



IMFA Building
Bhubaneswar - 751010
Odisha, India

Corporate Identity No.
L27101OR1961PLC000428

TEL +91 674 2611000
+91 674 2580100
FAX +91 674 2580020
+91 674 2580145

mail@imfa.in

www.imfa.in

1st November, 2022

The Listing Department National Stock Exchange of India Ltd. Exchange Plaza Plot No.C/1, G. Block Bandra-Kurla Complex Bandra (E) Mumbai-400051 Stock Symbol & Series : IMFA, EQ	The Deputy General Manager (Corporate Services) BSE Limited Floor 25, P.J. Towers Dalal Street , Fort Mumbai-400001 Stock Code : 533047
--	--

Sub : Earnings Call Transcripts

Dear Sir / Madam,

Pursuant to Regulation 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the audio call recording of the Company's Analyst Call held on 28th October, 2022, on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and half year ended 30th September, 2022 is attached herewith.

We hereby confirm that no unpublished price sensitive information was shared/ discussed in the meeting / call.

The transcript of recording can also be accessed on the Company's website, from the attached link:

<https://www.imfa.in/investor-information/TranscriptQ2FY23.html>

You are requested to take the same on record.

Thanking you

Yours faithfully
For INDIAN METALS & FERRO ALLOYS LTD

(PREM KHANDELWAL)
CFO & COMPANY SECRETARY
Membership No: F3526

Encl : As above.



“Indian Metals & Ferro Alloys Limited
Q2 FY23 Earnings Conference Call”

October 28, 2022



MANAGEMENT: **MR. PREM KHANDELWAL – CHIEF FINANCIAL OFFICER & COMPANY SECRETARY – INDIAN METALS & FERRO ALLOYS LIMITED**
MR. BIJAYANANDA MOHAPATRA – CHIEF OPERATING OFFICER – INDIAN METALS & FERRO ALLOYS LIMITED
MR. DEEPAK MOHANTY – HEAD - FERRO ALLOYS BUSINESS UNIT – INDIAN METALS & FERRO ALLOYS LIMITED
MR. BINOY AGARWALLA – HEAD – POWER BUSINESS UNIT – INDIAN METALS & FERRO ALLOYS LIMITED
MR. SANDEEP B NARADE – HEAD – MINES BUSINESS UNIT – INDIAN METALS & FERRO ALLOYS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Indian Metals & Ferro Alloys Limited Q2 FY 2023 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 the assistance during the conference, please signal an operator by



*Indian Metals & Ferro Alloys Limited
October 28, 2022*

pressing star and then zero on your touchtone phone. Please note that, this conference is being recorded.

I now hand the conference over to Ms. Mamta Samat. Thank you and over to you, ma'am.

Mamta Samat:

Thank you, Mike. Good morning, everyone, and thank you for joining us on IMFA's Q2 FY 2023 Analyst Conference Call. Today we have with us the senior management represented by; Mr. Prem Khandelwal, CFO and Company Secretary; Mr. Bijayananda Mohapatra, COO; Mr. Deepak Mohanty, Head of Ferro Alloys Business Unit; Mr. Binoy Agarwalla, Head of Power Business Units and Mr. Sandeep Narade, Head, Mines Business Unit.

Before we begin, I would like to say that some of the statements that will be made in today's discussion may be forward-looking in nature. We will begin the call with the opening remarks from the management after which we will have the forum open for the interactive Q&A session.

I would now request Mr. Prem Khandelwal for the opening remarks. Over to you, sir.

Prem Khandelwal:

Thank you, Mamta. Good morning, ladies and gentlemen, and thank you for joining our Q2 FY 2023 earnings call. I hope you had a very cheerful Diwali and festival you're your friends and family. So happy to Diwali to all of you once again.

Coming back to Q2 results, after almost nine quarters of up-streaming ferrochrome price finally they are corrected quite sharply, which is getting reflected in Q2 results. Those who are tracking the metal industry must be knowing that we are at that leg of cycle where the cost is at the peak, but the prices have corrected quite sharply. Now the costs are coming instead down and ferrochrome prices have increased a little bit, it started moving up. [inaudible 0:02:08]. With this now I would like to open the Q&A session. Thank you.

Moderator:

Thank you, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to handset while asking a question. Ladies and gentlemen, we'll wait for a moment while the question queue assembles.

We have the first question from the line of Shubham Agarwal with Aequitas. Please go ahead.

