



“Sarda Energy & Minerals Limited Q4 FY’20 Earning Conference Call”

July 1, 2020



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Moderator:

Ladies and gentlemen, good day and welcome to the Sarda Energy & Minerals Limited Q4 FY'20 Earning 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 would now like to hand the conference over to Mr. Pankaj Sarma – Joint Managing Director. Thank you, and over to you, sir.

Pankaj Sarma:

Thanks a lot. Good morning, everyone. On behalf of the management, I extend a very warm welcome to all of you to the earnings call of Sarda Energy & Minerals Limited to discuss performance and results of Q4 FY'20 and FY'20. Our Press Release and Investor Presentation containing details of performance has been uploaded which you may find to be relevant for the performance review.

We draw your kind attention to the fact that today's discussion may include some forward-looking statements which must be considered in conjunction with the risks that industry in general and our business in particular face and actual results may vary materially.

The corona virus emanating from Wuhan in China in November '19 started spreading across the globe in the quarter under review. To contain the spread, most of the countries including India imposed lockdown on movement of people resulting into complete halt of economic activities. This severely affected trade and commerce, financial markets across the globe nosedived resulting into sharp erosion in the value of investment. Performance of the company has to be seen in this backdrop. The emerging scenario from Wuhan had started impacting demand and pricing in the quarter which finally resulted into complete closure of company's manufacturing facility from 25th March 2020. Lockdown, social distancing norms and impending fear of spread of the virus have brought economic activities to grinding halt resulting into high level of unemployment and resultant economic impact. The company took steps to resume production from 16th April 2020 in gradual and synchronized manner keeping in view the restrictions imposed by the government, availability of resources, logistics and demand of end product. The normalcy could return by end of third week of May 2020. Shutdown resulted into fall in prices of fuel particularly oil, but benefit of fall in oil prices was nullified by the government by higher taxes. However, miners of manganese ore increased price due to fall in production. Iron ore prices remained comparatively stable with upward bias. Governments of all major economies have relaxed lockdown and announced stimulus packages to revive economic activities. Effect of stimulus on-demand creation has to be seen.

Global steel production for FY'20 was 1,836 mt, up 1.31% YoY. China produced 997 mt, up 5.5% YoY, constituting more than 54% of global steel production. Ex-China production saw de-growth to 839 mt, down 3.3% YoY. India's domestic crude steel production during FY'20 was 110 mt against 111 mt in FY'19, registering a de-growth of 0.98%. In the Q4 FY'20, India produced 27 mt of steel recording growth of 1.16% QoQ and de-growth of 5.63% YoY. In the falling domestic market, India's exports grew substantially whereas imports have contracted. India was net exporter of steel. The government has announced various steps to boost the

liquidity, demand and credit flow in the economy. The effect of which will be felt from second quarter with a lag.

Ferro Alloy prices have improved in the first half of the quarter but corrected sharply in the later part due to COVID-impact. Due to shutdown of mines, prices of manganese ore has gone up, but finding it difficult to sustain due to lack of demand.

The Manufacturing Facility was closed for part of March 2020. Still the company could achieve highest production of iron pellet, sponge iron, steel pellet and wire rod. The pellet plant had to be shut in February on achievement of permitted capacity. In the quarter we produced 1,04,711 MT iron ore against 1,25,053 MT during corresponding period of CY. Extended monsoon and lockdown has adversely affected output at mine during the year.

SARDA METALS

During the fourth quarter, the Ferro Alloys plant operated at normal capacity up to 25th March 2020 and achieved production of 21,213 MT of Ferro Alloys. However, annual production was down on account of closure of furnaces for relining and overhauling work undertaken during the year. The plant restarted operations on 10th of April 2020 and it is operating at normal capacity. Generation at captive power plant was also affected due to shut down in Ferro Alloys plant and unviable pricing in merchant power.

Better monsoon helped in achieving better capacity utilization factor in Hydro Power generation during the quarter and year. The Hydro Power generation during the quarter was 18 million units against 8 million units in Q4 FY' 19 recording a growth of 116% YoY. During the year, we have generated 115 million units against 85 million units in previous year, registering a growth of 35%.

