INDIAN METALS & FERRO ALLOYS LIMITED

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06th August 2025

The Listing Department National Stock Exchange of India Ltd. Exchange Plaza Plot No.C/1, G. Block Bandra-Kurla Complex Bandra (E) Mumbai-400051 **Stock Symbol & Series : IMFA, EQ**	The Deputy General Manager (Corporate Services) BSE Limited Floor 25, P.J. Towers Dalal Street, Fort Mumbai-400001 **Stock Code : 533047**

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 31st July 2025 on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter ended 30th June 2025 is attached herewith.

You are requested to take the same on record.

Thanking you

Yours faithfully
For INDIAN METALS & FERRO ALLOYS LTD

(Smruti Ranjan Ray)
Company Secretary & Compliance Officer
Membership No: F4001

Encl : As above.

"Indian Metals & Ferro Alloys Limited Q1 FY '26 Earnings Conference Call"

July 31, 2025

MANAGEMENT:	**MR. BIJAYANANDA MOHAPATRA – WHOLE TIME DIRECTOR AND CHIEF OPERATING OFFICER** **MR. SAUNAK GUPTA – CHIEF FINANCIAL OFFICER** **MR. BINOY AGARWALLA – HEAD POWER BUSINESS UNIT** **MR. SANDEEP B. NARADE – HEAD MINES BUSINESS UNIT** **MR. SURESHBABU CHIGURUPALLI – HEAD FERROALLOYS BUSINESS UNIT** **MR. M. VENKATESH – HEAD SALES AND MARKETING FERROALLOYS BUSINESS UNIT**
MODERATOR:	**MR. ARYAN RANA – VERITAS REPUTATION PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Earnings Conference Call of Indian Metals and Ferro Alloys Limited, arranged by Veritas Reputation.

At this moment, all participants' lines are in listen-only mode. Later, we will conduct a question-and-answer session. At that time, if you have a question, please press *' and '1' on your touchstone 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: Thank you, Shubham. Good evening once again, everyone. On behalf of Indian Metals & Ferro Alloys Limited, I welcome you all to the Q1 FY '26 Earnings Conference Call. We appreciate your time and interest in joining us today to discuss the Company's financial performance for the quarter ended June 30, 2025.

Following the 'Opening Remarks by our Management, we will open the floor for a Q&A session. Kindly keep your questions concise and relevant to allow broader participation.

IMFA, India's leading fully integrated producer of ferro alloys, has demonstrated significant improvement and resilience in Q1 FY '26 despite ongoing market challenges. This performance underscores the Company's focus on operational excellence, disciplined execution, and long-term value creation.

The financial results and investor presentations are available on our website and have been filed with the stock exchanges for your reference.

Before we begin, I would like to remind you that some of the statements made in today's discussion may be forward-looking in nature. These are based on the Company's current expectations and are subject to various risks and uncertainty that could cause actual outcomes to differ materially.

Joining us on today's call are, and I welcome Mr. Bijayananda Mohapatra – Whole-Time Director and Chief Operating Officer of the Company; Mr. Saunak Gupta – Chief Financial Officer; Mr. Binoy Agarwalla – Head (Power Business Unit); Mr. Sandeep B. Narade – Head (Business Mines Unit); Mr. Sureshbabu – Head (Ferro Alloys Business Unit); Mr. M. Venkatesh – Head of Sales and Marketing for the Ferro Alloys Business Unit.

With that, I would now like to hand over the call to Mr. Saunak Gupta – our Chief Financial Officer for the 'Update' on 'Financial Performance and Overview'. Over to you, sir. Thank you.

Saunak Gupta: Thank you, Aryan. Good afternoon, everyone. I welcome all of you to IMFA's Q1 FY '26 earning call. And I thank all of you for joining the call.

The highlights of Quarter 1 FY '26 Results were:

Our revenue and margins have sequentially improved over the previous quarter, primarily driven by the Ferrochrome price pick-up, along with our cost optimization and operational efficiency improvement initiatives. Our greenfield ferrochrome expansion project in Kalinganagar is on track with our execution plan.

Simultaneously, the underground Sukinda Mines expansion is progressing as per our schedule. The construction work in our 120 KLD ethanol project in Therubali has also commenced in Q1 and we are on track of commissioning the plant by Q4 FY '26.

Our financial position as of June '25 end continues to be robust with net debt-free balance sheet. Our focus will continue to be on operational efficiency improvement, further cost optimization and closely monitoring capacity expansion, building on the Company's financial strength and integrated business models.

I will keep it short, and I thank you once again for your valuable time and support. We look forward to your questions and insight. Over to the moderator to open the floor for question-and-answer.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question comes from the line of Joe Shah from Seven Seas. Please go ahead.

