"Shyam Metalics and Energy Limited (SMEL) Business Update Conference Call."

March 16, 2022







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Moderator:	Ladies and gentlemen, Good day and welcome to the Shyam Metalics and Energy Limited
	Business Update conference call. 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. Pankaj Harlalka – Head IR –. Thank you and over to you, Sir!

 Pankaj Harlalka:
 Thank you Stephen. Thank you, ladies and gentlemen for joining us in the call. I Pankaj Harlalka

 - Head of Investor Relations at Shyam Metalics wishing you all a very good evening and a very warm welcome to the business update conference call. I hope you all had an opportunity to review our press release, which is available under the investors section of our website and the same are accessible in the BSE and NSE websites. The same press release has been emailed to the investors and analysts who are part of our e-mail distribution list.

To discuss the business update, I'm joined by Mr. Brij Bhushan Agarwal – our Vice Chairman & Managing Director; Mr. Deepak Agarwal – Executive Director - Finance & Compliance; and Payal Dave from Orient Capital – our Investor Relations Partner.

Now, I would like to invite Mr. Brij Bhushan Ji to provide his perspective on the present environment and further CAPEX announced.

Brij Bhushan Agarwal: H

Hi, hello. Good evening, everybody, and wish you a very Happy Holi in advance. We welcome you to this conference call to discuss our recent business update. As we are all aware about the geopolitical scenario between Russia and Ukraine, which was unprecedented and the worst scenario has undergone a drastic change and the impact has been enormous on the cost of the energy, ore and transportation. This has a direct effect on the steel industry and metal industry. On the bright side, we find the Russia production is still on but on the refusal of EU to buy the Russian steel it shall provide an opportunity to Indian players to fill the gap. Even the production at the Ukraine has been hampered presently.

As we are all aware about the Russian export, which is in the tune of 29 million tons of steel of which 8.8 million ton was to the EU countries in the previous year. Ukraine is also an exporter of alloys and steel an export around 15 million ton of steel.

From our company point of view, we are witnessing higher demand for our alloy products and from the ore point of view the demand has increased for the pellet. Generally, as we are all aware that our export contribution has been always in the tune of around 18 to 20% of our revenue. These coming 2,3, 4 months, we may witness the higher contribution to our revenue from export market. On the flip side, the cost of the energy, ore and logistic has also increased substantially leading in the rise of the price of the steel across the globe. The magnitude of the situation may be gauged from the intimation of a few of the leading steel producers terming the present situation as force majeure.

Our prudent policy on the capital allocation, our business model, being mostly indigenous safeguard us to an extent from the exorbitant, price increase hike in the energy costs especially in the coking coal. We are a very low leverage company and we are sitting on the net cash of 926 crores on our balance sheet as on 31st December 2021.

Every day provides some new learning and we have prepared ourselves as a company to respond to the situation rather than react with our sight firmly on our long-term goals.

We are very happy to inform you that we have taken another step in our plan to add capacity and ramp up the production. We very recently announced a fresh round of the new CAPEX plan of 990 crores. We are poised to enter into the financial year 2022 to 2023 on firm footing and set to grow further. We have already made three successful announcement on the completion of the project announced during our IPO and are pursuing the path of completing the remaining project on schedule.

Our company is aiming to scale new heights and we are also making inroads in brand development. A brand initiative of Salman Khan as our brand ambassador, has been launched very recently. As we continue to expand operations, we are increasing our effort to grow holistically keeping sustainability in focus.

I would now like to hand over to Mr. Deepak Kumar Agarwal – our Director of Finance to take you through the business update. Thank you very much.

