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An ISO 9001, ISO 14001 & OHSAS 18001
Certified Company



5th November, 2018

BSE Ltd
The Department of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street - Mumbai 400 001

National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai - 400051
Fax. No: 022-26598237/38, 022-26598347/48

Security Code No. : 504614

Symbol: SARDAEN

Series : EQ

Dear Sir,

Sub: Corporate Presentation


With reference Regulation 30 (6) read with Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, we are enclosing herewith the Corporate Presentation on the 2nd quarter FY 19 results of Our Company.

The copy of the said Corporate Presentation is also being placed on the website of the company - www.seml.co.in. The said presentation will also be shared with various Analysts / Investors.

You are requested to take the information on records and disseminate the same for the information of the investors. Please acknowledge receipt.

Thanking you,

Yours faithfully,
For Sarada Energy & Minerals Ltd.


(Manish Sethi)
Company Secretary

Encl: As above



INVESTOR PRESENTATION

November 2018





DISCUSSION SUMMARY

01

Company Overview

02

Business Overview

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Strategic Priorities &
Growth Outlook

04

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Annexure





**COMPANY
OVERVIEW**



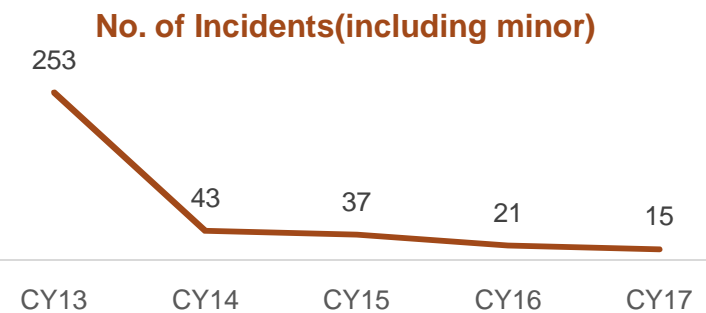


Assets & Operational Detail

- At SEML, safety is taken as top priority. The workers are equipped with necessary safety gears on their operational role
- Regular medical check-up and in house medical facilities ensures that workers keep in good health
- The incident rate (including minor injuries) has seen a declining trend over past few years
- All employees at plant has to go through training on safety every year

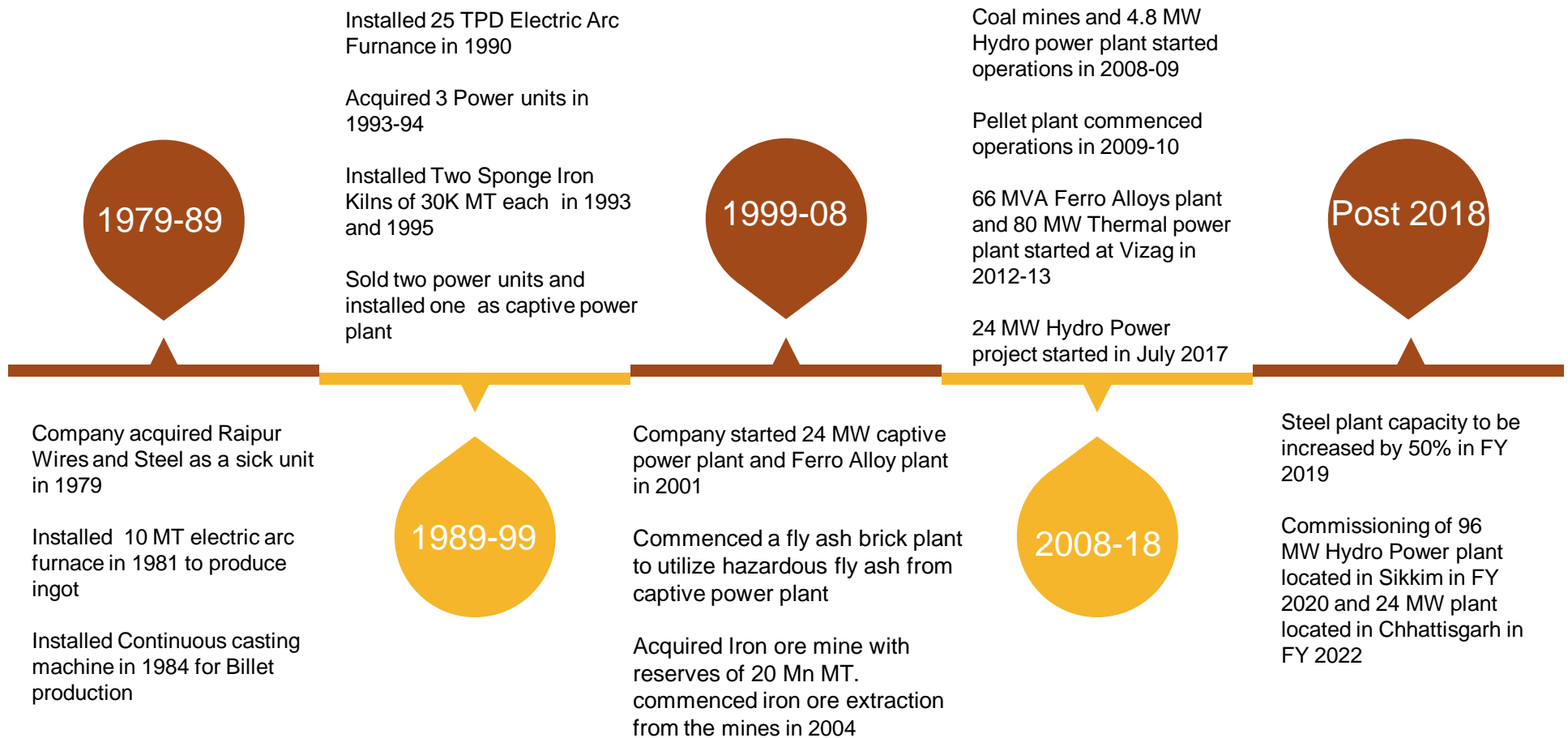
Corporate Social Responsibility

- The Company has adopted 90 single-teacher schools in the tribal areas of Chhattisgarh for providing basic education
- The Company actively sponsors medical facilities, assisting in primary healthcare across villages.
- It runs a well-equipped ambulance with doctors and set up first-aid facilities in the villages surrounding its mines
- Extended financial assistance to Bhartiya Vidya Bhawan and R K Sarada Vidhya Ashram for school buildings/operations



