



# Sarda Energy & Minerals Limited

*...On Course Towards the Next Growth Trajectory*

Investor Presentation | August 2019

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# Agenda



- 1 | Q1 FY20 :  
Business Update & Financial Highlights
- 2 | SEML - Consistent & Disciplined Growth
- 3 | Strategic Priorities
- 4 | Annual Financial Highlights

Q1 FY20 :

Business Update & Financial Highlights

# Q1FY20 - Performance Highlights (Consolidated)

## Q1FY20 - Key Operational Highlights

- Planned shutdown of Vizag plant for 30 days *impacted the Revenue and EBITDA during the quarter*
- Highest ever Thermal Power generation (*Standalone*): 150Mn Kwh (*Growth of 9% YoY*)
- Highest ever Steel Billet Production: 50,694 MTs (*Growth of 37% YoY*)
- Highest ever Wire Rod production: 39,652 MTs (*Growth of 32% YoY*)

566 crores

*De-grew by 7% YoY*

Total Income

121 crores

*Margins enhanced  
by 100 bps YoY*

EBITDA

51 crores

*Grew by 12% YoY*

PAT

# Profitability Highlights - Consolidated

INR in Cr	Q1FY20	Q1FY19	YoY	Q4FY19	QoQ
Revenues	555	624		496	
Other Income	11	-14		25	
Total Income	566	610	- 7%	521	9%
Raw Material	350	394		326	
Employee Expenses	25	20		26	
Other Operating Expenses	70	72		63	
EBITDA	121	123	- 2%	106	14%
EBITDA Margin (%)	21%	20%	100 bps	20%	-
Depreciation	19	19		19	
Interest	23	24		25	
Profit Before Tax	78	80	- 3%	61	27%
Exceptional Item	0	0		0	
Tax	27	35		17	
PAT	51	45	12%	45	13%
PAT Margin (%)	9%	7%	200 bps	9%	-
EPS	13.16	12.49		12.96	

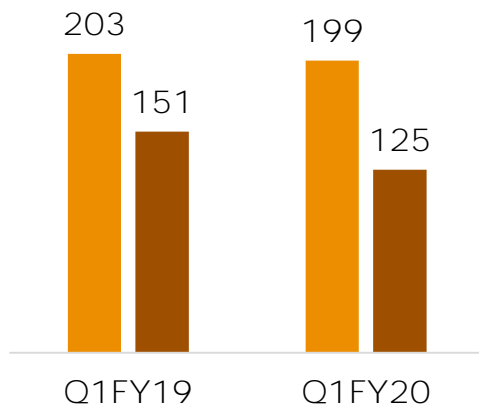
*Planned shutdown of Vizag plant for 30 days impacted the Revenue and EBITDA during Q1FY20*

# Profitability Highlights - Standalone

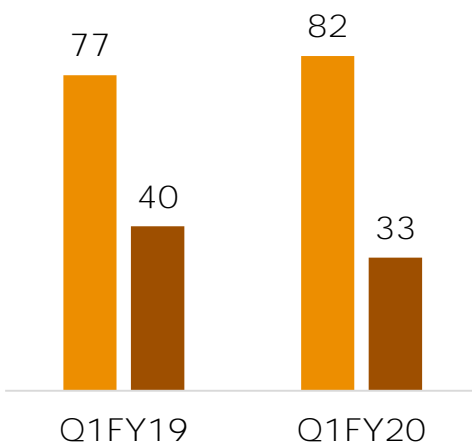
INR in Cr	Q1FY20	Q1FY19	YoY	Q4FY19	QoQ
Revenues	421	442		351	
Other Income	8	-16		17	
Total Income	429	426	1%	367	17%
Raw Material	254	258		226	
Employee Expenses	20	16		21	
Other Operating Expenses	53	44		46	
EBITDA	101	109	-7%	74	37%
EBITDA Margin (%)	24%	26%	(200) bps	20%	300 bps
Depreciation	13	13		12	
Interest	8	9		9	
Profit Before Tax	81	87	-7%	53	51%
Exceptional Item	0	0		0	
Tax	28	35		15	
PAT	52	52	1%	38	38%
PAT Margin (%)	12%	12%	-	10%	200 bps
EPS	14.56	14.4		10.52	