Deepak Kumar Agarwal: Thank you, sir. Good evening, a very warm welcome to all of you. During the IPO, we had laid out expansion plan spread over four years with a budgeted CAPEX of approximately 3000 crore of rupees, which was funded through internal accruals. As on 31st December 2021, we have incurred 1363 crore from the budgeted amount and made significant progress in enhancing our capacity. We have further spend 145 crore in the month of January and February 2022, and we are all on schedule in the progress our CAPEX expense. Out of the proposed capacity expenses of 5.9 million ton of aggregated integrated capacity, we have already announced a commission of 2.05 million ton of integrated aggregate capacity, which comprise of addition of 1.2 million ton of pellet, 0.72 million ton of DRI, 0.05 million ton of billets and 0.08 million tons of long steel products and along with that we have also commissioned the 40 megawatt of power plant. In addition to this expansion, we have also commissioned the state of art aluminum foil plant with a capacity of 40,000 metric ton with a projected cost of 360 crore which has already been commissioned. The remaining projects which are in the various stage of implementation, and we shall keep informing and update our stakeholder as and when the completion for the same are achieved.

Coming to the fresh CAPEX, which was announced yesterday aggregating 2.85 million tonnes of which comprising of 2.4 million ton of pellet, 0.45 million ton of coke oven plant with a total capital outlay of 990 crore. We are expanding our pellet capacity both at our Jamuria and Sambalpur plant from 1.8 million to 3 million each by adding 1.2 million ton of pellet at each

locations. In aggregate, post this expansion, our pellet production capacity shall be 6 million ton per annum. We expect to complete this expansion by September 2023. With our increased DRI capacity, the present pellet capacity shall mostly cater to our internal requirements. Over the last decade, the pellet produced by us have been well accepted both in domestic and export market. The present expansion will facilitate in keeping us as a relevant pellet producing producer in the market. For each 1.2 million ton per annum a capital outlay of 180 crore is expected. In aggregate the CAPEX costs for 2.4 million ton is estimated at Rs.360 crore.

Owing to the present situations, our team of experts also find it imminent to set up a coke oven plant along with the blast furnace being set up at our Jamuria plant. We shall take up the setting of 0.45 million ton of coke oven plant, which too is expected to be completed by September 2023. The cost of this coke oven plan is Rs. 450 crore, approximately.

The increase in capacity has led to higher volume of raw material requirements. In anticipation of the same we are also proposing to add two lines to our existing two line of captive railway siding at both our plants in Sambalpur and Jamuria. This time around, we also plan to add wagon tippler for smooth handling at our both plants, the same shall be achieved at a total outlay of 90 crore at each plant.

We shall prioritize near term capital spending on expanding asset base with the increased capacity to boost our future potential. I would also like to have the share key highlight of our expansion.

The project that we set up which we are announcing yesterday is a Brownfield expansion on the existing land available at the respective plant.

Second, the new project expansion entails an increase of 25% over the 11.6 million ton of integrated aggregate capacity post expansion suggested in the IPO. The increased capacity the post current announcement will be 14.5 million ton per annum as an aggregate integrated increased capacity. The new project will be aligned with our sustainability goal as the company continues to focus on its environmental footprint. The budgeted incremental CAPEX will be approximately Rs.990 crore, and the same will be funded completely through internal accruals.

On a nine-month basis, I would also happy to announce that the company has almost doubled its revenue and tripled its profits, a testimony to our focus on keeping costs in control. We have one of the lowest cost of power in India and almost 80% of our power consumption is made through captive generation. Our focus has always been managing cash flow and improving working capital efficiency. This has led to our strong balance sheet. We continue to witness improving traction and are very optimistic of scaling operation further.

We thank you all for your continued support and looking forward to continue interaction with you. Now we can proceed with a question answer session. Thank you very much.