Shubham Agarwal:

Yeah. Thank you for the opportunity and happy Diwali to the entire team. So the first question was related to the cost of production. So as you mentioned in the opening remarks that the cost has peaked and the prices of ferrochrome has started increasing, which we are observing in the market currently. But in the Q2 our cost per ton reached almost Rs. 90,000 per ton. So I wanted your guidance with respect to the next two quarter, how do you see this trending in light of the current coal prices and the coke and coal prices?

- Prem Khandelwal:** The two major costs, which is the coal and coke, which are not in our control, coke has gone up to almost \$700 and it has come down now to around \$450, \$500. And similarly coal at the peak, we had bought [inaudible 0:03:53] book at the peak of around 10,000 to 12,000 and it has come down to 7,000. So both these – this should figure in Q3 result because the consumption of these low-cost coal and coke is going to be in Q3. So we should see some dip in Q3 costs.
- Shubham Agarwal:** Okay. So this is now the peak of cost cycle in Q2?
- Prem Khandelwal:** Likely, it looks like this was the peak of cost and it should come down going forward. Deepak, would you like to add anything on the coke front?
- Deepak Mohanty:** Yes. Coke, actually in the coke front, Chinese coke has come down but Colombian coke, which is the ultra-low cost that is not coming down, primarily because the coking coal is going to Europe for power generation as you all know because of Russia/Ukraine war, the gas supply from Russia is stopped and for that reason Europe has the energy crises going on and particularly in the winter when heating is the first priority for that reason, it's going there. So coke -- although some Chinese coke has come down, even that is also volatile. Although it was in the range, it come down to around \$370 coal price, but it has gone up again to say [394,00 0:05:20]. So it's quite volatile, depending on Chinese production. It goes up and down, so quite volatile. But has come down from \$700 level to \$450 level.
- Shubham Agarwal:** [Inaudible 0:05:35]
- Deepak Mohanty:** So coal regarding, actually spot deduction price has touched around 11,800. Now it is coming down to 7,500. So we are expecting another dip in Q3 also.
- Shubham Agarwal:** And all the high-cost coal and coking coal that we had is almost over, right?
- Deepak Mohanty:** Yes.
- Shubham Agarwal:** And in terms of realization sir, so almost 103,000 was our realization in Q2. Now going forward, we had observed in the last quarter that ferrochrome fell almost INR 93,000, INR 94,000. So for this quarter and the coming quarter and now it has again spiked up significantly, increased more than INR 10,000 per tonne. So for the Q3, do you expect a further average realization drop or it will trend upwards from Q2 level?
- Prem Khandelwal:** Deepak?
- Deepak Mohanty:** It will be going down from last quarter slightly because mostly the spot prices also, it has improved domestically to around INR 105,000 and in China also, it has gone up from \$0.84 to \$0.85 to \$0.92, \$0.93. So overall looking at such things, I think it will go down a little bit further for the Q2.

- Prem Khandelwal:** Just to add because it might come down a little bit from Q2 by the average price Q3. But again, the cost will also come down. Maybe we'll be seeing a little better result in Q3 compared to Q2, this is to predict anything.
- Shubham Agarwal:** So I think everyone was expecting Q2 and Q3 to be below a par which is all right. I think from Q4 onwards, things will start improving?
- Prem Khandelwal:** It will fixed at the same thing, Q4 onwards again things should improve.
- Shubham Agarwal:** Yes, yes. And sir, secondly on the compensation part. I think on 17 August, we signed our agreement. So is it fair to assume that in November or December, we will receive the money?
- Prem Khandelwal:** You are talking about UCL?
- Shubham Agarwal:** Yes.
- Prem Khandelwal:** No, UCL vesting order has been issued on the 10th of October to JSPL. So we should be getting back that statutory portion of around INR 20 crore now and thereby indicating by the end of this month, we will be getting that money. And then the valuation process will start, we should take another three to four months' time. So the balance amount we are expecting at the end of this year. By March, we should be getting back that money.
- Shubham Agarwal:** So this is further delayed then?
- Prem Khandelwal:** They were committed to pay as soon as the vesting order is signed, but the balance thing will take time, because of the valuation process, they will start now. So it will take time, yeah, three to four months, I think will take time.
- Shubham Agarwal:** And sir lastly the general trend in the market, I think South Africa also there was a slight spike in the power tariffs. So how do you see the general market for ferrochrome over the next like one year also, if you can guide us anything?
- Prem Khandelwal:** Deepak?
- Deepak Mohanty:** Actually, at this juncture, South Africa had two problems. So one was that power, which is continuing. But that was the Transnet workers strike, which has been resolved now. But it still takes some time to get normalized operation and on, that is one part. But looking at, if you talk about stainless steel where we are bespoke, stainless steel for 2022 calendar is expected to be -- world production would be around 57.8 million which is around 2% less than the last year. And for 2023, it is projected to grow by 3% to something like 59.56 million tons. So there is a positive for the next year. We said already, as you know, in the first half Chinese production has went down by about 1 million tons.

