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An ISO 9001, ISO 14001 & ISO 45001
Certified Company



6th August 2022

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Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai - 400051
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Security Code No.: 504614

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Dear Sir,


Sub: Transcript of the earnings call conducted on 1st August 2022

Please find enclosed herewith the transcript of the Q1 / FY 23 Earnings Conference Call conducted on 1st August 2022. This is for your information and records.

This information is being hosted on the Company's website - www.seml.co.in.

Thanking you,

Yours faithfully,
For Sarda Energy & Minerals Ltd.


Authorised Signatory

Encl: As above



“Sarda Energy & Minerals Limited Q1 FY-23 Earnings Conference Call”

August 1, 2022



**MANAGEMENT: MR. PANKAJ SARDA - JOINT MANAGING DIRECTOR,
SARDA ENERGY & MINERALS LIMITED
MR. P. K. JAIN - DIRECTOR & CFO, SARDA ENERGY &
MINERALS LIMITED
MR. MANISH SARDA -DY. MD, SARDA METALS &
ALLOYS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Sarda Energy & Minerals Limited Q1 FY '23 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pankaj Sarda – Joint Managing Director of Sarda Energy & Minerals Limited. Thank you and over to you, sir.

Pankaj Sarda: Thank you, dear moderator. Good afternoon, everyone, I extend a warm welcome to all of you to the Q1 FY '23 Earnings Call of Sarda Energy & Minerals Limited. Our press release and the investor presentation containing details of the performance has already been uploaded. Today's discussions may include forward-looking statements, which must be considered in conjunction with the risks that the industry in general and our business in particular face and actual results may vary materially.

Global economies are facing macro headwinds on account of challenges posed by high inflation, rising interest rates, Russian-Ukraine war, and resurgence of COVID. The export duties imposed with effect from 22nd May 2022 has changed the whole demand-supply dynamics of steel industry and resulted in to sharp corrections in the prices of both, iron inputs and finished steel. With the fall in the domestic steel prices, the same is expected to be rationalized soon.

However, price of coal remains at an elevated level due to supply concerns. Due to higher fuel costs, grid power prices have also been increased by most of the state utilities. This has reduced profit margins in steel and ferro alloys manufacturing. However, we are less affected because we are not exporting any steel products. Secondly, we are captively consuming about 35% to 40% of the iron ore pellets. Thirdly, with the captive coal, our fuel and power cost is lower and stable. And fourthly, the company procures majority of its iron ore requirement from market where prices have corrected. This is also providing a cushion against falling prices of steel. And fifthly, our foreign exposure of imports is hedged by our exports.

Prices of ferro alloys also corrected on oversupply concerns. Price of manganese ore is also correcting globally. However, margins are expected to shrink as compared to last few quarters. We exported 26,300 metric tons of ferro alloys valued about Rs. 338 crores against 17,100 metric tons in Q1 FY '22, valued at Rs. 158 crores and 26,300 metric tons in Q4 FY '22 valued at Rs. 300 crores.

The company has achieved the highest ever quarterly production of iron pellet and captive thermal power. The overall performance of manufacturing facilities has been stable and in line with the last quarter. The 113 megawatt Sikkim Hydro Power project billed 132 million units. At generation bus level, the plant achieved a PLF of 58% in this quarter. However, due to delay in arrival of monsoon and scattered rains, the Gullu Hydro Power Plant in Chhattisgarh generated

only 3.57 million units against 13.57 million units in corresponding quarter of the previous year. The Uttarakhand project generated 4.04 million units against 4.25 million units in Q1 FY '22.

Ongoing projects: The government has approved mining plans of the company for mining of Shahpur West Coal Mine in Madhya Pradesh and for increase in the mining capacity of Gare Palma Mine from 1.2 million tons to 1.8 million tons. The process of environmental clearance is going on. Work on the ferro alloys expansion project at Vizag is progressing ahead of schedule. And we expect to start the third furnace in the next quarter against scheduled commissioning of March 2023. Construction work at 25 megawatt Rehar Hydro Power project is progressing as per schedule. We expect to complete the project before end of FY 2024-25.

Mr. P. K. Jain Ji will brief about financial performance and position of the company.

