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May 13, 2025

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

Dear Sir/Madam,

Sub: Transcript of the conference call for Audited (Standalone and Consolidated) Financial Results for the Fourth Quarter and Year Ended 31st March, 2025

Pursuant to the Regulation 30 read with Schedule III of SEBI (LODR) Regulations, 2015, we forward herewith the transcript of the conference call with investors and analysts held on Friday, 09th May, 2025 for the Audited (Standalone and Consolidated) financial result of the company for the fourth quarter and year ended 31st March, 2025.

This is for your information and record.

Thanking You,

For Shyam Metalics and Energy Limited

SHYAM METALICS AND ENERGY LIMITED Kolkata

Birendra Kumar Jain
Company Secretary
Membership No. F13320

"Shyam Metalics and Energy Limited Q4 & FY'25 Earnings Conference Call"

May 09, 2025

MANAGEMENT: MR. BRIJ BHUSHAN AGARWAL – CHAIRMAN & MANAGING DIRECTOR, SHYAM METALICS AND ENERGY LIMITED
MR. DEEPAK AGARWAL – DIRECTOR-FINANCE & CFO, SHYAM METALICS AND ENERGY LIMITED
MR. PANKAJ HARLALKA – HEAD IR, SHYAM METALICS AND ENERGY LIMITED

MODERATOR: MR. SUMEET KHAITAN - MUFG INTIME

Moderator: Ladies and gentlemen, good day and welcome to the Q4 & FY'25 Earnings Conference Call of Shyam Metalics and Energy Limited hosted by MUFG Intime.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference has been recorded.

I now hand the conference over to Mr. Pankaj Harlalka, Head IR, Shyam Metalics. Thank you and over to you, sir.

Pankaj Harlalka: I, Pankaj Harlalka, Head of Investor Relations at Shyam Metalics, wish you all a very good afternoon and a warm welcome to the 4th Quarter FY'25 Post-Results Conference Call.

Before we delve into discussing Quarterly numbers, I hope you all had an opportunity to review our press release and the attendant Investor Presentation read along with the safe harbor statement, which are available under the investor section of our Website and the same are accessible in the BSE and NSE websites.

To discuss the 4th Quarter and full year Results, FY'25, I am joined by Mr. Brij Bhushan Agarwal – Chairman & Managing Director, Mr. Deepak Agarwal – Executive Director, Finance & Compliance and Mr. Sumeet Khaitan from MUFG Intime, our Investor Relations Partner.

Now I would like to invite Brij Bhushan ji to provide his perspective on the performance. Thank you and over to you, sir.

Brij Bhushan Agarwal: Very good evening. Namaskar to all our valued investors and Parivar of Shyam Metalics family, especially for those who are going through these difficult times near the border, our all the best wishes and it is a very-very crucial moment for our state as we are going with lot of challenges and with our capability, our governance of the country we are pretty sure that we will come with a very good output, outcome and thank you and Jai Hind to all.

I am pleased to report that despite ongoing macroeconomic challenges, we have delivered a resilient performance this quarter. Our revenue grew 15% year-on-year, while the EBITDA recorded a strong 17% year-on-year growth. This was driven by our focus on the operational efficiency, discipline, cost management, and maintaining a balanced product mix. In line with our growth strategy and better serve to our customer, we inaugurated our new corporate office in Taratala, Calcutta this quarter. This office will serve as a hub of sale, customer engagement, regional operations, strengthening our presence and responsiveness across India.

A significant highlight this quarter was launched by our new range of color-coded roofing sheet under SEL Tiger brand introduced in the variant of Royal, Elite, Azure, Alfa, a different brand, a different category and product and price mix. Manufactured at the heart of cold rolling mill facility with the most modern technology, utilizing the best resources so that in the time to come we can overcome and prove ourselves as we have done in our past business with the best product at the best price. This launch further expands our value-added product portfolio, catering rising demand in the construction and industrial sector. Since we all know that we have a huge distribution network across key region as it catered in the same supply chain management with the dealer distributionnetwork, we expect that it will strengthen our supply chain management and create more comfort and confidence of our customer, dealer, distributor, and entire supply chain management.

We have also ventured into a B2C market and launched a food grade aluminum foil under SEL Tiger Foil produced at our Jharkhand plant. With the demand of aluminum foil in the food business, we expect that we should be growing around 8% to 10% CAGR by 2030 and we will be well positioned to capitalize on the rising demand and emerging opportunity in this sector.

Our blast furnace facility in Jamuria also got commissioned in Q3 FY'25 and continue to operate efficiently, leading to a pig iron sale in this last quarter. With full year we will achieve more than 100% efficiency for the year '25-'26.

I am very happy to share that today, in a very few months of operation, we have achieved 100% capacity and we expect that we should be overcoming the 100% into 110% capacity for this year. We believe our strength lies in driving efficiency through both vertical horizontal integration, enabling us to enhance the profitability and diversity our customer base and reduce more cost and increase the more efficiency.

