SHYAM METALICS
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August 09, 2022

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 Un-audited (standalone and consolidated) Financial Results for the Quarter Ended 30th June, 2022

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,3rd August, 2022 for the un-audited (standalone and consolidated) financial result of the company for the quarter ended 30th June,2022.

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

"Shyam Metalics and Energy Limited
Q1 FY2023 Earnings Conference Call"

August 03, 2022

MANAGEMENT: **MR. BRIJ BHUSHAN AGARWAL – VICE CHAIRMAN AND MANAGING DIRECTOR – SHYAM METALLICS AND ENERGY LIMITED**
MR. DEEPAK KUMAR AGARWAL –EXECUTIVE DIRECTOR FINANCE – SHYAM METALICS AND ENERGY LIMITED
MR. TRILOCHAN SHARMA – HEAD OF INVESTOR RELATIONS – SHYAM METALICS AND ENERGY LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Shyam Metalics and Energy Limited Q1 FY2023 Earnings Conference Call hosted by Orient Capital. Representing the management, we have with us Mr. Brij Bhushan Agarwal – Vice Chairman and Managing Director, Mr. Deepak Kumar Agarwal – Executive Director Finance and Mr. Trilochan Sharma – Head of Investor Relations. 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 is being recorded. I now hand the conference over to Mr. Trilochan Sharma. Thank you, and over to you, sir!

Trilochan Sharma: Thank you very much. Good afternoon everyone and thanks for connecting with us on our first Con-Call for the financial year 2023. On behalf Shyam Metalics I am delighted to welcome you all to this call particularly our shareholders and our industry analysts. Thank you for taking time out to discuss our first quarterly results and performance. Our results and a detailed investor presentation has already been uploaded on the website; I hope everyone had a chance to go through it. To discuss our results, we have with us our Vice Chairman and Managing Director Shri Brij Bhushan Agarwal Ji and our Director Finance Sri Deepak Kumar Agarwal Ji, they will take you through our results and then we will proceed for the question-and-answer session. Before we proceed formally, I put before your kind good self-humbly as small disclaimer. This conference call may contain some forward-looking statements about the company which are based on the belief, opinions, and expectations of the company as on date of this call. The actual results may differ materially, these statements are not guaranteeing of the future performance and involve risk and uncertainties that are difficult to predict. A detailed safe forward statement has also been given on page number-2 of the company investor's presentation. Now, glad to handover the call to our VC and MD Sri. Brij Bhushan Agarwal Ji. Thank you very much. Over to you sir! Please.

Brij Bhushan Agarwal: Good afternoon everyone. Thank you Trilochan Ji, good afternoon to all participants for joining us on the call to discuss the financials and the business performance in the first quarter of the financial year 2023.

The past year recorded an encouraging recovery from the Covid induced challenge worldwide. While we saw a sharp rebound in businesses, economic, picking up the pace, the recent geopolitical tension, in Europe and multi-decades high inflation across the world have presented the new challenges as well as the opportunity.

The World Bank has reduced 2022 global GDP from the forecast by 120 bps to 2.9%. Despite the global headwinds the Indian economy is well placed to exploit long-term opportunity presented by the re-alignment in the global supply chain. Continued focus by the government on infrastructure and future investment has been ensured that the PMI for manufacturing continues to rise along with the strong GST collection. Thus an encouraging recovery has been witnessed an indicator across all sector including the consumptions, manufacturing, and services. The strong demand for residential real estate in the urban area as well as in the rural area has picked up despite of rising interest rate. We endure well for the strong structural market withstanding the external shock thus presenting an opportunity for the domestic industries. The Indian industry will be the major contributor in the trajectory to make our country the third largest economy in the world by 2030.

Despite facing the global headwinds and the domestic regulatory challenges, the Indian industry is thriving on the back of the continuous modernization, upgrading in the technology increasing the efficiency in the operations led by the talented and skilled workforce driving the structural growth in one of the fastest growing steel market in the world. The gap in per capita consumption offers a significant head room for the growth.

