

FINANCIAL MODEL

PLANT VISIT

Rising Stars

2026

IMPORT
SUBSTITUTION

ORGANISED
V/S
UNORGANISED

MANAGEMENT MEET

EXPORT
OPPORTUNITY

FAST GROWING
BUSINESSES

INDUSTRY
POTENTIAL

CAPACITY
EXPANSION

PEER ANALYSIS

VALUATION MODEL



Indian Metals & Ferro Alloys Ltd.

Backward Integration, Bigger Scale: ~2x Capacity Expansion Positions IMFA for the Next Upcycle

Retail Research | BUY

Current Price*	1,553.0
Target Price	1,967.0
Upside	26.7%

*Closing price as of 16th Apr'26

STOCK DATA

Industry Segment	Metals & Mining
BSE Code	533047
NSE Code	IMFA
Bloomberg Code	IMFA IN
52 Week High / Low (Rs)	1,574/550
Face Value (Rs)	10.0
Diluted Shares O/s (cr)	5.4
Market Cap. (Rs cr)	8,378
Avg. Yearly NSE Volume	1,86,820

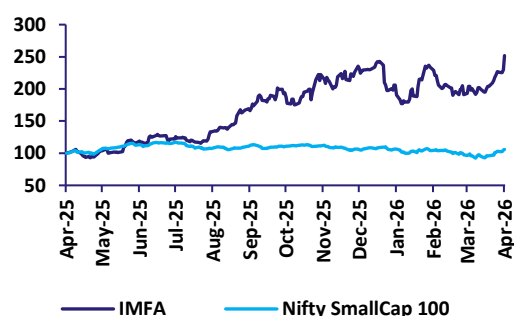
SHAREHOLDING PATTERN (%)

Particulars	Jun-25	Sep-25	Dec-25	Mar-26
Promoters	58.7	58.7	58.7	58.7
FII	3.4	3.7	3.4	3.9
DII	0.2	0.2	0.6	0.8
Public & Others	37.7	37.4	37.3	36.6
Total	100.0	100.0	100.0	100.0

RETURN STATISTICS (%)

Particulars	1M	3M	6M	12M
IMFA	30.4	32.2	34.5	151.8
Nifty Smallcap 100	8.8	(0.3)	(4.5)	8.8

Stock Performance (1-year)



Source: NSE, SBICAP Securities Research

Harsh N. Vasa | Research Analyst
harsh.vasa@sbicapsec.com

Shubham H. Purohit | Research Associate
shubham.purohit@sbicapsec.com

Established in 1961, **Indian Metals and Ferro Alloys Ltd. (IMFA)** is India's leading fully integrated producer of value-added Ferro Chrome (FeCr) - a key input raw material for stainless steel manufacturing, and accounts for nearly 25% of India's FeCr output. The company operates on a vertically integrated model spanning across Chrome Ore mining, Ferro Chrome smelting and Captive Power Generation. IMFA exports ~90% of its output with supplies catering to global majors like Jindal Stainless, POSCO, Nisshin Steel, etc. IMFA's operational prowess stems from its two existing manufacturing complexes in Odisha which house a combined smelting capacity of 2,84,000 Metric Tonnes per Annum (MTPA), supported by captive chrome ore mines and 204.55 MW of power generation capabilities.

Going ahead, the company is undertaking a major capex spree, with an under construction greenfield project being set up at Kalinganagar, Odisha (KNR-1) which shall add 66 MVA (33 MVA + 33 MVA) furnace capacity by 2QFY27 – capable of producing 1,00,000 MTPA of Ferro Chrome (50,000 MTPA by Jun'26 and another 50,000 MTPA by Sep'26). The project cost is estimated to be around Rs 840 cr, funded through a blend of debt and internal accruals, and will increase the company's overall smelting capacity from 2,84,000 MTPA to 3,84,000 MTPA.

Additionally, IMFA has recently acquired Tata Steel's Kalinganagar plant (KNR-2) for a consideration of Rs 610 cr (plus GST), in what is expected to be an **inflection point** for the domestic FeCr industry. This facility will add 1,50,000 MTPA of FeCr production capacity (1,00,000 MTPA Operationalized in Apr'26, another 50,000 MTPA to be commissioned by Mar'27), positioning IMFA as **India's largest FeCr producer** and the **sixth largest globally** with the aggregate capacity reaching 5,34,000 MTPA (3,84,000 MTPA + 1,50,000 MTPA). This acquisition is funded entirely through internal accruals.

Further, the company has secured Environmental Clearances (EC) to raise chrome ore mines output from 0.7 million tonnes (mnt) to 1.2 mnt, thereby ensuring raw material security for its upcoming capacity expansions by meeting 100% of its chrome ore requirement captively.

Going ahead, we believe Indian Metals & Ferro Alloys Ltd. has strong growth potential on the back of (a) Robust stainless steel demand in the domestic & international markets, (b) Strategic capacity expansions positioning the company as India's largest producer of FeCr, and (c) Receipt of Environmental Clearance for expanding ore raising capacity at captive chrome ore mines to 1.2 mnt - strengthening backward integration.

We expect Revenue/EBITDA/Net Profit to grow at a CAGR of 38.5%/43.3%/34.9% between FY26E-FY28E to Rs 5,395 cr/Rs 1,192 cr/Rs 770 cr respectively. At a CMP of Rs 1,553, the stock is trading at 15.5x/9.9x/7.6x EV/EBITDA multiple for FY26E/FY27E/FY28E respectively. **We have valued the business at 9.5x EV/EBITDA multiple based on its FY28E EBITDA and arrive at a target price of Rs 1,967, thus providing an upside potential of 26.7% and assign a BUY rating for the stock.**

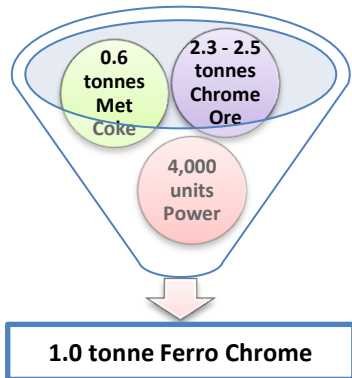
Financial Summary (Consolidated)

Particulars (Rs cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	2,780	2,565	2,812	4,470	5,395
<i>YoY Growth</i>	-	(7.8%)	9.7%	59.0%	20.7%
EBITDA	587	531	581	945	1,192
<i>YoY Growth</i>	-	(9.6%)	9.4%	62.8%	26.1%
Net Profit	344	379	423	630	770
<i>YoY Growth</i>	-	10.2%	11.6%	48.8%	22.3%
EPS (Rs)	63.8	70.3	78.4	116.7	142.7
<i>YoY Growth</i>	-	10.2%	11.6%	48.8%	22.3%
DPS (Rs)	30.0	20.0	15.0	15.0	15.0
Div. Yield (%)	1.9%	1.3%	1.0%	1.0%	1.0%
P/E (x)	24.3	22.1	19.8	13.3	10.9
EV/EBITDA (x)	14.5	16.5	15.5	9.9	7.6

Source: SBICAP Securities Research

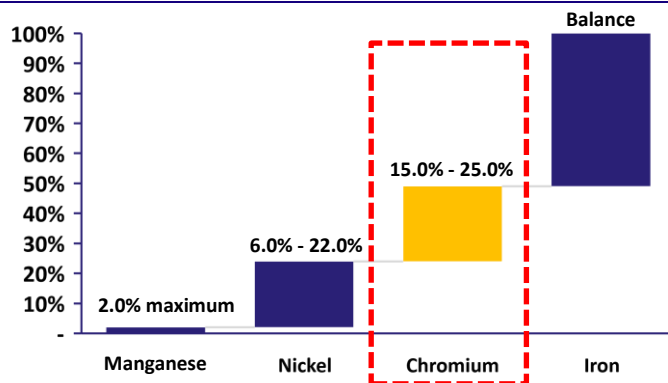
(A) Story in Charts

Ferro Chrome (FeCr) Key Input : Output ratios



Source: Company, SBICAP Securities Research

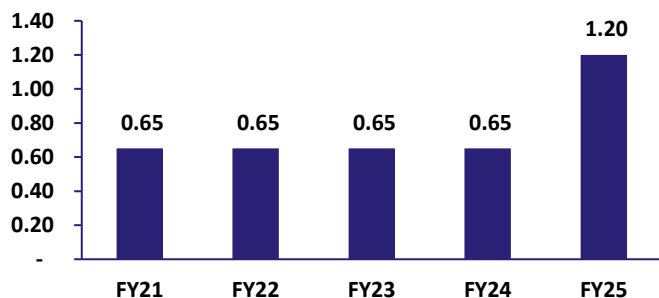
Stainless Steel Composition by weight (300 series)



Source: Rajputana Stainless RHP, SBICAP Securities Research

Received EC to expand Chrome Ore mining limit to 1.2 mnt...

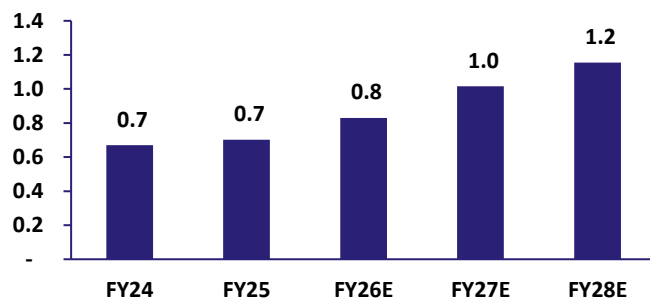
Chrome Ore Mines EC Limit (mnt)



Source: Company, SBICAP Securities Research

... which shall result in incremental Ore raising beginning FY26E

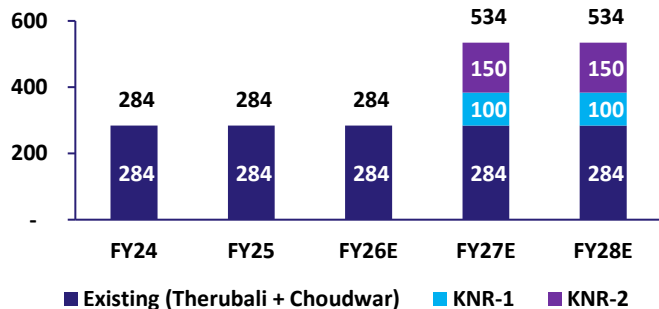
Chrome Ore Raising (mnt)



Source: Company, SBICAP Securities Research

FeCr capacity to reach 5,34,000 MTPA by FY27E (~1.9x FY25)

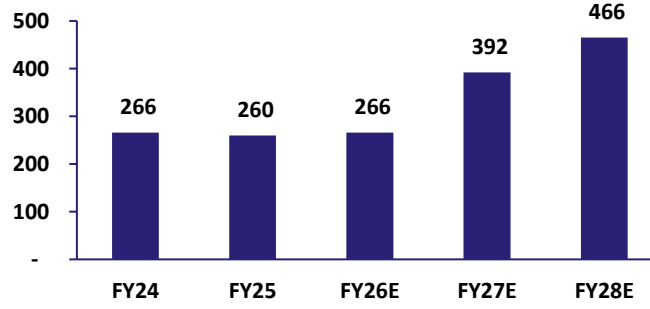
Ferro Chrome Production Capacity ('000 MTPA)



Source: Company, SBICAP Securities Research

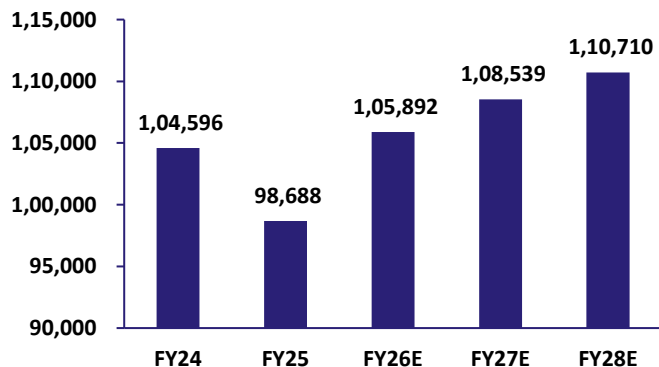
Sales volume to grow at a CAGR of 32.4% during FY26E-FY28E

Ferro Chrome Sales Volume ('000 MTPA)



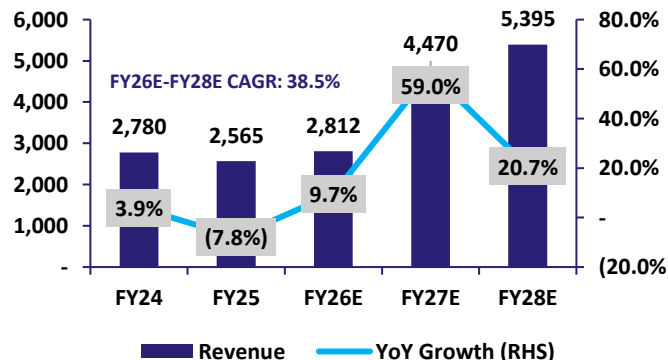
Source: Company, SBICAP Securities Research

Ferro Chrome Realizations (Rs/t)



