INDIAN METALS & FERRO ALLOYS LIMITED

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14th November 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 7th November 2025 on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and half year ended 30th September 2025 and strategic plans going ahead 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 Q2 FY '26 Earnings Conference Call"

November 07, 2025

MANAGEMENT:	**MR. SUBHRAKANT PANDA – MANAGING DIRECTOR** **MR. BIJAYANANDA MOHAPATRA – WHOLE TIME DIRECTOR & 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 (FERRO ALLOYS BUSINESS UNIT)**
MODERATOR:	**MR. ARYAN RANA – VERITAS REPUTATION PRIVATE LIMITED**

Moderator: 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 participants' lines are in listen-only mode. Later, we will conduct a question-and-answer session. At that time, if you wish to ask a question, press *' and '1' on your touch tone 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, Sarthak. Good afternoon, everyone, and very warm welcome to the Indian Metals & Ferro Alloys Limited's Analyst Conference Call to discuss the Company's Financial Performance for the 2nd Quarter ended and half-year ended September 30, 2025. On behalf of IMFA, I would like to thank all participants, analysts, investors and stakeholders for joining us this afternoon.

Before we begin, please note that some statements made during this call may be forward-looking in nature. These statements are based on current expectations, estimates and projections and actual results may differ materially. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether due to future developments or otherwise.

We have with us today, Mr. Subhrakant Panda – Managing Director; Mr. Bijayananda Mohapatra – Whole-Time Director and COO; Mr. Saunak Gupta – Chief Financial Officer; Mr. Binoy Agarwalla – Head (Power Business Unit); Mr. Sandeep Narade – Head (Mines Business Unit); Last but not the least, Captain Sureshbabu – Head (Ferro Alloys Business Unit).

We will begin with the opening remarks from the Managing Director and CFO followed by Q&A session. I now invite Mr. Subhrakant Panda – our MD, to share his perspective on the quarter and key developments. Mr. Subhrakant Panda, over to you, sir. Thank you so much.

Subhrakant Panda: Thank you Aryan. Ladies and gentlemen, I would like to welcome all of you to IMFA's Q2 FY '26 Earnings Call. As you heard, we have the full Management Team available and given the important development of a few days ago, I am also part of this call to give you an update on the strategic directions of the company going ahead.

Before getting into the financial performance, let me talk about the important milestone in our growth journey, which we announced on the 4th of November pertaining to the asset transfer agreement we have signed with Tata Steel for the ferrochrome plant at Kalinganagar. This is a strategic move which will reshape IMFA's scale, market position, and in fact, it fast-tracks our growth plans significantly and enables us to deliver value on a consistent and sustainable basis.

As I mentioned, we have signed the definitive agreement on the 4th of November. This is for 99 MVA furnace capacity, which is four furnaces totaling 66 MVA which are complete and ready to operate and can produce about 100,000 tons of ferrochrome and a 33 MVA furnace which is under construction and when complete can produce about 50,000 tons of ferrochrome. This is spread out over 115 acres of land in Kalinganagar. We have agreed to a base purchase consideration of Rs. 610 crores.

And speaking to the value of the strength of the balance sheet, this is going to be entirely funded from internal accruals. And of course, as we have clarified that all the ore for our existing capacity for our ongoing greenfield expansion as well as this acquisition is going to be met from our captive chrome ore mines.

This is a significant acquisition because combined with our existing capacity of 284,000 tons, 100,000 tons greenfield capacity and acquisition being 150,000 tons, it will take us beyond the half a million-ton mark, making us India's largest producer of ferrochrome and the sixth largest producer globally.

Significant operational synergies because the unit we are acquiring is very close to our greenfield project site. Besides, there are logistics efficiencies as well because it is located closer to our chrome ore mines as well as our customer base. And if you look at the export market, then to Paradip port.

So, all in all, I think it is something, which is a game changer for IMFA and subject to certain conditions and requisite approvals we expect to close it within three months. In fact, both sides are aligned to expedite it and we would try to close it within the calendar year, if possible.

Now, let me turn a little bit to our operational and financial performance. Of course, Saunak will go deeper into the details, but I will just provide a broad overview.

If I go back and take a look at the start of H2 of the previous Financial Year FY '25, that is when the commodities globally and including ferrochrome were in a lot of turmoil due to various geopolitical developments and tariff-related uncertainty and ferrochrome prices had come down sharply in the 4 quarters since then, which is Q3 and Q4 of FY '25 and Q1 and now Q2 of FY '26, we have seen a steady improvement in prices each subsequent quarter and that happened in Q2 as well.

But given that a lot of our tonnage is priced on a quarterly basis and even where there is monthly pricing, the real improvement came towards the end of Q2, we have not fully benefited from prices, but that will change in the ongoing Q3 of FY '26 because you would be aware of the increase in the benchmark price.

You are also aware that spot prices have moved up substantially. And all of this is happening on the back of higher chrome ore costs for non-integrated producers and because of turmoil in South Africa, there have been sharp production cutbacks and because of all of this, we not only expect the ongoing Q3 FY '26 to be noticeably better, but we expect this trend to continue into Q4 as well.

And as you know, we don't really go beyond a couple of quarters in terms of predicting or giving any directionality to prices but suffice it to say I think the demand environment remains strong. India's own stainless-steel production and consumption are growing rapidly given the country's economic growth and the focus on infrastructure development globally as well we see positive signs. So, I remain sanguine about the future without giving any specific guidance in that regard but suffice it to say that I remain confident about the future.

And what also gives me a lot of confidence is IMFA's fully integrated business model spanning mining, smelting and captive power generation, which continues to provide stability and makes us a cost competitive producer on a global scale and of course you are aware that we are doing a pivot towards renewable energy with 110 Megawatts of hybrid renewable energy being signed up to come online next year which will power our growth plans.

We remain focused on responsible growth, on operational excellence and most importantly value creation for all stakeholders. And with this, let me invite Saunak Gupta, our CFO, to take you through the detailed financial performance. Of course, what I look forward to is the Q&A thereafter, which will enable us to provide further clarity where needed. Thank you.

Saunak Gupta: Thank you, and good afternoon to everyone.

On Q2 performance, we have already shared our Regulation 33 Financials. So, everybody would have taken note of it, but going by what our MD said, we just wanted to highlight that we are seeing increasing profitability trend in last 3 quarters. So, as you may note, our PAT in Q4 was Rs. 47.07 crores. In Q1, it improved to Rs. 91.48 crores with the increase in the average realization price to about Rs. 95,000, and this quarter it has further improved by 8% to Rs. 98.77 crores, which is with average realization of Rs. 1,01,000.

And our EBITDA also is a healthy 19.3%, more or less in the similar range we were in Q1, and in Q3 we are expecting to be better because the price realization benefit is about couple of months lag to realize it out. So, that is on the summarized viewpoint.

