaching a new height of 60 million tons. So once the stainless steel is picking up, naturally ferrochrome has to go up, ferrochrome demand.
- And as such, you know, the stainless steel, ferrochrome is used mostly in stainless steel and the per capita consumption, particularly in India, is still in the range of 2 kgs to 2.5 kgs, while the international standard for any developed countries, it is around 15 kgs and China has reached almost around 10 kgs. So even if, and with the government interventions and all those things, with those kind of projections, government of India has already taken up movement towards that. So naturally, if it gets double also, ferrochrome will be in demand. So that's why I don't see.
- Vaibhav Badjatya:** Yes, I understand that, sir. But what I was trying to understand is how the ferrochrome consumption differs between different grades of steel, which is series 200, series 300 and series 400. If you can provide certain consumption kind of thing, that would be great.
- Deepak Mohanty:** So basically ferrochrome consumption varies between 12% to 30% and lowest 10% to 12% in the series 200 series and 400 series above 25 kgs, 25%. So that's the highest category and this is the lowest category. And depending upon what grade of ferrochrome you are using, because internationally India produces around 60%, but South Africa produces around 40% to 50%. And certainly like Kazakhstan, they produce more than 60%. So it depends, that percentage what I've told, I told in the context of mostly 60% level.
- Vaibhav Badjatya:** Okay, got it. And as I understand, some of the ferrochrome manufacturing capacity in India is flexible to shift to even manganese ore. So if you can just highlight what is the total ferrochrome capacity and out of that, how much is actually shiftable to manganese depending upon the economies between manganese ore and ferrochrome, if you can help us understand that.
- Deepak Mohanty:** Let me tell you, any furnace which is producing ferrochrome can produce silicon manganese or ferro manganese with minor changes, not much thing, anything can get over. So as such, at

the moment, ferrochrome capacity which has been utilized is in the range of 1.7 million tons. So and we are producing around 1.3 million tons in India. So if depending upon the market scenario, those who are not integrated may shift to some quantity may shift to basically manganese alloys. That has happened in past also. They have gone to manganese and come back to chrome depending upon the market scenario.

**Vaibhav Badjatya:** Got it, understand. And lastly, sir, from a longer term perspective, is there any way you are seeing that this trend of electric vehicles that is slowly creeping in everywhere across the world is going to have an impact on the supply of, you know, on a global supply of UG to mine, which is which actually determines the price for our mining portion of our business. So do you think that there is a link in this trend, what EV can impact either positively or negatively to us over long term?

**Prem Khandelwal:** Do you have any idea about that? I don't think there is.

**Deepak Mohanty:** Actually, I don't. I don't see there is a link between EV versus UG2 chrome usage because that's not relevant. Relevant what?

**Vaibhav Badjatya:** No, sir. I was coming from the perspective that, UG2 is mined only mainly because the because of platinum group metals and in EV is the ratio of platinum group metals usage is very low. So I was coming from that point of view that over long term, do you see any impact on that?

**Deepak Mohanty:** Actually, I don't think so. In South Africa, even if platinum group area that is UG2 from other side also, they are getting tailings from which they are making UG2 kind of thing. So I don't think it will impact.

**Vaibhav Badjatya:** Okay. Got it. And then lastly, is there any other alternate to ferrochrome usage in stainless steel? Is there any other alternate material or something that can be used or there is no alternate?

**Deepak Mohanty:** I don't think there is any alternate because stainless property comes from chrome, basically, which ferrochrome has. To some extent, scrap is used, stainless steel scrap. So because in the scrap also, stainless steel scrap, you get the chrome as well as nickel. So to some extent, but it is not the major. Major virgin ferrochrome is required.

**Vaibhav Badjatya:** Got it, sir. That's it from my side. Thank you. Thanks for answering all the questions.

**Call Operator:** Thank you. We have the next question from the line of Sagar Gandhi from Future Generali Life Insurance. Please go ahead.

**Sagar Gandhi:** Yes, sir, my first question is on the thermal coal cost. So we have seen the prices of thermal coal globally going down. So, sir, your guidance of INR2,600 per ton for Q1, is it is it not slightly conservative in estimate considering your Q4 cost at similar levels?