Our continued focus on the backward integration will further boost operational efficiency and increase the revenue contribution from our final product. Our production capacity has remained robust, reflecting our commitment to operational excellence and continuous investment in advanced technology and repeated upgradation and modernization.

On the regulatory front, we welcome the government decision to impose a safeguard duty on the aluminum foil import from China. This policy is a very positive step to support the domestic manufacture by mitigating unfair pricing pressure. With our established aluminum foil production facility, we are well positioned to benefit from stronger domestic demand and improve market dynamics.

We remain fully committed to execute our growth plan. As of FY'25, we have incurred a CAPEX of Rs. 6,584 crores representing our 66% of our plant expenditure. We have capitalized Rs. 4,908 crores as on date. Our ongoing projects are progressing well and we anticipate their timely completion. We expect the majority of our carbon steel CAPEX to be operational by FY'26. While our stainless steel and aluminum CAPEX are targeted to be commissioned by FY'27. These investments are aligned with our broader strategy of integration, operational efficiency, and sustainability.

In conclusion, we are proud of the way how our team continues to deliver in the challenging environment while staying focused on the building and stronger future by constantly executing strategic projects that boost volume and optimize efficiency, we are positioned to achieve a minimum 15% CAGR annually.

Thank you for your continued support. We look forward engaging you in Quarter ahead.

Now, I conclude my speech and would request our CFO – Mr. Deepak Kumar Agarwal to take us through our financial performance. Thank you.

Deepak Agarwal: Thank you, sir. A very good evening to all. I will give a quick review of the reported consolidated financials for Quarter under review and for the year ended of the Financial Year ‘24-'25.

On a consolidated basis of the Company for Quarter 4 of ‘25, reported operating revenue of Rs. 4,139 crore, a growth of 15% over Quarter 4 of the last Financial Year. Like in the previous quarter, in Quarter 4 too, we have been able to sell higher percentage of volume sales of finished steel at a higher realization, which has enabled the Company to grow in terms of revenue and EBITDA over the previous quarter. As a result, our EBITDA for Quarter 4 of the Financial Year ‘ 24-25 on a consolidated basis was at Rs. 515 crore, growth of 17% over Quarter 4 of the last Financial Year, and growth of 13% over Quarter 3 of the last Financial Year. There has been a decrease in the realization across steel product in the range of 3% to 5% in the Financial Year ‘24-'25 as compared to Financial Year ‘23-'24.

However, on the back of increased realization in aluminum foil product and stainless steel, we have been able to maintain the gross margin at 27.7% in the Financial Year ‘24-'25 as against 28.2% in the Financial Year ‘23-'24. The same has also been possible owing to the simultaneously reductions in per ton cost of our major raw material. We have reported a good EBITDA for Quarter 4 of the Financial Year ‘24-'25 in comparison with the previous quarter. In order to maintain this growth in EBITDA number, we have been judicious and cautious on all other cost component.

Quarter 4 '24-'25 on a consolidated basis, we reported an EBITDA margin of 12.5% which is 30 bps higher on a year-on-year basis and 40 bps higher when compared on a quarter-on-quarter basis. For the year-end date 2025, we reported a revenue of Rs. 15,138 crores, growth of 15% over the last year. On the EBITDA front, from our Company, reported an EBITDA of Rs. 2,097 crores as against the EBITDA of Rs. 1,729 crore for the year ended '23-'24, an upside of 21.2%.

We have reported a net profit degrowth of 11.6% for the year over the previous year, 2023-24. This is basically on account of adjustment of broad forward losses, carry forward on account of acquisition of Mittal Corp during the Financial Year ‘23-'24 which has been adjusted against the tax arises. That's why there is a degrowth on account of net profit when we compare with the Financial Year ‘23-'24 to '24-'25. We could achieve the above margin owing to increase in our steel volume growth, contribution from the stainless and aluminum foil segment.

In the Financial Year 2025, our working capital days is 22 as against 12 days at the end of the Financial Year 2024. This is against the backdrop of introductions of blast furnace, color coated sheet and stainless steel. In spite of diversification in the product profile, the working capital days have just slightly increased. Similarly, we achieved the massive improvement to our capital efficiency during the first half and the same trend is being perpetuated. Our ROCE, ROE at the end of the Financial Year 2025 are at 15% and 14% respectively.

The gross debt to equity which was at 0.06x at the end of the Financial Year 2024 is slightly higher at 0.07x at the end of the Financial Year 2024-25. Our net cash positions is Rs. 1,062 crore as on 31st March 2025 as against the gross debt of Rs. 768 crore as we have cash and cash equivalent along with the long term investments worth Rs. 1,830 crore. We have incurred capital expenditure of Rs. 1,944 crore as against the expenditure of Rs.1,578 crore in the Financial Year 2023-24 on the declared projects. From the net cash flow from the operating activity of Rs. 1,964 crore during the Financial Year 2024-25, we have spent the entire amount in the CAPEX undertake at our Company.