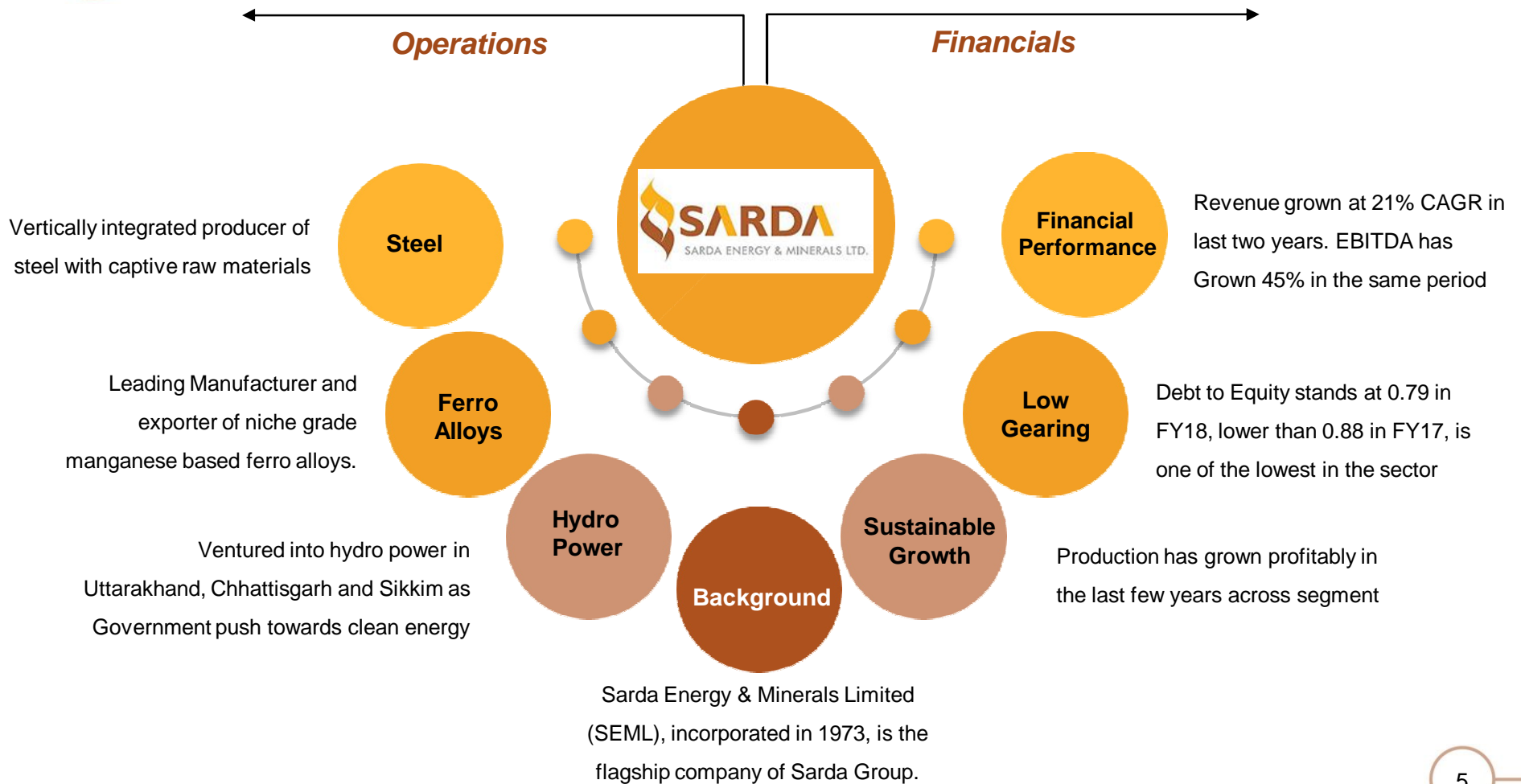


Key Milestone





Company at a Glance



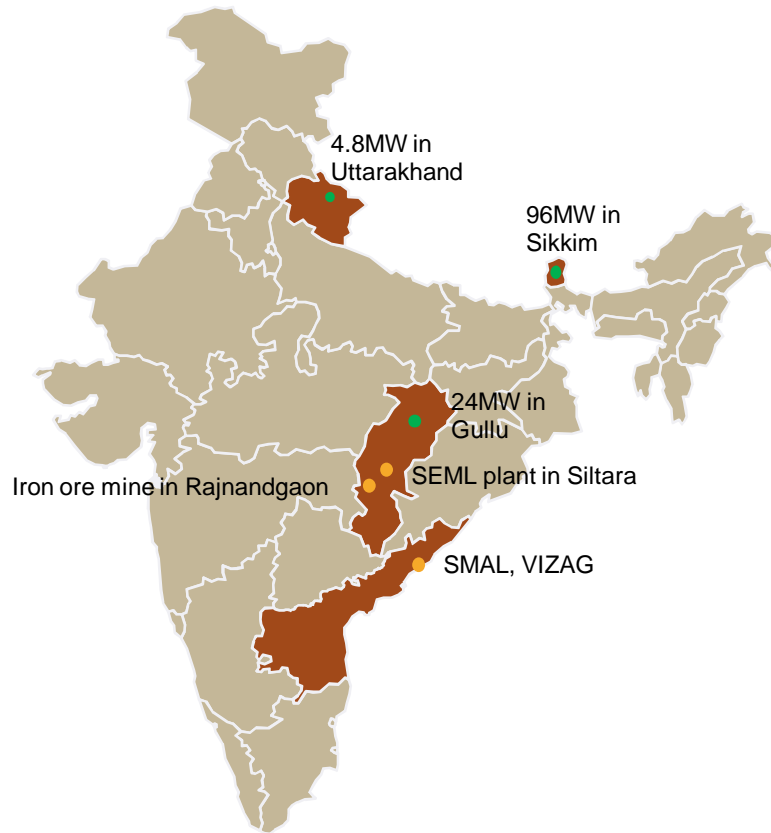


FY2018 - A landmark Year in Sarda History

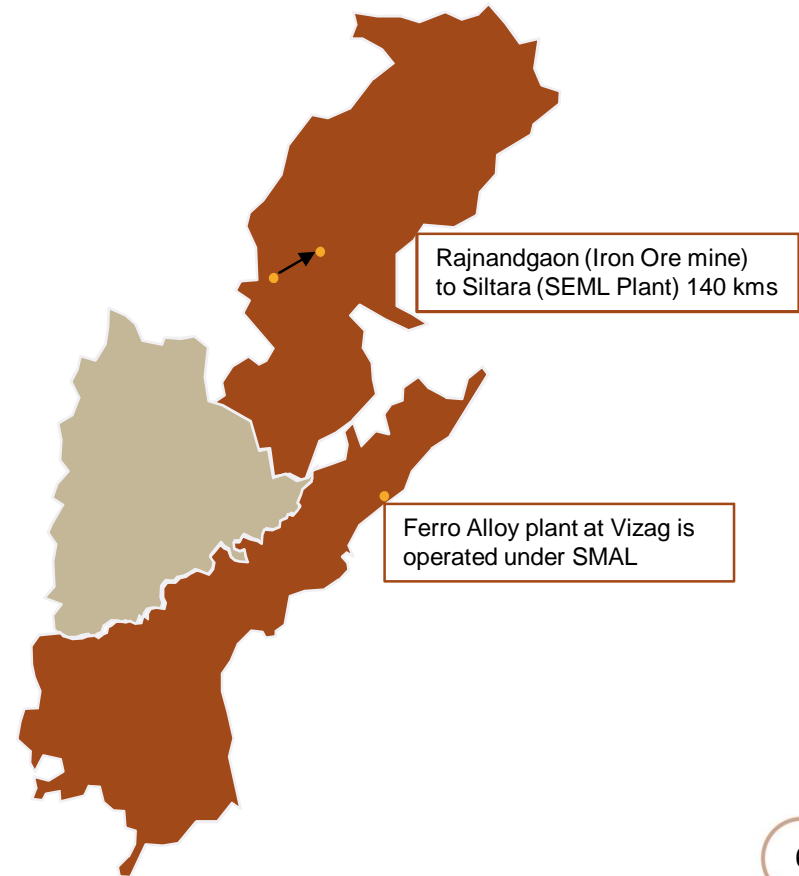




Operations : Geographical Footprint



Lower transportation cost due to close proximity to raw material and end users





Product Offering



Business	Offerings	Demand Driver
Steel	Iron Ore 	Infrastructure & Urban development Housing for All Construction
	Billet 	
Ferro – Alloys	Silico Manganese 	Ferro Manganese  All types of Steel, demand aligned to increased in steel demand Requirement is higher in manufacturing Alloy Steel
Hydro Power		Government Push towards clean energy To meet peak demand for power Hydro more viable option in difficult terrain with limited sun light and wind for logistic



Board of Directors



Kamal Kishore Sarma, CMD

Mechanical Engineer with 40 years experience in Iron and Steel Industry. He is responsible for steering SEML towards the path of growth

Pankaj Sarma, Jt Managing Director

MS in Industrial Administration from Purdue University, USA, With industry experience of more than 12 years.

Padam Kumar Jain, Director and CFO

CA, CS with a rich experience of 31 years in the field of accounting, finance, taxation, costing and corporate laws.

Uma Sarma, Director

Arts graduate with specialization in Home Science. Active member of NGO that works for primary education and healthcare of tribal people

Jitender Balakrishnan

PGDM in Industrial Management. Ex DY. MD, IDBI Bank, having wide experience in the field of Oil & Gas, Refineries, Power, Steel etc.

Asit Kumar Basu

BME graduate with 40 years of experience in the field of finance. Ex chief general manager of IDBI Bank.

Prabhakar Tripathi

Former CMD of NMDC with a rich experience of 45 years in the field of mining and related activities.

Gajinder Singh Sahni

Post Graduate from Cardiff University. IAS officer from Madhya Pradesh Cadre and Former MD, MSIDC & MP, Cabinet Secretariat, Govt of India

C K Lakshminarayanan