Since there were some queries related to last year's Quarter 2 EBITDA versus this year's Quarter 2 EBITDA changes, we should be also looking into sequential performances. As you know, the prices in the international market actually declined in H2 last year, and it is in the recovery mode. And in Quarter 2 of last year, it was in a very high level or peak of around 96, 97 USC. So, currently, the market is in increasing trend.

On the EBITDA movement, primarily you would have seen that last year, Quarter 2, we were at Rs. 170 crores, and this Quarter 2 is Rs. 138 crores, primarily because of change in the renewable power obligations. There is a change in law. Since you know that we have a coal-based captive power plant, we have certain conditions to be met on the renewable power usage.

Based on it, we have purchased RPO obligation-based certificates amounting to Rs. 16 crores during the quarter. It is a one-time impact; the differential impact is about Rs. 14 crores for that, and that is to actually align with whatever the change in law.

And the second one is that almost 90% to 91% of our business is export-oriented, and we invoice in USD, and with the dollar fluctuations, we have a hedging policy to de-risk the future export sales against Forex fluctuation. So, in this quarter, we booked a notional cost of Rs. 14 crores on the mark-to-market accounting as per accounting standard of India. This is higher as the mark-to-market is done on the closing rate of the quarter, that is 30th September, the Forex rate was 88.79, versus on 30th June, which was 85.54.

That is why there was a one-time impact here, which is a notional cost. However, if the rupee appreciates in future, we will get gain on MTM. So, this is purely an accounting impact. The equivalent benefit of this is Rs. 16 crores embedded in revenue. And revenue is higher because of Rs. 16 crores of forex gain we have made during this quarter.

Overall, if you see, it is not having any impact. But when you see the overhead part, there is a jump of about Rs. 14 crores due to accounting. So, these are the two important items.

And the third one is that usual increase in the logistics cost of about Rs. 2 crores and other overheads of another Rs. 2 crores. If you take this into impact, our current EBITDA would go up to Rs. 170 crores plus, which is similar to last year. If you take out these outliers in Q3, we are expecting to do much better than Q2. But nonetheless, our Q2 overall EBITDA was at 19.3%, which is healthier.

That's all from my side. Now, I open it up for everyone for the questions, anything they specifically have.

Moderator: Thank you very much sir. We will now begin the question-and-answer session. Our first question is from the line of Parthiv Jhonsa from Anand Rathi. Please go-ahead sir.

Parthiv Jhonsa: Thanks for the opportunity and congratulations on our strategic acquisition we all were waiting for. So, my first question is pertaining to the synergies from the acquisition. I think in the opening remark, you mentioned that you will have a lot of synergies right from mine to the location and everything and all the other synergies. Is it possible to quantify once you acquire the asset, what kind of synergies on a per ton basis are you expecting? Is it possible to quantify?

Subhrakant Panda: Parthiv, first of all, thank you for your kind words. And let me take a stab at quantifying the synergies. As you know, our current operations are in Choudwar and Therubali and Choudwar, we have the advantage of the power plant being located right there as well as being close to the chrome ore mines, whereas in Therubali, we have to transport the ore a substantial distance. So, we have a logistical disadvantage to the extent of about maybe Rs. 4,000 a ton or so as compared to Choudwar.

Now, Kalinganagar is more like Choudwar, being close to the mines and therefore every ton that we produce in Kalinganagar is as competitive as Choudwar. Now, in terms of, when we look at the weighted average cost of production and therefore the resultant EBITDA, etc., the more we produce towards closer to the mines, the better we are. And that will further go up at some point in time when we start supplanting Therubali tonnage by producing that in Kalinganagar. That is where there will be further advantages.

I hope I was able to clarify the point, which is that as our production goes up from 260,000 tons to 400,000 in FY '27 and further to 475,000 tons in FY '28 and beyond, it is being produced in a more friendly, logistically friendly location.

Parthiv Jhonsa: That actually is quite helpful sir. My second question is , I believe you said that you are trying your level best to complete this acquisition by the end of this particular calendar year. Is it possible to quantify if this facility comes up, say, for example, in Q4, what kind of additional or incremental volumes can we expect on a quarterly basis? As in, is it a facility like operational as on date and can you ramp it up immediately?

Subhrakant Panda: So, a couple of questions. I just want to add one more point about synergies, which is that there will be some outbound logistical advantages as well. I mean, in the sense that when any tonnages dispatched from Therubali to the domestic market has a higher freight element, whereas Therubali is quite ideally located from a Vizag port point of view for particularly containerized exports. So, we will be sort of reassigning our customer base a little bit and a lot of the domestic consumption or supplies will be out of Kalinganagar. So, there will be some outbound logistical advantages as well, which could be probably about Rs. 1,000 to Rs. 1,500 a ton is our estimate.

Now, as far as the closing date is concerned, we are certainly, both sides, as I said, are aligned to close this as quickly as possible. And in terms of the unit as on date, two out of the four furnaces are operating, but not at full load. And we will, I mean, of course, I think in the process of handing over and getting the necessary permissions, there will be disruption for some time, probably two to three weeks is what we are estimating, but thereafter, we should be able to ramp it up reasonably quickly.

But we are not taking, as an abundant caution, we are not taking any tonnage in Q4 of the ongoing fiscal. But even if it were to come in, honestly, it would not be something very significant. So, the real advantage of it would come from FY '27.

Now, having said that, when we ramp up and operate the four furnaces, we will have to figure out how the situation plays out. But we are fairly confident about achieving, let's say, between 70,000 to 80,000 tons of output in FY '27 from this unit with an upside potential to that number. But I am more comfortable indicating something like 70,000 to 80,000 tons in FY '27.

Parthiv Jhonsa: That is actually quite helpful sir. Thanks for the answer, sir.My next question is pertaining to the ferro prices as on date. I believe the prices are up. And like sir said that you usually get the benefit one quarter lag. So, is it possible that this 19.3% kind of an EBITDA margin, there is a substantial upside and you can achieve what highs you are able to achieve a couple of quarters back, about 24%, 25% kind of a range?

Subhrakant Panda: We will certainly achieve more than Q2 EBITDA in Q3, partly because we will not have the one-time outliers, as Saunak put it. But even otherwise, purely on a realization basis, there is a substantial up move.

As you know, domestic prices are ranging in between Rs. 1,15,000 to Rs. 1,18,000 a ton. And internationally, excluding China, it is more than a dollar, so about $1.02 to $1.04. And even in China, the monthly prices that they have declared are significantly higher than two or three quarters ago.

So, we will see a definite improvement in the EBITDA margins for Q3. And we are comfortable at this point in time, indicating that we expect that to continue in Q4 as well, with the usual caveat that barring any exceptional circumstances.

Parthiv Jhonsa: That's helpful, sir. So, is it possible to let us know the production and the ore raised during Q2?

Subhrakant Panda: Yes, I will ask Saunak to sort of give that number. I know that in our press release, those numbers were not there, but I think it was a very content-heavy press release, focusing primarily on the acquisition, but we will most certainly share the output numbers. Saunak, would you like to just mention that, please?

