

Date: 16/08/2022

<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>
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Subject: Earnings Presentation Q1 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

Company Secretary and Compliance Officer

Encl. as above.



Q1FY23 Earnings Presentation

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SARTHAK METALS LIMITED

Modern metallurgical solutions for fine tuning steel

01

Q1FY23 Result Summary



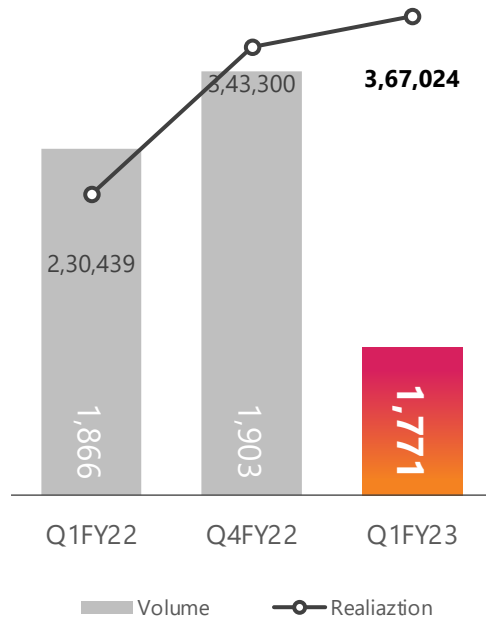
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Q1FY23

Operational Highlights

Cored Wire Volumes & Realizations

(IN TONNES & ₹/TONNE)



65 Crore

Revenue

-5%

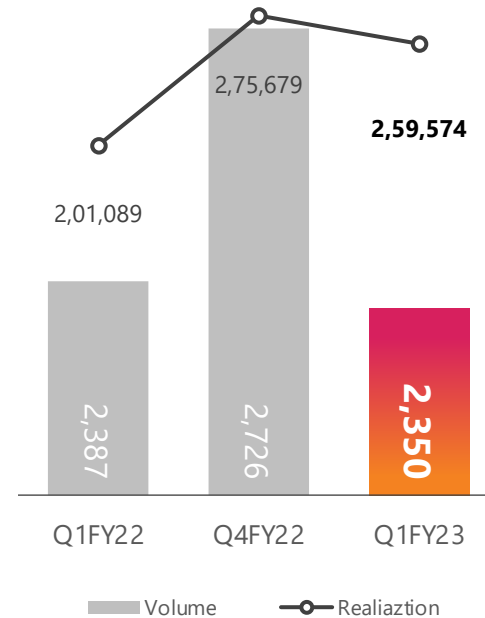
Decrease in Volume YoY

59%

Increase in Realizations YoY

Aluminium Flipping Coil Volumes & Realizations

(IN TONNES & ₹/TONNE)



61 Crore

Revenue

-2%

Decrease in Volume YoY

29%

Increase in Realizations YoY

Q1FY23

P&L Summary

PARTICULARS (₹ IN CRORES)	Q1FY23	Q4FY22	Q1FY22	YoY % Change	QoQ % Change
Revenue from Operations	133.7	147.2	95.3	40%	-9%
Total Income	135.2	147.7	95.5	42%	-8%
Operating Expenses	122.8	135.4	85.1	44%	-9%
EBITDA	10.9	11.9	10.2	7%	-8%
EBITDA %	8.2%	8.1%	10.7%	-250 BPS	+12 BPS
Finance Cost	0.7	1.1	0.9	-25%	-40%
Depreciation & Ammortization	0.3	0.5	0.4	-21%	-34%
PBT	11.5	10.7	9.1	26%	7%
PAT	8.6	8.1	6.9	24%	6%
EPS (₹)	6.27	5.81	5.05	24%	8%

Management Commentary

Commenting on the Q1FY23 performance, Sanjay Shah, Executive Director, said:

"We are pleased to report a good start to the new financial year, with a decent Q1FY23. The Company reported a robust 40% increase in top-line YoY and a marginal drop of 9% QoQ. While April started out good, the Company witnessed a slower May and June primarily on account of the immediate effects of the Government of India's notification of an increase in export duty on various metals and minerals. Pick-up from the steel sector was a little slow during the quarter; however, things are progressing smoothly now.

