



“Sarda Energy & Minerals Limited
Q4 FY’24 Earnings Conference Call”

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Moderator:

Ladies and gentlemen, good day, and welcome to the Q4 FY '24 Earnings Conference Call of Sarda Energy and Minerals Limited. 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone.

Please note that this conference is being recorded. Today we are honoured to have with us from the management team Mr. Pankaj Sarda, Joint Managing Director of Sarda Energy and Minerals Limited; Mr. Neeraj Sarda, Deputy Managing Director of Sarda Metals and Alloys Limited, Mr. P.K. Jain, Director and Chief Financial Officer and Mr. Nilay Joshi, Head Corporate Finance at Sarda Energy and Minerals Limited. I would now like to hand the conference over to Mr. Pankaj Sarda for opening remarks. Thank you and over to you, sir.

Pankaj Sarda:

Thank you so much, and good afternoon ladies and gentlemen. A very warm welcome to each one of you attending Sarda Energy's earnings call. Some of the statements made in this call may be forward-looking and a disclaimer to this effect has been included in the investor presentation. I hope you have had a chance to go through the results and presentation uploaded on our website and the sites of stock exchange.

Economies across the globe continue to face macro headwinds on account of property sector drag in Chinese economy, more-than-expected delay in interest rate reversal by central banks, stretched war between Israel and Hamas, high fuel costs and disruption in seaborne transport, following attacks on ships in the Red Sea.

In India, domestic steel demand continues to grow and was up around 9% Y-o-Y. But steel spot prices moderated in line with the global cues without corresponding correction in input prices. As such profit margins saw some slight pressure.

During FY '24, the plants reported improved performance. We recorded highest ever production of coal, iron ore pellets, billets, wire rod, ferro alloys and captive power. The production during the quarter was lower Y-o-Y and Q-o-Q on account of shutdown of one unit of captive power plant at Raipur, taken for overhauling of one of the FBC boilers and one of our turbines.

Hydro power generation during the year was lower by 10% due to lower rainfall in catchment areas and pipeline damage from landslide in our Uttarakhand project. Specific details are given in the operational data uploaded. During FY24, we exported 115,000 metric tons of ferro alloys worth INR875 crores against 98,000 metric tons, worth INR983 crores last year.

In Q4 FY '24, we exported 27,000 metric tons of ferro alloys valued at around INR203 crores against 33,500 metric tons in Q3 FY '24, valued at INR242 crores and 34,500 metric tons in Q4 FY '23, valued at INR294 crores.

Mines and minerals- The Gare Palma coal mine operated at full capacity and produced 14.4 lakh tons of coal during the year. We have received environment clearance for increase in the mining

capacity from 1.44 million tons to 1.68 million tons. The CTE and CTO is expected soon. We propose to increase it further to 1.80 million tons during the current financial year. To meet the increased in-house coal requirement post proposed acquisition of SKS Power, the mining capacity is proposed to be increased to 5.20 million tons. The mining plan and mine closure plan of 5.20 million tons has been already approved. The capacity of the coal washery is also proposed to be increased initially to 1.80 million tons from 0.96 million tons. This will be increased further as may be necessary post increased mining capacity. We are also taking steps for setting up railway siding and loading infrastructure in the coal mine for movement of coal through rail for cost-effective movements of coal and mine refilling materials. The Indonesian joint venture coal mine produced 5.58 lakh metric ton coal in FY '24 and 2.24 lakh metric ton coal during the quarter. We expect to produce about 1 million ton coal from this mine in FY '25.

Our proposal for Stage 1 forest clearance and environment clearance, for Shahpur West underground coal mine in Madhya Pradesh has been approved. Mine opening work will start after we receive Stage 2 forest clearance and mining lease. We expect to get mine opening permission during current financial year. Immediately after getting the permission, mine development work will be started.

Post commencement of production from this mine, 100% of our high-grade coal requirement will also be met from this captive mine, insulating us against price fluctuations and high cost of imported coal.

Process of mining plan preparation and approval is going on for Kalyani coal mine located in Chhattisgarh. We have formed a joint venture subsidiary company for reopening and operating of Bartunga Hill high-grade coal mine of SECL. This will further strengthen company's presence in commercial coal mining.