I am glad to share that the financial risk profile of the Company is very, very strong. Our strategy has always been to incur capital expenditure in smaller doses in a peaceful manner to ensure the balance sheet is never stressed. At all points of time, we closely monitor the liquidity, solvency, and capital efficiency ratios. I would like to assure you that the Company sustains the healthy financial risk profile despite pursuing a sizable capital expenditure plan. Out of the Rs. 10,025 crore of capital announced since IPO, we have already cumulative incurred the amount of Rs. 6,584 crore which is entirely from the internal accrual up to the Financial Year 2025. And capitalized out of this Rs. 6,584 crore, we have capitalized till date Rs. 4,908 crore worth of assets. We have completed the 66% of the announced CAPEX. The remaining Rs. 3,904 crore shall be spend over a period of next two financial years with the majority of carbon steel related CAPEX being completed in the current financial year that is '25-'26. The CAPEX related to aluminum and stainless steel to be completed in the Financial Year ‘26-'27. We spent Rs. 2,130 crore on CAPEX this year and for next year CAPEX spend is expected on a similar line, aided by the internal cash generation and sufficient liquid surplus which will ensure that we take only limited debt in the event of any fund flow mismatch.

I would like to assure you that the bank limit utilization at the consolidated level is expected to remain moderate going forward too. Also the annual cash accrual should suffice for the capital expenditure requirement and debt repayment. Based on the implementation of projects underway, we are bound to see an uptick on our EBITDA which shall positively and directly increase in our return on equity and return on capital employed.

As you all aware that for many years we have been following a prudent capital allocation policy by which 70% of the cash generated is returned back into the business, 20% is retained as a liquidity surplus and 10% is returned to our esteemed shareholder as a dividend. On the back of good operating and financial performance with a strong net cash flow from the operating activity of the Company in its board meeting, declared a final dividend per share of Rs. 2.25 per share, subject to the shareholder approval in the insuring annual general meeting. We shall have a dividend out go of around Rs. 125 crore for the Financial Year 2025 including the dividend of Rs. 2.25 per share which was declared earlier in the form of interim dividend.

Now, I conclude my portion of update and throw the floor open for question and session. Thank you. Thank you to everyone.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Amit Dixit from ICICI Securities. Please proceed.

Amit Dixit: Hi. Thank you for the opportunity and congratulations for a good set of numbers in a very challenging backdrop. Two questions from my side. The CAPEX plan that was outlined, I mean, 66% we have already achieved. Over the next two years, we will achieve the residual CAPEX. So just wanted to understand what is the next leg of growth that you are looking at? What all sectors or subsectors that you are targeting? And also in Slide #21 and #22, you have laid out very nicely the sales volume, expected sales volume by FY'27. If we take today's prices in context, then what kind of revenue, EBITDA, we can look at the Company level in FY'27?

Brij Bhushan Agarwal: Investment what Shyam Metalics is following is on the aluminum sector. We are going backward integration in the aluminum putting up a foil stock plant. We are increasing the foil capacity 2.5x and we are also going forward foil capacity in putting up the aluminum fins and value addition product which is going to strengthen the aluminum business and which we see that in FY'27, aluminum business should have a very decent revenue and a good margin business we will be able to cultivate as we are going backward, reducing the price and cost of our existing business also, increasing and enhancing the capacity of our existing business and adding more value addition like aluminum fins which is a very interesting product which is as on date 100% import and we are seeing lot of air conditioning industries are coming up, lot of cooling towers, air cooling towers, lot of businesses are getting developed and in the time to come I see a very robust demand because it's a laminated foil, very high tech and today nobody in the country is doing that.

Now, our second major investment is coming up with the stainless steel. As you know, we have commissioned the stainless-steel plant from the NCLT a sick plant. And now, in last 1.5 years-2 years we have learned the operations. And this year, we expect that we should be able to do a revenue of close to Rs. 1,300 crores to Rs. 1,400 crores this year. And in the stainless steel now from the long product, we are getting into a flat product. We are setting up a complete steel melting shop where we will be using our existing iron, our captive power, our specialty alloy, other general ferroalloys and only nickel is a product which we might have to buy from the market or we will be focusing more than 60% on the 200 and 400 steel which is almost a nickel free. There is no much nickel requirement or it is a nickel free product.

In stainless steel, we are putting up a flat product, mean, we are putting up complete downstream where we can cater to the tube market to the high segment precision steel in the stainless steel sector which is used for the decorative steel in the railways, in lot of other businesses in the defense, lot of requirements are there. So we should be able to cater into that market. So this product is also very, very interesting and it is a downward and upstream both integration of our existing plant and it is coming up in the brown field existing location and we don't see any challenge in setting up this plant.