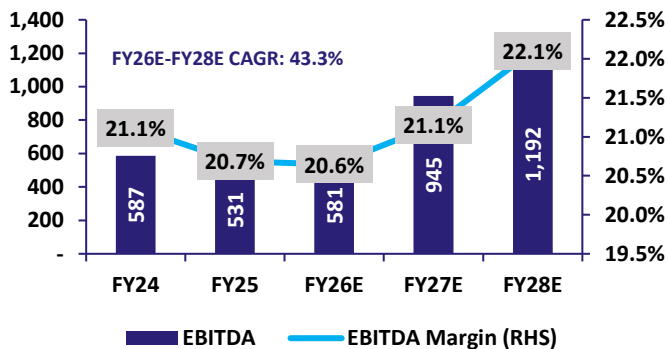
Source: Company, SBICAP Securities Research

Revenue Growth Trend (Rs cr)



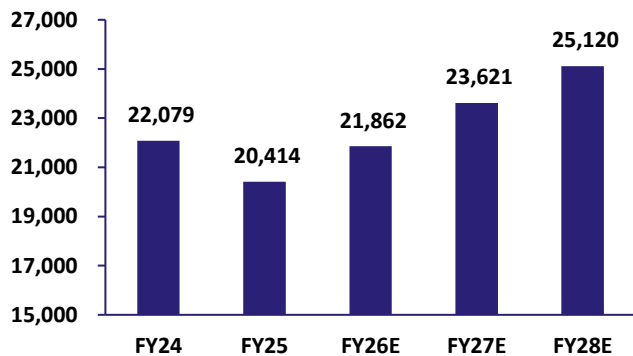
Source: Company, SBICAP Securities Research

EBITDA (Rs cr) and EBITDA Margin (%)



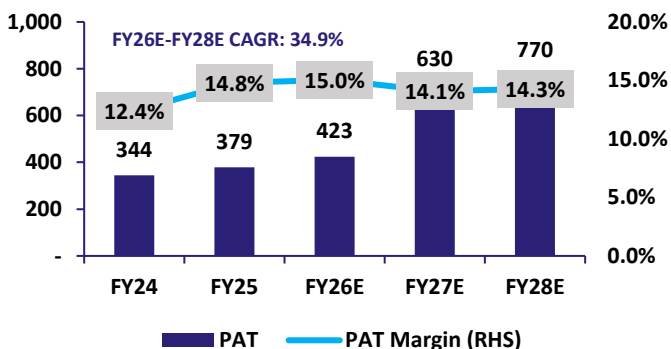
Source: Company, SBICAP Securities Research

FeCr EBITDA/t (Rs/t) to improve led by backward integration



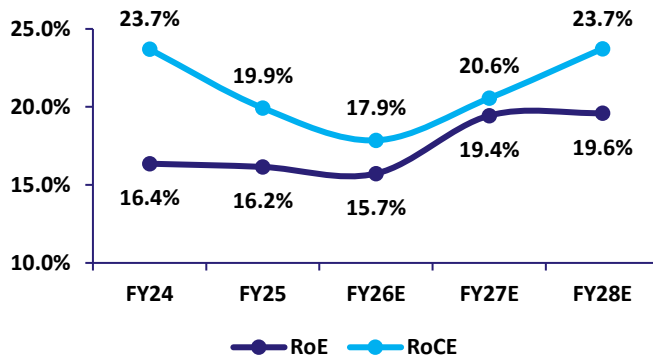
Source: Company, SBICAP Securities Research

PAT (Rs cr) and PAT Margin (%)



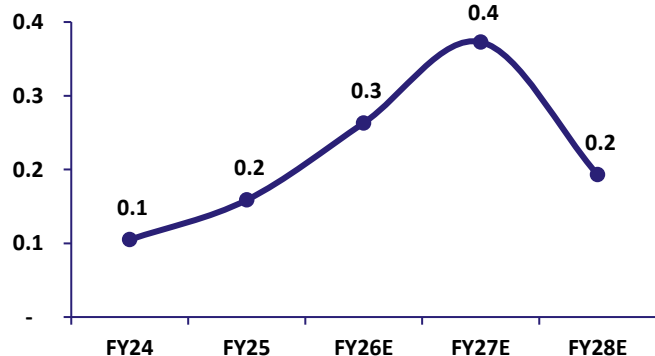
Source: Company, SBICAP Securities Research

RoE/RoCE Trend (%)



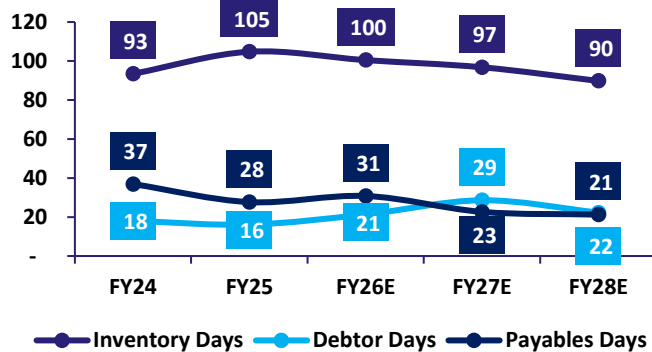
Source: Company, SBICAP Securities Research

Gross Debt/Equity (x)



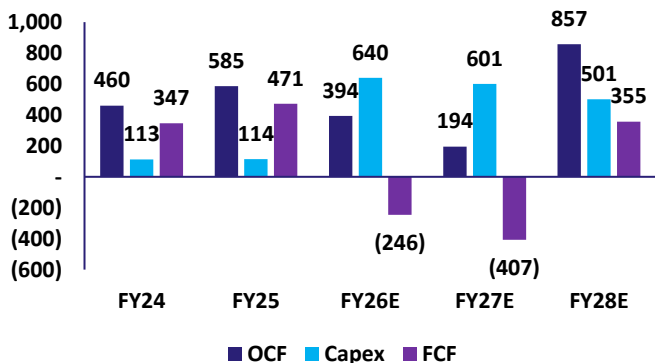
Source: Company, SBICAP Securities Research

Average Working Capital Days



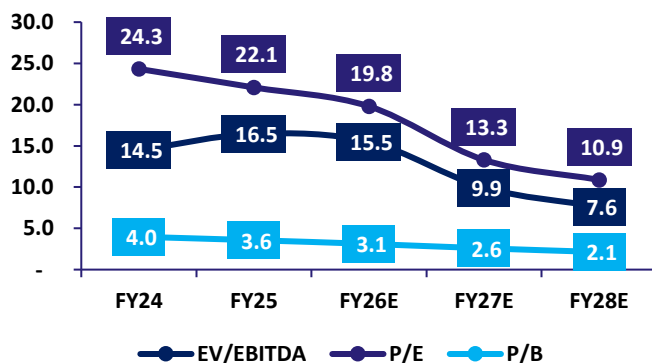
Source: Company, SBICAP Securities Research

OCF/Capex/FCF (Rs cr)



Source: Company, SBICAP Securities Research

Valuation Metrics (x)



Source: Company, SBICAP Securities Research



(B) Company Overview

Established in 1961, **Indian Metals and Ferro Alloys Ltd. (IMFA)** is India’s leading fully integrated producer of value-added Ferro Chrome (FeCr), a critical input raw material for stainless steel (SS) manufacturing (300 SS series contains ~15%-25% chromium, by weight). The company accounts for ~25% of India’s FeCr output and operates on a cost-efficient model driven by vertical integration across chrome ore mining, Ferro Chrome smelting and captive power generation. IMFA exports a significant portion of its production to global stainless-steel majors across Asia and Europe, including Jindal Stainless, POSCO and Nisshin Steel.

Operational Footprint:

IMFA currently operates 2 FeCr manufacturing complexes in Odisha (Therubali & Choudwar), equipped with 6 submerged arc furnaces (totaling 190 MVA capacity) translating into a combined FeCr smelting capacity of 2,84,000 MTPA. This manufacturing prowess is backed by captive chrome ore mines “Sukinda” & “Mahagiri” and captive power plants with a total installed capacity of 204.55 MW, which helps it maintain cost competitiveness.

Manufacturing Capabilities

Particulars	Ferro Chrome (FeCr)	
	Therubali	Choudwar
Location	Rayagada, Odisha	Cuttack, Odisha
No. of Furnaces	3	3
Furnace Capacity	82 MVA	108 MVA
FeCr Production Capacity (Combined)	2,84,000 MTPA	
Captive Power Generation	204.55 MW	
Thermal	200 MW	
Renewable	4.55 MW	

Particulars	Captive Chrome Ore Mines	
	Sukinda, Odisha	Mahagiri, Odisha
Mining Lease (Year)	2049	2055
Chrome Ore EC Limits (mnt)	0.6	0.6
Opencast/Underground	Opencast*	Underground

*Work on the underground portal started in 2024 and the mine shall transition to underground operations in the next few years

Source: Company, SBICAP Securities Research

Growth Initiatives:

Greenfield Ferro Chrome Project: With a view to capitalize on India’s economic tailwinds and increasing stainless steel demand, IMFA is setting up a 1,00,000 MTPA Ferro Chrome greenfield expansion at Odisha (KNR-1), with an outlined capex of Rs 840 cr which shall be funded through a blend of debt and internal accruals. The plant will house 2 furnaces of 33 MVA each (translating into a combined capacity of 66 MVA), with output largely directed for meeting the rising domestic demand for Ferro Chrome. The first furnace is expected to be operational by Jun’26, followed by commissioning of the second furnace by Sep’26.

KNR-1: Phase-2 approval: The company has secured in-principle approval to further expand the greenfield KNR-1 capacity by 2,00,000 MTPA. This incremental expansion shall increase the total capacity at the Kalinganagar-1 unit to 3,00,000 MTPA once finalized. However, execution of the same will likely depend on the stabilization of Phase 1 and the renewal of mining leases in the longer term.

Strategic Acquisition of Tata Steel's FeCr plant: The company has completed the acquisition of Tata Steel Ltd's Kalinganagar Ferro Chrome plant (hereby referred as KNR-2), with the deal valued at Rs 610 cr (plus GST), fully financed through internal accruals. The said facility is spread across 115 acres and houses four furnaces capable of producing 1,00,000 MTPA of ferro chrome, with an additional fifth furnace under expansion which shall increase the production capacity further by 50,000 MTPA (hence, total capacity of 1,50,000 MTPA post expansion of the fifth furnace). This move potentially positions IMFA as India's largest ferro chrome producer in India and the sixth largest globally, with total installed capacity expected to reach 5,34,000 MTPA by FY27E. As of Apr'26, the 4 furnaces (66 MVA) have been operationalized, thereby adding an incremental 1,00,000 MTPA to the overall smelting capacity of the company.

Focus towards Domestic market: Both these incremental capacities (KNR-1 & KNR-2) will cater to the domestic demand, thereby increasing the share of domestic sales in the revenue mix. The company's current export : domestic mix stands at 90:10, which shall move towards 60:40, post ramp-up.

Total Ferro Chrome Production Capacities post-expansion & acquisition:

Particulars	Existing		Upcoming		Total (Existing + Upcoming)
	Therubali	Choudwar	KNR-1 (Greenfield)	KNR-2 (Tata Steel Acquisition)	
Location	Rayagada, Odisha	Cuttack, Odisha	Jajpur, Odisha	Jajpur, Odisha	-
No. of Furnaces	3	3	2	5^	13
Furnace Capacity	82 MVA	108 MVA	66 MVA	99 MVA^	355 MVA
FeCr Production Capacity (MTPA)	2,84,000		1,00,000	1,50,000^	5,34,000
Captive Power Generation	204.55 MW		110 MW*	-	314.55 MW
Thermal	200 MW		-	-	200 MW
Renewable	4.55 MW		110 MW	-	114.55 MW
Proximity to Captive Mines	~330 km	~65-70 km	~20-25 km		-

^1,00,000 MTPA capacity (4 furnaces) operationalized; Fifth furnace with 33 MVA capacity under construction (smelting capacity of 50,000 MTPA).

*Signed PPAs for 70 MW RE with JSW Energy and for 40MW RE with AMPIN Energy. To be commissioned by Jun'26.

Source: Company, SBICAP Securities Research

Resource Security: To support these expansions, the company has received environmental clearance to raise limits for its Sukinda and Mahagiri mines to a combined 1.2 mnt, with ore raising expected to rise from ~0.7 mnt (as of FY25) to peak rated capacity of 1.2 mnt by FY28E.

Diversification: Taking advantage of the available land and bulk raw material handling infrastructure at Therubali; IMFA is venturing into ethanol production by setting up a 120 Kilo Litres Per Day (KLPD) plant, with an expected capex of Rs 150 cr. The plant was originally expected to be commissioned by 4QFY26, however, in light of the ongoing geopolitical crisis, there has been a delay due to slippage in delivery of certain equipment. The project is now expected to be commissioned in Jul'26.

(C) Investment Rationale

1. Strategic expansions set the stage for market leadership

A. Kalinganagar Greenfield expansion (KNR-1)

Project details:

IMFA is setting up a greenfield plant at Kalinganagar (KNR-1) designed to augment its Ferro Chrome smelting capacity by 1,00,000 MTPA. This project, classified as Phase 1, is a critical pillar of IMFA's strategy to capitalize on the rising stainless steel demand while leveraging its fully integrated business model. The expansion will be funded through a blend of debt and internal accruals, and is slated for commissioning in 2QFY27.