Surjagarh iron ore mine- We have received a letter of intent from the Government of Maharashtra for composite license for the mine. Necessary approvals, including forest clearance are being taken to start prospecting work.

Solar power project- Land has been acquired. Material has started reaching at the site. Process of grid connectivity approvals is going on. The plant is scheduled to be operational by the end of this current financial year. In addition to the cost savings, it will also help in reduction of our carbon footprint.

Replacement of turbine and generator- The company has placed order for replacement of existing 30-megawatt TG set with new energy-efficient TG set to save energy and reduce carbon footprint. The new TG set is expected to be operational in the first half of FY '27. With this, all the 3 turbines shall stand replaced.

Hydropower project under construction- Construction work at 25-megawatt Rehar hydropower project is progressing ahead of schedule, and the plant is expected to be operational in the next quarter, taking the advantage of part of this year's rainy season against scheduled completion of March 2025.

Acquisition of SKS Power- On our appeal, NCLAT has set aside the order of NCLT. NCLAT has revived the plan approval application of our plan along with inter-locutory applications with directions to dispose of the application preferably within 60 days.

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 synergies with our coal mine. Presently, NTPC is running the plant under O&M contract.

New Independent Directors- In last quarter we have appointed 2 more prominent persons as Independent Directors. They are Mr. Rajeev Sharma and Mr. U.P. Singh. Mr. Rajeev Sharma is ex-CMD of PFC and Mr. U.P. Singh is retired IAS Officer. Before retirement, he was Secretary to GOI in different ministries. I now hand it over to Mr. P.K. Jain, who will take us through our financial performance.

Padam Jain:

Thank you, Pankaj ji. The company has achieved quarterly consolidated revenue of INR889 crores during quarter 4 of financial year '24 against INR925 crores reported in last quarter and INR1,076 crores in corresponding quarter of previous year. The company's profit after tax at consolidated level stood at INR88 crores against INR114 crores in the previous quarter and INR115 crores in the quarter 4 of FY '23.

Prices across the value chain except for finished steel remained stable during the quarter. Price of steel products, including billets were lower than last quarter. For FY '24, the company has achieved revenue of INR3,869 crores against INR4,212 crores achieved in FY '23. The fall in revenue is attributable to the fall in selling prices year-on-year. The profit after tax has also gone down from INR603 crores to INR531 crores because of slight pressure on the margins. The company is taking steps for long-term sustainable margins which include productivity improvement, installation of solar power project, waste utilization project, the replacement of all TG set with energy efficient TG set and replacing high-cost imported coal by captive coal. The effect of all these efforts will be reflected in the medium to long-term.

Debt position- The company is net debt free. At consolidated level, gross long-term debt stood at about INR1,250 crores. Amount of long-term loans repayable within next 1 year is INR195 crores. The company has strong liquidity to meet capital requirement for acquisitions and ongoing capex. As of 31st March, we held cash and liquid investments of INR1,325 crores. The company is not exposed materially to currency rate fluctuations. Foreign currency import exposure is fully covered by our exports.

Dividend- The Board of Director have recommended a dividend of Re1 per share, which is 100% against regular dividend of 75% paid in the previous years.

The industry scenario- The domestic crude steel production in financial year '24 registered a growth of 13% to 144 million metric tons against 127 million tons in FY '23. Production from induction furnace too saw a sharp jump of 25% to 50 million tons. The domestic finished steel consumption has registered a growth of 13% to 136 million tons in FY '24 on the back of government-supported infrastructure projects. India has become a net importer of steel in FY

'24. During FY '24, India registered 38% surge in import of finished steel to 8.32 million tons as against 6.02 million tons imported in the previous year.

Ferro alloys export has been stable. During the quarter, India exported 0.66 million tons ferro alloys against 0.59 million tons in the last quarter. During the year, India exported 2.65 million tons of ferro alloys. Thermal and coking coal import saw a sharp rise on back of lower prices.

Lower coal prices resulted in higher import of high-grade coal by sponge iron plants. And consequently, sponge iron production also increased by 20% to 52 million tons against 43 million tons in the previous year. The coal production has almost reached 1 billion tons against 893 million tons in the last year, registering a growth of 11.65%. This has kept the prices of thermal coal under check with comfortable stock level at power plants.