# Quarterly Volume - Steel Business

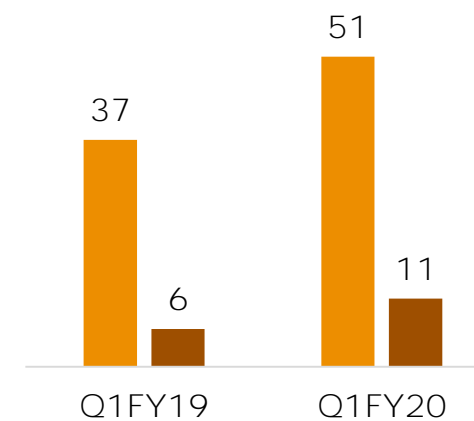
Iron Ore Pellets



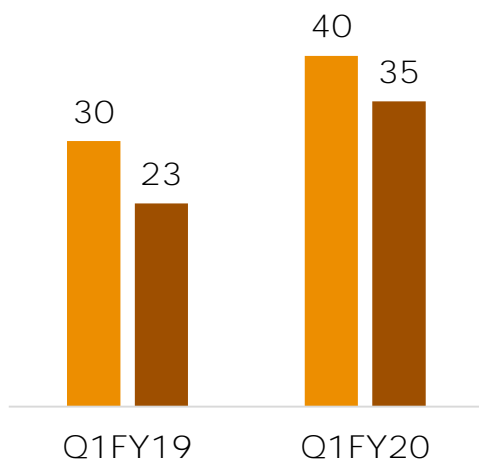
Sponge Iron



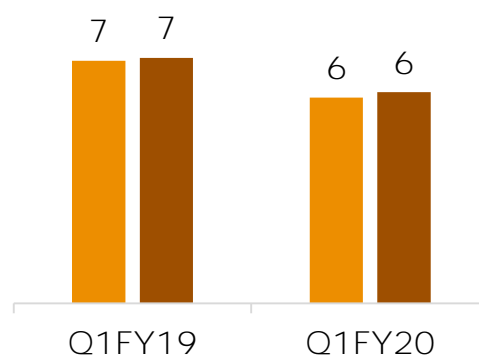
Steel Billets



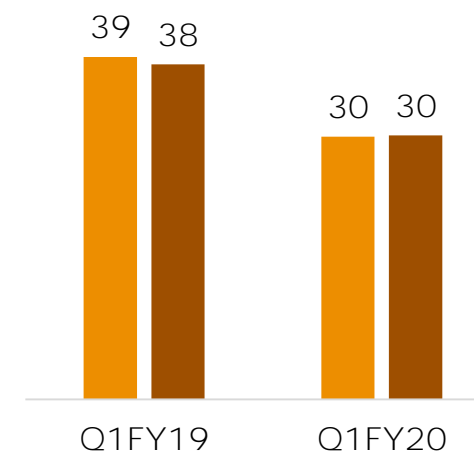
Wire Rod



H. B Wires



Ferro Alloys



Production Sales

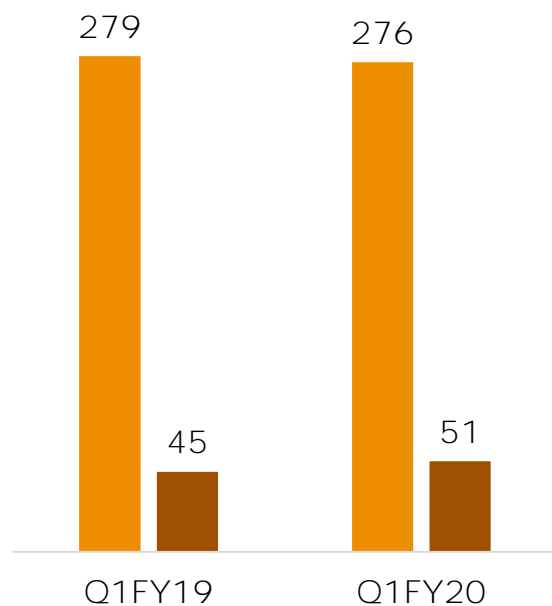
All Fig. in '000 MT unless specified

Note: A part of all production is captively consumed for production of downstream products

