

Industrial Growth Center, Siltara
Raipur (CG) 493111, India
Tel: +91 771 2216100
Fax : +91 771 2216198/99
PAN No.: AAACR6149L
CIN : L27100MH1973PLC 016617
www.seml.co.in
info@seml.co.in



6th November 2023

BSE Ltd
The Department of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street – Mumbai 400 001

National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai – 400051
Fax. No: 022-26598237/38, 022-26598347/48

Security Code No. :**504614**

Symbol: **SARDAEN**

Series: **EQ**

Dear Sir,

Sub: Transcript of the earnings call conducted on 31st October 2023

Please find enclosed herewith the transcript of the Q2 & H1 FY 2024 Earnings Conference Call conducted on 31st October 2023. 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
Q2 & H1 FY2024 Earnings Conference Call”

October 31, 2023



**MANAGEMENT: MR. PANKAJ SARDA – JOINT MANAGING DIRECTOR -
SARDA ENERGY & MINERALS LIMITED
MR. MANISH SARDA – DY. MANAGING DIRECTOR
SARDA METALS & ALLOYS LIMITED
MR. PADAM KUMAR JAIN – DIRECTOR & CHIEF
FINANCIAL OFFICER - SARDA ENERGY & MINERALS
LIMITED**



Sarda Energy & Minerals Limited
October 31, 2023

Moderator: Ladies and gentlemen good day and welcome to the Sarda Energy & Minerals Limited Q2 and H1 FY2024 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 for an operator by pressing “*” then “0” on your touchtone phone. Please note that the conference is being recorded. I now hand the conference over to Mr. Pankaj Sarda, Joint Managing Director. Thank you and over to you Sir!

Pankaj Sarda: Thank you, Akshay, and good afternoon everyone and a very warm welcome to each one of you to this call. First of all, I would like to wish a happy festive season ahead. I would like to state that some of the statements made in this call may be forward-looking and a disclaimer to this has been included in the investor presentation.

During the quarter under review globally, the economies continued to face macro headwinds on account of high inflation, high interest rates, war between Russia and Ukraine and imposed sanctions affecting commodity prices including steel. In India, domestic steel demand continued to grow and was up around 10% on Y-o-Y basis but steel spot prices moderated in line with global cues. Raw material and fuel prices also moderated further. As such margins remained stable with downward bias. Central banks continue to adopt tighter monetary policies to rein inflation resulting into liquidity tightening, demand compression and high interest rate.

The output from manufacturing facilities was lower due to seasonal impact and scheduled maintenance shutdowns. During the quarter, the pellet plant was under scheduled maintenance shutdown for 24 days for refractory relining. One of the sponge iron Kilns was also under shutdown for relining, however it will not affect annual targeted production.

In Q2 FY2024 we exported 25,454 metric tonnes of ferro alloys valued at about Rs.189 Crores against 29,358 metric tons in Q1 FY2024 valued at Rs.242 Crores and 16,740 metric tons in Q2 FY2023 valued at Rs.175 Crores. The total generation of our hydro project during six months was 360 million units against 390 million units during H1 FY2023. The lower generation could be attributed to rainfall in eastern sector of the country particularly in catchment areas of our project being below average. In Jashpur district of Chhattisgarh where we have 24-megawatt hydropower plant the rainfall was 38% below average. In Sikkim deficit as compared to previous year was around 10%.

Mines and minerals: Production in Indonesian Coal mine in joint venture is restarted in the quarter under review after acquisition of additional land. During the quarter, the mine

produced ~87,000 metric tonnes. The production will be rammed up in the ensuing quarters. We have applied for increase in the coal mining capacity of Gare Palma IV/7 coal mine from 1.44 million tonnes to 1.68 million tonnes and expect to receive permission during the current year. In view of increased in-house coal requirement post proposed acquisition of SKS Power, we are seeking approvals to increase the coal mining capacity of Gare Palma IV/7 coal mine to 5.2 million tonne in phases. The capacity of the coal washery is also proposed to be increased suitably to meet our requirements. Process of forest clearance is going on for Shahpur West coal mine in Madhya Pradesh. We expect to commence commercial production before the stipulated period of 51 months from allotment. Soon, we shall enter into an agreement with SECL for mining of high-grade coal from Kalyani Coal Mines on revenue sharing basis. We have to restart mining within 18 months after obtaining all required approvals etc. This was the first mine under revenue sharing model. Surjagad iron ore mine: we expect to get letter of intent for composite license for the mine. Soon thereafter prospecting work will be started.