Shutdown of one captive power plant for repair work and consequent effect on production of steel and Ferro Alloys, shutdown of pellet plant for about half of the quarter due to achievement of permitted capacity and shutdown of all manufacturing facilities in March due to lockdown, have all affected both top line and bottom line for the quarter and year.

Other income turned negative mainly on account of fall in fair value of investment which is a notional loss. A part of that has recovered subsequently. In the backdrop of subdued prices and reduced capacity utilization of Ferro Alloys, the company has reported consolidated operating income of Rs.438 crores during the quarter against Rs.456 crores in the previous quarter and Rs.496 crores in corresponding quarter of the PY.

The operating EBITDA stood at Rs.77 crores against Rs.82 crores in the previous quarter and Rs.81 crores in the corresponding quarter of the PY. The operating EBITDA for the year stood at Rs.356 crores against Rs.482 crores in the PY.

The construction work of the Sikkim Hydropower project also halted consequent to lockdown. The lockdown affected availability of manpower and other resources such as cement, etc., at the site. This has also affected work at site of supplier. Work at the site resumed in the month of May. The project is now expected to be commissioned by end of second quarter of this financial year, resulting into delay of three months.

At the standalone level, the company is net debt-free company. At the consolidated level, the total gross debt as at 31st March 2020 stood at Rs.1,632 crores. The debt net of cash, liquid investments and current loans stood at Rs.1,068 crores. Loan repayable within next one year is Rs.63crores. The debt-equity ratio is well below one. The company has not opted for moratorium on repayment of its term loan or servicing of interest. However, subsidiaries of the company have opted for moratorium as permitted by RBI and allowed by banks. All obligations have been met on time.

The government's stimulus and liquidity infusion will create demand particularly from infrastructure sector. Interest rates are going down. That will also bring substantial saving in capital-intensive sectors. The "Self-Reliant India" campaign will generate a lot of employment and business opportunity, pushing demand side of economy. However, the transition maybe painful for the economy and industry. Various steps taken by the government and RBI will ease pressure and provide conducive environment for growth.

There is a lot of uncertainty on demand side of steel. However, government's stimulus backed by focus on self-reliance and infrastructure creation, should augur well for steel industry. Ample liquidity into the system will bring down cost of funding and create demand and investment in to capital-intensive sector. Increase in grid power tariff augurs well for captive power producers. Because of low leveraging, your company is well placed to take advantage of emerging opportunity. Commissioning of Sikkim Hydro Power project will further improve financial performance of the company.

This is all about the performance and outlook. Now, we will leave the house open for questions from the participants. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Vikash Singh from Phillip Capital. Please go ahead.

Vikash Singh: Sir, my first question pertains to this delayed Hydro Power project due to lockdown and is there any associated cost inflation in the entire project CAPEX because of that?

Padam Jain: No, there will be some increase in the interest during construction component. Otherwise, there is no other increase. There will be marginal increase to the extent of interest during construction.

- Vikash Singh:** What I want is what is our current estimate of the total project cost and how much have we already spent on the same?
- Padam Jain:** Total project cost as of now is Rs.1,450 crores and we have spent about Rs.1,300 crores.
- Vikash Singh:** Secondly, in terms of domestic demand side, if you can elaborate a little bit how the May and June have been in terms of steel demand and what is your expectation towards the July?
- Padam Jain:** Steel demand has been quite good during the quarter and prices have also seen upward trend during the quarter. Whatever we could produce, we could comfortably sell; and inventory is almost at low levels and it would be better than the previous quarter.
- Vikash Singh:** And sir, in terms of pricing, what kind of blended in the last quarter and what kind of increase we have seen in 1Q?
- Padam Jain:** Blended product-to-product from the March month if you compare, not from the quarter if you compare, the prices had gone down, so comparatively prices are showing a better trend.
- Vikash Singh:** Sir, fourth quarter product-specific realization we used to give. So can I have that for pellet and billet for you?
- Padam Jain:** Quarter-on-quarter it might not be more than the last quarter but if you compare the prices during lockdown, from there prices have improved. Iron ore pellet prices had gone down to Rs.5,100 to 5,200. Those are hovering around Rs.5,800 average realization wise.
- Vikash Singh:** What I have asked is 4Q FY'20 average realization because usually in previous quarter we have got the product specific realization like for 3Q pellet Rs.5,900 was the average which you have realized, so the corresponding figures on pellet and wire rod?
- Padam Jain:** The last year average realization for pellet was Rs.6,400, for sponge iron it was Rs.16,600, steel billets it was somewhere about Rs.28,500, wire rod was approximate Rs.33,000. And if you compare for the June quarter, prices for the pellet was somewhere about Rs.5,800, sponge iron was Rs.15,000 and billets was Rs.28,000 and wire rod was Rs.31,000.
- Vikash Singh:** In terms of this pellet plant environmental clearance if you could tell us current status?
- Pankaj Sarda:** We have applied for the environment clearance in the center but in the center and MoEF they are not taking presentation due to COVID and they are also thinking how to go about it, I mean, they have not yet started doing video concall or video presentation or something like that. All application, everything, we have already put and ready we are just waiting MoEF presentation to start.