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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 Edelweiss. Please go ahead.
Amit Dixit:	Good evening sir and thanks for the opportunity and turn for giving the copy of the business update. Just two questions from my side. The first one is essentially on the CAPEX if I look at it from what you mentioned during IPO and even rate for FY23. While progress has been made on the upstream side, pellet and sponge iron but we still have to see some tangible progress on steel side particularly billets and TMT even ferroalloy. So, is it possible to mention that what kind of capacity would we see for these three business centers by end of FY23? That is the first question.
	question.
Brij Bhushan Agarwal:	Related to the steel capacity, the long product facility we expect to commission both in our Odisha plant and Bengal plant very soon. Maybe we expect that by June-July we will be commissioning around 4.5 lakh ton of capacity comprising of both the side and related to the ferroalloy, I would say that since we have not shared a very major expansion in our IPO in the ferroalloy expansion, but, we are putting up a low carbon alumina ferrochrome plant, which is under the final stage of erection and commissioning and we expect the commercial production should start from end of April.
Amit Dixit:	So, this just a follow up this point 0.45 you mentioned is for 0.45 for billets and 0.45 for TMT and structure.
Brij Bhushan Agarwal:	Correct.
Amit Dixit:	Okay, great. The second question essentially is that, first of all, I mean, this is a good example of capital allocation that 990 crores is being allocated towards capital expansion particularly a coke oven plant which you would require it at a later date. So, just wanted to get a sense on have we decided where we are going to kind of get our coking coal, I know, it's still early days and

we decided where we are going to kind of get our coking coal, I know, it's suff early days and we require we do not require as much, but any thoughts around that given the volatility in coking coal prices we have seen. So, do you still think it is very prudent to go ahead with this blast furnace style of expansion rather than furthering your ambitions and maybe DRI IS where you have a great degree of competence.

Brij Bhushan Agarwal: A very, very intellectual question. today when we are talking today is a very, very different scenario. As I have mentioned that, it's more a geopolitical concern which is going around the globe and we know the complete logistic on the sea front and a lot of issues have arisen in last couple of months. But this is never going to remain the scenario like this, because steel, coke and coking coal, these are the raw materials and where Shyam Metallic is concerned, as we all know, that we are buying the pig iron from the pig iron producer and if we are putting up this coke oven plant, it is going to add more value in reducing the cost because if you see the cost of the pig iron and whatever we buy, always we see there is an EBITDA of around Rs. 3000 to Rs. 4000 per ton. So, it is rather going to reduce the cost of our existing steelmaking and also will help us to consolidate on the solid, platform where the group is concerned and one of the very

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destine advantage what we have in our existing new proposed coke oven plant is we are setting up a VDO technology which is a very efficient technology on the coke oven front, I will just like to brief you, as you know that the performance of the company from the technological side, from the efficiency side, from the number side has always been very-very incredible and we would not like to take any chance from where the availability or the performance or the cost structure on the variable side of the coke is concerned. So, you know generally if we set up any long horizontal coke oven plant it generally we get a yield of around 70 to 73% where you know the finish coke which is used in the blast furnace is around 75 to 76%., but in this VDO technology, we will be generating more power because it's a non-recovery type and the power will help us to reduce our cost of energy because we are not going to burn coal for making power. Number two, it will also help us for the better yield in the blast furnace because we can't depend on the coke supply from the international market as we know the coke business is very very volatile number one. Number two, there is a huge volatility in the quality aspect also. Apart from that this coke oven plant also being one of the latest plant with 22nd century technology. It will help us to reduce the cost of the Coke, the consistent quality for our blast furnace and it will help us a lot in the availability of the blast furnace. So, I would say this is a very very necessity to create a very strong backup fundamental from the supply chain management point of view, from the energy cost point of view and since we are very localized plant which is in the bed of the availability of coking coal, we will have an advantage of using around 30 to 40% of the domestic coking coal which is available from the Coal India by washing it and blending it with the imported coal, which will help us to reduce the coke price in comparison with the international price. Thank you.

Moderator: Thank you. The next question is from the line of Ashutosh Somani from JM financial, please go ahead.