The quarter gone by has seen strong domestic demand, but slowing global demand. Increased export from China had an impact on the pricing of steel. China's property market remained sluggish affecting steel consumption. During the quarter, India produced 37.3 million tons of crude steel, recording a growth of 9.7% year-on-year.

During financial year '24, India produced about 144 million tons crude steel –recording a growth of 14.5% against negative growth of 1.66% in China and 3.48% growth in global crude steel production. During the quarter, India recorded growth in steel production despite jump in the imports from 2 million tons to 2.6 million tons.

Apparent consumption has gone up from 33 million tons to 36 million tons year-on-year, registering a growth of 9%. Iron ore, iron pellet and sponge iron prices remained stable. Finished steel prices saw downward pressure resulting into compression of margins. Ferro alloys prices also didn't improve during the quarter from fall in the last quarter. However, the prices of both steel and ferro alloys have seen upward movement during the current quarter.

Outlook- The Indian economy remains stable against the pressure of high inflation and high interest rate environment. Interest rates across the globe are expected to start falling in view of the declining inflation across the globe. Strong tax collection and sharp rise in dividend from RBI has strengthened finances of the government, creating space for extra government spending on infrastructure projects. That should boost capex heavy projects and real estate sector, creating demand for steel.

India's steel production and consumption is expected to continue its high growth momentum. Our apparent steel consumption has recorded a healthy growth of 14% in FY '24. Growth in steel sector is driven by government spending on infrastructure and recovery in private investment which have been the focus of this year's budget. Money flow from election-related spending should also stimulate demand.

Iron ore, coke and coal prices have also moved in tandem. Peak power demand has breached level of 243 gigawatt. Price of power in open market is hardening and is expected to remain at elevated level providing good power sale opportunity for the company.

There is disruption in the production of high-grade manganese ore in Australia affecting supply chain. This has caused sharp rise in price of manganese ore and also ferroalloys. We have sufficient inventory of manganese ore. Current price of silicon manganese of 60% grade is around INR85,000 against the average realization of INR67,000 in quarter 4 of FY'24.

That's all about our performance and outlook. Now we have the forum open for questions from the participants. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Rajesh Bhandari from Nakoda Engineering. Please go ahead.

Rajesh Bhandari: Sir good afternoon.

Padam Jain: Good afternoon.

Rajesh Bhandari: This time result has not come good, is it only because of the low prices?

Padam Kumar Jain From operating performance you must have seen, in all the plants' operation we have achieved record production.

Rajesh Bhandari; Is there any chance of prices improving?

Padam Jain: Prices have improved in first quarter as compared to the last quarter there is substantial improvement.

Rajesh Bhandari: Means 15%, 20% improvement?

Padam Jain: No it is not 15%, 20% it is 10% plus.

Rajesh Bhandari: And ferro alloys exports?

Padam Jain: That is continuing, and it is normal.

Rajesh Bhandari: Because outside the condition is not good.

Padam Jain: No, otherwise price movement would not be there if demand was not there. Price movement has happened because demand is there.

Rajesh Bhandari: And SKS Power, what is the status of that?

Padam Jain: In SKS Power, on our appeal, NCLAT has set aside the earlier order of NCLT Mumbai and asked them to hear our Plan approval application again.

Rajesh Bhandari: Means the first case after hearing that order has been given so NCLAT has set aside those orders?

Padam Jain: The NCLT order was not in our favour. They had told the CoC to reconsider again all the plans. That order has been rejected by NCLAT.

Rajesh Bhandari: Means which was earlier in our favour that remained in our favour?

