

Date: 12/11/2022

<p>To, The Manager, Listing & Compliance, BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.</p> <p><u>Ref: Scrip Code - 540393</u></p>	<p>To, Listing Department, National Stock Exchange of India Limited, C-1, G-Block, Bandra-Kurla Complex Bandra (E), Mumbai - 400 051</p> <p><u>Ref: Scrip Symbol - SMLT</u></p>
---	---

Subject: Earnings Presentation Q2 FY 2022-2023.

Dear Sir/Ma'am,

Pursuant to Regulation 30(6) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, we are enclosing herewith Earnings Presentation of the Company. The said presentation is also being made available at the website of the Company at www.sarthakmetals.com You are requested to kindly take the same on your record.

Thanking You,

For, Sarthak Metals Limited

Pratik Jain
Digitally signed
by Pratik Jain
Date: 2022.11.12
16:34:49 +05'30'

Pratik Jain
Company Secretary and Compliance Officer

Encl. as above.



Q2FY23 Earnings Presentation

• • •

SARTHAK METALS LIMITED

Modern metallurgical solutions for fine tuning steel

01

Q2FY23 Result Summary



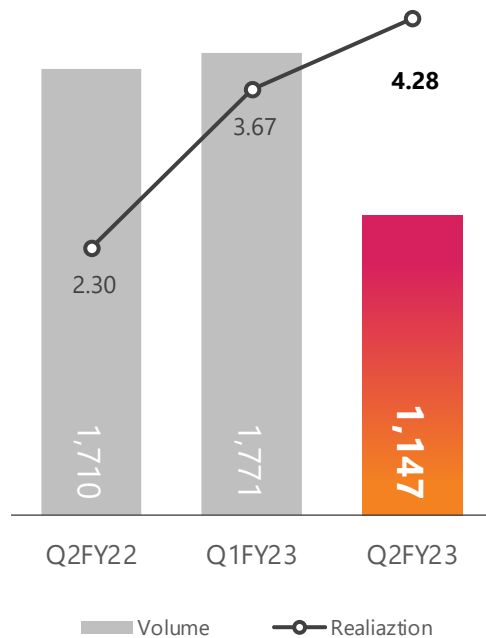
- 03** OPERATIONAL HIGHLIGHTS
- 04** P&L SUMMARY
- 05** MANAGEMENT COMMENTARY

Q2FY23

Operational Highlights

Cored Wire Volumes & Realizations

(IN TONNES & ₹LAKH/TONNE)



49 Crore

Revenue

-33%

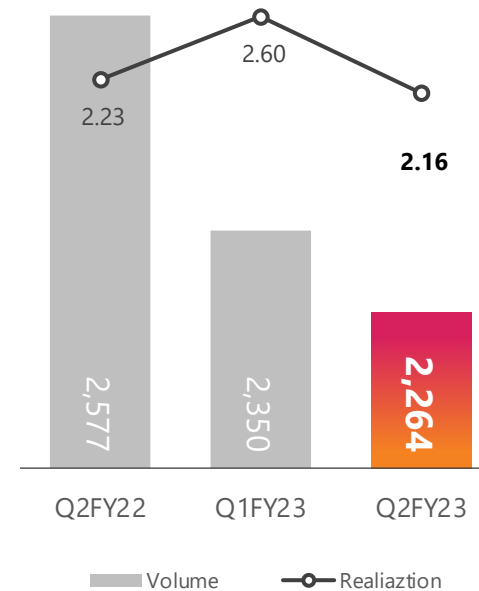
Decrease in Volume (YoY)

61%

Increase in Realizations (YoY)

Aluminium Flipping Coil Volumes & Realizations

(IN TONNES & ₹LAKH/TONNE)



49 Crore

Revenue

-12%

Decrease in Volume (YoY)

-3%

Decrease in Realizations (YoY)

Q2FY23

P&L Summary

PARTICULARS (₹ IN CRORES)	Q2FY23	Q1FY23	Q2FY22	YoY % Change	QoQ % Change
Revenue from Operations	101.3	133.7	108.0	-6%	-24%
Total Income	102.2	135.2	108.2	-6%	-24%
Operating Expenses	90.1	122.8	100.4	-10%	-27%
EBITDA	11.2	10.9	7.6	47%	3%
EBITDA %	11.1%	8.2%	7.1%	399 bps	289 bps
Finance Cost	0.2	0.7	1.0	-77%	-63%
Depreciation & Ammortization	0.3	0.3	0.4	-12%	3%
PBT	11.6	11.5	6.5	79%	1%
PAT	7.8	8.6	4.9	60%	-9%
EPS (₹)	5.73	6.27	3.60	59%	-9%