**Prem Khandelwal:** Binoy?

- Binoy Agarwalla:** Actually, I have I told you Q4, weighted average of washery reject and MCL is around INR2,600. But in Q4, MCL, what is the weighted average is INR2,800. And we have linkage option that price is quite low, because if we are getting coal from linkage, that weighted average is around INR2,700. If we are not getting sufficient coal from linkage, that is the reason why we are going for spot auction. Spot auction coal price is high. So weighted average of MCL cost is going high.
- Sagar Gandhi:** Sir, what is the normal proportion between spot and linkage? I mean, contribution from both?
- Binoy Agarwalla:** We have linkage as per our required quantity per annum, we have linkage. But in case we are not getting linkage, a linkage coal from MCL, then we are going for spot auction. In Q4, we had bought only 5,000 of spot auction, but in Q3, we had gone for around 30,000 of spot auction. It depends how it comes from MCL.
- Sagar Gandhi:** But normally, whatever is your consumption, 50-50 comes from both avenues. Is that the broad understanding?
- Binoy Agarwalla:** No, no, it is not 50-50. Suppose we are getting as per our required quantity from linkage auction, then we need not to buy from spot auction because spot option price is quite high. It is ranging from INR5,000 to INR6,000.
- Sagar Gandhi:** Okay. And sir, what was your volume number for Q4? Yes, ferrochrome.
- Deepak Mohanty:** Q4, I have already given the number.
- Deepak Mohanty:** We are on 64000.
- Prem Khandelwal:** Q4 is 61,200.
- Sagar Gandhi:** Okay. And Q3 number was?
- Prem Khandelwal:** 58,122.
- Sagar Gandhi:** 58,122. Okay. Yes. Thank you. Thank you so much.
- Call Operator:** Thank you. We have the next question from the line of Joe Shah from Seven Seas. Please Go ahead.
- Joe Shah:** Prem, I have some questions for you. Two questions. Number one, as you said, there is sales for 57,362 tons in Q4 and 7000 tons were shipped the 30th of March, so which is yet to be invoiced. So now, when there is a form of inventory in transit for transit shipment, how come there is a reduction in working progress and the finished goods inventory by INR28.50 crores? Actually, this would have gone up, but now we have inventory has gone down by INR28.50 crores? So this is the one question.

And second question is, what is the status of this Utkal Coal valuation report? Some expert committee was to prepare this and file this valuation report, so what is happening with the report? It is two questions.

**Prem Khandelwal:** So this report is not yet come. We are still waiting for that report. The valuer has not yet given the report and the ministry is putting pressure on them to release it as soon as possible. The valued were supposed to, they were supposed to call us in the end of May for discussion, but that has not happened. So maybe in the month of June, we should be getting an invitation from the ministry for discussion.

And as far as changes in inventory is concerned, it is, we are showing a decrease in inventory. We are showing around INR29 crores compared to INR50 crores because in the Q3 also, we had a lot of inventory, which we have liquidated in this quarter. So maybe because of that, you are seeing this number.

**Joe Shah:** Okay. Now Prem, about this Utkal C valuation report discussion in June, you are saying June, July, after that discussion, they will make the payment or there will be some discussion?

**Prem Khandelwal:** That part, I am not aware of, what process they are going to follow. After the discussion with us, once we agree to the valuation, then we should be getting back that money. But the process at the government level is going to become, but maybe in 15-20 days' time, they will take in releasing the money.

**Joe Shah:** That is reasonable, 15-20 days, 30 days is reasonable. We have waited for so many months.

**Prem Khandelwal:** Yes. I am not aware of that part. So that is the government process. They will take their own time.

**Joe Shah:** Right. Now Deepak, two questions for you. You are an expert on this ferrochrome pricing and everything. Now we understand that in China, ferrochrome prices are improving because of shortages. Some scarcity is there and demand is also improving. And Chinese ferrochrome portion is going down and UG2 price is also strong. So overall, Chinese ferrochrome price is improving. So what do you think about the ferrochrome price in the next two quarters?