The third upmost what we are doing right now is we are increasing the capacity of our color coated plant. It is very interesting that we just commissioned the plant in the last quarter of the last year. And last month we achieved almost 90% capacity utilization. Our product is well accepted in the market. And now we are gearing up for high value-added product in the existing product. And also doubling the capacity of the existing HR color coated galvalume business what we have commissioned last year. Apart from that, we are adding more DRI facilities which is already shared in our earlier projection with the captive power plant because we will be requiring a lot of power to run our existing aluminum plants and other plants so we will be generating the power from the waste heat and also will be able to cater to our existing downstream facilities of aluminum as well as the stainless steel facility. So this is what is the major CAPEX we have outlay in the present businesses which is pending and we expect that in next 1.5 to 2 years we will be able to complete that CAPEX. Thank you.

Pankaj Harlalka: To answer the second portion, Amitji, basically if you look at the revenue expectation post-27 based on current realization is about anything between Rs. 22,000 crores to Rs. 23,000 crores and EBITDA we are currently this year at about Rs. 1,866 crores. So it should be anything between Rs. 2,800 crores to Rs. 3200 crores.

Amit Dixit: Wonderful. The second question is for Deepak. This year we saw an inventory buildup. I inventory days have gone up. And you mentioned in your prepared remarks that this is due to the new verticals coming up. So just wanted to understand that whether this is the normal inventory that we should work with around 100 days or there is a chance for working capital unlocking, inventory unlocking rather as we go ahead?

Deepak Agarwal: The inventory days will be in terms of the new upcoming project, the inventory day will be hovering in between 90 to 100 days.

Amit Dixit: Okay, sir. Got it. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Shaleen Kumar from UBS. Please proceed.

Shaleen Kumar: Congratulations to the management. I think it's a pretty good set of numbers in the current environment. So Bhushanji, I missed a little bit of your initial remark and I also, what I heard that April has been pretty solid and strong for specifically for your blast furnace, etc. But what I want to ask over here is that, while your performance has been very strong for Quarter, is it fair to assume that it has built over the months because some of your capacities have come in past few months. So, is it March, maybe stronger than Feb, maybe stronger than Jan or was it pretty homogeneous?

Brij Bhushan Agarwal: It is totally cumulative only because market was also end of 4th Quarter always we see the markets are always on the better side the demand was also very good, the realization also improved, no doubt. Also there were lot of changes and improvement in the efficiency side from the cost side and also the new value-added products, we are regularly innovating like in pig iron also, we are making some great foundries and materials and high value added. So a lot of things have cumulatively contributed.

Shaleen Kumar: Thank you. sir. So basically the reason I am trying to ask is, it will help me understand how the 1Q is going to be. Like how strong the March or April is. Any color on that in terms of numbers?

Brij Bhushan Agarwal: Market is not bad I would say and I expect that there will be a volume growth. The revenue growth will be also there in this Q1 and I am pretty optimistic like everything is looking very positive.

Shaleen Kumar: We can expect Q-on-Q growth, right, in 1Q?

Brij Bhushan Agarwal: Yes, we can expect.

Shaleen Kumar: As utilization goes up for all your new capacities, right?

Brij Bhushan Agarwal: Perfect, correct.

Shaleen Kumar: Sir, I think this is a question for Deepakji. Deepakji, can you put a number like what kind of CAPEX we are looking for FY'26 in key areas?

Deepak Agarwal: The remaining CAPEX of around Rs. 3,000 crores, out of the Rs. 3,000 crores, the Rs. 2,000 crores of CAPEX will be incurred during the Financial Year '25-'26 which comprising of captive power, solar, and this combined finished steel Rs. 413 crore, stainless steel Rs. 784 crore, aluminum Rs. 126 crore which all conclude there is a CAPEX of Rs. 2010 crores.

Shaleen Kumar: Got it. Alright. One more question on the CAPEX, and now I am going back to the Bhushanji. I think Amit tried asking you the same thing. See, these are some of the CAPEX which we know right? But, theoretically, I am not asking you to guide us, but theoretically, where else and what else you can do, because there is enough cash, and now you have almost done a large part of our CAPEX which we announced a few years back. So, what other things we can think about? I am just putting like theoretically, not necessarily telling you to commit, but what are the areas which we can evaluate? Let's put it this way.

Pankaj Harlalka: I will take it on behalf of sir, till he joins. So basically, Shaleenji, we have been contemplating a few things…

Brij Bhushan Agarwal: Can you repeat the question, Shaleenji?

Shaleen Kumar: Sure, Bhushanji, basically, I am trying to get more from you. I think Amit tried to get more from you. So let's say theoretically, no guidance, but theoretically. What are the other investment areas beyond what you have already announced, which you can explore, whether in aluminum or in steel or whatever, like wire or HRC or anything you can talk about, or existing products? Theoretically, what all you can explore?