In the Union Budget 2022 – 23 the government has allocated Rs.47000 Crores which is approx.. US $ 6.2 billion to the ministry of steel. The steel industry will play a very critical role in the quest to focus on creating the infrastructure and manufacturing to propel the economy. The government has also fixed an objective of improving the rural steel consumption from the current level of 19.6 Kg to 38 Kg per capita by 2030 – 31.

Your company Shyam Metalics is pre-dominantly focusing on selling long products which offers the most favorable mix of products with a long runway of demand. In Q1 FY2023 the value-added segment of long product accounted 40% of the revenue with the total contribution in steel products tallying 67%.

Domestic steel accounted for 88% of our revenue for which about 60% of our revenue was generated from B2B segment. Our strategic initiative to scale our presence in B2C segment is progressing well and the segment continues to grow at a healthy pace.

Our branding and marketing initiative of Tiger brand promoted by Salman Khan has future synergized the company marketing campaign and connection with the customers in gaining the traction. Increasing awareness about our superior quality structured product will continue to drive growth and enable us to generate better margins. We have delivered both, sequential as year on growth in our steel product volume even though volatile commodity prices coupled with the regulatory challenges has created a challenging operating environment.

We are glad to report our recent fore say into the aluminum product has immediately gained traction and recorded 1577 tons of volume in the first operational quarter. Our efforts are aimed at the driving value accretion growth and major portion of our capital expenditure will be funded by our internal accruals utilizing the adequate liquidity in our books. We remain within position to benefit from the substantial demand for our specialized product and the government spend on the infrastructure provided a revenue of the incremental growth. We continue to progress on our sustainability journey at working on streamlining our ESG framework to match best practice in the industry. Our efforts are aimed creating sustainable growth has implemented ESG framework which provides an opportunity to create systematic approach for a tangible outcome.

The company has appointed Growlity the management consultant for carrying out comprehensive diagnosis study. Growlity carried out a detailed study of the company process flow at our Jamuria and Sambalpur plant. It mapped out with current carbon water, waste footprints at both plants in access the impact on the carbon emission. With the aim to compete in the era of industry 4.0 for the digital steel plants, we are upgrading to real time control system in manufacturing. AI enabled security surveillance, safety system, digitally optimization module. We aim to scale digital to best in the class of enhancing sales , marketing custom services, e-commerce, and support system.

We are happy to announce the Q1 FY2023 marks the fifth consecutive quarter since our listing in which we have declared a dividend and we aim to continue to reward our shareholders for their un-wavering support to our business.

Before I conclude I want to assure you that we from the management expect the strong demand to continue for this financial year too. Now, I would ask Mr. Deepak Agarwal our Executive Director Finance to take us through the financial performance of the quarter under the review. Thank you so much.

Deepak Kumar Agarwal: Thank you sir. A very good afternoon to all the participants and I thank all of you for taking time out on this call to discuss the results for the first quarter of the current financial year i.e., 2022- 23. I will be glad to share a quick review of the reported consolidated financial for the first quarter under review for the financial year 2022 – 23. I am elated to share that in spite of an ongoing geopolitical crisis which has negatively impacted the current market scenario, Shyam being the exceptional market player as always has not only retained its existing memento of growth but also has been able to upgrade its external credit rating from CRISIL AA, minus positive to CRISL AA stable for the long-term borrowing and CRISIL A1+ for the short-term borrowing. This upgradation of ratings furthermore reflects the established market position of Shyam Metalics group in the steel sector. The upgradation of ratings validates factors like the groups comfortable financial risk profiles backed by the healthy debt protection matrix and re-enforced our trust in our strong business model which continued to generate healthy cash flow. We expect with a reasonably strong demand recovery on the back of recent policy announcement made by the government towards the railways, roads, civil aviation, gas pipeline towards the affordable housing and the incremental budgetary allocation to this sector is likely to drive the demand for the longsteel.

