



H1FY22 Earnings Presentation



SARTHAK METALS LIMITED

Modern metallurgical solutions for fine tuning steel

01

H1FY22 Result Summary



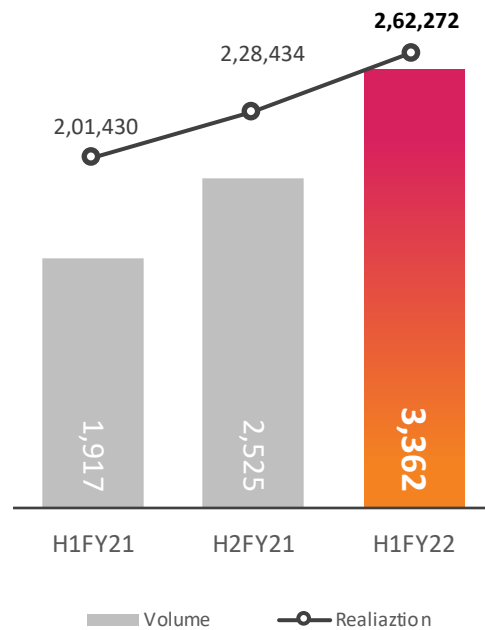
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H1FY22

Operational Highlights

Cored Wire Volumes & Realizations

(IN TONNES & ₹/TONNE)



88.18 Crore

Revenue – Cored Wire

75%

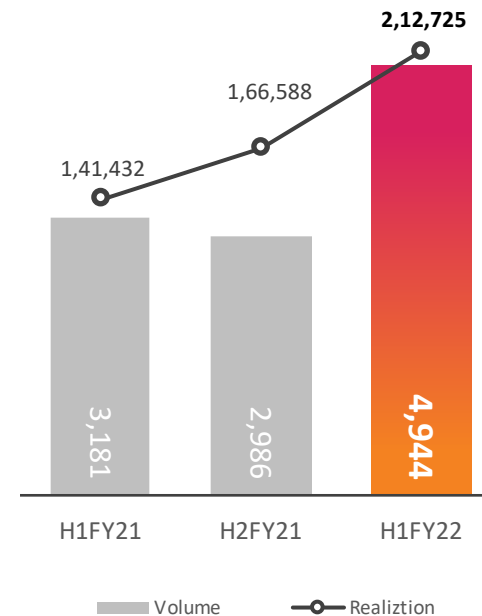
Increase in Volume YoY

30%

Increase in Realizations YoY

Aluminium Flipping Coil Volumes & Realizations

(IN TONNES & ₹/TONNE)



105.16 Crore

Revenue – Aluminium Flipping Coil

55%

Increase in Volume YoY

50%

Increase in Realizations YoY

H1FY22 P&L Summary

PARTICULARS (₹ IN CRORES)	H1FY22	H2FY21	H1FY21	YoY % Change	QoQ % Change
Revenue from Operations	203.1	123.2	98.4	107%	65%
Total Income	203.7	123.3	98.8	106%	65%
Operating Expenses	188.2	112.0	94.2	100%	68%
EBITDA	14.9	11.2	4.2	259%	34%
EBITDA %	7.3%	9.1%	4.2%	+312 bps	-170 bps
Finance Cost	1.7	1.2	1.8	-6%	43%
Depreciation & Ammortization	0.8	1.1	1.0	-25%	-27%
PBT	13.0	9.0	1.8	636%	45%
PAT	12.2	6.7	1.3	826%	84%
EPS (₹)	8.92	4.86	0.96	829%	84%

H1FY22

Balance Sheet Summary

PARTICULARS (₹ IN CRORES)	H1FY22	FY21	% Change
Shareholders' Funds	64.33	53.45	20%
Non-Current Liabilities	6.67	7.35	-9%
Long Term Borrowings	5.92	6.61	-11%
Current Liabilities	40.51	30.64	32%
Short Term Borrowings	27.75	24.59	13%
Trade Payables	5.66	0.29	1824%
Total Equity and Liabilities	111.50	91.45	22%
Non-Current Assets	13.39	15.65	-14%
Tangible Assets	10.61	13.65	-22%
CWIP	0.41	0.08	424%
Current Assets	98.11	75.80	29%
Inventories	44.41	29.76	49%
Trade Receivables	42.69	38.37	11%
Cash & Bank Balances	1.44	3.46	-58%
Total Assets	111.50	91.45	22%