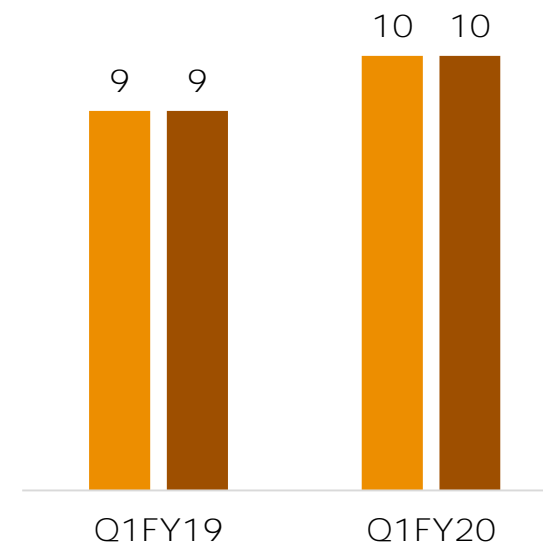


# Quarterly Generation & Sales - Power Business

Power (Thermal)



Power (Hydro)



**Thermal Power (Captive) Capacity : 162 MW**

■ Generation ■ Sales

# 1. SEML - Consistent & Disciplined Growth

# SEML at a Glance

## Steel Business



Pellet Production  
6 Lac MT



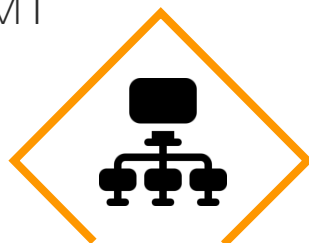
Billet Production  
1.56 Lac MT



Wire Rod Production  
1.18 Lac MT

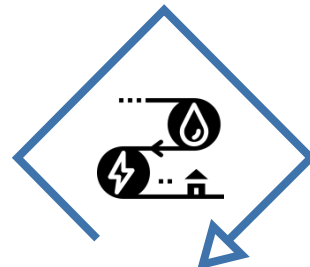


Ferro Alloys Production  
1.49 Lac MT

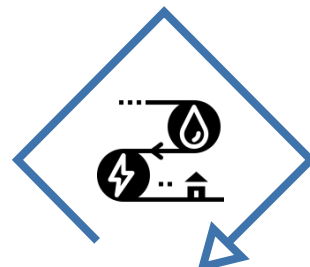


Iron Ore Reserves  
20 Mn T

## Hydro Power



Operational Capacity  
28.8 MW



Capacity Under  
Execution  
120 MW

## Financials (FY19)



Revenue  
INR 2,217 Cr



EBITDA  
INR 499 Cr



PAT  
INR 207 Cr



Dividend Per Share  
INR 5/Share

# Sarda's Transformation Journey...

- Acquired Raipur Wires and Steel as a sick unit in 1979
- Installed 10 MT electric arc furnace in 1981 to produce ingots
- Installed continuous casting machine in 1984 for billets production

- Company started 24 MW captive power plant and Ferro Alloy plant in 2001
- Commenced a fly ash brick plant
- Acquired Iron ore mine with reserves of 20 Mn MT. Commenced iron ore extraction in 2004

- Billet capacity increased by 50% in FY19
- Pellet Capacity proposed to increase from 6,00,000 MT to 8,00,000 MT
- Commissioning of 96 MW Hydro Power plant located in Sikkim in FY20 and 24 MW plant located in Chhattisgarh in FY23

1979-89

1989-99

1999-08

2008-18

Post 2018

- Installed 25 TPD Electric Arc Furnance in 1990
- Acquired 3 Power units in 1993-94
- Installed Two Sponge Iron Kilns of 30K MT each in 1993 & 1995
- Sold two power units and installed one as captive power plant