Now, I would like to draw your attention to the financial of the company on a consolidated basis. In the first quarter of current financial year on a consolidated basis, the company reported operating revenue of Rs.3223 Crores a growth of 31% over Q1 of the last financial year. The sales mix constitutes a high percentage of volume from the finished steel which accounted for 67% of the total revenue. Although there has been some moderation in the existing margin due to challenges macro environment which has adversely affected the commodity prices coupled with the domestic regulatory changes. The company has been able to book an EBITDA of Rs.606 Crores and a marginal decline of 12% over Q1 of the last financial year and the EBITDA margin is Q1 of the current financial was 18% approximately in order to maintain the trend in the EBITDA numbers judiciously and cautiously on the other cost components. Even in the terms of blended EBITDA per ton we are managed to sustain the recorded Rs.13328 per ton in the Q1 of the current financial year from Rs.19180 per ton in the Q1 of the last financial year which is again an indirect impact of the overall market scenario coupled with the increase in the price to coal and other raw materials. Please note that while calculating the blended EBITDA, the blended EBITDA of the company is divided by the steel volume sales to arrive at the blended EBITDA. The drop in the EBITDA per as is directly consequence of the validity and the commodity prices being witnessed since the geopolitical tensions broke out disturbing global supply chains and affecting the demand level.

We registered healthy double-digit growth in per tom realization across Ferro products, finished steel, Billet sponge iron. However, the realizations on iron pallets continue to remain under pressure and led to a drag on aggregate. Our profit after tax for the Quarter stands at Rs.414 Crores which has seen a decline of 10% year-on-year basis. PAT margin in this quarter is 13% which is quite sound considering the current market trend.

In Shyam Metalics group the working capital management is very prudent and the group focus mainly on the selling either on advances or a letter of credit basis leading to lower debtors and inventory period of 15 to 30 days and 70 to 80 days. At Shyam Metalics we have always followed prudent capital allocation policy, we re-invested 70% of our total cash generation back into the business, retained 20% as a liquidity surplus and returned 10% to our esteemed stakeholders as a dividend. Recently, the credit rating on our long-term facility has been upgraded; the recent upgradation is direct consequence of our strong operational performance, efficiency, and continuous efforts towards the prudent capital allocation. Our ambitious capex plan has been laid down in the investor's presentation and we are well on track to execute them as per the expected timeline. Currently, we are investing and expanding pallet capacity coke oven plant an additional lines of railway siding in this quarter, we incurred Rs.349 Crores in that capital expenditure.

As mentioned by our honorable VC & MD sir earlier, the company has declared an interim dividend of Rs.1.8 per share amounting to an outgo of Rs.45.91 Crores, we now have a consistent track record of declaring dividend for the fifth consecutive quarter since our listing June-2021. We look forward with the optimizations as we progress on our growth journey and are confident of achieving the robust operational and financial performance going ahead.

Now, I conclude my portion of the speech and throw the floor open for the question-and-answer session. Thank you

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Amit Dixit from Edelweiss. Please go ahead.

Amit Dixit: Good evening everyone. The first question is regarding your sales volume performance, if I look at the major pears the companies who have declared the results, the sales volume is down anywhere between 20 to 25% quarter-on-quarter while in your case if I take rolled products plus pellets the sales volume has actually gone up by around 4-4.5%. Just wanted to know the key drivers of the sales, the sectors you sold to, where you found traction and what do you see for this quarter? That is the first question.

Brij Bhushan Agarwal: As been always saying the destined advantage of Shyam Metalics as a company that we are very near to the market, our majorly 80% of the product what we sell is within the vicinity of 500 kilometers. In our sector in the long product and we have never seen a very big slowdown in the rural sector, we have been able to penetrate and with the enhancing of our brand values as I have mentioned in the steel we are focusing too much on the branding having Salman Khan and getting into the penetration of the rural it really helped us to overcome this crisis, the effect of sales volume was very, very rare.