An Engineer with experience spanning across various institutions like ST CMS Electric, IDBI etc.

Rakesh Mehra,

FCWA with over 35 yrs of experience in finance & accounting. Ex GM, Madhya Pradesh Audhyogik Vikas Nigam.

Independent Non Executive Director



Strong Corporate Governance



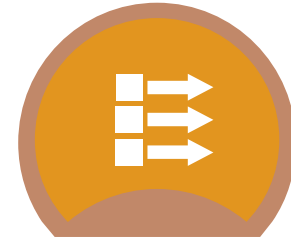
Experienced Board

Majority consisting of independent directors from diverse field with rich experience who drive the Board and policy decisions and strategy making



Employee Engagement

Clarity on thought process related to business is clearly communicated to all the employees which helps them to align their goals with the vision of the management



Values

Management has a culture of ethical values to be followed while working with the company.



Transparency

The management team also believes in transparency on all the company matters which helps them to build a surrounding of rich moral values within the organization



Corporate Policy

All the crucial decisions related to company's operations are taken without deviating from the company's policy



Shareholder Wealth

The company also believes in rewarding shareholders, Dividend is being paid consistently since FY 2003-04



**BUSINESS
OVERVIEW**



Steel Business India's Steel Industry Overview



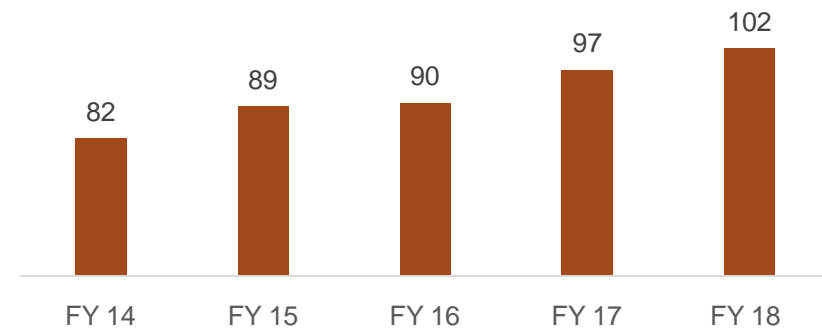
Sector overview

- India became the 2nd largest crude steel producer in 2018, as large public and private sector players strengthen steel production capacity in view of rising demand.
- India is the largest producer of Direct Reduced Iron (DRI) or Sponge Iron.
- The steel sector contributes over 2 per cent to the GDP of the nation
- India's per capita consumption of steel grew from 59.6 kgs in FY 14 to 68 kgs in FY18

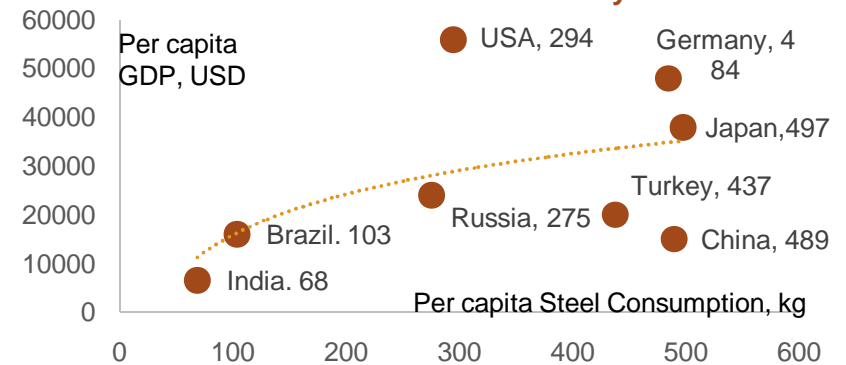
Future Growth

- Renewed push towards infrastructure development will increase steel demand going forward
- Government has set target for 300 million tonne production by 2030, c.3x from current production run-rate

India Crude Steel Production (Mn Tonne)