**Deepak Mohanty:** Actually, ferrochrome prices, if you look at Chinese ferrochrome price, if you look April to May, it was a rollover. And May to June, it has gone up by 200 RMB. Correct? So 200 RMB means it is around 2.3%. But the exchange rate, the Chinese currency RMB has depreciated by around 3%. If you look at the initial opening of May, early May, next April and now, it has gone from 6.9 to 7.10 already. So, effective price has really not gone up. It is, if you convert it for CIS, because international transactions are ultimately down on dollar terms, so in that really not much gone up.

And as such, because of the Europe is not in good position, they are also dependent on export and even their construction activities that has not yet caught up so far. So, but looking at the things, it should improve and as you are telling, UG2 prices have gone up. So there is cost pressure on all ferrochrome producers in China, so have to go up. But it is the timing,

depending upon how the demand pans out. Unless there is a demand supply stand in, it can't go up. That's the way I look at it.

**Joe Shah:** Okay. Now, Deepak, one more question about our Therubali smelters. Now because of distance, now Therubali is a distance from chromite mines in Sukinda. I think Therubali is losing importance and we are more focused on Choudwar area. Is there a possibility of shifting Therubali production from ferrochrome to ferromanganese? Is there a possibility that, we can utilize our infrastructure in Therubali?

**Deepak Mohanty:** No. Yes. We have evaluated many a times, but as you know, manganese ore is not available in India. It's all import based. And you have to be close to the port because all manganese setups in India, either it is near Vizag port or near Kolkata port. So logistical cost and otherwise, it will not be really suitable. And as such, we have to utilize our own chrome. Because we are utilizing chromers, always at maximum, thereafter only you are using at Therubali. So effectiveness working out.

**Joe Shah:** Okay. Now, Prem, regarding this renewable energy plant at this Kalinganagar, our person from power was saying that about 50 megawatts will be installing at INR100 crores. So that is a very good amount. 50 megawatts if you are able to set up at INR100 crores investment, that is a very good, compared to thermal, it's very much cheaper. So how long it will take?

**Deepak Mohanty:** Joe bhai, you have understood it wrongly. We are not setting up a renewable power plant in Kalinga Nagar. We are entering into a captive consumption with the party, we are setting up. And we are just going to continue to have 25%-26% equity in that. So, that should amount to around INR100 crores. It is being set up by the third party. We are just participating there.

**Joe Shah:** So we'll be outsourcing our renewable power from that third party?

**Deepak Mohanty:** Yes.

**Joe Shah:** Okay. Now, Prem, last question regarding this Q1 FY '24. As you said that, realisation will improve to about 1,20,000. And also cost of coal is also going down. So can we generalize that Q1 will be much better than Q4?

**Deepak Mohanty:** That I've already told that Q1 should be better than Q4.

**Joe Shah:** Okay. Thank you. No more questions. Thank you.

**Deepak Mohanty:** Thank you.

**Call Operator:** Thank you. We have the next question from the line of Dhviti from Molecule Ventures. Please go ahead.

**Dhviti:** Hello. Yes. Congratulations on your robust performance. So my first question is, what would be our cost of production for Q4?