Amit Dixit: Okay, and how do you see Q2 shaping up?

Brij Bhushan Agarwal: Q2 is also I would say we are almost at the same level from the volume point of view till now, still we have little more innings to play in the Q2, but I do not see that the volume will go down.

Amit Dixit: Okay, great. The second question is more on cost side, is it possible to tell us what was your blended coal cost in Q1 FY2023 and again how much it has gone up quarter-on-quarter and what do you see for Q2 and similarly we see other expenses also going up significantly, just wanted to understand the key drivers and outlook for both of these.

Deepak Kumar Agarwal: As far as coal cost is concerned in Q1, the blended cost coal consumption is Rs.10, 247 per ton for Q1 of this current financial year.

Amit Dixit: And how much it was up quarter-on-quarter, this cost?

Deepak Kumar Agarwal: Q1 in the last year?

Amit Dixit: No, Q4 FY2022 what was the cost?

Deepak Kumar Agarwal: Coal cost for the Q4 of the last financial year is Rs.8241 per ton.

Amit Dixit: And how do you see it shaping up in this quarter Q2?

Deepak Kumar Agarwal: Q2 will be in the range of between 10,000 and 12000.

Amit Dixit: Okay, and other expenses have also gone up significantly, what was the primary driver of this?

Deepak Kumar Agarwal: As you see the revenue has been enhanced by 31%, other expenses it increased only because of the stores consumptions and some of power and fuel cost has increased, that is why our other expenses enhanced.

Amit Dixit: Okay, and last question, is it possible to give us your net debt or net cash position whatever it might be at this position?

Deepak Kumar Agarwal: As far as net debt is our total treasury is Rs.1200 Crores and our debt is Rs.534 Crores, we are in net debt positive, net cash.

Amit Dixit: Net cash of around Rs.650 odd?

Deepak Kumar Agarwal: Yes, sir.

Amit Dixit: Okay, great sir. Thanks and all the best.

Moderator: Thank you. The next question is from the line of Arijit Dutta from Kotak Mutual Funds. Please go ahead.

Arijit Dutta: Want to check the blended coal cost which you just mentioned it is Rs.10250 per ton am I right?

Deepak Kumar Agarwal: Right, sir.

Arijit Dutta: Understood. The second question is on Ramsarup come into the books fully in this quarter what would be the impact in P&L because I believe in the notes of account it is mentioned that it has not been operational since last two or three years, which impact it will take couple of years, at least one year to start operational, so next quarter and in Q3 when the full quarter impact will come. What would be the Ramsarup related EBITDA loss in the JV that you can project?

Deepak Kumar Agarwal: I am not very clear; can you just please repeat your question again?

Arijit Dutta: Okay, Ramsarup is going to come in our books right sir?

Deepak Kumar Agarwal: Yes, Ramsarup Okay?

Arijit Dutta: Now, since we will not be recording revenue for next couple of quarters because the plant is shut down but we will be recording corresponding expenses, the operational expenses at least fix point. What kind of loss that we can expect for the next couple of quarters till it becomes operational?

Deepak Kumar Agarwal: We have just been given the possession of the Ramsarup and as we know that basically this plant was shut down for very long at this point of time we have appointed the consultant our PUs to evaluate. But hence in next one quarter, in Q3 I do not think that we will be able to take the decision because we are working on the larger business plan on the better side for the lockdown for us for the shareholders and all. So, I do not see any asset of Ramsarup we will be seeing apart from some securities and admin expenses which is the peanut to the total business.

Arijit Dutta: Can you quantify some bit of number that the loss will be there, say Rs.50 Crores kind of thing?

Brij Bhushan Agarwal: No, monthly around Rs.5 – Rs.7 Crores maybe we will be investing on the due diligence, statical theme and all in next six months nothing major.