Particulars	Details
Project Type	Greenfield Ferro Chrome Smelting unit
Capacity	1,00,000 MTPA (Split into 2 Furnaces of ~50,000 MTPA each)
Location	Kalinganagar Industrial Complex, Jajpur, Odisha
Estimated Capex	Rs 840 cr
Financing Mix	Blend of Debt and Internal Accruals
Commissioning Timeline	Furnace 1: by Jun'26
	Furnace 2: by Sep'26

This expansion is synchronized with the ramp-up of captive chrome ore mining operations. IMFA is expanding its chrome ore raising from ~0.7 mnt (as of FY25) to ~1.2 mnt by FY28, ensuring that the new Kalinganagar furnaces will be fed primarily by low-cost captive ore, maintaining IMFA's position as the lowest-cost producer in India. The company has also built-up sufficient chrome ore stock to ensure that the plant's operations pick-up efficiently.

Further, the Kalinganagar land bank is sufficient to support further expansions and the company has already received in-principle approval from the Odisha government for Phase 2 expansion of additional 2,00,000 MTPA at the same unit. However, execution of the same will likely depend on the stabilization of Phase 1 and the renewal of mining leases in the longer term.

B. Acquisition of Tata Steel's FeCr plant (KNR-2)

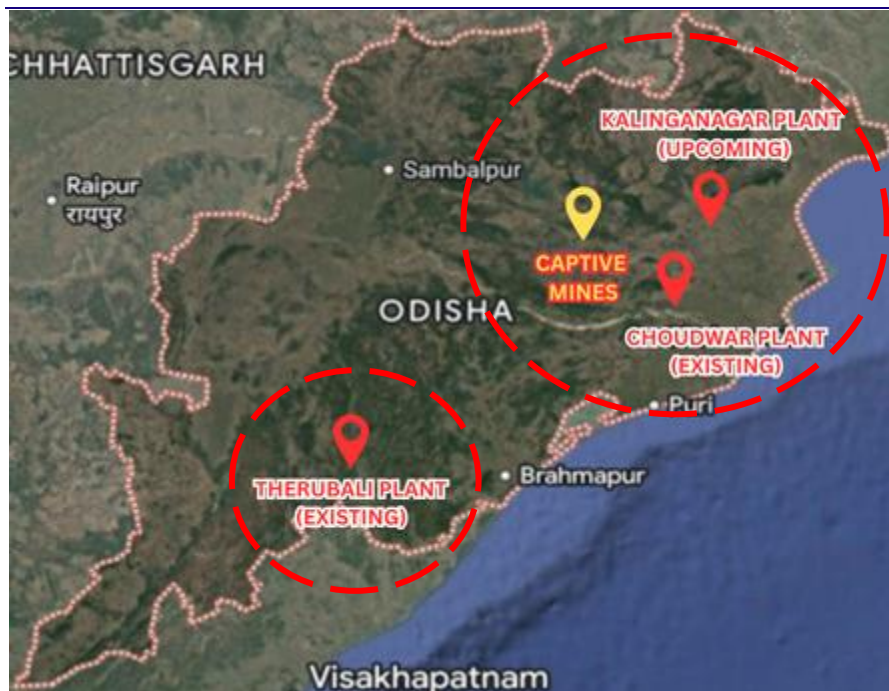
While the Phase 1 Greenfield project (KNR-1) at Kalinganagar remains the core organic growth driver, IMFA's recent acquisition of Tata Steel's Ferro Chrome unit in Kalinganagar is a fast-track inorganic leg to the company's growth story.

IMFA signed an Asset Transfer Agreement with Tata Steel to acquire its Ferro Chrome plant at Kalinganagar, Odisha, for a base purchase consideration of Rs 610 cr (plus GST), financed entirely through internal accruals. The plant is located on a 115-acre industrial parcel within the Kalinganagar complex and houses 99 MVA of furnace capacity (66 MVA operational and 33 MVA under construction).

The unit currently encompasses 4 existing furnaces (which are capable of producing about 1,00,000 MTPA of Ferro Chrome) and an under-construction 5th furnace which shall add an incremental 50,000 MTPA of FeCr production capacity (by Mar'27), increasing the total annual capacity to 1,50,000 MTPA. As of Apr'26, the 4 furnaces (66 MVA) have been operationalized, thereby adding an incremental 1,00,000 MTPA to the overall smelting capacity of the company.

In conjunction, both these new Kalinganagar facilities (KNR-1 + KNR-2) are situated in the Jajpur district, which is the heart of India's Chrome Ore belt. This location offers significant logistical synergies, with reduced logistics cost as the plants are closer to IMFA's captive Sukinda and Mahagiri mines, especially when compared to the existing unit in Therubali.

Proximity of IMFA's existing & upcoming FeCr facilities to Captive mines



Particulars	Therubali	Choudwar	Kalinganagar
Proximity to Captive Mines	~300-330 km	~65-70 km	~20-25 km
Proximity to Vizag Port	~180-200 km	-	-

Source: Google Maps

The Therubali plant is better suited for export shipments given its proximity to the Vizag port, whereas the Kalinganagar capacities will be used to cater to the domestic market. Eventually, the company plans to structurally reinforce its cost advantage by catering the domestic market from its Kalinganagar units, taking advantage of the outbound freight optimization.

Given these logistical synergies, the Kalinganagar plants (KNR-1 + KNR-2) are expected to churn IMFA's sales mix from 90% exports and 10% domestic to 60% exports and 40% domestic over the next 3-4 years, enabling the company to capture rising domestic stainless steel demand.

Overall, post stabilization of the Kalinganagar capacities and shifting of incremental production towards the domestic market, the management has indicated a weighted-average EBITDA cost reduction of ~Rs 1,500/t – Rs 2,000/t, driven by proximity to captive mines and stainless steel customers.

Further, the deal strengthens IMFA's positioning as **India's largest** and the **world's sixth largest** Ferro Chrome producer, with total installed capacity reaching 5,34,000 MTPA on completion of both the ongoing projects. Additionally, the company will meet all of its chrome ore requirements for the existing operations, KNR-1 expansion, and KNR-2 acquisition from its captive chrome ore mines, ensuring supply security.

Going forward, we expect the company's Ferro Chrome production to reach 2,66,000 MTPA/4,00,000 MTPA/4,75,000 MTPA in FY26E/FY27E/FY28E respectively, implying a CAGR of 22.2% over FY25-FY28E.

Further, we estimate the company’s blended EBITDA/t for the Ferro Chrome operations to improve from Rs 20,414 (as of FY25) to Rs 21,862/Rs 23,621/Rs 25,120 in FY26E/FY27E/FY28E respectively. This expansion is expected to be driven primarily by structural cost reductions and operating leverage, rather than an assumption of higher Ferro Chrome prices.

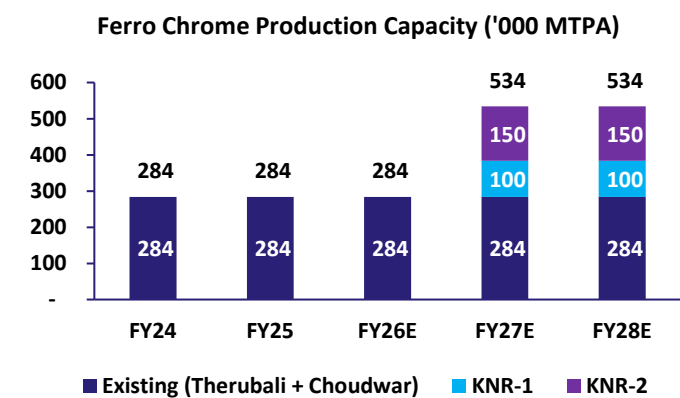
Key drivers underpinning this improvement include:

(a) Rising share of captive chrome ore as mining capacity scales up in line with smelting expansion, resulting in materially lower and more stable raw material costs;

(b) Decline in blended power cost due to increased reliance on captive and renewable energy tie-ups, particularly at a time when global peers are facing rising electricity tariffs; and

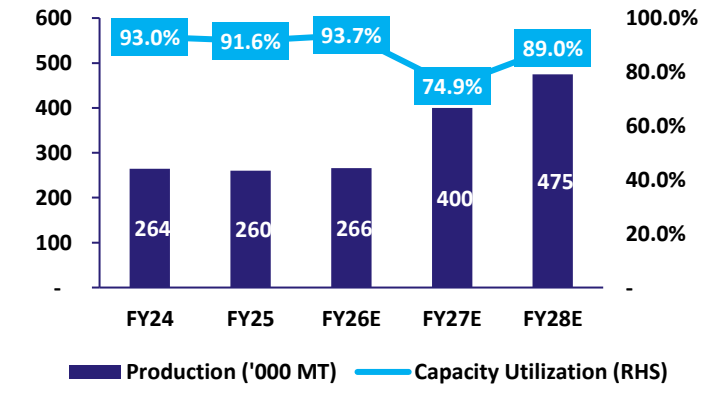
(c) Operating leverage benefits from the commissioning of new, energy-efficient furnaces at Kalinganagar, which should lead to lower power consumption, logistics costs, and fixed costs per tonne. In addition, a gradual shift towards higher domestic sales is expected to reduce freight costs and improve net realizations.

FeCr Production Capacity Trend ('000 MTPA)



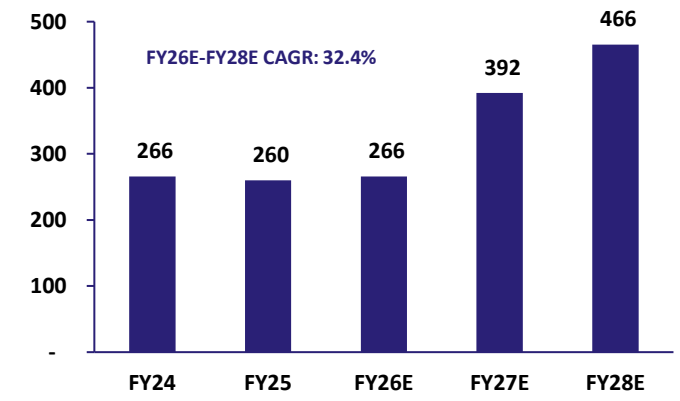
Source: Company, SBICAP Securities Research

FeCr Production Volumes to ramp-up starting FY27



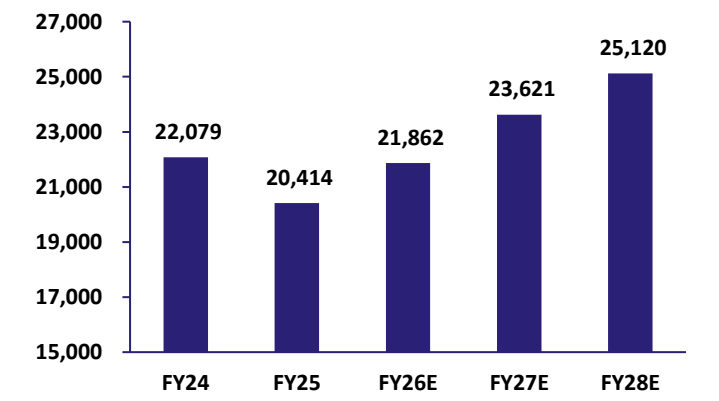
Source: Company, SBICAP Securities Research

FeCr Sales Volume Trend ('000 MTPA)



Source: Company, SBICAP Securities Research

FeCr EBITDA/t (Rs/t) to inch up led by Backward Integration



Source: Company, SBICAP Securities Research

2. Backward integration through captive chrome ore mines offers strong cost advantage to IMFA:

Input : Output ratios for producing 1 tonne of FeCr:

Inputs	Quantity/units required
Chrome Ore	~2.3 – 2.5 tonnes
Met Coke	~0.6 tonnes
Power	~4,000 units

Generally, producing 1 tonne of Ferro chrome requires approximately 2.3 - 2.5 tonnes of Chrome Ore, 0.6 tonnes of Met Coke and 4,000 units of Power.

Over the recent years, international Chrome ore prices have witnessed high volatility, with prices hovering between USD 150/t to USD 300/t.

International Chrome Ore price trend (CNF China, South African Origin 40-42%)



Source: BigMint, SBICAP Securities Research

This volatility is largely driven by the concentration of Chrome ore supply in few regions paired with concentrated demand from China’s stainless steel industry (world’s largest stainless steel producer).

Chromite Resources by Country – CY24

Country	%	Resources (mnt)
South Africa	72.0%	8,640
Zimbabwe	12.0%	1,440
Kazakhstan	5.0%	600
Finland	1.6%	192
Turkey	0.9%	108
India	0.9%	108
Russia	0.5%	60
Oman	0.3%	36
Brazil	0.2%	24
RoW	6.6%	792
Total	100.0%	12,000

Source: ICDA, SBICAP Securities Research

Given that Chrome ore is the key raw material for producing Ferro Chrome, such heightened volatility presents a case of concern for the earnings of non-integrated players. When chrome ore prices rise sharply, producers face immediate cost inflation, while Ferro Chrome selling prices typically adjust with a lag and are also constrained by stainless steel demand and contract pricing. This leads to margin compression for non-integrated players. On the flip side, during periods of falling ore prices, producers may experience inventory losses on account of higher cost of raw material purchases.

In IMFA’s case, the company’s structural cost advantage is anchored by its twin captive chrome ore assets - the Sukinda and Mahagiri mines, making it an important backward integrated player in India. These mines are located in the Sukinda Valley of Odisha, which holds ~93% of India’s chromite reserves.

This allows the company to source all its chrome ore requirements from the captive mines effectively, thereby insulating operations from the global chrome ore price fluctuations and positions IMFA at the lower end of the global cost curve. This integrated model ensures a consistent, low-cost raw material supply to its processing plants, creating a formidable moat against non-integrated peers who rely on merchant miners or imports.