P. K. Jain:

Thanks, Pankaj Ji. The company has achieved quarterly consolidated revenue of Rs. 1,261 crores during quarter one FY '23, registering a growth of 19% quarter-on-quarter and 52% year-on-year. The company has reported operating EBITDA of Rs. 364 crores during the quarter against Rs. 351 crores in previous quarter and an operating EBITDA of Rs. 268 crores in quarter one of previous year. The company's profit after-tax at the consolidated level stood at Rs. 173 crores as against Rs. 207 crores in the previous quarter and Rs. 168 crores in quarter one of the previous year.

The company is supplying hydro power to CSPDCL under cost-plus regulated tariff. The cost of transmission of power from Sikkim to Chhattisgarh was paid by CSPDCL to the transmission utility. Recently, we have received a demand from CSPDCL for payment of transmission charges in terms of PPA. We shall take up the matter with the regulatory commission in the course of approval of the final tariff. The same was not considered in the provisional tariff as a cost. However, as a prudence, we have provided for the transmission charges as an expense in our results. The transmission cost relating to the previous year shall be adjusted against the retained earnings as per provisions of the applicable Indian Accounting Standards.

The company had bought back 811,108 equity shares at Rs. 1,500 per share, which has been completed and the funds have been remitted on 27 June 2022. The acceptance ratio was about 41% in case of retail category and about 2.8% in case of general category.

Debt.: At the standalone level, the company is net debt free with surplus funds. As on 30th June, 2022, gross debt stood at about Rs. 1,400 crores. Bank balance and liquid investments as on 30th June stood at about Rs. 700 crores. The total debt net of the cash and current investments stood at about Rs. 700 crores and the net of loans given as a part of treasury operations is below Rs. 400 crores. Loans repayable within next one year is Rs. 151 crores, Ongoing CAPEX, including coal mines, have been financed from the internal accruals.

Long-term external rating of the company has been upgraded from CRISIL A+ to CRISIL AA- with stable outlook. The company's short-term rating has been upgraded from A1 to highest level

of A1+. The long-term external credit rating of Sarda Metals was upgraded by two notches from CRISIL BBB+ to CRISIL A. The short-term rating has also been upgraded from A2 to A1. With this, the rating of all subsidiaries of the company stands upgraded to A category. This is a reflection of healthy financials and strong business fundamentals of the company and its subsidiaries.

I now request Shri Manish Sarda to brief about the steel and ferro alloys industry scenario and performance.

Manish Sarda:

Thank you, Mr. Jain. The imposition of export duty has adversely affected India's steel production and exports. In quarter one of FY23, India produced 31 million metric tons of steel, recording degrowth of 3% quarter-on-quarter. However, year-on-year, India recorded growth of 9.54% on account of COVID-affected low base of 28.3 million tons. China's crude steel production increased by 16.47% quarter-on-quarter and reduced by 0.8% year-on-year to 283.5 million tons.

Global steel production recorded growth of 8% quarter-on-quarter to 493 mn tons but fell year-on-year by 3.4%. India exported 2.88 million tons steel against 3.89 million tons in previous quarter, constituting 9.3% of production. The domestic consumption fell from 29 million tons to 27.35 million tons quarter-on-quarter. India continues to be the second largest producer of steel with 6.3% share in the global steel production. Japan with third ranking is far behind us.

Energy and logistic prices which constitute a substantial portion of cost of production and distribution of steel is at elevated levels. As such, prices of finished steel may not go down substantially. Having our own coal mine, we are insulated to a large extent from increase in energy costs. The prices of steel products have moved up backed by demand from consuming sectors who had postponed buying in falling market. Steel demand in India is expected to improve in second half of FY23 with the end of monsoon, driven by increase in government spending, revival in construction activities, and auto sector revival and that should push up the Indian steel prices.

China's steel demand is likely to find support as COVID restrictions ease and pave way for pent-up demand. China is not buying coking coal from Australia. That has kept their cost structure at elevated level. Coke, coal, and energy prices may remain range bound and volatile and that may keep the steel prices at an elevated level. Iron ore and pellet prices may remain subdued due to surplus domestic supply and heavy export duties. Ferro alloys prices may also remain subdued due to oversupply on account of fall in global steel production and capacity additions.

