



“Sarda Energy & Minerals Limited Q1 FY2021 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Sarda Energy & Minerals Limited Q1 FY2021 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. Thank you and over to you Sir!

Pankaj Sarda: Very good morning everyone. I extend a very warm welcome to all of you to the Q1FY21 earnings conference call of Sarda Energy & Minerals Limited. Our press release and investor presentation containing details of performance has been uploaded. Today’s discussion may include some forward-looking statements which must be considered in conjunction with the risk that the industry in general and our business in particular face and actual results may vary materially.

COVID-19 impact: The lockdown imposed in March 2020 to control the spread of coronavirus has impacted all economic activities in the country and ours was no exception, although Chhattisgarh was comparatively less affected and we could take steps to reopen the manufacturing facility from 16th April 2020, but due to various lockdown restrictions, the normalization took time and we could start normal operations only by the end of third week of May 2020. Presently all manufacturing facilities are operating at normal capacity. The company has got sufficient liquidity to meet its obligation and to face the challenges evolving from resurgence of COVID. Financial markets across the globe which had nosedived in March recovered to some extent resulting into recouping losses from sharp erosions in the value of investments. However, in view of surge in number of cases, lockdowns are being reimposed at regional levels, which may delay the economic recovery more than what was initially estimated.

Global steel production in Q1FY21 was 433.651 MnT, down 9.74% Y-o-Y and 1.73% Q-o-Q. China produced 268.879 MnT, up by 3.58% Y-o-Y and 15.08% Q-o-Q constituting more than 62% of global steel production. Ex-China production saw degrowth to 164.52 MnT, down 25.41% Y-o-Y and 20.66% Q-o-Q.

India’s domestic crude steel production during Q1FY21 was 16.28 MnT against 27.88 MnT in Q1FY20, registering a degrowth of 41.71% Y-o-Y and 39.46% Q-o-Q. In Q4FY20, India produced 27 MnT steel, impacted mainly on account of the lockdown. Finished steel consumption fell from 24.77 MnT to 11.14 MnT Y-o-Y. In a falling domestic consumption scenario, India exported 5.54 MnT of steel against 1.83 MnT in Q1FY20, registering a growth of more than 200% Y-o-Y. Imports during the same period declined from 1.96 MnT

to 1.26 MnT. The Government has announced various steps to boost the liquidity demand and credit flow in the economy which should have a positive impact on demand of steel in the medium term, particularly from semi-urban and rural sector. Sustained export will also help in improved capacity utilization and stability of prices. Short-term demand depends on monsoon and return of migrant labor. The monsoon has so far been good. The details of production, sales, and realization of product have been provided in our press release and presentation shared in the public domain. Ferro alloy prices had improved in the first half of the quarter but corrected back in the later part to the same level. Prices of iron ore, coal and coke have also seen correction and as such margins are maintained. We have produced 26,801 MT of ferro alloy in Q1FY21 as against 34,337 MT in Q4FY20 and 29,684 MT in Q1FY20.

In Hydropower segment, better monsoon helped in achieving better capacity utilization and hydropower generation. During the quarter, we generated and sold 20.15 Mn units against 9.78 Mn units in Q1FY20, recording a growth of 108% Y-o-Y.

Financial performance: The company reported a consolidated operating income of Rs.347 Crores during the quarter as against Rs.438 Crores in the previous quarter and Rs.555 Crores in corresponding quarter of the previous year. The operating EBITDA stood at Rs.64 Crores as against Rs.87 Crores in the previous quarter and Rs.117 Crores in the corresponding quarter of previous year. Profit after tax consolidated stood at Rs.36 Crores as against Rs.48 Crores in corresponding period of previous year, resulting into an EPS of Rs.9.84 per share. Shutdown of all manufacturing facilities due to lockdown affected production volume, top line and bottom line for the quarter and as such performance except for hydropower is not comparable Q-o-Q or Y-o-Y. The company has maintained dividend of Rs.5 per share which will be paid after approval of shareholders in ensuing AGM scheduled on 24th September 2020 to the share holders who hold share on closing of 14th September 2020.