Hydropower projects under construction: Construction work at 25 megawatt Rehar Hydro Power Project is progressing ahead of schedule and is expected to be operational well before scheduled completion by end of FY2024-25.

Acquisition: It may be recalled that SEML had bid for SKS power through the NCLT route. NCLT had remitted back to COC the resolution plan of our company for SKS Power for reconsideration of all plants. On our appeal NCALT has stayed the order of NCLT and listed for final disposal on November 24, 2023. SKS is having an operational thermal power plant of 600-megawatt capacity near our coal mine in Raigarh, Chhattisgarh and this acquisition will bring operational synergy with our own coal mine. Presently NTPC is running the plant under O&M contract. We are taking steps to increase mining capacity of the coal mine to meet future coal requirements. The acquisition will be funded through a judicious mix of debt and equity. Equity fund requirements will be met mostly from surplus fund and internal accruals.

Financial performance: The company has achieved quarterly consolidated revenue of Rs.1001 Crores during Q2 FY2024 against Rs.1052 Crores reported in last quarter and Rs.967 Crores in corresponding quarter of previous years. The company has reported operating EBITDA of Rs.240 Crores during the quarter against Rs.207 Crores in the previous quarter and Rs.281 Crores in Q2 FY2023. The company's profit after tax consolidated stood at Rs.141 Crores as against Rs.171 Crores in previous quarter and Rs.181 Crores in Q2 FY2023. Fall in the selling price and shutdown of pellet plant resulted in fall in revenue and profitability.

Debt: The company is net debt free at consolidated level. The working capital utilization at consolidated level is nil. At the consolidated level gross long-term debt stood at Rs.1150 Crores. Loans repayable within next one year is Rs.182 Crores. Ongoing capexes including our coal mine and hydropower projects have been financed from internal accruals. The company is not exposed materially to the currency rate fluctuation. Foreign currency exposure is majorly covered by natural hedge by import and export. I now hand over to Shri Manish Sardaji who will brief about steel and ferro alloy industry scenario and outlook. Over to Manishji.

Manish Sarda:

Thanks Pankaj. During the quarter India recorded 1.5% growth quarter-on-quarter and 18% growth year-on-year in crude steel production. During nine months ended September 2023 India recorded 12% growth in crude steel production against flat global production. China recorded less than 2% growth. India recorded growth in steel production despite fall of 24% in steel exports from 1.8 million tonnes to 1.37 million tonnes year-on-year and jump in imports by 19% from 1.54 million tonnes to 1.83 million tonnes. This has been possible due to robust domestic demand. The apparent consumption has gone up from 28.3 million metric tonnes to 32.8 million metric tonnes registering a growth of 16%. Energy and logistics prices softened during the quarter. The finished goods prices also softened resulting in compression of margins. Ferro alloys prices have also corrected during the quarter.

Outlook: Global steel production and consumption is flat due to high inflation, high interest rate and war situation. The Indian economy remains stable against the pressure of the high interest rate environment. India's steel production and consumption has recorded healthy growth and is expected to continue its high growth momentum. Growth in steel sector is driven by government spending on infrastructure and recovery in private investment. Infrastructure investment will also support the capital goods sector. After growth of 9.3% in 2022, steel demand is expected to show healthy growth of 8.6% in 2023. Seasonally Q3 is good from demand perspective. Input cost of steel making including iron ore, Coke, coal and energy remain range bound with upward bias. To check import of substandard steel, government approval has been made mandatory to import non-BIS approved steel. This will reduce import of steel in the country and will help in price maintenance. Ferro alloys prices have softened due to poor export demand. Power demand growth is outpacing the supply which is reflected in increasing price trend in energy exchanges. In Sarda Metals we are selling part of power to take advantage of the market conditions. China is issuing 1 trillion Yuan roughly \$137 billion of sovereign bonds for fiscal stimulus to the economy. After the treasury bond funds are put into use, it will help drive domestic demand and further consolidate the recovery of the economy. This will push demand of steel and push the prices also up.