Joe Shah: Binoy, I would like to understand the ratio between renewable energy and captive power, thermal power. From our last concall, I understand that 25% renewable power enables us to use 75% thermal power. So, 25-75 ratio, is it a ratio of government of India? Or is it a European ratio? Renewable power versus thermal?

Binoy Agarwalla: No, as per the guidelines from MOP, each year they have kept REC obligation to be met. That is, this year, 25-26, they have kept 33.01% of REC obligation. But As per our availability of thermal power and renewable energy signed is coming around 75-25 range. There are no guidelines or standards for 75-25.

Joe Shah: Now, ferrochrome produced by using this kind of power mix, is it called this a green ferrochrome or that has to be produced by totally renewable power? Green ferrochrome, what is the definition? How is it produced?

Binoy Agarwalla: Suppose my ferrochrome production power requirement is 100 Megawatts. I am just giving you an example. And out of which 25% is renewal and 75% is thermal. Then your 25% is your green product. You have used 25% of renewable energy for your product. And your 25% will be accounted for your green product. Not 100%.

Moderator: The next question comes from the line of Gautam Rajesh from Ever flow Partners. Please go ahead.

Gautam Rajesh: I have two questions. My first question was in terms of our cost of production. How does our production cost compare with global peers in China, South Africa and I think maybe Kazakhstan as well? So, how would our cost of production compare among these three countries and the peers there?

Sureshbabu Chigurupalli: We are better compared to the China and many countries. Only a few countries which are faring better than us are like Kazakhstan, that is producing at a lower price than us.

Gautam Rajesh: What about South Africa?

Sureshbabu Chigurupalli: South Africa price is also high because of their present problem of power prices. They are facing the problem of electricity charges.

Gautam Rajesh: Because of their telecom, right?

Sureshbabu Chigurupalli: Electricity charges are hiked by around 950% in the last two decades, recently it has been hiked by 12.5%. And the availability of power is a problem there. That is the main reason for the cost competitiveness problem of South Africa.

Gautam Rajesh: Can you give a rough percentage? How much cheaper are we compared to China? And how much more expensive is Kazakhstan compared to us? Is there a rough sense of percentage you can give us?

Sureshbabu Chigurupalli: At present, I can't be able to give the right picture, but we are better compared to other countries except Kazakh and a few more Asian countries. Like Kazakh and other, Turkey is also a little bit better compared to our prices.

Gautam Rajesh: Would this be better by single digits or double digits, sir?

Sureshbabu Chigurupalli: Single digits?

Saunak Gupta: No, I don't think we will be in a position because of volatility in the market and the price changes as well as FOREX movement. Under the current geopolitical situation, we may not be having the exactness.

Gautam Rajesh: And my next question was, once the new capacity comes on board, how will this change our current cost of production?

Saunak Gupta: When the Kalinganagar project comes into operation, like the first furnace in June '26, and the second furnace in September '26. Obviously, there will be teething issues which may come in during initial stages and it will take time to get scaled up fully.

But at the full scale-up level, the cost will be more or less like the current level, what we are maintaining, duly adjusted with inflation.

Gautam Rajesh: Inflation?

Saunak Gupta: But we can't comment much on something which will happen after 1.5 years in the current geopolitical situation.

Gautam Rajesh: No, my understanding was these facilities are more equipped. So, would we have more operating leverage or efficiency here? Would we see any improvement in the cost of production post that?

Sureshbabu Chigurupalli: The cost of the production will be in the similar line. Only the logistic advantage we may get at Kalinganagar. Otherwise, the efficiency and operation parameters will be similar in line.

Gautam Rajesh: Is there like a quantum you can give me for logistic advantage?

Sureshbabu Chigurupalli: It will be slightly advantageous. At this moment we can't tell those prices here.

Gautam Rajesh: And sir, not by numbers, are we significantly cheaper than China or just by a hairline?

Sureshbabu Chigurupalli: Yes, substantially, we are at a better price. We are making double digits.

Gautam Rajesh: Substantially, at least.

Moderator: The next question comes from the line of Pranav Jain from Ageless Capital and Finance. Please go ahead.

Pranav Jain: Hi, everyone. Congratulations for the Q1 numbers. And it is great to see the Company come back up with great numbers. My first question is, sir, can you tell us the production numbers for this quarter?

Saunak Gupta: Ferrochrome is 65,929 metric ton and Chrome ore is 1,03,780 metric ton.

Pranav Jain: And sir, what would be our EBITDA cost for this quarter?

Saunak Gupta: It is around 77,500.

Pranav Jain: Can you give the breakup of it as well?

Saunak Gupta: See, these are bit of strategic in nature. Primarily if you see, our overall costs are in line with whatever marginally it has increased from last quarter by about Rs. 500. Driven by a slight higher chrome ore cost and to some extent the repair and maintenance. We had planned repairs and maintenance. For that there is a marginal increase in repair and maintenance costs. These are the two major costs. Otherwise, it is in line with the overall cost structure.