Management Commentary

Commenting on the Q2FY23 performance, Sanjay Shah, Executive Director, said:

"The adverse effects of the Government of India's notification of an increase in export duty on various metals and minerals, and its subsequent effect on steel manufacturing industry has continued in Q2, after a sluggish Q1. A challenging domestic environment coupled with significantly muted exports led to a slower offtake of Cored Wire volumes, which witnessed a drop in both YoY and QoQ. Keeping in mind the challenging operating environment & slower volume offtake, the Company shifted its focus to niche products within the Cored Wire category that led to significantly better realisations & margins and allowed for good profitability in Q2FY23. Steel industry's current operating environment remains dynamic, and the Company is constantly evaluating the situation to fare over this turbulent time.

On the Aluminium Flipping Coil front, volumes witnessed a decrease of 12% with marginally lower realisations. As our Aluminium Flipping Coils have significant metallurgical applications, the external operating environment remained similar to that of Cored Wires. On the expansion front, the Company installed and commissioned its third furnace for Aluminium Flipping coils, as the demand situation improves the new furnace will be available to cater higher throughput. Our Revenue from Operations for Q2FY23 stood at 101.3 Crore, down 6% YoY and 24% QoQ. However, a change in strategy towards a higher share of niche products allowed for better EBITDA margins of 11.1%, compared to 8.2% in Q1FY23 and 7.1% in Q2FY22. Our PAT for the quarter stood at 7.8 Crores, an increase of 60% YoY and a decrease of 9% QoQ.

Another investment approved by the Board is of installing a rooftop solar plant at its manufacturing facility with a capacity of 335.88 kWp. which will help us in reducing our energy cost to the tune of 30 Lakhs annually. Apart from streamlining costs & introducing efficiencies, this project is also a step towards imbining sustainability in our day-to-day operations.

Our longer-term outlook remains firm on the back of incremental capacities being commissioned by our clients, and our solid industry positioning."



Inside the Presentation

01

07 ABOUT

- 08 DB GROUP
- 09 SNAPSHOT
- 10 MILESTONES
- 11 PRODUCT CATEGORIES
- 12 INFRASTRUCTURE
- 13 CLIENTS
- 14 WAREHOUSING CAPABILITIES
- 15 LEADERSHIP
- 16 BOARD OF DIRECTORS

02

18 STRATEGIC REVIEW

- 19 INVESTMENT THESIS
- 20 STRENGTHS AND WEAKNESS
- 21 BUSINESS CANVAS

03

22 FINANCIAL SUMMARY

- 23 5 YEAR SUMMARY
- 24 P&L SUMMARY
- 25 BALANCE SHEET SUMMARY
- 26 CASH FLOW SUMMARY
- 27 MARKET STATISTICS

01

ABOUT



- 08** DB GROUP
- 09** SNAPSHOT
- 10** MILESTONES
- 11** PRODUCT CATEGORIES
- 12** INFRASTRUCTURE
- 13** CLIENTS
- 14** WAREHOUSING CAPABILITIES
- 15** LEADERSHIP
- 16** BOARD OF DIRECTORS

Desraj Bansal Group

The 650+ 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 Bhilai, Chhattisgarh, housed under 3 group entities.



05

MANUFACTURING FACILITIES



03

GROUP ENTITIES



SARTHAK METALS LIMITED



CORED WIRES & ALUMINUM FLIPPING COIL

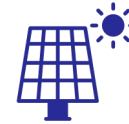
10,000 TPA

CAPACITY FOR CORED WIRES

15,000 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



*Provisional figure

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 Bilai, 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



650+ CRORE

PART OF THE 650+* CRORE DB GROUP



10,000_{TPA}

PRODUCTION CAPACITY FOR CORED WIRES



28%

REVENUE CAGR (FY18-22)



15,000_{TPA}

PRODUCTION CAPACITY FOR ALUMINUM FLIPPING COILS



425+

COMMITTED WORKFORCE



30+

ACTIVE CLIENTS



55%

PAT CAGR (FY18-22)



*Provisional figure

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



2022

- Crossed 450+ crores topline 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



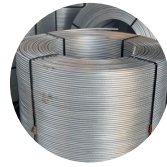
2018

- Started producing Aluminium wire rods (backward integration for flipping coils)

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.