Saunak Gupta: Yes. So, for Q2, our production of ferrochrome was 65,671 metric ton. And chrome ore production was 1,69,615 metric ton. Ferrochrome sales improved in this quarter, and it was 69,765 metric ton. These were the production and sales figures. And on the power side, that's the captive power, it was 309.41 million units.

Parthiv Jhonsa: I believe, even in last quarter con call, you had mentioned that you have ample of inventory of ore, and also this time, I believe you have done almost over 1,70,000. So, it is fair to assume that once the acquisition facility comes up on screen, you will have an ample of ore on hand to immediately take care, captive ore on hand to take care of that, basically?

Subhrakant Panda: Parthiv, let me answer that. You know, I think you were there on the CNBC call yesterday also. I want to clarify, so as to remove any iota of confusion or doubt in this regard, that we do not intend to buy any ore going ahead, and we will be meeting our requirement both for the existing capacity plus greenfield plus acquisition from our captive mines.

And in that regard, in fact, if I am not mistaken, three, four quarters ago, there had been some questions relating to the high level of ore that we were carrying as stock, and we were actually building it up. Because as you know that for quite a while, we had been around that 6 lakh tons of ore raising per annum. And in FY '25, we crossed 7 lakh tons for the first time. And in FY '26, we are now with the acquisition having been signed off on. If all systems go and we are looking to touch about 8.5 lakh tons of ore raising in FY '26. And of course, our eventual target is to get to 12 lakh tons.

And if you look at the production, clearly, for three to four years, there is going to be a sort of a gap between what the annual requirement is and what our annual raising is. And that gap is going to be met from the stock that we have built up, as well as some low-grade ore, which is available for blending purposes. So, all in all, all the ore required will be in-house. And that, of course, substantially adds to value creation.

Parthiv Jhonsa: Thank you for all the answers. They were quite detailed. I will just get back in the queue if I have further questions.

Subhrakant Panda: Most welcome.

Moderator: Our next question comes from the line of Priya Agrawal from Kotak Investment. Please go ahead.

Priya Agrawal: First of all, congratulations to the IMFA team for such a great quarter and on the acquisition part. I would like to know what was the Quarter 2 KPI performance for IMFA in terms of specific ore, specific coke and specific power?

Subhrakant Panda: If you were asking about the data in terms of production and output, we just shared that, but Saunak can repeat the numbers.

Priya Agrawal: I wanted to ask regarding the specific consumption in terms of per ton of HCFC, how much ore was consumed, how much coke was consumed, and how much power was consumed?

Subhrakant Panda: So Priya, we will not get into the specifics because these are again commercially sensitive data, but broadly in line with the accepted parameters, so no outliers in that regard.

Priya Agrawal: And secondly, I wanted to ask that, as you have mentioned that the benefits from the recent acquisition will start from FY '27, so how much percentage of decrease in the cost can we expect?

Subhrakant Panda: It is not a decrease in cost, because if you look at our production cost in Choudwar and our production cost in Therubali, they will broadly remain what they have been. But what is relevant here is that production will be coming online at a location which is Kalinganagar.

So, just to clarify, we are now using the terminology Kalinganagar 1 for our green field project and Kalinganagar 2 for the acquired unit. So, production coming up in Kalinganagar overall will be far more competitive than, I mean, will be very competitive. So, our weighted average cost of production goes down. But in other locations, it sort of remains the same.

And the best way I can explain it is that if this production was to come up in some other location, it may not have been as competitive. So, I hope I am able to explain the thought process here that the production is in a location which is logistically very competitive and efficient.

Priya Agrawal: That was a great help. I will get back into the queue.

Moderator: Our next question comes from the line of Anshika Agrawal from Kotak Bank. Please go ahead.

Anshika Agrawal: I wanted to know the domestic and export percentage of sales.

Subhrakant Panda: In 2nd Quarter, we did supply a little bit more tonnage to the domestic market. So, broadly, I think we were at about 90% exports and 10% domestic sales there or thereabout. But I would like to take this opportunity to also share that going ahead, we are certainly going to align a little bit more towards the domestic market.

Given our strategic positioning in Kalinganagar in Odisha, which is really emerging as the stainless-steel hub of India, so in a couple of years' time with the entire capacity online, greenfield and acquisition, we are expecting to be about 60-40. So, 60% exports and 40% domestic. But of course, we retain the flexibility to direct more tonnage towards the domestic market or towards the export market if circumstances so warrant.

Anshika Agrawal: Another thing, second question, what is a spot and LTC percent?

Subhrakant Panda: So really, if you look at it from a long-term contract and a spot perspective, the bulk of it is long-term. Because the only difference being that, I mean, certain customers, we have annual contracts or in fact with POSCO, given that we have a joint venture, we have a five-year contract which is repriced every quarter. So, purely in terms of spot tonnages, it is very insignificant. But Suresh, is there any additional data that you can add to this question or that about broadly answers it?

Sureshbabu Chigurupalli: You have broadly answered. That is insignificant and it is almost around 7% to 8% we go on for spot.

Anshika Agrawal: And what will be our future spot and LTC percentage after this acquisition?

Subhrakant Panda: So, Anshika, by and large, we prefer longer-term commitments because I think that assures us off-take while keeping some tonnage available for the spot market. But even in the long-term contracts, as I mentioned, these are repriced either every month or every quarter. So, we will continue to follow that strategy.

But having said that, I mean, as we direct more towards the domestic market, the domestic market tends to be not against long-term contracts. So, to that extent, I think domestic sales will be more on a cargo-to-cargo basis for pricing. But we will sort of see how it plays out. But our preference is for longer-term relationships where there is assured off-take from our point of view and assured supply from our customers' point of view.

Moderator: The next question comes from the line of Deepak Pandey from Sagun Capital. Please go ahead.

Deepak Pandey: Congrats on the acquisition part. Sir, my question actually pertains to the global supply-demand scenario. With the cuts in South Africa, where do we stand versus Chinese players currently in cost of production, if you can throw some light?

Subhrakant Panda: Actually, as much as South Africa is concerned, as you know, that there has been a gradual decline in South African output. Until about five or six years ago, they were the world's largest producer of ferrochrome and then ceded that position to China. And Chinese production has gone up significantly primarily at the cost of South African production.

That is because of their internal logistics costs as well as increasing power costs. So, while that tussle is going on between whether there should be special tariffs for South Africa or not, basically, I think the preference has been towards exporting the chrome ore entirely to China to say.

Now, if I look at China, while they have emerged as the world's largest producer of ferrochrome, but they are relatively speaking high cost because they are entirely dependent upon imported chrome ore.

Now, your specific question, Deepak, about Chinese cost of production versus ours, it is a little difficult to sort of estimate what the Chinese cost of production is because it is not an open economy and not too much published data available. But based on experience, based on conversations, the sense we get is that they are perhaps somewhere around that $1,000 per ton mark.

And I know this is a number which is covered in the Anand Rathi, mentioned in the Anand Rathi report as well. And we sort of corroborate that with our experience in the sense that if you look at the recent past, prices sort of bounce back from a certain level, which is indicative that that has reached the variable cost of production of Chinese producers. So, I can't give you any concrete data, but this is born out of experience.