Management Commentary

Commenting on the H1FY22 performance, Sanjay Shah, Executive Director, said:

“The Company's overall operational and financial performance for the first half of FY22 has been more than satisfactory. The Company recorded great results on all fronts. Revenue from Operations for H1FY22 is nearly equal to the FY21 benchmark. This increment has been supported by a mix of both volume and realization growth, on a YoY basis as well as sequentially. On a YoY basis, the Company recorded a 75% increase in volumes in Cored Wire, and 55% growth in the Aluminium Flipping Coil division, respectively. To add to this, realizations were up by 30% and 50% in Cored Wire and Aluminium Flipping Coil division respectively, attributable to higher commodity prices.

It is important to note that this performance was on the backdrop of the 2nd wave of COVID-19 in India and the related supply-chain disruptions. Nevertheless, the domestic scenario for the Indian steel industry, our primary customer base, looks very positive. We expect this momentum to continue on the back of record orders in hand, increasing capacities and Sarthak Metal's reputation as a consistent & reliable supplier.

I would also like to mention that the Company is in the process of migrating to the mainboard, and soon enough, we will be listed on the mainboard.”

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ABOUT



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Desraj Bansal Group

The ~400 crore* Desraj Bansal Group ("DB Group") is a leading business group with interests in the Metals and Energy sector. DB Group has 5 state-of-the-art fully-functional manufacturing facilities in Bilai, Chhattisgarh, housed under 3 group entities.



05

MANUFACTURING FACILITIES



03

GROUP ENTITIES



SARTHAK METALS LIMITED



CORED WIRES & ALUMINUM FLIPPING COIL

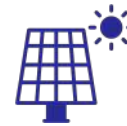
10,000 TPA

CAPACITY FOR CORED WIRES

10,000 TPA

CAPACITY FOR ALUMINUM FLIPPING COILS

SARTHAK ENERGY (P) LIMITED



SOLAR ENERGY

02 MW

SOLAR POWER PLANT

BANSAL BROTHERS



FERROALLOYS

6,000 TPA

CAPACITY FOR FERROALLOYS

Sarthak Metals Snapshot

Sarthak Metals Limited ("Sarthak") part of the Desraj Bansal Group is India's leading manufacturer and exporter of Cored Wires and Aluminium Flipping Coils that find application in the metallurgical industry. Being an experienced and quality conscious manufacturer, Sarthak is the preferred supplier for these products to some of India's largest steel units.

Headquarter in Bhilai, Chhattisgarh, with its state-of-the-art, ISO 9001-2000 certified manufacturing units, the Company is strategically located in close proximity to a critical steel hub in the country.



LEADING

AMONGST THE
LEADING CORED WIRE
MANUFACTURERS IN INDIA



~400 CRORE

PART OF THE ~400 CRORE*
DB GROUP



10,000 TPA

CAPACITY FOR CORED
WIRES



10,000 TPA

CAPACITY FOR ALUMINUM
FLIPPING COILS



200+

COMMITTED WORKFORCE



30+

ACTIVE CLIENTS

Milestones



1995

Incorporated in 1995 with an industrial gases unit producing industrial oxygen and carbon dioxide catering to industries units in its vicinity



2008

Commenced production of Aluminium flipping coils with its first mill built in-house



2017

Raised funds through its initial public offer and got listed on BSE SME



2020

Cross 200 crores sales benchmark



2002

In efforts to cater to the growing metallurgical industry in the country, commenced its first cored wire mill built in-house



2012

Started manufacturing cored wire feeder machines



2018

Started producing Aluminium wire rods (backward integration)

Product Categories



The Company has two primary product categories i.e., Cored Wires and Aluminium Flipping Coils. In addition, the Company also produces Cored Wire Feeder Machines.