This is all about the performance and outlook, and now we leave the forum open for questions from the participants. Thank you very much.

Moderator:

Thank you. We will now begin the question-and-answer session. We have our first question from the line of Subham Agarwal from Aequitas. Please go ahead.

Subham Agarwal: **Good Evening and I would like to congratulate the team on a great set of numbers.** Sir, my first question was relating to the coal division. Last quarter, we did a sale of around 223,000 tons and before that almost 2 lakh tons. So, can we take a run rate of 2 lakh tons going forward of external sale of coal? And also, if you could help us with the total revenue and profitability at EBITDA level that we generated because of this thing?

Padam Jain : So, far the sales of the coal is concerned about 50% of our present capacity of 1.2 million tons is captively consumed, rest only will be available for sale. So, the sales will be somewhere in the range of 1.25 lakh tons per quarter to 1.5 lakh tons at the max. If we get the permission for increased capacity, then the sale may increase.

Shubham Agarwal: And for the last quarter, sir, what would be our total sales from coal?

Padam Jain: It was 302,000 tons.

Shubham Agarwal: No, in terms of total value and EBITDA I am asking?

Padam Jain: We will provide this separately. We have not calculated separately because this is considered majorly for our captive requirements. So, EBITDA is forming part of our steel division. But we will share with you offline.

Shubham Agarwal: Now secondly, coming to the pellet part of the business. So, obviously, since notification, we have observed a significant decline in pellet prices. Sir, I would like to know the current on-ground reality. Do we see further decline in the prices of pellet going forward? And also, if you can help us understand if there is any challenge in terms of selling the total quantities of pellet going forward?

Pankaj Sarda: Manish Sarda ji?

Manish Sarda: So, let me answer this. We have a pellet capacity of 8 lakh tons installed. And we are mostly utilizing our own pellets for our captive consumption. So, we have very less quantity to sell in the market. And you might have seen that in the recent past that the pellet prices went down with the duties being imposed and there was a certain rebound in terms of the pricing of pellets also. So, pellet prices have moved back and inched up. And I do not see that the pellet prices will be moving down in the near future as coal prices and energy costs are going up across all the producing states.

So, we personally, as a company, do not see too much of a trouble in terms of selling our pellets because we have a very limited quantity to sell in the open market. And overall, I do not see that the pricing will go down because there is a huge amount of cost pressure from the energy side.

Shubham Agarwal: Sir, so for us, what would be the current cost of production of pellet given the current low price of iron ore, and obviously, we have our captive coal?

- Pankaj Sarda:** Mr. Jain, could you answer that question, please?
- P. K. Jain:** Pardon?
- Pankaj Sarda:** What is the current cost of pellet with our captive coal?
- P. K. Jain:** Current cost of pellet with our captive coal and mix of the iron ore fines will be in the range of I think Rs. 6,500 to Rs. 7,000.
- Shubham Agarwal:** Secondly, sir, on the ferro alloy part of the business, again, my question would be on the similar lines. We saw a significant decline in the last two months as far as realization of ferro alloys is concerned. Obviously, we export most of it, but how do you see the market evolving from here on or is there a stable price that based on the current demand and supply scenario that you see the ferro alloy division coming back to?
- Manish Sarda:** So, if you look at the market, pricing definitely has gone down for ferro alloys. But to be very honest, the market is very fluid right now because the Ukraine-Russia war, has carried on for a way much longer period of time. So, there are a couple of scenarios now. Europe is facing a huge amount of electricity crisis, gas crisis and oil crisis. There, the steel production, we have seen sharp declines and the demand for ferro alloys is not as strong in Europe as we used to normally witness.
- What we are seeing is also that there are issues in terms of production in terms of the ferro alloy plants which are situated in Western Europe and Eastern Europe. And we will have to just wait and watch because some of the plants we have heard have closed down like OFZ in Slovakia has completely shut down operations, which was running at around 55%. So, what we are seeing is right now a flux situation, but I think the prices will go back and elevate up further because production centers will be hampered in a major way because of electricity crisis in Western and Eastern Europe.
- Ukraine also may face some issues with Russia going forward. And like we have seen in the past that there were disruptions in the steel plant and one of the steel plants had to completely shut down because of the war situation there. One of the largest producers of ferro alloys in the world is situated in Ukraine. And if there are disruptions there in terms of logistics and in terms of operations and production, we might see a certain spurt in pricing of ferro alloys as well.
- So, we personally feel that the markets have stabilized right now and manganese ore prices have also reduced a bit. So, the margins will still be there. The only cost pressure which is right now for the entire steel DNA industry, as to say, is the cost of energy, the coal cost. We are quite insulated from that also because we have our own coal mines and we have got expansion permission. So, we are just trying to ramp up our coal production and trying to see what maximum utilization we can do from our own captive coal.