Progress of Sikkim hydropower project: As explained in the last conference call, the lockdown has affected work at the project site due to restrictions on movement of man and material during the lockdown. The project is in final leg of its completion. The team of foreign suppliers of equipment is expected to reach the site as soon as the international flights resume operations. Except for unforeseen circumstances, it is expected to be completed in the next quarter.

Credit Ratings: The company continues to enjoy A+ rating for its long-term borrowing and A1 rating for short-term borrowing from CRISIL. Post commissioning of the Sikkim hydropower project, we expect improvement in the rating. At the standalone level, the company is net debt free company. The long-term borrowing in operating companies stood

at Rs.600 Crores and total borrowing at Rs.800 Crores. At the consolidated level, the total gross debt as of 31st March 2020 stood at Rs.1,600 Crores. The debt net of cash, liquid investments and current loans stood at Rs.1,100 Crores. Loan repayable within the next one year is Rs.71 Crores. The debt equity ratio is well below 1. All obligations have been met on time.

Outlook: The increased export demand has balanced demand-supply in the steel sector, enabling stable capacity utilization and improved pricing. Good monsoon, better condition in rural and semi-urban India and government stimulus backed by focus on self-reliance and infrastructure creation should push the demand further. Ample liquidity into the system will bring down the cost of funding, particularly for corporates with good track record and financials. This will also create demand and investment into capital intensive sector. In Chhattisgarh, the grid power cost has gone up by more than Rs.1 per unit. Increase in grid power tariff and reduced coal cost augurs well for captive power producers. Because of low leveraging, your company is well placed to take advantage of emerging opportunities. Commissioning of Sikkim hydro project will further improve the financial performance of the company. We expect the credit rating upgrade and interest rate reduction on completion of the Sikkim hydropower project.

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

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. We have the first question from the line of Parthiv Shah from Pratham Capital. Please go ahead.

Parthiv Shah: Good morning Sir. Thank you very much for your concall. I have a question regarding your pellet production and current blended cost of iron ore because if I am not wrong, it is not 100% captive, right? You are sourcing it from your own mines plus outside so what would be the current blended cost of ore for your pellet production?

Padam Kumar Jain: We are meeting 50% of our iron ore requirement from captive sources and current blended cost of iron ore is somewhere about Rs.3,600.

Pankaj Sarda: Blended rate is around Rs.3,600 but the existing prices have gone higher to around Rs.4,000 to Rs.4,500.

Parthiv Shah: Oh, it has increased so the blended cost for you will go up from Rs.3,600 to Rs.4,500?

- Padam Kumar Jain:** No, what I was saying is the cost of the purchasing of material has increased but the blended cost still remains somewhere below Rs.4,000 even after increase.
- Parthiv Shah:** Sir, since long we have been advocating our pellet expansion of 2,00,000 MT, by when can we expect that to come on stream?
- Pankaj Sarda:** May be in one quarter, in 3 months, we will get the permission, we are very hopeful.
- Parthiv Shah:** Sir, also your other capex in terms of your Billet going from 2,00,000 MT to 3,00,000 MT and also eventually the wire rod going up, by when can we expect all of this to start contributing?
- Padam Kumar Jain:** They have already started contributing
- Parthiv Shah:** The update about Sikkim Hydropower project, I am just wondering that has been a big drag for our company's financial and capital allocation so by when approximately do you expect that will start contributing and we will start using those cash flows to start further deleveraging?
- Padam Kumar Jain:** As already explained in our initial address, we expect this to complete by the end of next quarter, so next year will be the full year; basically major earning from the project is in the monsoon season only so there will some contribution in the current financial year, but majorly it will be contributing in the next financial year for the full year.
- Parthiv Shah:** Fair enough. What is your outlook in terms of trend of pellet prices, we heard Mr. Sarda very recently on television commenting that Rs.7,000 is the price that you feel comfortable with for the next 2 months, but we see a trend where it can further go up thanks to the Odisha high auction premium that companies have paid and off late what is the domestic demand scenario also looking like besides the export which has held up very well?
- Manish Sarda:** I mentioned that Rs.7,000 is respectable and sustainable price, but looking at the current demand pickup from the smaller plants which are now going on full stream after the lockdown has been opened up, I think the prices should move to the levels of Rs.7,800 because there is increased rains also and its difficult for iron ore miners to mine during rainy season so there is a bit of a shortage of iron ore as well, which is leading to the price hike in terms of pellet prices and I think for the next 2-3 months we should see the pellet pricing ranging between Rs.7,400 to Rs.7,800.
- Pankaj Sarda:** Fair enough Sir. Thank you very much for addressing all the questions and All the Best.