Ashutosh Romani: Sir. This is a more steady state question on your capital allocation. So, essentially, over the next couple of years, what is the kind of CAPEX you're comfortable doing as a percentage of your cash flow from operations on a steady state basis? What kind of IRRs and ROAs is you have in mind when you look at a certain project? That's one. The other is a more operational question in terms of, this current rally in prices from Jan, has it hurt demand in any way so far in industry?

Brij Bhushan Agarwal: Yes when we are talking from the CAPEX allocation point of view, as we are well aware that we had been a very, very prudent company and since last 2005, after seeing three turmoil, we had been always the least leverage or no leverage company. So, we are strategically fundamentally we are following the same precedents and on an average on the cash flow side generally we maintain around 60% plus minus 5%. But, from the IRR point of view also whatever projects what we do, generally, we make sure that it should be more than 17 to 18% of the IRR what we compute in our system and that also on the very-very, conservative side and related to be January onwards, if you see since I have always mentioned that if you compare Shyam Metalics with any other steel company, we are very, destine, very-very different in the comparison with the raw material side, which is a strength today, we are procuring more than 60% of our carbon or maybe 70% of the carbon from the local coal that is Coal India Limited. Page 7 of 15



We have linkages, we buy at the spot link auctions as well seeing the market scenario of the realization of our raw material visa the sale of the finish and if you see where other companies they have really suffered on their numbers of margins and Shyam Metalics has really shared a better numbers in the toughest scenario when we see from the September to December quarter also the EBITDA margin was very, very decent and I personally feel from Shyam Metalics prospect, we are on the better side where this turmoil what we are seeing in the increase of the raw material though, it has impacted us also if you see from the base price, but from the realization side, the numbers are going up and the delta is better. The steel prices are majorly dominated by the coke price as we are all aware of and the dependency of Shyam Metalics is on the coal price. So, we are definitely on the better side and in the time to come also the increase in the international iron price is definitely going to be more and more beneficial in comparison to the delta, but once we see the base price numbers of the raw material calls definitely we will also have a hit, but on the margin side, I'm very, very, positive that we will be on the better side.

Ashutosh Romani:Sure sir, just a follow up on the second aspect. Sir , the end product prices being high since
January has it in any way impacted the demand from your customers

Brij Bhushan Agarwal: See, I would really say at this point of time, there is a little bit of stiffness because whatever the system's inventory and all people in between, they are used to they become little bit concerned, but where Shyam Metalics is concerned, I don't see any kind of stock situation, to be worried off, because we are very, very localized, B2C business plan, if you see like most of our customers are within 500 kilometers and the product where we are, catering is generally in the sector, where we have a great strength of our marketing and trust and we are able to convince the customer like from the price front that though it is on the higher side, but they should not expect. So, we are able to cope up but I would definitely not disagree on the fact that there is little bit of tightness from the buyer side concern is their buying at so high price because if you see, there has been a price increase of around 30% on the steel price, but, simultaneously, I would say the demand is also very, very strong, as we all know that a lot of project is happening across the country and as a product where we are into has a great potential in our Indian development also as well as in the export.

Moderator: Thank you. The next question is from the line of Prashant Kumar from Dolat Capital. Please go ahead.

Prashant Kumar: Sir, good evening and thanks for the opportunity. Sir looking at the projects that we have announced the fresh round of expansion and the kind of CAPEX outlay at 1000 crores. Si r backup general broad rough calculation suggests that the payback period is as low as probably 2.5 to 3 years. So, we were kind of wondering how was it possible to get this project done under such a low CAPEX apart from being a Brownfield etc., I know you have a lot of expertise, but if you could explicitly highlight some of the aspects as to how you are able to pull this off in such a low CAPEX and a very healthy payback period, you could throw some light on that sir.