Our Revenue from Operations stood at 133.7 Crores, compared to the high of 147.2 Crore in Q4FY22. Although volumes witnessed some compression during the Q1FY23, it was compensated by an increase in Realisations of Cored Wires. The Company did witness some decrease in the realisation of Aluminium Flipping Coil during the quarter. On the profitability front, our EBITDA margins remained strong at 8.2% in Q1FY23. Subsequently, PAT for the quarter stood at an all-time high of 8.6 Crores, an increase of 24% YoY and 6% QoQ.

Considering the external environment during the quarter, the Company's performance was good, which was aided by our team's hard work and strategic marketing efforts. We expect the immediate effects of export duty-related hiccups & subsequent fall in the steel prices to wear off in the coming quarter and the normalisation of demand in Q2FY22. Our outlook for the year remains solid on the back of incremental capacities coming up at Sarthak Metals during the current year, and the CAPEXs announced by our clients, some of India's most prominent steel players."

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01

ABOUT



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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

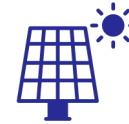


CORED WIRES
& ALUMINUM
FLIPPING COIL

10,000 TPA
CAPACITY FOR CORED WIRES

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



650+ CRORE

PART OF THE 650+* CRORE DB GROUP



10,000_{TPA}

PRODUCTION CAPACITY FOR CORED WIRES



28%

REVENUE CAGR (FY18-22)



10,000_{TPA}

PRODUCTION CAPACITY FOR ALUMINUM FLIPPING COILS



425+

COMMITTED WORKFORCE



30+

ACTIVE CLIENTS



55%

PAT CAGR (FY18-22)

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.

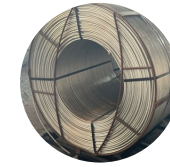


Cored Wires

- 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

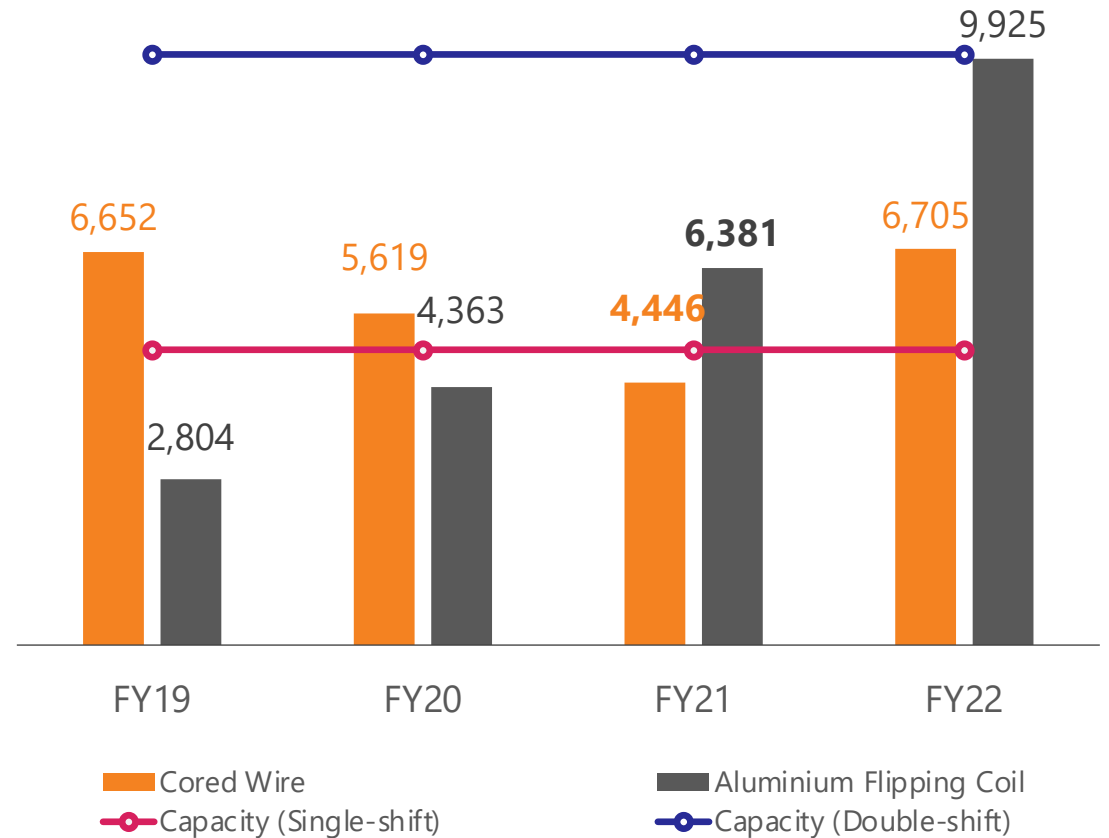
Manufacturing Capacity (double-shift)