- Padam Jain:** Yes it's in our favour. CoC had given in our favour and NCLAT decision has come in our favour and they have asked NCLT Mumbai to hear it again. Earlier NCLT had told to the CoC that all resolution plans should be reconsidered that has been rejected by NCLAT.
- Rajesh Bhandari:** Till what time it will come what is the hope of that?
- Padam Jain:** This is a court case. NCLAT has ordered to decide preferably in 60 days. If not 60 days you consider it little less or more than that. NCLAT has given the time of 60 days for decision to NCLT Mumbai.
- Moderator:** Mr. Bhandari may we request you to come back to the question queue for follow up.
- Rajesh Bhandari:** Only last question. This decision will be in our favour?
- Nilay Joshi:** Matter is subjudice. We don't want to comment on judicial process.
- Rajesh Bhandari:** Thank you sir.
- Moderator:** Thank you. The next question is from the line of Pradeep Rawat from Yogya Capital. Please go ahead.
- Pradeep Rawat:** So I have a couple of questions. First question is regarding our capex outlay. So during this financial year, FY '25 and beyond what should be the capex outlay that you foresee?
- Padam Jain:** The capex outlay should be in the range of INR500 crores a year put together across the company.
- Pradeep Rawat:** And the revenue potential at current market price, like keeping market price stable what should be the total amount of revenue that we can generate from current capacity and capacity after the capex that we have announced till date?
- Padam Jain:** Capexes which have been announced, except coal mines, in current year none will come in production. So far as current year production is concerned, only we will have increased coal production. In the current year there won't be material change in the revenue except the price effect. So there will be effect of the whole production and rest will be the price effect.
- Pradeep Rawat:** So you are guiding for no volume increase for next like 1 year?
- Padam Jain:** For the current financial year whatever performance productivity improvements nominal whatever is there that will be there. Otherwise, there won't be any material improvement in the quantum side, but yes the effect of the price increase will definitely be reflected into the revenue.
- Pradeep Rawat:** Okay. And with regard to our cash and investments, so we have close to INR1,450 crores of cash and investment and we will be getting cash flow from our operating profits. So what we are planning to do with this cash that we have at our hand and the cash flow that we will generate in coming years?

- Padam Jain:** As already stated we are in the process of acquisition of SKS, a 600-megawatt thermal power project. So that will be the major outflow which has not been considered into our projections of the revenue. So that will be the first and foremost major outflow. In addition to that, we have been spending on the regular capex's including solar power project then hydropower project, waste utilization project and multiple coal mines. There are multiple coal mines where we have been investing for our future growth. So on all these projects we will be spending this money.
- Pradeep Rawat:** Okay. So how much we will be spending on SKS Power?
- Padam Jain:** That is already under process. This is in the range of INR2,000 crores plus minus is there. That is a larger acquisition.
- Pradeep Rawat:** Great. Thank you and all the best.
- Padam Jain:** Thank you.
- Moderator:** Thank you. The next question is from the line of Akshay Kothari from JHP Securities. Please go ahead.
- Akshay Khotari:** Thanks for the opportunity. So first of all your outlook on ferroalloys.
- Moderator:** Cutting up there Mr. Kothari you are sounding too low. Can you speak a bit louder please.
- Akshay Khotari:** Is it better now?
- Moderator:** Yes.
- Akshay Khotari:** Sir outlook on ferroalloys and especially manganese ore because we have been hearing that there has been some supply side shortages on manganese ore with one of the Australian facilities going offline.
- Padam Jain:** Yes, there is some disruption in Australia on the high-grade manganese ore of South 32 mine, there is a disruption. Because of that, there has been a supply disruption. Because of supply disruption prices have moved up. But we understand that, that is expected to be restored soon. And maybe I think by July, things should get to normal.
- Akshay Khotari:** So we won't be affected much by the rise in manganese ore prices?
- Padam Jain:** No, no, we do have sufficient inventory. But in long term whenever the price goes up that will be in tandem with the finished goods prices also. So we will not be affected adversely rather it may be positive for us for the inventory gains.
- Akshay Khotari:** Okay. And sir, how much time does it take for the price to pass on because generally it takes time for price -- to pass on the price lag?
- Padam Jain:** This time, the price of finished goods also moved up immediately along with the raw material. So there is no fixed trend in this. It depends upon multiple market scenarios and this time the price of the finished goods also moved immediately as the prices of the raw material moved up.