- 4.8 MW Hydro power plant commissioned in 2008-09
- Pellet plant commenced operations in 2009-10
- 66 MVA Ferro Alloys plant & 80 MW Thermal power plant started at Vizag in 2012-13
- 24 MW Hydro Power project started in July 2017 at Chhattisgarh

# ...Under Strong Leadership



Kamal Kishore Sarda  
CMD

- Mechanical Engineer with 40 years experience in Iron and Steel Industry
- Responsible for steering SEML towards the path of growth



Pankaj Sarda  
Joint MD

- MS in Industrial Administration from Purdue University, USA
- Industry experience of more than 12 years



Padam Kumar Jain  
Director & CFO

- CA, CS with a rich experience of 31 years
- Looks after accounting, finance, taxation, costing and corporate laws



Manish Sarda  
Director

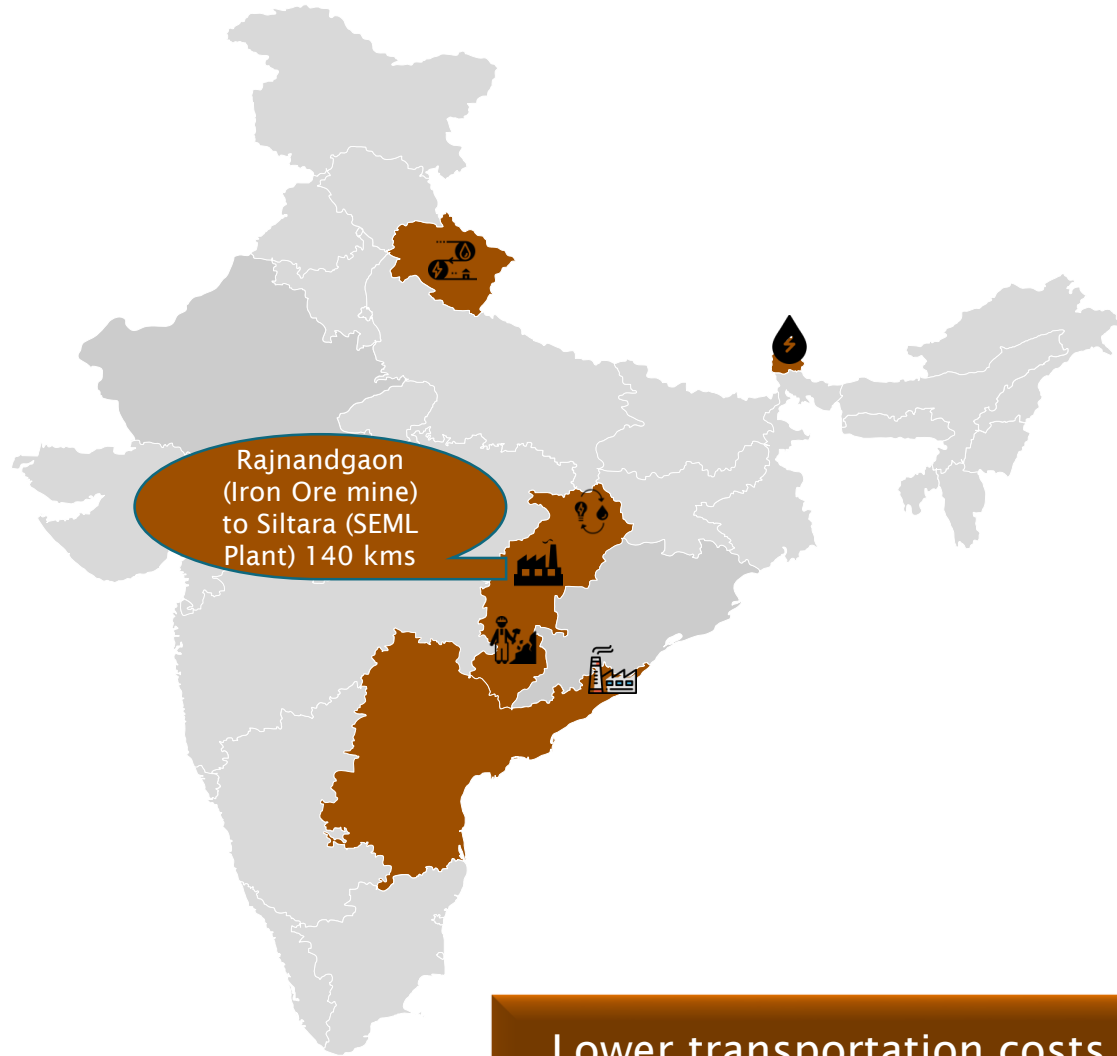
- MBA in International Business with 25 years of experience in Iron and Steel Industry
- Presently focused on overall development of the Ferro alloys segment



