

SMEL/SE/2023-24/100

February 07, 2024

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

Sub: Transcript of the conference call for Audited (Standalone and Consolidated) Financial Results for the Third Quarter and Nine Months Ended 31st December, 2023

Pursuant to the Regulation 30 read with Schedule III of SEBI (LODR) Regulations, 2015, we forward herewith the transcript of the conference call with investors and analysts held on Wednesday, 31st January, 2024 for the Un-audited (Standalone and Consolidated) financial result of the company for the third quarter and nine months ended 31st December, 2023.

This is for your information and record.

Thanking You,

For Shyam Metalics and Energy Limited

BIRENDRA KUMAR JAIN
Digitally signed by
BIRENDRA KUMAR JAIN
Date: 2024.02.07
11:14:38 +05'30'

Birendra Kumar Jain
Company Secretary
Membership No. A8305

OUR BRANDS:



SHYAM METALICS AND ENERGY LIMITED

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



“Shyam Metals and Energy Limited
Q3 and 9-M FY24 Earnings Conference Call”
January 31, 2024



**MANAGEMENT: MR. BRIJ BHUSHAN AGARWAL – VICE CHAIRMAN AND
MANAGING DIRECTOR – SHYAM METALICS AND
ENERGY LIMITED
MR. PANKAJ HARLALKA – INVESTOR RELATIONS –
SHYAM METALICS AND ENERGY LIMITED
MR. DEEPAK AGARWAL – DIRECTOR, FINANCE AND
CHIEF FINANCIAL OFFICER – SHYAM METALICS AND
ENERGY LIMITED**



Moderator:

Ladies and gentlemen, good day and welcome to Shyam Metals and Energy Limited Q3 and 9 Month FY24 Earnings Conference Call hosted by Orient Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pankaj Harlalka from Shyam Metals. Thank you and over to you, sir.

Pankaj Harlalka:

Good afternoon, everyone, and thank you for joining the conference call to discuss Shyam Metals Q3 and 9-Month FY24 Results and Financial Performance. Our results and detailed investor presentation along with the safe harbor statement has been uploaded on the exchanges, as well as on our company website. I hope everyone has had a chance to go through it.

To discuss the results today from the management, we have with us our Vice Chairman and Managing Director, Mr. Brij Bhushan Agarwal, and our Director of Finance and CFO, Mr. Deepak Agarwal. They will take you through the results, post which we will open the forum for Q&A session.

I now hand over the call to Brij Bhushanji for his opening remarks. Thank you.

Brij Bhushan Agarwal:

Thank you, Pankaj. Good morning, good afternoon, everybody. Jai Shri Ram and wish you all a very Happy New Year.

I would like to thank you for joining this call to discuss about the financials of your company, Shyam Metals and Energy Limited, Third Quarter FY24. We reported a decent good performance in Q3, despite industry challenges. This was possible due to the increase in the volume, prudent product mix, softening of energy cost, unwavering focus on the cost, which resulted in impressive growth in the EBITDA number and PAT.

Our EBITDA and PAT both registered a remarkable growth of 83% and 94% respectively on year-on-year basis. In line with the SEBI requirement of the minimum public holding and our commitment to the financial strength and the compliance, we successfully completed the QIP in January 2024, which was a part of our fundraising program, which was decided by the board in Q1 FY24 and we raised INR1,385 crores from 38 qualified institutional buyers at an issue price of INR576 per equity share. The fund raised has been used to pay off working capital loans and we are now a net cash positive company.

We appreciate the trust and confidence shown by our institutions and investors. We are aggressively expanding our portfolio and we are pleased to announce our successful completion of acquisition, Mittal Corp at a consideration of INR351 crores in October 2024. This development marks our foray, into the stainless steel segment, positioning ourselves as a comprehensive solutions provider for stainless steel requirements catering the diverse industry.



Our venture into the stainless steel adds a good value to our company, as we all know that we are the specialty alloy manufacturer and more than 85% of the ingredient of stainless steel is going to be the forward integration and the backward integration to our existing portfolio. The expansion also represents a significant step in diversification approach within the metal industry.

We have successfully streamlined the plant operation and achieved a capacity utilization of around 35% - 40% in the first three months of its inception after the huge modification and the redo of the engineering and stabilizing the project.