Arijit Dutta: That is nice. Thank you, second question is on the coal availability, now I believe you mentioned in the last call that we take coal mostly by truck so there is no problem whatsoever. Can you also tell me what is the overall coal availability situation now, non-power sector are they getting the coal now?

Brij Bhushan Agarwal: The availability of coal what we were sourcing from the local subsidiaries of Coal India has improved a lot in last one month which was little bit harder but as you know that if you see our coal cost per ton is very, very competitive in Q1 as well and Mr. Agarwal has mentioned that around Rs.11 to Rs.12000 ton in Q2 we expect that might be it will go up to this level which still we need to work for it in detail. Availability is not a problem and now the availability is from the import side is also increasing lot of Russian coal and other Australian coal are coming in the market and I do not see a very much downfall on the international price of coal till the geopolitical and the gas issue is resolved but also we do not expect any uptrend on the coal price. Things are cooling much better on the availability side and I do not see any new pressures or challenges from the pricing and the availability. Thank you.

Arijit Dutta: Yes, sir. On the domestic part you seeing decline in the spot prices, I understand in Q2 because of the inventory it can go up but in the domestic front in last one or two weeks are you seeing some decline in the coal prices?

Brij Bhushan Agarwal: The availability has increased and there are marginal decline, I would not say a substantial decline but the trend is going down. Because what is the reason, all the hydel plants are very much active and there was a power shortages in the country and that was the peak time when we consider from October – November onwards to April. After the monsoon, the demand also gets compensated with the hydel energy which is also one of the good source in our country. This is one of the reason and the demand of the coal has come down because they have to also control their production for their power and all, this is the reason where the coal availability has improved.

Arijit Dutta: Understood. That is all from my side. Thank you, very helpful.

Moderator: Thank you. The next question is from the line of Vidhi Dadia from Raedan Securities. Please go ahead.

Vidhi Dadia: The imposition of export duty in Q2?

Brij Bhushan Agarwal: We expect that there is lot of pressure from the forex revenue side as well and the prices of the steel have come down. We expect that there should be some correction in the export duty part but I do not expect that they will be making it zero which was earlier maybe from 15% they can come up to 5% or so. But there is no such concern because today the international market and the Indian market there is not much disparity on the price side and all. But it is going to build up a synergy like there are certain specialized products which is getting affected, so lot of mills who are right now focusing on the other product then a specialized product because of the pressure they will be again converting into this. Overall, once the export duty is reduced or withdrawn it is definitely going to give another synergy to the steel industry.

Vidhi Dadia: Okay, sir that was helpful. Thank you.

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

Amit Shah: Sir I understand you have entered into the aluminum business I essentially want to understand two things what is your outlook on the aluminum commodity prices and if you can share some brief overview about your business plan for the aluminum business? Thank you.

Brij Bhushan Agarwal: Today, aluminum is one of the most interesting and demanding in the metal prospect when we are talking from our business right now we are focusing more on the export because the kind of plant or of the best foil plant what we have set up in the country with the aspiration of doing specialized product. Things are very much getting under control; lot of process is there and you want to export because all these cater to the sector around the pharma industry in the international market and some specialized industries. There are lot of formalities like FDA registrations and approvals and all, we are through with and right now if you ask me we are seeing a bit demand in this sector because China which was dominating earlier in the finished market is almost very much restricted for their participation in the American and European market. In the last six months what we have seen is lot of demand and enquires coming from the European market and American market and they are very much wanting India to supply them. We have already dropped few orders and for the trial, inspection has been done they are very happy to see the plant, lot of learning process is there and we expect industry has a good value share in our existing business and will add a good value to the company.

Amit Shah: This is helpful sir. If I may squeeze in one more question, going through the P&L there is some increase in the EBITDA adding cost, is this a directive move towards the SEL branded business and if yes what is our growth outlook for that business?

Brij Bhushan Agarwal: Sorry I couldn't get your question. Amit, can you repeat once more please?

Amit Shah: I was going through the P&L and I see an increase in the EBITDA and marketing cost, is this directed towards the SEL branded business?