- Shubham Agarwal:** And sir in South Korea also we observed that their production had gone down significantly in the last two, three months. So does that impact us?
- Deepak Mohanty:** Yes. That impacts us because we have the long-term contract with Posco. But as you know, because of the typhoon, there particularly the stainless steel site mill which is closer to the river got affected and they have already out of three furnaces already, one they've started at a lowest level of operation, further to their planning in the next month. But even then also their rolling mill is affected quite a bit substantially for which their operation is affected at the moment for this quarter. Next quarter onwards also to stabilize it will take some time, another maybe three months, first quarter may come to the full level.
- Shubham Agarwal:** But – is that also impacting our uptake in terms of volume?
- Prem Khandelwal:** Absolutely. This quarter uptake is impacted because they have declared force majeure, because their furnaces are not running. They have also lot of stock, but next quarter-wise, it will start to normalizing.
- Deepak Mohanty:** We are supplying to other customers, I mean Posco may not be taking the tonnage, but we are in a position to sell it to some other customers, so that we are doing. So overall, that will not be impacted. But yes to Posco this quarter, there would not be any surprise to Posco.
- Shubham Agarwal:** But we will be able to maintain close to 60,000?
- Prem Khandelwal:** Yea, yeah. Absolutely.
- Moderator:** We have the next question from the line of Saket Kapoor from Kapoor & Co. Please go ahead. Mr. Saket, can you hear us.
- Saket Kapoor:** Sir firstly, what is the total tonnage on a long-term basis annually, if you could give the tonnage number?
- Prem Khandelwal:** Deepak, you have that number?
- Deepak Mohanty:** Tonnage for projected around 240,000 to 250,000 tonnes production.
- Prem Khandelwal:** Long-term tonnage, he is asking?
- Deepak Mohanty:** Long term we have around, if you say Korea Posco, it will be 80,000 to 90,000 per annum. And other places, whereas in Japan and China also we have also another 80,000 to 90,000 tonnes on long-term basis.
- Saket Kapoor:** So total we have around 160 to 180?
- Deepak Mohanty:** 170 to 180.

- Saket Kapoor:** As to the previous answer, you were mentioning that the uptake from Posco has been lower, so what's the agreement basis on? The basis of this, but if they can, on their availability or on the plant uses, can they lower their terms? There are variables in the terms wherein they can lower their consumption?
- Deepak Mohanty:** Yes, of course force majeure condition is there and this is the force majeure.
- Saket Kapoor:** And sir there is a lot of talk about Russian coal availability in the country that has gone up significantly, for our clean and plants have we tried with the Russian coal grade or these are not suited for our consumption?
- Prem Khandelwal:** No, we are dependent on coke and coal only. You're talking about Russian coke or coal.
- Saket Kapoor:** Coal.
- Prem Khandelwal:** Coal, we are not -- we are totally dependent on [inaudible 0:14:25] from MCL.
- Saket Kapoor:** I was only taking the price arbitrage and the quality, since the prices on this 4G auction have gone up significantly. Have you looked at alternative resources for the same or it is -- the setup is like that, that this coal will only work there?
- Prem Khandelwal:** Binoy, do we answer that?
- Binoy Agarwalla:** Had the known power plants are our best in CFBC and design. So basically the design with the coal of -- this have been approximately great cut-in of Indian coal that is approximately of 3,000. So the Russian coal or South African coal they are not suitable for running with this coal and their rate also very high compared to the Indian coal. I can say that South African coal costing around 18,000 per tonne.
- Saket Kapoor:** No, I was particularly speaking about the Russian coal. They were telling they were....
- Binoy Agarwalla:** Russian coal also because of high DC is not suitable for our board.
- Saket Kapoor:** When we look at your other expenses line item, that has also -- was at INR 144 crores. So if you could explain what led to this increase? What are the key components one-off item anything sir, is there in this?
- Prem Khandelwal:** Mainly it has gone up because of two things; one is, that freight cost has gone up very high. So that is the one factor and other factor is the CSR expenses. The two factors [inaudible 0:16:14]. So it has gone up on two counts. One is the freight cost rates has gone up this quarter.
- Operator:** This is the operator here. Mr. Khandelwal, your voice is still breaking up. I'll try to connect you back again, sir. Just give me moment, we'll reconnect you back. Ladies and gentlemen, please stay connect as we connect Mr. Khandelwal back again to the conference. Ladies and gentlemen, we have Mr. Khandelwal connected now.