And if you look at in the last three or four quarters, I think the lowest we saw was about $0.75, $0.77. And then it started pulling back from that level, indicating that a lot of production was underwater in terms of value at that point in time.

Deepak Pandey: That's very helpful. Secondly, you said domestic spread split will move on, move up in the revenue part. But is there a difference in realization or EBITDA per ton in domestic versus export? Or is that largely the function of market prices only?

Subhrakant Panda: No, there is no significant difference. There is a timing difference and let me explain that. So, first of all, there is no significant difference because duty on ferrochrome, import duty is negligible. I think it is 5% if I am not mistaken. So, there is no duty protection, which means that ferrochrome prices domestically are higher or anything of that sort.

But there is a timing difference and that will happen even with exports, because if we are pricing a particular customer on a quarterly basis and we are pricing another customer on a monthly basis, then that timing difference can lead to pricing difference as well. And how it works with quarterly pricing is that there are many instances where we have fixed a certain price with that customer and the spot prices go down thereafter. And there are many instances where we fix a quarterly price and the spot price moves up.

When you have a long-term relationship, you adjust for these vagaries and make sure that it is a win-win situation. But if you look at it at a singular point in time, then what you will find is differences between customers, even when it is exports, or between customers when it is exports and domestic, simply because of the timing difference.

The one other factor here, of course, is China is a unique situation where they have huge production capacity and it is also a producer's price that is declared by them. So, China tends to be a little more competitive than the rest, but there are structural reasons for that.

Moderator: Our next question comes from the line of Parthiv Jhonsa from Anand Rathi. Please go ahead, sir.

Parthiv Jhonsa: Saunak sir, is it possible just to repeat the production and the sales number again? Actually, I missed it out.

Saunak Gupta: Yes. So, on the production side of Ferrochrome, we did 65,671 metric ton. And on Chrome ore, 1,69,615 metric ton. And Ferrochrome sales was 69,765 metric ton.

Parthiv Jhonsa: Thank you, sir, for the information again. Just, again, Saunak sir, I just wanted to check with you quickly. You said that you had a one-time impact of about Rs. 16 crores in power and fuel expenses, line item, basically. So, that basically translates to about 2% or 2.2% of the top line. So, is it fair to assume that if this is basically a one-time, so this won't be there in the next quarter, and considering better prices and all, there is a certain benefit of almost 2%-2.5% on the EBITDA from this?

Saunak Gupta: Yes. This differential is about Rs. 14 crores. Rs. 2 crores will be the average quarterly expenses on this. So, it is around 2.3% and the one-time impact for this quarter.

Moderator: Our next question comes from the line of Kaushal Kedia from Wallfort PMS. Please go ahead.

Kaushal Kedia: Congratulations on a fantastic acquisition. Sir, I don't have a question, more of a recommendation and a request as an old shareholder. There hasn't been much institutional participation in the share, and I think you all had also done a kind of a roadshow in June to tell our story to the bigger funds.

If possible, I know you have said it multiple times that the entire acquisition will be funded internally through internal accruals, and we don't need money, but it would be great if you could consider raising like maybe a primary, a small token amount for primary share capital, may be to get some institutional interest in the stock. So, just a request from a shareholder, if you could consider that and explore that, please.

Subhrakant Panda: Thank you, Kaushal. We will certainly take the suggestion on board.

Moderator: Our next question comes from the line of Aashav Patel from Molecule Ventures PMS. Please go ahead.

Aashav Patel: Many thanks for participating on the con-call, Mr. Panda. And many congratulations to the entire team for this truly exemplary achievement. My first question is to Mr. Panda, that I understand ferrochrome prices are very dynamic, and it is difficult to predict the future as such. But given the massive supply cuts in South Africa over the last few months, now almost 60% of their smelting capacity is shut down.

Further, Samancor is planning more shutdowns and industry is also expecting an export tariff of 25% on South African chrome ore exports, which if implemented will further lead to cost inflation. So, probabilistically speaking, sir, can FY '27 be a year of upcycle for IMFA like FY '22 or like FY '27, wherein we ended up reporting almost 30% kind of operating margins?

Subhrakant Panda: Well, I would certainly hope so and pray that it happens. But realistically, as I said, we have learnt with the passage of time not to get ahead of ourselves and make any long-term projections. All that I will say is that the fundamentals are such and they are changing in a manner which is indicative that strong competitive producers like ourselves are well-placed.

But, I mean, of course, South African production cut has been quite significant, but that is getting replaced by Chinese production, which is not necessarily a bad thing because that cost of production is noticeably higher than an integrated producer in India like us, right? And in as much as export tax on chrome ore and all from South Africa, there has been quite a bit of back and forth on it. And we will wait and watch how it sees.

But fundamentally, while I am reluctant to make any long-term projections, but I am confident to say that by the grace of God, we will be competitive and profitable and relatively well-placed compared to others. And the fundamentals are shaping up in such a way that things look good at this point in time.

Aashav Patel: And sir, my second question is on the longevity of cycle. So, historically, what we have seen after such supply cuts, there is improvement in the ferrochrome realization in line with improvement in stainless-steel demand or volume growth. But this time around, as you rightly mentioned that the incremental capacity is also moving more towards China. And they have a higher cost of production by, say, Rs. 10,000 to Rs. 15,000 per ton compared to us.

How do you see the longevity of the upcycle? Because this time around, as of now, yet, we don't have support from stainless-steel volume growth or stainless-steel demand improvement. What really happens when that starts also clicking? Can we expect the cycle to last much longer compared to the historical phase?

Subhrakant Panda: You have asked a very good question, by the way, but it is difficult to predict what the longevity of the cycle will be. Because, I mean, when I first started out in the business, and I am talking quite a while ago, the cycles had a certain cadence to it. And that was dictated by the mismatch between consumption, which is stainless-steel production increase, and supply, which is ferrochrome capacity increase. So, those were the original sort of contributors to the cycle. But today, it is a far more complex situation. And therefore, it is a little harder to predict.

But again, I think fundamentally, things are changing. Because you are seeing across the world an elevated chrome ore costs. So, if you are not an integrated producer, that is a huge disadvantage. Besides that, earlier, a lot of capacity which went offline would come back on if markets improved. But today, the expectation is that if South Africa somehow digs itself out of this situation, not all of the capacity which has gone offline will come back online. That is what experts have to say.

Fundamentally, I think the markets have changed. And this is what, without making specific comments or giving guidance about future prices, all that I am happy to say is that fundamentally, we are confident about where we are placed.

Aashav Patel: And sir, based on spot EBITDA cost of around, say, Rs. 78,000 per metric ton and realizations as we speak are at Rs. 1,18,000 per metric ton, so our current spread is almost Rs. 40,000 per metric ton, which is historically the highest ever. I understand this flows into numbers with a quarterly lag. So, is that correct understanding?