Brij Bhushan Agarwal: It is very much affected due to the branded business, correct.

Amit Shah: And what sort of growth outlook do we have for that business if you can share that?

Brij Bhushan Agarwal: Basically, if you see we are right now focusing on B2C, slowly, slowly if you see last one-year performance the penetration what was there during the time of IPO, what the percentage we have shown in the long product businesses and today, it is more than double digit. We expect that in the time to come since we have a lot of distance advantage on the product side, on the logistic side and if you are able to enhance the brand, fluctuation, the volatility in the market and lot of advantage of the value-addition is there. We would like to focus more and more on the B2C business and we expect that every quarter we should be able to create at least 7 to 8% growth in this business.

Amit Shah: This is helpful, I will come back in the queue if I have further questions. Good luck, sir. Thank you.

Moderator: Thank you. The next question is from the line of Mukul A Verma from Verma Associates. Please go ahead.

Mukul A Verma: Good afternoon sir. Happy to see good results compared to other companies. I have a question to Brij Bhushan Ji, for the promoter holding have you put any thought to it that when you will bring it down to 75% will it be in this financial year or next financial year and are we also looking at regular interim dividend policy every quarter like last we had three quarters of dividends and this time also we have given dividend, so will it be a regular phenomenon every quarter or how is it?

Brij Bhushan Agarwal: We have two years down the line and as on date we have time we are evaluating for a right time, we have seen lot of betterment upgradation happening in the company and if see the volume growth of last one year, quarter-after-quarter, if you see the result, if you see governance and all we are doing fairly decent and lot of products in the time to come we will be adding which we have projected in our IPO like we are setting up the glass furnace it will be a backward integration for our existing plant Coke oven batteries are coming up, we are adding pellet plant. Maybe once we see a right time for the company and the industrials we will be taking a call accordingly.

Mukul A Verma: Okay, and will be looking at increasing the dividend percentage like as you had mentioned last time that 10% of the earnings is the dividend policy?

Brij Bhushan Agarwal: That we are already doing if you see every quarter we are maintaining the same and what we decided and what we discussed and shared our views on the capital allocation policies and dividend policy we are very much clear that we should be able to maintain it and we will maintain it.

Mukul A Verma: Correct, superb. All the very best. Thank you.

Moderator: Thank you. The next question is from the line of Sanjeev Kumar Damani from SKD Consultants. Please go ahead.

Sanjeev Kumar Damani: Good afternoon. Congratulations on very fine performance of the company. Firstly, I wanted to start with that do we own our own iron ore mines?

Brij Bhushan Agarwal: Presently no, we are around the vicinity of iron ore only and we get the iron ore at a very competitive price. If you see quarter-after-quarter from the pricing side your company Shyam Metalics must be among the best of the companies from the iron ore procurement at the cost per ton iron ore.

Sanjeev Kumar Damani: Largely it is from a government company like NMDC or Iron ore is available freely from other private players?

Brij Bhushan Agarwal: It is the mix of government like OMC, NMDC and all, it is a mix I would say and when you are near to the iron ore and if you are buying the iron ore mines in the auction the prices are very high and majorly all the bids what happened in last couple of years if you compare the iron ore prices it is around 20 to 30% expensive than the market drive. It wasn't very prudent for us to take such a call all we have a very advantage of our location, the vicinity, the logistics to control the quality deal at a right time, taking the right opportunity. But in the time to come if you see that we are getting at a number which really adds value to our organization not the liability of any kind of losses or any kind of over cost.

Sanjeev Kumar Damani: Okay, regarding coal also you have to procure from outside only you do not have any coal mines there?

Brij Bhushan Agarwal: Yes. The inventory we are buying from Coal India Limited.

Sanjeev Kumar Damani: Okay, neither for making iron or neither for making for your own power?

Brij Bhushan Agarwal: Majorly, but we do blend imported coal when we see some percentage of any kind of advantage or if there is any kind of advantage or if there is any kind of a challenges like in between there were some challenges. At times we generally go for these kind of about.