Pranav Jain: Sir, looking at your FY '25 annual report, I was seeing the cost of material, what does the purchasing number include? Is it met coke or is it something else?

Saunak Gupta: Yes, primarily met coke and binders, like molasses.

Pranav Jain: Lastly, just a clarification from my end. In the previous concall, it was mentioned that the cost of chrome ore was 7,500 per ton. Is it per ton of ferrochrome or per ton of chrome ore raised?

Saunak Gupta: It is basically on total chrome ore. It is landed chrome ore cost.

Pranav Jain: That we multiply by 2.35 to get the per ton of ferrochrome price, right?

Saunak Gupta: Yes, approximately it is about 2.35 to 2.38. It varies.

Pranav Jain: That's all from my end.

Moderator: The next question comes from the line of Madhur Chaturvedi from MAIQ Capital. Please go ahead.

Madhur Chaturvedi: Congratulations, sir, on a good quarter in a difficult environment, but exceptionally done. Just to clarify, how much ore did we raise this quarter?

Sandeep B. Narade: In Q1, we have raised about 1,04,000 tons of ore.

Madhur Chaturvedi: 1,04,000 tons. And sir, how would that compare to Q1 last year? For the last quarter?

Sandeep B. Narade: It was last quarter, Q4 or Q1 of last FY?

Madhur Chaturvedi: Either one, whichever number you have handy, if you have both.

Sandeep B. Narade: It was about 2,20,000 in Q4 FY 25.

Madhur Chaturvedi: And this is mostly attributable to the monsoon?

Sandeep B. Narade: It is attributable to two or three things. Monsoon is the number one because this year, Monsoon is almost three weeks earlier. Generally, it comes on the 15th of June, but it started in the last week of May. And, we are having enough stock at our plants and at mines. About more than four months' stock at plants and more than two months' stock at mines.

Madhur Chaturvedi: And is this in anticipation of the Kalinganagar expansion coming on next year?

Sandeep B. Narade: Yes, we will ramp up our production as per requirement in Q3.

Moderator: The next question comes from the line of Vinayak Kariwal from Xponent Tribe. Please go ahead.

Vinayak Kariwal: Sir, I wanted to understand the domestic capacity on the ferrochrome and the chrome ore side. So, if you could give an overview to us, it would be very helpful. Because as per my understanding, we would be one of the largest private chrome ore miners in the country. Because even Tata has closed one of their Sukinda Mine and they have submitted the documents for giving up the Sukinda Mine. Could you please explain us how the domestic scenario is playing currently?

Sureshbabu Chigurupalli: Last year, it was around 1.325 million tons. And most of the smelters are non-operational. Now also the figure will be less than that. We are forecasting the production levels this year will be lower. So, the capacity utilization is less this year. The similar kind of figures will come around 1.25 to 1.3 million tons.

Vinayak Kariwal: Sir, this you are talking about the ferrochrome or the chrome ore?

Sureshbabu Chigurupalli: Yes, ferrochrome. Chrome ore is around 3.3 million tons of production per annum.

Vinayak Kariwal: And, sir, who would be the biggest chrome ore miner in the country? Let's say, if you talk about the private player, would we be the biggest chrome ore miner private player in the country?

Sureshbabu Chigurupalli: Yes.

Vinayak Kariwal: And the public player who is the biggest is the Odisha Mining Company, if I am not wrong.

Sureshbabu Chigurupalli: Yes, Odisha Mining Corporation.

Vinayak Kariwal: How much chrome ore do they produce in the year?

Sureshbabu Chigurupalli: The OMC figures at present I do not have. But they have published in the Steel Mint. You can see those figures.

Vinayak Kariwal: Sir, my second question was on the line of if you could give us an understanding of the value-added products like the products we do. Do we do any value-added products like a few players are talking about low silicon ferrochrome which is used in special steel? So, are there any value-added products in our product segment?

Sureshbabu Chigurupalli: Yes, we have started to produce these niche products from the month of January. We are producing low-silicon, low-phosphorus products with high-chromium alloy.

Vinayak Kariwal: Sir, could you give us a percentage of the total production, how much are we doing this? How much could it ramp up?

Sureshbabu Chigurupalli: That is a very small amount we are producing, around 15,000 of production we are making for this niche segment. It is around 5% to 6% of our total capacity.

Moderator: The next question comes from the line of Dhviti from Molecule Ventures. Please go ahead.

Dhviti: Sir, I just wanted to know, what is the cost of production for Q1 FY '26 for the quarter?

Saunak Gupta: EBITDA cost is about 77,500 for the quarter.

Dhviti: And are our power costs for the current quarter?

Binoy Agarwalla: Power cost is Rs. 5.27, total cost per unit.