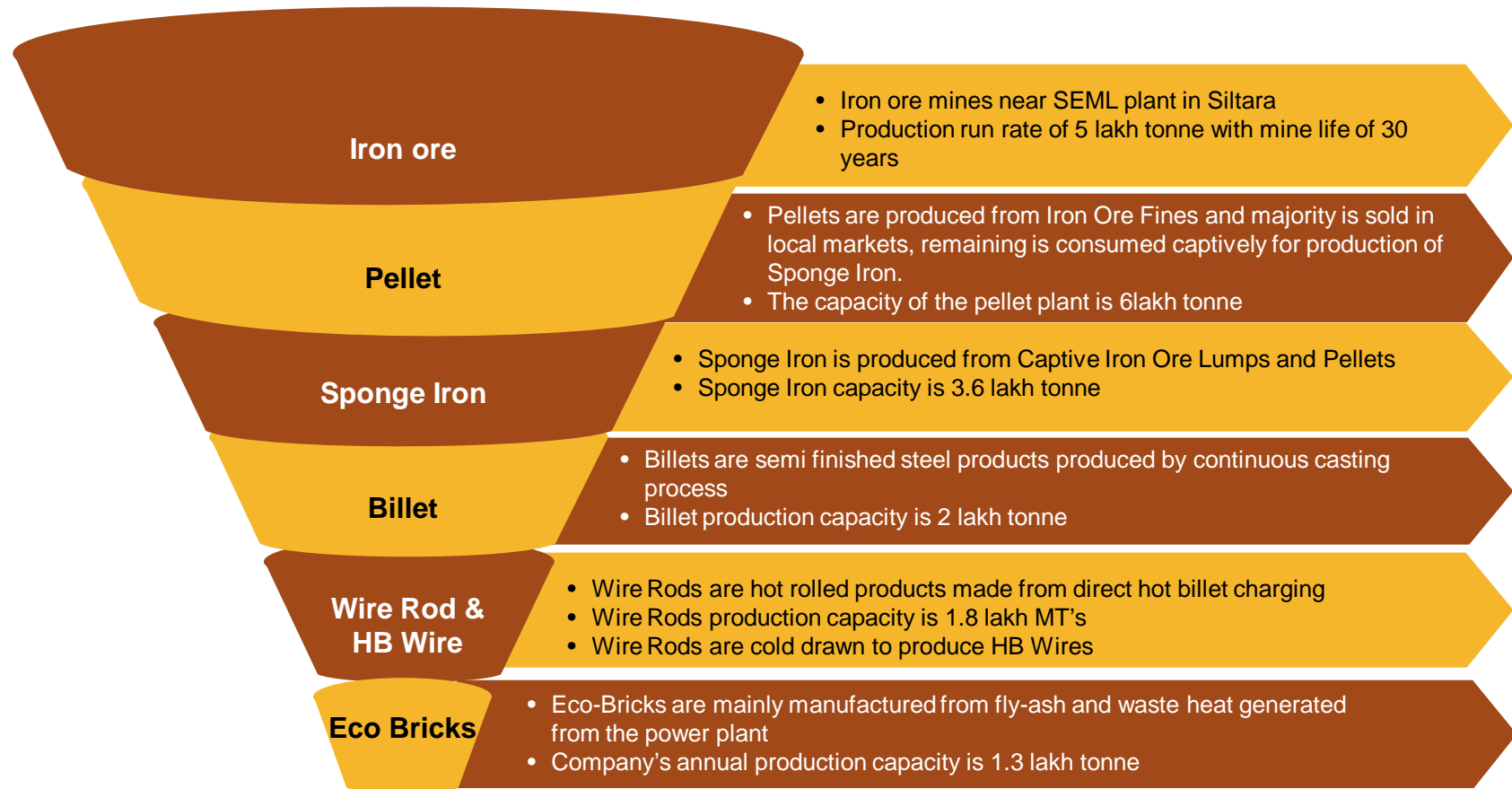


World Steel Demand Intensity





Steel Business





Steel Business Iron Ore



Assets & Operational Detail

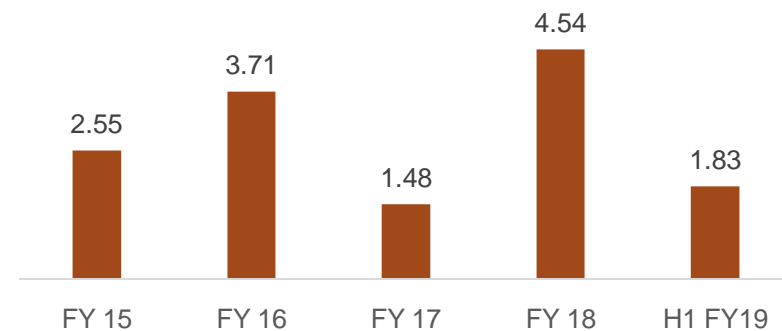
- Company's operational Iron Ore mine has potential reserves of 180 Lakh MT and annual production output of 4 Lakh MT*
- Semi-mechanised mine commenced operation in 2004
- Iron ore business act as a feeder to Pellet & Sponge Iron Plants

Future Strategy

- Iron ore production will be increased up to 5 Lakh MT in FY2019 based on requirement from Sponge and Pellet plant
- Further mines allotted in Chhattisgarh with estimated 2,400 lakh tonne of reserves, further clearances in process



Iron Ore Production (Lakh MT)



* Production run-rate at the end of FY18 at 5 lakh mt



Steel Business Pellet Plant & Sponge Iron Pellet



Pellet

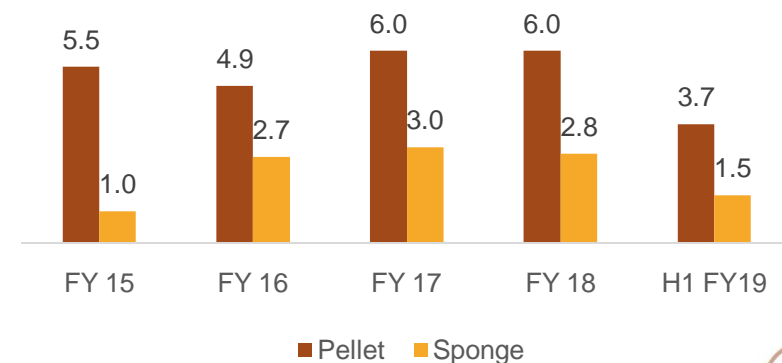
- Current production capacity of 6.0 lakh tonnes
- 80% of the production is sold externally and remaining processed internally for further downstream production
- Applied for environmental clearance for 8.0 lakh tonne, expected to be received during the year
- Pellet consumed as raw materials by local sponge iron plants
- Started exports during the year



Sponge Iron

- Current production capacity of 3.6 lakh tonnes
- Since India has ample supply of thermal coal, sponge iron is the preferred route of steel making in the country
- 40% - 45% is used internally and remaining is sold in local markets
- Thermal coal is sourced locally, primarily from subsidiaries of Coal India

Pellet and Sponge Iron Production (Lakh MT)





Steel Business Billet

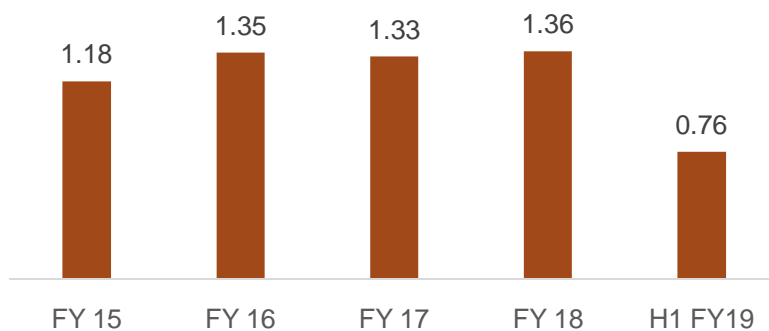


Billet

- Current production capacity of 2 lakh tonnes
- 15% of the production is sold externally, remaining processed internally for further downstream production
- The company plans to expand steel billet capacity to 3 lakh tonnes in FY 2019
- Well positioned with complete back end integration to enhance capacity



