



JAINAM

FERRO ALLOYS INDIA LIMITED

REF: JFAL/NSE/2022/62

17th November, 2022

To,

The Listing Department,
The National Stock Exchange Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), MUMBAI – 400051

Dear Sir/Madam,

Sub: Transcript of Conference call held on Tuesday, November 15, 2022.

Ref: NSE Symbol JAINAM; ISIN- INE02KC01010

This has reference to the Conference call held on Tuesday, November 15, 2022 with Investor and Analysts. please find attached herewith Transcript of Conference call.

The aforesaid information is also available at website of the Company at <https://www.jainamferro.com>.

Please take the same on your record.

Thanking you,
Yours faithfully,

FOR, JAINAM FERRO ALLOYS (I) LIMITED

ARCHIT PARAKH
MANAGING DIRECTOR
Encl: As above





“Jainam Ferro Alloys Limited
H1 FY2023 Earnings Conference Call”

November 15, 2022



ANALYST: MS. ASTHA JAIN – HEM SECURITIES

**MANAGEMENT: MR. ARCHIT PARAKH - CHAIRMAN & MANAGING
DIRECTOR - JAINAM FERRO ALLOYS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Jainam Ferro Alloys Limited H1 FY2023 Earnings Conference Call hosted by Hem Securities. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions post the presentation concludes. Anyone who wishes to ask a question may enter “*” and “1” on the touchtone telephone. To remove yourself from the queue please enter “*” and “2”. Should you need assistance during the conference, please signal an operator by pressing “*” then ‘0’ on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Ms. Astha Jain from Hem Securities. Thank you and over to you Madam!

Astha Jain: Thank you Melissa. Good evening, ladies and gentlemen. Thank you for joining the Jainam Ferro Alloys Limited H1 FY2023 Earnings Conference Call. Joining us on the call today is Mr. Archit Parakh, Chairman and Managing Director of the company. We will commence the call with the opening thoughts from the management team post which we will open the forum for Q&A session where the management will be glad to respond to any queries that you may have. At this point I would like to add that some of the statements made or discussed on the conference call may be forward-looking in nature. The actual results may vary from these forward-looking statements. I would now like to hand over the call to Mr. Archit Parakh to commence by sharing his thoughts on performance and strategic progress made by the company. Thank you and over to you Sir!

Archit Parakh: Thank you very much. Good afternoon, ladies and gentlemen. I am happy to welcome all of you for the investor’s conference for H1 of FY2023. The H1 of FY2023 marked a significant growth in our businesses in spite of the fact that there is a lot of volatility in the metal prices, the rising cost of raw materials, increased shipping cost and supply chain disruptions apart from the Russia-Ukraine war and also cost economics instability and slowdown of the economy in many European countries. Despite all these challenges our company had done exceptionally well and we have posted robust financial results for H1 FY2023.

In this financial year we had big challenge of price volatility and wayward market trends especially middle investors. Despite all these hurdles we have managed to obtain large orders from very big steel giants across the country. The reason for obtaining critical deals was the manufacturing of niche products that makes a standout among competitors. We manufacture low cost ferro alloys and specialty raw material for giants like Steel Authority of India Limited, JSW and we proudly claim to be one of the early manufacturers of this unique product. The industry is estimated to grow at a CAGR of 5.9% between 2017 and 2025 and is expected to reach a valuation of about \$188 billion by FY2025. We have made an impressive year-on-year growth in terms of revenue and PAT. Our businesses have grown by 97% in terms of turnover in FY2022 as compared to FY2021. We usually recognized as a

domestic market player but considering the fluctuating prices we also contemplate between export and domestic market. The major faucet of our growth will be building our own solar plants for our energy security and a step closer in being self reliant. Company is gradually acquiring lands and evaluating the possibility of solar plant and the major challenges the company is facing right now is the government policies.

I am very delighted to present the financial results of the first year of FY2023. The company has delivered revenue from operations of Rs.165 Crores and the profit after tax is Rs.20 Crores in the first half year of FY2023 against revenue of Rs.89.66 Crores and a PAT of Rs.15 Crores that is reporting a year-on-year growth of almost 85% in revenue and 35% in profit after tax. Further the company's EBITDA stood at Rs.28.93 Crores against Rs.21.04 Crores in HY2022 which has also gone up by 37.5%. Since our unit is capital intensive therefore, we follow very strict discipline in maintaining cash flow, which helps in turn maintaining A+ grade in CIBIL. I am also further pleased to inform you that the company has plans to continue making capital expenditure in the next half year. The company has projections apart from our solar plant and also doubling our capacity. I am looking very aggressively for some of the Greenfield and Brownfield projects. We have also shown our interest in acquiring mining lands in the future. I thank all the investors and the stakeholders attending this conference and also for their unprecedented overwhelming support to us during our growth journey. Once again, I thank all of you. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We have the first question from the line of Shivani Mittal, an Investor. Please go ahead.

