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Incorporated in 1973, **Sarda Energy & Minerals Limited (SEML)** is the flagship company of Sarda Group and is engaged in the production of steel, ferro alloys and power. .

## **KEY POINTS**

### **Products and Capacities**

**Ferro Alloys (39% in FY21 vs 40% in FY20):** Ferro alloys are high value added products used for manufacturing of mild steel and special steel. Production capacity of 111 MVA.

**Steel – billets, wire rods and HB wire (28% in FY21 vs 27% in FY20):** Billets are semi-finished steel products while Hot rolled products are made from direct hot billet charging. Production capacity of Billets - 3 lakh MT, Wire rods - 1.8 lakh MT and HB wires - 30,000 MT.

**Sponge Iron (11% in FY21 vs 13% in FY20):** Produced by reducing Iron Ore using non-coking coal. It is used to produce steel billets. Production capacity of 3.6 lakh MT.

**Pellet (15% in FY21 vs 10% in FY20):** Mainly used for production of Sponge Iron. Production capacity of 8 lakh MT.

**Power (4% in FY21 vs 5% in FY18):** Power generated through Hydro projects (143 MW capacity) as well as thermal projects (162 MW capacity).

Others: 3% in FY21 vs 5% in FY20.

### **Geographical Split (FY21)**

Domestic: 85% vs 83% in FY20

Exports: 15% vs 17% in FY20

### **Capex**

The Co expanded Iron Ore Pellet capacity by 2 lac MMT to 8 lac MMT in March 2021. It also completed a **113 MW hydro power project at Sikkim which commenced operations in June 2021.**

It is **expanding Ferro Alloys capacity by 36 MVA to 147 MVA** which is likely to be completed by FY23. Further, construction of a 24.9 MW Hydro Power plant on the Rehar river in Chhattisgarh has started and is expected to be completed in FY25.

### **Backward Integration**

The Co is backward integrated with most of the raw material sourced captive. The captive iron ore mine has a capacity of 1.5 MMT. The captive thermal and waste heat power plant have a combined power generation capacity of 161.5 MW, fulfilling **100% of the power requirement of the Co.** Further, the Co has recently

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won **two coal mines in Chhattisgarh and MP with a combined capacity of 1.8 MMT**, adequate for the entire captive consumption of the Co.

### **Diversified Product Offering**

The Co has diversified its revenue base across sale of intermediate and finished steel products, ferroalloys, surplus power from the captive power plant and hydro power. This gives the Co flexibility in terms of shifting through different products across business cycles, thereby sustaining margins.

### **Hydro Power**

The Co has three operational hydro power projects in Uttarakhand, Chhattisgarh and Sikkim with a combined capacity of 143 MW. It has signed long term PPAs with state discoms for supply of power. Further, construction of a new 25 MW hydro power project in Chhattisgarh has commenced and is expected to commercialise by FY25.

### **Locational Advantage**

The Co enjoys locational advantages in terms of proximity of captive mines from plants. The captive iron ore mine and the recently acquired coal mine is located within 200 KM from the manufacturing facilities of the Co, improving operating efficiency.

### **Investment in Associates**

The Co's equity investments in subsidiaries (excluding Sarda Metals and Alloys Ltd), joint ventures and controlled entities were around Rs 608 crore (29% of the tangible net worth) as on March 31, 2021. These investments are in entities with weaker credit risk profiles as well as back-ended returns.

### **Other Income**

The Co earned other income of 144 crores (6% of total income) in FY21 on account of Fair value gain on Financial Instruments.

### **Contingent Liabilities**

The Co has contingent liabilities of 526 crores as of March 2021.

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**Technical View:** Sarda Energy & Minerals Limited, Structured Formation on daily chart looks positive. Stock had long waited breakout with strong Bullish candle, RSI divergence indicate Buying signal. We may see some sell off from present level and test the breakout level which is at 1020 said level will act as a strong support.

**Volume analysis:** - 1 Day Delivery volume Increase by 299.43% over 5 day average, However; 1 Month: Delivery volume increase by 14.52% , This stock may generate more volumes in upcoming sessions, hence; We recommend BUY signal for this share . Buying can be done above 1077 for Target 1130, Target 1200, Use Strict stop loss 1000.

**Moving Averages:** -Sarda Energy & Minerals Ltd. is trading higher than 5 day, 20 day, 50 day, 100 day and 200 day moving averages

5 Day 942.54

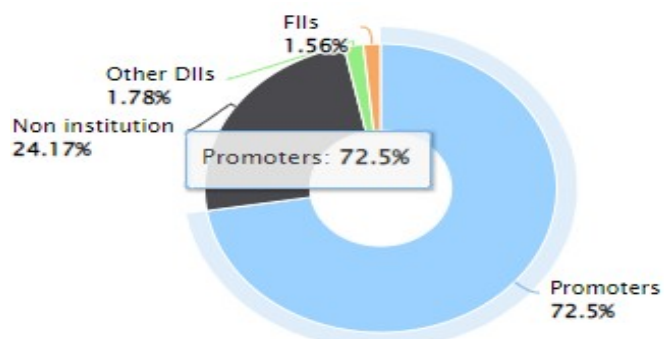
50 Day 835.61

200 Day 747.97

20 Day 855.85

100 Day 821.12

**Shareholding pattern:-**



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The Promoter holdings 72.05% %. No change in Promoter holdings. No change in Promoter pledged shares.

### Key Ratio:-

Market Cap	₹ 3,885 Cr.	Current Price	₹ 1,078	High / Low	₹ 1,133 / 362
Stock P/E	5.30	Book Value	₹ 726	Dividend Yield	0.70 %
ROCE	15.3 %	ROE	18.3 %	Face Value	₹ 10.0
Debt to equity	0.58	Intrinsic Value	₹ 1,510	Int Coverage	9.11
Current ratio	2.77	Quick ratio	1.84	Price to book value	1.49
Industry PE	14.2	Profit growth	249 %	Promoter holding	72.5 %
Chg in Prom Hold 3Yr	0.00 %	Sales growth 5Years	8.24 %	Sales growth	83.5 %
Qtr Sales Var	65.4 %	Profit after tax	₹ 732 Cr.	PAT Prev Ann	₹ 129 Cr.
Profit Var 5Yrs	104 %	Price to Sales	1.09	PEG Ratio	0.05