That is all about the performance and outlook. Now we leave the forum open for questions from participants.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Aditya Rathi from Aequitas Investments. Please go ahead.

Aditya Rathi: Thank you for the opportunity. Sir, like you mentioned in your opening remark that by the end of the year we will be able to reach our production requirement of steel billets and wire rods so do you still hold it true?

Pankaj Sarda: Can you please repeat the question please.

Aditya Rathi: Like you mentioned in your opening remarks that by the end of the year we will be able to reach our production requirement of billets and wire rods but like we can see in the first half of the year, the production has not been really up to the mark so do we still stand to produce it by the end of the year?

Pankaj Sarda: Yes, we will be able to achieve.

Aditya Rathi: We will be able to achieve and Sir what is our target?

Pankaj Sarda: The target for palletization because there was a shutdown in pellet plant. The target of pellet plant was 8 lakh tonnes.

Aditya Rathi: Okay and what about billets and wire rod?

Padam Kumar Jain: The billets and wire rod, billets will be 225,000 approximately. We will be achieving production of about 2.25 lakh tonnes. What we achieved in the previous year same level 2,25,000 to 2,30,000 in the range and for wire rod it will be in the range of 2 lakh tonnes.

Aditya Rathi: In the range of 2 lakh tonnes?

Pankaj Sarda: Yes.

Aditya Rathi: Okay and Sir any timeline for SKS transaction to consummate?

Padam Kumar Jain: No. As already stated in our opening remark the hearing is on November 24, 2023, for final disposal.

Aditya Rathi: Sir any outlook or margin guidance or expectation for ferro alloys?

- Manish Sarda:** So forward-looking statement would be that going forward we do not expect too much of price increases in the ferro alloys market for the the next three months and the margins will remain range bound at the moment.
- Aditya Rathi:** Okay and Sir my last question Sir. We have already taken seeking approval for the coal mining enhancement to 1.68 million tonne per annum and as per your guidance moving towards 5.2 million tonne per annum. Sir any timeline or any of the phases which is planned yet?
- Pankaj Sarda:** So, for 1.68 million tonnes, as we said we will do it in this current year. We will get all the approvals by this year and for the 5.2 million tonne we will take one more year to get because all the clearances and all the environment clearances will be done post 1.68 million tonne, so another one year for that.
- Aditya Rathi:** By FY2025 we should be there at 5.2 million tonne per annum.
- Pankaj Sarda:** Correct.
- Aditya Rathi:** Okay thank you Sir. That is it from mine.
- Moderator:** Thank you. The next question is from the line of Vikas Singh from Phillipcapital. Please go ahead.
- Vikas Singh:** Good afternoon sir and thank you for giving me the opportunity. Sir I wanted to understand our current realizations vis-à-vis 2Q average how much percentage it is up or at the same level if you could give us some insight into it?
- Padam Kumar Jain:** We have been slightly on the lower side as compared to the Q2 in some products. In case of iron ore pellets it is slightly on higher side. Our Q2 realizations was in the range of 9,000 and the present realizations are in the range of 9,500 plus. In between the prices had moved up to 10,000 plus also and in case of billet and wire rod is more or less these are in the range what we have achieved in the Q2.
- Vikas Singh:** Understood Sir but as against this our coal as well as iron ore prices would have been on a higher side so another quarter of some margin pressure which we can experience. is that the right assumption?
- Padam Kumar Jain:** No. We have our own coal, so that pressure we will not feel and in case of iron ore, as stated the prices of the pellet is little on higher side as compared to the Q2.