- Vikash Singh:** What is our current capacity utilization from June end onwards for pellet as well as your sponge? Have we gone back to 100% or we are still running at a little bit lower than that.
- Padam Jain:** We are operating all the plants at full capacity.
- Vikash Singh:** What would be the average utilization for the 1Q FY'21?
- Padam Jain:** Hopefully, in case of pellet plant we will achieve full production; 6 lakh tons. There is no problem in others also. We should be able to achieve about 90% production on an average.
- Pankaj Sarda:** In pellet, if we get the MoEF clearance we will touch more than 7 lakh tons.
- Vikash Singh:** This is annual expectation for us?
- Pankaj Sarda:** Yes.
- Moderator:** Thank you. The next question is from the line of Abhishek Maheshwari from Wallfort Financial. Please go ahead.
- Abhishek Maheshwari:** Sir, previously you said that all your plants are operating at optimum utilization levels now. So I just wanted to know this includes Ferro Alloys also or only steel plants you are talking about?
- Padam Jain:** Ferro alloy also.
- Abhishek Maheshwari:** And sir, this demand is majorly coming from domestic markets or export markets because you export a lot of your products to China also?
- Pankaj Sarda:** No, majorly it is from the domestic market. Ferro Alloy exports are also there
- Abhishek Maheshwari:** Are we seeing any supply issues in China because there are some trade issues going on between us and China?
- Manish Sarda:** We do not supply anything to China. We are basically exporting to the Middle Eastern regions and Japan and some countries which are in Africa.
- Abhishek Maheshwari:** Sir, your overall realizations are stable now, are they similar to December levels?
- Manish Sarda:** There is a bit of a dip, but I think that fluctuation is normal in the business.
- Moderator:** Thank you. The next question is from the line of Mihir Manohar from Kapro Capital. Please go ahead.
- Mihir Manohar:** I wanted to have an understanding about the Sikkim Hydro project. What is the debt-equity funding for this project? is it 70:30?

- Padam Jain:** The total debt is maybe Rs.920 or Rs.930 crores, out of Rs.1,450 crores.
- Mihir Manohar** and how we are planning to have the utilization of this capacity – is it going to be PPA or is it going to be merchant power?
- Padam Jain:** It is a merchant power.
- Mihir Manohar** What is our projected utilization? Will we have complete utilization and complete sales of this entire 96 MW right from the first year of operations itself?
- Padam Jain:** Basically, the 100% utilization comes only during the rainy season. For rest of the period, plant operates at a low capacity depending upon the water flow.
- Mihir Manohar** If you are going to have the capacity on merchant power, so we will not get the incentive which we typically get when we cross a certain threshold, right?
- Padam Jain:** Whatever we will generate in Hydro Power, that goes to the buyer.
- Mihir Manohar** and are we confident of this being operational from October '20 onwards?
- Pankaj Sarda:** Yes.
- Pankaj Sarda:** Now the Government of India have notified that all the Hydro Power projects that will be commissioned from now onwards above 25 MW into renewable category and with this nomenclature of 25 MW we expect better rates / realization.
- Mihir Manohar** Better rate sir, what, 20%, 30% higher or how?
- Pankaj Sarda:** Presently, I think for renewable energy in Hydro Power rate is...