Subhrakant Panda: There and thereabouts. I mean, again, the other reason, of course, you see the ebb and flow in terms of margins is that raw material, you see a lag between stainless-steel and ferrochrome and ferrochrome and chrome ore for non-integrated producers. What is happening with non-integrated producers right now is that almost in real time, chrome ore prices are moving up in anticipation of higher ferrochrome prices. So, that is handy if you are an integrated producer like ourselves. But there are certain other elements which are not in our control, which is metallurgical coke, etc.

But you asked actually one other question. In your first question, there is one other element with regard to long-term forecast, which I wanted to speak, is with regard to stainless-steel demand. Now, you are absolutely right that I think currently, the upward movement in prices has more to do with cost pressures and relatively less to do with stainless steel demand.

That is not to say stainless-steel is not increasing. Stainless-steel demand is increasing. You know, in India, in China, it is increasing. But if there is a little bit more sort of legs to the demand side, then you will certainly see that translate very, very noticeably quickly into ferrochrome prices.

Aashav Patel: Even considering sir, what you mentioned in the press release, almost 4 lakh metric ton of production for next year, even if we consider slight dip in our EBITDA spread from current level of 40,000 to, say, a more sustainable level of 30,000 and keeping all this stainless-steel demand increase as an optionality, so even a sustainable 30,000 EBITDA per metric ton for the next year would translate itself to around Rs. 1,200 crore kind of an EBITDA, right?

Subhrakant Panda: Look, I don't want to get ahead of myself in making projections for a year, year-and-a-half out. What I have said in interactions is that up till now, we have considered a steady-state EBITDA of about Rs. 18,000 to Rs. 20,000 a ton with peaks and troughs depending upon market situation.

Aashav Patel: I understand sir. I am just asking probabilistically. I absolutely agree with you that it is very difficult to predict, but probabilistically speaking, given all the fundamentals, there is more probability of that happening, right? That is my question.

Subhrakant Panda: Look, I will leave you to make that conclusion because I wouldn't want to, you know, it has served us well not to project too far out. So, we remain quietly confident, but I wouldn't want to put numbers of probability to that.

Aashav Patel: That is all from my side, sir.

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

Pranav Jain: Good afternoon to the entire team, and congratulations on the good, great numbers and the acquisition, and really happy to see you on the call, Subhrakant Ji. I just had a couple of questions regarding the acquisition. Firstly, can you just give me an idea on why Tata Steel wanted to sell their ferrochrome plant? Was this their only ferrochrome plant or after this will they not have ferrochrome operations at all or was there some other reason?

Subhrakant Panda: So, Pranav, I can answer the factual part of the question is that they have other ferrochrome facilities, but as regards why they sold, I don't think it is correct or proper on my part to say anything in that regard.

Pranav Jain: And, sir, with this new plant, our power requirement will be captive. Like, do we get a power source from the asset transfer agreement?

Subhrakant Panda: No, we don't get a power source from the asset transfer agreement, but that is where we have tied up with 110 Megawatts of hybrid renewable energy, which, of course, will be distributing some to our existing units as well in order to reduce our carbon footprint. But, no, we are not getting up any power arrangement through the asset transfer agreement. We will, of course, be connected to the DISCOM as far as both the units of the greenfield and the acquisition unit as far as both are concerned.

Pranav Jain: Sir, the 110 Megawatt was, I think, barely sufficing our existing needs. So, how will that translate to the new plant as well then?

Subhrakant Panda: No, not sufficing our existing needs. Prior to the acquisition, it was a little bit more than what was there. But that is why we have signed up for 110. And we will be exploring if we need to increase the quantity in that, you know, increase more procurement of electricity through hybrid renewable or otherwise.

Pranav Jain: And sir, the incremental 50,000 tons that is under construction, how much CAPEX would have to be incurred for that to go live?

Subhrakant Panda: Pranav, thank you for asking that question. Actually, I should have covered it in my remarks. So, the Rs. 610 crores is the base purchase consideration. There is GST being asset transfer, but that is something on which we will get input tax credit, net working capital to be determined on the day of closure. We expect it to be somewhere around Rs. 50 crores.

And as far as the fifth furnace is concerned, we expect to spend about Rs. 50 crores to commission that. This is basis a due diligence, albeit a very thorough due diligence, but we will be able to get greater certainty about this number once we take control of the unit and do a deeper dive. But we are fairly comfortable projecting about Rs. 50 crores CAPEX to commission the furnace under construction.

Pranav Jain: So, the approximate cost for the entire 1,50,000 tons will be somewhere around Rs. 700 crores to Rs. 750 crores then?

Subhrakant Panda: Broadly, yes.

Pranav Jain: That's all from my end, sir. Thank you for answering the questions. And it is lovely to see the management being true to their word and expanding in very favorable conditions.

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

Joe Shah: Subhrakant, congratulations to you and your team for Kalinganagar Unit #2. Now, please clarify, it is the same as the Rohit Ferro plant, which Tata Street acquired in 2022. This is the same as Rohit Ferro plant?

Subhrakant Panda: Yes, that's right.

Joe Shah: And this 33 MVA fifth furnace, of course, which you mentioned of Rs. 50 crores is incredible and very good actually for us. Because when we look at Kalinganagar Unit #1, we are spending about Rs. 550 crores for 100,000 ton capacity plus other CAPEX, related CAPEX. So, that way, this Rs. 50 crores is very good for IMFA.

Subhrakant Panda: That's actually not, you know, we are not comparing apples to apples because, I mean, of course, Kalinganagar is a new unit. Kalinganagar 1 greenfield is a newer unit being built now. And secondly, there is substantial work has happened on the 33 MVA furnace. So, it is not starting from scratch. Almost a substantial amount of work has been done. It is only to complete that and bring it to commissioning stage. So, actually, it is not comparable numbers.

Joe Shah: Now, Tata Steel is having another very good unit, Bamnipal plant, which is now idle and not working with capacity of 65,000 tons. Now, this would be our next target, this Bamnipal unit.

Subhrakant Panda: It is not proper for me to comment on what assets they have and what TSL plans to do with it.

Moderator: Our next question comes from the line of Saket Kapoor from Kapoor Co. Please go ahead.

Saket Kapoor: Thank you, Mr. Panda, for addressing us today. And we hope to hear more from you, sir, going ahead. Sir, firstly, with respect to the asset being acquired, since it was an operational asset, sir, can you elaborate who are the customers which Tata Steel was catering to? Where are the export and the domestic mix? Any color you can give?

Subhrakant Panda: Saket, I don't know about that. And in any case, it is not relevant for us. Because being an asset transfer, we are only buying specific assets. So, that's it.

Saket Kapoor: But in terms of we continuing with the asset and sweating of the assets, we will be eyeing a new customer? Or how are we going to sell the expanded capacity currently?