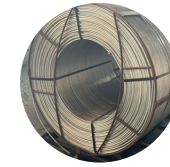


Cored Wires

- 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 Bhilai, 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

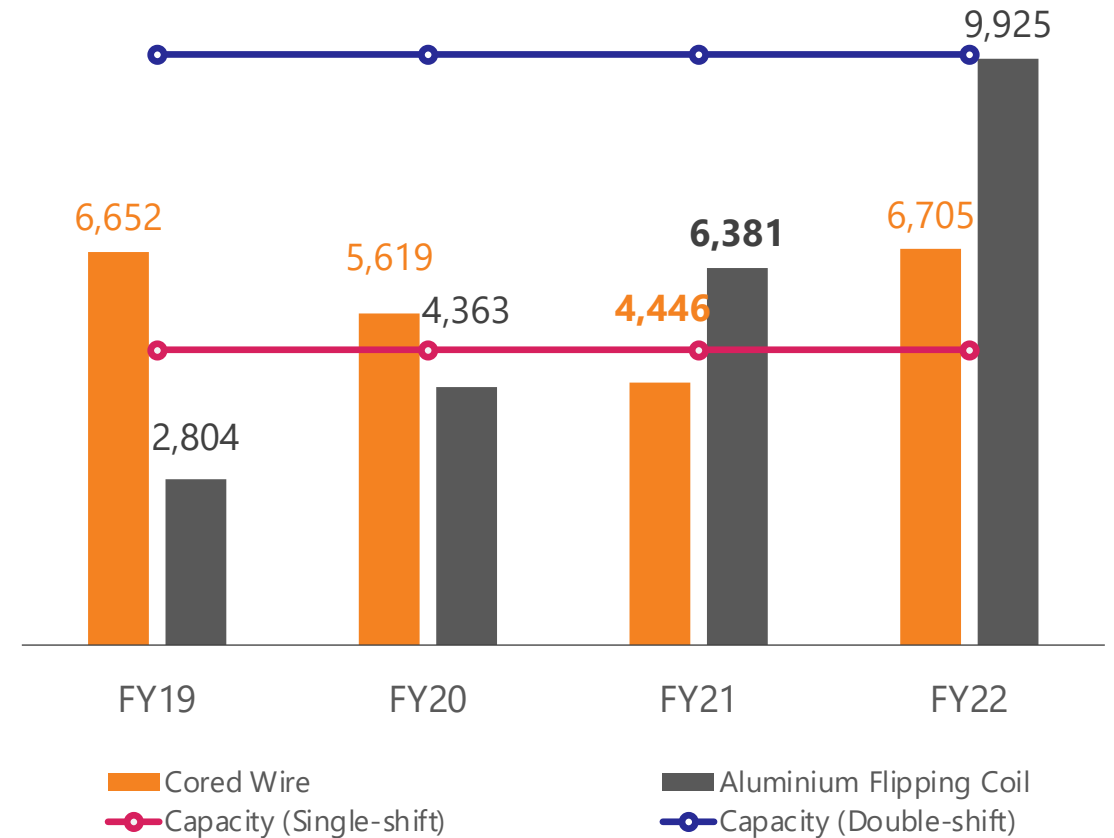
Manufacturing Capacity (double-shift)

10,000 TPA
CORED WIRES

15,000 TPA
Aluminium FLIPPING COILS

Capacity Utilization

(IN TPA)