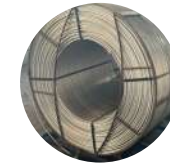


Cored Wires

- Cored Wires are a product of wire injection technology of steels. They consist of steel tubes (wires) filled with various alloys that are injected in molten metal for introducing different characteristic in the metal.
- Some key cored wires manufactured by Sarthak are – Calcium Silicide, Calcium Iron, Calcium Aluminium Iron, Calcium Solid Wire, Lead Cored Wire, Ferro Titanium, Carbon, Ferro Boron, Magnesium Ferrosilicon, Nitride Manganese, Ferro Niobium.
- Key functions of cored wires is steel refining, alloy addition, deoxidation, desulphurization, denitrification, etc.

Why cored wires?

Cored wires (or wire injection technology) are a substitute to single-shot addition of alloys into molten metal. Cored wire helps in uniform and homogeneous mixing of alloys in the ladle. It is a more accurate and efficient process of adding chemical elements in the casting. Cored wires have become a indispensable part of metallurgical plants today.



Aluminium Flipping Coils

- Aluminium flipping coils are used in steel manufacturing process for de-oxidising of molten steel, and as a alloying element for manufacturing specialized steel.
- Key function of Aluminium wire is de-oxidising, grain refining, nitride forming and alloying of steel.

Wire Feeder Machines

- Machines that are designed to inject cored wires into molten steel for metallurgical process control. The Company offers a wide range of customized machines, with 2 and 4 strand options that can draw wires from 5 to 15 mm diameter with a speed of up to 300 meters per minute.

Infrastructure

- The Company has two state-of-the-art manufacturing facilities in Bilai, Chhattisgarh
- Strategically located in proximity to many clients
- Cumulative ~2,50,000 sq. ft. plot area, with land availability for future expansions
- 4 lines for manufacturing cored wires and 2 lines for Aluminium flipping coils, built in-house specific to the Company's needs
- Equipped with sophisticated machinery and testing equipment's
- ISO 9001:2008 certified unit
- Equipped with a fully-functional chemical lab, and atomic absorption spectrophotometer for testing and QC of raw materials & finished products

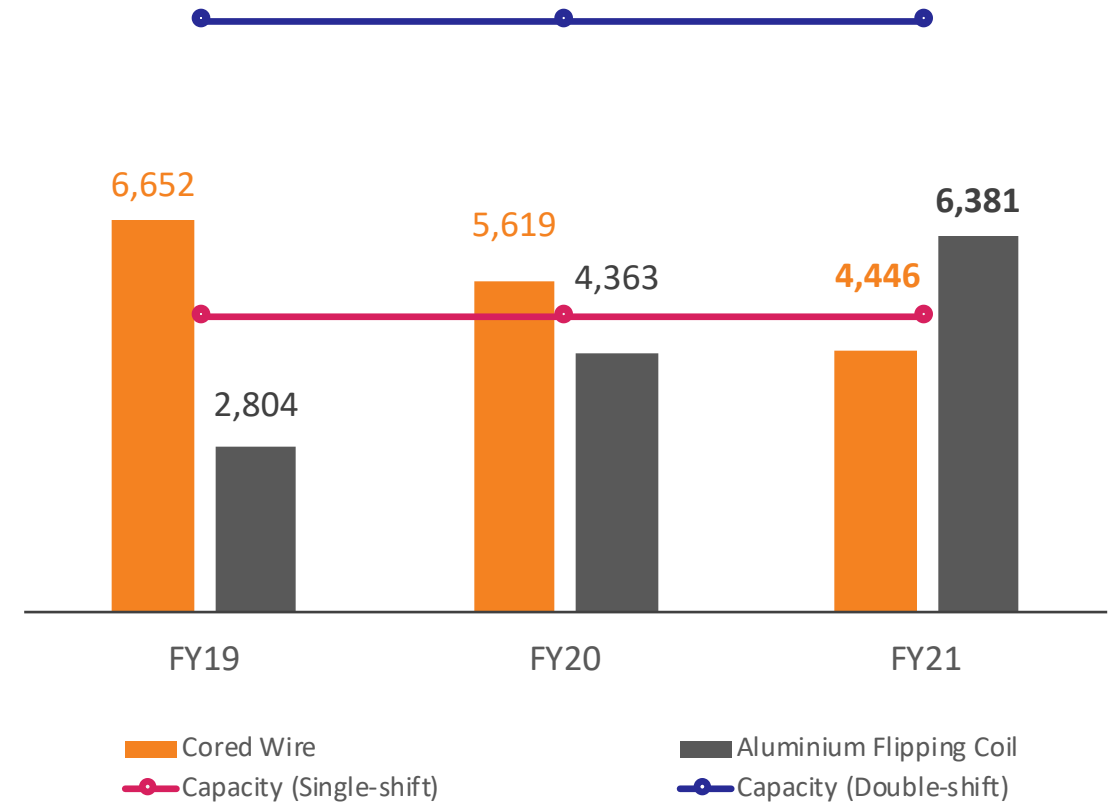
Manufacturing Capacity (double-shift)