- Akshay Khotari:** Okay sir. That's it from my side.
- Moderator:** Thank you. The next question is from the line of Pawan Nahar an individual investor. Please go ahead.
- Pawan Nahar:** So I have one question -- I have one request. Mining is becoming an important part of our segmental or of our numbers, so it is not showing exactly...
- Padam Jain:** Your voice is not clear. Your voice is not very clear.
- Pawan Nahar:** Okay. So I have a request. Mining is becoming an important part of our segmental or our business plans going ahead. Now if we can disclose revenue and EBITDA separately from mining, commercial mining it will be very useful. So, any plans to do that?
- Padam Jain:** Yes, as of now, because a substantial part of our mined coal is captively consumed. So as of now it is not that important part of our overall revenue side. But yes as another mine starts production, as soon as this Shahpur coal mine comes into production we'll definitely start reporting separately the mining operations. Presently majorly we are using it for captive consumption.
- Pawan Nahar:** So this year we produced 1.44 million tons, how much of that was captive and how much was commercial sales?
- Padam Jain:** About 8.40 lac ton was sold in the market -- 8.4 lakh tons was sold in the market and the rest was consumed captively.
- Pawan Nahar:** So this 840,000 tons that was sold in the market -- see what is happening is I'm just saying that the segmented steel numbers have dropped sharply...
- Padam Jain:** Again your voice is not clear, your voice is not clear.
- Pawan Nahar:** So what I'm saying is the segmental numbers of steel have dropped sharply. Now I understand that coal prices would have also come down and that would have impacted and likewise on the steel business. I was just trying to get a sense what is the normal profit from your steel business?
- Padam Jain:** What is the normal profit conversion?
- Padam Jain:** Steel business is cyclical, to give a specific separate number for normal profit from steel will be very difficult and coal is also majorly captively consumed, it forms part of the steel only.
- Pawan Nahar:** Okay. Fine. I'll stop on that one. The second request I have is, did we put out any press release relating to the NCLAT order on SKS. I think not. Can you please correct me? I think you've not put out any press release on the NCLAT order. If not, my request...
- Pankaj Sarda:** Can you repeat the names regarding NCLT order because your voice -- we were not able to hear your voice.
- Pawan Nahar:** I'm really sorry, my request to you is that SKS is a very important aspect of the business plan right now I would imagine. So my request to you is that please continue to issue press release

on the development from SKS. So, I think there was no press release on NCLAT order, we have to get it from the press.

And now we are waiting whether Torrent or any other party would file any fresh reason for I mean why it should not be allotted to us. So have they filed, has Torrent or the other fund side anything with NCLT again?

Pankaj Sardar: No. If I heard you correctly you mentioned Torrent and other companies going to NCLAT, right?

Pawan Nahar: Yes, NCLT again.

Pankaj Sardar: So they went to NCLAT and the NCLAT board of judges have heard them all and then passed this judgement for asking NCLT to hear the case and dispose it off in 60 days.

Pawan Nahar: That's right. So is there any other hurdle left?

Moderator: Mr Nahar, may we request you come back to the question queue for follow up questions.

Pawan Nahar: My question to the management is to explain if there is any other hurdle left in this and if Torrent or the other party has filed for any other fresh, what should I say, opposition?

Nilay Joshi: Mr. Nahar, let me clarify. By the order of NCLAT, both the plan approval application, which was for Sarda Energy's plan and also the interlocutory applications of Torrent and Vantage Point have been revived by that order. So, all the three would be heard in NCLT Mumbai. That is the status as of now.

Pawan Nahar: Okay, so all the three would be heard. Okay. Thank you.

Moderator: Thank you. The next question is from the line of Aditya Rathi from Aequitas Investments.

Aditya Rathi: Most of my questions are already answered, sir. Only thing I wanted to understand is the tax rate for this quarter. So it is somewhere close to 37%. Is there any adjustment to it?

Padam Jain: 2, 3 aspects. One is the fair value change because the profit also includes a fair value gain on loss. And then there are losses in -- there may be loss in one of the subsidiaries, that may be the case. So we are paying tax on the profit side of few companies without setting of the losses of other companies. So all these factors affect the tax.

Moderator: Thank you. The next question is from the line of Rakesh Roy from Boring AMC.

Rakesh Roy: My first question regarding the volume. If I see your sales volume number. So all the segments have -- in steel segment, all the segments have the -- sales volume is down. So sir, which segment we see -- lowest realization where we see more realization down in this segment?