Clients

Domestic



Exports

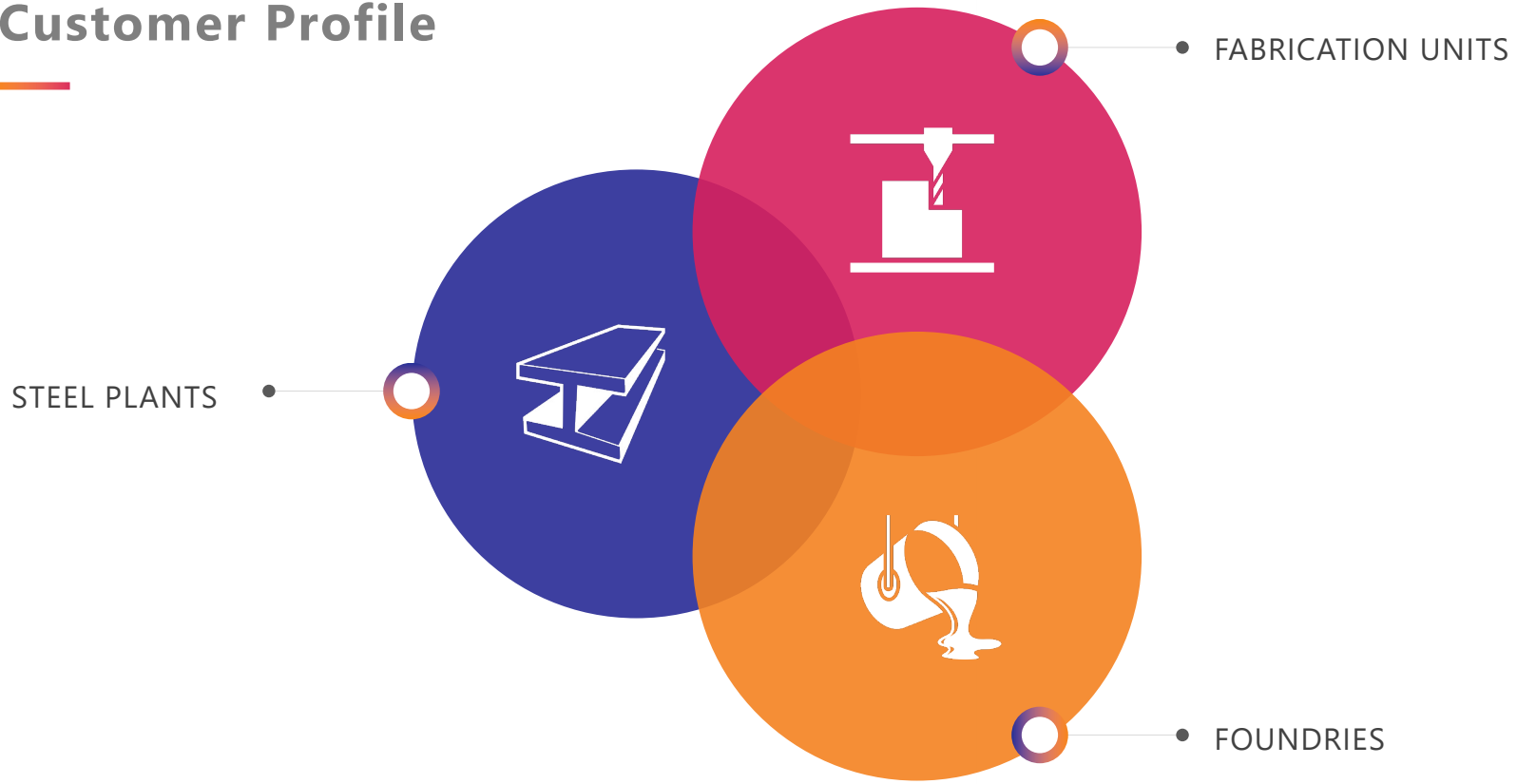


SHADEED IRON &
STEEL CO. LLC



Clients (Contd.)

Customer Profile



 **20**

10 YEAR+ RELATIONSHIPS

 **05**

5 YEAR+ RELATIONSHIPS

 **40%**

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

Ms 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



- 19 INVESTMENT THESIS
- 20 STRENGTHS AND WEAKNESS
- 21 BUSINESS CANVAS

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 has recently added a 3rd furnace to support higher manufacturing throughput in its Aluminum Flipping Coils product category, which has led to a capacity augmentation by up to 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