10,000 TPA
CORED WIRES

10,000 TPA
Aluminium FLIPPING COILS

Capacity Utilization

(IN TPA)



Clients

Domestic



Exports

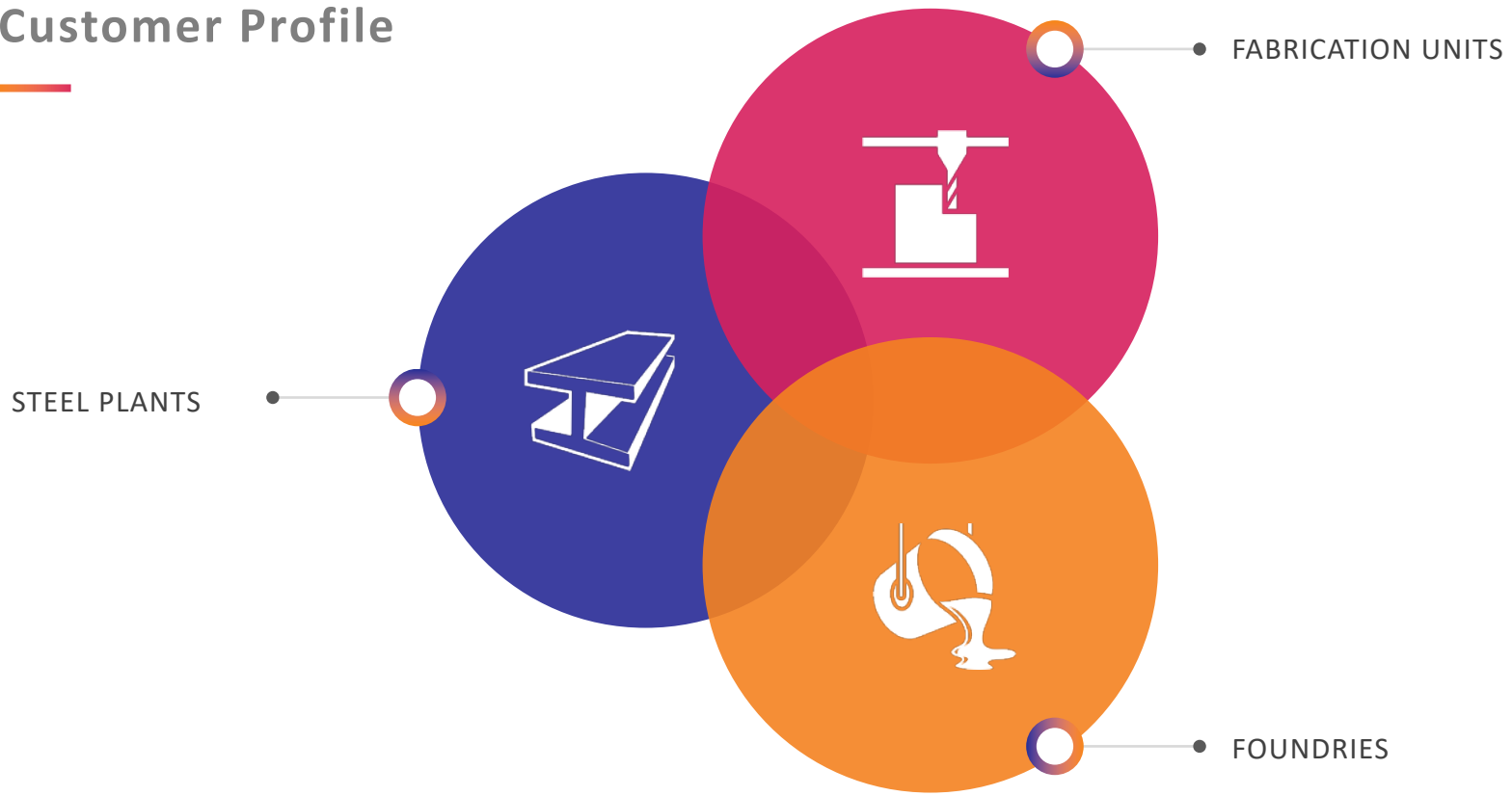


SHADEED IRON &
STEEL CO. LLC



Clients (Contd.)

Customer Profile



 **20**

10 YEAR+ RELATIONSHIPS

 **05**

5 YEAR+ RELATIONSHIPS

 **35%**

TOP 5 CLIENTS
SALES CONTRIBUTION

 **~85%**

REPEAT BUSINESS

Warehousing Capabilities

- Equipped with state-of-the-art warehousing capabilities
- Ensuring uninterrupted and reliable supply of metallurgical solution to our clients
- Establishing Sarthak's as a preferred supplier with leading Indian steel mills



Cored Wires

- **1,500 Sq. Mt.** material storage space for Cored Wires
- Sufficient to stock **2,000+ tonnes** of material, equivalent to **3 months** buffer
- Sufficient space to stock finished products as well

Aluminium Flipping Coils

- **2,800 Sq. Mt.** material storage space for Aluminium Flipping Coil
- Sufficient to stock **4,000+ tonnes** of material, equivalent to **4 months** buffer
- Sufficient space to stock finished products as well

Leadership



Anoop Kumar Bansal
MANAGING DIRECTOR

Mr Bansal has a Bachelors in Commerce degree from Nagpur, as Managing Director he has been instrumental in strategic planning. He brings innovative commercial ideas, execution-led experience, and vision to the table, which has contributed to the Company's success. He is also entrusted with looking after DB Group's ferroalloys division and the Company's industrial gases division (which has been sold in 2021). In addition, he leads the CSR initiatives at the Company.



Sanjay Shah
WHOLE-TIME DIRECTOR

Mr Shah is a Whole-Time Director and the head of Marketing team at Sarthak. He has been instrumental in creating the domestic business of Sarthak, and getting the Company empaneled with leading steel institutions of the country, and as a result Sarthak works with the largest Indian steels mills today.



Mayur Bhatt
WHOLE-TIME DIRECTOR &
CEO

Mr Bhatt is a Whole-Time Director and the Chief Executive Officer of the Company. He is an essential link between the production and sales functions of the organisation; he also manages the day-to-day business and financial activities of the Company. He also contributes to raw materials management. His contributions have been of great value to the Company.

Board of Directors

Mr Sunil Kumar Agarwal

CHAIRMAN & NON-EXECUTIVE,
NON-INDEPENDENT DIRECTOR

Mr Agarwal is the Chairman of the board and a Non-Executive Director in the Company. He holds a Bachelors Degree in Engineering (Mechanical) (Honors). In his past roles, Mr Agarwal has been associated with GCET Raipur, Indian Railways Traffic Services, and served prestigious roles such as Divisional Railway Manager, Chief Commercial Manager SEC Railway, Chief Operating Manager and additional member to the Ministry of Railways.