- Vikas Singh:** Understood but if we buy coal for sponge from the import market right so at least that much would have been on the costing side? On a blend we would be on a lower side?
- Pankaj Sarda:** Very less.
- Vikas Singh:** Sir, the second question pertains to assuming that all of our expansion plans for the coal mine goes through in a timely fashion then what is the peak coal capacity which we would have and what would be our peak requirement including SKS power?
- Pankaj Sarda:** So last year our peak capacity was 1.2 million tonne that was the permission granted to us and we achieved that. This year we have got permission of 20% higher 1.44 million tonnes. We will achieve that and we are trying our best so that if we can get 1.68 million tonne by January we can achieve 1.68 million tonne as well. So that is regarding the peak capacity of our Gare Palma IV/7 coal block. Regarding SKS power we might require another additional 4-4.5million tonne for which we will be able to achieve if we increase our capacity. Apart from that, lot of PPAs are there which is going to the grid and they have a PPA with Rajasthan Government. For this the coal we are getting at a very, very low price from the linkages.
- Vikas Singh:** So, what kind of linkages they would have right now in terms of total requirement of 600 megawatt or 4 million tonne?
- Pankaj Sarda:** They might have linkages for around 210 to 230 megawatt.
- Vikas Singh:** Understood and equivalent coal would be backed by the asset?
- Pankaj Sarda:** Correct. It is at a very cheap price because the Shakthi linkage offers coal to the IPPs at very cheap rate than the normal market rates.
- Vikas Singh:** But till what year Sir because coal linkages also gets expired after a certain time so?
- Pankaj Sarda:** Till PPA is there we will get the linkage and once the PPA is expired then we have to go for new PPA.
- Vikas Singh:** Understood Sir. Sir my third question is that just wanted to understand what was the bone of contention or at which point basically Torrent has tried to derail this process and if any precedent is there in terms of similar kind of event happening and any outcome in the last similar kind of incident if you could highlight?

- Padam Kumar Jain:** Although it was against the Supreme Court settled precedent where it is well settled proposition that the commercial decision of COC will be final commercial decision and in this case NCLT had gone into certain details without much of the clarifications and we strongly feel there was no strong ground to sustain and that is why we have been able to get a stay on that.
- Vikas Singh:** Understood Sir so just wanted to understand the point which Torrent Pharma has raised to objecting the objection of Torrent Pharma on which ground basically?
- Padam Kumar Jain:** Torrent Pharma was of the view that their bid was on higher side than our bid.
- Vikas Singh:** Understood and we are reasonably sure since there is a Supreme Court precedent regarding similar matter we would be able to triumph in this case?
- Padam Kumar Jain:** Yes we are quite confident on that.
- Vikas Singh:** Understood Sir and just one last question if I may ask just wanted to understand our debt repayment strategy since we are still making our cash generation would be good but we are also buying Torrent Pharma so how should we look at the peak debt levels from this level it will start coming down if you could give us some insight?
- Padam Kumar Jain:** You see as we go for this acquisition a part of acquisition cost will be met from our internal accruals that much surplus is already available into our system and borrowing will go up from the present level for acquisition and that will be the point from where post acquisition debt will start going down gradually.
- Vikas Singh:** So any kind of run rate which you could share with us that once the acquisition would come down or even X of acquisition this much of debt we would be able to pay on an annual basis?
- Padam Kumar Jain:** As of now we are practically net debt free company so whatever repayment is required that will be for acquisition funding and that will also spread over not less than a period of 10 years.
- Vikas Singh:** Understood Sir. That is all for my side and all the best for future.
- Moderator:** Thank you. The next question is from the line of Vivek Jain from Chanakya Capital. Please go ahead.