Subhrakant Panda: There is a fair amount of demand for ferrochrome in the domestic market. And as I have mentioned and as you would be aware, our existing capacity of 260,000 tons is primarily directed to export markets. And that was because there wasn't that much opportunity. But now there is space which has opened up. And therefore, we will be looking to cater more to the domestic market in terms of the various stainless-steel producers there are. And in fact, with some overseas customers as well, there is expectation of more to grow suppliers as they grow their size. So, we will be balancing that out.

Saket Kapoor: Just a small point, what is our EC limit for the throughput for ore for the existing mine set? As you were mentioning that we will be enhancing the throughput. So, what is the environmental clearances that we have received? The higher side limit?

Subhrakant Panda: It is 12 lakh tons. Sandeep, could you confirm that, please?

Sandeep B. Narade: Yes, sir. It is 12 lakh tons together from both the mines.

Saket Kapoor: And our last year number was? How much have we extracted?

Sandeep B. Narade: 7 lakhs.

Saket Kapoor: 7 lakhs. So, we have quite a lot of area to cover. And lastly, sir, we have also seen, as in case of Sukinda Mine from the Tata Steel, there were some issues pertaining to the output there. So, are we eyeing that? What is the story behind this mine output being lower? Since we are also operating in the same region, not specific to IMFA, but we have seen a lot of stuff regarding the output not being raised from those areas. So, are these geographies any way affecting our thought process of expansion also? There was some lower output, yes.

Subhrakant Panda: Saket, again, two different circumstances. And in any case, not correct for me to comment in any way on somebody else's assets and what issues they are facing or not facing. But the one thing I can certainly speak with confidence is that we are on track to expand our own raising from the steady state 6 lakh tons where we were and 7 lakh tons in FY '25, little more than 7 lakh tons, to 8.5 lakh tons in FY '26 and eventually scaling up to 12 lakh tons. So, we are on target, on course for that and I don't see any concerns in that regard.

Saket Kapoor: And lastly, for this, we will be going through the undermined route also, I think. So, a lot of CAPEX will go there to reach that 1.2 million capacity.

Subhrakant Panda: Yes. So, our Mahagiri Mines from which we are looking at ultimately getting to 4 lakh tons, we have in FY '25 raised across 4 lakh tons for the first time and sorry, we will be going up to 6 lakh tons. So, Mahagiri Mine is already underground.

As far as our Sukinda mine is concerned, we have initiated the underground project and we will be transitioning in the next 3-odd years, 3 to 4 years to a fully underground mine, eventually reaching 6 lakh tons. So, 6 plus 6 is 12 lakh tons. And as far as the CAPEX for underground is concerned, broadly, it is about Rs. 1,000 crores, which is what we have briefed earlier as well.

Saket Kapoor: Thank you, sir. And hope to hear you more in the call going ahead if time permits for you, sir.

Moderator: Our next follow-up question comes from the line of Parthiv Jhonsa from Anand Rathi. Please go ahead, sir.

Parthiv Jhonsa: Sir, I had a very big, a bit of a technical question. Is it possible to quantify our ore grade with the average blended ore grade of India or globally, whatever is comfortable?

Subhrakant Panda: So I can, you know, Sandeep can perhaps give you an answer. But even in our mines, it depends upon which vein you strike. And as we go deeper, we are finding the grade improving, actually. Broadly speaking, South Africa is very low-grade ore, but they have humongous quantities, as you know, 8 billion tons or whatever it is. And Sandeep, if you want to just shed some light on this.

Sandeep B. Narade: Mostly, right now, we are having a medium grade that is ranging from 40% to 51.99%. So, in that range, mostly, we are getting the ore.

Parthiv Jhonsa: And what would be the grade at, say, South Africa? Just a very blended number is fine, sir.

Subhrakant Panda: I don't want to hazard a guess on that. I know generally speaking it is lower grade than Indian ore. But again, it depends where. Because Karnataka, where there used to be chrome ore mining until 10, 15 years ago, Karnataka had very low grade ore as well. But all of that just translates to the grade of ferrochrome that you produce, nothing more beyond that.

Moderator: Our next question comes from the line of Harsh Vasa from SBI Capital Securities. Please go ahead.

Harsh Vasa: Congratulations on the major milestone acquisition. Sir, my question is that the greenfield capacity is coming up around 96,000 to 100,000 tons. So, what will be a capacity utilization for FY '27? Like 48,000 is coming in June '26, followed by September '26, 48,000. So, what will be a capacity utilization for next year?

Subhrakant Panda: Broadly, as I had mentioned earlier, we have been producing 260,000 tons on an annualized basis from our existing capacity, give or take a little bit if you look at the data for the last three-odd years. So, next year in FY '27, we are assuming the same broad 260 from our existing capacity. We are looking at between 70,000 to 80,000 tons for the acquisition, and the rest coming from our greenfield project.

So, Suresh, would you like to just give any more details on that? But broadly, Harsh, what I would say is 260, about 80 or so from acquisition and the rest from Greenfield, but this mix might change a little bit depending on how things pan out. But overall, we are reasonably confident about the 400,000 ton number.

Moderator: Our next question comes from the line of Nitik Kaushik from Afin Capital Private Limited. Please go ahead.

Nitik Kaushik: Sir, my first question was, how has the realization improved on quarter-on-quarter basis and year-on-year basis?

Saunak Gupta: On the realization front, in Quarter 1, our average realization was 1,01,000, approximately vis-à-vis last quarter it was 95,000. And in previous year, it was 1,02,000. So, 1,02,000 in H2 had gone down in H2 to almost 81,000 in Quarter 4. But gradually, it has started improving. It was 95,000 last quarter and 1,01,000 this quarter.

Nitik Kaushik: Sir, the next question was on CAPEX. So, since you are doing Rs. 900 crore CAPEX in this financial year, so would it be entirely equity funded or debt funded?

Saunak Gupta: No, it will be a mixture of both. So, currently, we have got Rs. 900 crores in Kalinganagar, of which is about Rs. 400 crores sanction limit. We will not be using to the full extent of this sanctioned limit. Depending upon how the CAPEX outlay happens on that basis, we may take disbursement but not more than Rs. 400 crores. It is approximately 0.45% debt vs equity.

Subhrakant Panda: Nitin, if I can just add some context to that, we are, of course, funding the acquisition entirely from internal accruals. As far as our Ethanol project is concerned, we have a very small quantum of debt sanction for that, which we haven't drawn down as yet, but we will look to do that. And we have a term loan facility sanctioned for our greenfield expansion. Again, we haven't drawn down on that. But we have the flexibility to do so if required.

And hopefully with a much better H2, the financial planning will change a little bit. But overall, I would say that we are going to be fairly conservative about debt and only take on as much or as little as we need. And the idea is to be fairly conservative in that regard, which has worked well for us.

Nitik Kaushik: Sir, my next question was on power and fuel. Since it is a big part of your expenses, so in this quarter, it was increased around 50%-60%. So, sir, was there any specific reason for that?

Subhrakant Panda: Saunak, if you could just reiterate that point, please.