Details of IMFA’s Captive Mines (Sukinda and Mahagiri):

Particulars	Sukinda, Odisha	Mahagiri, Odisha
Mining Lease (Year)	2049	2055
Chrome Ore EC Limits (mnt)	0.6	0.6
Opencast/Underground	Opencast*	Underground

**Work on the underground portal started in 2024 and the mine shall transition to underground operations in the next few years*

Source: Company, SBICAP Securities Research

Sukinda Chrome Ore Mine:

IMFA’s **Sukinda mine** serves as the legacy anchor, with a lease valid until 2049. Historically an open-cast operation, Sukinda is currently undergoing a strategic transformation into an underground mine. This transition is critical for accessing deeper, high-grade ore bodies that are no longer economically viable to extract via surface stripping (opencast operations). The total capex earmarked for this Opencast to Underground transition is ~Rs 1,000 cr, which is to be spent over the next 4-5 years.

This shift has two major implications:

(A) Mine life extension:

Underground development unlocks deeper reserves and extends Sukinda’s productive life, reinforcing long term ore availability for the enlarged Kalinganagar cluster.

(B) Cost and complexity:

Unit mining costs are structurally higher for underground operations due to capital intensity, safety systems and skilled labour requirements. However, these costs are partly offset by higher grades, lower waste movement and reduced surface rehabilitation.

Historically, failure to ensure timely transition towards underground operations has led to suspension of several chrome ore operations globally. In Albania’s Bulqizë chromite mining district, as opencast workings reached greater depths, strip ratios increased sharply and pit wall stability deteriorated, leading to elevated safety risks and repeated production disruptions. At the same time, regulatory authorities tightened safety and environmental oversight following accidents and ground-failure incidents, making further opencast expansion unviable.

For IMFA, the work on the underground transition has been started proactively, thereby safeguarding the company from suspension of mining operations due to exhaustion of ore bodies on the surface and/or poor ore grades.

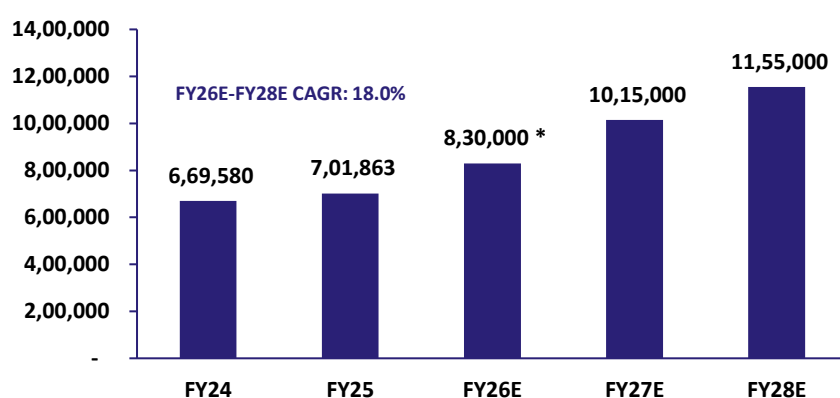
Mahagiri Chrome Ore Mine:

Complementing the legacy mining operations is the **Mahagiri mine**, a state-of-the-art underground facility, with a lease valid until 2055. The Mahagiri Chromite mine started operations in 2005 and then transitioned to a fully underground mine in 2017, a precedent to IMFA’s proactive approach towards insulating its mining operations from deterioration in ore grades and safety risks.

Collectively, IMFA’s Sukinda and Mahagiri mines currently produce nearly 0.7 mnt of chrome ore (as of FY25), creating a tightly integrated mine-to-metal ecosystem while meeting the entire captive requirement. Going ahead, in order to support the upcoming KNR-1 expansion and the acquired KNR-2 facility at Kalinganagar, the company is executing a mining ramp-up plan to increase combined output to 1.2 mnt by FY28, ensuring that raw material requirements are continued to be met captively.

As mentioned before, we have assumed IMFA’s FY26E/FY27E/FY28E Ferro Chrome production at 0.3 mnt/0.4 mnt/0.5 mnt respectively. As per the industry’s standard input : output conversion ratio, producing 1 tonne of FeCr requires ~2.3 - 2.5 tonnes of Chrome Ore. Therefore, to produce the assumed quantity of FeCr, IMFA needs to raise 0.7 mnt/1.0 mnt/1.2 mnt of Chrome ore in FY26E/FY27E/FY28E, in-line with the company’s plan to increase ore raising to 1.2 mnt by FY28 aligned with smelting expansions.

IMFA’s Chrome ore raising expected to reach ~1.2 mnt by FY28E



Source: Company, SBICAP Securities Research

*For FY26E, we have assumed Chrome ore raising of 0.8 mnt against the production requirement of 0.7 mnt, as the company has maintained stockpiles (9MFY26 ore raising: 0.5 mnt) to facilitate the ramp-up of the upcoming KNR-1 & KNR-2 capacities.

Captive Power capacities

Keeping in mind the power intensive nature of Ferro Chrome manufacturing, IMFA operates about 204.55 MW of captive power capacity across coal based and dual fuel units, supplemented by solar capacity. To ensure consistent power supply for its ongoing expansion plans, IMFA is adding hybrid renewables onto its captive power capacity, through long term PPAs aggregating around 110 MW with players such as JSW Energy and Ampin Energy at tariffs in the range of Rs 3.7 - Rs 3.9/unit.

Particulars	Therubali & Choudwar	Kalinganagar (KNR-1)
Captive Power Generation Capacity	204.55 MW	110 MW*
Thermal	200 MW	-
Renewable	4.55 MW	110 MW*

**Signed PPAs for 70 MW RE with JSW Energy and for 40MW RE with AMPIN Energy. To be commissioned by Jun'26.
Source: Company, SBICAP Securities Research*

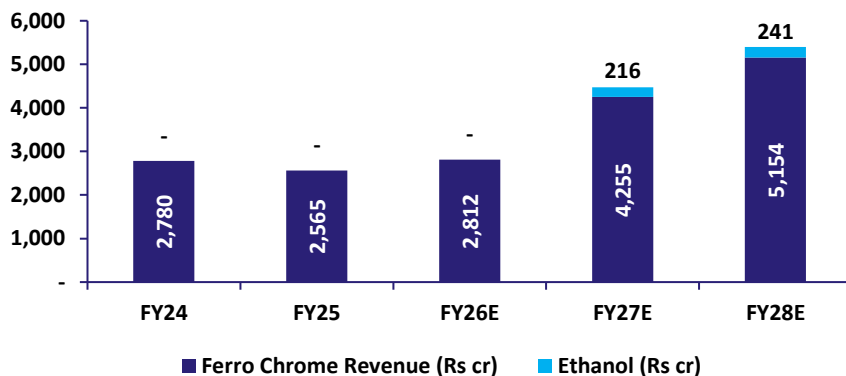
3. Strategic foray into Ethanol production

IMFA is setting up a 120 KLPD grain-based ethanol plant at Therubali, Odisha, with an estimated capex of around Rs 150 cr. The choice of Therubali stems from the availability of excess land and steady feedstock supply given that the region is an agricultural belt. Given the logistical disadvantage for Ferro Chrome production, the company is not looking to expand its existing ferro chrome operations at Therubali.

The plant’s performance will guide future capacity expansions, positioning IMFA to capitalize on India’s growing ethanol demand. This strategic move diversifies IMFA’s revenue streams while utilizing available land and other infrastructure available at the Therubali unit. The plant was originally expected to be commissioned by 4QFY26, however, in light of the ongoing geopolitical crisis, there has been a delay due to slippage in delivery of certain equipment. The project is now expected to be commissioned in Jul’26.

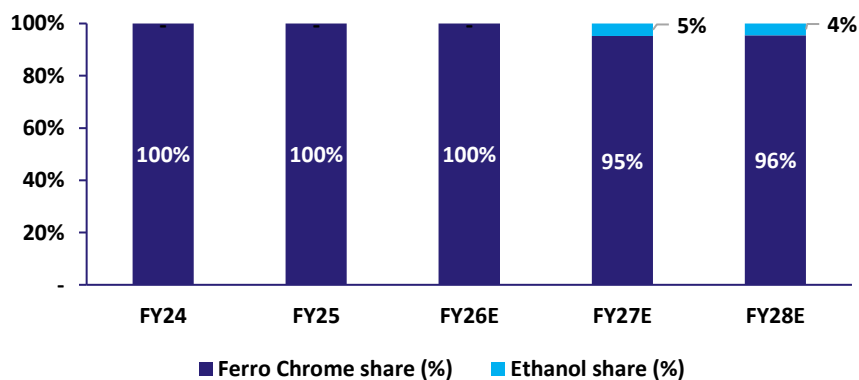
Going ahead, we expect the Ethanol segment to start contributing to the topline starting FY27, with an estimated revenue contribution of Rs 216 cr/Rs 241 cr respectively.

Ethanol Segment to start contributing from FY27 onwards



Source: SBICAP Securities Research

Ethanol segment to contribute ~5% to the overall Revenue mix



Source: SBICAP Securities Research

(D) South Africa - Global Ferro Chrome hub hits a POWER wall

South Africa, which hosts the world’s largest chrome ore resources - accounting for ~70% of the global chromite reserves (as of CY24) was historically the epicenter of global Ferro Chrome (FeCr) production. Over the past decade and a half, structural weakness in the country’s power ecosystem has steadily eroded this dominance, resulting in capacity shutdowns, cost inflation and a gradual shift of FeCr production leadership towards China.

As of CY25, South Africa (along with Zimbabwe) accounts for ~12% of the global FeCr output (vs 22% in CY24)

Country	CY25 production (mnt)	YoY growth	% share
China	9.9	5.0%	58.5%
South Africa & Zimbabwe	2.1	(48.0%)	12.3%
CIS/Middle East	1.8	(10.0%)	10.5%
India	1.3	(8.0%)	7.7%
Americas, Rest of Asia	1.3	27.0%	7.4%
Europe incl. Albania, Turkiye	0.6	(5.0%)	3.6%
Total	16.9	(8.4%)	100.0%

Source: ICDA, SBICAP Securities Research

1. The Structural Backdrop: South Africa’s Long-Running Power Crisis

South Africa’s electricity crisis which has persisted for over 15 years, stems from a confluence of structural deficiencies within the state-owned utility “ESKOM” and broader systemic governance failures.

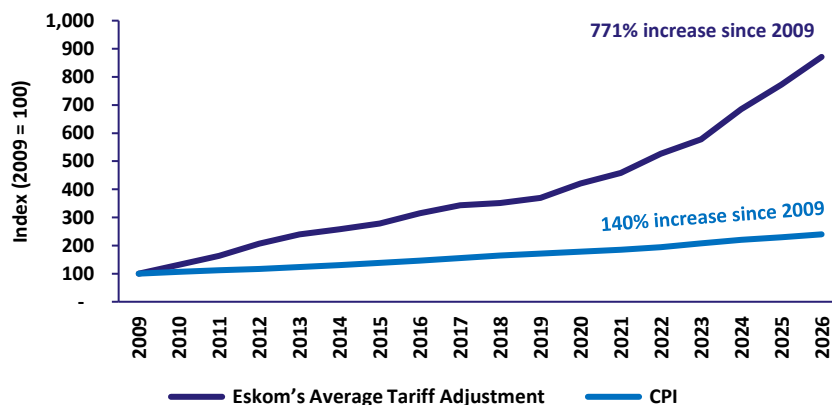
The crisis is fundamentally linked to:

- Heavy reliance on ageing coal-fired power plants, which constitute almost 4/5th of the national generation.
- Chronic underinvestment, deferred maintenance and rising unplanned outages.

These structural issues culminated in severe supply constraints. At its peak, South Africa endured Stage 6 load shedding involving electricity cuts of up to 6,000 MW, with power outages extending to 10 hours per day.

Simultaneously, ESKOM undertook aggressive tariff hikes to shore up its finances. Since 2009, average electricity tariffs have risen far faster than CPI, sharply worsening the cost structure of energy-intensive industries such as Ferro Chrome smelting.

Electricity tariffs vs Consumer prices in South Africa (Indexed to 100)



Source: Eskom Tariff Books, SBICAP Securities Research

References:

- (1) [Why South Africa Is Mired in an Electricity Crisis - Bloomberg](#)
- (2) [Understanding South Africa’s Energy Crisis – African Energy Chamber](#)
- (3) [South Africa’s Eskom ramps up power cuts to ‘Stage 6’ - Reuters](#)
- (4) [Minerals Council South Africa Media Statement](#)
- (5) [Preliminary results 2025 - Glencore](#)

2. Escalating Cost Pressures on the Mining & Smelting Sector (CY22-CY24)

By CY24, the Minerals Council South Africa raised strong concerns regarding:

- Above-inflation electricity tariff hikes approved by ESKOM
- ESKOM’s inability to guarantee stable power supply
- Forced installation of backup power generation, requiring large capital outlays

As a result:

- Share of power in the total mining cost mix rose to ~12.5% by CY24 end from ~9.0% previously.
- Ferro Chrome smelters, being highly power-intensive, saw a sharp deterioration in conversion margins.

This combination of high tariffs and unreliable power rendered several domestic smelting operations structurally uneconomic.