- Vivek Jain:** Thank you so much Sir for taking my question? Sir can you guide how much we are spending on maintenance capex for a year?
- Padam Kumar Jain:** Maintenance capex is within the range of Rs.100 Crores.
- Vivek Jain:** Annually?
- Padam Kumar Jain:** Annually.
- Vivek Jain:** Okay and Sir can you also write on contribution that we will be getting per kilowatt from SKS plant?
- Padam Kumar Jain:** It will be too early to give on that because a large quantity is untied in case of SKS. They have long-term PPA only for 125 megawatt approximately and have some medium-term PPA for three to five years and remaining is untied up. So a lot will depend on the power market conditions, what we have seen in the last one to one and a half year the power prices on the energy exchanges are going up. If that trend continues it will give a very good EBITDA return.
- Vivek Jain:** Sir can we say around 2 to 2.25?
- Padam Kumar Jain:** As I told giving any EBITDA guidance at the present level we do not have any long-term tie up for the power project but looking to the scenario, as stated in our initial address also, the power prices have been going up and in recent past also you have seen the prices on the energy exchanges have gone up because of continuous increasing demand in the country and you must also have seen in last few years there has not been much investment particularly in the thermal power sector and most of the investment has gone into solar power. there also the average PLF is very, very low.
- Vivek Jain:** Sure. Thank you so much. Just last question can you just tell us current capacity utilization of hydro plant?
- Padam Kumar Jain:** Presently these are operating somewhere in the range of slightly below 50% as of today.
- Vivek Jain:** Sure, thank you so much.
- Moderator:** Thank you. The next question is from the line of Rakesh Roy from Omkara Capital. Please go ahead.

- Rakesh Roy:** Sir my first question is regarding your realization part if you see quarter-on-quarter, the last quarter pellet realization is near by 9,157 compared to this quarter is 8,925 Sir? Why has it come down because iron ore prices already increased Sir any reason behind this Sir?
- Padam Kumar Jain:** The iron prices had gone down in between so price realization depends on the prices during the whole quarter and some spillover is also always there because of the pipeline of the orders so in between the iron ore prices had gone down.
- Rakesh Roy:** Okay can we see in Q3 the realization will increase because prices now is more than \$112 can we see?
- Padam Kumar Jain:** Average realization should move up from this level definitely. This is our thought.
- Rakesh Roy:** Sir any guidelines for full year how much the realization for full year in pellet part?
- Padam Kumar Jain:** It is very difficult to give in the prevailing scenario, but we foresee the realization should be moving up slightly from here from this level
- Rakesh Roy:** Sir regarding one question because this quarter your pellet plant has closed nearby one month?
- Padam Kumar Jain:** Yes.
- Rakesh Roy:** Sir every year this same quarter or same month happens they are shut down for 24 days or one month?
- Padam Kumar Jain:** No it is not like that. It was shut down for refractory relining and refractory relining in a particular part happens generally in five to six years. So it may happen over a period of two to three years we take for one part refractory lining. So no particular month or particular year is fixed where the shutdown takes place for replacement of refractory lining.
- Rakesh Roy:** Okay so if normal shutdown happen or this happen so how much is our revenue impacted for this shut down?
- Padam Kumar Jain:** As we stated over a period of whole year, we will achieve whatever is projected production of more than 8 lakh tonnes.
- Rakesh Roy:** Okay Sir understood. Sir regarding if I see your ferro alloys realization quarter-on-quarter it has decreased from Rs.83,000 to Rs.81,000?