Brij Bhushan Agarwal: For every project, if you see around 25-30% is the infrastructure cost when we see from the land, power water and since we have a very strong domain industry, we understand how to rationalize the cost. We have our own engineering experts and this is the way you know this is a success mantra of Shyam Metalics like whatever project we had committed in our IPO or we had been committed in the past of doing the CAPEX in the power plant of around 3-and 3-1/2 half crores per megawatt, we have been able to benchmark below that. So, basically, if you see when we are adding a pellet plant a lot of infrastructure like metal handling plants, your so many other issues are there utilities, your powers and all everything was inbuilt keeping in provision of the future expansion. So, it is nothing it is just engagement of the core equipment at a place where you have your own expertise of project management your team in place. We have our own civil management where we have, own expertise and we use a lot of our internal infrastructure of world class of capital, civil equipment to make sure that we are able to do before time and it saves a lot of cost.

 Prashant Kumar:
 Understood sir, that is helpful and my second question is on the price rise what we are seeing in the long product in the market now is about 70-72,000 rupees on the long side. The TMT that side of construction scene compared to that, broadly, if you could tell us where is our pricing broadly.

- **Brij Bhushan Agarwal:** There are different kinds of pricing when we are talking from the long product point of view, we have a network sale, we have an institution sale, but on a on an average, I can say like, the market has soften in last one week because of the festival, the Holi and a lot of issues are there. So, but on an average, if you see when we are talking from the long product price of 70 to 72,000, it's not basically the reflective price at the MRP in the market. But there are a lot of discounting factors, a lot of incentive factor what we pass on to the distributor dealers in our network field, but on an average, I can tell you approximately, 65-66,000 should be ex-NCR. Am I right? Yes, around , 65 to 64,000 should be the ex-NCR presently. Yes.
- Moderator: Thank you. The next question is from the line of Abhijit Mitra from ICICI Securities. Please proceed.
- Abhijit Mitra: Yes, thanks for taking my question. So, I have two questions. First of all, on the raw material inflation side, how are you sort of planning, your course of action to the next couple of months and, because that would also require certain more working capital deployment as well and secondly, regarding this, very sharp increasing scrap prices globally, almost, 30 scrap has gone up by almost \$150 in the past two weeks. So, had that flown into prices of longs in India that is yet to flow in and how is the supplier the availability of scrap? Is that restricted right now, or you see scraps going into the market freely. Thanks, that's all from my side.
- Brij Bhushan Agarwal: As that they are not a very scrap dependent plant and we are completely on our capital sponge iron and what we use, so, we are definitely getting super advantage on the pricing side, because it is always advantage for us more and more, if the scrap prices are there, it is easy for us to increase and enhance more value on our finished product. So, first of all, I can just share my

thought that all the coastal plant which are dependent on these scrap, their cost goes up and we are able to share a lot of our material in the other part of the country with a better realization. So, it is always a super advantage for us. Number two, when we are talking from the raw material prospect, as you know that we are not dependent on the coke and all and we are more dependent on the Coal India for the supply of coal and we are on the bed of the coal. Yes, definitely, there has been an increase in price, I would not deny on that. But if you see the delta like the price what has been increased in the carbon cost visa the price what has increased in the finished product visa the coking coal price, we are in a very very advantageous position, we are able to increase more value of the product what we sell, and also the delta margin related to the iron ore also, we are also very near to be iron ore mine and we have some long term contracts on the supply side some long term commitment and all, but definitely it's never 100% on that. There is some increase on the iron ore, but overall, I can tell you that the margins are better for us, because it always gives them more advantage when the imported price of the iron ore goes up, the coastal industry they suffer more and the international price of the steel goes up. So, it penetrates the company more better side from the raw material side as well. Thank you