Sanjeev Kumar Damani: Sometimes there are arrangements that Coal India Limited mines that particular mines are assigned to the company for getting material from there only, so that sort of arrangement also do you have or it is not necessary to get only from one mine and maybe you are getting it from various?

Brij Bhushan Agarwal: We do not have any such kind of an arrangement for a steel company or for CPP they have these kind of arrangement under the Shakti Yojana for the IPP (Independent Power Plant).

Sanjeev Kumar Damani: Okay fine. Now, coming to Ferro products, when you define Ferro products for this do you have mine Ferro ore from somewhere or iron ore is processed to make Ferro products?

Brij Bhushan Agarwal: No, we have to get the manganese ore, chromite ore, chromite ore we procure from OMC (Odisha Mining Corporation) which is a government of Odisha company and manganese ore we buy locally as well as we import. These are all very specialty and all which is used for making high value-added scheme and more than 60% what we produce we export in the international market because we create a very special product for our specialized customers.

Sanjeev Kumar Damani: Not from manganese ore, if there is a company of Government of India?

Brij Bhushan Agarwal: Yes, we do buy but we are not because we make a specialized product and for making a specialized product you need a specialized manganese ore. So, there are certain mines worldwide like in Australia and other part of the country where we source and we make that manufacturing.

Sanjeev Kumar Damani: And you use it for your own consumption as well as export. I think you also require for your own consumption as well these products.

Brij Bhushan Agarwal: Generally we buy our own consumption from the market because we fetch a better data in making because we make specialized alloy. But whatever the off grade in the process from runs and all what we generate we consume internally and majorly because for our steel making we don't require a specialized alloy and the alloy what that country produce is majorly on the specialty sector.

Sanjeev Kumar Damani: Ferro alloys that you produce are on the specialty side only and can it become sort of monopoly of this company no, nothing like that?

Brij Bhushan Agarwal: Certain products we have a monopoly I would not say 100% maybe around 35-40% products what we make they are very few companies worldwide maybe four-five companies worldwide who produce all these products.

Sanjeev Kumar Damani: Very happy to learn that. Sir, Iron pellets I was coming to, iron pellets I know that whenever there is a very big demand in the market then the price realization is very high for iron pellets, do we process and sell or do we do job work for others as far as iron pellet is concerned?

Brij Bhushan Agarwal: We process and sell, we buy fines and make pellets, we do not do any job work for anyone.

Sanjeev Kumar Damani: I saw that sponge iron price realization is very good and rather at par in the last quarter whereas the iron pellet prices have gone down. What could be reason if you can kindly explain?

Brij Bhushan Agarwal: Because of the 40% export duty what the government has imposed on the export of iron pellets and iron pellets that is the reason.

Sanjeev Kumar Damani: Okay, otherwise suppose if this duty is removed then our iron pellet export activity can also do much better in days to come?

Brij Bhushan Agarwal: 1000% yes.

Sanjeev Kumar Damani: Okay, thank you. Now, coming to buying point about your aluminum foil manufacturing, the idea is to make only for export buyers or we are intending to supply to domestic manufactures of drugs, do we intend to deal locally also?

Brij Bhushan Agarwal: We are very new in this business but we have derived with our few months experience that export market is a very, very niche market and the product what we make fetch a better realization in the export market. As of now if you see what we have learnt from the business we would definitely like to be in the local market as well as in the domestic market, so that the flavor of the market is always with us but naturally if you ask me, our focus will be on the international market maybe 60-70% we do export and 20-30% we do domestic.

Moderator: Thank you. The next question is from the line of Anirudh Singhi from Dalal and Broacha PMS. Please go ahead.

Anirudh Singhi: Good afternoon. Could you give us an update on the new capacity that commissioned in last quarter? What is the current utilization and what is the ramp up plan?