- Shubham Agarwal:** So, our expansion also is scheduled to come by next quarter, right?
- Manish Sarda:** Yes.
- Shubham Agarwal:** And finally, on the hydro division. So, there was few news feeds which suggested that in Northeast, the total rainfall is very low in the month of July. So, in our catchment area, are we observing the same thing or it is normal for us?
- Pankaj Sarda:** Yes, we are observing similar trends in our catchment area as well.
- Shubham Agarwal:** Similar as in normal situation?
- Pankaj Sarda:** Yes. As the news feed you have got, even in our catchment area it is showing that the rain in this last 15, 20 days, there has been a little shortfall, but let's see how it goes from here.
- Moderator:** Thank you. We have our next question from the line of Rakesh Shah, an Individual Investor. Please go ahead.
- Rakesh Shah:** So, I just had a couple of basic questions about the coal mines. So, what is the coal requirement in quantity at the Raipur plant and the Vizag plant?
- Pankaj Sarda:** So, both, as mentioned, around 0.6 million tons to 0.7 million tons.
- Rakesh Shah:** So, how was the coal requirement met before the Gare Palma plant?
- Pankaj Sarda:** So, we were buying and importing a lot also from abroad from South Africa and Indonesia. So, because the prices there have escalated so much at the moment, so we are utilizing our own captive coal from our coal mines and substituted that part by our own coal.
- Manish Sarda:** Mr. Shah, we have 1.2 million tons capacity of our coal mines in the current situation and we also have our own washery. So, what we are trying to do is maximizing our captive consumption so that we are insulated from price shocks of the imported as well as market-driven coal pricing.
- Rakesh Shah:** So, the next question is like the Shahpur coal mine, which is there, from that, we will be selling all of the coal extracted to the outside markets?
- Pankaj Sarda:** So, Shahpur coal mine, it is an underground coal mine and the grade of coal there is very, very good. So, we can bring it for captive use as well or if the prices there, if we fetch a better price, we can sell it across also from Madhya Pradesh itself. So, it will depend on the coal pricing, etc., during that time.
- Moderator:** Thank you. We have our next question from the line of Vikas Singh from Phillip Capital. Please go ahead.

- Vikash Singh:** Sir, I want to understand that at the industry level there was a lot of talk about capacities has been cut. So, could you give us some idea about in terms of secondary players or the smaller players like yourself, what kind of capacities have been taken off from the market recently?
- Pankaj Sarda:** Manish Sardaji?
- Manish Sarda:** Frankly, I have no idea of capacities being taken off from the market in the secondary steel. In fact, its news to me because temporary shutdowns here and there do happen in the industry. But to say that capacities have been withdrawn from the market is a little unheard for me in the current situation.
- Vikash Singh:** What I was talking about sir basically these temporary shutdowns. So, during, let us say, next two to three months, what kind of the capacity rebalancing in terms of temporary shutdowns has happened?
- Manish Sarda:** No, I have no idea and I have not heard apart from temporary shutdowns that any capacity has been taken off from the market. If it is a company which has gone into NCLT or something, that's a separate issue. But otherwise, I do not think so there was a bit of a shock in terms of the duties being imposed by the government in a very sudden manner. But that time, there was a little bit of a shake-up.
- But I think everything is now normalized and people have taken cognizance of the fact of the duties and have started reworking. We have seen the iron ore pricing falling and the margins being constant or, let us say, the margins being in place. I have not heard specifically about major shutdowns being taken or major capacities moving out of the industry.
- Vikash Singh:** Sir, in terms of our cost of production, the steel as well as ferro alloy division, what kind of the cost escalation we are building in for the 3Q or 2Q and 3Q basically if we have some visibility up to next six months?
- Padam Jain:** No, there would not be any material cost escalation. So, far as fuel is concerned, as we told, most of that is already covered by our captive coal mine, although quality there is a little inferior, but we are using after washing that coal. So, it would not materially affect. And so far, it's concerned to the manganese ore, there also prices are falling now. And in case of iron ore also, so far two price corrections have been made even by NMDC and other private players have also reduced their prices. Yes, now it depends how the market moves.
- Manish Sarda:** No. In fact, just to add on to that, even coke prices have fallen from 42,000 levels, the coke prices have also come down. And I personally believe that relatively the imported coal RB3 and RB2 pricing has also more or less stabilized and it will more or less may come down only, now it will not go up further. So, I think the cost pressure in terms of going forward for Q2 and Q3, I do not think so there will be a visible cost escalation from our perspective. I do not think so there will be a cost escalation at all. In fact, the costs should be going down.