10,000 TPA
CORED WIRES

10,000 TPA
Aluminium FLIPPING COILS

Capacity Utilization

(IN TPA)



Clients

Domestic



Exports

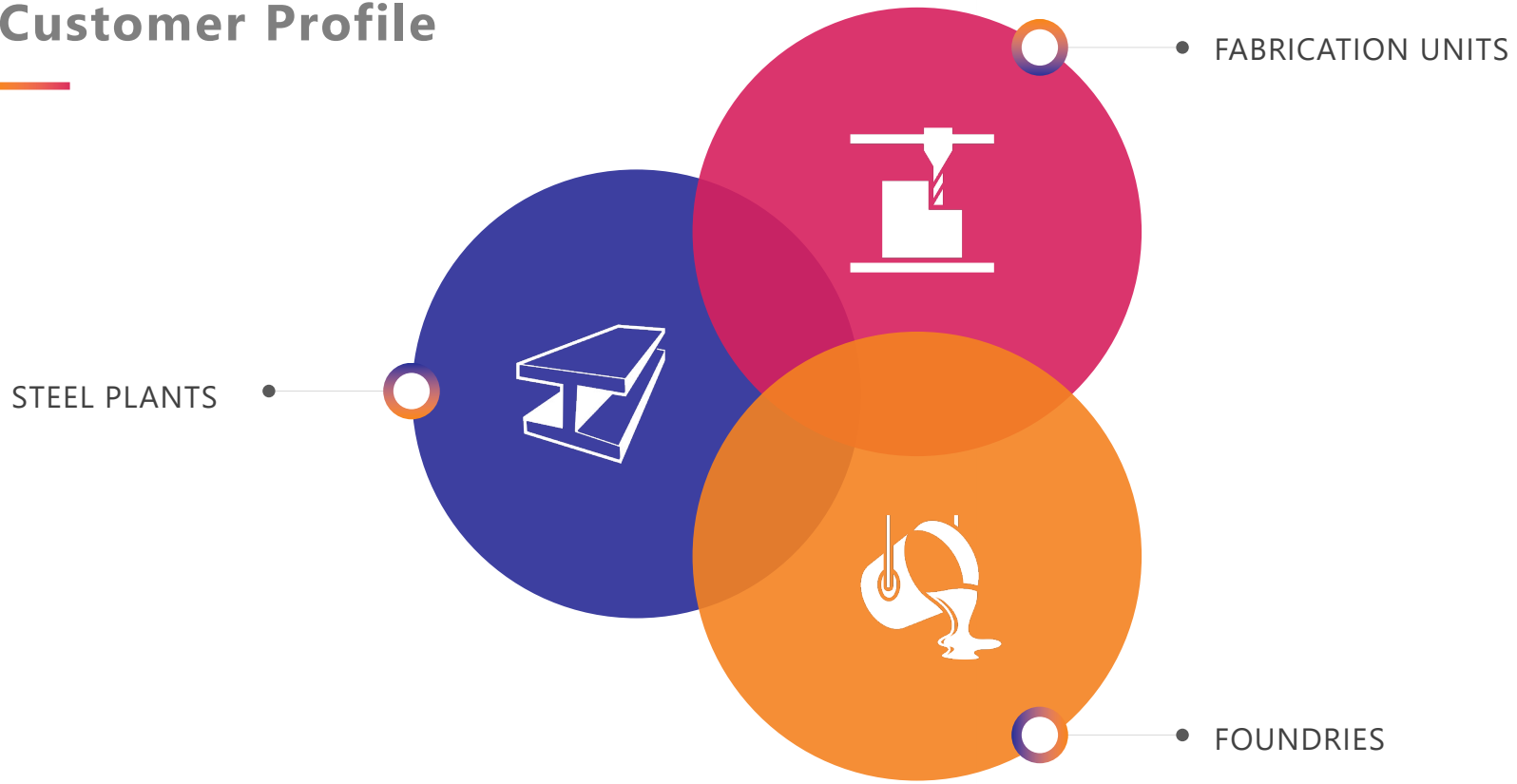


SHADEED IRON &
STEEL CO. LLC



Clients (Contd.)

Customer Profile



 **20**

10 YEAR+ RELATIONSHIPS

 **05**

5 YEAR+ RELATIONSHIPS

 **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