3. Market Disruption: Smelter shutdowns & supply chain re-orientation (CY24-CY25)

Over the last 18 months, a large portion of South Africa’s Ferro Chrome smelting capacity was idled due to:

- Escalating electricity costs
- Intermittent power curtailments
- Rising competition from lower-cost Chinese Ferro Chrome producers

During CY25, **Glencore – a South Africa based leading global ferro chrome producer** - reported a sharp 63% YoY decline in FeCr production to 4,36,000 MTPA; as the Boshhoek and Wonderkop smelters were suspended in 1HCY25 following a sustainability review. The suspensions reflected continued cost pressures that made production uneconomic.

Simultaneously, the company’s Chrome ore production fell marginally by ~2% YoY to 3.6 mnt, primarily due to weak domestic demand caused by curtailed smelting activity.

Production (MTPA)	CY25	CY24	YoY change
Ferro Chrome	4,36,000	11,66,000	(62.6%)
Chrome Ore	36,13,000	36,78,000	(1.8%)

Source: Glencore CY25 Annual Report, SBICAP Securities Research

4. Knock-off effects: Global Chrome Ore and Ferro Chrome Trade

With domestic FeCr production curtailed:

- A significant portion of South Africa’s chrome ore was re-directed to export markets
- Global seaborne chrome ore trade volumes rose >10% YoY
- Increased Chinese imports of chrome ore supported higher ore prices

5. Policy Response: Electricity Tariff Relief and Prospects of Revival (CY25–CY26)

In a move to revive the struggling ferro chrome industry, **NERSA** – South African power regulator - granted Glencore and Samancor a discounted electricity tariff rate of 87.7 c/kwh (South African cents per kilowatt-hour) for 12 months, down from the standard tariff of about 135 c/kwh. However, it was noticed that producers were claiming for more subsidized tariff rates (~62 c/kwh) to sustain operations. Further, during Feb’26, ESKOM proposed reducing electricity tariffs for **Glencore-Merafe Chrome Venture** and **Samancor Chrome** to 62 c/kWh, down from the interim 87.7 c/kWh introduced in Jan’26. Further details, including the final terms and duration of the agreement, are awaited post regulatory (NERSA) approval.

References:

- (1) [Why South Africa Is Mired in an Electricity Crisis - Bloomberg](#)
- (2) [Understanding South Africa’s Energy Crisis – African Energy Chamber](#)
- (3) [South Africa’s Eskom ramps up power cuts to 'Stage 6' - Reuters](#)
- (4) [Minerals Council South Africa Media Statement](#)
- (5) [Preliminary results 2025 - Glencore](#)

What does this mean for FeCr prices and IMFA?

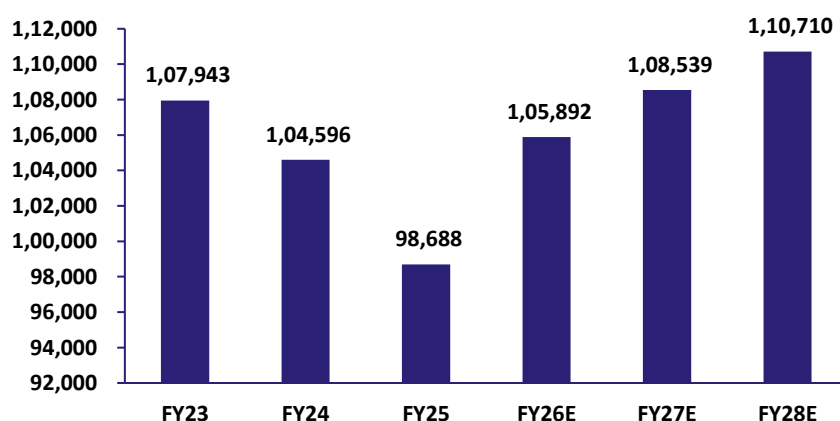
With the power tariff reduction, global trade flows might improve, as South Africa is a key ferro chrome producer and exporter. For India, the export potential remains positive in the coming years. However, it is important to note that China has significantly increased its domestic ferro chrome production, thereby reducing dependence on Ferro Chrome imports. China accounts for 60% of global stainless steel production and consumes 11 mnt of ferro chrome annually. Also, production from the shutdown smelters in South Africa is coming onstream and when these capacities get revived, the supplies will all be directed towards China. Therefore, India’s export prospects might be affected.

However, the domestic demand in India for Ferro Chrome remains robust as India’s Stainless Steel consumption is expected to outpace global stainless steel demand driven by spending in infra, railway, waterways, water transmission and green hydrogen. Overall, the stainless steel outlook is positive for CY26, supporting ferro chrome consumption. Further, Jindal Stainless (JSL) has indicated that it plans to increase FeCr consumption by 40% in the coming years as its stainless steel capacity has increased from 3.0 mnt in FY25 to 4.2 mnt as of Mar’26.

Hence, considering the possible revival of South Africa’s ferro chrome industry, we expect international ferro chrome prices to be under pressure due to improved supplies. *We have baked in per tonne realizations of Rs 1,05,892/Rs 1,08,539/Rs 1,10,710 for FY26E/FY27E/FY28E respectively, which are at a discount of ~9.9%/7.6%/5.8% to the current market price of Rs 1,17,500/t (as of 15th Apr’26), reflecting the South African revival scare exerting pressure on prices, and the positive domestic demand outlook limiting downside.*

Amid such uncertainties, we believe IMFA is well-positioned to capture incremental domestic market share, driven by its capacity expansion plans and cost-competitive advantage stemming from integrated operations (captive chrome ore mines), and shift in focus towards increasing the revenue share of domestic sales from 10% to 40% in the coming years.

Ferro Chrome Realizations (Rs/t)



Source: SBICAP Securities Research

(E) Industry Size and Opportunity

1. Ferro Chrome Industry

Ferro Chrome



Source: Industry, SBICAP Securities Research

The Ferro Chrome industry represents a critical link in the Stainless Steel value chain, flowing from **Chrome Ore extraction** -> **Ferro Chrome production** -> **Stainless Steel manufacturing**. About 80% of the world's Ferro Chrome output is used in the production of stainless steel.

Stainless Steel Composition:

Material	200 Series	300 Series	400 Series
Manganese	5.5% - 12.0%	2.0% maximum	1.0% maximum
Nickel	1.0% - 6.0%	6.0% - 22.0%	0.75% maximum
Chromium	10.5% - 20.0%	15.0% - 25.0%	10.5% minimum
Copper	1.5% - 2.5%	None	None
Iron	Balance	Balance	Balance

Source: Rajputana Stainless Limited RHP

Ferro Chrome production employs carbothermic reduction in submerged electric arc furnaces, where chrome ore (an oxide of chromium and iron) is reduced by carbonaceous materials like coke and coal at temperatures exceeding 2,800°C. **This energy-intensive process makes electricity the single largest cost component**, with consumption ranging between 2,000-4,000 kWh per tonne of alloy depending on pre-reduction and preheating methods.

The production process involves mixing chrome ore with coke and fluxes in computerized batching systems. Three carbon electrodes submerged in the charge, create electric arcs that generate the extreme temperatures required for smelting. The gangue material forms slag, which is tapped separately from the molten Ferro Chrome metal. After cooling in casting beds, the solidified Ferro Chrome is crushed into various size fractions for customer specifications.

Ferro Chrome can be divided into three categories depending on the level of carbon in the alloy. The three types of FeCr alloys are:

- a) **High-carbon FeCr** (carbon content between 4% and 9%)
- b) **Low and medium-carbon Ferro Chrome** (carbon content <0.5% for LC and between 0.5% and 4% for MC)
- c) **Ferrochrome-silico-chrome** (FeSiCr)

Of the total global FeCr output, High-carbon Ferro Chrome (containing 4-9% carbon and 50-70% chromium) constitutes the bulk of production, representing the most cost-effective form for stainless steel manufacturing.

Global Landscape

Ferro Chrome Production by Country – CY25 (mnt)

Country	CY25 production (mnt)	YoY growth	% share
China	9.9	5.0%	58.5%
South Africa & Zimbabwe	2.1	(48.0%)	12.3%
CIS/Middle East	1.8	(10.0%)	10.5%
India	1.3	(8.0%)	7.7%
Americas, Rest of Asia	1.3	27.0%	7.4%
Europe incl. Albania, Turkiye	0.6	(5.0%)	3.6%
Total	16.9	(8.4%)	100.0%

Source: ICDA, SBICAP Securities Research

Global Ferro Chrome production reached ~16.9 million tonnes in CY25, with China dominating as the world's largest producer, accounting for ~59% of global output. China holds negligible domestic chromite resources and thus, is reliant on imported chrome ore – making it the biggest chrome importer in the world. China imports ~80% of its Chrome ore requirement from South Africa.

China – Chrome Ore imports (mnt)

Year	Total imports	Imports from South Africa	% share of South African imports
CY21	15.0	12.0	80.3%
CY22	15.0	12.3	82.1%
CY23	18.3	14.9	81.4%
CY24	20.9	17.0	81.4%
CY25	23.8	19.6	82.4%
CY26*	4.0	3.2	80.8%

*Data till Feb'26

Source: BigMint, SBICAP Securities Research

South Africa holds the world's largest chromite reserves (~70-80% of economically viable reserves globally) and produces about 63% of global chrome ore output (as of CY25).

Chromite Resources by Country – CY24 (mnt)

Country	%	CY24 resources
South Africa	72.0%	8,640
Zimbabwe	12.0%	1,440
Kazakhstan	5.0%	600
Finland	1.6%	192
Turkey	0.9%	108
India	0.9%	108
Russia	0.5%	60
Oman	0.3%	36
Brazil	0.2%	24
RoW	6.6%	792
Total	100.0%	> 12,000

Source: ICDA, SBICAP Securities Research

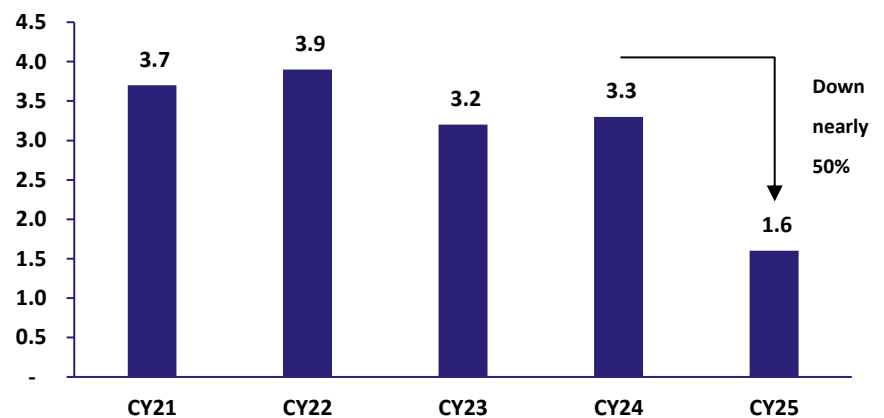
World Chrome Ore Production – CY25 (mnt)

Country	Production	YoY growth	% share
South Africa	25.2	3.5%	62.9%
CIS & Middle East	4.9	-6.0%	12.2%
Rest of Africa, Americas	3.3	15.0%	8.1%
India	3.1	-10.0%	7.7%
Europe incl. Albania, Turkiye	2.9	-4.0%	7.3%
Rest of Asia, Australasia	0.7	-1.0%	1.7%
Total	40.0	1.5%	100.0%

Source: ICDA, SBICAP Securities Research

However, despite the abundance of Chrome Ore reserves, South Africa’s Ferro Chrome industry faces severe challenges from high electricity costs, with over half of the country’s 59 chrome furnaces shut down in recent years.

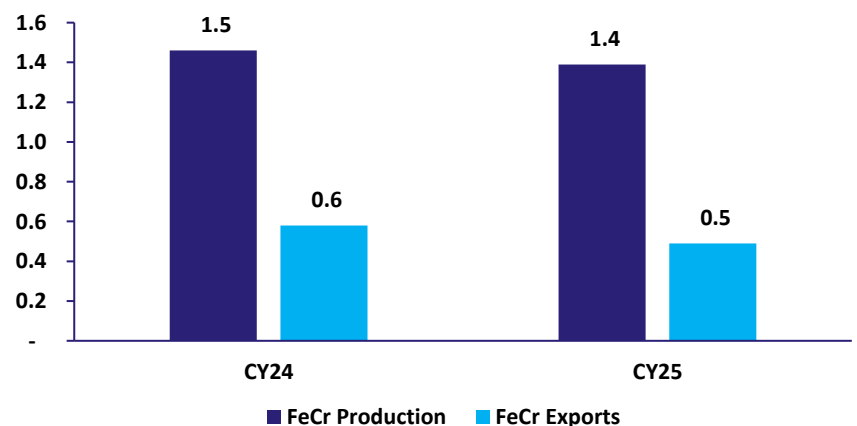
South Africa – Ferrochrome Production (mnt)



Source: Merafe Resources CY25 Annual Report, SBICAP Securities Research

As the world's fourth-largest Ferro Chrome producer, India occupies a strategic position in the global chromium supply chain. India possesses estimated chromite reserves of ~203 million tonnes, with over 93% located in Odisha, particularly in the Sukinda Valley. The Sukinda Valley represents one of the world's richest chromite deposits, contributing nearly all of India's total chrome ore production.

India – Ferrochrome Production & Exports (mnt)



Source: BigMint, SBICAP Securities Research

India exports ~35-40% of its Ferro Chrome production due to historically subdued domestic stainless steel demand relative to production capacity. China represents the largest export destination, followed by South Korea, Indonesia, Japan, Taiwan, etc.