Shivani Mittal: Congratulations on a good set of numbers. I would like to ask you firstly how do you see the export market and are there any particular geographies that we are planning to target?

Archit Parakh: Yes, since there is a Russia-Ukraine war and there is energy security crisis in the European markets we are also trying to cater the American markets to mercantile exporters, so we are looking forward to the American markets as well as some Middle East markets and mercantile exporters.

Shivani Mittal: Okay Sir.

Archit Parakh: We used to do a lot of export, through mercantile exporters in European countries. Now we are looking for Middle East and American countries.

Shivani Mittal: How do you foresee the IPO of the commodities market?

Archit Parakh: How do you see the future of commodities market is that the question?

- Shivani Mittal:** Yes.
- Archit Parakh:** Commodities market is a bit cyclical in nature, as far as ferro-alloy is concerned I am very positive because there is a lot of infrastructure push that is happening around the country and also since this product gets exported also there is a lot of demand coming up from Middle East and other parts of the world, so I do not see as far as this commodity is concerned any drop-down in demand in the near future.
- Shivani Mittal:** Lastly any update on mining land project?
- Archit Parakh:** We are evaluating, we have seen some of the manganese ore mines and that is under process. No concrete conclusion as such, it is under process.
- Shivani Mittal:** Thank you so much.
- Moderator:** Thank you. We have the next question from the line of Chinmay Bhandhari, an Investor. Please go ahead.
- Chinmay Bhandhari:** Congratulations on a good set of numbers. I had a couple of questions. My first question is how do you see the second half of the year and any revenue guidance which you would like to provide for FY2023?
- Archit Parakh:** The second half I see there is no problem as far as demand is concerned, but since this is a commodity market, I may not be able to project the numbers correctly, but certainly the ranges may be around from like Rs.250 Crores to Rs.300 Crores as revenue for the whole of the financial year.
- Chinmay Bhandhari:** My second question is looking at the current macro scenario regarding the softening of commodity prices what are the sustainable EBITDA margins going forward?
- Archit Parakh:** Can you please repeat the question?
- Chinmay Bhandhari:** Looking at the current macro scenario regarding softening of commodity prices what are the sustainable EBITDA margins going forward according to you?
- Archit Parakh:** Looking at the macroeconomic there has been some softening in the recent past, but we expect that the margins not to remain as high as it was in the previous year, but then since we expect the margin to open up in the American market and in the middle east markets probably from January onwards, we could see good numbers.

- Chinmay Bhandhari:** Okay, thank you Sir. That is it from my side.
- Moderator:** Thank you. We have the next question from the line of Mudit Jain, an Investor. Please go ahead.
- Mudit Jain:** Good afternoon, Sir and congratulations for good set of numbers. What are the capex plans for current year?
- Archit Parakh:** Capex plan for current year we are not concrete on that, but then we are looking for it, we are looking for acquiring the Greenfield as well as the Brownfield projects and also looking for manganese ore mines across the state, so these are the two plans going ahead as far as capex.
- Mudit Jain:** How do you see the competitive environment and can you provide some market share in terms of competitive environment?
- Archit Parakh:** In terms of competition?
- Mudit Jain:** Yes, like where do we stand in terms of market share if you can provide some data on that?
- Archit Parakh:** In terms of market share I would not say that anything, but I can say that some of the products which we made in India there are very few many manufacturers which make this kind of product like especially in the low costing, so this stands out against our competitors and they gives us a good amount of share in these niche products. Very few companies which participates in this product.
- Mudit Jain:** My last question was regarding current capacity level and how much are we utilizing out of the current level?
- Archit Parakh:** We are going with 100% capacity at this point of time. Like I mentioned earlier also there is no drop-down in demand, so we are doing 100% capacity, utilizing 100%.
- Mudit Jain:** Are there any further plans to ramp up a capacity that we are currently utilizing?
- Archit Parakh:** Yes, it is going on, these things are still going on, so we expect in the next two years to develop the capacity.
- Mudit Jain:** Thank you Sir. That is all from my side.
- Moderator:** Thank you. We have the next question from the line of Abhishek Sharada, an Investor. Please go ahead.

Abhishek Sharada: Good evening, Sir. Thanks for the opportunity and first of all congratulations for such a good set of numbers. My first question is like we have witnessed a robust growth in our topline and bottomlines, what were the major positive triggers that led to this growth can you throw some light on that?

Archit Parakh: The major trigger could be like I mentioned in my earlier remarks also that we got one of the larger orders during this point of time through SAIL, so that drove the revenues to a very high level and the order was like the single largest big order for the company and we did lot of manganese ore ingots and ceilings and that also increased our revenue, but the major thing was the order from the SAIL.

Abhishek Sharada: Can you tell what is the current order book position?