- Vikash Singh:** Sir, just small clarification. I believe for sponge iron production, we largely import the coal which is of high-grade and not completely replaceable by the domestic process. So, just wanted to understand, are you saying that even on that side we are not going to have any escalation or we are having some older inventory which is of low cost? So, if you could just elaborate.
- Padam Jain:** Most of our sponge iron coal requirement also we are meeting out of our captive coal, although that is affecting our production capacity. If you see our sponge iron production has gone down mainly on account of use of the lower grade of coal. So, yes, very small quantity we might be using, but mostly, it will be meeting from our own coal, although that is of inferior quality.
- Vikash Singh:** Sir, just my last question on our debt level. So, it has been constantly coming down. I remember in our past conference; we say we never gave the guidance of this kind of debt reduction. So, going forward, are we taking us low route because these dynamics have changed in the steel industry and there would be less CAPEX and effectively our debt would continue to reduce or this is a short-term phenomena? Just if you can just elaborate on this.
- Padam Jain:** No, as already stated, we are trying to prepay certain loans. In addition to that, whatever CAPEX are being incurred, those are met out of our cash accruals. Otherwise, steadily the loans are going down.
- Vikash Singh:** So, what kind of debt level we are actually targeting by end of this year, if I may ask?
- Padam Jain:** By given schedule, it will be down. So, far as the long-term debts are concerned, it will be down by Rs. 150 crores, and short-term borrowings are very, very minimal. So, in addition to that, whatever we could negotiate, and otherwise, most of it may be planned for the future growth capital.
- Vikash Singh:** So, this is over and above what we have in 1Q levels, right?
- Padam Jain:** Yes.
- Moderator:** Thank you. We have our next question from the line of Aman Madrecha from Augmenta Research Private Limited. Please go ahead.
- Aman Madrecha:** Sir, I just wanted to ask how is the situation on ground given that there is an export duty on pellets. So, I guess, like according to one of your peer's calls, so the market has around 25 million tons of pellets. And so, like are we finding it difficult to sell pellets and I believe that we can use pellets captively and share more towards the sponge iron thing? But how has been the on-ground situation when we are taking orders for domestic pellets given the situation of an oversupply?
- Pankaj Sarda:** Manish Sardaji?

Manish Sarda: I could not hear you clearly, but your question is basically that there is an overcapacity of pellets in the market right now since there is an export duty on the pellets. Is that right?

Pankaj Sarda: And how it will affect us.

Manish Sarda: So, let me tell you. We as I have previously mentioned, we have installed capacity of 800,000 tons of pellet. And we captively utilize our own pellets for our own consumption as we have down-streams up till HB wire. So, we have our own sponge production. We have our own induction melting furnaces.

We have our own rolling mill. And we are barely left out with a very small tonnage to sell out in the market. And we have a huge market in and around us itself in Chhattisgarh area. And we never see a possibility in terms of selling our pellets short. So, we do not see too much of a problem in selling our pellets as we do not have too much of tonnages to sell in the market.

Moderator: Thank you. We have our next question from the line of Chetan Shah from Jeet Capital. Please go ahead.

Chetan Shah: If my question is just repeated, apologies for the same. Sir, just wanted to understand a thing on the ferro alloy side. If you can give us some sense on how the market looks. I understand on export side you likely alluded that, but if you can give us some flavor on the domestic side of the market? I'm not trying to understand for next couple of quarters, but if I want to understand next two years or three years, how does the demand -supply situation looks like?