Dhviti: Versus for Q1 FY '25?

Binoy Agarwalla: Q1, '25, it was Rs. 4.97.

Dhviti: And if you could give a breakup of coal and coke cost for the current quarter?

Binoy Agarwalla: You wanted to know the coal cost of Q1 FY '26.

Dhviti: Yes.

Binoy Agarwalla: The coal cost is Rs. 2.68.

Saunak Gupta: More or less, it is in line with our cost. It Is in the range of around 2.7. The main thing is that our variable cost is Rs. 4.03 and total cost is Rs. 5.27 for the quarter.

Dhviti: And sir, I just wanted to know what our current cost of raising ore is and how it is expected to change when we transition to underground mining for both our mines. I wanted to understand how it will add up to our operating cost.

Sandeep B. Narade: Right now, our raising cost is about Rs. 3,000 together of both the mines. And definitely it will increase when we go fully underground. As of now I cannot give the exact number of what the cost will be, but it will increase.

Dhviti: Any percentage if you can?

Sandeep B. Narade: No, actually it depends upon the type of mining we will be doing. And there are many things that we are not sure of right now. That is why I cannot say the exact number.

Saunak Gupta: Dhviti, just to add, the whole expansion plan for the mines will continue to about four to five years. At this point, predicting the overall final cost for raising will be a bit of a challenge. So, that is what Sandeep was mentioning.

Moderator: The next question comes from the line of Jainam Madrecha from KC Capital. Please go ahead.

Jainam Madrecha: My question was on the line of like last 4, 5 years, we have seen the EBITDA per ton going up like massively from the previous historical averages. So, is it just because of the realization growth or we had some operating leverage as well? And on top of that, if it was an operating leverage thing, on what line items are we getting the operating leverage?

Saunak Gupta: Basically, if we see for the last one year, our EBITDA cost has remained in the range of around 77,500 only, plus or minus 500. Primarily, over here, as you know, the input cost like the met coke cost has to a larger extent reduced. At the same time, some of the other operational costs have also gone up to some extent.

It is a mixture of our input cost to some extent coming down, driven by the cost optimization efficiencies that we have done. But at the same time, even for the imports, met coke imports, there is exposure to the forex fluctuation. And you would have seen that for the few years, from around 78 levels, currencies have gone up to 87 levels. That also has an impact on the overall cost to some extent.

There are multiple factors, but more or less we closely monitor our alternative cost opportunities as well as the operating efficiencies to keep the overall cost of EBITDA to around 77,500.

Jainam Madrecha: And if, like, let's say, in future, met coke prices go up, are we going to go back to like earlier EBITDA per ton levels or we would be maintaining this level?

Saunak Gupta: See, it is very difficult to say because it is a factor of many other costs, not just the met coke cost, it is coal cost and the overall impact can only be measured after we see how the trend is coming on all the input cost. It is very difficult to predict for the future.

But currently, we are seeing stability in the cost structure. You have seen over the last two quarters and this quarter also, we have maintained our costs at around 77,500, between 77,000 to 77,800 and 77,900. We are expecting the EBITDA cost to remain in this level currently. But with the current geopolitical volatility, it is very difficult to predict anything for the future.

Jainam Madrecha: And just another question on the industry perspective. Like, how are we seeing the Chinese ferrochrome producers? Are there any new capacities coming up or have they just cut down the production levels? We know the production levels are down. But are there any plans in future for new capacities? And how is the stainless-steel supply demand over there? Because that would be the end part that would be driving the pricing over there. So, what is the scenario over there?

Saunak Gupta: I will just give it to Venkatesh for his insights on that.

M. Venkatesh: Going into China, basically, we are not hearing any more big new capacities in ferrochrome coming up. As far as our knowledge goes, nothing is going to come up in recent times.

Going back to the stainless-steel industry, in fact, all industries, like Mr. Saunak said, there is a geopolitical uncertainty. There are so many talks of tariffs, you know, which are keeping the entire industry on tenterhooks. So, currently, the demand also for stainless steel is weak.

And traditionally, if you look at this quarter, which is a monsoon month, both in China and in India, where the demand comes down a little bit, and in Europe, there is a summer vacation. So, from the tariff situation, looking at the economies of various countries on tenterhooks, the demand or the downstream demand for stainless steel is quite challenging at this moment.

Jainam Madrecha: But how is the supply/demand currently like? Are we seeing too much oversupply in China market?

M. Venkatesh: I will just put it in another way to answer your question. Many of us have read that there has been a lot of cutbacks in production in South Africa. I am talking about ferrochrome production. We see a little bit of reduction of ferrochrome production even in India. You know, when we see these cutbacks, and as I said, the lower downstream demand for stainless steel, this has kind of countered each other.