**Prem Khandelwal:** Q4 cost of production would be around INR78,000, INR79,000.

- Dhviti:** Okay. And what do you expect that number going forward in Q1, FY '24?
- Prem Khandelwal:** As I said, it will be very difficult to give any pinpoint number for that. What we can give a guidance that, it will be lower than Q4. Exact number would be very difficult to calculate now.
- Dhviti:** Okay. Sir, one question regarding South Africa. So after the rampant rise in power prices, are ferrochrome smelters still viable in South Africa? So what would be roughly their break-even cost because during the correction of ferrochrome prices? The news was something about shutting down of plants. So if you could just throw some light on that?
- Prem Khandelwal:** Deepak, would you answer that?
- Deepak Mohanty:** Yes. Let me tell you. Actually, South African ferrochrome production, even with the power cost higher than other countries, they are much viable than China because you know out of total 15 million tons, China produces around 7 million tons, which is at a much higher cost because they buy the chrome ore from South Africa and then convert in China. So that's why, that advantage is always there with the South African producers.
- As far as chrome ore cost is concerned, which is a major part and the reduction also in South Africa is quite low. So they are always cost competitive. There is no issue. Main issue is the power availability. But you must have heard that, power situation in South Africa is extremely bad. And now, their winter from 1st of June to end of August, their winter is coming, where the tariff is higher as well as it is going to be in the stage of power crisis, which means, in a turn of 32 hours, 15 hours blackout.
- But so we have to see how things are coming out. They have a power crisis. It's not the rate what affects them. Availability can change the ferrochrome prices definitely in a different way. Exponentially it can increase if the power crisis in South Africa happens.
- Dhviti:** Okay. And sir, on Utkal Coal, if you could give a revised timeline for, when do you expect the amount?
- Prem Khandelwal:** That will be very difficult to give any timeline, madam, because you see last six months, we are expecting this money to come, but the government is taking its own sweet time. So very difficult. They were supposed to call us in end of May, for discussion. That has not happened. So maybe in June that discussion will happen and then next quarter, we can be expecting the money. But again, you see those are again expectations. So government is taking their own time.
- Dhviti:** Okay. So one last question is, what is our per unit power cost for this quarter?
- Prem Khandelwal:** It's INR4.26 variable power cost.
- Dhviti:** Okay. Thank you.
- Prem Khandelwal:** Thank you.

**Call Operator:** Thank you. We have the next question from the line of Krisha Kansara, an investor. Please go ahead.

**Krishna Kansara:** Hello. Sir, I had two questions. One of them has been answered. So just one last question. What would be your volume guidance for the next quarter?

**Prem Khandelwal:** Deepak.

**Deepak Mohanty:** It will be volume guidance is around 64,000 production.

**Krishna Kansara:** Okay. Thank you. Rest of my questions have been answered.

**Prem Khandelwal:** Okay. Thank you, madam.

**Call Operator:** Thank you. We have the next question from the line of Saket Kapoor from Kapoor and Company. Please go ahead.

**Saket Kapoor:** Yes. Sir, in continuation to the answer, 64,000 is our production schedule for Q1?

**Prem Khandelwal:** Yes.

**Saket Kapoor:** And sales will be in the vicinity of?

**Deepak Mohanty:** Sales, 64,000. Whatever we produce, mostly we will send it out.

**Saket Kapoor:** And then there will be 7,000 also that is there in the inventory. So 71,000 should be in this...?

**Deepak Mohanty:** No. Not like that probably. It will be basically, it will go against the quantity. The quantity which we have shipped in the month of, at the end of April, March, basically that went for April. Then April, we made the shipment that was delivered. So it will not be an additional quantity that way. It will be in that range only, 64,000. 640 so total.

Only thing our inventory was not there at our, that major supplier. For that reason, it was in the last quarter it was lower.

**Saket Kapoor:** Sir, come again. Inventory was?

**Deepak Mohanty:** We supply that customer on this basis. So for that reason, we have to move because to that area, it takes 20 days to 25 days for arriving the material. For supplying the next month, we have to do in the previous month, which you used to do but it has stopped at certain point in time, so we didn't have inventory over there. For which mass shipment what we had. So that is basically for at least supplies not an additional.

**Saket Kapoor:** Prem sir, for the other income part, we have seen for year-on-year, it has moved up from INR16 crores to INR24 crores. So what are the key constituents of the same?

**Prem Khandelwal:** Other income, lot of things are there. Scraps sale, then interest income, then mutual fund income. So, lot of components are there. Not related to operations.