Brij Bhushan Agarwal: In stainless steel long product, we have recently commissioned the Wire Division and the Bright Bar Division. These wires are all very high precision wires, which has an incredible export market and has a very unique utilization. And very few limited companies are there in the country. So we just commissioned the plan now, Bright Bar and Wire. And we expect that it will take close to 3 months to 6 months to stabilize, because it has a lot of high esteem buyers, which has their rules and regulations of approvals and all. So this is one thing what we are doing in the long product of stainless steel. In aluminum, as we said, that we have already been approved in the battery foil business. And we expect that once we see any battery plant commission, so we will be, as on date we are only the choice in the country who has been approved and is well established to supply the battery foil in the EV battery space. Apart from that, if you see down the line, all our new investment, what we did was in a, we cultivated hardly a couple of years before. It is majorly focusing on the high value businesses in the terms of delta. Also, if you see the ROCE of these businesses are very high because if you think of setting up a half a million ton of stainless steel plant, any half a million ton of stainless steel plant would have cost close to around Rs. 6,000 crores because stainless steel is a very unique product. But since we had all the establishment of power plants, steel making, specialty alloy, land, everything, so at a very minimalistic cost we are doing half a million ton. So it's close to around Rs. 1,500 crores. So all these businesses have a very high ROCE and also it is very well integrated with our backward and forward because if you have your own raw material, then your inventory cost, your working capital cost, everything is very well taken care of. Then apart from that, we are adding lot of energy, power plants. As you know, we have a coal washery and we generate a lot of rejects. So since we are adding the DRI capacity, we need to add our power plant to consume that middling and rejects, which is a byproduct of our washery division. So all these things is, all along cumulatively is increasing and enhancing the bottomline and also getting integrated in the numbers of the total consolidation. Thank you.

Deepak Agarwal: Shaleenji, in addition to this, I would also like to share to you that since we have a capital allocation policy and we are generating cash of more than Rs. 2,000 crore year-on-year basis and 70% to 80% further it will be reinvested in the business. As you said, after two years, what we will do? We will definitely announce various projects. Our CAPEX team is already working on it. Whatever we will invest, where the ROE and ROCE would be more than 20% will be there. So we are working on it, and we will definitely, shortly announce maybe next quarter or the next quarter.

Shaleen Kumar: Deepakji, can I take this opportunity to ask a little bit more on your stainless steel wire? Just a few basic questions over there in terms of end market, the capacity, what kind of EBITDA per ton can we expect in that? And how big is the opportunity?

Brij Bhushan Agarwal: See, Shaleen, we just have installed the very mid-size capacity because know wire business and all they take little time to develop. But overall I can tell you, comprising of wire and bright bar our total install capacity is close to 40,000 tons per year presently. And on an average I can say that once we establish our product and we are through with all the, overcome all the challenges because we had put up the world class facility so there is no doubt. And since it is a forward and backward integration of our existing stainless steel long product division which we have acquired through the NCLT in Indore. So we expect that close to Rs. 7,000 to Rs. 12,000 per ton is going to be an average EBITDA. But there are certain products where we might fetch more than Rs. 30,000 a ton. But what conservatively I am sharing with you is we can say that it will be close to average will be 10 to 12,000 tons.

Shaleen Kumar: And sir, end market, end customer and end usage. Any sense on that?

Brij Bhushan Agarwal: Huge, lot of export market is there. There are lot of defense Company which require wires. There are lot of, in railways lot of requirement of wires are there, on the machine side and also on the decorative side. So it is a very well spread. Wire is a very big segment in today's time.

Shaleen Kumar: Just last bit sir on this. Is there an entry barrier in terms of the product qualification? Like what do you think that that's not a big challenge?

Brij Bhushan Agarwal: No, it is a challenge. It is a challenge like any of these we are not talking of a commodity wire. In today plant we are making welding electrodes wire. Nobody in the country is doing this. So we are the Company who has developed the welding electrodes wire like for all the welding electrodes we make a special quality of wire which used to be was an import from outside. So all these wires, they have a very special application. I will not be able to share all the details because I am not directly day to day involved on the product side, but briefly I am telling you. So it will not be right or appropriate from my end. But I can tell you like, these are all the high niche wires. Decorative, a very big segment of this stainless steel wire, then the defense, all the, in the construction also, in the specialized construction also, the stainless steel, special quality wires are very much important. So in the machinery side, on the heat exchanger side, there are wires, filters, if you have seen a filter, so there a lot of requirements are there on the automobile side also, some components are there where these requirements are there. So it's a huge like, wire, it's like an ocean, like when we see all category of wires are there, but specialty wire has a very different market.

Shaleen Kumar: Right sir, that is exactly what I was trying to ask you. I think it's very very exciting sir. I will go back to the queue. Thank you so much. Really appreciate it.

Moderator: Thank you. Before I go to the next question, I would like to remind participants that you may press * and 1 to ask a question. The next question is from the line of Rajesh Majumdar from B&K Securities. Please go ahead.