With this, we are now a conglomerate with our presence in the carbon steel, stainless steel, aluminium foil, specialty alloy and energy going forward. Each division shall be contributing meaningfully to both our revenues and path.

To strengthen our board composition, we are very happy to announce the appointment of Mr. Sheetij Agarwal as a Whole Time Director of the company. Sheetij currently overlooks and spearhead strategy and the business development at Shyam Metalics and manage aluminium businesses in West Bengal.

His expertise lies in the market intelligence, evaluating growth opportunity, capital investment as well as the governance with consulting the best of the advisors to strengthen the company governance and look forward. Before joining into the business development he has a stint in the ETF analyst at the Brown Brothers Harriman, USA Boston.

On behalf of Shyam Metalics I extend a very warm welcome to him. We expect a huge exploration opportunity in the metal space to obtain synergy with our manufacturing facilities. This will enable us to keep our operating cost under control.

We remain extremely confident of financing the upcoming capex requirement largely through the internal accruals and retaining the strong credit rating. The entire metal industry is evolving and we are positioning to thrive in the dynamic landscape. We remain committed to delivering the values, innovation and sustainable growth.

Now I can put a call to Mr. Deepak Agarwal, Executive Director Finance to take up our financial performance of the quarter under review and for the 9 months on the current financial years. Thank you. Thank you so much.

Deepak Agarwal:

Thank you sir. A very good afternoon to all the participants and thank you for joining us on the call. I will give a quick review of the reported consolidated financials for the quarter under review and for the 9 months.

On a consolidated basis, the company for quarter 3 of the financial year 2024 reported a revenue of INR3,315 crores with a growth of 13.5% over the last year of quarter 3. The volume growth in product has led to the growth in spite of decrease in the price across all product lines. As a result, our EBITDA for quarter 3 of the current financial year on a

consolidated basis which reached at INR407 crores which is increase of 83% over the last year of quarter 3.

Just to drive home the point, a decrease in the other expenses mainly attributed greater contribution of our captive power energy which has at 83% of our total power consumed along with our lower energy cost and higher volume have led to a better EBITDA. Simultaneously, there was a decline of 1.5% to 4% across all product with only pellets and stainless only showing some improvement in quarter 3 as far as realization is concerned in comparison with the previous quarter. Now I will quick review the 9 month financials.

For the 9 month financial of the current year, we reported a revenue of INR9,589 crores which is a growth of 3.9% over the last 9 year performance. In terms of revenue mix, the higher value added segment accounted for a 47.8% of 9 month of the current financial year revenue as against 45.5% in 9 month of the last financial year. For 9 month of the current financial year, we reported an operating EBITDA of INR1,128 crores and increase of 5.2% over the last 9 months. In 9 month of the last financial year, we reported an EBITDA margin of 11.6% and we achieved EBITDA margin of 11.8% in the 9 month of the current financial year.

The PAT has been considered after deferred tax charge which has arisen out of credit in quarter 2 of the current financial year which will for the future benefit of tax on account of merger of Mittal Corp Ltd. The era of high energy cost seems to be now behind us and going forward we shall be reporting a normal profits and we have commenced the revenue of our stainless steel business which has contributed to 5.2% to our total revenue mix for the quarter already. We shall see this mix improving as we achieve the higher production efficiency and also increase in volume as well.

We are focusing on improving the product mix, operational efficiency, cost optimization to mainly healthy margin. Our strategy has always been to incur a capital expenditure in a smaller doses or in a peaceful manner to ensure that the balance sheet will never stretch. At all point of time we closely monitor our liquidity, solvency and capital efficiency ratio.

As far as our capex plan which is in course and we have already invested till 9 months since from our listing we incurred a capex of INR4,334 crores in the last 3 years against the total capex announce of nearly INR9,000 crores and have generated a cash since from the last 3 years an amount of INR4,124.24 crores through operating cash flow till financial year 2023. We have raised INR 2,042 crores through our equity in our company. The latest being INR1,385 crores raised through QIP in January 2024.