Manish Sarda: For next two, three years?

Chetan Shah: Yes. I am just trying to understand in context to our capacity expansion and other things which we are doing. How do you see the demand supply of ferro alloys in the country?

Manish Sarda: See, it is very difficult for me to predict for the next two, three years because it will be a long shot to give that kind of prediction for next three years or two years. But overall, I can tell you that the market is quite cyclical, as you all know, the ferro alloys industry is cyclical as the commodity it is. And I think that India is on the growth pattern, the way we are moving forward with the capital being infused in infrastructure. I am sure that steel industry has also been growing and the steel production will continue to grow in India.

Plus, one has to realize that with the current crisis in the European sector, whether it is Eastern Europe, Western Europe, they are all having a very high cost of production. And these production centers of steel will not be viable and neither will the ferro alloys production centers in the world will be viable when we look at the cost pressures that they are facing right now with the Russia-Ukraine war. And some of these plants, as I already mentioned, like one of the plants which is a large plant called OFZ ferro alloys in Slovakia has already shut down.

India has been with all its pluses and minuses being the largest seaborne exporter of ferro alloys, specifically silico manganese, we are the #1 in the world. And for ferro manganese, we are ranked around 8th in the world. And for ferrochrome, we are ranked around #3 in the world or #4 in the world. But largely, India is a dominant producer of silico manganese. And I presume that going forward also; India will be one of the largest exporters of silico manganese to the world markets as we are seeing high cost of power even in Korea, even in Japan. And these production centers are practically fusing out. Like in Japan, there were four plants, but now there is only one plant remaining.

So, all in all, I see that within the domestic side, the story of India is on a very good growth trajectory. We are looking at increased production of steel going forward in a few years. As far as world markets are concerned, we are still the cheapest and the best producer in terms of silico manganese. Other centers are getting disrupted. So, we have a good potential to grow there as well. So, the demand overall for ferro alloys domestically as well as globally would remain strong for India, barring few incidences like the Russia-Ukraine war where the steel production has dropped down, etc., but also the ferro alloys production has dropped down.

Hopefully, we are also looking forward to the import duty or the anti-dumping duty which has been levied by America for the last so many years to come under the sunset clause and get into a review petition. And there is a 20%, 24% duty structure for silico manganese imports into the U.S., but ferro manganese imports are duty-free. We have seen some ferro manganese exports happening in the last one and a half years to the U.S. And hopefully in the coming year or two, we might see a removal of silico manganese import duty and we might see that market opening up as well for India.

All in all, I personally feel that steel production in India will continuously grow because of the infrastructure-driven steel consumption in this country. And along with that, the ferro alloys will also move up and the demand-supply should balance out automatically. In fact, the demand would be robust for ferro alloys. That's what I think.

Chetan Shah:

One last question from my side. Sir, the kind of cash flow which we are generating post our hydro project came onstream and ferro internal expansion and the one ongoing expansion which got done with. Could you just tell us that how this cash flow we wanted to utilize because now our balance sheet is reasonably lean and thin and we do not have a large use of cash? So, if you can give us some sense on use of this capital whether for further expansion or anything, if you can give some sense will be very helpful, as a shareholder?

P. K. Jain:

As already stated, whatever expansions are going on in ferro alloys, in coal mining and other smaller projects, those are being funded from internal accruals. In addition to that, we are looking for the mining opportunities. So, many iron ore mines and coal mines are coming for auction. So, there also we are looking for opportunities. In addition to that, we are evaluating various growth opportunities, including inorganic opportunities also, we are evaluating. And even organic growth also we are evaluating. But it will be very difficult to give any concrete plan on

the growth or expansion because nothing has frozen. We are evaluating multiple options, including a greenfield project, even a brownfield project.

So, depending upon how the things move, those funds will be utilized. Part of the funds, looking to the surplus availability of the fund without any specific plan, we have already utilized about Rs. 150 crores for buyback of the shares. So, remaining we are planning for the growth opportunities.

Moderator: Thank you. We have our next question from the line of Marsal, an Individual Investor. Please go ahead.