India’s Ferro Chrome Exports (mnt)

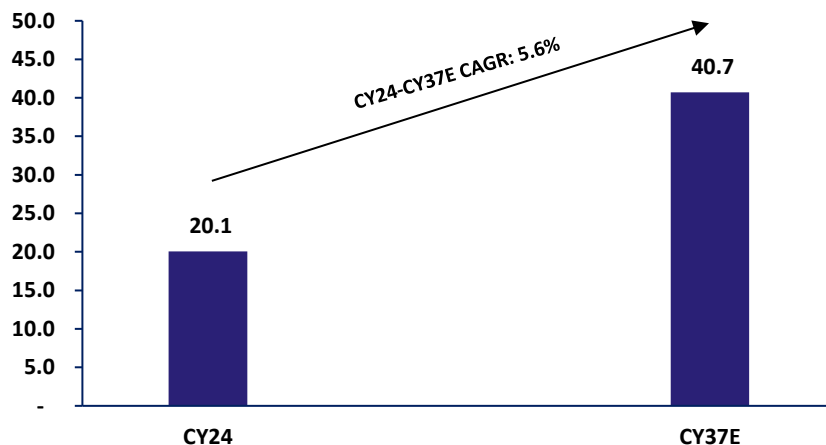
Year	FeCr Exports (mnt)	Exports to China (mnt)	% exports to China
CY21	0.8	0.3	41.3%
CY22	0.7	0.3	42.0%
CY23	0.8	0.4	43.4%
CY24	0.6	0.2	34.5%
CY25	0.5	0.1	27.1%

Source: BigMint, SBICAP Securities Research

Total Addressable Market Size

As of CY24, the global Ferro Chrome market was valued at USD 20.1 bn and is expected to grow at a CAGR of 5.6% to reach USD 40.7 bn by CY37, driven by rising demand due to increasing usage across the construction, automotive and healthcare sectors. Additionally, growing investments in construction, auto manufacturing, and healthcare are encouraging more businesses to choose stainless steel for both industrial and everyday use.

Global Ferro Chrome Market (USD bn)



Source: Company, SBICAP Securities Research

2. Stainless Steel Industry

Stainless steel is a value-added product with high corrosion resistant properties, which is introduced into the steel mainly through Ferro Chrome and other notable elements like nickel, molybdenum and titanium. **For steel to have properties generally referred to as “stainless”, it must have over 10.5% Chromium content.** Compared to traditional steel, stainless steel has higher resistance to corrosion, superior aesthetic finish and higher life span. High recyclability, resistance to corrosion and low maintenance properties has made stainless steel a preferred metal for application in diverse sectors such as railway, process industries, bridges, nuclear, airport, transportation, kitchenware etc.

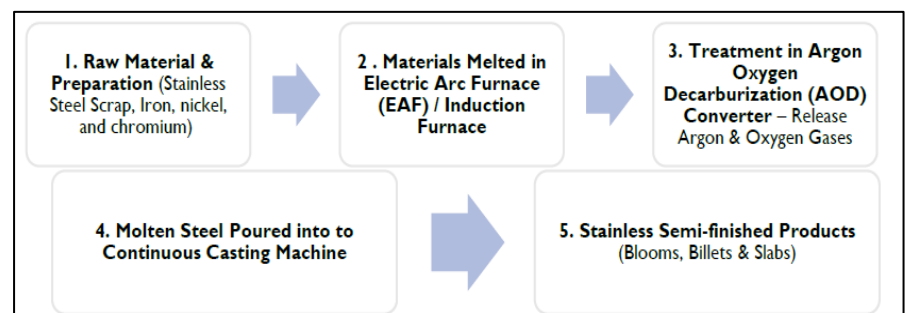
Stainless Steel Composition:

Material	200 Series	300 Series	400 Series
Manganese	5.5% - 12.0%	2.0% maximum	1.0% maximum
Nickel	1.0% - 6.0%	6.0% - 22.0%	0.75% maximum
Chromium	10.5% - 20.0%	15.0% - 25.0%	10.5% minimum
Copper	1.5% - 2.5%	None	None
Iron	Balance	Balance	Balance

Source: Rajputana Stainless Ltd RHP, SBICAP Securities Research

With nearly 55% share, the 300-series accounts for majority share in overall SS production.

Stainless Steel Production Process:



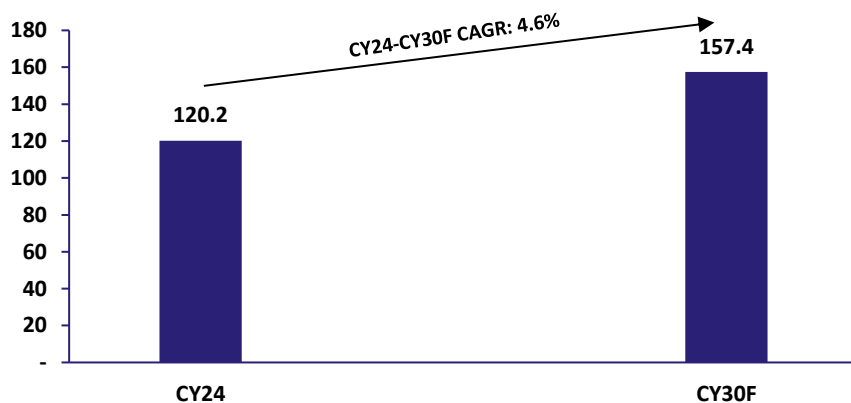
Source: Rajputana Stainless Ltd RHP, SBICAP Securities Research

- The process begins with the **collection and preparation of raw materials**, which primarily include stainless steel scrap, iron, nickel, and chromium (Ferro Chrome). These elements are essential for achieving the desired chemical composition of stainless steel.
- The prepared raw materials are then **melted in either an Electric Arc Furnace (EAF) or an Induction Furnace**, converting solid metallic inputs into a molten state, allowing for further refinement and alloying.
- The molten steel undergoes **treatment in an AOD converter**, where argon and oxygen gases are injected to reduce carbon content and remove unwanted impurities. This process ensures enhanced purity and corrosion resistance of stainless steel.
- The refined **molten steel is then poured into a continuous casting machine**, which shapes the molten steel into solid forms in a continuous process, improving efficiency and consistency.
- The **final output includes semi-finished/intermediate stainless-steel products** such as blooms, billets, and slabs, which are used as inputs for further processing into finished goods like tubes, sheets, and bars.

A. Global Stainless Steel Dynamics

Demand for stainless steel continues to rise, driven by its increasing adoption across the construction, automotive, and healthcare sectors. Its superior durability and corrosion resistance make it a preferred material for a wide range of applications, spanning structural components, transportation systems, and medical equipment. Furthermore, sustained investments in infrastructure development, automobile manufacturing, and healthcare capacity are reinforcing the shift toward stainless steel in both industrial and consumer applications.

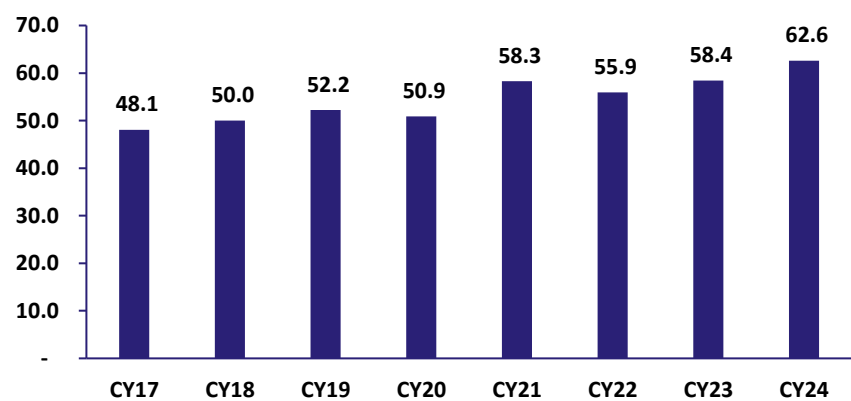
Global Stainless Steel market to grow by 4.6% CAGR between CY24-CY30F



Source: Company, SBICAP Securities Research

As of CY24, the global stainless steel production stood at 62.6 mnt, up 7.0% YoY, highlighting continued strength in global demand across all major regions.

Global Stainless Steel Production (mnt)



Source: Company, SBICAP Securities Research

China continued to remain the largest stainless-steel producer, accounting for 63% of the world’s stainless steel production in CY24.

Region-wise Stainless Steel Production (CY24)

Region	CY24 Production (mnt)	% Share
China	39.4	62.9%
Others	7.8	12.5%
Asia (excl. China & South Korea)	7.3	11.7%
Europe	6.1	9.7%
USA	2.0	3.2%
Total	62.6	100.0%

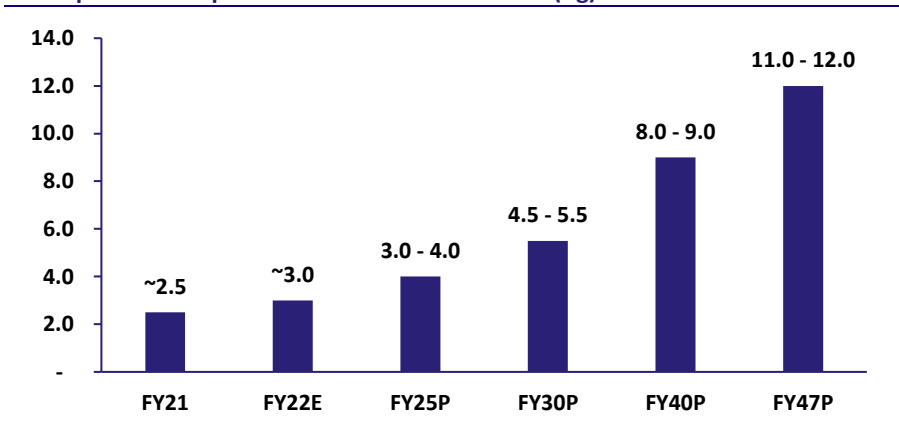
Source: Company, SBICAP Securities Research

B. Indian Stainless Steel Industry

Over the years, India’s Stainless Steel industry has grown significantly, thanks to rapid urban development, expanding infrastructure, and a strong manufacturing sector. Initiatives like ‘Make in India’ have further boosted demand across various industries.

India is the second largest consumer and the third largest producer of stainless steel globally. As per ISSDA, India’s per capita consumption of stainless steel has witnessed a notable rise from 2.3 kg in FY19 to 3.1 kg in FY24. However, per capita consumption in India remains below the global average of 6.5 kg, signalling substantial headroom for growth. As per the 2047 Stainless Steel Vision publication, the per capita consumption is expected to increase from 3-4 kg in FY25P to 4.5-5.5 kg by FY30P, and to 8-9 kg/11-12 kg thereafter in FY40P/FY47P respectively.

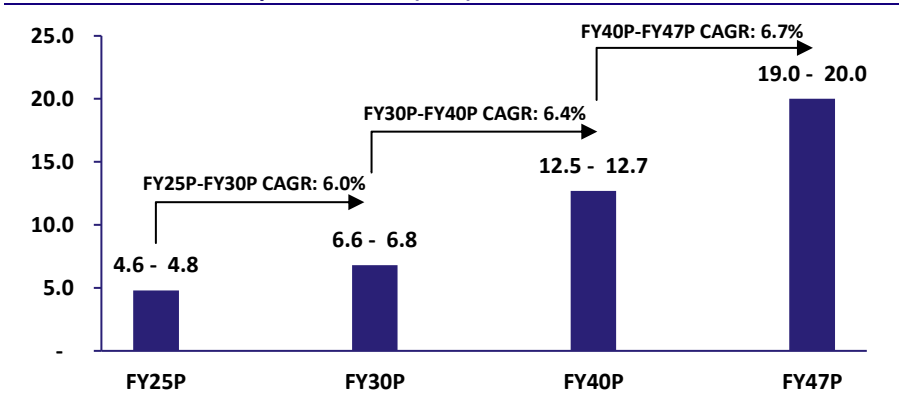
Per capita consumption of stainless steel in India (Kg)



Source: ISSDA, SBICAP Securities Research

In the near term, India’s stainless-steel consumption growth scenario remains intact on the back of substantial government expenditure planned in major end-user industries under the National Infrastructure Pipeline (NIP) and the recently announced PM Gati Shakti project. Higher capital expenditure planned towards sectors with higher metals consumption intensity such as Railways, Roads and Bridges, Water infrastructure, and Affordable Housing is positive, as this will support demand for metals. The total domestic stainless-steel demand is estimated to be at ~4.8 mnt in FY25, and is expected to grow to 6.8 mnt by FY30P, translating into a CAGR of 6.0%.