- Prem Khandelwal:** Two counts, I said it has gone up. One is, the freight cost has gone up very high because of that. And another -- some CSR expenses were there in this quarter. So for these two counts, it has gone up by almost INR 20 crores.
- Saket Kapoor:** Okay. So freight will remain the same in the same vicinity going forward also for the same tonnage or freight costs have also declined?
- Prem Khandelwal:** In fact the freight cost has gone down very drastically now. It's almost 25% -- I mean come down to 25% level. It's down by 75%.
- Deepak Mohanty:** Particularly container freight, which was in the range of \$1,000 per container to give a feel about it, has come down to \$200 to \$250 per container. So that is one measure. But in dread fall also, it has come down but not very much maybe 50% around about 60%, it is at the moment.
- Prem Khandelwal:** 50%, 60% is also a bit steady for us.
- Saket Kapoor:** Sir going ahead for quarter three, what should be the ballpark number? What should be the bottom line impact just on the reduction of freight cost, sir? Can you give a ballpark number, sir?
- Prem Khandelwal:** Saket, that would be very difficult for us because so much wallet seen every peak, it won't be proper for us to give you any number. I can just tell you that since the costs are now going down and silicon prices have inched up from the low, so the Q3 should be better than Q2. That's what I can tell you. But number is very difficult.
- Saket Kapoor:** No. I'm not at all heading that guess, sir. But just to understand the September freight cost, month of September and October cost, if you could give that difference that would also?
- Prem Khandelwal:** So much especially would be difficult Saket.
- Saket Kapoor:** No issues. I was just trying to gauge the impact sir. If it is pressuring the upward side that means when that relief is there on the downwards side also there will be a significant contribution to the bottom line. This understanding is correct, sir?
- Prem Khandelwal:** So that's why Deepak gave you the numbers that, it's almost you can count from the top. So we should be getting a lot of saving on account of freight and on account of coke and coal cost.
- Saket Kapoor:** And sir CSR, can you quantify what was the figure for this quarter?
- Prem Khandelwal:** No, I need to check that one. The number I need to check, Saket. I will give you separately for that, yes.

- Saket Kapoor:** When we look at the finance cost component also, I think so this foreign exchange part is, is ACV part sir -- what is the reason for the INR 14 crores, INR 15 crores loss on foreign exchange?
- Prem Khandelwal:** Our entire working capital is in foreign currency. So the fluctuation – this is the INR 14 crores, whatever you are seeing is because of the exchange.
- Saket Kapoor:** That is all dollar denomination?
- Prem Khandelwal:** All dollar denominated. Our entire working capital, because our exports, 90% is getting exported. So we are getting dollar earnings.
- Saket Kapoor:** So it gets netted off whatever we are getting gaining from the revenue?
- Prem Khandelwal:** Because revenue, gain from revenue is not getting differently into revenue itself. So that is not shown separately as for the accounting standard. But the interest portions whatever exchange is there we are showing it separately. So the gain in revenue is getting blocked into the revenue. So that's why you are not able to see that again.
- Saket Kapoor:** Sir, on the Capex front would you like to elaborate more? So where are we in terms of I think some land was allocated, we made some payment also. So where are we in midst of that? And how are you progressing in that foray, sir?
- Prem Khandelwal:** Bijayananda, would you like to brief about that?
- Bijayananda Mohapatra:** Actually, we had a land of 124.23 acres land in Kalinganagar, so we have exhibited that listing on 14 October. So after that there will be slightly RR supplement by IDCO and if you area doing it separately for shifting around 77 people, who is there in the process. And we have given the DPR to M N Dastur which is expected by December end then we'll start overall attributes. And side by side, you are going for this IPSI. For IPSI we are giving to EIC.
- Saket Kapoor:** Right, sir. So by March, what is our goal in terms of this expense, what are we trying to achieve by March 23? And if the coming six months is from...
- Bijayananda Mohapatra:** These six months, we are going to construct the boundary wall after the possession and also we'll start from stringing a power line and also ordering of our equipment once the PRL freeze.
- Saket Kapoor:** But major Capex will happen from another ordering of the material – the plants and equipment that will take sir how much time and what would be the land?
- Bijayananda Mohapatra:** We are expected to commission in the month of April '25. So the major Capex will be going by '23, '24 and to some extent, '25, calendar year.
- Saket Kapoor:** And last point sir, on the cost of material consumed, sir. If on a quarter-on-quarter basis sir, if you could give the impact of the increased coke and coal prices, if you could quantify for us

how that has affected because on a Q-on-Q basis it has gone up by INR 20 crores. So what was our cost for Q1 and vis-à-vis what was the cost for Q2?