Sarda Energy & Minerals Limited
October 31, 2023

- Padam Kumar Jain:** Yes.
- Rakesh Roy:** Sir just now you have mentioned this realization will we continue for next three months Rs.81,000?
- Padam Kumar Jain:** Present prices I think it is not Rs.81,000. It might be little lesser than that because.
- Rakesh Roy:** Is at Rs.51,000?
- Pankaj Sarda:** Pardon. No, No Ferromanganese is Rs.67,000 around and silica manganese is around 70,000.
- Rakesh Roy:** Because you have mentioned both in one slide.
- Rakesh Roy:** One thing I try to understand Sir because you say domestic demand is very bullish it is very high still there we are getting less realization?
- Manish Sarda:** So let me clarify here when we say that the domestic demand is very good it primarily means that the domestic demand of steel is very good. Okay. Now when we say the domestic demand of steel is good, we always think that raw material being ferro alloys will also be good in terms of demand but pricing, pricing is not necessarily going to be high in terms of the demand. It is not necessary that if the domestic demand is high the pricing will also remain high. Okay. So we personally believe it is very difficult to predict but we personally believe that the prices for the next three months would remain stable more or less stable because we are expecting that the war in the Middle East, we have seen that the war is happening right now. We are also seeing that the war between Russia and Ukraine is also not stopping so the overall demand for export markets will not be that high because of these disturbances in these regions so we do not expect it. See at the end of the day the export market prices also govern the domestic market prices. When the export demand is high then the domestic market also goes up, but because of the war situation we do not see too much of upswing.
- Rakesh Roy:** Okay again for this one ferro alloys if you see the EBIT margin has come down nearby 100 bps on more than 150 bps quarter-on-quarter so it is related to realization or anything else?
- Padam Kumar Jain:** These are more on the realization side.

- Rakesh Roy:** Okay right again one thing is important Sir your margin this quarter gross margin if we check your gross margin is getting to about 41% compared to last quarter 36% Sir so this margin will improve here onwards and this margin will sustain Sir for 41% Sir?
- Padam Kumar Jain:** Which margin you are talking?
- Rakesh Roy:** Gross margin Sir.
- Padam Kumar Jain:** EBITDA margin.
- Rakesh Roy:** Gross margin
- Padam Kumar Jain:** Gross margin what happens we have a diversified product mix. In case of hydro power project the gross margin is on much higher side and in case of other products it is on lower side so the gross margin if you see that also depends on the product mix of our revenue.
- Rakesh Roy:** Okay agreed. Okay Sir thank you Sir.
- Moderator:** Thank you. The next question is from the line of Darshit from Robocapital. Please go ahead.
- Darshit:** Thank you for taking my questions I understood that you do not give guidance per se but I just wanted overview for the next just two to three years what do you see revenue and some idea on margins? Ballpark view will be fine.
- Padam Kumar Jain:** So far as revenue side is concerned as already we clarified we have a few of the projects in pipeline. One is our increase in the capacity of coal mine starting of the Shahpur Coal Mine. Then major jump will be from SKS acquisition. There we will be having revenue of more than Rs.2000 Crores a year so that will be the major jumping event in our revenue side and 25-megawatt power plant will also start in the next financial year. All these sectors will somewhere bring into the revenue jump so revenue should definitely jump maybe twice in the next two to three years to double the levels. These are the ballpark figures. It is very difficult to basically give the guidance looking to the volatility into the metal sector and all those things but whatever plans are there what we foresee is this level.
- Darshit:** Okay and margins do you see them like sustain at this level?
- Padam Kumar Jain:** Margin is a matter of play of the market conditions so giving any outlook guidance on the margins will be not advisable on our part.

- Darshit:** Okay but let us say that if everything plays out in our favor then we can say that some 24% to 25% of margin we can touch?
- Padam Kumar Jain:** It should be.
- Darshit:** Okay thank you so much.
- Moderator:** Thank you. The next question is from the line of Aditya Rathi from Aequitas Investments. Please go ahead.
- Aditya Rathi:** Sir continuing my earlier question as we have expanded our steel billet capacity to 3 lakh metric tonnes and wire rod capacity to 2,50,000 metric tonne is there any specific reason to why our production target is short of 20% to 25% of what our capacity is?
- Padam Kumar Jain:** These are permitted capacities which we take on the higher side so that we are not constrained for the permission so as to produce what we have faced in case of pellet plant in the past and even in case of wire rod plant so whatever permitted capacity we have taken is on the higher side and actual output depends on many variables. Sometimes it happens we get better avenues in other segments and then we cut down our captive power supply to the steel plant that also has a bearing on the production. If we are getting better realization in some other plant because we have a capacity constraint in case of captive power plant also we have a limited capacity. We are operating power plant at full capacity. So, there are multiple factors. Then type of raw material what we use also decides the output. To what extent we are using percentage of the scrap into the overall raw material mix, so 3 lakh is the optimum capacity which we can get based on the optimum or best raw material mix but actual raw material mix also depends on many other factors including commercial considerations so that decides the actual output that is the case. If we optimally run the plant based on the best raw material mix we can achieve the 100% capacity and the wire rod capacity depends upon the output of the billet plant because we are having the hot charging facility to whatever we are producing about 80% to 85% of that is converted into the wire rod.
- Aditya Rathi:** Okay so is there any production target for next financial year also?
- Padam Kumar Jain:** Next financial year there will be some improvements from this level, but there will not be any material change in the output unless there is some capacity expansion. There will be some improvement depending upon the availability, improvement in the availability of power and all those factors will definitely whatever improvement plans we carry out. That will bring in some improvement in the capacity utilization but it will not materially change