We had been very good interest and participation from the institutional investors both in India and abroad. Currently our company is in net cash position of INR1,209 crores through the money coming in through our QIP process. I would also like to assure you that the company sustains a healthy financial risk profile despite pursuing the capital expenditure plan for the remaining INR4,332 crores over the next 3 years added by the internal cash generation and sufficient liquidity surpluses.

Apart from the INR1,327 crores already spent till December 2023, for the remaining project a further spend of INR450 crores is expected in the current quarter and we shall further spend INR2,000 crores in the financial year 2024-'25 and INR1,800 crores we are projecting to be incurred in the financial year '25-'26 and the remaining would be incurred in the early 2027 to complete our announced capex program till date.

As far as our energy portfolio, we are currently at 357 megawatt and further as a part of our expansion we will enhance our energy capacity by 240 megawatt taking out to total capacity of nearly 600 megawatt, which would be achieved through our WHRB which means the Waste Heat Recovery Boiler and AFBC route.

This will also help to reduce our power cost and improve our margin going ahead. Additionally, in our first step towards reducing our carbon footprint, we are in the process of adding 100 megawatt solar capacity.

With this, our total renewable portfolio would be 109 megawatt post expenses. We look forward to maintaining this positive momentum and delivering our continuous success in the upcoming quarter.

With this, I now open the forum for question-and-answer. Thank you. Thank you to everyone.

Moderator:

Thank you very much, sir. We will now begin the question and answer session. The first question is from the line of Amit Dixit from ICICI Securities. Please go ahead.

Amit Dixit:

Yes, hi. Good afternoon, everyone, and thanks for the opportunity. I have a couple of questions. The first one is on the stainless steel. Pretty impressive plans you have outlined in slide number 11. I just wanted to understand where we are in this process because, you know, the equipment that we are considering, there is, I think, hot melt capacity also planned.

So I just wanted to get an idea where we are getting this equipment from. And since we will be manufacturing by sponge iron route, so have we done any testing where we are? I mean, on that front. And also the potential of this particular segment, stainless steel segment that you see in the future. That is the first question.

The second question is essentially now that QIP is over and do we see net debt peaking out in December? And henceforth, we will see that, you know, we will be in a net cash position or thereabout. So these are the two questions I have.

Brij Bhushan Agarwal:

Hi, very, very good afternoon, Pankaj -- Amit. See, we all understand that, you know, the future metal, potential stainless steel has a very great future. And our going into the stainless steel business was, number one, we need to add value to our existing integration by utilizing our specialty alloy, iron. And then we have our captive power so that we process all the raw material within our integrated plant and do a finishing line in Indore.

We just have acquired Mittal Corp. Right now we are operating at around 35%-40%, which I have already stated. It is a Danielle plant, which is Danielle is one of the world's highest level of top three conglomerates in the terms of technology and machine supply. Very well

established plant in Indore. We are also adding a solar facility in Indore to create the value of green into the stainless steel.

Number two, we are also planning to do something in the downstream, like since we will be making a wire or we want to go to end-to-end to a bright bar to the stainless steel wire, we have the project for that. Once we decide everything internally with the proper, prudent evaluation, we will share on that aspect also. And presently we are, there was an SMS shop in Indore, which we have refurbished at the world class time commitment.

We are trying to -- we have almost 60%, we have regularized everything. Another 30% will take another two, three months to properly re-regularize all the process and all. So when I am saying that we are today working at around 35%-40% down the line, we will be doing almost, close to somewhere around 75%-80% by the coming year.

And we will be also adding a lot of value. So this is completely going to be a supply chain, from the ore to metal. Like we always say that Shyam Metalic is an ore to metal company. And with our captive power plants, capitalizing on the benefit of the cost on the logistic side, where we are making the iron, we are making a specialty alloy.

In the time to come, we will be adding a wonderful value to this stainless steel division. And none of the plant in today's time has this kind of a value chain from ore to stainless steel at presently. And in the long product segment, there is a lot of potential internationally. There are a lot of demands for the specialty wires, specialty wire rods.

And India being today on the plus, China plus sector side, the advantage, we are seeing a lot of good vibes coming out from the international market, where we are seeing a lot of new inquiries, a lot of new engagement with the new customers, which we are trying to develop. Apart from that, we are also doing some kind of a steel rolling in the defence side, like we are doing some kind of a job work for a very big defence company.