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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 the installation of a new furnace in H1FY23, that will lead to 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

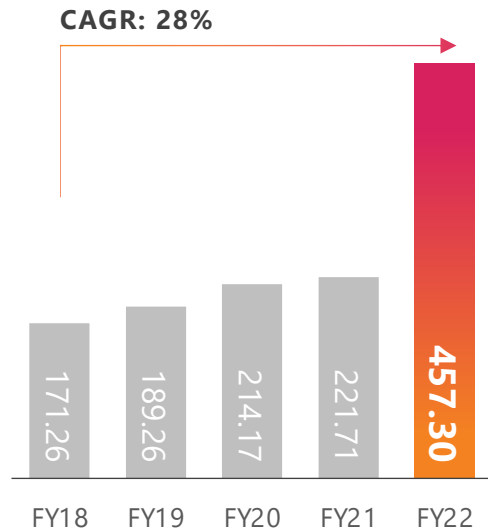


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5 Years Summary

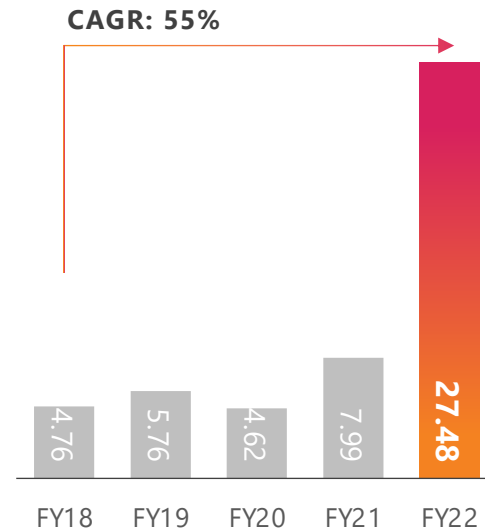
Revenue from Operations

(₹ IN CRORES)