and we do not foresee achieving the 3 lakh of the billet production in the present raw material mix scenario.

Aditya Rathi: Okay Sir okay got it and Sir is there any further expansion plan for pellets?

Pankaj Sarda: So for pellets Aditya what we are doing is we are trying to increase our capacity from 8 lakh tonnes to 9 lakh tonnes I mean our team is very confident that we can make more.

Aditya Rathi: Sir could you please give the timeline for this expansion if you have it in mind?

Pankaj Sarda: Maybe in another six months we should be able to get permission.

Aditya Rathi: Okay thank you so much.

Pankaj Sarda: Without any capex. By reducing the bottleneck and increasing operational efficiency we should be able to increase it to 9 lakh tonnes in our existing plant yes.

Aditya Rathi: Thank you.

Moderator: Thank you. The next question is from the line of Vikas Singh from Phillipcapital. Please go ahead.

Vikas Singh: Thank you sir for giving me the opportunity again, Sir just wanted to understand the capex our pending capex for this year and next year including that of Gare Palma Shahpur coal block and the associated washery?

Padam Kumar Jain: If you consider for the current year we may not be required to spend more than Rs.150 Crores or Rs.200 Crores in the given scenario. And for next year it will depend how fast we get the approvals for increasing the capacity of Gare Palma because it will take some time to get the approvals next year. Most of the time will go into getting the approvals so there will not be material investment on the Gare Palma side and Shahpur also major part of the time will go into the getting approvals so annual capex what we foresee will be in the range of say Rs.300 Crores to Rs.500 Crores in the next financial year excluding SKS acquisition.

Vikas Singh: Understood Sir and Sir any thought process on Kalyani block which also you have got so any timelines which you want to address there?

Padam Kumar Jain: Presently it will take at least for next one year we do not foresee material investments because most of the time again will go into getting approval.

- Vikas Singh:** Understood Sir. That is all for my side. Thank you for answering my questions.
- Moderator:** Thank you. The next question is from the line of Rajesh Bhandari from Nakoda Engineers. Please go ahead.
- Rajesh Bhandari:** Good evening. So you told about China package 1 trillion Yuan so is it already in force?
- Padam Kumar Jain:** They have already declared 1 trillion.
- Rajesh Bhandari:** So in that your demand will increase mainly ferroalloys and all that?
- Manish Sarda:** The demand typically does not change much from China for ferro alloy, but for pellet it increases.
- Rajesh Bhandari:** So if the pellet is less than 1 million tonnes? So China the package how much you can get from this?
- Manish Sarda:** See overall what happens is when the stimulus is introduced a lot of products start getting exported, especially pellets. The demand for pellets increases and prices increases so it directly impacts our profitability as well.
- Rajesh Bhandari:** Okay in ferro alloy, the price is so low two to three quarter ago it was more than 1 lakhs so can this improve, what could be the basic things through which this can improve?
- Manish Sarda:** Sir you have to understand that Sir there is a war situation which is ongoing in Russia and Ukraine which a lot of people anticipated that will stop at some point of time but unfortunately it is still going on
- Rajesh Bhandari:** Do you mean to say if that stops means?
- Manish Sarda:** Then there is a new war which has happened. Because of that war the entire European situation has gone bad. Then we have recently seen the war between Israel and Hamas. What happens is that the Middle East and the South Africa MENA Region these areas also get impacted because of this war. Now the growing centers for steel is Western and Eastern Europe and the Middle East and North African and African regions. Now the overall economic stability and overall economic growth also gets hampered because of the war. This all has led to a lesser demand in export markets because people are not sure as to what will happen next so uncertainty brings about lack luster demand as well in terms of economic growth and in terms of infrastructure development. Once the war stops in both