Stainless Steel consumption in India (mnt)

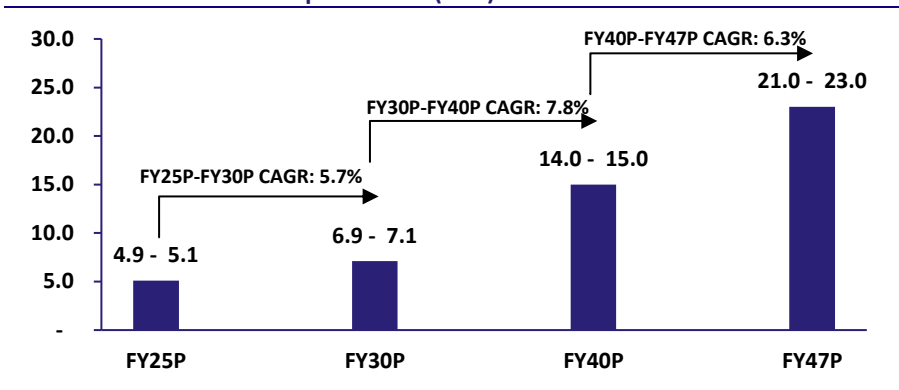


Source: ISSDA, SBICAP Securities Research

Metal products manufacturing of kitchen utensils and homeware is the largest end use of stainless steel, both globally as well as in India. In India, 12% of stainless steel is used in construction and infrastructure, 13% in automobiles, railways, and transport (ART), 30% in capital goods, 44% in durables and household utensils, and 1% in other applications.

In the long run, the rise in domestic stainless steel consumption would require higher domestic production. As per ISSDA, India’s stainless steel production is projected to be at 4.9 – 5.1 mnt in FY25, which is expected to increase to 6.9 – 7.1 mnt by FY30P, registering a CAGR of 5.7%.

India - Stainless Steel melt production (mnt)



Source: ISSDA, SBICAP Securities Research

Ongoing/upcoming capex projects in the domestic Ferro Chrome and Stainless Steel industries:

Company	Capex plan	Expected Commissioning
Ferro Chrome		
IMFA	Expanding Ferro Chrome production capacity from 2,84,000 MTPA to 5,34,000 MTPA	FY27
FACOR	Expanding Ferro Chrome production capacity from 1,45,000 MTPA to 5,00,000 MTPA	FY27
Stainless Steel		
Jindal Stainless	Recently expanded capacity from 3.0 mnt to 4.2 mnt. Further earmarked fresh investment of Rs 900 cr for strengthening cold rolling capacities.	2QFY28
	Proposed to invest Rs 40,000 cr for a 4 mnt of melting capacity plant over 10 years which will be constructed in phases.	Phase I in 4 years
Shyam Metalics & Energy	In process of establishing 1.4 mnt of Stainless Steel capacities (Billets, Flats, Rods, etc)	-
Ratnamani Metals & Tubes	Established a JV with a Saudi-based company (SESCO) in April 2025, and will be setting up a stainless-steel plant by FY27 end.	FY27
Man Industries	Setting up a 22,000 MTPA Stainless Steel Seamless Pipes facility in Jammu	2QFY27

Source: Company filings, SBICAP Securities Research

3. Ethanol Industry

Ethanol, also known as ethyl alcohol, is a renewable biofuel commonly produced through the fermentation of sugars found in crops like sugarcane, corn (maize), and wheat. It is a clear, colourless liquid and is the same type of alcohol found in alcoholic beverages, though its industrial and fuel-grade forms are not consumable.

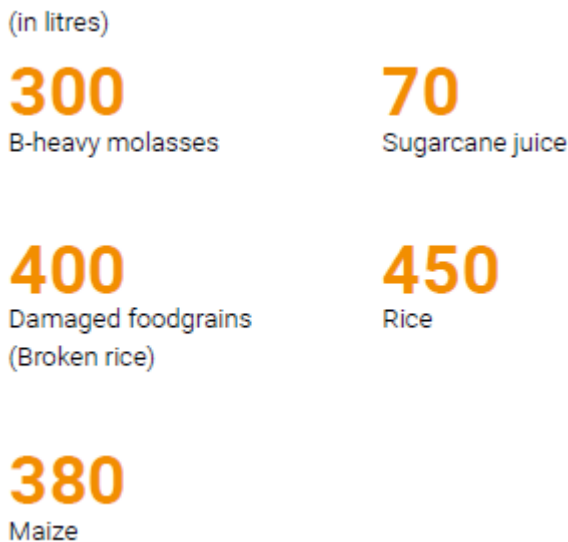
Uses of Ethanol:

- **Fuel:** Ethanol is widely used as a blending agent with petrol to reduce greenhouse gas emissions and dependence on fossil fuels.
- **Industrial:** Used in the manufacture of personal care products, pharmaceuticals, and cleaning agents.
- **Beverages:** Found in alcoholic drinks (though this is a different grade than fuel ethanol).

In India, ethanol is primarily produced from molasses—a by-product obtained after crushing sugarcane during the sugar manufacturing process. However, the government has recognized that relying solely on molasses will not be sufficient to meet the 20% ethanol blending target. To address this, it has begun promoting the use of alternative feedstocks such as maize, damaged food grains (DFG), and surplus rice from the Food Corporation of India (FCI).

Globally, maize is a widely used feedstock for ethanol production due to its lower water requirements and cost-effectiveness. In India, the adoption of maize for ethanol is gradually increasing, supported by various government initiatives aimed at encouraging its use. Diversifying feedstocks for ethanol production not only enhances feedstock security but also helps avoid overdependence on any single source.

Ethanol output with every metric ton of feedstock

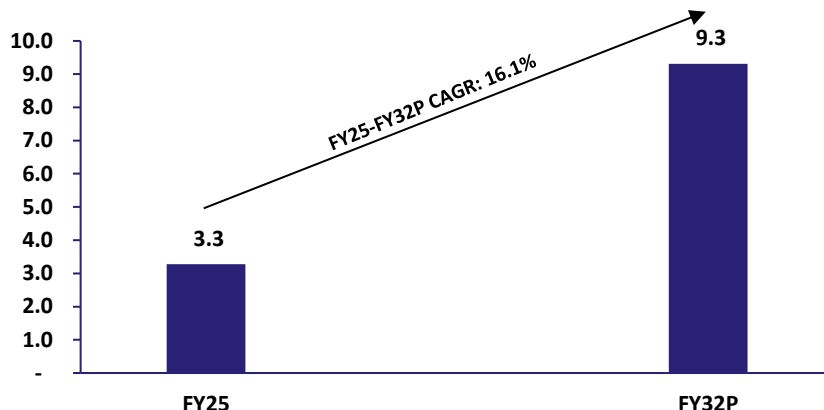


Source: Company, SBICAP Securities Research

Indian Ethanol Industry

India ranks as the third-largest producer and consumer of ethanol globally. The domestic ethanol market is estimated to be valued at USD 3.3 bn in FY25 and is expected to grow at a CAGR of 16.1%, hitting USD 9.3 bn by FY32.

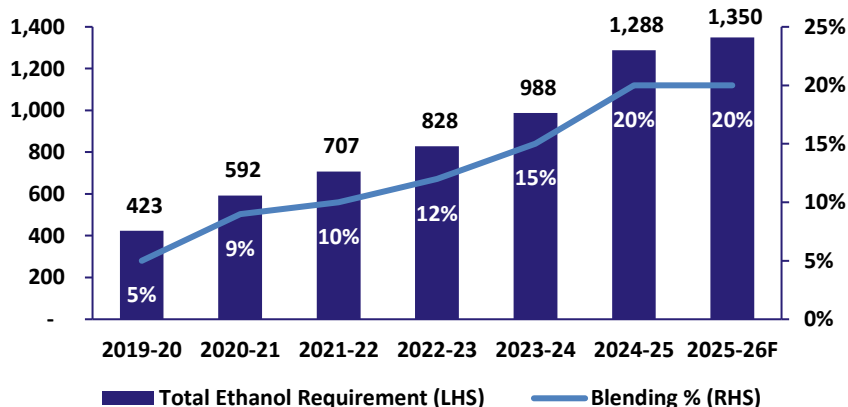
Indian Ethanol Market (USD bn)



Source: Company, SBICAP Securities Research

The growing popularity of ethanol in India is driven by its use as a petrol blend, which helps reduce vehicular emissions and curb crude oil imports. This growth is further supported by favourable government policies. Under the National Biofuel Policy 2018, the Ethanol Blended Petrol (EBP) Programme is being implemented nationwide, encouraging Oil Marketing Companies (OMCs) to sell ethanol-blended petrol. The target for achieving 20% ethanol blending has been advanced from 2030 to the Ethanol Supply Year (ESY) 2025–26.

India – Ethanol Production (cr litre) and Blending targets (%)



Source: Company, SBICAP Securities Research

By FY26, the supply of grain-based ethanol is expected to rise to 4.7 bn litres, while sugar-based ethanol supply is projected at 5.5 bn litres. A growing number of distilleries are transitioning to grain-based ethanol production, supported by India's status as a grain-surplus nation, with ~165 lakh metric tonnes of excess grain available annually.

According to NITI Aayog, India's gasoline demand is anticipated to reach 5,785 cr litres annually by 2030. To mitigate the environmental impact of rising fuel consumption, the government is promoting cleaner alternatives like ethanol-blended fuels. The goal is to achieve 30% ethanol blending by 2030, which would require around 1,735.5 cr litres of ethanol per year.

(F) Key Risks

1. Decline in Ferro Chrome prices
2. Delay in commercialization & ramp-up of new capacities
3. Slowdown in domestic & export offtake

(G) Key Management Personnel

1. Mr. Subhrakant Panda (Managing Director)
2. Mr. Bijayananda Mohapatra (Whole-Time Director & COO)
3. Mr. Saunak Gupta (Chief Financial Officer)
4. Mr. Sureshbabu Chigurupalli (Head – Ferro Alloys Business Unit)
5. Mr. Binoy Agarwalla (Head – Power Business Unit)
6. Mr. Sandeep B Narade (Head – Mining Business Unit)
7. Mr. Smruti Ranjan Ray (Company Secretary & Compliance Officer)
8. Mr. Asish Kumar Roy (Vice President Manufacturing (FA) EIC)

Source: Company

(H) Peer Comparison

Company	FY25/CY25					FY28/CY28
	FeCr Sales Volume (MTPA)	Sales (USD mn)	EBITDA (USD mn)	EBITDA Margin	EBITDA/t (USD)	EV/EBITDA (x)
Indian Metals & Ferro Alloys (FY)	2,59,867	303	63	20.7%	242	7.6
Ferro Alloys Corporation Ltd. (FY)	84,000	99	4	4.3%	51	5.0*
Glencore** (CY)	4,36,000	1,641	292	17.8%	-	6.2
Merafe Resources (CY)	1,24,000	327	39	11.9%	315	-

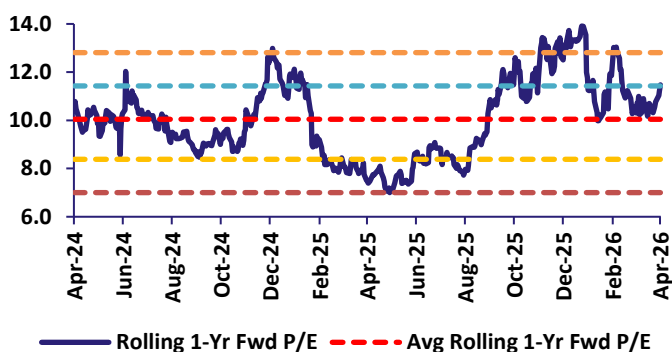
*For Ferro Alloys Corporation Ltd., EV/EBITDA is of Vedanta Ltd.

**Glencore financials are of the ferroalloys vertical, which includes Ferro Chrome.
Source: Company Filings, Bloomberg, SBICAP Securities Research

(H) Financial Overview & Valuation

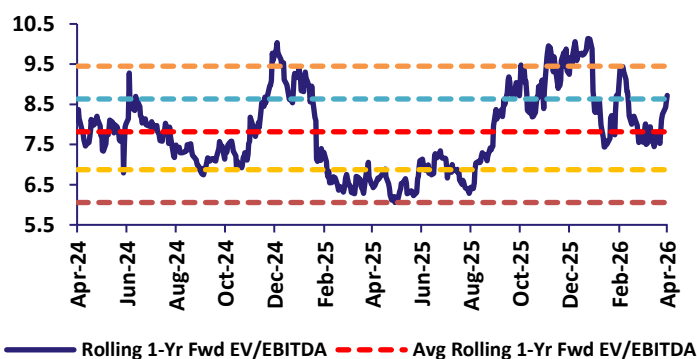
We expect Revenue/EBITDA/Net Profit to grow at a CAGR of 38.5%/43.3%/34.9% between FY26E-FY28E to Rs 5,395 cr/Rs 1,192 cr/Rs 770 cr respectively. At a CMP of Rs 1,553, the stock is trading at 15.5x/9.9x/7.6x EV/EBITDA multiple for FY26E/FY27E/FY28E respectively. **We assign the business an EV/EBITDA multiple of 9.5x, factoring in its robust capacity additions and healthy sales volume, which is expected to grow at a CAGR of 37.1% and 32.4% over FY26E–FY28E, respectively. This growth is supported by rising share of captive chrome ore as mining capacity scales up in line with smelting expansion, resulting in materially lower and more stable raw material costs. Additionally, operating leverage benefits from the commissioning of new, energy-efficient furnaces at Kalinganagar, is expected to lower power consumption, logistics costs and fixed cost per tonne. Based on the above investment thesis, we arrive at a target price of Rs 1,967, implying an upside potential of 26.7% from current levels and thus assign a BUY rating on the stock.**