- Moderator: Thank you. The next question is from the line of Bajrang Bafna from Sunidhi Securities. Please go ahead.
- **Bajrang Bafna:** Thanks for the opportunity, sir. In terms of our raw material integration, could you throw some more light like we have linkage coal from Coal India. So, how the pricing you know is done for this linkage coal because, now there is a tremendous, pressure on the international market and we are not a priority sector for Coal India. So, in terms of availability and in terms of contract if Coal India doesn't honor that linkage, so, how that mechanism work, if you could make us understand will be really helpful.
- **Brij Bhushan Agarwal:** So, very right question, I would just like to share that, we don't work on the yesterday's inventory management. So, when we are running such a big integrative plant, we have a good line of inventory management and a lot of long term contracts are there and Coal India they always have a problem in evacuating the material by rails. The advantage what we get is since we are the next-door plant from the mines, there is never a stopping or any major concerns on the roadside, generally, the restrictions comes on the rail side. Number two, like we have a linkages we also buy through the auctions. So, we always do an average of taking the advantage time to time seeing all the price of the raw material and all but yes, the raw material price have definitely gone up. There is no I would definitely agree what you are saying, but, if you see the percentage of raw material, which has gone up, the prices of the finish has also gone up and if you see the margins from the cost versus even the finished prices, we can definitely determine that, it has been completely passed on with the major advantage on the pricing side as well.
- Bajrang Bafna: Yeah, I got that point very right, sir. But in terms of our expansion, like we are now entering into an expansion phase and we will require, more coal in times to come. So, we might have, some sort of integration in terms of linkage with Coal India on our existing capacity, but when we are going for this expansion spree, can we expect the similar sort of, percentage linkages, Page 10 of 15

like, if I'm not wrong, it is 70% linkage and maybe 30%, through other sources, that is what I could gather from, reading your material, and it's a new company for me also. So, if you could just give us some sense from a future expansion perspective, what sort of you know linkages we will be having.

- **Brij Bhushan Agarwal:** I am just briefing you on this, if you see, there are a lot of the coal in there in last one and half, two years have auction lot of mines, what is really going to happen today, all the big companies, the aluminum company like Vedanta, Aditya aluminum. So, many companies, they have taken up mines. If I see long term goal whatever expansions we are going ahead, I see that a lot of these big companies are going to convert into their captive mines and Coal India is also simultaneously taking the production with the huge goal of producing more than 1000 million tons if they don't produce 1000 also, which we also understand that what they are targeting and what they will be able to do it, but still there is a lot of gap. We have an advantage of our plan being in the Coal India belt, we have an advantage of a lot of other benefit of having our railway sidings. We have connected with lot of collieries. We are connected with lot of subsidiaries of Coal India, we are not dependent only on MCL. So, this is an advantage what we have and we should not be worried on the energy coal side this is just a phase and this will really help us in next two to three years when we will see a lot of this mines are going to open up. The Coal India is going to ramp up the production and 100% with my, understanding of my business the company like Shyam Metalic which is completely majorly at 85% -90% dependent on the local coal is going to get a very good advantage.
- **Bajrang Bafna:** Okay, okay, got it. So, you know in terms of iron ore also could you just throw some more light when you know we are expanding capacity and we are again totally dependent on the local availability. We don't have only iron ore mines. So, in future any plan to integrate that part because most of your competitors if I see they are clearly at an advantageous position in terms of their integration of iron ore mines, so, are we doing something strategically which can maybe over the next couple of years could give us that kind of insulation.
- **Brij Bhushan Agarwal:** See, when we are talking from the iron ore mine prospect, it is not that we are not participating, but we are our strategic business principles are that all the business has to be on the IRR basis. So, the major mines which has been auctioned has been gone at no IRR or minus IRR. Number two, we have a linkages from OMC, Odisha Mining Corporation, which is one of the largest resources in the country we have. They are also expanding their mines, the bigger the steel partners. They are now consolidated with their own captive mines. So, I see in the time to come, we will not have any kind of a concern because we have been always in the iron ore scenario of crisis since last 2005-2006 and we have always taken the advantage of our location, our linkages and in the time to come if we are able to get a good mines at a good IRR we will definitely offer that as well.

Moderator: The next question is from the line of Aman Madrecha from Augmenta Research. Please go ahead.

Aman Madrecha: Can just let me know about what percentage of pellet production is actively consumed and what is sold outside?