Rajesh Majumdar: Good evening all and congratulations Mr. Bhushanji on becoming the Chairman of the Company. So I had a couple of questions. One is the fact that the DI pipe plant, I think there is a time lag of about 1 year to 1.5 years or 2 years before the plant kind of stabilizes, as per my understanding from the other persons who put up this plant. So will we see a period of losses for the DI plant, DI pipe plant and is that incorporated in our estimates? That was the first question.

Brij Bhushan Agarwal: DI plant, yes, it takes around, nowadays it doesn't take 1 year to 1.5 years because DI has become like a commodity. It is not more a very niche product if you ask me. And all the past procedures, challenges in this industry is more or less sorted out. Since we have shifted this DI plant from our existing Jamuria to Ramsarup, which is near to the port and cost wise it is more economical and downstream because we have taken a Ramsarup plant where we had a blast furnace and we want to create some product mix where we can set up a downstream product and all. So I don't see there is much challenges, but yes. It does take time in setting up a plant of a DI. It takes close to 1.5 years to 2 years, 6-month establishment time is good enough. Right now, all the rules and regulations what was created by the old predecessor is no more in the system. So it is not a very difficult thing to sell in the market. Thank you.

Rajesh Majumdar: Thank you, sir and my other question was on the SS Melt Shop you mentioned that we will be focusing on the 200 and 400 series, so this will be a blast furnace this will not be a scrap based, this will be a fully primary unit is that correct?

Brij Bhushan Agarwal: Primary unit, yes correct.

Rajesh Majumdar: Okay. So we will not be using scrap at all, we will be using a pig iron or iron ore.

Brij Bhushan Agarwal: Yes, we will be using the scrap in case we want to have a nickel, because there are certain scraps, if you buy a virgin nickel, it is more expensive. So every stainless steel manufacturer globally they source scrap to reduce the price of the nickel because there are certain scraps where you get nickel at 60% of the normal value. So it depends, but we don't have much pressure of nickel because our major focus would be close to 200 or 400 series. And I expect that, in certain stage you have a requirement of a nickel that should also be available in our portal because we can't allow our customer to go to another window for any other material which has a very low requirement.

Rajesh Majumdar: And what about ferrochrome sir? Will we have ferrochrome plant as well or will it be sourcing ferrochrome from outside?

Brij Bhushan Agarwal: No. We are already making ferrochrome, manganese, low carbon, specialty, all 80%, 89% of all the specialty products. We are the largest supplier to all the stainless steel companies globally. The export to all the companies.

Rajesh Majumdar: So, we export to all the companies.

Brij Bhushan Agarwal: Perfect.

Rajesh Majumdar: And sir, if I could hazard a strategic question on your capital allocation policy, you a very low space for dividends. So are you fairly confident that we will be reaching the 20% ROCE for our Company because we hardly see much dividend payout in this Company? That was the last question. Thank you.

Brij Bhushan Agarwal: That is Mr. Deepak Agarwal's question. Please, Deepak, your call.

Pankaj Harlalka: Definitely. So we are already, if you look at last post listing since '21, we have rolled out a dividend of about 11% as per our policy. And we are always on the CAPEX right now. So if you look at, a large CAPEX happened in terms of blast furnace which was like spent of more than Rs. 1,200 crores-Rs. 1,300 crores spread over 2 to 3 years. So that is why the ROE was lower. I Think going forward things will be back to normal as far as overall Company ROE is concerned.

Rajesh Majumdar: Thank you.

Moderator: Thank you. The next question is from the line of Anupam Gupta from IIFL Capital. Please proceed.

Anupam Gupta: Hi sir. One of the earlier questions you had answered in terms of the expected EBITDA when you reach this, the full volumes in FY'27 close to Rs. 3,200 crore. But if you actually look at your volumes and the mix as well, the finished steel capacity is doubling, your stainless steel is coming up entirely in FY'27 and aluminum also is doubling. Only the carbon steel intermediate products is where you have 20% growth overall. Ideally, does the Rs. 3,200 crore number is a very conservative number but ideally you should be closer to that Rs. 4,000 crore given that already at a run rate of Rs. 2,000 crore EBITDA at an annual basis.

Brij Bhushan Agarwal: Anupam, Pankaj said 2,800 to 3,200. We would love to talk conservative. Like if you see in last three years in Shyam Metalics, our deliverable is 120%. Like, when we did an IPO, the revenue of the Company just 3.5 years before was Rs. 6,000 crores. And next year we are talking of Rs. 18,000 crores. Our EBITDA that time was close to Rs. 600 crores. This year we are talking more than close to Rs. 1,800 crores to Rs. 2,000 crores. We would love to be conservative because you never know what kind of changes happen in the geopolitical situation. And we want to be pretty sure that our deliverables and our commitment should not disappoint our investors. Though we will give our best shot and let us keep this in the trade, in the business like how the market reacts, how the pricing goes up, how the raw material things happen, so that in the time to come we should be able to deliver more and more what we commit.