They have received Rs.4 - 4.5 for earlier project and we expect that we should get above Rs.5.50.
- Moderator:** Thank you. The next question is from the line of Ayush from Aequitas Investment. Please go ahead.
- Ayush:** Sir, I wanted to understand how have the iron ore prices have been moving and what has been the impact of iron ore mine auctions at such premium valuation?
- Pankaj Sarda:** Iron ore prices are stable with the upward trend.
- Ayush:** I guess last time you had mentioned that we expect the prices to go up?

- Padam Jain:** That will depend upon how the Brazilian issues, etc., are there and there have been production halts in the mines in South Africa and other places because of this COVID and all those things, so that had affected supply side. Demand side was also affected. So there is no material movement in the iron ore prices except some upward movement. I think yesterday also NMDC has increased the prices by about Rs.200 per MT.
- Ayush:** Sir, on the Ferro Alloys business, how are the prices moving for the quarter and the previous quarter?
- Padam Jain:** Post reopening of the economy, the prices of the manganese ore had moved up because of the short supply and I think effect on mining. And accordingly, the price of the finished product side had also gone up. Both have got corrected, manganese ore prices have got corrected and finished product silico manganese, normal domestic rate which had moved to Rs.67,000 - Rs.68,000, now it is again at around Rs.60,000 and similar correction is there in the manganese ore prices too.
- Ayush:** So I guess the last year the prices were very low for ferro alloys, right?
- Manish Sarda:** Yes.
- Ayush:** So this year what is our expectation on the pricing part front – do we think the worst is over in terms of the Ferro Alloys price realization?
- Padam Jain:** There would not be material movement in the prices and even if somewhere movement is there, that will be compensated by the manganese ore prices. So that will not materially change at profitability or EBITDA level.
- Ayush:** So we mainly export the entire Ferro Alloys production, right?
- Padam Jain:** No-no, it is not like that. A part of our Ferro Alloys production is exported from our Visakhapatnam subsidiary plant and Raipur plant supplies mainly to the domestic market.
- Ayush:** So what will be the proportion of exports to domestic in Ferro Alloys?
- Pankaj Sarda:** I think majority is in domestic market.
- Ayush:** And how is the demand moving in the domestic versus the export market?
- Padam Jain:** We have good demand in the domestic market. We are not finding any decrease in the demand side.

- Ayush:** Sir, lastly on the financing side, we have mentioned that we are planning to do some refinancing of loans. So have we started the process already or will we do that after our Hydro Power plant is commissioned?
- Padam Jain:** No, so far as Madhya Bharat project is concerned, that will be done only after commissioning of that project.
- Ayush:** Other than the debt for Hydro Power?
- Padam Jain:** In Sarda Metals, we have already renegotiated pricing from existing for reduction, already taken place for part of the loan and another part we are looking at refinancing.
- Ayush:** If you can quantify like what kind of interest rate reduction are you looking at?
- Padam Jain:** In case of Hydro Power project, I think minimum there will be 3% reduction in the post-commissioning period.
- Moderator:** Thank you. The next question is from the line of Yogansh Jeswani from Mittal Analytics. Please go ahead.
- Yogansh Jeswani:** Sir, one just follow up on the comments that you have made so far. So, looking at the numbers in the price trend, the price is more or less getting supported, but if we look around we do not see much economic activity happening. So can you share your thoughts on where are we seeing this demand coming from or how is this getting supported at this level, maybe are you seeing some better revival in the rural side of the economy?
- Manish Sarda:** Actually, post-COVID, lot of migrant labors have moved out from major industrial areas. And most of the companies are running at 50%, 60%, 70% of their capacity. So during the lockdown we saw a lot of demand coming from all the metros because major industrial hubs around metros like Nagpur, Jalna, etc. were closed. So we saw a lot of price going in upward trend in TMT and wire rod during this period. And now the normalcy has started coming back, a lot of migrant labors have started moving back and still all the major plants around these metros are not running at 100% capacity. So, one of the major reasons of demand that is coming is from these regions.
- Yogansh Jeswani:** Secondly, sir, I think usually all the steel related products be it sponge iron, billets, pellets, all of it follows a sort of a trend but this time we are seeing somehow the pellet prices are still stronger compared to the other prices for sponge, billet and everything else. So any specific reason why this pellet is breaking out of the group and showing some more strength? And if my understanding is right, are we seeing any benefit out of it?
- Padam Jain:** Definitely, pellet is one of the major contributor in our EBITDA. That advantage is always there. And a substantial part of our raw material for pellet is taken from our iron ore mines, to