Brij Bhushan Agarwal: Today, more than 70% of the pellet what we produce we consume it and whatever expansion we have done and which is in process whatever pellet we are producing, it will be consumed internally. Our new CAPEX pellet plant help us to create our presence in the pellet market and also will help us to create a future expansion in the time to come see the market scenario and our CAPEX allocation plan.

Moderator: The next question is from the line of Bajrang Bafna from Sunidhi Securities. Please go ahead.

- **Bajrang Bafna:** Thank you sir for the follow up question. Sir, if we just try to understand the international opportunity which is arising because of all this doomsdays of war and all, it clearly indicates that, there is a tremendous opportunity, which is coming for India in terms of, export opportunities also because, because of this raw material scarcity and all those prices zooming up in the European market, and they are going for a severe, energy crisis at this point of time, and the production is going to be damn difficult there and this will also open up a lot of export opportunities, have we started seeing, some sort of, those opportunities coming to our side, especially from this crisis, which we could tap in the foreseeable future.
- Brij Bhushan Agarwal: Presently, if you asked me, I would say that it is no, but the reaction has already started and the penetration of the raw material disruptions, the prices has gone up. Now, in the time to come maybe from next quarter onwards, we will see that key things should definitely space up in India. Lot inquiry is there, but it is not a very-very you know serious inquiry because all the traders who are in the business of steel internationally they are watching the Indian market they are trying to understand and I'm confident that we will start seeing some movement in the coming quarter.
- **Bajrang Bafna:** Got it and more of a strategic question like we are in the basic products of the iron ore industry, but in terms of specialty steel, which are purely I would say the future in terms of higher margins business and there is a whole lot of support from government, on that side also. So, are we doing something or thinking strategically on those lines maybe from next four- or five-years perspective, which can take us in terms of more margin documentation from those specialties steel perspective. So, if you could share your thoughts will be really helpful.
- **Brij Bhushan Agarwal:** I am not very apprehensive on the specialty steel right now. There are two three reasons like if you see the major utilization of these specialty alloy steel auto sector, and there is a huge turn around changes happening in the DNA of the auto sector by the electric vehicle, so we have to watch, and we had been always very prudent and very, very conservative company. So, as of now, if you ask me, I see there is a lot of opportunity in our existing products, we have a control on the cost side, on the technology side on the resource side, on the market side, we would rather more focus to grow in the present product, there we are into, but definitely not very positive on the alloy steel side as of now,

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- Bajrang Bafna:Got it got it and in terms of sir our power cost, which we it's a commendable that is still we are
at Rs. 2. 10 paisa kind of number in terms of cost of power. So, given the price escalation of coal
and given the expansion that we are into, are these numbers manageable, or, can we see even if,
considering the current question or where this cost can go up, in the foreseeable future.
- **Brij Bhushan Agarwal:** Presently, if you ask me, basically see the major cost of our power which we dominated, we generate a lot of power from the waste heat recovery, the byproducts, the washery rejection and all. Impact of coal is definitely will not have a positive side on the cost will definitely going to impact but, honestly at this point of time, since, all these episodes has happened in last two weeks time and the market is very, very volatile, and we have not taken any position. So, I will not be able to comment you right now, but, yes, definitely, there should be some impact, but, we should not be worried of, because, if the product is able to set you a better margin, and if you are able to get the benefit of this carbon more than and more you get the value on the product side, we should not be bothered, but yes, definitely, there will be an impact, but I will not be able to comment you the impact right now,
- **Bajrang Bafna:** Got it got it and sir more, slightly not associated with our company, but, if we see in the global market, the cost of carbon production is increasing and, there are companies who cannot emit beyond a point and they need to make it good through carbon credits yes this concept has not come in India as of now, but, there are companies in the world domain or JSW who are already talking about, carbon neutrality over a period of time and there are a couple of Indian plants who are already talking to LanzaTech, in terms of, reducing their carbon footprint by adoption of, this direct carbon capture technology, which the LanzaTech is providing, and there are a couple of global steel players who are already talking to them. So, are we thinking on that direction anything that that we are also planning from a medium to longer term perspective.
- **Brij Bhushan Agarwal:** Even we are talking from the green steel prospect, we are all available that, what is the price of scrap. People in India they are thinking, evaluating, but if you really ask me we are also evaluating but at present, it is not sustainable. Once that time comes, and we see the sustainable value because it's more important to see the sustainable value of the company and we domain more on the local usage of steel in the country and in the time to come, if we see some new technology, which we are talking on the hydrogen side, definitely we will evaluate, but on the real front presently I don't see any sustainable value and yes, you're very correct. This what the globe is talking we also have ESG board in our company, we are also evaluating how best we can do on the ESG front to minimize the carbon in the existing space, but from the technology point of view, if you see scrap is not a workable solution, presently though everybody is evaluating in the time to come when we see that it is a necessity and it makes business definitely we will evaluate?
- **Bajrang Bafna:** Got it and sir my last question is holding is steel upwards of 88%, the promoter holding and what is the timeframe that is available to you for adhering to the 75% number or what is the time left and what is your broad thought process that how you want to adhere to those 75% promoter shareholding. So, any, comment on there is appreciated,