these regions we will see a lot of infrastructure rebuilding and then again the demand will swing back.

Rajesh Bhandari: So because of this the demand is down world over, but your production you do not need to slow down when the demand is down, whatever we manufacture we are selling it?

Manish Sarma: Yes for the time being we have not stopped any of our production. We are just playing between the realizations of power versus ferro alloys production but we have not stopped any of our furnaces except for maintenance or whatever is required and we are going to continue producing our ferro alloys in the normal fashion that we are and we will be selling it because domestic demand is coming up and we are seeing infrastructure growth happening in India so we are sure that with the infrastructure growth that is happening around the country our domestic markets will be able to consume it. May be the pricing is up and down.

Rajesh Bhandari: Sir regarding SKS by November 24, 2023, Sarda Minerals will be the owner of SKS Power.

Padam Kumar Jain: November 24, 2023, is for hearing for final dispersal.

Rajesh Bhandari: But more or less it is final that Sarda is going to be the future owner of the SKS?

Padam Kumar Jain: It might happen that NCLAT will remand the case to ask NCLT to dispose off as directed, by NCLAT. When it goes to NCLT it might take some more time.

Rajesh Bhandari: Rebidding will happen?

Padam Kumar Jain: Rebidding will not happen, even NCLT has not asked for rebidding.

Rajesh Bhandari: So, it is a matter of time.

Padam Kumar Jain: Yes. This is court issue; we do not know how much time it will take.

Rajesh Bhandari: Sarda is the owner ultimately. Sir has the price been opened? At what price we have got this?

Padam Kumar Jain: The price is not made public.

Rajesh Bhandari: Okay we may have to take loan or internal accruals?

Padam Kumar Jain: Yes, it will be a mix, we will take loan also



Sarda Energy & Minerals Limited
October 31, 2023

- Rajesh Bhandari:** Sir I have a request the results that you give they are standalone but most of the companies they give consolidated?
- Padam Kumar Jain:** No, it is there; we give consolidated as well.
- Rajesh Bhandari:** Sir BSE first page the results, it shows only standalone.
- Padam Kumar Jain:** The results have been published both standalone and consolidated.
- Rajesh Bhandari:** . Sir, on the face of BSE website in case of sarda it displays standalone result only and for viewing consolidated we have to press another tab whereas in case of other companies, it displays consolidated results on face.
- Padam Kumar Jain:** We will look into.
- Rajesh Bhandari:** So can you please look into it so we do not know whose is standalone and whose is consolidated, if it happens, we can also ask BSE.
- Padam Kumar Jain:** Sure.
- Rajesh Bhandari:** Sir another question if we have any questions what is the e-mail id?
- Padam Kumar Jain:** All is there in the presentation you can always connect to them or mark to cs@seml.co.in.
- Rajesh Bhandari:** Okay. Thank you Sir. Thank you very much.
- Moderator:** Thank you. As there are no further questions, I now like to hand the conference over to management for closing comments.
- Pankaj Sarda:** Thank you. We thank all the participants. The company continues to diversify its revenue. Revenue from power and mining will increase over period decoupling it from cyclicality of metal industry. We are hopeful of approval of our resolution plan for SKS power in the near term. That will be a major milestone in our growth journey. Please feel free to reach out to us or our IR team if you have any further questions. Looking forward to connecting again in next concall. Thank you all.
- Moderator:** Thank you. On behalf of Sarda Energy & Minerals Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.