- Moderator:** Thank you Sir. We have next question from the line of Jatin Damania from Kotak Securities. Please go ahead.
- Jatin Damania:** Just wanted to check on the Sikkim hydropower side, we have seen that because of the lockdown, the completion of the project has been extended so are we seeing any escalation in the cost or cost will remain in the range of Rs.1,400 odd Crores?
- Padam Kumar Jain:** There may be slight increase on account of IDC, but not material.
- Jatin Damania:** It will be in Rs.1,500 Crores or it will lesser than that?
- Padam Kumar Jain:** It will be maybe somewhere around Rs.1,500 Crores.
- Jatin Damania:** Can you brief on your Vizag ferro alloys as last quarter we had seen because of overhauling and realigning there was shutdown in the production so how the operation has been in this quarter and what is the trend line going in the month of July and August?
- Padam Kumar Jain:** Now the plant is operating at normal, full capacity; last year it was closed on account of religning and all those but this year there is no such activity and it will be operating at full capacity, it should be able to produce somewhere about 80,000 MT to 85,000 MT.
- Jatin Damania:** For full year?
- Padam Kumar Jain:** Yes.
- Jatin Damania:** And in first quarter how much did we produce from Vizag?
- Padam Kumar Jain:** I think somewhere around 17,000 MT or so I will let you know the exact figure.
- Jatin Damania:** Okay Sir. Thank you.
- Moderator:** Thank you Sir. We have next question from the line of Abhishek Maheshwari from Wallfort Financial Services. Please go ahead.
- Abhishek Maheshwari:** Thank you for the opportunity. Sir recently the company has received approval for fund raising for equities and debt instruments, I saw it in your latest update, can you throw some light on that?

- Padam Kumar Jain:** That is only an enabling resolution we have been placing for the last 2-3 years so that in case of any acquisition opportunity, there is no limitation. As of now we do not have any plan to raise any fund.
- Abhishek Maheshwari:** Secondly, I wanted to know one of your TG sets has been closed down so are you receiving power properly or there is a cost increase there?
- Pankaj Sarada:** Absolutely, you are correct we are getting power from our Vizag plant. We have extra capacity there so we are wheeling power from there.
- Abhishek Maheshwari:** Lastly, I just wanted to know if currently all our plants are operating at full capacity - ferro alloys and steel plants and all?
- Pankaj Sarada:** Absolutely, in ferro alloys we are making major upgradation to three of our furnaces so one by one those furnaces will be shut down for 2-2.5 months; because these furnaces are very old so we are taking new equipments for all the electrode columns etc., and we are revamping all the furnaces one by one. These three furnaces will be taken for shut down one by one in this current year.
- Moderator:** Thank you Sir. The next question from the line of Vikas Singh from Phillip Capital. Please go ahead.
- Vikas Singh:** Sir any update on the hydro power project rates at which we would be transferring power?
- Padam Kumar Jain:** No, as we informed in the last concall also, the rate is subject to approval by the regulator, it is a project specific rate which is approved by the regulator and there is a long drawn regulatory process for approval of the rates. So, it will take its own time to get the final pricing.
- Vikas Singh:** So, by when we can expect the final pricing depending on the previous time length?
- Padam Kumar Jain:** May be 1.5 to 2 years.
- Vikas Singh:** Okay so in between when the power project would start the supply, so how the revenue would be accounted for?
- Padam Kumar Jain:** The provisional rate to be given by the regulator initially and the accounting will be based on that.