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Brij Bhushan Agarwal:	We are not governed by our time we are governed by the SEBI time. So, we have to definitely abide to the SEBI nomenclature number one. Number two, whatever new CAPEX we are working on we are still on the CAPEX both stage on the new project stage apart from what we have declared, and in the time to come, once it gets mature, because we are very concerned on our capital allocation. We are also concerned on the proper utilization of cash in our company and we are also concerned on the on our respective dear shareholders expectation. But definitely it is under the review board and maybe once we are ready with our full master plan, we will plan everything and intimate to SEBI.
Bajrang Bafna:	No, I'm just asking that the 75%, promoter shareholding what is the maximum timeframe under which you have to adhere to that next one year or two year?
Deepak Agarwal:	As far as SEBI guideline is concerned, we are to dilute within a period of three years. The last year we have listed our company in the month of June, we have enough time to dilute our equity to the tune of 75% which will be diluted over a period of three years.
Bajrang Bafna:	Okay. Got it, but there are a couple of media articles, which are indicating that say SEBI in the process of, bringing down this number from three years to six months. So, I don't know whether it is true or not, but this is what we have heard in the media a couple of times. So, just wanted, if any sense that you have got.
Brij Bhushan Agarwal:	I have never heard what you are saying from three years to six years?
Bajrang Bafna:	No, no, six months.
Brij Bhushan Agarwal:	That is the locking of the shares. No, I think there is some confusion. The locking has been reduced from one year to six months of the prior shareholders before the IPO.
Bajrang Bafna:	Okay, got it. So, still we have two years to go.
Moderator:	Thank you. Ladies and gentlemen, due to time constraints that was the last question. I now hand the conference over to Mr. Nachiket Kale for closing comments. Over to you, sir.
Nachiket Kale:	Thank you, everyone. Thanks for participating in this call and thanks for asking your question and I would also like to thank the management for sparing time today and it was a grateful fruitful interaction with everyone. We look forward to more further interactions like this. We Orient capital Investor Relations Advisor to Shyam Metalics and Energy. So, for any queries any data request, please feel free to reach out to us either me Nachiket Kale or Rajesh Agarwal and by the way, also are at the floor and I would like to thank everybody for your time again and thank you so much.
Brij Bhushan Agarwal:	Thank you everyone and happy Holi to everyone



LINKIntime March 16, 2022

Moderator:

Thank you ladies and gentlemen on behalf of Shyam Metalics and Energy Limited and Orient Capital India that concludes this conference. We thank you all for joining us and you may now disconnect your lines.