Ms Rama Kohli

NON-EXECUTIVE, INDEPENDENT
WOMAN DIRECTOR

Ms Rama Kohli is a Non-Executive and Independent Director of the Company. She holds a Bachelors Degree in Science from Pt. Ravishankar Shukla University, Raipur. In addition, she has also completed her PGDBM from Pt. Ravishankar University, Raipur. She is currently undertaking various management advisory activities.

Mr Sunil Dutt Bhatt

NON-EXECUTIVE, INDEPENDENT
DIRECTOR

Mr Sunil Bhatt is a Non-Executive and Independent Director of the Company. He has more than 35 years of work experience as a part of the department of Instrument and Weighing in Bhilai Steel Plant, SAIL. He recently retired in 2020 and joined the Company's board in 2021.

Mr Dwadasi Venkata Giri

NON-EXECUTIVE, INDEPENDENT
DIRECTOR

Mr Dwadasi Venkata Giri is a Non-Executive and Independent Director of the Company. He has completed his Post Graduation (M.Com) from Pt. Ravishankar Shukla University, Raipur. He also completed LLB and CA IIB from Raipur. He has vast experience in the banking and finance domain.

02

STRATEGIC DRIVERS



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Investment Thesis



Industry tailwinds

Indian steel industry is expected to register healthy volume growth, with growing capacity utilizations and addition of new capacities on back on growing domestic & international demand. This bodes well for our Cored Wire business.



Expansion – Aluminum flipping coils

The Company is planning to expand capacity of this vertical with installation of a new furnace within the coming 12 months, that will expand capacity by 50%.



Ramp-up – Cored wires

Ramping up operations of Cored wires by cornering higher market share and leveraging the growing crude steel production in India.



Export opportunities

Getting export growth back on track by adding newer markets, while growing in existing markets.



Integration in value-chain and Diversification

Evaluating opportunities in the value-chain, that will aid in growth and margin expansion. In addition, the Company is exploring diversification opportunities in adjacent categories.



Healthy financial performance

Operating leverage in profitability margins is expected to kick in with growing scale of operations. The Company expects to maintain healthy dividend payouts on the back of growing profitability.

Strengths and Weakness








STRENGTHS

- Among the leading players in metallurgical cored wires
- Strategically located facilities
- Strong clientele with India's leading steel players
- Long standing track record as a consistent, quality solution provider
- Experienced promoters and strong parentage of the Group
- 2nd generation management driving newer segments and exploring ideas for expansion in adjacent categories

WEAKNESS

- Fragmented market
- Cyclicity of the steel industry
- Working capital intensive operations

Business Canvas

 Key Partnerships		 Key Activities		 Value Proposition		 Customer Relationships		 Customer Segmentation			
<ul style="list-style-type: none"> • Cordial relationships with suppliers 	<ul style="list-style-type: none"> • Manufacturing • Sales & marketing • Purchase planning 			<ul style="list-style-type: none"> • Quality products for metallurgical industry as per client specifications • Cored wires • Aluminum flipping coils • Cored wire machines 		<ul style="list-style-type: none"> • Long standing customer relations based on trust & quality 		<ul style="list-style-type: none"> • Steel plants • Fabrication units • Foundries 			
		 Key Resources					 Channels				
		<ul style="list-style-type: none"> • State-of-the-art manufacturing setup 							<ul style="list-style-type: none"> • Directly engaged with all the customers 		