Otherwise, if the demand was good and there were cutbacks, obviously the prices would have jumped. So, these cutbacks with demand and the weakness in downstream demand have kind of balanced the industries as of now.

Jainam Madrecha: And just on the last part, like ex-China, there are no new capacities coming in. And is it the case that China would be taking in all the ferrochrome for captive use only or they would be exporting their ferro chromes as well?

M. Venkatesh: As far as China government policy goes, they restrict the export. There is an export tax on ferrochrome. Their idea is to be kind of self-sufficient or have ferrochrome capacity. But the purpose of the government is to discourage exports. There is an 40% export duty on ferrochrome in China. So, there is no question of any ferrochrome being exported out of China.

Moderator: The next question comes from the line of Joe Shah from Seven Seas. Please go ahead.

Joe Shah: Venkatesh, I think you will be able to answer my question in a better way. Now, for the first time in history of South Africa, Glencore and Samancor, they asked South African government to levy $100 per ton export tax on Chrome ore export. This has happened for the first time. It will help South African government to raise the revenue, very important, significant, $3 billion, $4 billion, which is very important for them.

It will lead to the higher cost of a per ton for China, by say, Rs. 20,000 per ton of ferrochrome. And then, all the prices of ferrochrome everywhere will go up. And it would be a very good windfall for India. So, now, what is your take about this export tax in South Africa? This $100 is suggested by Glencore and Samancor. Although this Mineral Council, they were happy to be opposing this, and South African government is not listening to those Mineral Council things. Those people just want to make money from export of ore without doing any value addition. So, now I want your valued views, please.

M. Venkatesh: Thank you very much for asking the question. I think this was also addressed by our MD during the AGM. It is the same view as we had heard of this imposition or planned imposition of export duty around five years back. I think it was just before COVID. And somehow it fizzled out.

On a plain basis, yes, if there is an export tax, the cost will go up and all that. What you said is true. But let us wait and see actually what the numbers translate. As you know, and you have rightly said, there is a lot of dependency on South African ore in China. You know, most of the ore comes in from South Africa.

Let's wait and see. It will be too early to speculate right now what is going to be that impact because we are not just talking of South African government. The Chinese also have a lot of investments in South Africa. You must have heard about that.

We don't know exactly what kind of pressures would come on a governmental level also. So, let's wait for the concrete announcement, and then I think let's take it forward.

Joe Shah: Venkatesh, my point is for the first time, not even during covid time also, this Glencore and Samancor came out with this proposal. This is the first time these two companies, giant companies in South Africa, they will come out with this proposal to put export tax.

As you know, they are heavyweight in South Africa. And South African government, as we know in the past also, they have passed a resolution to impose a tax on this ferrochrome, this chrome ore export.

Now, this is the first time these major chrome ore companies have come out with this suggestion to impose tax. So, then it makes a big difference between the situation in the past and the situation at present.

My take is, now South Africa is inclined more towards the imposing of tax. And then that would change the whole dynamic of ferrochrome price in India and internationally. Okay, we will have to wait for that. But it should not take more than six months' time.

M. Venkatesh: I agree with the change in dynamics but let us both wait for the announcements.

Joe Shah: Yes, definitely. Sandeep, I have some questions for you. In Q1 FY '26, this chrome ore raising has gone down by around 50% say, 1,03,000 tons. If we compare it with the Q1 of FY '25, monsoon quarters, in FY '25, it was 2,02,000 tons. In Q4, FY '25, it was 2,20,000 tons.

Sandeep B. Narade: Yes.

Joe Shah: This time, monsoon has arrived three weeks early, but it cannot deduct into 50% reduction in chrome ore raising. So, what is the main reason for this drastic reduction?

Sandeep B. Narade: That is what I am saying. Actually, in Q4 of last year, we have produced more than our budget. And we build the stock like more than 4-month stock in the plants and more than 2-month stock in the mines. In the last year, as you see, the monsoon arrived quite late. It was not on 15th of June. And this year, the monsoon arrived at the end of the third week, in May itself. So, that was the major reason.

What we are producing and dispatching to the plants are as per the requirement of the plants and as per our storage capacity in the plants. We are having that capacity right now. And as I said we will ramp up production in Q3 and Q4 because from the open cast, we are capable enough to ramp up production.

Joe Shah: One more question. We have been discussing critical minerals, and the exploration of critical minerals. I want to understand it in more detail. The Sukinda Valley, our mining area, is said to have a lot of critical minerals after the geological survey. In case IMFA wants to extract these critical minerals in our own mining area, do we have to take permission of the Odisha government that we can export on our own?

Sandeep B. Narade: In Sukinda Valley, there is nothing like the presence of critical minerals. There may be some previous studies, like Nickel and that number is quite low in percentage, which is not minable also. And if there is presence of critical mineral in our own lease, even then we will have to take permission. We can do exploration without getting permission, but after that for mining and all those things, we will have to take permission because our lease is for mining of chromite ore only.