Deepak Mohanty: Coke cost has gone up from almost INR 19,000 crores to INR 22,000 crores -- INR 20,000 crores to INR 22,000 crores, [inaudible 0:23:25] increase from Q1 to Q2 and power cost has gone up from INR 23,000 crores to INR 25,000 crores. So these two are the major factors, which has led to increase in the price.

Saket Kapoor: And how are they likely to shape sir?

Deepak Mohanty: I've already told you that these coke prices -- both the prices have come down quite significantly. So Q3 we should be seeing a bit in both these costs.

Saket Kapoor: Okay. So, it will be lower than Q1 prices sir, just to get an understanding no other figures?

Deepak Mohanty: Again Saket, you are asking a specific question and it would be difficult for us to give any number. We'll come know after the end the quarter only.

Saket Kapoor: Only I was looking at the trend?

Deepak Mohanty: There will be a combination of -- it all depends on what kind of coal and coke we're consuming. So not possible to give these numbers now. I can give you the sales only that we are buying now at a cheaper price so this should be lower.

Saket Kapoor: So since we are two-third of the quarter, so that was the reason I just -- yes I'll come in the queue. I am done with my questions and all the best to the team sir and we hope that Utkal block compensation comes in our way and we are benefited from that, sir.

Moderator: Thank you. Participant who wish to ask the question may press star and one on their touchtone telephone. We have the next question from the line of Yash Chandak, who is an Individual Investor. Please go ahead.

Yash Chandak: Yes. First of all, wish you a very Happy Diwali sir and congratulation on good use of number even in a troubling set of time. Sir I had a few questions majorly on the business aspect. I can see that our power cost per tonne of ferrochrome has gone up. But power cost per unit of power production has gone down. So how have we managed that? Given that coal prices have gone up from Q2 -- in Q2 over Q1, how is our per unit cost of power generation has gone down by almost half a INR 0.50?

Prem Khandelwal: No, I'm not able to get you -- you're comparing from what Q1 to Q2.

Yash Chandak: Q1 to Q2, sir cost of power generation rupees per kilowatt unit, it has gone down sir which I believe, given that our production has gone up for power 274 million units and...

- Prem Khandelwal:** Yash, I think I don't know from where you're getting the number, but I'm seeing the number if the power cost has gone up from INR 3.60 paisa to INR 4.11 paisa from Q1 to Q2.
- Bijayananda Mohapatra:** No, no, I'll make it correction. He is asking about Q1 to Q2 that is INR 6.57. So initially this quarter one, we have got the price of the coal is around 10,000, 11,000, now it has [inaudible 0:26:23] in this quarter to INR 7,500 auction coal production, that's why that is at INR 0.25 paisa, INR 0.30 paisa coming down.
- Prem Khandelwal:** INR 5.94 to INR 5.69 it has come down, yes.
- Yash Chandak:** Sir, on the Balasore alloys part are we planning on valuation of that asset or what are your thoughts on that?
- Prem Khandelwal:** No. If it comes in NCLT definitely, we are open to that. We will be very keen in participating in that. But as of now there is no deal about that.
- Yash Chandak:** And sir on the Posco part, I missed the number, 80 kg to 90 kg per annum is our annual contract.
- Prem Khandelwal:** Yes.
- Yash Chandak:** Sir but -- like you said in Q3, we won't be dispatching anything to Posco. So roughly 20 kg, 25 kg are we losing in Q3 for Posco contract?
- Prem Khandelwal:** No, for Posco contract we would be losing but we are supplying to other customer, so overall we are not going to lose on tonnage, sales tonnage.
- Yash Chandak:** So we are planning that in spot-only in domestic or in export and in spot or with some other long-term contract customer? How are we planning to sell that?
- Prem Khandelwal:** Deepak, what are you planning for this?
- Deepak Mohanty:** We have some long-term contracts with other countries like China, Taiwan and Japan. So where -- we are increasing the quantity there. So particularly in China and Taiwan also we are increasing the quantity and making up that tonnage. So we are not basically on sales front there is a need.
- Yash Chandak:** But we are not exploring domestic also?
- Deepak Mohanty:** Yes, domestic also we are supplying some quantity. So based on that, as per our -- wherever there is requirement and with proper price we are open to all and we are doing that.
- Yash Chandak:** No, Deepak sir, I'll just -- at the risk of repeating myself are we planning to sell the extra quantity from Posco's contract in domestic market?