Archit Parakh: Current order book is like we have done through November and December and we are not going very aggressively for January, we are assuming that there could be a very good demand in January coming since this war will also day-by-day it is going away so we expected the European market also to open, Middle East market also to open and American markets, so the strategically we are not looking too much on that.

Abhishek Sharada: Right. It would be appreciated if you can quantify some numbers for order book, what is order book if you can quantify some numbers like this much amount is our order book and if you can provide us?

Archit Parakh: Yes, I do not have the numbers right now with me, but then I could say that we have booked for November and December.

Abhishek Sharada: That means H2 FY2023 would be good as compared to H1 FY2023?

Archit Parakh: I would not be able to say anything on that.

Abhishek Sharada: We are working on 100% capacity utilization.

Archit Parakh: Yes, we are working on 100% capacity.

Abhishek Sharada: Thank you Sir for your responses. I will come back in the queue.

Moderator: Thank you. We have the next question from the line of Chinmay Bhandhari, an Investor. Please go ahead.

Chinmay Bhandhari: I had one more question. As our top 10 customers accounted for approximately 74% to 75% of the revenue from operations so what are your views on that, is it going to continue like that only or you are going to add more customers?

Archit Parakh: The customers we have already added are such large that we will not be able to get only single customer. I mean since this is a commodity market and you see ups and downs in the market, we actually choose customer based on the prices they offer at that point of time and we make sure that we do our business only with someone who is in good credit rating and either LC or advanced payments and mostly corporates.

Chinmay Bhandhari: My another question is how are we dealing with increase in raw material cost or other input cost or loss of any other players due to the delayed payments resulting in shortfall of supply of raw material?

Archit Parakh: We follow very, very strict discipline in this regard and as far as this thing failure in any payments something is concerned, till date we have not been faced that kind of a situation because we are very particular about to whom to purchase the products with and to whom to sell with. Going forward also we are going to have the same strategy.

Chinmay Bhandhari: My last question is as our operations are subject to high capital requirement, so are we able to generate sufficient cash flows from operations?

Archit Parakh: Yes.

Chinmay Bhandhari: Thank you Sir. That is it from my side.

Moderator: Thank you. We have the next question from the line of Mudit Jain, an Investor. Please go ahead.

Mudit Jain: I had one more question. Can you please throw some light on our current logistics and transportation services business?

Archit Parakh: Logistics wise since we are based out here in Raipur the logistics cost as far as selling is concerned it depends like where we are selling, if it is nearly domestic areas so the logistics are not very high as far as finished goods are concerned because we cater to a lot of domestic market also and as far as export market is concerned then there is not very high cost as far as logistics is concerned, not very high cost as a percentage.

Mudit Jain: Any update on the mines that we acquired from Raghuvir Ferro Alloy, any update on that Sir?

- Archit Parakh:** The work is still going on, on that, I would not be able to comment much on that, but the work in progress still going on.
- Mudit Jain:** Okay Sir. That is all from my side. Thank you.
- Moderator:** Thank you. We have the next question from the line of Rohan Gupta, an Investor. Please go ahead.
- Rohan Gupta:** I just have a couple of questions. One is like if we see the financials for H1 of FY2023 there is significant rise in the purchasing of stock in trade, so can you throw some light, was that just for trading or meeting the order demand or how was it?
- Archit Parakh:** Yes, since we bagged one of the largest orders from the Bhilai steel plant just to complete that order on time and also there is a lot of demand from other plants also and some mines, not only that other plants also.
- Rohan Gupta:** The revenue from operation like what would be pertaining to manufacture and what would be pertaining to finished goods do you have that breakup?
- Archit Parakh:** Right now, I do not have the breakup, but then mostly I could say that 90% of the operations is from this.
- Rohan Gupta:** My second question was like the order from sale that you have mentioned for H1, is that order complete and what was the value of that order?
- Archit Parakh:** The order is completed. Right now, I do not have the numbers.
- Rohan Gupta:** Okay fine and average utilization for H1 was 100% or was it a bit lower?
- Archit Parakh:** Yes, it was 100%.
- Rohan Gupta:** The last three months also it has been 100%, right?
- Archit Parakh:** Yes.
- Rohan Gupta:** Thank you so much.
- Moderator:** Thank you. As there are no further questions, I would like to hand the floor back to Ms. Astha Jain for closing comments. Please go ahead.



Jainam Ferro Alloys Limited
November 15, 2022

Astha Jain: Thank you Melissa. On behalf of Hem Securities Limited I thank Jainam Ferro Alloys Limited team for giving the time you spent on this call and responding all the queries in the detailed way. I would also like to thank all the participants for joining this call. I would now like to hand over the call to the moderator.

Moderator: Thank you Ms. Jain. Thank you, members of the management. Ladies and gentlemen on behalf of Hem securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.