Anupam Gupta: Sure sir, that's helpful. Just one question related to that since you mentioned that you want to be conservative here. Apart from macro, any specific thing which you worry about in terms of let's say so far your execution has been very great in terms of how the CAPEX has been implemented. But any other risk which you worry about to achieve this sort of growth which you have indicated?

Brij Bhushan Agarwal: I have only worried about my investors. They should be happy. That's all. I am only concerned that whatever we promised we should be able to deliver more and investors should be more and more happy. I am actually not bothered at all. I think we are pretty mature and if you see the last so many years, so many quarters we have seen like with the best of the metal Company vis-à-vis the Shyam Metalics year-on-year, quarter-on-quarter we had tried our best to deliver more and more better. So I think now our investors should have renowned confidence on their Company like on our deliverables, on our CAPEX plan, on our dividend policies and all. What we stated 3.5 year before, we are trying to maintain as per our commitment and what we had forecast for 3 years.

Anupam Gupta: Sure, sir, That's helpful. Thanks a lot.

Moderator: Thank you. The next question is from the line of Rudraksh Raheja from Ithought PMS.

Rudraksh Raheja: Thanks for the opportunity, sir. My question pertains to the DI pipes industry. 12 to 15 states have started accepting O-PVC pipes. So how do you think that affects DI pipes industry?

Brij Bhushan Agarwal: Can you please repeat your question?

Rudraksh Raheja: Yes, I will repeat it. I wanted to ask about how O-PVC pipes introduction affect the DI pipes industry since we are expanding into that product.

Brij Bhushan Agarwal: Very correct. It is affecting. It is affecting and in the time to come, it will have a great competition with the DI pipe below 300 size. So if you see today a complete DI plant, if you think of establishing a complete DI plant with a center plant blast furnace infrastructure and all, it is not going to cost you less than Rs. 2,000 crores. But in our case, a small capacity of DI plant is just a kind of ancillary to our existing brownfield project what we acquired through the NCLT. So if we are able to, like DI pipe has been able to gain the EBITDA of close to Rs. 18,000-Rs. 20,000 a ton in last one year and presently I think it is struggling between Rs. 7,000-Rs. 8,000 to Rs. 10,000 a ton. I am telling you a ballpark figure. I am not 100% sure, but yes, 95%. If we invest on 300,000 tons capacity, close to Rs. 350 crores or Rs. 400 crores, and if I am able to gain the EBITDA of say Rs. 5,000 crores, Rs. 5,000 a ton, we make close to Rs. 150 crore EBITDA every year. If you see the ROCE, ROI on my additional investment on DI, which helps us to de-risk our business, which help us to space ourself in the product and which is a very small investment for such a conglomerate like Shyam Metalics in the terms of the future opportunity, also in the terms of utilization of our existing hot metal. So this is one of the idea what I have, but you very correct. This is a challenge and this is going to be a strong challenge in the time to come. But OPVC has always been in the international market for **many years**, if you go to any of the Western country. But there are certain areas where still the DI is the major pipe which is being procured and utilized. So we would like to restrict ourselves with the minimalistic and conservative CAPEX in the first go, so that this period we should be able to regain and in the worst of the time if we discount ourselves on the 50% of our ambition, then also our ROCE and ROI is very interesting. So this is the reason like we are absolutely optimistic on this business.

Rudraksh Raheja: Got it, sir. Regarding this sir, which prices do you think that are getting most affected in this segment or how much percentage of…?

Brij Bhushan Agarwal: Below 350, this is close to around 40% to 50%.

Rudraksh Raheja: So just to clarify, you are saying 40% to 50% of the industry is being affected.

Brij Bhushan Agarwal: Slowly. It is not affected. 40% to 50% but still there are sizes of 80 to 350 where people are using DI. They have not rejected it. Like if I am putting up a steel plant, I need a water supply. I will definitely like to put up a DI plant, DI pipe, not the OPVC pipe. So it depends on the usage, the area, the concern of the utilization and all. So it all has a unique, properties like, you can't 100% replace it, but yes, in certain places it can be replaced. When it is an open space, you can't put up a plastic pipe. OPVC is just a plastic pipe. But in the open place, DI is very well installed, and it is as good as the hard surface. There are certain areas where you can replace, but it is a challenge. I completely agree with you.

Rudraksh Raheja: Got it, sir. Thanks for the clarification.

Moderator: Thank you. The next question is from the line of Deekshant B. from DB Wealth. Please proceed.

Deekshant B.: Hi, congratulations sir. So I want to understand from a larger term perspective. Of course, you're are a growth Company and we have always portrayed a good growth scenario and also deliver on a good growth scenario while being conservative. But are the margins still at 12% and we have an outlook to be doing CAPEX which is going to be enhancive. But what do you think FY'27 what kind of margins can we be expecting from our business on a steady state not any cycle gains that we get but on a steady state what kind of margin improvements can we expect?