that extent the prices basically safeguard our EBITDA margin or improve EBITDA margin on the pellet side. And in case of pellet, price mainly depends on the exports demand also. In the meantime, the iron ore prices in the international markets had moved up mainly on account of the effect on the mining on account of this lockdown. So that had a bearing on the pellet prices.

Yogansh Jeswani: We also do hear that a lot of players based out of that region are also looking at exporting pellets mainly to China. So are we also looking at because I think in your commentary you mentioned that we are so far not supplying anything in China, but that was I think on the alloy side if I am not wrong? But on the pellet side also we do not export anything to China and do we intend to it going forward since the prices are much better there?

Padam Jain: We have not exported any pellet directly last year also and we do not have any immediate plans for export of the pellet. We have a capacity of 6 lakh tons which is comfortably sold in the domestic market in the local region itself. And majorly exports are taking place from the port-based plants or Odisha side. In domestic market we get better realization because of the location.

Manish Sarda: We use our own pellet.

Moderator: Thank you. The next question is from the line of Bharat Sheth from Quest Investment. Please go ahead.

Bharat Sheth: Sir, on Ferro Alloys, in FY'20 our PBIT margin declined substantially. So what was the reason? You said that price is better. So it is YoY better or if you can give us a little more color?

Padam Jain: As I said, prices had moved up after the lockdown. Prices have again got corrected in case of Ferro Alloys, moved up to 67,000 - 68,000 for the normal domestic grade. Now it has got corrected by the level of 60,000 around that.

Bharat Sheth: And this 60,000 was last year also, same level?

Padam Jain: Yes, last year also it was same level.

Bharat Sheth: So what was the reason YoY decline in PBIT margin?

Padam Jain: There was an impact on the production in the Sarda Metals also on account of the overhauling and realigning of activities. And in case of Sarda energy also, there was lower production on the Ferro Alloys side. It adversely affected the margin on the Ferro Alloys side.

Bharat Sheth: In FY'21 do we expect again to go back to our FY'19 level?

Padam Jain: Yes, definitely.

- Pankaj Sarda:** Two of our furnaces in Sarda Energy where the relining has to be done, we have taken a plan of relining, one after another, first one starting from 1st of July today, we are starting one furnace and maybe after three months we shut one more furnace because 10-years have almost completed, we will go for that relining.
- Bharat Sheth:** How is the demand/supply scenario...demand in the sense from the steel domestic and export market?
- Padam Jain:** We do not foresee any issues on the demand side so far as our products are concerned. We have domestic as well as export market. From Visakhapatnam subsidiary we are exporting a substantial quantity, rest is going into the domestic market.
- Bharat Sheth:** How is the realization in the export market?
- Padam Jain:** Basically, both are going into tandem. Whenever we find that domestic market prices are better, we push more quantity into the domestic market. If we find the export is fetching better realization, we push more in export market. Ultimately these prices get adjusted. Realization from both the markets are more or less parallel. There may be some time gap otherwise there is not much of difference.
- Bharat Sheth:** And this manganese ore, we source only from the domestic market or do we also import?
- Padam Jain:** Majorly we import.
- Bharat Sheth:** From which geography?
- Padam Jain:** South Africa and Australia.
- Bharat Sheth:** Any reason of non-availability of ore domestically or any other reason?
- Padam Jain:** No, majorly non-availability of the consistent quality of manganese ore. Moil is the major supplier. So, from domestic market we are buying only from Moil a very limited quantity, rest we meet from the imports.
- Bharat Sheth:** Sir, just to understand, over the last couple of years, some of the plants were closed down. So how is overall Ferro Alloys demand/supply and are we looking at any inorganic opportunity or those closed plant may come back, supply side there could be a pressure?
- Pankaj Sarda:** Ferro Alloy, there are no major plants which have got shutdown on account of this. Certain plants were shutdown. There are issues related with the increased power cost and all those things. That will not materially affect. There is no major capacity addition which will distort the demand/supply equation. There will be some increase in the production from one or other

plant. On the manganese side, we do not foresee material change in the demand/supply scenario.

