

Date: 12/02/2022

<p>To, The Manager, Listing &amp; 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 Q3 FY2022.**

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](http://www.sarthakmetals.com) You are requested to kindly take the same on your record.

Thanking You,

**For, Sarthak Metals Limited**

  
**Pratik Jain**

**Company Secretary and Compliance Officer**

Encl. as above.



---

# Q3FY22 Earnings Presentation

● ● ● —————  
**SARTHAK METALS LIMITED**

Modern metallurgical solutions for fine tuning steel

# 01

## Q3FY22 Result Summary



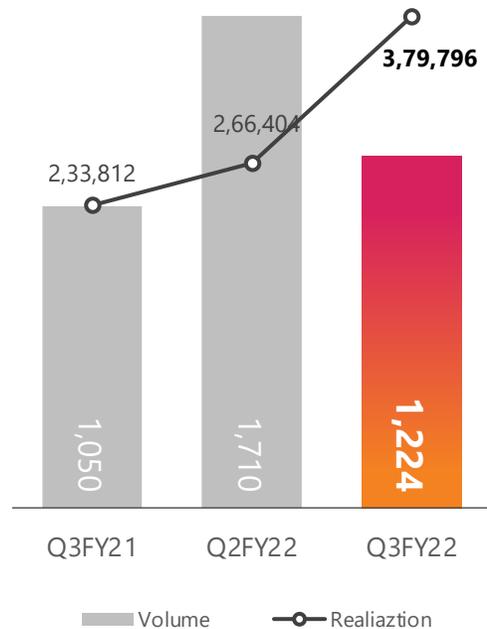
- 03** OPERATIONAL HIGHLIGHTS
- 04** P&L SUMMARY
- 05** MANAGEMENT COMMENTARY

# Q3FY22

## Operational Highlights

### Cored Wire Volumes & Realizations

(IN TONNES & ₹/TONNE)



**46.50 Crore**

Revenue

**17%**

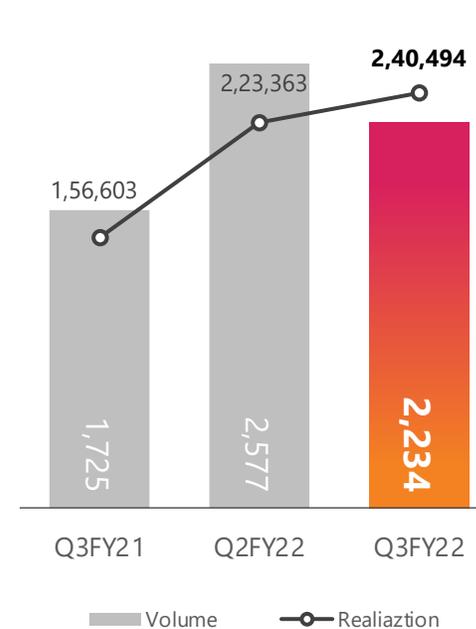
Increase in Volume YoY

**62%**

Increase in Realizations YoY

### Aluminium Flipping Coil Volumes & Realizations

(IN TONNES & ₹/TONNE)



**53.74 Crore**

Revenue

**30%**

Increase in Volume YoY

**54%**

Increase in Realizations YoY

# Q3FY22

## P&L Summary

<b>PARTICULARS</b> (₹ IN CRORES)	<b>Q3FY22</b>	<b>Q2FY22</b>	<b>Q3FY21</b>	<b>YoY % Change</b>	<b>QoQ % Change</b>
<b>Revenue from Operations</b>	<b>106.8</b>	<b>108.0</b>	<b>59.1</b>	<b>81%</b>	<b>-1%</b>
Total Income	106.9	108.2	59.1	81%	-1%
Operating Expenses	95.9	100.4	52.9	81%	-4%
<b>EBITDA</b>	<b>10.8</b>	<b>7.6</b>	<b>6.2</b>	<b>75%</b>	<b>42%</b>
<b>EBITDA %</b>	<b>10.2%</b>	<b>7.1%</b>	<b>10.5%</b>	<b>-31 bps</b>	<b>+308 bps</b>
Finance Cost	1.0	1.0	0.7	49%	0%
Depreciation & Ammortization	0.4	0.4	0.5	-22%	14%
PBT	9.6	6.5	5.0	92%	48%
<b>PAT</b>	<b>7.1</b>	<b>4.9</b>	<b>3.7</b>	<b>90%</b>	<b>44%</b>
EPS (₹)	5.19	3.60	2.74	89%	44%