Neeraj Sarda  
Director

- MBA in Finance & Marketing with more than 15 years of experience in Iron & Steel Industry
- Second generation entrepreneur, presently Deputy Managing Director of Sarda Metals & Alloys Ltd

# Company's Asset Footprint



## Plants / Facilities



Hydro Plant at Uttarakhand



Hydro Plant at Sikkim



Hydro Plant at Gullu



Steel Plant (SEML\*\* Plant) at Siltara



Ferro Alloy Plant at Vizag under SMAL\*



Iron Ore Mine at Rajnandgaon

Lower transportation costs due to close proximity to raw materials and end users

\*SMAL – Sarda Metals & Alloys Ltd  
\*\* SEML – Sarda Energy & Minerals Ltd

## 2. Strategic Priorities



1

Vertically Integrated Steel Player

Better Control / Lower Cost of Production

2

Hydro Business Expansion

Visibility of incremental Stable Cashflow

3

Disciplined Growth

Consistently improving Balance Sheet Strength

4

Health, Safety & Social Responsibility

Focus on overall well-being of the people



# 1 Vertically Integrated Steel Player...



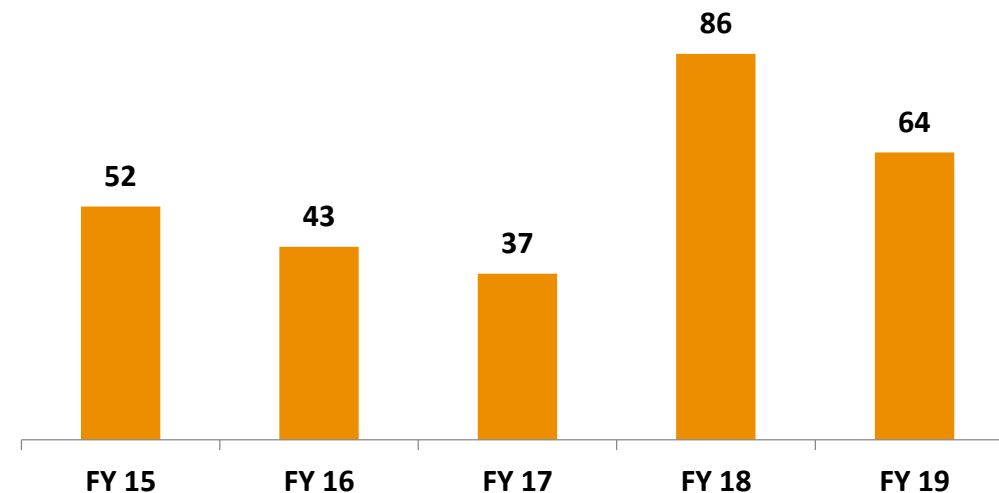
Description	140 km near SEML Plant, Siltara	Produced from Iron Ore fines & sold domestically	Produced from captive Iron Ore Lumps & Pellets	Semi finished steel product produced by continuous casting process	Hot rolled product made from direct hot billet charging
Current Capacity	Production run rate of 500,000 MT with mine life of 30 years	6,00,000 MT	3,60,000 MT	2,00,000 MT	2,10,000 MT
Captive Consumption (%)*	100%	27%	50%	78%	Wire rods : 18%
Expansion	<ul style="list-style-type: none"> <li>Mines allotted in Chhattisgarh with 240 Mn Tonnes of reserves</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of capacity to 8,00,000 MT#</li> <li>Started Exports during the year</li> </ul>	<ul style="list-style-type: none"> <li>Preferred Route of Steel making</li> <li>Thermal Coal sourced locally</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of capacity to 3,00,000 MT</li> <li>Well positioned with complete back end integration</li> </ul>	<ul style="list-style-type: none"> <li>Increase in Billet production lead to rise in wire rods production</li> <li>Exported for first time</li> </ul>