Billet Production (Lakh MT)





Steel Business Wire Rod and HB Wire



Wire Rod

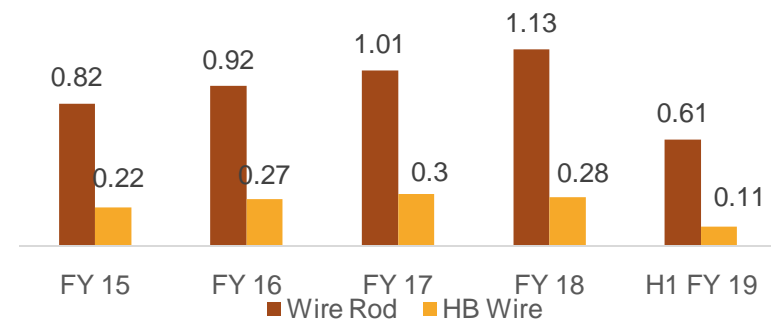
- Current production capacity of 1.8 lakh tonne, with current capacity utilization of over 60%
- Wire Rod is a hot rolled product made from hot charged Billets
- High strength products offered at reasonable price in the local markets
- Wire Rod is sold to local markets, hence minimum expense on logistics
- The company has exported Wire Rod for the first time in FY 17-18
- Increase in Billet production capacity will lead to rise in production of Wire Rods without any incremental capex

HB Wire

- Current production capacity of 30,000 tonnes
- HB Wire are Cold drawn from Wire Rod and sold on different specification, sold to local markets in Chhattisgarh



Wire Rod and HB Wire Production (Lakh MT)





Ferro Alloys India's Ferro Alloys Industry Overview



Sector Overview

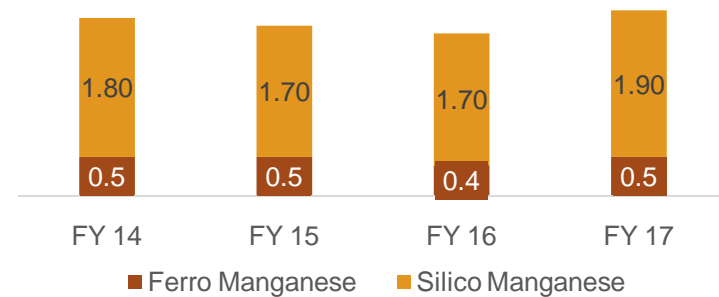
- Ferro Alloys are vital additives for Steel making.
- Ferro Alloys enhance the strength of the Steel and acts as a de-oxidant in Steel manufacturing
- Approximately 1.5% of Manganese Alloy is required to produce each tonne of Steel



Future Growth

- Globally, the industry is expected to grow at a CAGR of 5.9% between 2017 and 2025 and is expected to reach a valuation of US \$188.7 billion by 2025.
- The growth in the steel sector will drive the demand for Ferro Alloys

India's Ferro Alloys Production (Mn Tonne)



Source: CRU India and IFAPA

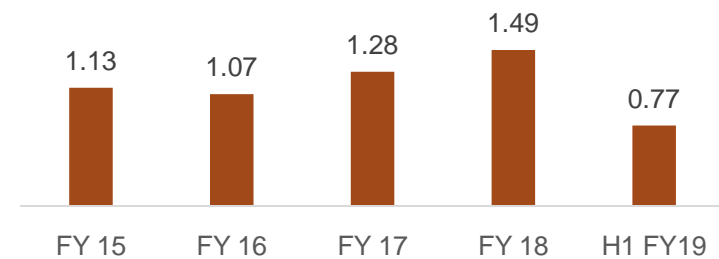


Ferro Alloy Business

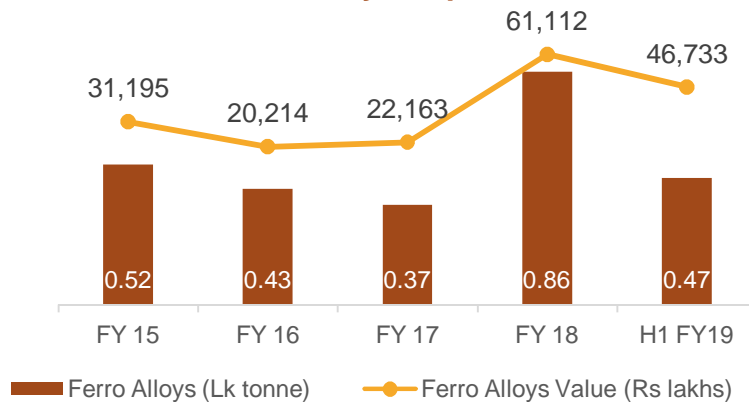


- Company has two operational plants of Ferro Alloys which are located at Raipur and Vizag with a total installed capacity of 111 MVA
- The company manufactures manganese based Ferro Alloys which is sold domestically as well as exported to other countries
- Company received the prestigious export promotion council award in 2018

Ferro Alloys Production (Lakh MT)



Ferro Alloys Exports



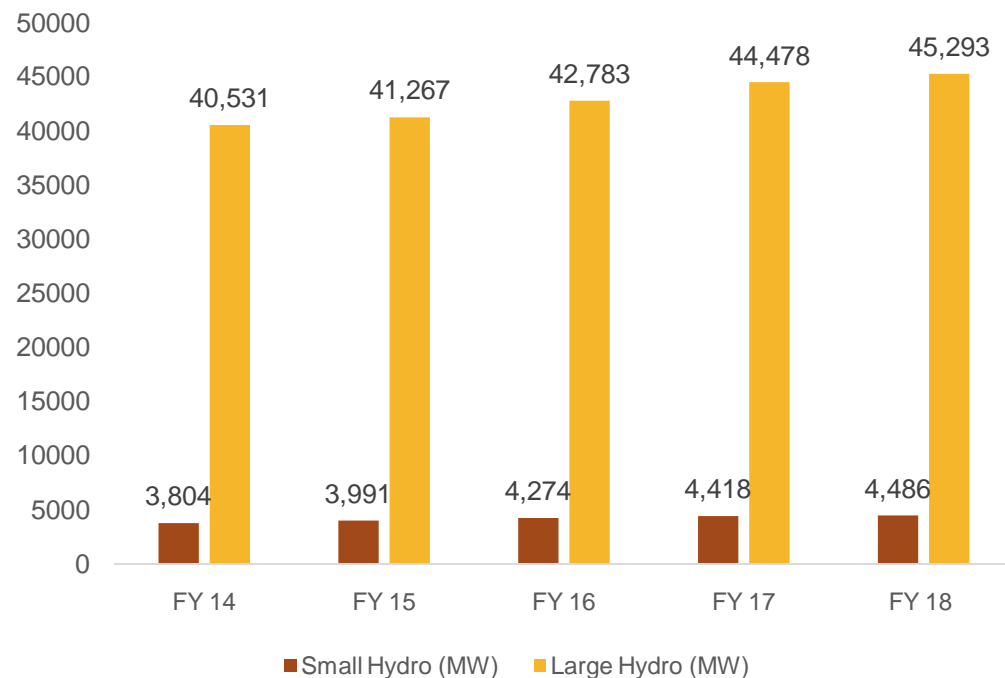
- SEML & its subsidiary both have been awarded Two-Star export house status from Government of India.
- The company exports majority of the Ferro Alloys exports to Japan
- Company's Ferro Alloys exports grew from 0.37 Lakh MT to 0.86 Lakh MT in FY 18.