- Deepak Mohanty:** Yes, in domestic market there is, not so much of demand. So much of quantity we cannot sale here in domestic market, it has go to export market. So we are exploring the other long-term customers, as well as spot customers in China. And already we have tied up some tonnage and the rate book also be tied up. So overall tonnage, sales tonnage, we are not worried about that even if Posco is not taking in this quarter.
- Yash Chandak:** And sir on the future outlook for Q3 or for the ferrochrome market in general. Now we have seen our EBITDA margins have come down significantly. Do you think ferrochrome NSR is going to go down again or -- I'm sorry sir, if you have answered this question already because I joined a bit late? So do you feel the ferrochrome prices can go down again? Is there some space for them to correct or now they have bottomed out and they will go up in the coming time?
- Prem Khandelwal:** See it all depends on the cost, the cost is not coming down. I don't think the ferrochrome price can come down because in Q2, whatever we have seen, if we are not -- we are coming to this kind of margin then almost 70%, 80% of the world capacity will get closed, okay they cannot make easy. So that has led to again some spike in the prices, ferrochrome prices. So going forward also Q3 and Q4, we are seeing further increase, if the cost is not coming down.
- Yash Chandak:** So you are saying sir, we are better than 80% of the production, at least 80% of the...
- Prem Khandelwal:** Yes. Obviously, yes.
- Moderator:** We have the next question from the line of Joe Shah from 7seas. Please go ahead.
- Joe Shah:** Happy new year to all of you. Deepak, I have one question about the Q3 export realization guidance, now you have seen total domestic market export prices going up to INR 1,05,000 in last Q2 realization was 1,02,000, so those improvement in price and so as we discussed, the trade is in the coke and the coal, on the coke side going down. So Q3, do we expect better performance, Deepak?
- Deepak Mohanty:** Better performance on which front? On the production cost front are you talking about or about the price front?
- Prem Khandelwal:** He is talking about price front?
- Deepak Mohanty:** Yes, price will be according to the market at the point-in-sale And which is going up, as you have mentioned now it is 105.
- Joe Shah:** So our realization for Q3 should be better than Q2, right? Export realization?
- Deepak Mohanty:** No, no, no. So overall realization because our major is export and the international price in tonnes of sales per pound is lower than -- it will be lower than the last quarter. So that's why it can't be higher than that.

- Joe Shah:** And what about EBITDA because our coke is going down, coke ended [inaudible 0:31:53] so EBITDA for Q3 should be better?
- Prem Khandelwal:** No. Joe, we have already answered this question to previous analyst that in the Q3, we expect a better yield than Q2, because the costs are coming down. And ferrochrome prices have eased up a little bit, although overall average Q3 prices will be lower than in Q2, but the cost will also come down. Q3 should be better than Q2. That's what I have already told in the previous query, I have already answered that.
- Joe Shah:** So Deepak, what is the analysis of Chinese demand? I guess, Chinese demand of ferrochrome?
- Deepak Mohanty:** Chinese demand is going up at a moment, but there are zero COVID policy resurgence happens, even in pocket it will affect. So that is the only main hurdle, otherwise real estate is coming back. So things are moving up. So unless like, again COVID resurgence without that I don't see any other issues which can affect.
- Joe Shah:** UG2 price for China got up some \$245, so that will put pressure on Chinese ferrochrome. So we can expect some better prices for ferrochrome price in China?
- Deepak Mohanty:** Absolutely, but that has happened because of the Transnet strike, which is already over. So maybe it will remain at this level, may not go further up. But naturally cost being high for everybody, prices need to remain or go up slightly from what level, where it is at the moment.
- Joe Shah:** So, I frame about the UCL my question is, is there any total transparency about compensation calculation or there are some if and buts?
- Prem Khandelwal:** There is no transparency at all about that. We don't know how they're going to do it. So they have appointed some valuer, who is going to do the valuation. We'll come to know their valuation only after getting numbers once they give their report. But there's no transparency. I don't know what method they are following. We'll come to know their valuation only after getting the report.
- Joe Shah:** So this valuer would be appointed by whom by the government, NCA?
- Prem Khandelwal:** NA has already appointed the valuer who is doing the valuation work.
- Joe Shah:** Because I got some report from market that new LOT has stated INR 176 crores to the MCA, obviously they're not accepting the payment. Our expectation is much higher than the INR 173 crore.
- Prem Khandelwal:** Yes.
- Joe Shah:** I worry whether it gave no transfer in case, again we get and come and go on and on. It cannot be settled fast?