# Management Commentary

## Commenting on the Q3FY22 performance, Sanjay Shah, Executive Director, said:

*"We are pleased to share that Sarthak Metals has maintained its growth trajectory and has delivered a robust performance, at par with the previous quarters. Our Revenue from Operations for Q3FY22 stood at INR 106.8 crores as compared to INR 59.1 crores in corresponding Q3FY21, a growth of 81% on a YoY basis. On the profitability front, our EBITDA margins grew from 7.1% in Q2FY22 to 10.2% in Q3FY22. The robust 9MFY22 performance of your company all but guarantees a strengthened position as a market leader in its industry. With such performance being delivered quarter on quarter, we are certain that we will end this year on a firm footing for future growth.*

*This performance is on the backdrop of a solid industry outlook and strong tailwinds. Our clients, some of the largest steel players in India, are on a constant lookout for expansion opportunities, as India eyes to become an export hub for the steel industry in the coming decade. Union Budget affirms this assertion by prioritizing investments and spending in the infrastructure sector & special steels sector. The government's expenditure on special steel & infrastructure is a good macro setting for our business to grow and expand. We are well-positioned to corner a higher market share in our existing product categories, while harnessing new opportunities coming up in integrated applications both at vertical & horizontal levels. To capitalize on the new & existing opportunities, your company has recently acquired a 5-acre plot next to our facility, which will be utilized for a new strategic business opportunity that the Board and Management is currently validating.*

*As for our existing business, all efforts are being undertaken to run our manufacturing lines at peak productivity levels. We see headroom for growth, with debottlenecking and additional manufacturing lines within the same premises to cater to unfulfilled demand. We look forward to expanding our capacity of aluminium flipping coils by 50% in H1FY23 and are confident of a quick turnaround time for the future expansion of our existing product categories.*

*Lastly, we are happy to report that we had announced an interim dividend of Re 1 to our shareholders in Jan 2022, and we look forward to building on this further and sharing value with our stakeholders. Your company looks forward to capitalize on the long-term opportunities offered by the Indian steel industry and the growing Indian economy."*

# 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 ~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 Bhilai, Chhattisgarh, housed under 3 group entities.

 **05**  
MANUFACTURING  
FACILITIES

 **03**  
GROUP ENTITIES

## SARTHAK METALS LIMITED

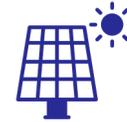


CORED WIRES  
& ALUMINUM  
FLIPPING COIL

**10,000** TPA  
CAPACITY FOR CORED WIRES

**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 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



## ~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 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

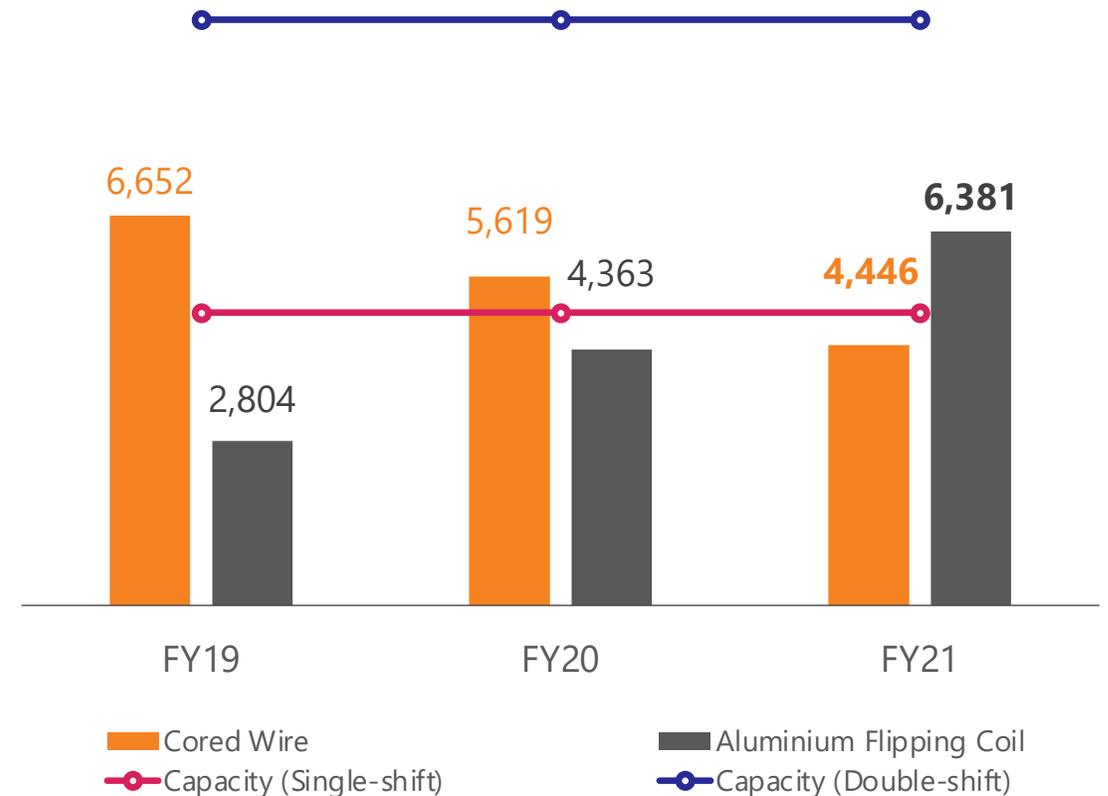
## Manufacturing Capacity (double-shift)