Vikas Singh: Okay secondly, usually monsoon season historically has been a little bit weak but now what we had seen in the last month the prices had been increasing so if you just could elaborate a little bit more on the demand supply scenario currently and how is your expectation on the pricing side?

Padam Kumar Jain: Pricing of what?

Vikas Singh: Basically billet prices have been improving from the last one month despite being in the peak monsoon season; just wanted to understand that is it because of the impending demand or the actual demand picked up on the ground level or the supply so what are the factors contributing to it and how do you see going forward?

Padam Kumar Jain: Can you repeat the question?

Vikas Singh: Usually, monsoon season has been weaker for us in price but this time it is a little bit different so what are the factors contributing to the recent price hike and how the demand supply scenario currently in your operations?

Manish Sarda: Okay, you need to understand that we have been suffering from the lockdown for the last four months and plants were under shutdown because of labor issues and because of various other factors contributing to this lockdown, so people were not operating the plants. Currently we are seeing a very different monsoon this year as the prices of all the steel products have picked up primarily because we have seen a pent-up demand which is going to be unlocked now. Also, a lot of smaller plant induction furnaces which are there in various sectors in Odisha, Raipur, Chhattisgarh and across the country, they have started opening up slowly, and the demand is coming out from there apart from the construction activities which are also picking up and we are seeing labors returning back to work. So overall the difference what we have seen in this monsoon is that the lockdown has opened up and activities have started picking up and the exports have risen very sharply from India into the world market of steel products and imports have fallen because of various government protection and duties which have been levied. So overall, we are seeing a demand pickup, we are seeing the plants coming back into action and that is the reason why this monsoon was a bit different than the previous monsoons.

Vikas Singh: Understood Sir. Just one thing Sir on the industry perspective – for Sponge Iron what kind of utilization according to you they would be running at currently. Do you have any idea?

Manish Sarda: Can you repeat the question? What is the Sponge Iron capacity being utilized across the country that is what the question is right?

- Vikas Singh:** Yes Sir.
- Manish Sarda:** So, it is very difficult to assess right now as most of the plants have started operations and some of the plants are starting up also, but I would think within the given parameter and coming month or so I see most of the plants will be back and running to their full capacity utilizations. We are running our plants at almost full capacity.
- Vikas Singh:** Sir lastly this Rs.1,655 Crores of debt which shown in our presentation that can be assumed that is the peak level which has been achieved or there is another Rs.100 Crores or Rs.150 Crores can be added because of planned capex on the Sikkim project?
- Padam Kumar Jain:** I think this is the peak level of the debt. Whatever debt that will be coming in, to that extent there will be repayments also.
- Vikas Singh:** Understood and Sir what is our current rate of interest?
- Padam Kumar Jain:** Rate of interest for operating plants is well below 10% but for Madhya Bharat it is above 12%.
- Vikas Singh:** And that can be re-negotiated once the power project has started, right?
- Padam Kumar Jain:** Once the project is commissioned it will drastically go down.
- Vikas Singh:** Thank you Sir, for taking my question and all the best for future.
- Moderator:** Thank you Sir. We have next question from the line of Bhavin Chheda from Enam Holdings. Please go ahead.
- Bhavin Chheda:** Sir, very good presentation I should appreciate, normally the presentations shared by you for the last two to three quarters gives detailed update on the overall business. I just have a question on the presentation if you can quantify the amount of price hikes, I think pellets you mentioned, but if you can mention on the sponge iron, billet, wire rod and HB wire which are the main part of your business last one month after the quarter is over, how much is the raw material price hikes which has happened in this quarter? Second my question was you captured different value addition of different products so as of now which product is giving you higher value addition or higher margin or PBT because what we heard is that wire rod looks to be in a massive shortage when we did some dealer checks. So if you can throw some light there; so, is there possibility you can also change your product mix where the profitability is also higher because you have different product ranges?