One of the largest defence conglomerate in the country. So they are also buying. And we expect that in the time to come, there will be a lot of innovation, value addition in Mittal Corp. And what was your number two question? I'm skipping it. Can you just...

Pankaj Harlalka:

Sir, I'm answering that question. Number two was on net debt. So basically, when you look at our September number, so we were at a net debt of INR246 crores. And in terms of numbers internally, our net debt in December was INR235 crores. 8th of January, we did our QIP. So after that, we are a net cash company by INR1,209 crores today. I hope that answers, Amit ji.

Amit Dixit:

Yes, that answers it very elaborately. I thank you and all the best.

Brij Bhushan Agarwal:

And see, one thing we have to understand, like, now we are not a new company. It is almost more than 18 years old company. And this last 18 years, we are company, like we are all the shareholders. I know we are in the investor's call. Whatever we have promised, if you see, pre-IPO, whatever we discussed, we have delivered more than that. Whatever our business projection, like we want to make Shyam Metalics a different value.

Where we see that, in the time to come, we are not only dependent on one flat product or, you one product where if there is any change in the scenario, in the coking coal or any kind of geopolitical changes, the institution should not suffer.

So if you see, we are marching towards a very, very extremely sustainable value in the complete system management where we are making a very, very specialized product. We are focusing into B2C market. And we are increasing, see, the ramping on the long product side. If you see, in last one year, it is an enormous increase, in the tune of around more than 80%. So we are looking at a very, very sustainable long value and making sure that, we should be least affected in the time to come from any kind of changes in the geopolitical situation. Thank you.

Moderator: Thank you. We'll take the next question from the line of Nirav Shah from GeeCee Holdings. Please go ahead.

Nirav Shah: Good afternoon, sir. Thanks for the opportunity and congratulations on a strong set of numbers. As mentioned, it's heartening to see that the improvement has come from volumes and cost control rather than price improvements. So that's a positive answer. I still have a few questions.

So first question is on our costing for fourth quarter. I mean, we have seen coal correcting, even the imported coal prices correcting the South African grade and the Australian grade. So how much of cost saving can we expect on that front in the coming quarter, in this quarter, fourth quarter?

Brij Bhushan Agarwal: You are correct, Neeraj. There is a reduction in the coal prices. The availability has improved. So we will see that, the inventory level is also going to be much better because the availability of coal from the ministry side is extremely very smooth. Presently, I would say that there are some old carryover, the old stocks, inventories, and majorly, when we do any coal planning, it is always on the quarterly basis because you are buying the coal from the auction, you have linkages, and you do a proper planning from the logistic side and all.

It is going to be on the positive side. It would be difficult for me right now to answer anything specific. But we will see the real changes in the coal prices from the first quarter of the next year. But definitely, in comparison with the last quarter, we will see that the price, the cost has substantially, there will be some changes here.

Nirav Shah: Got it. Got it.

Brij Bhushan Agarwal: Thank you.

Nirav Shah: Yes. So second question is, I mean, once the current round of capex is over and we have value-added segments in the non-steel space like aluminium and stainless steel, so in terms of EBITDA contribution, how big can these segments be once the entire capex plan is completed, which can also reduce the volatility that we see from the steel products?

Brij Bhushan Agarwal: 100%. You are right. Like in aluminium, in our new capex, we are planning for a recycling green aluminium foil plant where we will be making our own, foil stock, and which will help

us to, take the extreme incredible advantage of the new products once we have a metallurgy in the control. We can create a different kind of metallurgy and get into a more niche segment.

Number two, we will find a lot of advantage on the different product make, the wastages, like once you are able to control your raw material, you can plan your foil stock sizes according to the requirement of the demand and the market. So there will be good changes. And this new capex, what we are talking right now in the aluminium backward integration, this is just a very recently announced capex on our total outlay of around INR9,900 crores.

So but long term, definitely it is going to add an extremely great value to the aluminium business, like when we are doing the lithium battery foil, the metallurgy of the lithium battery foil is completely different. And once the metallurgy is within our grip, in our foray, then, we can create a different kind of metallurgy for different kind of lithium battery foil.