- Prem Khandelwal:** INR 176 crores was a tentative valuation given by angling the website. So that is what they might have paid and they have already return their tax, which is subject to final valuation by the valuer. So anything over and above whatever value is arriving at the number that will be further paid by their allottee. New allottee.
- Joe Shah:** Interest payment on leased land, which would be our major component of our compensation. There is clarity about -- I think, Delhi High Court order something like they clears about that, that interest is payable on the leased land?
- Prem Khandelwal:** Yes, yes, interest will be payable on the leased land also.
- Joe Shah:** So there is no ambiguity in this?
- Prem Khandelwal:** No ambiguity in that, because INR 176 crores, whatever you are talking about in fact, contains interest on leased land also.
- Joe Shah:** So our expectation is about INR 375 crores to INR 400 crores, compensation?
- Prem Khandelwal:** Whatever we have invested, we should be getting back that money. We are expecting that entire back.
- Joe Shah:** So that will be clear by March '23.
- Prem Khandelwal:** Should be, as I told that it will take three to four months time. So we should be expecting that money by end of this year.
- Joe Shah:** And also this Kalinga land there's also -- the board which would be able to start by December '22, Kalinga land?
- Prem Khandelwal:** Kalinga lease land already -- lease we have already signed. Now the possession work is going on. So by end of December, we should be getting the possession and thereafter, we start boundary construction.
- Joe Shah:** But by December, we would be getting the land possession, right?
- Prem Khandelwal:** Yes, yes.
- Moderator:** We have the next question from the line of Dhaval Shah from Anvil Wealth Management. Sir, Dhaval, your voice is pretty low. Could you come closer to the mic or go off the speaker phone?
- Dhaval Shah:** Just wanted to get a blended coal cost for the quarter and the previous quarter? Blended coal cost.
- Prem Khandelwal:** Blended coal cost. Binoy, you have that number?

- Binoy Agarwalla:** In this quarter Q2, washery reject came at INR 2,447 and spot has come at INR 7,800 and linkage INR 2,900. It is a weighted average rolling rate.
- Prem Khandelwal:** So, what is the blended cost? What is the blended cost he is asking for?
- Binoy Agarwalla:** Blended cost will be around INR 5,200.
- Dhaval Shah:** And what was that for last quarter?
- Binoy Agarwalla:** In Q1?
- Dhaval Shah:** Yes, Q1.
- Binoy Agarwalla:** Q1 was much -- a little bit higher than Q2, because spot auction price was high. It was around INR 5,500 crores, INR 5,600 blended cost.
- Dhaval Shah:** And what would be the spot as it currently -- not for Q3 or -- but current what the prices are for the same?
- Binoy Agarwalla:** Sorry, I couldn't get you actually. Spot e-auction coal price?
- Dhaval Shah:** All of them, the washery reject, I think it should be...
- Moderator:** Sorry to interrupt. Dhaval, your voice is breaking up again. If you could go off the speaker phone, it would be better for the call. You need to come much more closer to the mic or to the handset.
- Dhaval Shah:** Yes, I'm asking sir, the current prices -- the price is currently for washeries and e-auction and the spot prices?
- Deepak Mohanty:** It will be remain more or less at par with the Q2, spot auction price will a little bit come down. But otherwise, it will be at par with Q2.
- Dhaval Shah:** So blended, we should get INR 5,000 -- it is around INR 5,000?
- Deepak Mohanty:** Yes, yes, yes.
- Moderator:** We have the next question from the line of Saket Kapoor from Kapoor & Company. Please go ahead.
- Saket Kapoor:** Sir with respect to this compensation amount, the nominated authority must have zeroed in with some numbers at the time of their submission of report. So have they come up with any numbers or the entire thing is still not close?
- Prem Khandelwal:** No, no. As I said, Saket, they have mentioned a number of INR 176 crore on the website. There is the tentative valuation they have taken. And in that INR 176 crores, there are a lot of

things which we need to take a bit within, once we get the final report. INR 176 crores whatever they have indicated, they have also mentioned that this is tentative valuation and the final number would be arrived after getting the valuation report from the manoeuvre. So we are able to get that number.

Saket Kapoor: Sir, as the previous participant, the coal costs were was -- the blended coal cost was lower by INR 300 crores, INR 400 crores Q-on-Q. So out of the total raw material cost component, there is an increase of INR 20 crores from June to September. So which component explain this increase. if the coal costs were lower, sir?

Prem Khandelwal: I've already explained that one. It was on two accounts, it was lower. One is that the coke cost that has gone up from INR 20,000 to INR 22,000, and coal cost has gone up from INR 23,000 to INR 25,000.

Saket Kapoor: Sir coal costs, I'm just missing the number. So we mentioned the blended cost at INR 5,200 vis-à-vis 5,600 from June to September? As compared to the previous participant, Dhaval sir, you mentioned that for June it was 56, for September it was 52, the blended cost for coal?