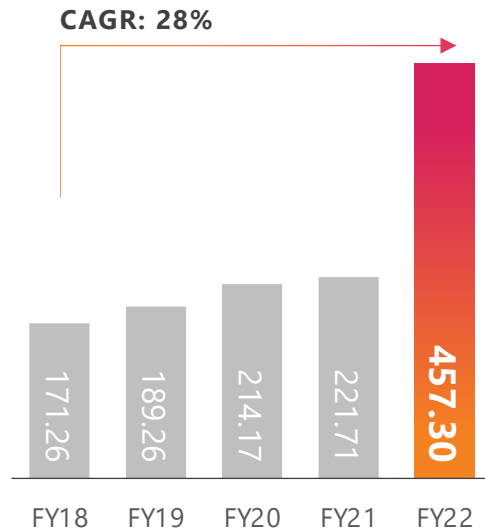


- 23 5-Y SUMMARY
- 24 P&L SUMMARY
- 25 BALANCE SHEET SUMMARY
- 26 CASH FLOW SUMMARY
- 27 MARKET STATISTICS

5 Years Summary

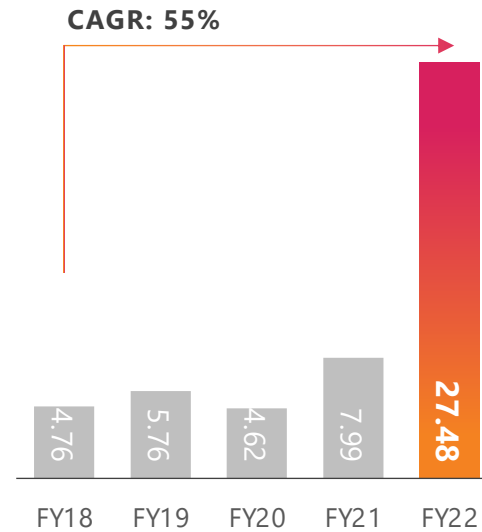
Revenue from Operations

(₹ IN CRORES)



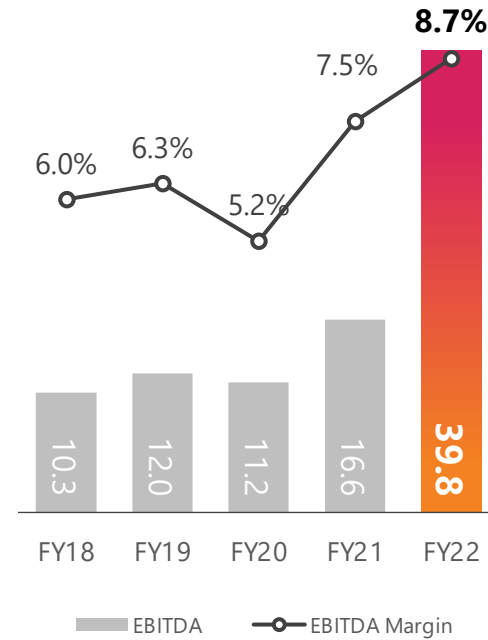
Profit After Tax

(₹ IN CRORES)



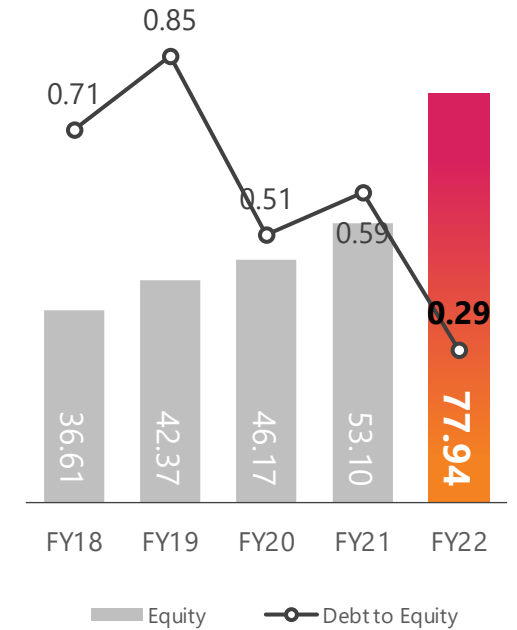
EBITDA & EBITDA Margins

(₹ IN CRORES & IN %)



Equity & Debt to Equity

(₹ IN CRORES & TIMES)



P&L Summary

PARTICULARS (₹ IN CRORES)	FY18	FY19	FY20	FY21	FY22
Revenue from Operations	171.26	189.26	214.17	221.71	457.30
Total Income	172.90	190.83	215.26	222.08	458.26
Operating Expenses	160.95	177.27	202.93	205.49	418.43
EBITDA	10.31	12.00	11.24	16.59	39.83
EBITDA %	6.0%	6.3%	5.2%	7.5%	8.7%
Finance Cost	3.46	3.87	3.63	3.30	4.00
Depreciation & Ammortization	1.35	1.58	2.25	2.14	1.69
PBT	7.14	8.11	6.46	10.78	33.18
PAT	4.76	5.76	4.62	7.99	27.48
EPS (₹)	3.47	4.21	3.38	5.78	20.03

CAGR
(FY18-22)