Like we have already discussed in the past that we have done a trial, and we have also signed an NDA with the most, credible battery manufacturer in the country, where our team is working to establish the market and join business collaboration with them. So in the time to come, we will see things are going to be extremely different.

Nirav Shah: Got it. So just one clarification. So just one clarification, if you may permit me to ask. So the capex number for 24 and 25 is how much you mentioned? I just missed those numbers.

Brij Bhushan Agarwal: So for 24-25, I think, you know, we have shared that we will be doing the total capex of around INR9,900 crores since IPO. And around INR4,300 crores has already been capitalized in last two years from the internal accruals. So this balance of close to around INR5,500 crores is going to come in next two to three years.

Nirav Shah: You mentioned some numbers for 25 and 26.

Deepak Agarwal: Yes, yes. Out of INR5,000 crores, we will be incurring the capex INR377 crores in the fourth quarter, INR2,000 crores we will be incurring in 24-25, INR1,800 crores we will be incurring in 25-26, and balance we will be incurring in 26-27.

Nirav Shah: Great. Thanks a lot, sir. That's from my side and wish you all the best.

Moderator: Thank you. Participants who wish to ask questions, may please press star and 1 on their touch-tone phone. The next question is from the line of Rakesh Roy from Omkara Capital. Please go ahead.

Rakesh Roy: Hi, sir. My first question is regarding, sir, your Mittal Corp. So in the last call, you mentioned that for FY24, you are targeting nearby 400 and for next year, it is nearby 1,800. Still, we are intact with this number?

Brij Bhushan Agarwal: Next year, we have shared that we will be doing revenue of between INR1,500 crores to INR1,800 crores. We are intact with that, yes.

- Rakesh Roy:** Okay. I say, any guidelines for volume number for Mittal Corp for next year or for this year also, for Q4?
- Brij Bhushan Agarwal:** Q4 has been a trial period, you know. I think we have already stabilized the plan and we are doing our innovation on the different product mix and all. So this is just a trial number on the volume side, the trials, the development of the project and products, both sides. But coming year, yes, we will be almost doing a revenue of around INR1,500 crores from Mittal Corp.
- Rakesh Roy:** Mittal Corp, sir. And sir, how much is the utilization level for FY25 or FY26 also? We are targeting, currently we are nearby 30 to 35 to 40 percent.
- Brij Bhushan Agarwal:** It should be around, it should be around 75% to 80%.
- Rakesh Roy:** For FY25?
- Brij Bhushan Agarwal:** Yes.
- Rakesh Roy:** Sir, just you mentioned, you are doing some rolling work for defence side also. So what we are doing for, currently for Mittal Corp?
- Brij Bhushan Agarwal:** This is some kind of a defence equipment, you know, the rolling, which the company creates, you know, they do into the defence side and all. So it's something, you know, some kind of a specialization in steel where they do a rolling in Mittal Corp.
- Rakesh Roy:** Okay. So still we are doing or, still we are doing for defence side?
- Brij Bhushan Agarwal:** Yes, still we are doing, yes.
- Rakesh Roy:** And how much we are targeting for, how much we are targeting in near future to defence side will grow in so and so percentage of total Mittal Corp?
- Brij Bhushan Agarwal:** No, that I will not be able to share right now because we are still under the development and the, you know, the business strategy side. Once we are done with this, we will discuss.
- Rakesh Roy:** Okay, sir. My next question is regarding, sir, recently NMDC high prices. Same way we are increasing any prices high, we have taken price hike in near future, sorry, in January?
- Brij Bhushan Agarwal:** Yes, yes. The prices are, the prices are getting stabilized. There has definitely, there has to be a pass on because NMDC dominates the iron ore price. So, but it takes time. Once they increase the price, it takes almost a month or two months to stabilize on the price side because a lot of old inventory carryover is also there. And with the demand and with the market condition, it gets regularized.
- Rakesh Roy:** Okay, sir. Right, sir. My last question is, sir, any plan for dilute promoters in near future?
- Brij Bhushan Agarwal:** Not at all. Not at all. No, no, no.
- Rakesh Roy:** Okay, sir. Thank you, sir.