Moderator: The next question comes from the line of Naman Bhansali from Nine Rivers Capital. Please go ahead.

Naman Bhansali: I have one question that in the annual report you have mentioned that incremental 40% of the capacity that is coming up would be targeted towards the domestic player consumption. So, could you help us understand the dynamics of the stainless-steel market in India in terms of the current demand/supply situations and how much the stainless-steel market is growing at in terms of the demand requirement?

I am asking this given that our business mix is currently almost 90% of exports and that can shift towards 70% to 75% exports after this incremental 40% is used for domestic consumption. So, how should we think about the impact on realizations or the EBITDA margins going forward?

M. Venkatesh: Stainless-steel in India is growing at a healthy rate of around 6% on CAGR growth. What we are witnessing is there is a slight reduction in ferrochrome production in India, and there is a good domestic requirement. So, our focus going ahead with the expansion is to focus on the domestic market and cater to the domestic market. Of course, the exports will continue.

Your second question was pertaining to the realization part.

Naman Bhansali: The realization, yes.

M. Venkatesh: Whether you look at domestic or export, there is a slight lead or a lag. But finally, both settle at similar price levels.

Moderator: The next question comes from the line of Akhilesh B from an individual investor. Please go ahead.

Akhilesh B.: I was saying in a previous answer, you mentioned that 5% to 6% of the total sales can be considered as value-added products. So, I wanted to know, can this number increase as a percentage of our sales? What is the kind of premium on realization we get for such products assuming these are higher margin products compared to a regular grid?

M. Venkatesh: When you look at what we call the niche grade as Mr. Sureshbabu explained, the market itself is limited and there are already entrenched players. Going up above 5% would be kind of difficult at this stage. We are still exploring if this can go up.

This product has various categories. So, the premium could range all the way from Rs. 4,000 a ton till about Rs. 20,000 a ton.

Akhilesh B.: You had mentioned that our EBITDA per ton has been going up also because we have done some cost efficiency internally in our Company. So, I wanted to know whether there is more scope for more efficiency in our internal operations for further gains in EBITDA.

Saunak Gupta: Yes. There is more scope. We are just evaluating it out internally. And that is a continuous process for us. So, all the areas related to the conversion process from Chrome ore to Ferrochrome, the whole chain, we are evaluating now on an individual basis.

Last financial year, we implemented the ERP Oracle Fusion in our system. That is a very high-end ERP system where we can also get a lot of visibility. And that also through digital operation efficiency, further improvement initiatives are being taken. Whatever scope we have on the cost optimization and improving on the operational efficiency, we take.

That is a continuous process which I said in the beginning of the initial statement. And that is also helping us in driving. There are a lot of actions we are now focusing on to keep ourselves more cost-efficient. When the overall price actually drops in the market, we will see that our margins have been better off compared to our peers. So, that is the advantage we are having.

Akhilesh B.: From your position, can you see 1% to 2% possibility through efficiency gains in the coming years? If you can, quantify what kind of potential you see in these activities.

Saunak Gupta: In this, yes, we can. We are trying to identify currently how much we can improve upon. And that is the main reason if you see that overall, we have maintained our cost quite efficiently within 77,500.

But as I said, we do not actually make too much estimation during one or two quarters. It will be very difficult to say how much the improvement will be in one or two years down the line. But we are focused on that way, and actually a lot of initiatives have been taken, and we are expecting a lot of positives from that.

Currently, it will be very difficult to say whether it will be 1% or 2% or more or less. But definitely, a continuous mechanism has been put in to ensure that we make a concerted effort to improve our operating efficiency and find alternative sourcing, I would say, opportunities in our input cost to keep our cost down.

Akhilesh B.: And, sir, one last question. We are shifting from open cast completely to underground mining in Sukinda. What was the trigger to do this because it is going to cost more than it did in open cast? Was this some regulatory reason that we had to shift or what was the reason to completely phase out open cast and get into underground?

Sandeep B. Narade: Basically, we do the open cast mining when it is possible to do it, technically. It depends upon the depth of the ore body. Also, it depends upon the ore from which depth we can get. That is the basic reason.

We have done the open cast mining till now in Band 1 and then we started backfilling, now in Band 2, we are doing the open cast mining. That will be possible for the next 4 to 5 years. After that we have to go for the underground only. Otherwise, there will be no ore available for our plants. That is the basic reason. From the technical mining point of view, we have to go for underground.

Moderator: The next question comes from the line of Manan Vandur from Wallfort PMS. Please go ahead.

Manan Vandur: The first question is what is the cost of chrome ore and coke per ton in this quarter?

Saunak Gupta: we had already mentioned that the chrome ore cost is approximately around 8,400 odd for the quarter.