**10,000** TPA  
CORED WIRES

**10,000** TPA  
Aluminium FLIPPING COILS

## Capacity Utilization

(IN TPA)



# Clients

## Domestic



## Exports

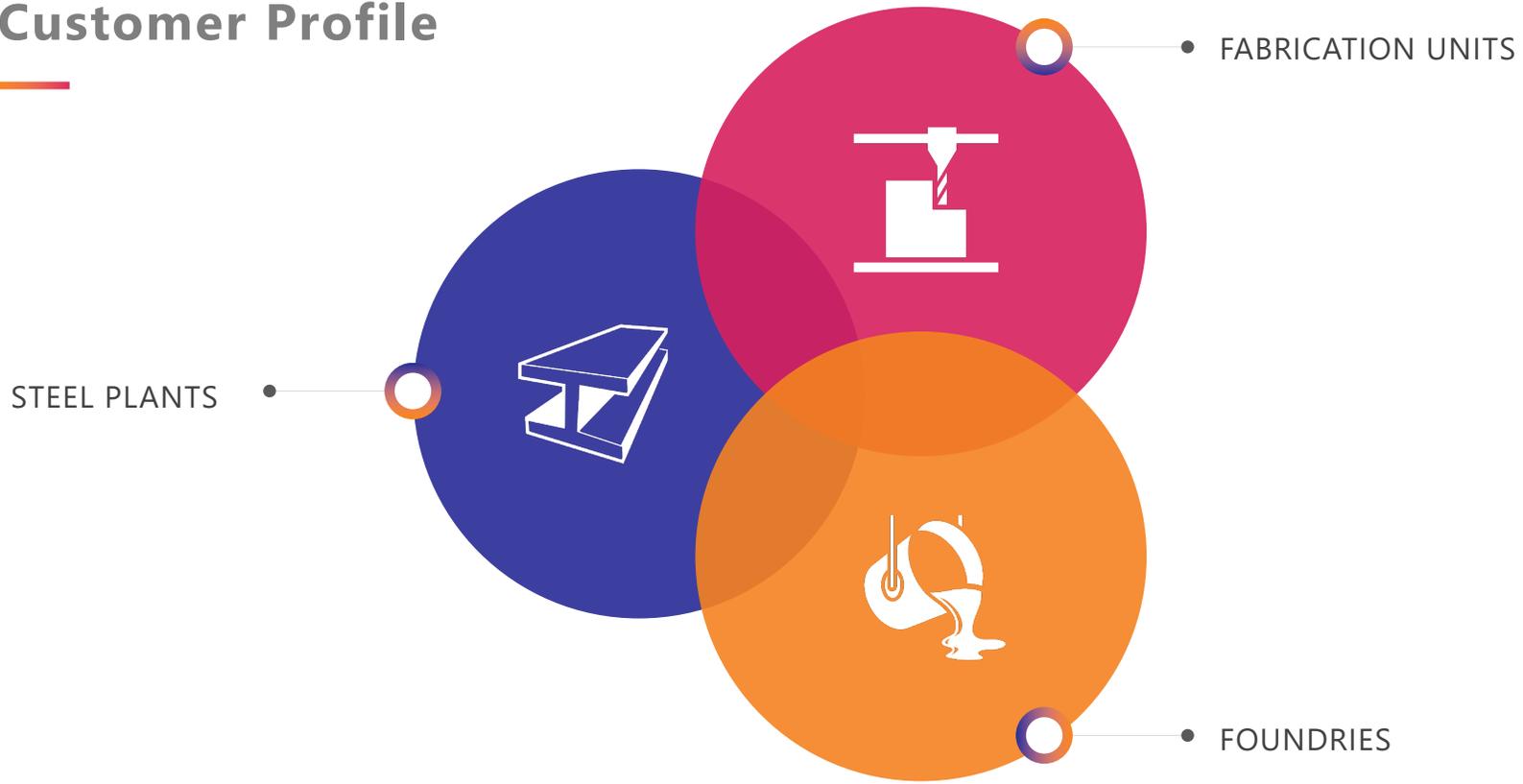


SHADEED IRON &  
STEEL CO. LLC



# 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

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 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
- 2<sup>nd</sup> 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