- Moderator:** Thank you. The next question is from the line of Dhyey from Niveshaay Investment Advisors. Please go ahead. Dhyey, I have unmuted your line. Kindly proceed.
- Dhyey:** Yes, congratulations on the good set of numbers, sir. I had this question regarding the margins which we had in this quarter. So, considering that the iron ore prices and the end product prices remain, you know, stabilized in the future, how much margin improvement can we see or what are the sustainable margins for the business?
- Brij Bhushan Agarwal:** See, today, if you see, we are at the most bottom pricing from the product side. And seeing the growth in the economy, we are seeing there is a completely headroom on the pricing side, on the growth side, on the demand side. Definitely, it is going to be on the positive side because, you know, what our nation is doing is something very miraculous.
- And in the time to come, with the growth of the GDP, you know, what we are targeting, if we talk very conservatively also, it is around 8% to 9% conservative side. The demand is increasing and today we are only producing, you know, around 130 million ton of steel. So, I expect that, you know, there will be enough headroom and we will see good numbers in the time to come from the pricing side and from the results side.
- Dhyey:** So, sir, is it possible for you to quantify a number for the margins?
- Brij Bhushan Agarwal:** Not possible presently.
- Dhyey:** Okay. Also, sir, we talked about the volumes, increment and cost savings measures. I also wanted to understand the operational efficiency which we are going to attain because of the iron mines if we get the lease?
- Brij Bhushan Agarwal:** Can you just repeat your question again, please?
- Dhyey:** So, I wanted to understand the operating efficiency which the business could get if we get the iron ore mines, you know, which is, I guess, under proceedings, I guess.
- Brij Bhushan Agarwal:** It is not immediately it is going to affect the company because, you know, we have bidded and we are qualified as a bidder. And this mine, we have a long period of around 10 years what we have been given by the government. So, once we get the complete, complete due diligence and reports and business plan, then we will be able to share from which year we can see the iron ore hitting the plant.
- But presently, I don't think we will be able to share because we don't see the captive mines, iron ore getting into a system in next two to three years.
- Dhyey:** Okay. Correct, sir. Also, sir, I wanted to understand the psyche behind the DI plant which we are setting up.
- So, on the DI plant side, I believe that, you know, the Jal Jeevan mission which the government is carrying right now has almost peaked out around 70% is almost reached and our

plant is going to come in FY25 or later. So, how are we seeing the demand and which markets are we trying to cater to?

Brij Bhushan Agarwal: We have taken an acquisition of Ram Sarup Industries. The DI plant what we were planning to set up in Jamuria, we have shifted to Ram Sarup. So, we expect the DI plant should come in year 26.

So, the demand is very good and strategically we have lot of advantage. And the capacity what we were planning to build up in our existing premises, we are almost doubling the capacity because of the feasibility and more sustainability in that plant.

Dhyey: Correct, sir. Also, sir, I wanted to understand how... So, on the export side, we export just the aluminium foil, right? We do not export the carbon steel products.

Brij Bhushan Agarwal: We do export.

Dhyey: So, what is the export percentage?

Brij Bhushan Agarwal: We do export iron. We do export sponge iron. We do export speciality alloy. We do export foil. So, these are the three major products we are exporting.

Dhyey: What would be the percentage of export, sir?

Deepak Agarwal: Just 10% out of our total revenue. The export is contributing almost 10%, the total revenue.

Dhyey: Okay. Also, sir, just the last question if you would allow me. How has the distribution network of the company grown in the past few quarters?

Brij Bhushan Agarwal: Almost at a CAGR of more than 30%.

Dhyey: Okay. Thanks a lot, sir. It was very helpful.

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

Viraj Shah: Thank you for the opportunity, sir, and congratulations on a great set of results. I just had a couple of questions. Firstly, I wanted some clarification on the aluminium plant that we have. So, please correct me if I am wrong, but we have a 40,000 ton capacity. Our plans over here include to also make foil for the battery. So, can you just break down what exactly our plan is over here with the 40,000 tons and what is the current utilization for it?

Brij Bhushan Agarwal: See, this 40,000 tons is the capacity of an aluminium foil, you are correct. We are making the extremely very thinner gauge foil, which is of 5, 5.5, 6 micron, which is a very high value, and we export more than 60% of this category foil what we produce. We are exporting to the rest of the countries in Europe and America, and they utilize this foil in their defence industry, in the ammunition, the explosives and all.