Brij Bhushan Agarwal: See, margin is a very, very speculative statement as on date. But we have to understand that in the toughest scenario, the Company has delivered a decent margin. And now whatever the future growth is there, it is coming up with a high value added businesses. So margin is definitely going to enhance. Apart from that, if you see all the future businesses, investment is also helping us to drive down in the cost side by adding the backward integration or the forward integration so that the realistic value in that business is also increasing. So it is going to increase. But at this point of time, I will not be able to state like whether it will be 20% or 15% or blah, blah, blah. But yes, definitely the trend is going on the upper side. That much I can tell you.

Deekshant B.: No sir, I completely understand that and it would be unfair for me to ask you something where it's so speculative. But what I am trying to understand here is that, let's assume that the businesses that we are going in, they are live today and in current market situation, what kind of margin we would have expected?

Brij Bhushan Agarwal: Everything is fine, right? We have been conservative on our projections. Till I am getting a good ROI and ROCE, I am happy. So margin I told you it is very volatile. So it depends on the demand supply, geopolitical situation since last 2-3 years, nothing is going uniform across the planet. So in spite of that, in spite of so much challenges, if you see quarter-after-quarter if you compare your Company with the best of the metal companies, I am not saying we are the best, but we are among the best.

Deekshant B.: Certainly sir, certainly.

Brij Bhushan Agarwal: Thank you.

Deekshant B.: Sir, a follow up question here is, do you think that the sort of dumping if happens, of course our government has been able to help us a lot. But if there is any sort of dumping that does happen, do you think that affects us and our particular product ranges?

Brij Bhushan Agarwal: Majorly not because you if you see in our business product module, very less percentage of import threat is there. But overall, the psychological scenario do matter. Like dumping was happening before but you have never seen the numbers or the graph or the margins have come down. So this is a true example and explanatory to your question. But yes, anything on the positive side drive up, anything which is on the negative side also do affect. But in our business model where we are too much based on the Indian demands and the product what we had been doing is majorly the product which is consumed in the country and which doesn't have majorly an import if you see on the total portfolio. So it do affect but very marginally. Thank you.

Deekshant B.: Got it, sir. Sir my last question here is on depreciation. Now, of course, we judge ourselves by EBIT, ROCE, ROI and these sort of numbers but like, is it only when the cycle turns and we get those windfall profits that we can expect our net profits to be in the higher range or like, do you see a point of time where the depreciation growth tapers down and our operating profits are such high that the depreciation no longer really matters? Do you think that happening anytime soon?

Brij Bhushan Agarwal: In our balance sheet if you see the interest payout is marginal or it's hardly you know we are...

Deekshant B.: Yes.

Brij Bhushan Agarwal: So, depreciation is just a statutory accounting norm. So, if you should see the net cash which is more important you know. Most of the Company in our terrain is with a lot of debt baggage and lot of corporate debts and blah blah blah. So, it really doesn't really bother us. We are more concerned on the net cash which we make on the EBITDA side and the after tax, is majorly is a net cash what is available.

Deekshant B.: Got it, sir. Thank you so much, sir. This is very helpful. Congratulations again.

Brij Bhushan Agarwal: Thank you. I have another meeting. Can we, how many questions we have now?

Moderator: There is only one question in the question queue.

Brij Bhushan Agarwal: Okay, please.

Moderator: Thank you. The next question is from the line of Shaleen Kumar from UBS. Please proceed.

Shaleen Kumar: Cash is important. So is it possible to share the maintenance CAPEX for this quarter or other from next time onward so that we can think about the cash profit? Because optically profit is looking lower, right? So we can at least know what's the cash profit. We can add back the depreciation and minus the maintenance CAPEX.

Pankaj Harlalka: So Shaleenji, this year if you see, the CAPEX was around Rs. 2,148 crores, right? Of which the CAPEX that we had announced, for that the CAPEX was around Rs. 1,944 crores. So we incurred about Rs. 200 crores odd maintenance CAPEX this year, leading to improvements in our existing plants and all.

Shaleen Kumar: How much was the depreciation, sir, if I can ask you? Accounting depreciation?

Pankaj Harlalka: What did you ask, sir? How?

Shaleen Kumar: How much was the accounting depreciation? Depreciation on P&L?

Pankaj Harlalka: Depreciation was around Rs. 700 crores, right?

Shaleen Kumar: Okay. So basically, you're saying that X of maintenance capital, roughly 500 crores we can add to add to come at the cash profit?

Pankaj Harlalka: Correct.

Shaleen Kumar: That's the way to see it, right?

Pankaj Harlalka: Thank you, sir.

Shaleen Kumar: Thank you.

Moderator: Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to Mr. Sumeet Khaitan from MUFG Intime for closing comments.

Sumeet Khaitan: Thanks to the management for answering all the queries today. We are from MUFG Intime, Investor Relations Advisors to Shyam Metalics and Energy Limited. For any queries, please feel free to reach out to us. Thank you, everyone.

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