Bharat Sheth: How is our power cost looking up for this Ferro Alloys which is a heavy power consuming industry?

Padam Jain: We have captive power plant. Power pricing will not have material effect except to the extent of the change in the coal prices. So coal prices are presently on the subdued side.

Manish Sarda: Coal prices are very cheap at the moment.

Bharat Sheth: Do we also use metallurgical coke also, correct? How is the availability and the pricing?

Padam Jain: Pricing of the coke is also on the subdued side, they have also got corrected.

Moderator: Thank you. The next question is from the line of Anup Sharma from IDFC Bank. Please go ahead.

Anup Sharma: I have three clarifications. One, I just wanted to understand that now this quarter has already passed, like June have closed. So was Q4 performance impacted to much extent because operations resumed post April, so how much we can expect in key parameters like EBITDA for this quarter? And when do you expect normalcy to restore like you mentioned demand is coming in, prices will also go up, but I understand there will be shortage of workers at your plant sites maybe because the workers have returned?

Padam Jain: As we stated in our initial address also and in response to questions, our plants are operating at normal capacity and in the exchange filings we have also confirmed that by May third week plants had achieved a normal capacity. We have taken steps for restarting the plants I think from 16th April and gradually one after another activity we started and by third week of May we had reached to the normal capacity in all the plants and presently all plants are operating at normal capacity. We are not finding any challenges on the production capacity utilization side.

Anup Sharma: But in Q1 then, our performance will be a little subdued because I think in April and May we reached the capacity, right?

Padam Jain: Yes, some downside, but capacity utilization is definitely better in case of pellet plant; we have almost achieved to full rated capacity of 1,50,000 tons level. And in case of other plants definitely there was an effect on the production side.

Moderator: Thank you. The next question is from the line of Abhishek Maheshwari from Wallfort Financial. Please go ahead.

- Abhishek Maheshwari:** Sir, I have two more follow up questions. One thing I want to know what your receivable days are like are you facing any problems with collections and all?
- Padam Jain:** No, we are not facing any problem in receivables. Generally, we supply either against advance payment or against letter of credit. We do not supply on credit in general except very-very small components might be for a well-established and long association. So except LC, our receivables level is very-very low. Whatever receivables are there, most of them are backed by the letter of credit.
- Abhishek Maheshwari:** So working capital cycle is a kind of stable?
- Padam Jain:** Yes, very stable.
- Abhishek Maheshwari:** When can we expect power purchase agreement on the Sikkim Hydro Power plant?
- Padam Jain:** We have already signed in principle approval for PPA from one of the distribution utilities. It has reasonably strong financial. That is subject to certain regulatory approval. That PPA is already in place to that level.
- Abhishek Maheshwari:** But right now you cannot share it with...?
- Padam Jain:** No, because it is subject to regulatory approval.
- Moderator:** Thank you. The next question is from the line of Srinath, individual investor. Please go ahead.
- Srinath:** I have one question regarding Hydro Power project. So, we estimated earlier that around Rs.180 crores of EBITDA from this project. I am trying to understand as we are starting the power plant in October 2020, how much we can estimate for this current financial year in terms of EBITDA?
- Padam Jain:** Actually, since the major season will be over by September, definitely this year's EBITDA will be much lower. Major EBITDA comes only during June to September. So it will be definitely much lesser than Rs.100 crores.
- Moderator:** Thank you. The next question is from the line of Abhijit Mitra from ICICI Securities. Please go ahead.
- Abhijit Mitra:** I have two questions: First is what sort of capital expenditure across business divisions you are planning for FY'21 and '22? And what is the overall net reduction that you see happening if any over this next two years?
- Padam Jain:** Except this ongoing Hydro Power project, we do not have any other major CAPEX or specific project CAPEX, except for whatever normal CAPEX is for maintenance CAPEX, we do not