# In FY19, the pelletisation capacity is increased to 8,00,000MT of which 200,000 MT is pending final for MoEF approval

## ... presence in Ferro Alloys

- Two operational plants located at Raipur and Vizag with a total installed capacity of 111 MVA
- Manufactures manganese based Ferro Alloys sold domestically as well exported to other countries
- Leading exporter of the Ferro Alloys
- Exports Awards:
  - ✓ SMAL received prestigious export promotion council award in 2018
  - ✓ SEML & subsidiary received Two-Star export house status from Government of India

Ferro Alloys Exports ('000 MT)



## Operational Capacity

### Uttarakhand

4.8 MW

Operational since 2008

Debt free operation & operated at 45.42% PLF during FY14-17

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

Average units sold stand at 19.33 mn on a yearly basis

### Chhattisgarh

24.9 MW

Operational since 2017

Expected long term PLF to be around 40-45%

PPA signed at INR 5.22 per unit with state discoms for 35 years

Plant generating free cashflow from first year of operation

## Under Execution

### Sikkim

96 MW

To be commissioned in FY20

Large hydro projects of over 25 MW capacity classified as renewable power

Major Project works completed with expected COD in March 2020

### Chhattisgarh

24.9 MW

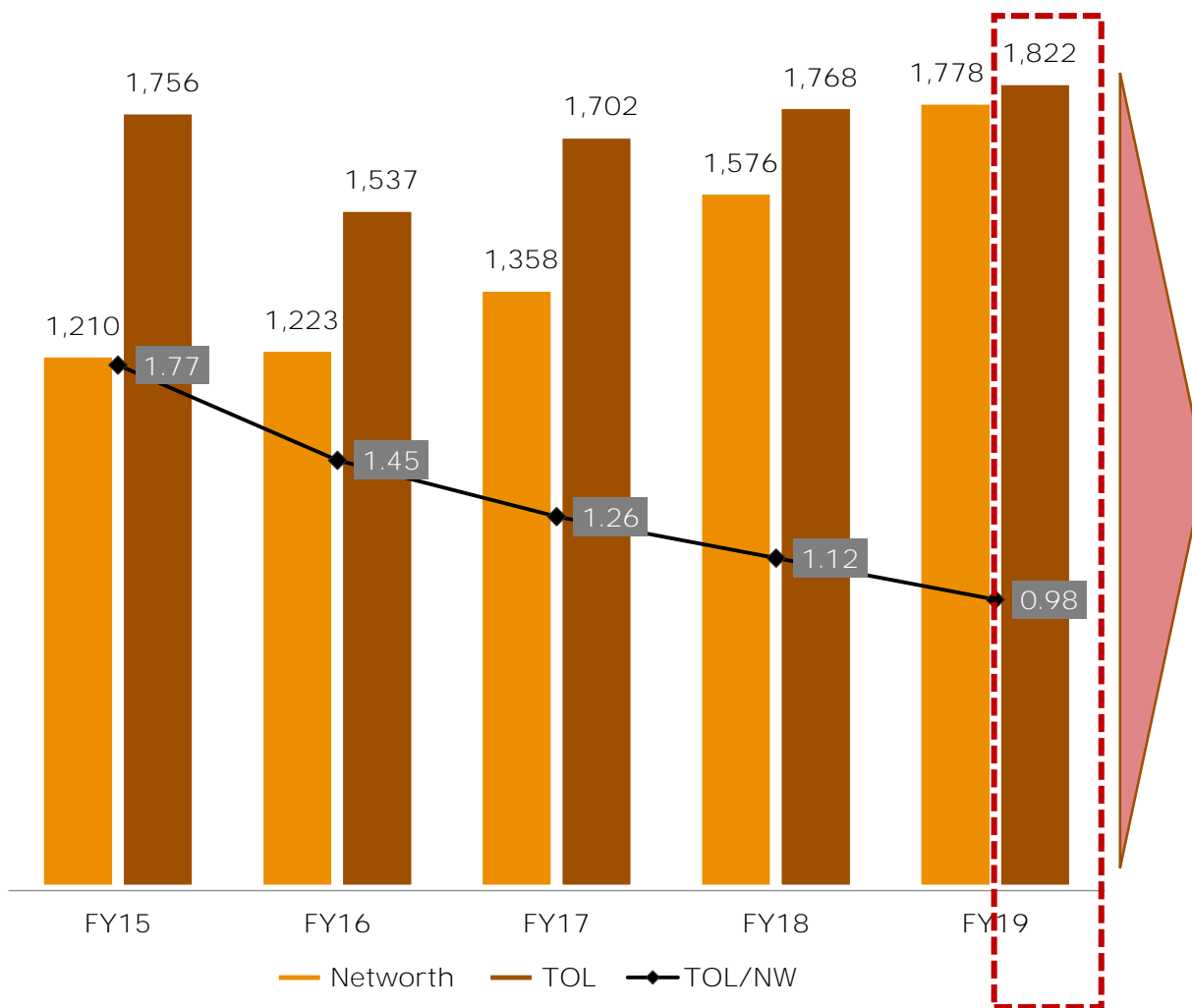
Land acquisition & regulatory approvals in place