Manan Vandur: And coke cost, sir?

Saunak Gupta: And coke, anyway, we had mentioned that in our total 77,500 EBITDA cost, the coke is approximately comes to 14,500.

Manan Vandur: Okay, 14,500. So, sir, from Q1 till July end, are we saying that coke cost has increased or it has decreased since that time?

Saunak Gupta: The overall market cost has gone down and in our EBITDA cost also, to some extent, it has decreased.

Manan Vandur: Currently, the coke cost would be, you are saying, less than 14,500.

Saunak Gupta: When? In future?

Manan Vandur: Yes, like current prices and future prices.

Saunak Gupta: More or less, the prices whatever it is, we have got the benefit of it. At least for this quarter, we expect the prices to be in the same line. But again, there is a lot of forex volatility. We have to see how the landed cost ends up in Quarter 2. But currently the met coke will remain in the similar range.

Manan Vandur: Out of the total Rs. 21 crores of other income is the Rs. 7 crores of Utkal C also included?

Saunak Gupta: No. Currently, we are having about Rs. 915 crores of total amount of surplus, including internal accruals. The return on the investment adds up to that amount is approximately Rs. 21 crores.

Moderator: The next question comes from the line of Joe Shah from Seven Seas. Please go ahead.

Joe Shah: Bijayananda, now I think whatever is happening with Tata Steel is very important for us. Number one, they surrendered this very important Sukinda Mine, and they got a notice of Rs. 1,902 crores from the Orissa government to pay the penalty for the raising of less ore.

Now they are continuing with the Misrilall and Mohanty Mines, where also they have to pay the same 95% premium. There also Tata Steel entirely becoming unviable. And I understand that the ferrochrome production has gone down from 50,000 tons per month to just 15,000 tons. And that also they are thinking of getting out of ferrochrome business.

That will give us very good opportunities in two ways. Number one, we will get some asset buying opportunities. Our management has been saying that we look forward to inorganic growth.

So we will get asset inorganic growth opportunities. And number two, the Indian domestic market, when it is improving, it has started improving and becoming bigger. In fact, we will be probably the only supplier in India. So, maybe we would be getting more of a price premium in the Indian market. That also we will be able to see. So, I would like to know your views on this, Bijayananda, yes.

Bijayananda Mohapatra: They cannot go for further open cast mining and have to go for only underground. That is why they are surrendering. So, we cannot go for that one. We don't know for the time being and if any opportunity comes, we will see and report.

Joe Shah: No, but they will reduce the ferrochrome production from 50,000 tons to just 15,000 tons. 35,000 tons per month they will see the reduction. So, that is giving us good strength going forward.

Bijayananda Mohapatra: Yes, that is what, whatever our capacity is, we are utilizing to the maximum. And we are adding Kalinganagar, but it will take time. That is why Sureshbabu and Venkatesh told that we are focusing on Indian market.

Moderator: The last question for the day comes from the line of Vinit Thakur from Plus91. Please go ahead.

Vinit Thakur: Sir, could you throw some light on the strategic rationale behind IMFA's acquisition of Metallix Aviation? And how do you see it complementing your existing business operations?

Saunak Gupta: On the Metallix Aviation, which is a 100% subsidiary, we have incorporated. It is basically IMFA has certain helicopters ,which is primarily used for its own business purposes to go to the mines or the Therubali plant.

To keep the balance sheet core assets in the IMFA book, the ones which are not directly linked to the IMFA business, we are restructuring it and moving it to the separate Company. That is the overall rationale behind it. Now we are waiting for the DGCA approval. We are making an application to DGCA. And it takes about 6 months to one year to get the final approval to move the assets.

Moderator: The next question comes from the line of Vinayak Kariwal from Xponent Tribe. Please go ahead.

Vinayak Kariwal: Sir, I wanted to understand, we have a stainless-steel capacity in the domestic market of 7.5 million to 8 million tons. And let's say if 60% or 80% of that is utilized, so 5 million tons of stainless steel is being produced in the country every year. So, I just wanted to understand, do we have enough ferrochrome capacity in the country so that we could fulfill the stainless-steel production demand, and how much of this capacity is actually being used in the domestic market versus being exported?

M. Venkatesh: You are right in terms of the capacity, stainless-steel capacity in India, about 7 million tons. And the actual production is around 4 million tons. You know, the requirement of ferrochrome would also depend on the scrap usage by these stainless-steel mills.

I will just address it in a different manner. When you look at India's ferrochrome production, like Mr. Sureshbabu had mentioned a little earlier, hovering at around 1.3 million tons, and roughly about half of the ferrochrome is consumed domestically and half is exported.

In case the stainless-steel capacity utilization improves, there is a strong demand for stainless-steel. Obviously, then what you see is the exports are coming down and more and more ferrochrome gets consumed domestically.