Brij Bhushan Agarwal: We just commissioned half a million-ton long product capacity which is not 100% commissioned but we are stabilizing the plant. We can see a better result in the third quarter, so the steel melding, the Billet facilities, the long product facility what we have done now and we also have a plan like other projects what we have declared that DRI, the sponge iron capacity also we will see that in the fourth quarter we will be able to commission another three-lakh ton capacity. All these things is under process and slowly, slowly whenever we commission the plant we can see the results in the quarter.

Anirudh Singhi: For the 1.2-million-ton pellet plant how much do we intend to produce this year?

Deepak Kumar Agarwal: As of now we have a total capacity of 8.04 million ton is the running capacity which comprising of 2.4 million ton is Billet and 3.6-million-ton pellets, 1.3-million-ton sponge GRI, 0.9 million ton of Billets, 0.9 million ton of TMT, 0.2-million-ton Ferro alloys and 267 megawatt of captive power plant.

Anirudh Singhi: I was just asking we commissioned 1.2 million tons of iron pellet long in January?

Brij Bhushan Agarwal: In the last year 2021-22.

Anirudh Singhi: Yes, much of that do you intend to produce this year?

Brij Bhushan Agarwal: About 90%. The capacity utilization will be around 90%.

Anirudh Singhi: So, additional 1 million tons from the new plant?

Brij Bhushan Agarwal: Perfect.

Anirudh Singhi: And from sponge iron and Billet plant?

Brij Bhushan Agarwal: All the Billet plants are running in 80 to 90% capacity.

Anirudh Singhi: Even though newer for profit?

Brij Bhushan Agarwal: No, once the newer plant which we are commissioning and getting commissioned and all it takes little time but if you see from the year-to-year prospect maybe around 60-70% utilization but from the third and fourth quarter it should be around 80 to 90%.

Anirudh Singhi: All right. Secondly our stock entry this quarter was Rs.98 Crores and for the entire last year it was Rs.32 Crores. Could you seen that jump?

Brij Bhushan Agarwal: Sorry?

Anirudh Singhi: Our purchase of stock in trade this quarter was Rs.98 Crores and for entire period of FY2022 was Rs.32 Crores, what led to that jump?

Deepak Kumar Agarwal: That is basically because we are procuring some manganese ore or some pig iron where we are re-selling some part of the manganese ore or some part of the pig iron we are re-selling that product that is why the purchase of stocks are jumped only because of procurement of some of the pig iron where we are re-selling that pig iron.

Anirudh Singhi: Okay, and just a bookkeeping question, in the press release where we stated our phased volumes if I add a purchase on the individual products I come to 827 KT whereas the total mentioned is 835 KT am I missing something?

Brij Bhushan Agarwal: Pardon sir, I can't get your point.

Anirudh Singhi: The total phase volumes that you have disclosed if I add at each of the products, for the product iron pellets, MSD the sum of all of it comes to 827 KT, as total mentioned in the press release is 835 KT?

Brij Bhushan Agarwal: Yes, this 835 KT comprises of also some of the aluminum foil product also.

Anirudh Singhi: Aluminum foil was about 1500 tons, right?

Brij Bhushan Agarwal: Yes.

Anirudh Singhi: But the difference of here is about 8000 tons?

Brij Bhushan Agarwal: We can check and revert that if you can just send a mail, your question is also not very clear but what you are saying we need to re-check and then we should inform you.

Anirudh Singhi: Okay, no problem. Thank you.

Moderator: Thank you. Due to time constraints this will be the last question, so we have reached the end of question-and-answer session. I would now like to hand the conference over to Nachiket Kale for closing comments.

Nachiket Kale: Thanks everybody, thanks for your questions and for your time on the call. I would also like to express my gratitude for the management to spare their time. For any queries regarding Shyam Metalics and their operational strategy please feel free to reach out us Orient Capital, we are the Investor Relations partners for Shyam Metalics. Thanks again everyone. Have a nice day. Thank you.

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