Padam Jain: Sir, as I stated, Year-on-year, the price of Ferro Alloys is substantially down. Last year, it was around INR85,000, that has gone down to somewhere around INR68,000. Year on year, if you compare financially, if you compare on the quarter-on-quarter, the steel finished products prices have gone down. And the price of pellet and sponge iron remains more or less in tandem.

- Rakesh Roy:** I was watching it from here, in that case everything is down. So our sales volume is down due to lower realization or any other reason?
- Padam Jain:** Because of lower realization. And in case of hydropower project there is some fall of 10% because of lower rainfall.
- Rakesh Roy:** Okay. So can we see some improvement in volume in Q1 because some like billet prices is near to 10% to 15% higher. So can we see volume uptake in Q1?
- Padam Jain:** Quarter-on-quarter definitely it will be on higher side because in the last quarter we had shutdown of one of the turbines and boiler so that had affected the volume. So quarter-on-quarter definitely on annual basis there may be marginal improvement because of the productivity otherwise more or less it will remain in line.
- Rakesh Roy:** Okay. And sir, your view on the overall steel market and how is the -- for FY '25, how is outlook from your side?
- Padam Jain:** Sir, as far as the near term is concerned, whatever is appearing we already stated, the prices have moved up in the current quarter. And with the better finances of the government as we stated in our address, we expect more spending from the government side on the infrastructure projects and the incentive schemes for promotion of manufacturing in the country. And that should create demand for steel.
- Rakesh Roy:** Okay. And then in terms of realization, this will improve in Q-o-Q basis or this will be stable?
- Padam Jain:** Pardon?
- Rakesh Roy:** Regarding the realization, sir.
- Padam Jain:** Yes. What exactly is the question about realization?
- Rakesh Roy:** Yes. I mean, I'm saying, okay, your demand is good for FY '25. You said, okay, but what about the realization part how this will look like -- price will increase in FY '25? And how much it will increase, sir?
- Padam Jain:** Giving any price range will be very difficult. It depends upon the market conditions -- as already stated, in the first quarter, prices have moved up -- about 10%.
- Moderator:** The next question is from the line of Ruchika Dhanuka from Phillip Capital.
- Vikash:** This is Vikash from PhilipCapital. Am I audible?
- Padam Jain:** Yes, you are audible.
- Vikash:** Yes. Sir, just one question, given that we don't have much of the volume growth in the ferro segment. Are you finalizing some plans to further add on the capacity at least on the ferro alloys side?

- Padam Jain:** We are not adding any ferro alloys capacity.
- Vikash:** Are there any plans?
- Padam Jain:** We don't have any plans to increase the ferro alloys capacity in the immediate future.
- Vikash:** Okay. So as of now, only SKS Power is the near-term target for us in terms of growth prospective?
- Padam Jain:** Yes, growth -- then we have coal mines. There are 3 more coal mines which are under development. Hydropower project is nearing completion. Then solar power project we are putting up. So there are multiple smaller projects. As far as major project is concerned that is SKS acquisition. In addition to that, there are multiple small, small projects which are going on.
- Vikash:** Understood. And sir, what is our specifically ferro manganese capacity at this point of time? And how much we have produced in FY '24?
- Padam Jain:** Ferro manganese or total ferro alloys, what you are asking about?
- Vikash:** So I am asking total ferro alloys capacity and ferro manganese capacities as well.
- Padam Jain:** We have a combined capacity of ferro alloys. We can produce either silico manganese or we can produce ferro manganese, either of them. There is no specific separate capacity for ferro manganese or silico manganese.
- Vikash:** As I understand that switching to the product also changes the overall rated capacity, right? So for ferro manganese if we only produce ferro manganese, then what could be the rated capacity versus the overall which you play?
- Padam Jain:** The ferro alloys -- with the production of ferro manganese, capacity will go up by about 30% as compared to silico manganese. Quantum wise, if you consider that.
- Vikash:** Okay and your total net rated capacity is around 240 KT right? Including the standalone volume.
- Padam Jain:** Yes. And we have totally produced about 2 lakh metric tons in the last year.
- Vikash:** Understood. Can at least with ferro alloy segment, you can see 10%, 15% kind of the volume growth or that is also not looking good?
- Padam Jain:** There may be minor-- because of productivity improvement, whatever we can add up. It will be there. And, as we stated, in the last quarter we had some curtailment in the power generation so that may have some bearing on the additional production. More or less, it will remain in line, except for productivity improvement.
- Moderator:** The next question is from the line of Balasubramanian from Arihant Capital.
- Balasubramanian:** My first question regarding like we have seen a lot of slowdowns in the projects especially infra side because of these elections and some of the steel consumers also like posted flat or degrowth

in this quarter. I just want to understand whether it will continue for next 1 or 2 quarters, like you have mentioned, there is no volume growth in this financial year.