India Push For Hydro Energy



Hydro Power Installed Capacity



Hydro Power projects below 25 MW is considered as Small Hydro as per Government of India's guidelines and they are a part of Renewable Energy

Source: MNRE, CEA

- Government of India has set a target of adding 175 GW of renewable power in the country by 2022
- Government has earmarked US\$ 250 billion for renewable energy over next 5 years.
- Discom are mandated to procure 15% of energy units from renewable source by FY 20
- India's small Hydro power installed capacity has grown from 3804 MW in FY 14 to 4486 MW in FY 18
- India's large Hydro power installed capacity has grown from 40531 MW in FY 14 to 45293 MW in FY 18
- India has committed towards reducing its carbon footprint, hence reducing carbon emission by 33% – 35% from 2005 levels by 2030
- Under Union Budget 2018-19, US\$ 581 million has been allocated for grid-interactive renewable energy schemes and projects.



Hydro Power Business



Uttarakhand 4.8MW

Operational since
2008

Operated at 45.42% PLF during
FY 14-17

PPA signed at 3.85 per unit with
the state discoms for 35 years

Average units sold stands at
19.33 mn on a yearly basis

18.26 mn units were sold in FY
2017-18



Chhattisgarh 24MW

Operational since
July, 2017

Operation started in the mid of
year, expected PLF to be around
50% in FY2019

PPA signed at 5.04 per unit with
the grid and tenure of PPA is 35
years.

Chhattisgarh needs hydro power
to meet its renewable energy
obligation against thermal power
generation



Sikkim 96MW & Chhattisgarh 24MW



Under Execution

Sikkim power plant to be
commissioned in FY 2020

Sikkim offers ideal terrain for
hydro power

Chhattisgarh power plant to be
commissioned in FY 2022



STRATEGIC PRIORITIES AND GROWTH OUTLOOK





Strategic Priorities



01



Financial Discipline

Maintain financial health of the company, with Debt Equity ratio not more than 2x

02



Profitable Growth

Gradually ramping up Iron Ore production capacity and increasing profitability of the company

03



Integrated Operations

Different business division complements each other, thereby increasing overall efficiency and profitability

04



Identifying next growth avenues

Strategically expanding ongoing operations and scouting for future growth from inorganic route



Sarda Energy Project Expansion Plan



	Capacity pre-expansion	Post-expansion Capacity	Incremental Capex	Spend till date	Remarks
Steel (Pellet plant)	6.0 Lakh MT	7.5 Lakh MT	Nil	Nil	Approvals are required and Pellets will also be sold externally along with captive consumption
Steel (Billet plant)	2 Lakh MT	3 Lakh MT	Rs 20 Crores	Rs 17 Crores	The upcoming Steel plant will be commissioned by FY19 which will lead to higher capacity utilisation
Ferro Alloys	111 MVA	144 MVA	125 Crores	Rs 1 Crore	All clearances have been obtained. However, in view of the uptrend in power sector we have kept our options open.
Hydro Power	29 MW	149 MW	1430 Crores	Rs 922 Crores	Sikkim Hydro Power plant (96 MW) will be commissioned by FY 2020 and Chhattisgarh power plant (24 MW) will be commissioned by FY 2022



FINANCIAL
RESULTS



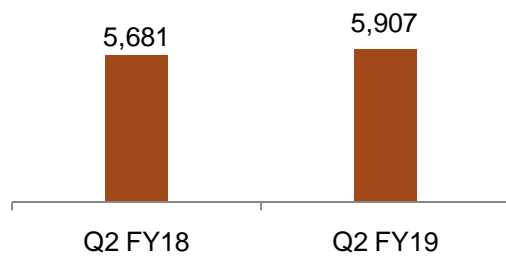
Results Highlights



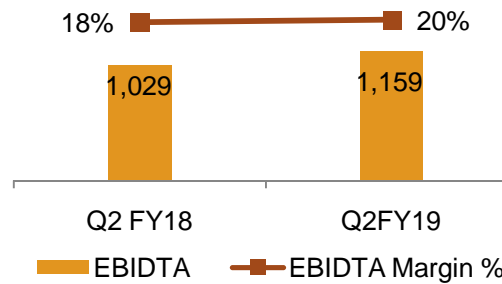
Q2 FY19 YoY ANALYSIS (Consolidated)

In Rs Mn

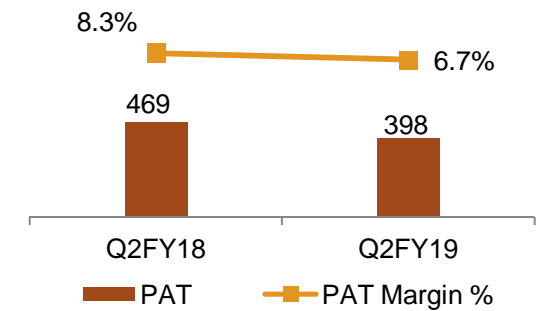
REVENUES *



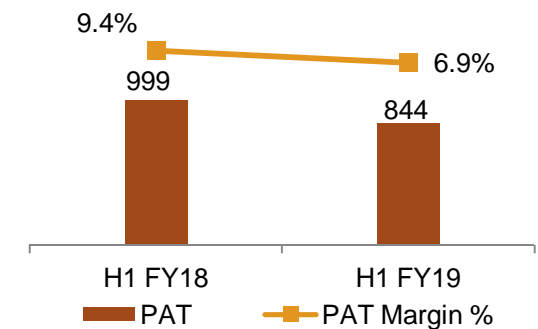
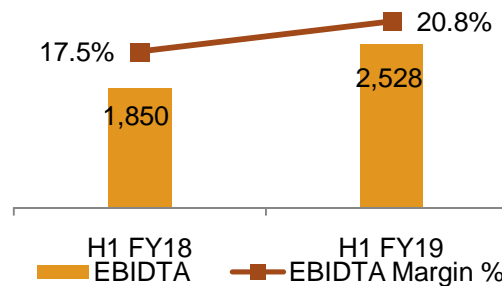
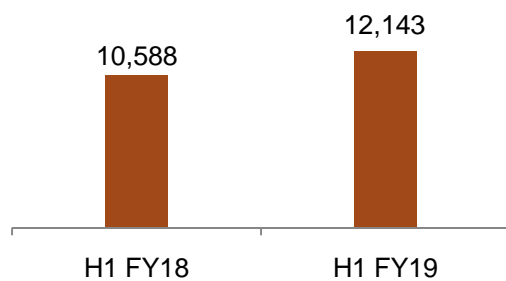
EBITDA & EBITDA MARGIN%