Financial Closure under progress

... Sikkim project completion to provide incremental stable cashflow

# Disciplined Growth

Consistently improving Balance Sheet Strength



Rs. Cr	Term Loan	Working Capital	Total
Steel	424	224	648
Hydro Operational	120	-	120
<b>Total</b>	<b>544</b>	<b>224</b>	<b>768</b>
Hydro Under execution	594	-	594
<b>Total</b>	<b>1,138</b>	<b>224</b>	<b>1,362</b>

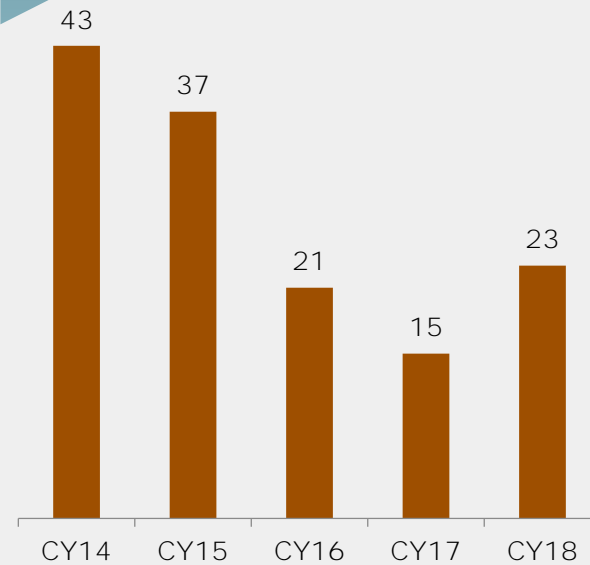
Steel Business includes Loans on major subsidiaries SEML & SMAL  
 Hydro Business includes Loans on major subsidiaries PPL, CHPLLP, & MBPCL

## Health & Safety



- Safety is taken as top priority
- Regular medical check ups & inhouse medical facilities
- Incident rate (including minor injuries) has seen a declining trend over past few years
- Conducting trainings on safety measures every year

## No. of Incidents (including minor)



## Social Responsibility



- Adopted 90 single-teacher schools in the tribal areas of Chhattisgarh
- Actively sponsors medical facilities, assisting in primary healthcare
- Runs a well-equipped ambulance with doctors and has set up first-aid facilities in the villages surrounding its mines