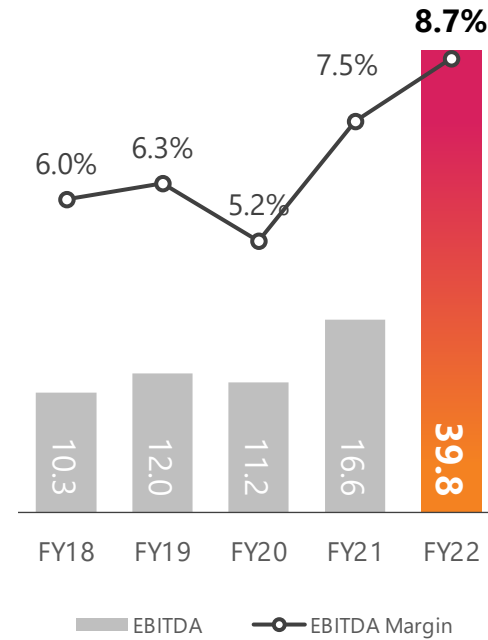
Profit After Tax

(₹ IN CRORES)



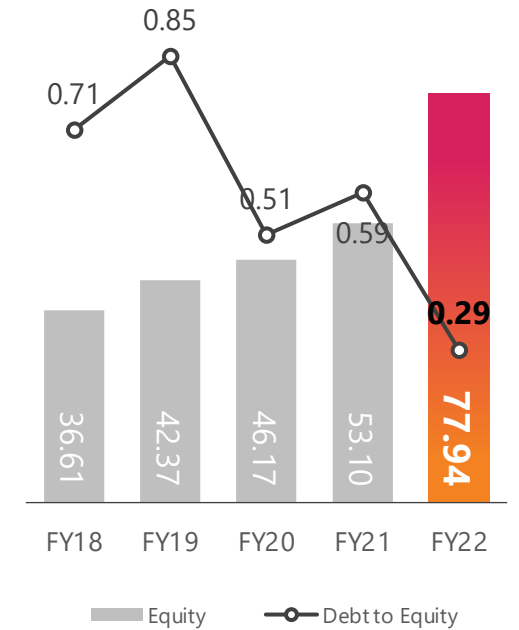
EBITDA & EBITDA Margins

(₹ IN CRORES & IN %)



Equity & Debt to Equity

(₹ IN CRORES & TIMES)



P&L Summary

PARTICULARS (₹ IN CRORES)	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

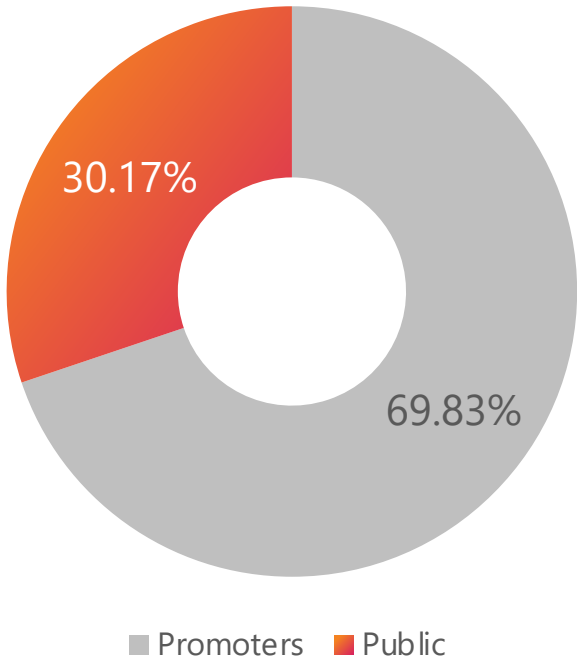
PARTICULARS (₹ IN CRORES)	FY18	FY19	FY20	FY21	FY22
Shareholders' Funds	36.61	42.37	46.17	53.10	77.94
Non-Current Liabilities	2.53	3.25	2.38	5.31	3.44
Long Term Borrowings	2.28	2.75	1.61	4.41	2.58
Current Liabilities	26.00	38.22	27.72	32.84	34.70
Short Term Borrowings	23.59	33.35	21.84	26.79	19.75
Trade 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 June 2022

Current Market Price	₹115.0
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52 Week High/Low	₹145.3 / ₹59.0
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Market Capitalization	₹157.4 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 12th August 2022



Get in touch

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SAFE HARBOR

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