PAT, & PAT MARGIN %



H1 FY19 YoY ANALYSIS (Consolidated)



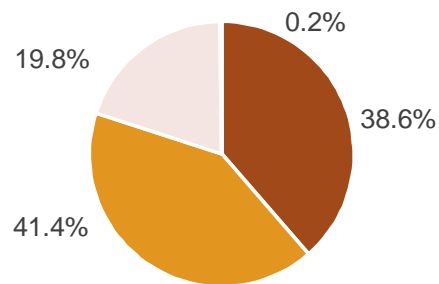
* Revenue is net off excise duty, previous numbers restated accordingly



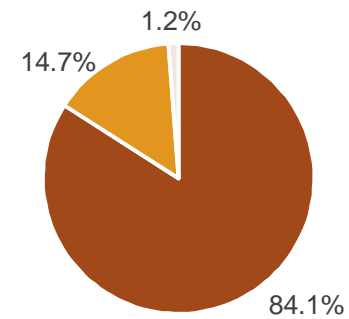
Quarterly – Segment Analysis



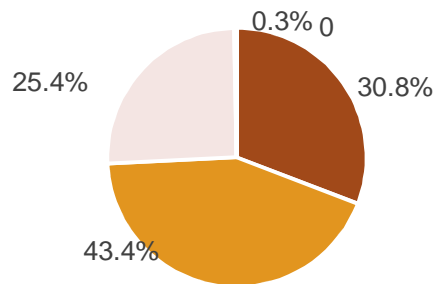
REVENUE – Q2FY19



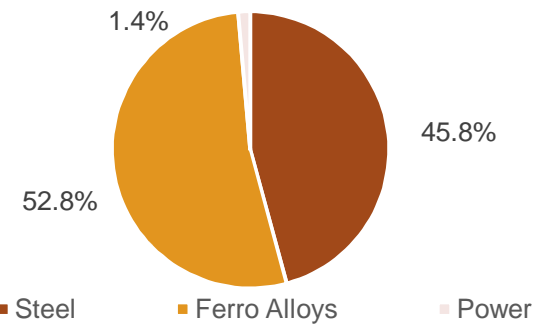
EBIT – Q2FY19



REVENUE – Q2FY18



EBIT – Q2FY18



■ Steel ■ Ferro Alloys ■ Power ■ Others ■

■ Steel ■ Ferro Alloys ■ Power

* Revenue split before inter segment revenue; Power segment had reported loss at EBIT level for Q1FY18



Consolidated Profit & Loss



Particulars (INR Mn)	Q2FY19	Q2FY18	YoY change	H1FY19	H1FY18	YoY Change
Steel	2,661	2,005	33%	5,769	4,411	31%
Ferro Alloys	2,856	2,826	1%	5,736	5,581	3%
Power	1,363	1,654	-18%	2,552	2,587	-1%
Unallocated	16	22	-28%	20	46	-56%
Less Excise duty					(429)	
Less Inter Segment Revenue	989	825	20%	1,933	1,608	20%
Total Income	5,907	5,681	4%	12,143	10,588	15%
COGS	3,775	3,925	-4%	7,716	7,413	4%
Employee Benefit Expenses	203	187	9%	406	373	9%
Other Operating Expenses	771	541	42%	1,494	952	57%
Total Expenditure	4,749	4,653	2%	9,615	8,738	10%
EBITDA	1,159	1,029	13%	2,528	1,850	37%
EBITDA (%)	20%	18%	8%	21%	17%	19%
Other Income	-32	25	NM	-167	459	NM
Depreciation/ Amortization	188	189	-1%	382	367	4%
Finance Cost	234	236	-1%	472	465	2%
PBT	705	629	12%	1,508	1,477	2%
Share of Profit/ (Loss) from Subsidiaries	-0.3	3.3	NM	-8	6	NM
Tax	306	163	88%	655	484	35%
Profit after Tax (Before MI)	398	469	-15%	844	999	-16%



Consolidated Balance Sheet



Liabilities (INR Mn)	H1 FY19	FY 18
Equity Share Capital	360	360
Other Equity	17,138	16,289
Total Equity	17,499	16,649
Borrowings	9,881	9,832
Other Financial Liabilities	77	152
Deferred Tax Liabilities	79	78
Other Non Current Liabilities	667	681
Total Non Current Liabilities	10,706	10,743
Borrowings	1,955	3,267
Trade Payables	3,193	1,308
Other Financial Liabilities	1,565	1,623
Provisions and Other Current Liabilities	722.443	536
Total Current Liabilities	7,435	6,734
Total Liabilities	35,640	34,126

Assets (INR Mn)	H1 FY19	FY 18
Fixed Assets	21,313	21,420
Investments	522	548
Other Financial Assets	171	165
Intangible Assets & Investment Property	904	919
Other Non-Current Assets	755	676
Total Non Current Assets	23,665	22,809
Inventories	4,848	4,113
Trade Receivables	1,350	1,312
Cash & Cash Equivalents	367.1	216
Other Financial Assets	4,387	4,423
Current Tax Assets (Net)		4
Other Current Assets (Net)	1,023	1,249
Total Current Assets	11,975	11,317
Total Assets	35,640	34,126