- Pankaj Sarda:** First of all, a lot of people have TMT as well as wire rod; we have in our product mix only wire rod and that's the only facility that we have so we are running only wire rod and we do not mix around with wire rod and TMT like other people do, so that is the only mix that we have and you are absolutely right it looks like there is huge demand of wire rod that is pouring in and the demand is higher and it looks like it will continue for the next quarter as well.
- Bhavin Chheda:** Regarding quantification of price hikes we are hearing Rs.3,000 to Rs.4,000 change since 30th June 2020, so can you give some number there specifically for billets and wire rods what kind of overall realization change happened in the last 45 days?
- Padam Kumar Jain:** Billets are presently hovering around Rs.29,500 to Rs.30,000.
- Bhavin Chheda:** Wire rod would be?
- Padam Kumar Jain:** Wire rod, you may get another Rs.3,500 to Rs.4,000 on this.
- Bhavin Chheda:** You said Rs.3,000 to Rs.4,000 on billets?
- Padam Kumar Jain:** On billet Rs.3,500 to Rs.4,000.
- Bhavin Chheda:** Okay, regarding the iron ore, this Odisha auctions have happened which has completely changed the scenario, so I believe that the old miners are still selling from their inventory which I believe they are allowed to sell till six months, right? So I think still the Odisha iron ore is available, so have you seen those old merchant miners quantity reducing / exhausting their inventory so what is the situation right now because I believe the winners are mostly the captive steel players. So obviously that volume does not look to be available for the merchant guys, so if you can update on the Odisha iron ore situation in first 5 months experience after the merchant mining has got over, if the monthly run rate has reduced, if any guidance you have got from those guys of the iron ore volumes, if you can guide something?
- Pankaj Sarda:** Till now only two miners have been able to start the mines in Odisha, one is JSW and the other is Arcelor. As you just mentioned 4 months are over on the line so another 2 or 2.5 months, they would be entering into the mines to start the mining facilities and operations; so definitely there has been a shortage of iron ore in the market as on date. The situation might change after 5 months down the line, 6 months down the line when all these miners would start operating their own mine and the production will start and will start going to the captive plant so there will be ease out of iron ore and prices then, but then there is shortage of iron ore fines and lumps and the prices are on the upward trend because of this.

- Bhavin Chheda:** Right and regarding your pellet merchant sales do you export also or you just sell in the domestic market?
- Pankaj Sarda:** The domestic market has gone up very well since the last 1-1.5 months, so the domestic market is giving very good returns. So we are focusing on the domestic market at the moment.
- Bhavin Chheda:** Is there an export duty on pellets also or there is no export duty on pellets?
- Pankaj Sarda:** There is no export duty on pellets.
- Bhavin Chheda:** My last question on the Sikkim project - what is the total capex on that project? I see your presentation shows borrowings of around Rs.800 to Rs.830 odd Crores term loan under execution so how much you are totally spending on it?
- Padam Kumar Jain:** Total will be somewhere about Rs1,450 to 1,500 Crores, less than Rs.1,500 Crores.
- Bhavin Chheda:** How much have you spent till date?
- Padam Kumar Jain:** I think maybe around Rs.1,400 Crores.
- Bhavin Chheda:** You almost spend the full amount, right?
- Padam Kumar Jain:** Around Rs.100 Crores maybe left out.
- Bhavin Chheda:** So this will be IRR kind of project so can we expect 15% to 16% rate and you said the rates would be finalized later, but I am sure there would be some agreement on the IRR thing when you implement at this project so can we assume 15% to 16% IRR or that would be aggressive on it?
- Padam Kumar Jain:** No 15% or 16% is basically on the approved project cost there are certain components which are not considered by the regulator, otherwise 15% to 16% IRR is given on the approve project cost.
- Bhavin Chheda:** That was how much Sir?
- Padam Kumar Jain:** It is subject to detailed examination of the project costs by the regulator therefore it takes about 1.5 to 2 years time.