Saunak Gupta: So, I reiterate the point which I was saying. There is a change in law with respect to the renewable power obligation. For that we have a one-time impact of Rs. 14 crores. Overall, the outflow was Rs. 16 crores. We bought REC certificates for that to meet the obligations. So, this is the reason why the power cost has gone up. From next quarter onwards, it will be in the range of Rs. 2 crores to Rs. 3 crores.

Moderator: The next question is from the line of Yash Goyal from Ionic Wealth. Please go ahead, sir.

Yash Goyal: Congratulations for your result. You have got some good plans. And I wish to know about the inventory build-up and the cash position in the company. Right now, I have the result in front of me. In FY '25, under the CFS column, we have receivables build-up and additional incremental receivables of Rs. 289 crores in March 2024. And whereas the incremental increase in the inventory has not been that much. The incremental inventory has been around Rs. 60 crores to Rs. 70 crores. So, there has been a sudden spike in the receivables to Rs. 289 crores. So, could you please break down for me?

Subhrakant Panda: Saunak, would you respond to that, please?

Saunak Gupta: That is basically due to merger of UCL with IMFA. There was already an order received by us on that respect. Hence, there was an increase in the receivables in the quarter, which we have received in subsequent quarter.

Yash Goyal: And secondly, sir, could you please guide me what would a sustainable margin for the next one to two years would look like? As in the previous two quarters, this quarter has been an outlier. In the previous two, three quarters, you have seen a margin improvement in the company. But what would be a sustainable margin after this ramp-up happened to this mine?

Subhrakant Panda: Yash, as I have said a couple of times on the call, you know, we don't, I mean, while we are very confident about our fundamentals and that of the market that it is changing in a manner where a fully integrated producer like ourselves is well positioned by the grace of God. But I don't want to give guidance a couple of years ahead in terms of what margins will be.

But suffice it to say that we are fundamentally very strong and poised very well in terms of competitiveness and that will translate into superior margins as compared to many of our peers.

Moderator: We move to the next question from Priya Agarwal from Kotak Investment. Please go ahead.

Priya Agarwal: Sir, just during the call, you mentioned that since we are having a long-term strategy goal of 12 lakhs ton of ROM, so is there the saying that now there will be no such ore shortage and it will be wholly integrated and there will be no outside ore purchase?

Subhrakant Panda: Yes, so I mean even now we don't purchase any ore and going ahead we don't need to purchase any ore for our existing capacity or acquisition or greenfield. So, entirely met from captive mines, from a combination of increased ore raising plus, I mean we will take a few years to get to 12 lakh tons, but until then we have other stock available, which we have been carrying some excess stock, so that will guide us through the interim period.

Priya Agarwal: And in terms of the other raw materials, are we looking forward to long-term agreements for the raw material as well to lock in the prices or are we going for the spot purchases only in terms of coke or coal?

Subhrakant Panda: No, I mean coal pricing, of course, in India is decided by Coal India Limited and as far as metallurgical coke, etc., is concerned, we buy on a cargo-to-cargo basis, so not really possible to lock in prices for long periods of time. Of course, in as much as electricity is concerned, we are now going to be from next June, going to be procuring a lot of hybrid renewable energy, where barring any policy change, the procurement price is fixed for long term.

Moderator: Our next question comes from Deepak Pandey from Sagun Capital. Please go ahead.

Deepak Pandey: My questions have been answered.

Moderator: Our next question comes from Akshat Gupta, who is an investor. Please go ahead.

Akshat Gupta: First of all, congratulations to the management for a tremendous result and I hope this result continues for the next whole financial year and for the upcoming years. So, my two questions which I want to ask that will be mostly on the expansion project. First of all, with the expansion project and along with the acquisition of Tata plants, so I just wanted to understand what will be the source of coke which we are going to purchase as coke is one of the most important raw material for the ferrochrome industry.

And secondly, with the increased expansion and with the increased acquisition of the Tata plant, almost IMFA production will be around 500 KTPA. Since there are some other companies who are also expanding their operational base to 450, 500 KTPA. How will the market be driven from that, like your growth and from other companies' growth also? What will be the market strategy and along with that, what will the impact on NSR and COP?

Subhrakant Panda: Akshat, as far as source of coke is concerned, we look at a variety of sources primarily focusing on ultra low source coke because of the end use specifications that we need to meet. So, that will continue. And as far as market is concerned, the overall ferrochrome market worldwide is close to 20 million tons. So, we are very, very confident about our ability and not to mention within India itself, ferrochrome consumption is increasing. So, marketing the increased output is not an issue at all, irrespective of other dynamics.

Akshat Gupta: So, can you just explain in a few lines how that is the marketing? Like, you have mentioned 20 million tons of the market is of the whole ferrochrome market. Indian market is also something. Can you quote up some number? How can we weave with planning? What is the gap which is there in the current market? So, you are expanding and your peer companies are also expanding.

Subhrakant Panda: Right. But, I mean, Indian ferrochrome production is a fraction of the world market. So, our expansion and other expansions are not, you know, there is not going to be an oversupply situation is the plain and simple point if that is an area of concern.

Moderator: Our next question comes from Manan Vandur with Wallfort PMS. Please go ahead.

Manan Vandur: Congratulations on the numbers and the acquisition. Sir, my question was regarding the Met coke prices for Q2 and currently. Could you please guide us on that?

Subhrakant Panda: Without getting into specifics, I would say that Met coke prices have been reasonably stable. But again, I wouldn't want to quote specific cargo-wise numbers because I think that is again sensitive. But Suresh, would you want to comment on the directionality? Broadly stable if I am not mistaken.

Sureshbabu Chigurupalli: Yes. Broadly the prices are stable. A little bit of washery freight is increasing. So, slight increase is there, but broadly it is stable.

Manan Vandur: And about Ferrochrome prices, you said that domestically we are at 1,15,000 to 1,18,000. So, overall in our exports also if we convert it from dollar to INR, would that also be somewhere around that price only?

Subhrakant Panda: Yes, it is. I mean, of course, there are several export markets. Chinese tends to be slightly on the lower side, as I said, because of the particular dynamics of significant production capacity within the country. But by and large, yes, that is the case.

Moderator: Our next question comes from Aashav Patel from Molecule Ventures PMS. Please go ahead.

Aashav Patel: Sir, my question is with regard to the acquisition which we have done. We have almost 115 acre land parcel there. So, how much land have we consumed between say 1.5 lakh metric ton and what is the spare land which we have available? Asking this for to gauge the how much future capacities can the same land parcel consume?

Subhrakant Panda: Ashraf, interesting question. I don't think we have that. I think that is a question which has taken us a little bit by surprise. I don't think we have an exact number of how much land is available, but suffice it to say that even after completing all of this, there is scope to add more capacity there if needed. But I don't think we have the exact answer of how much land is unused because there is quite a bit of facilities there in terms of metal recovery plant, etc. which is there as well.

Aashav Patel: And with regards to the same question on the greenfield Kalinganagar 1 land parcel?

Subhrakant Panda: Kalinganagar 1 that way is, you know, Bijayananda, what is the land acreage on that for Kalinganagar 1?