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

# 03

## FINANCIAL SUMMARY

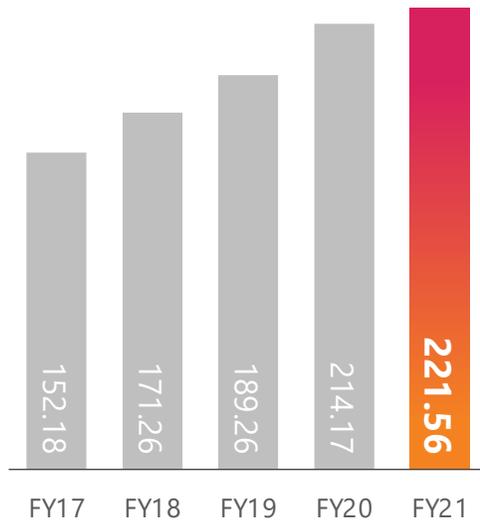


- 23 5-Y SUMMARY
- 24 P&L SUMMARY
- 25 BALANCE SHEET SUMMARY
- 26 CASH FLOW SUMMARY
- 27 MARKET STATISTICS

# 5 Years Summary

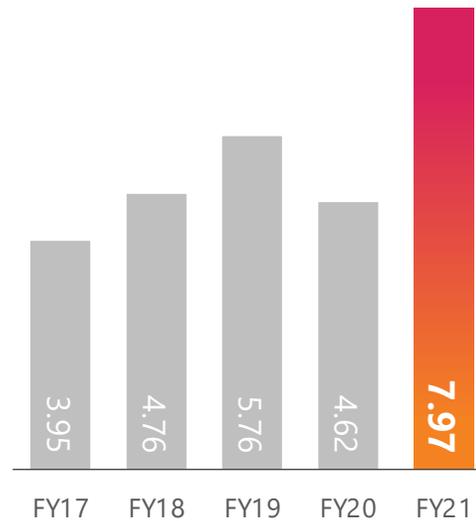
## Revenue from Operations

(₹ IN CRORES)



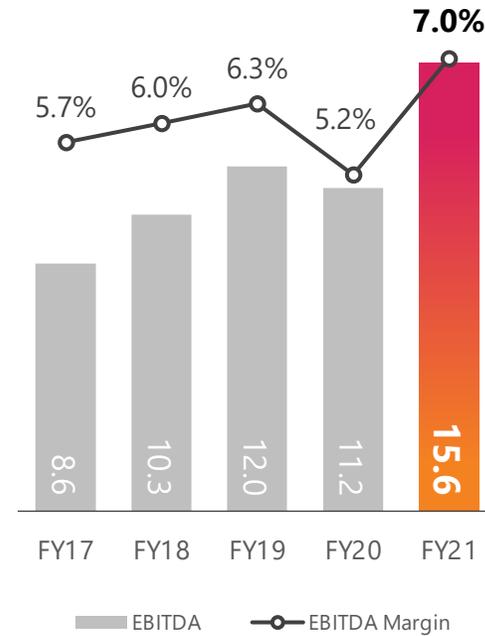
## Profit After Tax

(₹ IN CRORES)



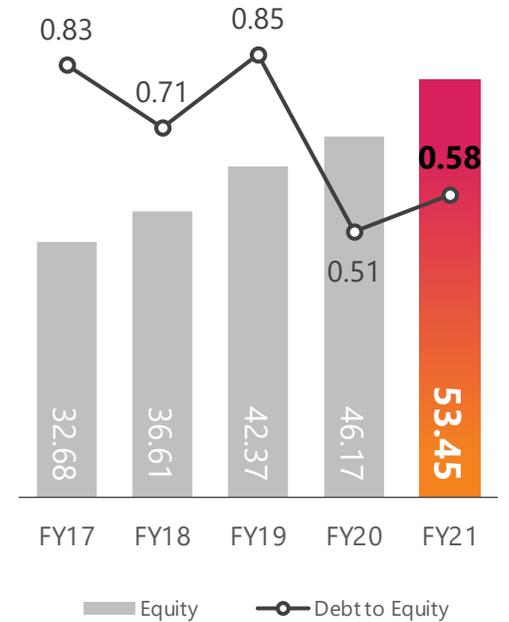
## EBITDA & EBITDA Margins

(₹ IN CRORES & IN %)