I just want to understand when we can expect a substantial improvement, whether it is from Q2 or Q3 onwards? And also, you can talk about the export side, you have mentioned a slowdown in China market. I just want to understand on the export side, what kind of opportunities and traction we have?

Padam Jain: Can you repeat your initial question, I couldn't get exactly -- what exactly is your question?

Balsubramanian: Okay, sir, first question regarding, we have seen a lot of slowdowns in the project side, because of elections, some of the steel consumers and pipe players, they have posted flat numbers or degrowth in this quarter. And they expect a lot of infra players also, there is no order intake in past 3 months or so. So when we can expect the steel consumption will increase, whether it is Q1 or Q2? Is there any impact because of these elections?

Padam Jain: Yes. That is a general phenomenon, whenever elections are there, definitely, there is shortage of labour. Labour moves from cities to the villages and that has effect on the infrastructure projects. Otherwise also because of election restriction, there is effect on the demand side of the -- steel from the infrastructure projects.

But as the elections are over and government comes into, again, full form we expect that the demand from the infrastructure projects should pick up. Government is also pushing the solar in a big way for the rooftop solar. That will also create demand. In addition to that there are -- Jal Jeevan mission is already going on and multiple projects as you are aware and we have stated in our address also, RBI has given a dividend of more than INR2 lakh crores and tax collections have also been very healthy. So that should leave surplus with the government for spending on the infrastructure side. And that's where we feel that the demand of steel from this level to improve.

Balsubramanian: Got it, sir. So on the export side, like you have mentioned -- like especially into China, we have witnessed the slowdown. I just want to understand like where we are witnessing traction on the export side?

Padam Jain: No, we are not exporting any of the steel products, we are exporting only ferro alloys, so there is no material bearing on that side.

Balsubramanian: Okay, sir. Got it. Sir, like we are doing capex of INR500 crores, what's the breakup of this capex in this financial year?

Padam Jain: There are multiple smaller, smaller projects as we told, one is the INR200 crores, we will be spending on the solar power project, then we'll be spending on 3 mines and some spending will be on the hydropower project during the current financial year.

Balsubramanian: Okay, sir. So what kind of...

Padam Jain: Waste management project, we will be spending about INR70 crores. So, total will be about INR500 crores.

Balsubramanian: Okay. Sir, what kind of synergies we can expect from this INR500 crores investment in terms of cost savings or incremental revenue?

Padam Jain: So as far as the current financial is concerned, except the hydropower project, none of other projects will get commissioned. One hydropower project of 25 megawatts will get commissioned during the current financial year that will have additional revenue.

Balsubramanian: And the remaining when it will get commissioned, sir, the solar power and mines and all.

Padam Jain: Solar power, we expect to commission by end of the current financial year. And out of the 3 mines, one Shahpur coal mine will start maybe by end of the next financial year. But it will be - for current and next financial year, there won't be any addition in the coal mining project. We are also spending some amount on our existing coal mine also. There also we are increasing the capacity. So some of the capex will be going in that mine also.

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

Padam Jain: We thank all the participants of this con call. The company continues to diversify its revenues. Revenue from power and mining will increase over period, decoupling it from cyclicalities of metal industry. Journey from here is exciting.

We are adding solar power for captive consumption which will help in reducing our carbon footprint in our manufacturing facility.

We are hopeful to get approval of our resolution plan for SKS Power soon. This will be a major milestone in our growth journey. Increase in the capacity of existing coal mines from 1.44 million tons to 5.2 million tons and the opening of 3 more coal mines at Shahpur, Kalyani and Bartunga will also help to accelerate growth. Please feel free to reach out to us or our IR team if you have any further questions. We look forward to connecting with you again in the next con call. 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.