To address it in another manner, we have the capacity to meet the requirements of the domestic stainless-steel manufacturers.

Vinayak Kariwal: That is what my question is. Because looking at the dynamics, I think we have a lot of ferrochrome being imported in the country for fulfilling our stainless-steel production. Our capacity, which is 90% being exported, so, in that dynamics, I guess we have a lot bigger opportunity on the domestic side if we see going further, because also one of the participants mentioned lots of ferrochrome capacities are being closed down in the country and we being the largest producer of chrome ore and also one of the largest in ferrochrome. So, how do you see the domestic and export share going forward, like two, three years down the line?

M. Venkatesh: To address, there was one, the first point that you made that ferrochrome getting imported into the country, there is very limited ferrochrome which gets imported into our country. There could be certain grades of ferrochrome which may come in, depending on the requirement for that manufacturing, that grade of stainless steel. There could be some imports coming in, but there are no big imports which come in.

And to address the second question, we have already addressed it, saying that once the expansion comes up, our focus will be more on the domestic market. So, I think that addresses your question.

Vinayak Kariwal: Could you give a share of revenue, if you have in mind, where could the dynamics go from there?

M. Venkatesh: It is a very evolving and dynamic market. Let the expansion come in, let's do the domestic, and then we can really work out on the share of export versus domestic. But for sure, the direction is going to be more domestic, less of exports as far as the expansion comes. So, overall, when we look at the ratio of 90-10, that is going to change drastically.

Vinayak Kariwal: And sir, one last question on the prices of chrome ore. So, I was tracking and there was the last quarter the chrome ore prices which we mentioned were 7,500. And this quarter, we are mentioning it as 8,400. So, how does this fluctuation come in, in the chrome ore price because that is the captive thing which we are raising.

Saunak Gupta: On the chrome ore price, compared to the last quarter and this quarter, as we said, due to the early coming of the monsoon, the production was lower. But there were some semi-variable costs also in that, which is usually loaded to the overall cost.

That is why the average cost for the quarter has slightly increased. But one should always look into the total annual value of the chrome ore prices to get an overall sense of how the price is moving.

Vinayak Kariwal: You are saying that they are range bound normally, and they don't fluctuate much because of any other factor which we don't know.

Saunak Gupta: No, chrome ore actually would be primarily driven by the average production cost and whatever decline work cost we have taken into account. But more or less it remains in line with our normal range. If the production is slightly lower, then obviously the average cost tends to be slightly higher. If production is higher, like in Quarter 4, the production was quite high, so the cost was slightly lower. But more or less, it is in the range of Rs. 8,000 to Rs. 9,000 in the last year you have noticed.

Vinayak Kariwal: Thanks for the clarification. That helps a lot.

Moderator: The next question comes from the line of Gautam Rajesh from Everflow Partners. Please go ahead.

Gautam Rajesh: Sir, one follow-up question. Like, Tata is shutting down or like wanting to close their mines you mentioned because they won't go underground and all that. So, what gives us the surety that when we are spending this much money on going underground with our mines that the cost won't completely go up, that all our cost advantages go up? Because a huge Company like Tata, which would have scaled up and had Capex of a greater extent, is also shutting down. What is the idea behind that?

Sandeep B. Narade: We have to plan early for going underground. Like we are having one underground mine, the Mahagiri one. We started quite early. Now, we are heading for 6 lakh tons in the next one or two years.

Same with our Sukinda Mine. Now we are running an open cast and simultaneously we are going for the underground. So, for more than one year we have started on this underground project, and we are doing all our development for decline, ventilation & main shafts. So, this is how we have to do.

Gautam Rajesh: And, sir, also that I just want to clarify, we do not, India as a country, do not import any ferrochrome, right?

M. Venkatesh: Our imports are minimal, if there are requirement of certain special grades of stainless-steel, and India has a particular standard grade of ferrochrome being manufactured, then there is some import. Not like regular imports, that is what I meant to say.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to Mr. Abhishek Savant from Veritas Reputation. Thank you. And over to you, sir.

Saunak Gupta: Before Abhishek, I want to thank all of you who have congratulated us on our results. And I also want to thank all of you for your very insightful questions and participating today. So, thanks for it. And over to Abhishek.

Abhishek Savant: Thank you, Saunak. And thank you to everyone who joined us today and participated in the discussion. We appreciate your questions and continued interest in IMFA. As always, we remain committed to transparent communication and delivering long-term value to all our stakeholders.

In closing, on behalf of the Board of Directors and Management, we thank you all for your participation in this call today. IMFA remains focused on operational excellence, financial prudence, and long-term value creation. Should you have any further questions, please feel free to reach out to us. Look forward to engaging with you again in our future updates. Have a good evening and stay safe.

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