## Equity & Debt to Equity

(₹ IN CRORES & TIMES)



# P&L Summary

<b>PARTICULARS</b> (₹ IN CRORES)	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
<b>Revenue from Operations</b>	<b>152.18</b>	<b>171.26</b>	<b>189.26</b>	<b>214.17</b>	<b>221.56</b>
Total Income	153.87	172.90	190.83	215.26	222.08
Operating Expenses	143.57	160.95	177.27	202.93	205.96
<b>EBITDA</b>	<b>8.61</b>	<b>10.31</b>	<b>12.00</b>	<b>11.24</b>	<b>15.60</b>
<b>EBITDA %</b>	<b>5.7%</b>	<b>6.0%</b>	<b>6.3%</b>	<b>5.2%</b>	<b>7.0%</b>
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
<b>PAT</b>	<b>3.95</b>	<b>4.76</b>	<b>5.76</b>	<b>4.62</b>	<b>7.97</b>
EPS (₹)	3.26	3.47	4.21	3.38	5.82

\*Shareholding data as of September 2021

# Balance Sheet Summary

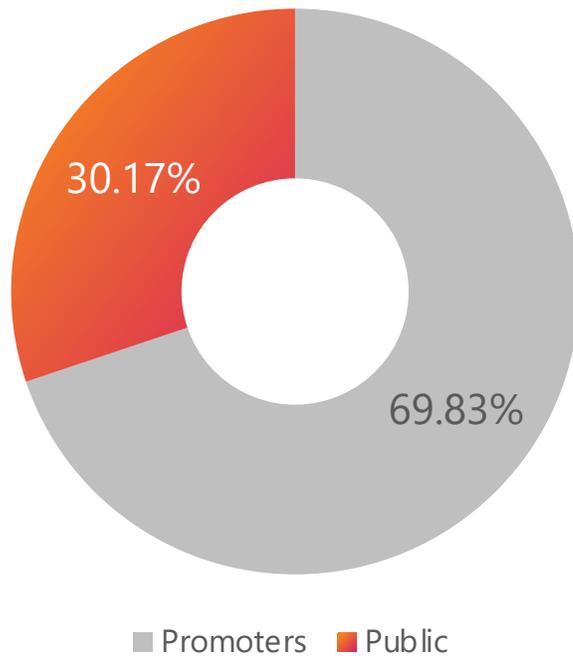
<b>PARTICULARS</b> (₹ IN CRORES)	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
<b>Shareholders' Funds</b>	<b>32.68</b>	<b>36.61</b>	<b>42.37</b>	<b>46.17</b>	<b>53.45</b>
Non-Current Liabilities	1.29	2.53	3.25	2.38	7.35
Long Term Borrowings	1.00	2.28	2.75	1.61	6.61
Current Liabilities	28.77	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
<b>Total Equity and Liabilities</b>	<b>62.74</b>	<b>65.14</b>	<b>83.84</b>	<b>76.26</b>	<b>91.45</b>
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
<b>Total Assets</b>	<b>61.99</b>	<b>65.14</b>	<b>83.84</b>	<b>76.26</b>	<b>91.45</b>

# Cash Flow Summary

<b>PARTICULARS</b> (₹ IN CRORES)	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
<b>Cash from Operating Activities</b>	<b>4.10</b>	<b>0.04</b>	<b>1.14</b>	<b>17.14</b>	<b>(0.56)</b>
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 December 2021

**Current Market Price**

**₹121.2**

**52 Week High/Low**

**₹145.3 / ₹28.0**

Market Capitalization

₹165.9 Crore

Shares Outstanding

1.37 Crore

**BSE Scrip Code**

**540393**

Market price data as of 11<sup>th</sup> February 2022



# Get in touch

## **Anirudh Singhal**

Sarthak Metals Limited  
cfo@sarthakmetals.com

## **Pratik Jain**

Sarthak Metals Limited  
cs@sarthakmetals.com

## **Sayam Pokharna**

TIL Advisors  
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 what so ever. 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.