We have our next question from the line of Rajesh Bhandari, an Individual Investor. Mr. Bhandari, please go ahead.

Rajesh Bhandari: The prices of ferro alloys with all the turmoil that you were talking about, so are they more or less stable now? And what is the sell price normally our average?

Pankaj Sarda: Manish Sardaji?

Manish Sarda: More or less, the prices have stabilized at the moment and around 74, 75 levels. We are seeing considerable sales happening at those price levels.

Padam Jain: For the 60-40 grade. For exports it is higher.

Manish Sarda: For exports it will be around 81,000- 82,000.

Rajesh Bhandari: Now the situation in which we are in, it looks like the demand for export should increase because the way people are putting down the ferro alloys plants?

Manish Sarda: As I said previously, it is a situation of flux right now. We have to just wait and watch what happens in the next one-and-a-half, two months. And with the war situation actually, nobody anticipated that the war will go so long, but it is still pulling on. So, we will see how things move on in the next two months.

Rajesh Bhandari: Now our capacity expansion, that is for ferro alloys for 35 MVA and in mines etc. also. Now from the revenue point of view, whatever the expansions will happen in internal mines etc., we will have cost savings. But from the revenue point of view, what all are there in our expansion plans?

Manish Sarda: So, we are expanding in ferro alloys almost by 50% in Sarda Metals.

Rajesh Bhandari: The 35 MVA addition which is going to happen, you are talking about that?

Manish Sarda: That is correct.

- Rajesh Bhandari:** That is under Sarda Metal?
- Pankaj Sarda:** That is correct. Apart from that, we are putting up one more 25 megawatt hydro power project. And two more after that are in pipeline. We are trying to get environmental clearances for those two projects.
- Rajesh Bhandari:** For the hydro?
- Pankaj Sarda:** For the hydro. Again, around 25 megawatt each. Apart from that, we are waiting for clearances to expand our Gare Palma coal mine from 1.2 million tons to 1.8 million tons. And we are waiting for environmental clearances and applying for forest clearances for our Shahpur coal mines. So, all these projects are in pipeline.
- Rajesh Bhandari:** Now we do not have to buy coal from outside?
- Manish Sarda:** No, it is required because in some places there is a requirement of high grade coal in plants. So, for that we have to buy. Our Vizag power plant is designed on Indonesian coal. So, we are utilizing some of our coal from our coal mine from Raigarh to the Vizag plant. So, there 100% utilization will not happen, so we have to buy from outside.
- Rajesh Bhandari:** In Q2 our hydro revenue will be higher than this Q1?
- Pankaj Sarda:** It will totally depend on the rains. So, after Q2 we will come to know.
- Rajesh Bhandari:** In consolidated revenue, the total income or loss such as the other income loss and unallocated loss and foreign exchange fluctuation loss, is it because of that? Why this much loss happened? What is this about?
- Padam Jain:** No, the loss in our other income is because in our investment there was a temporary fall in price that has recouped again.
- Rajesh Bhandari:** So, it is a notional loss?
- Padam Jain:** Yes, it is notional. But it has recouped after that. So, prices have moved up again.
- Rajesh Bhandari:** What is this unallocated loss of Rs. 93 crores?
- Padam Jain:** Unallocated is not loss. That is unallocated expenditure. These are unallocated expenses which are not specific to any particular segment.
- Rajesh Bhandari:** Please do one favor. Our float is so low, so please split the shares. Please take it as a request, please consider that because float in the market is very less.
- Pankaj Sarda:** We will think about it, the suggestion what you have given.

Rajesh Bhandari: Sir, I need your email address, if any question is there, where we will put up that so that we can get the answer?

Padam Jain: We have given at the end of our presentation which is uploaded. You can see in that.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management team for closing comments. Over to you.

Padam Jain: Thank you. We thank all the investors who have joined the investor call organized by the company. We hope we have been able to address most of your questions. The presentation made and the discussions held in the conference will help the investors to evaluate the performance in a better way.

Please feel free to reach out us if you have any further questions. The contact details are given at the end of the presentation uploaded on the website of the company as well as exchanges. We look forward to connect with you all again in the next con call. Thank you. Thank you all.

Moderator: Ladies and gentlemen, on behalf of Sarda Energy & Minerals Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.