have any other project as of now in the hand, but definitely we are planning to go ahead with the capacity expansion in our Ferro Alloys plant in Sarda Metals. But major CAPEX will be coming only in the next year. During the current year it will not be coming in materially and other is our 25 MW hydro project for which we expect to start, this is about Rs.250 crores project to be completed over a period of three years and maybe about Rs.150-175 crores for our Ferro Alloys project in Visakhapatnam, that will take another two years. So, this is what is the planned project CAPEX as of now.

- Abhijit Mitra:** So Rs.400 crores for three years?
- Padam Jain:** Yes.
- Abhijit Mitra:** And there will be some sustenance CAPEX in other business divisions?
- Padam Jain:** Yes, normal CAPEX on regular basis whatever we do.
- Abhijit Mitra:** What is the debt maturity schedule if you have anything handy?
- Padam Jain:** I think total repayment liability is Rs.63 crores we have to pay during the current year.
- Abhijit Mitra:** In the presentation you have given this wonderful slide on incremental realization. This product wise incremental realization, how do you calculate it?
- Padam Jain:** Difference between the pricing of two products.
- Moderator:** Thank you. The next question is from the line of Sunil Jain from Nirmal Bang. Please go ahead.
- Sunil Jain:** If I see your other income negative by Rs.54 crores plus, and there is a mark-to-market of Rs.48-something crores. So still it remains negative. So what is the reason for that?
- Padam Jain:** Basically, the equity markets and bond markets both had crashed. So there is a direct impact on the valuation of the investments held by the company.
- Sunil Jain:** So that is Rs.48 crores?
- Padam Jain:** Yes, Rs.48 crores.
- Sunil Jain:** But if I reduce Rs.48 crores from Rs.54 crores, still it remains negative...something more negative is there in that, balance would be positive?
- Padam Jain:** Remaining is basically the realized loss on the investments whatever we had booked.
- Sunil Jain:** Just on Ferro Alloys if you can say the quantity which you sold during the quarter?

- Manish Sarda:** If you refer to slide #12, you will find it...in the investor presentation, you will find all volume data there.
- Moderator:** Thank you. The next question is from the line of Swanand Samant from Chanakya Capital. Please go ahead.
- Swanand Samant:** What kind of production loss we can see in your Sarda Ferro Alloys plant because of this relining of furnaces this year?
- Pankaj Sarda:** Two to two and a half months, each 9 MVA furnace, maybe about 7,000 - 8,000 tons we lose. We will be closing the production of the '19-20.
- Moderator:** Thank you. The next question is from the line of Ayush from Aequitas Investment. Please go ahead.
- Ayush:** Can you please share the production and sales numbers of Sarda Metals?
- Pankaj Sarda:** We can share with you offline. As of now consolidated and standalone we do have.
- Ayush:** On the second project, you mentioned that you have already tied up a PPA. So what will be the rate at which we have tied up if you can give that?
- Padam Jain:** It is basically project specific rates are approved by the regulator. There is a complete process for approval of the rate. We will follow regulated process. And subject to the approval of the pricing, pricing is approved by the regulator, not by the buyer or seller, distribution utilities agree to buy.
- Ayush:** But what is our expected rate?
- Pankaj Sarda:** As I told, my existing renewable energy smaller projects are basically given the generic tariff, somewhere about Rs.5.21 is for the current year.
- Ayush:** That rate is what we expect for this Sikkim project?
- Pankaj Sarda:** We expect around Rs.5.80. Definitely, it is subject to regulatory approval.
- Moderator:** Thank you. Well, ladies and gentlemen, that was the last question for today. I would now like to hand the conference back to the management for their closing comments.
- Pankaj Sarda:** We thank all the participants for sparing time and taking interest and we hope we have clarified all the questions. If any specific detail is required, we shall be pleased to provide.
- Moderator:** Thank you. On behalf of Sarda Energy & Minerals Limited, we conclude today's conference. Thank you all for joining. You may now disconnect your lines.