- Bhavin Chheda:** How much is the equity component because IRR would be calculated on equity component so what is the equity component on the project?
- Padam Kumar Jain:** Loan of Rs.900 Crores or so, the term loan is Rs.927 crores or something, rest is equity,
- Bhavin Chheda:** Sir at least Rs.500 odd Crores would be your equity into the project?
- Padam Kumar Jain:** Yeah.
- Bhavin Chheda:** Okay. Thank you, Sir,
- Moderator:** Thank you. The next question is from the line of Bhavesh Chauhan from IDBI Capital. Please go ahead.
- Bhavesh Chauhan:** My question is little strategic, Sir how do you see our company in 3 to 5 years whether we want to expand more, take up more steel projects or do you want to deleverage?
- Padam Kumar Jain:** Leveraging wise if you see our leveraging is below 1:1 so far as the leveraging is concerned, we have been making our repayments on time; once the hydropower project kick starts then the repayment of debt will start so automatically deleveraging process will be going on. Definitely if we get some opportunity for acquisitions, there will be certain Brownfield expansions like we may expand in the ferro alloys in our Vishakhapatnam project, there may be some capacity addition in steel in Raipur; majorly we are looking for some inorganic growth opportunity, but definitely there will be some capacity addition in both Vizag and Raipur then we will also go in for 25 MW another hydropower project so these are pipeline projects, but inorganic opportunities also we are looking at.
- Bhavesh Chauhan:** Right Sir what would be our maintenance capex?
- Padam Kumar Jain:** Maintenance capex would not exceed Rs.50 Crores per annum.
- Bhavesh Chauhan:** Okay Sir. Thanks.
- Moderator:** Thank you. The next question is from the line of Shubham Agarwal from Acquitas. Please go ahead.
- Shubham Agarwal:** My question is regarding the ferro alloys business, so you said during the first half of the quarter the prices were up, but now it is back to the normal so what would be the prices of silico manganese as of now?

- Padam Kumar Jain:** Presently it is in the range of Rs.60,000
- Shubham Agarwal:** How do you see the trend going forward of the prices? Also, demand side how are you seeing?
- Manish Sarda:** Currently the prices of ferro alloys as of today is Rs.62,000 and I think the prices will move up further from here as Manganese prices have also started rising a bit. Apart from that there is a good demand now which is coming in from the domestic industry as well and I think the prices will be touching roughly another Rs.1,000 or more and then it will stabilize.
- Shubham Agarwal:** Okay, how is the demand from the export side?
- Manish Sarda:** Export side also the demand is good, but it is not up to the mark, which it was, but I think another 2 months or so the export demand will also pick up as most of the countries have started unlocking now.
- Shubham Agarwal:** Sir, you also said there will be some realignment of furnaces in ferro alloy plants so how would it impact the production just to understand?
- Pankaj Sarda:** In Raipur we have 5 furnaces, 1 furnace we take for revamping at a time so the revamping of the furnaces generally takes 2-2.5 months after 2.5 months we will take the second after revamping that we will take the third one.
- Shubham Agarwal:** So, at a time only one furnace will be out of production?
- Pankaj Sarda:** Yes.
- Shubham Agarwal:** Okay. What would be total if you can quantify the production loss?
- Pankaj Sarda:** I think maybe 12,000 MT.
- Shubham Agarwal:** 12,000 MT okay.
- Pankaj Sarda:** 10,000 to 12,000 tons.
- Shubham Agarwal:** You said for the five furnaces total time would be 5 x 2.5 months so on an average 12,000 MT production loss we can consider?
- Pankaj Sarda:** 2 furnaces we have already revamped, remaining three I am talking about, only 3 furnaces need to be revamped.