Bijayananda Mohapatra: There is around 120 acres, but we have already planned for another furnace of same capacity. There is land available.

Aashav Patel: We can scale from 1 lakh metric ton towards 2 lakh metric ton on the Kalinganagar 1.

Subhrakant Panda: No, 1,50,000, from 2 furnaces to 3 furnaces.

Aashav Patel: And beyond that on the same land parcel won't be possible, is it?

Subhrakant Panda: No, I mean, even this will be tight, but it is doable, but beyond that not possible.

Moderator: The next question comes from Swahit Agarwal, who is an investor. Please go ahead.

Swahit Agarwal: Sir, my question is on the line of the underground mining. You mentioned that you are looking at Rs. 1,000 crore CAPEX for the same. Given that from Rs. 900,000 we will be moving to another additional Rs. 300,000, this amount looks quite huge. So, can you elaborate more on how this CAPEX and over how much time it is going to be utilized?

Subhrakant Panda: No, this is not to go from 9 lakh tons to 12 lakh tons. This is to go from open cast 3 lakh tons in Sukinda to underground 6 lakh tons in Sukinda, open like 3 lakh tons to underground 6 lakh tons. So, the CAPEX has already started from last year and it will be spread out for about four years or so. But Sandeep, you can provide a little bit more context.

Sandeep B. Narade: Right now, our Sukinda Mine is open cast mine and we are producing 3 lakh tons per annum from there. So, in the next four to five years, this open cast mine will cease, and it will be transferred into the underground mine and will be having the capacity of 6 lakh tons from underground in Sukinda.

Swahit Agarwal: And so per ton cost, how much would it increase when we shift to this?

Subhrakant Panda: Again, we wouldn't want to get too much into the details, but Saunak, any number that we are in a position to share or give an indication?

I mean, look, when we move from open cast to underground, there will certainly be an increase in costs, but there are certain other efficiencies which also come into play in underground mines. So, overall, nothing significant in terms of the cost increase.

Saunak Gupta: Yes, I agree that there won't be significant cost increase. Currently also we are doing in Mahagiri, with a marginal increase in the cost. Similarly, in Sukinda , we would be in a similar range of cost for the underground mines.

Moderator: Our next question comes from Saket Kapoor from Kapoor & Company. Please go ahead.

Saket Kapoor: Mr. Panda sir, you have always alluded to the fact of visibility for the ensuing two quarters and taking that account the type of the trend in the ferrochrome prices, what should be the EBITDA trajectory that we should look forward a ballpark number for H2 since when we compare the previous H1 with the current year H1, the gap is around, say, Rs. 60 crore is the down trading in the EBITDA. So, what should we look forward a ballpark number if you could guide us with?

Subhrakant Panda: I will actually ask Saunak to give you a little bit more details, but Saket, I don't think it is correct to say that there is a Rs. 60 crore difference because, I mean, certainly there is some difference because the realizations in Q2 were moving up and hadn't reached the levels that we will see for the full quarter of Q3. But there are also other one-time elements which have eaten into the reported EBITDA, and primarily the notional mark-to-market.

And here, one question I want to clarify because this is something which used to come up that whatever may be the mark-to market number, we should never be under the illusion that it goes against us because actually, what is happening is that the corresponding gain is embedded in the top line, but more importantly, what you are embedding, the gain which is emitted is your sales during the quarter, whereas mark-to-mark is your entire outstanding Forex position. So, it is not really also an apples-to-apples comparison if you understand what I mean.

Saunak Gupta: What we said earlier, is what Parthiv was asking. So the RPO related whatever is the differential obligations we had, that is the one-time impact of 2.3%. So, from 19.3, we expect the margins to improve to that level, and then we have to see how specifically the currencies move because on that, as I said, we have derisked it with the hedging part. So, there is one part which is in the revenue and the other one is in the other expenses which technically set it off, but there may be a timing difference. That we have to see in the future. But with the increasing average realization price, we expect Quarter 3 to be definitely better than 19.3%.

Saket Kapoor: Thank you for all the detailed call, sir, and all the best, sir.

Moderator: Our next question comes from Pranav Jain with Ageless Capital and Finance. Please go ahead.

Pranav Jain: Sir, I just want to understand one thing. We set up a greenfield capacity with a cost of around Rs. 950 crores and we acquired this plant from Tata Steel for approximately Rs. 600 crores. I understand greenfield is more cost-intensive, but like such a big deviation, does that bound to happen generally?

Subhrakant Panda: First of all, it is not Rs. 950 crores. Second, the greenfield includes about Rs. 120-odd crores towards 8.7 Megawatt waste heat recovery power plant, right. And third, there are, as you said, greenfield costs which are attributed to the ferro alloys plant and partly to the power plant as well, which is not there in a matured site.

And of course, the other point is the acquired asset is an older asset. So, to that extent, CAPEX costs have moved up in that context, but of course we are looking at our ability to create value from those assets and the age of the assets is not something that concerns us because if you look at our own facilities, our very first furnace at Therubali was set up in 1967 or 68 and it is still running beautifully.

Pranav Jain: Would it be possible to give out the production numbers for the acquired plant?

Subhrakant Panda: No, we don't have access to that.

Moderator: Our next question comes from Nitin Kaushik with Afin Capital Private Limited. Please go ahead.

Nitik Kaushik: Sir, my question was based on current scenario, you were saying that a price increase is expected. Sir, can you quantify the impact of your margins since you are fully integrated? I was asking if this price increase would help you and if it helps you, could you please quantify that number on EBITDA margin?

Subhrakant Panda: It will obviously, I mean, we have shared the average realization for Q2 and we are indicating, for example, in the domestic market, prices have moved up to the 1,15,000 to 1,18,000 range, and export markets by and large have also moved up there and thereabouts. So, that is something that can be worked out fairly easily.

Nitik Kaushik: Sir, my next question is exactly what is the main driver of your revenue? Is it volume or the price level, if you could answer that?

Saunak Gupta: As you would understand that we have a production capacity of 2,60,000 units as of now, and currently we sell off all the units produced. So, obviously, the key driver would be the market price. For our revenue the price is the main driver for the quarter.

Subhrakant Panda: Yes, but going ahead the volume is increasing, so then volume becomes the driver along with price.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. As there are no further questions, I would now like to hand the conference over to Mr. Abhishek Savant for closing comments.

Subhrakant Panda: Before that, Abhishek, I just wanted to come in briefly. So, I wanted to thank all the participants who attended today's Investor Con Call for the time. I appreciate you taking time out from your busy schedules to learn more about the company and appreciate the opportunity to discuss in detail. And I certainly look forward to more such opportunities. And if there are any questions that were left out, if there is anything else that you would like to learn further about, then please do not hesitate to reach out to us. And we will certainly try our best to answer your queries to the best of our ability.

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

On behalf of the Board of Directors and Management, we thank you for all your participation in this call. 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. We look forward to engaging with you again in the near future. Have a great evening and stay safe. Thank you.

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