Revenue
28%

EBITDA
40%

PAT
55%

Balance Sheet Summary

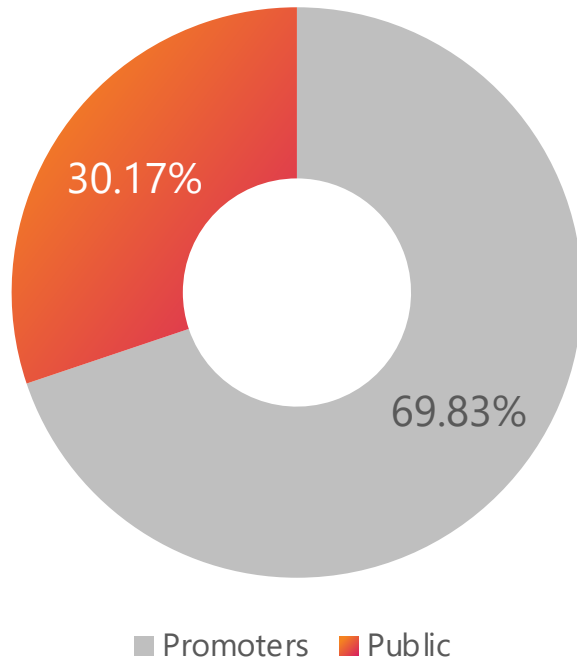
PARTICULARS (₹ IN CRORES)	FY18	FY19	FY20	FY21	FY22
Shareholders' Funds	36.61	42.37	46.17	53.10	77.94
Non-Current Liabilities	2.53	3.25	2.38	5.31	3.44
Long Term Borrowings	2.28	2.75	1.61	4.41	2.58
Current Liabilities	26.00	38.22	27.72	32.84	34.70
Short Term Borrowings	23.59	33.35	21.84	26.79	19.75
Trade Payables	0.93	3.46	3.87	0.65	10.28
Total Equity and Liabilities	65.14	83.84	76.26	91.25	116.08
Non-Current Assets	10.98	15.59	18.10	15.65	13.77
Tangible Assets	8.73	13.78	14.45	13.65	11.30
CWIP	0.57	0.20	0.00	0.08	-
Current Assets	54.17	68.25	58.16	75.61	102.31
Inventories	15.55	26.05	21.93	29.76	28.13
Trade Receivables	29.13	23.24	28.20	38.18	56.84
Cash & Bank Balances	1.63	3.54	1.28	7.77	3.46
Total Assets	65.14	83.84	76.26	91.25	116.08

Cash Flow Summary

PARTICULARS (₹ IN CRORES)	FY18	FY19	FY20	FY21	FY22
Cash from Operating Activities	0.04	1.14	17.14	(0.56)	16.44
Cash from Investing Activities	(1.52)	(6.12)	(2.61)	(1.32)	3.11
Cash from Financing Activities	(5.78)	6.89	(16.79)	4.05	(15.23)
Net Cash Flow	(7.27)	1.91	(2.26)	2.17	4.31
Cash at the Beginning of Year	8.90	1.63	3.54	1.28	3.46
Cash at the End of Year	1.63	3.54	1.28	3.46	7.77

Market Statistics

SHAREHOLDING PATTERN



*Shareholding data as of September 2022

Current Market Price

₹135.7

52 Week High/Low

₹168.8 / ₹78.5

Market Capitalization

₹185.8 Crore

Shares Outstanding

1.37 Crore

BSE Scrip Code

540393

Market price data as of 11th November 2022



Get in touch

Anirudh Singhal

Sarthak Metals Limited
cfo@sarthakmetals.com

Pratik Jain

Sarthak Metals Limited
cs@sarthakmetals.com

Sayam Pokharna

TIL Advisors (P) Limited
sayam@theinvestmentlab.in
+91 94266 60791

SAFE HARBOR

This document which has been prepared by Sarthak Metals Limited (the "Company", "Sarthak"), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

This document has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Document. This Document may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Document is expressly excluded.

Certain matters discussed in this Document may contain statements regarding the Company's market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the performance of the industry in India and world-wide, competition, the company's ability to successfully implement its strategy, the Company's future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company's market preferences and its exposure to market risks, as well as other risks. The Company's actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Document. The Company assumes no obligation to update any forward-looking information contained in this Document. Any forward-looking statements and projections made by third parties included in this Document are not adopted by the Company and the Company is not responsible for such third-party statements and projections.