03

FINANCIAL SUMMARY

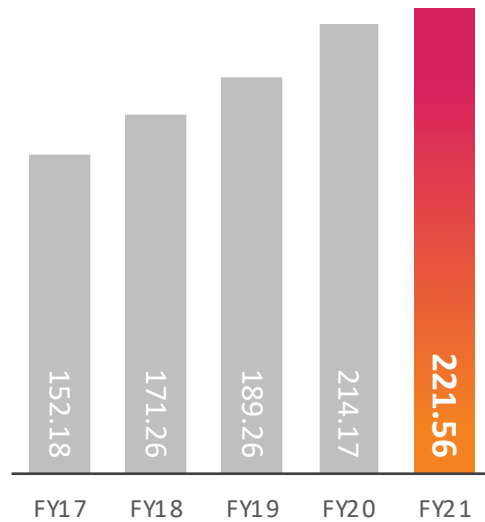


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5 Years Summary

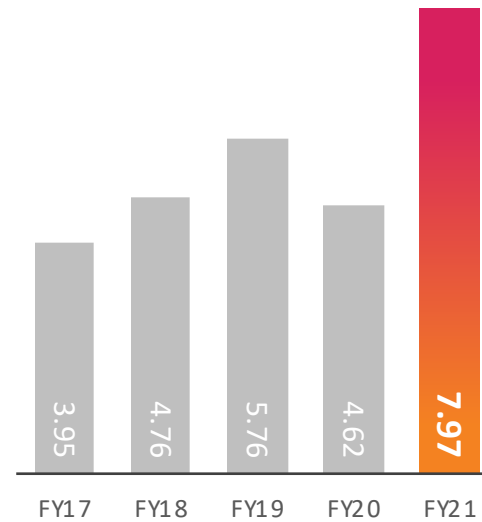
Revenue from Operations

(₹ IN CRORES)



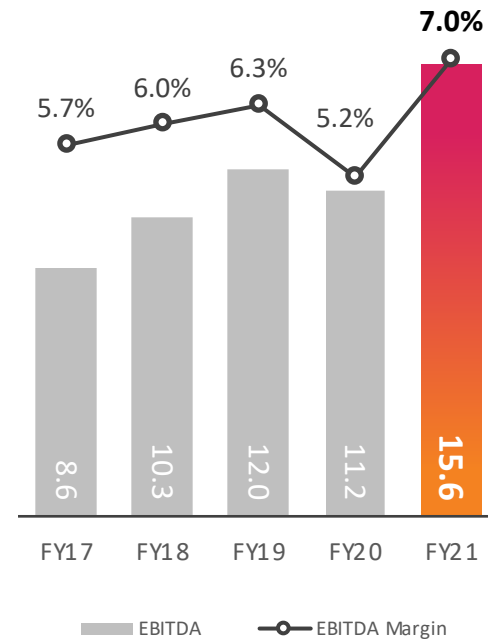
Profit After Tax

(₹ IN CRORES)



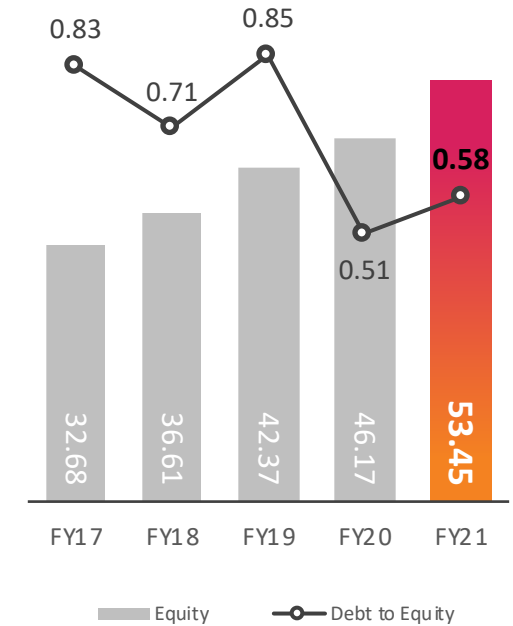
EBITDA & EBITDA Margins

(₹ IN CRORES & IN %)



Equity & Debt to Equity

(₹ IN CRORES & TIMES)