ANNEXURE

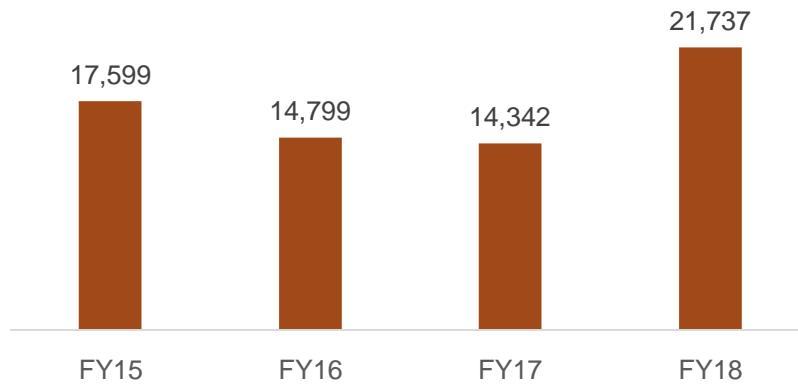




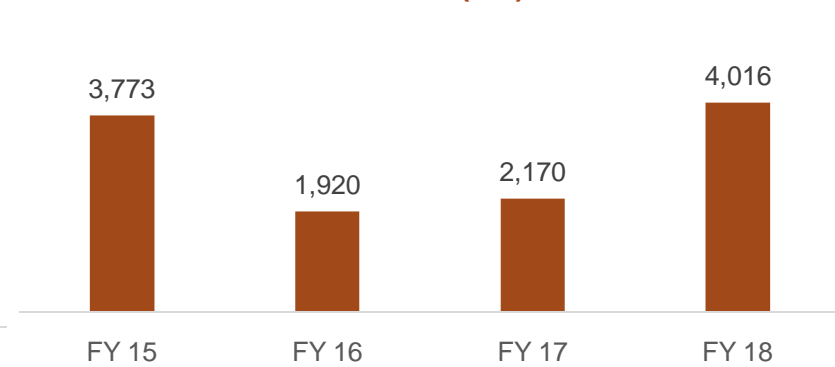
Sarda Energy : Financial Data



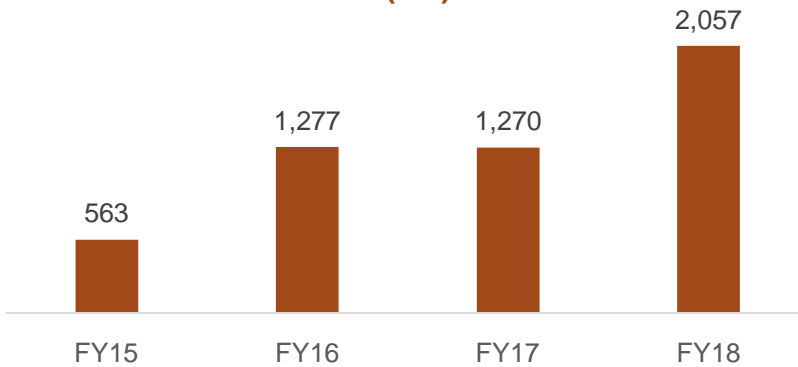
Revenue (Mn)



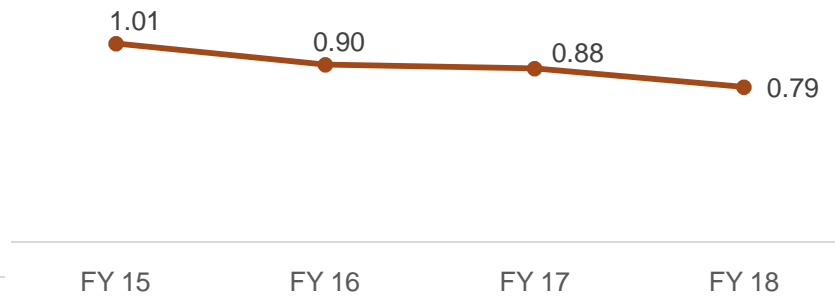
EBITDA (Mn)



PAT (Mn)



Debt Equity Ratio

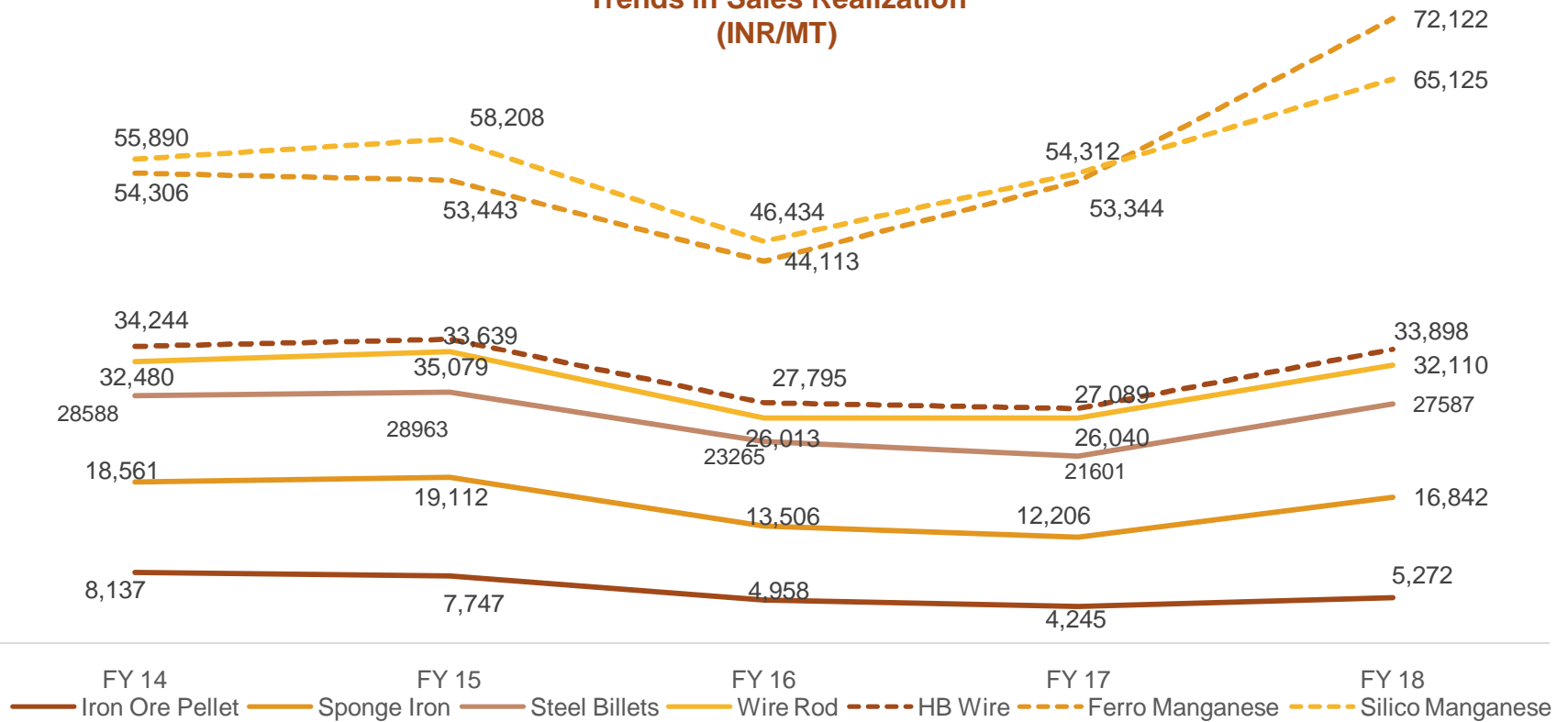




Annexure Realization



Trends in Sales Realization (INR/MT)





Annexure - Production & Sale Data



Production	FY16	FY17	FY18	H1 FY19
Pellet (MT)	494,916	599,925	599,950	3,65,799
Sponge Iron (MT)	265,508	304,193	278,147	1,46,621
Steel Billets (MT)	134,566	133,442	136,349	75,422
Wire Rod (MT)	92,437	101,176	113,466	61,301
HB Wire (MT)	26,764	29,552	27,763	11,398
Ferro - Alloys (MT)	106,928	127,602	149,288	77,544
Power (mn KWH)	1,182	1,013	1,010	613

External Sales	FY16	FY17	FY18	H1 FY19
Pellet (MT)	252,750	207,786	383,831	3,05,968
Sponge Iron (MT)	143,250	176,315	150,415	68,200
Steel Billets (MT)	37,852	29,456	19,633	12,118
Wire Rod (MT)	52,178	72,348	85,567	48,986
HB Wire (MT)	26,101	29,387	28,615	11,469
Ferro - Alloys (MT)	112,727	120,334	149,316	77,097
Power (mn KWH)	463	197	145	80

**THANK
YOU**



DICKENSON
SEAGULL 

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