- Shubham Agarwal:** Understood, it's already undergoing revamping. That's it from my side. Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.
- Deepak Poddar:** Thank you very much Sir for the opportunity. You spoke about billet pricing as compared to what we saw in the first quarter about Rs.2,000 to Rs.2,500 are realization as well as wire rod about Rs.3,000 are realization we are also talking about pellet realization being better so any comment on the margins basically so how do you see going forward in terms of sustainability and improvement?
- Padam Kumar Jain:** Margins have definitely improved when compared to the first quarter. In all the segments margin increase is there but it would be partially compensated by increase in the raw material prices like iron ore prices they have also shown rising trend.
- Deepak Poddar:** But you will also get operating leverage advantage?
- Padam Kumar Jain:** Yes, because we will get the operating leverage and advantage definitely we get; partially we will get from our captive iron ore mines that advantage is always there.
- Deepak Poddar:** Because even at a basically Y-o-Y 30% to 40% lower revenue base we have been able to achieve about 24% EBITDA margin which is quite fantastic right?
- Padam Kumar Jain:** I think margins will improve in second quarter.
- Deepak Poddar:** Okay understood. Fair enough. That's it from my side.
- Moderator:** Thank you. The next question is from the line of Sunil Jain from Nirmal Bang. Please go ahead.
- Sunil Jain:** Thank you very much for taking my question Sir. This was more on clarity about Sikkim power you said it will start in next quarter end so the hurdle is the foreign technicians are not able to come and start the project is there anything else which is pending in this process or that is the only thing which is pending?
- Padam Kumar Jain:** Left out work is also going on at the site, that is not material. Secondly visit of technicians is important because earlier they had planned to come in August-20, I think we will start from September-20. The left out work is there that will be getting completed in due course. That should not be any problem. Nothing as such which you can say to be contingent or which may critically affect the progress.

- Sunil Jain:** Just to get a clarity, iron ore prices you had said that it has moved up to around Rs.4,000 at current point of time?
- Padam Kumar Jain:** Pardon.
- Sunil Jain:** In the open market, iron ore prices has moved up to Rs.4,000 that is what you have said and how much it has increased in the last 1.5 months?
- Pankaj Sarda:** In the last 1.5 months they moved up from around Rs.3,200 almost up by Rs.800 to Rs.1,000.
- Sunil Jain:** Thank you very much.
- Moderator:** Thank you Sir. The next question from the line of Abhishek Maheshwari from Wallfort Financial Services. Please go ahead.
- Abhishek Maheshwari:** My question is regarding your metallurgical coke requirement which is used as raw material so Sir are you facing any problems in its sourcing?
- Manish Sarda:** There is absolutely no problem in sourcing metallurgical coke we require roughly 6,000 MT annually and we have ample supplies in the market today. Even RINL is also selling its undersize coke in the market so there is absolutely no problem in the metallurgical coke imports or domestic supplies.
- Abhishek Maheshwari:** But we are sourcing it domestically, right or we importing?
- Manish Sarda:** We import and we use domestic also depending upon the price viability of which coke is cheaper because primarily in both the coke the quality is the same.
- Abhishek Maheshwari:** Okay Sir. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Shubham Agarwal from Acqutias. Please go ahead.
- Shubham Agarwal:** Sir in the ferro alloys business the EBIT margin for the quarter was 18.3% which was an increase from 15% and last quarter from 12% so do we see this margin trend stabilizing at this level or how do you see the trend going forward?
- Manish Sarda:** I think the overall margin levels will be stable at these levels and might increase only if there is a sudden spike or spurt in international pricing or manganese ore which directly

leads to the prices of manganese alloys. So, I think these EBITDA levels will be stable going forward for the next quarter also.

Shubham Agarwal: Next year okay, got it.

Manish Sarda: It may increase a bit.

Shubham Agarwal: Okay. That's it sir.

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

Pankaj Sarda: Thanks to all the participants for sparing time and we hope we have clarified all the questions to their satisfaction. In case of any doubt you can always reach out to us. We shall be happy to share or clarify any points. Thanks to all once again.

Moderator: Thank you. On behalf of Sarda Energy & Minerals Limited that concludes today's conference call. Thank you for joining us. You may now disconnect your lines.