Deepak Mohanty: I'm answering this one. We have the power plants, 50 megawatts, 30 and 120. We are using 70/30, obviously we get 70 and 30 in 30 megawatt and 120 megawatts. But in 50 megawatt, we are using only MCL coal. That is the reason why the coal cost is going up. When we are running 50-megawatt at that time we are using only MCL coal, that MCL coal nothing but spot reduction and linkage and spot reduction price is high, so coal cost is becoming high.

Saket Kapoor: And on the linkage term, sir, when is the renewal does, I think the five-year contract or something?

Deepak Mohanty: Now, we have linkage quantity of 3,93,000 and it is -- we've done the agreement in November 2021 and it will be valid for five years.

Saket Kapoor: Offtake in 3,93,000 annual?

Deepak Mohanty: Yes.

Saket Kapoor: We will be looking forward for more of linkage as and when the situation arises or as and then the offer comes?

Deepak Mohanty: Yes, yes. We will be looking for more linkage.

Saket Kapoor: And any roadmap the government has given for the non-power producer or other than the electricity consumption player that they will be coming up with more linkage scores. I think there would be capacity for -- from Coal India is also being ramped up. So any projection they have given going ahead for that or would you throw some light on that?

- Deepak Mohanty:** They have not mentioned anything regarding captive power plant coal usage linkage to – through linkage e-auction. But actually now we are getting only 75% of our allocation from MCL. Now they have reduced our allocation quantity from 100% to 75%. And by road they are giving, but by rail they are not giving because of ICP, they are diverting their rates to IP. That is the reason -- even if we have more coal through linkage e-auction, but we are not getting.
- Moderator:** Mr. Yash Chandak, can you hear us?
- Yash Chandak:** So sorry for that. Sir, just a few more questions on the coal part, which we are talking like right now we're explaining. Are we going back to get 100% or is this changed temporarily from 100% to 75% per linkage?
- Deepak Mohanty:** This 75% began from January 2022, now it is also continuing up to 75% of our allocation quantity but when they will change that also unpredictable.
- Yash Chandak:** Sir second question I had on the business development part, are we evaluating ferromagnet -- other ferro-alloy, silica, manganese or anything or we are going to expand only in chrome sir?
- Prem Khandelwal:** It all depends on getting the mines, Yash. If we get some more mines, manganese mines then definitely we can look for converting out ferro plants into ferromanganese. We are looking for some mines, but nothing available in the market at the moment.
- Yash Chandak:** But we are open for outside India also in that case, but not only in...
- Prem Khandelwal:** Yes, yes. But it has to be integrated play, if you get mine then only we'll think about putting a furnaces.
- Yash Chandak:** Sir coming back to the coal part, you are saying that the 70 watts in quantity we have done. So are we getting any rebate for – because MCL is not able to give us 100% of the coal?
- Management:** No, no, no rebate. No rebate. No rebate from MCL side.
- Prem Khandelwal:** If we're getting coal, if we're getting coal, that is good enough, that is good enough.
- Yash Chandak:** And like-to-like on Posco also sir, since they are invoked the force majeure. Is there any rebate or anything in the coming quarter in the start off-take again, any reduction in discount or anything?
- Management:** No, no, no. Looking at based on the benchmark.
- Yash Chandak:** So no rebate on that front?
- Prem Khandelwal:** No, no, no.



- Yash Chandak:** Just one last query, sir, I'm sorry, I again missed the coal number. There are some connectivity issues, I'm facing the coal cost which Deepak sir and you telling in different points of coal. If you could repeat that, that will be very helpful.
- Prem Khandelwal:** Binoy, can you repeat that coal cost again?
- Binoy Agarwalla:** Which one?
- Prem Khandelwal:** Coal cost part term blended and...
- Yash Chandak:** Blended you gave 5,200 per ton for Q2 and 5600 for Q1 but you have a break-up also sir, so that part I was asking for?
- Binoy Agarwalla:** Now we are getting washery at weighted average rolling rate and that is coming around 2,400, 2,500. And linkage, it is coming around 2,900 because we are mainly – we are receiving linkage coal by road. That is the reason why we are getting at a higher rate and spot e-auction that is coming around 8,000.
- Yash Chandak:** Understood. All this for Q2?
- Prem Khandelwal:** Yes for Q2. Yeah.
- Binoy Agarwalla:** Yeah, for Q2.
- Moderator:** Thank you. That was the last question, sir. On behalf of Indian Metals & Ferro Alloys Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.
- Prem Khandelwal:** Thank you. Thank you very much.
- Deepak Mohanty:** Thank you.