P&L Summary

PARTICULARS (₹ IN CRORES)	FY17	FY18	FY19	FY20	FY21
Revenue from Operations	152.18	171.26	189.26	214.17	221.56
Total Income	153.87	172.90	190.83	215.26	222.08
Operating Expenses	143.57	160.95	177.27	202.93	205.96
EBITDA	8.61	10.31	12.00	11.24	15.60
EBITDA %	5.7%	6.0%	6.3%	5.2%	7.0%
Finance Cost	3.38	3.46	3.87	3.63	3.30
Depreciation & Ammortization	1.06	1.35	1.58	2.25	2.10
PBT	5.87	7.14	8.11	6.46	10.72
PAT	3.95	4.76	5.76	4.62	7.97
EPS (₹)	3.26	3.47	4.21	3.38	5.82

*Shareholding data as of September 2021

Balance Sheet Summary

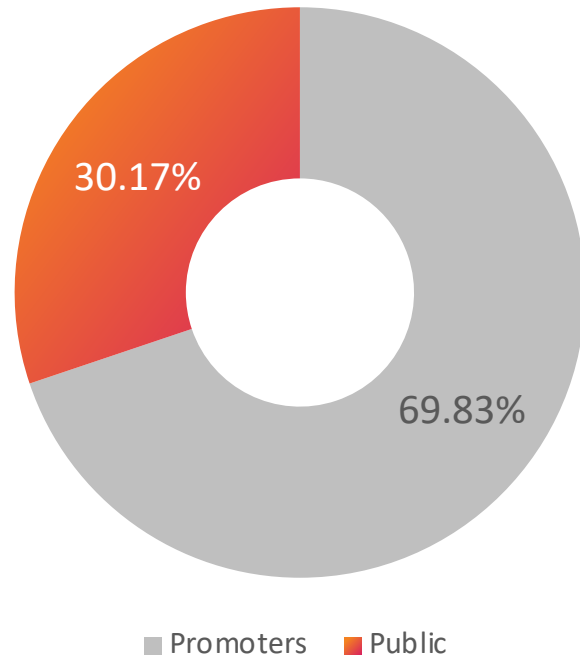
PARTICULARS (₹ IN CRORES)	FY17	FY18	FY19	FY20	FY21
Shareholders' Funds	32.68	36.61	42.37	46.17	53.45
Non-Current Liabilities	1.29	2.53	3.25	2.38	7.35
Long Term Borrowings	1.00	2.28	2.75	1.61	6.61
Current Liabilities	28.77	26.00	38.22	27.72	30.64
Short Term Borrowings	26.24	23.59	33.35	21.84	24.59
Trade Payables	0.35	0.93	3.46	3.87	0.29
Total Equity and Liabilities	62.74	65.14	83.84	76.26	91.45
Non-Current Assets	9.29	10.98	15.59	18.10	15.65
Tangible Assets	7.03	8.73	13.78	14.45	13.65
CWIP	1.94	0.57	0.20	0.00	0.08
Current Assets	52.70	54.17	68.25	58.16	75.80
Inventories	10.15	15.55	26.05	21.93	29.76
Trade Receivables	29.77	29.13	23.24	28.20	38.37
Cash & Bank Balances	8.90	1.63	3.54	1.28	3.46
Total Assets	61.99	65.14	83.84	76.26	91.45

Cash Flow Summary

PARTICULARS (₹ IN CRORES)	FY17	FY18	FY19	FY20	FY21
Cash from Operating Activities	4.10	0.04	1.14	17.14	(0.56)
Cash from Investing Activities	(2.21)	(1.52)	(6.12)	(2.61)	(1.32)
Cash from Financing Activities	5.50	(5.78)	6.89	(16.79)	4.05
Net Cash Flow	7.39	(7.27)	1.91	(2.26)	2.17
Cash at the Beginning of Year	1.51	8.90	1.63	3.54	1.28
Cash at the End of Year	8.90	1.63	3.54	1.28	3.46

Market Statistics

SHAREHOLDING PATTERN



*Shareholding data as of September 2021

Current Market Price	₹91.1
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52 Week High/Low	₹99.0 / ₹15.2
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Market Capitalization	₹124.7 Crore
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Shares Outstanding	1.37 Crore
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BSE Scrip Code	540393
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Market price data as of 29th October 2021



Get in touch

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SAFE HARBOR

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