We have also, this plant was from day one, is a battery-compliant plant, and there was some auxiliary equipment to be addressed, which we have already addressed, and we have taken the trial of that material. It has been almost 98% through, which we are right now, I have already discussed that we are right now talking in a business collaboration for a, with the best of the, EV battery manufacturers, which is coming up in India. We have already signed the NDA, which we expect that their plant will be on stream by '26, and we will be playing a very dominant role in the business collaboration for their EV batteries.

We have also developed a house foil as well in our present business, which is again a B2C, and with the demand of all these, Zomato and all these, packed food and all, we have also developed a special foil with a different kind of an organic lamination, where we are trying to create a brand. We just recently launched it, and we see that in the time to come, we will have good surprises in the terms of, the special product in this, in this, yes.

- Viraj Shah:** Understood. So, sir, what was the utilization this quarter for this plant?
- Brij Bhushan Agarwal:** Around 70%.
- Viraj Shah:** 70%, and we export 60% of our production. Whatever we make, we export 60%.
- Brij Bhushan Agarwal:** Correct. Correct.
- Viraj Shah:** So, from this 40,000 tons, going ahead, in FY'25 and '26, how much do we aim to divide between our battery foil and the house foil that you've mentioned over here?
- Brij Bhushan Agarwal:** Very difficult presently, till we collaborate 1000% with the, the business partner, with their perfect business plan, but basically what we are looking like, we have to start with 20%, 25%, and we have to ramp up to around 60% or 70%. But it's very difficult to answer this question right now. But on our visionary business plan, this is what we are targeting.
- Viraj Shah:** Understood. And, sir, we are not planning any further expansion in aluminium foil as of now, right? It's just this 40,000 what we have.
- Brij Bhushan Agarwal:** No, no. We will be definitely doing, we are working on that, because we are seeing the demand is going to go up. But it's too early for me because a lot of diligence is happening. Once we are completely in sync with our full business plan, we'll discuss. But it's not possible for me right now to say, because it's under the planning stage.
- Viraj Shah:** Understood. And just to reiterate the capex part, I think I missed something over here. You mentioned on the capex part, we have INR5,100 crores worth of capex left. Q4 will be close to INR370 crores or FY'25 will be INR2,000. So FY'26 will be INR1,800 crores. And remainder INR1,000 crores in FY'27. Is that right?
- Brij Bhushan Agarwal:** Almost, yes.
- Viraj Shah:** Okay, understood. And, sir, in terms of guidance, FY'25 and FY'26 are volume and top-line guidance. Could you please reiterate that?



Brij Bhushan Agarwal: See, we expect to grow, since we will be commissioning in the middle of the coming year, a lot of the plant, what we have done, the capex. The major commissioning is going to happen in the middle of coming year. Like, we are going with a color- coated plant, which will be commissioned in the middle of this year. We are commissioning our blast furnace, which will be in this year.

So this year, we expect that there should be a growth of around 15%, 12% to 15% coming yet. And later on, we will see a major jump happening, which will be another around 20%. So we expect that '26, March, is going to be a very, very fantastic value, what we will be seeing in the company.

Viraj Shah: So, I am sorry, 12% to 15% is for FY'25, right?

Brij Bhushan Agarwal: Correct, correct.

Viraj Shah: Okay, sir. And in terms of margin guidance, is there anything that you would like to highlight?

Brij Bhushan Agarwal: Not presently.

Viraj Shah: Okay. I will get back in the queue if I have any further questions. Thank you. All the best.

Moderator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Sumeet Khaitan from Orient Capital for closing comments. Over to you.

Sumeet Khaitan: Thank you everyone for connecting on the call today. I would also like to thank management for sparing that, answering all the queries today. We are Orient Capital, investor relation advisors to Shyam Metals and Energy Limited. For any queries, please feel free to reach out to us. Thank you everyone and have a nice day.

Moderator: Thank you, members of the management.

Brij Bhushan Agarwal: Thank you. God bless. Thank you.

Deepak Agarwal: Thank you everyone.

Moderator: Ladies and gentlemen, on behalf of Shyam Metals and Energy Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.