Rolling 1-Yr Forward P/E



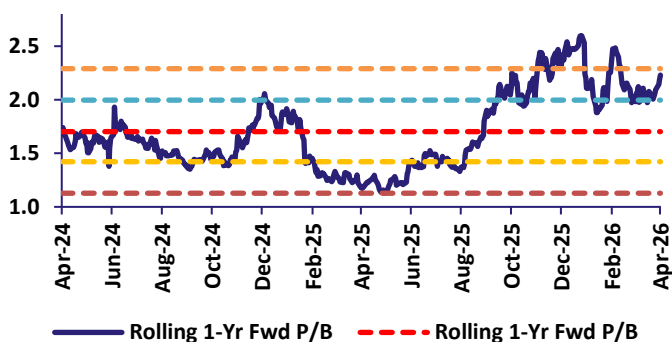
Source: Company, SBICAP Securities Research

Rolling 1-Yr Forward EV/EBITDA



Source: Company, SBICAP Securities Research

Rolling 1-Yr Forward P/B



Source: Company, SBICAP Securities Research

Financial Statements

Income Statement (Rs cr)

Particulars	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue from Operations	2,780	2,565	2,812	4,470	5,395
<i>% YoY growth</i>	-	(7.8%)	9.7%	59.0%	20.7%
COGS (incl Stock Adj)	1,161	1,018	1,114	1,773	2,106
Gross Profit	1,620	1,546	1,698	2,697	3,289
Gross margins	58.3%	60.3%	60.4%	60.3%	61.0%
Employee Cost	222	238	262	443	540
Other Operating Expenses	810	778	855	1,309	1,556
EBITDA	587	531	581	945	1,192
<i>% YoY growth</i>	-	(9.6%)	9.4%	62.8%	26.1%
EBITDA margins	21.1%	20.7%	20.6%	21.1%	22.1%
Other Income	42	66	86	87	83
Depreciation	78	55	60	118	163
EBIT	551	542	607	914	1,112
Interest Expense	35	28	39	69	79
Exceptional Items	-	-	-	-	-
PBT	516	514	568	845	1,033
Tax	172	135	145	216	264
<i>Effective Tax Rate</i>	33.3%	26.2%	25.5%	25.5%	25.5%
PAT	344	379	423	630	770
<i>% YoY growth</i>	-	10.2%	11.6%	48.8%	22.3%
PAT margin (%)	12.4%	14.8%	15.0%	14.1%	14.3%
Minority Interest	-	-	-	-	-
Reported PAT After Minority Interest	344	379	423	630	770
<i>% YoY growth</i>	-	10.2%	11.6%	48.8%	22.3%
Adjusted PAT	344	379	423	630	770
<i>% YoY growth</i>	-	10.2%	11.6%	48.8%	22.3%
Adj PAT margin (%)	12.4%	14.8%	15.0%	14.1%	14.3%
EPS (Rs)	63.8	70.3	78.4	116.7	142.7
<i>% YoY growth</i>	-	10.2%	11.6%	48.8%	22.3%
Adj. EPS (Rs)	63.8	70.3	78.4	116.7	142.7
<i>% YoY growth</i>	-	10.2%	11.6%	48.8%	22.3%

Balance Sheet (Rs cr)

Particulars	FY24A	FY25A	FY26E	FY27E	FY28E
Assets					
Net Block	919	962	1,424	1,858	2,135
Capital WIP	66	74	192	240	300
Intangible Assets (incl. under development)	12	11	11	11	11
Other Noncurrent Assets	190	196	207	284	328
Current Assets					
Current Investment	372	908	908	908	908
Inventories	712	736	774	1,186	1,327
Trade receivables	137	113	164	350	330
Cash and Bank Balances	97	21	89	181	47
Short-term loans and advances	-	-	-	-	-
Other Current Assets	408	155	155	155	155
Total Current Assets	1,726	1,935	2,091	2,780	2,768
Current Liabilities & Provisions					
Trade payables	281	194	237	277	314
Other current liabilities	209	135	149	237	285
Short-term provisions	6	16	18	28	34
Total Current Liabilities	496	346	404	542	634
Net Current Assets	1,230	1,589	1,687	2,238	2,134
Assets classified as held for sale	0	0	0	0	0
Total Assets	2,417	2,831	3,521	4,631	4,908
Liabilities					
Share Capital	54	54	54	54	54
Reserves and Surplus	2,051	2,294	2,637	3,185	3,874
Total Shareholders' Funds	2,105	2,348	2,690	3,239	3,928
Minority Interest	9	9	9	9	9
Total Debt	221	373	708	1,208	758
Long Term Provisions	18	25	27	43	52
Other Long-Term Liabilities	15	15	19	24	31
Net Deferred Tax Liability	50	62	68	107	130
Total Liabilities	2,417	2,831	3,521	4,631	4,908

Cash Flow Statement (Rs cr)

Particulars	FY24A	FY25A	FY26E	FY27E	FY28E
PBT	516	514	568	845	1,033
Depreciation & Amortization	78	55	60	118	163
Others	16	(28)	(48)	(18)	(4)
(Inc) / Dec in Working Capital	19	173	(42)	(536)	(72)
Taxes	(170)	(129)	(145)	(216)	(264)
Cash from Ops.	460	585	394	194	857
Capital Expenditure & investments	(209)	(562)	(554)	(514)	(418)
Cash from Investing	(209)	(562)	(554)	(514)	(418)
Issue of Share capital	-	-	-	-	-
Net Borrowings	(102)	152	335	500	(450)
Others	(37)	(28)	(27)	(8)	(41)
Issuance of Dividend	(68)	(193)	(81)	(81)	(81)
Cash from Financing	(207)	(68)	227	411	(572)
Extraordinary receipts/payment	-	-	-	-	-
Net Change in Cash	44	(44)	68	91	(133)
BF Cash	8	52	7	75	166
Forex & Others	-	-	-	-	-
Other Bank Balances	45	14	14	14	14
Cash and cash equivalents	97	21	89	181	47
Free Cash Flow	347	471	(246)	(407)	355

Key Ratios

Particulars	FY24A	FY25A	FY26E	FY27E	FY28E
Profitability Ratios (%)					
Gross Margin	58.3	60.3	60.4	60.3	61.0
EBITDA Margin	21.1	20.7	20.6	21.1	22.1
EBIT Margin	19.8	21.1	21.6	20.5	20.6
Net Profit Margin	12.4	14.8	15.0	14.1	14.3
Return Ratios (%)					
RoE	16.4	16.2	15.7	19.4	19.6
RoCE	23.7	19.9	17.9	20.6	23.7
Per share data (Rs)					
EPS	63.8	70.3	78.4	116.7	142.7
Diluted EPS	63.8	70.3	78.4	116.7	142.7
CEPS	78.3	80.4	89.6	138.6	172.9
DPS	30.0	20.0	15.0	15.0	15.0
BVPS	390.0	435.2	498.6	600.3	728.0
Leverage Ratios (x)					
Gross Debt/Equity	0.1	0.2	0.3	0.4	0.2
Net Debt/Equity	0.1	0.1	0.2	0.3	0.2
Interest Coverage Ratio	15.8	19.2	15.6	13.3	14.1
Liquidity Ratios					
Current Ratio (x)	2.4	2.7	1.9	1.6	2.0
Quick Ratio (x)	1.4	1.7	1.2	0.9	1.0
Avg. Days Receivables	18	16	21	29	22
Avg. Days Inventory	93	105	100	97	90
Avg. Days Payables	37	28	31	23	21
Turnover Ratio (x)					
Fixed asset turnover	1.6	1.4	1.3	1.7	1.7
Valuation Ratios (x)					
P/E	24.3	22.1	19.8	13.3	10.9
P/CEPS	19.8	19.3	17.3	11.2	9.0
PEG	0.6	2.2	1.7	0.3	0.5
P/B	4.0	3.6	3.1	2.6	2.1
EV/EBIDTA	14.5	16.5	15.5	9.9	7.6
EV/ Net sales	3.1	3.4	3.2	2.1	1.7
Op Cash Flow/EBITDA	0.8	1.1	0.7	0.2	0.7
Dividend Payout (%)	47.0	28.5	19.1	12.9	10.5
Dividend Yield (%)	1.9	1.3	1.0	1.0	1.0
FCF Yield (%)	4.1	5.4	(2.7)	(4.3)	3.9

Source: SBICAP Securities Research

Our recent rising star recommendations and price performances

Sr.No.	Company Name	NSE Symbol	Initiated Date	Initiated Price	CMP*	Return (%) since initiated date	Latest rec. Date	Latest Target	High price since Initiation	Return (%) based on High price since initiation
1	APL Apollo Tubes Ltd.	APLAPOLLO	25-Apr-23	1,219.0	2,045.3	67.8	22-Jan-26	2,491.0	2,301.4	88.8
2	Star Cement Ltd.	STARCEMENT	05-May-23	123.2	221.9	80.1	11-Feb-26	295.0	309.0	150.8
3	JK Lakshmi Cement Ltd.	JKLAKSHMI	24-May-23	705.0	657.6	(6.7)	09-Feb-26	920.0	1,021.2	44.9
4	Dhanuka Agritech Ltd.	DHANUKA	29-May-23	711.0	1,000.0	40.6	12-Feb-26	1,515.0	1,975.0	177.8
5	SJS Enterprises Ltd.	SJS	05-Oct-23	680.0	1,695.6	149.4	29-Jan-26	2,065.0	1,930.0	183.8
6	KPI Green Energy Ltd.	KPIGREEN	17-Nov-23	259.6	440.9	69.8	06-Feb-26	560.0	745.3	187.1
7	Syrma SGS Technology Ltd.	SYRMA	06-Dec-23	590.0	968.8	64.2	10-Feb-26	1,120.0	988.9	67.6
8	Senco Gold Ltd.	SENCO	11-Dec-23	360.8	324.6	(10.0)	16-Feb-26	400.0	772.0	114.0
9	Hi-Tech Pipes Ltd.	HITECH	31-Jul-24	149.0	88.1	(40.9)	09-Feb-26	121.0	210.9	41.5
10	Lumax Auto Technologies Ltd.	LUMAXTECH	27-Dec-24	625.8	1,798.6	187.4	17-Feb-26	2,210.0	1,898.7	203.4
11	Goodluck India Ltd.	GOODLUCK	19-Mar-25	660.0	1,187.0	79.8	19-Feb-26	1,531.0	1,352.8	105.0
12	Man Industries (India) Ltd.	MANINDS	05-Aug-25	448.0	508.1	13.4	10-Feb-26	694.0	511.0	14.1
13	Pricol Ltd.	PRICOLLTD	19-Nov-25	631.0	580.5	(8.0)	12-Feb-26	816.0	695.0	10.1
14	Carysil Ltd.	CARYSIL	06-Apr-26	798.1	889.9	11.5	06-Apr-26	1,120.0	900.0	12.8
15	Indian Metals & Ferro Alloys Ltd.	IMFA	16-Apr-26	1,553.0	-	-	16-Apr-26	1,967.0	-	-

*CMP is closing price on 16th April, 2026

Moved to Soft Coverage

Sr.No.	Company Name	Initiated Date	Initiated Price	Close price	Return (%) since initiated date	High Price Since Initiation	Return (%) based on High price since initiation	Comments
1	Satin Creditcare Network Ltd.	10-Jan-24	259.0	198.0	(23.6)	284.0	9.7	Exited on 27 th Sep'24 due to Microfinance industry under stress.
2	Zen Technologies Ltd.	12-Jul-23	520.0	1,473.0	183.3	2,627.0	405.2	Booked profit on 24 th Mar'25. The stock had run ahead of fundamental. Continue to monitor the order inflow in near term.
3	Aditya Birla Capital Ltd.	22-Aug-24	222.2	329.0	48.1	345.0	55.3	Post recent rally, stock appears fairly valued.
4	Stylam Industries Ltd	27-Apr-24	1,150	2,236	94.4	2,735	137.8	Booked profit as target achieved and moved into soft coverage. The flow information from management reduced. Aica Kogyo is now acquiring controlling stake in Stylam (53.1%) for \$225 million.

SBICAP Securities Limited

(CIN): U65999MH2005PLC155485

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 Research Analyst : INH000000602 | IRDA : CA0103 | PFRDA Registration No: POP 26092018

Registered & Corporate Office: Marathon Futurex, Unit No. 1201, B-Wing, 12th Floor, N M Joshi Marg, Mafatlal Mill Compound, Lower Parel East, Mumbai 400013

For any information contact us: **(022) 6854 5555**

E-mail: helpdesk@sbicapsec.com | Web: www.sbisecurities.in

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Name	Qualification	Designation
Sudeep Shah	MMS-Finance	VP- Technical & Derivative Research
Sunny Agrawal	B.E, MBA (Finance)	DVP - Fundamental Research
Rajesh Gupta	PGDBM (Finance), MA (Bus. Eco)	AVP - Fundamental Research
Monica Chauhan	C.A.	Research Analyst - Equity Fundamentals
Harsh Vasa	C.A.	Research Analyst - Equity Fundamentals
Sumeet Shah	B.E., CFA	Research Analyst - Equity Fundamentals
Shubham Purohit	BMS (Finance)	Research Associate - Equity Fundamentals
Vinit Mishra	B.Com	Research Associate - Equity Fundamentals
Gautam Upadhyaya	MBA (Finance)	Research Analyst - Equity Derivatives
Vinayak Gangule	BE (IT)	Research Analyst - Equity Technicals
Ashwin Ramani	B.Com	Research Analyst - Equity Technicals
Sagar Peswani	B.Tech (ECE)	Research Associate - Equity Technicals
Kalpesh Mangade	B.Com	MIS Analyst - Retail Research

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Sudeep Shah
 VP – Technical & Derivative Research



Sunny Agrawal
 DVP – Fundamental Research