- Saket Kapoor:** Not, they are not related to operations. And even sir for the depreciation part also, I will mail you as you have told because we have capitalized more than INR200 crores but the depreciation has gone down from INR110 crores to INR107 crores on a year-on-year basis. So that part is also.
- Prem Khandelwal:** These are very specific questions.
- Saket Kapoor:** Yes sir, I will definitely write a separate mail for the same. Sir, if you could give us some...Correct sir, you are right sir. I will do that. Sir, if you could give me some, only the last third point on some color on the breakup of the raw material cost for Q4 and the trend for Q1, sir. And sir, one more part about the sales realization, when you mentioned about 1,20,000. It includes the blending of both spot and contracted because spot is keep on changing. We are still one month left for the quarter to end. So what is that 120 number sir?
- Prem Khandelwal:** It is a blend of spot and long term. And as far as cost is concerned, for Q4, I am telling you, the chrome ore cost is INR8,600, Metcoke is INR47,800 and power is INR4.26. And Q1 numbers should be lower because exact numbers, we cannot give right now.
- Saket Kapoor:** Right sir. And coal prices also sir?
- Prem Khandelwal:** Coal power, variable power cost, I have told you, INR4.26.
- Saket Kapoor:** That is covered here. All right.
- Prem Khandelwal:** Yes.
- Saket Kapoor:** Sir, when you were mentioning about that 1,20,000 is the blended, so the spot prices will change for the month of June also. So how are we arriving at this number sir, 120?
- Prem Khandelwal:** No, we are calculating as of now. If it goes on, it will go down further.
- Saket Kapoor:** Okay, and out of the total sales mixture, what percentage is spot and how much is contracted, the volume out of the 64,000?
- Prem Khandelwal:** What is the percentage Deepak?
- Deepak Mohanty:** Maybe it will be something like 30% to 40%. 40% is your contract in long term and balance is spot kind of thing. Although, there is annual contract and other things. Including all those things, not directly spot. Long term, I am telling long term means more than one year. So that will be around 30% to 40%. Balance is some of them are 30% to 40% also in the range of one year contract basis. And balance 20%, 30% is on spot, real spot.
- Saket Kapoor:** Sir, I am confused, once again, if you could just simplify me?
- Deepak Mohanty:** So basically you can say on 75% around is your long term basis and 25% on spot basis.
- Saket Kapoor:** 25% is the spot basis. Okay, sir, thank you for the elaborate answer and we hope for the continuity of these calls. These are very informative and give them an opportunity to interact

with the management. And we hope to hear on a continuous basis. Thank you and all the best to the team. Namaskar, sir.

**Call Operator:** Thank you. Ladies and gentlemen, we will take one last question from the line of Vaibhav Badjatya from Honesty and Integrity Investment. Please go ahead.

**Vaibhav Badjatya:** Thanks for the follow up. So in terms of Utkal compensation, so I think most of the amount that we have invested there would be sitting in capital work in progress, right?

**Prem Khandelwal:** In IMFA balance sheet you mean?

**Vaibhav Badjatya:** So the amount that we have invested in Utkal?

**Prem Khandelwal:** That would be in the form of investment and loans, not capital work in progress. Capital work in progress will appear in the balance sheet of Utkal coal, which is also not there now anymore after the vesting order. Now it is in Utkal coal balance sheet is now receivable from the Government of India.

**Vaibhav Badjatya:** Okay. So what is the total amount, which is there in terms of investment and loans?

**Prem Khandelwal:** Around INR370 crores.

**Vaibhav Badjatya:** INR370 crores. And the expected amount that, you currently see that we are going to realize?

**Prem Khandelwal:** We should be getting that entire money.

**Vaibhav Badjatya:** Okay. So there will be no write off as such?

**Prem Khandelwal:** No, I don't think that should be there.

**Vaibhav Badjatya:** Okay. That's it from me. Thank you.

**Prem Khandelwal:** Thank you.

**Call Operator:** Thank you. Ladies and gentlemen, that was the last question. I would like to hand the conference over to Mr. Abhishek Sawant for closing comments. Please go ahead.

**Abhishek Sawant:** Dear all, we thank you for taking the time for the earning call today. IMFA is going through a significant phase of growth and we are hopeful of a fantastic year ahead. On behalf of the Board of Directors and Management of IMFA as well as Veritas Reputation PR, we thank you all for your participation in this call.

**Call Operator:** Thank you members of the management. Ladies and gentlemen, on behalf of Indian Metals and Ferro Alloys Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.