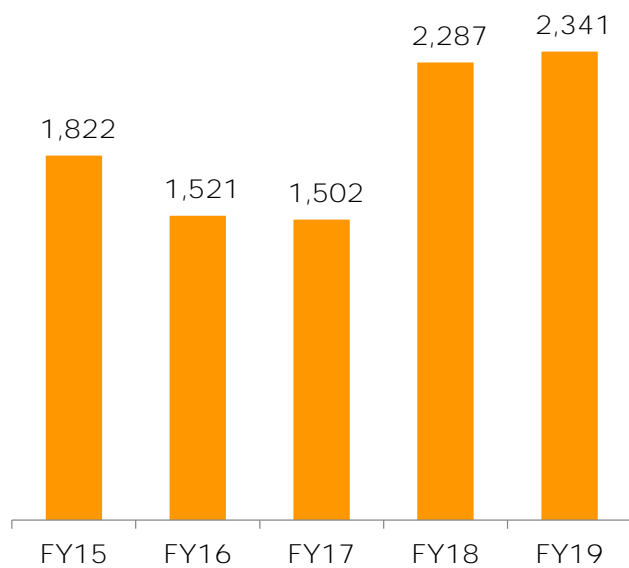
### 3. Annual Financial Highlights

# Profitability Highlights - Consolidated

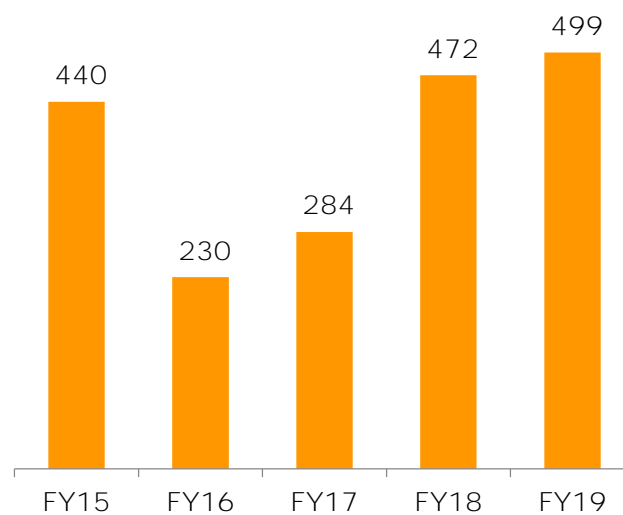
INR in Cr	FY15	FY16	FY17	FY18	FY19
Revenues	1,760	1,486	1,434	2,217	2,324
Other Income	63	35	67	70	17
Total Income	1,822	1,521	1,502	2,287	2,341
Raw Material	883	964	942	1,478	1,493
Employee Expenses	72	68	75	77	87
Other Operating Expenses	428	259	200	260	261
EBITDA	440	230	284	472	499
EBITDA Margin (%)	24%	15%	19%	21%	21%
Depreciation	93	75	69	73	76
Interest	120	109	94	97	99
Profit Before Tax	227	47	122	302	324
Exceptional Item	139	-	(28)	8	-
Tax	31	31	23	90	117
PAT	56	16	127	205	207
PAT Margin (%)	3%	1%	8%	9%	9%
EPS	15.29	4.27	35.58	56.01	56.36

# Financial Performance

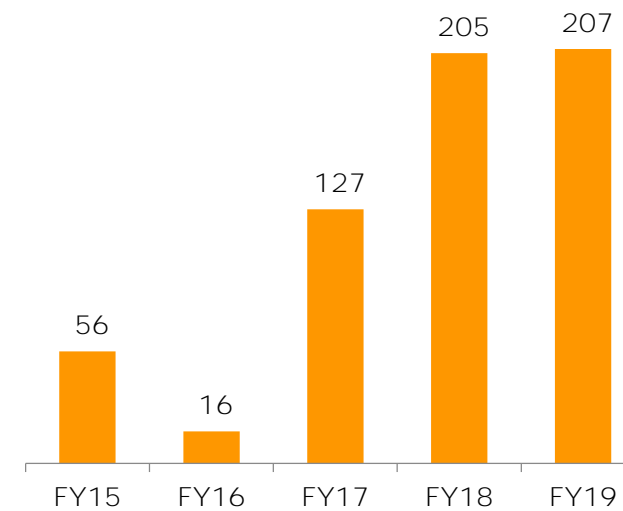
## Total Income



## EBITDA



## PAT



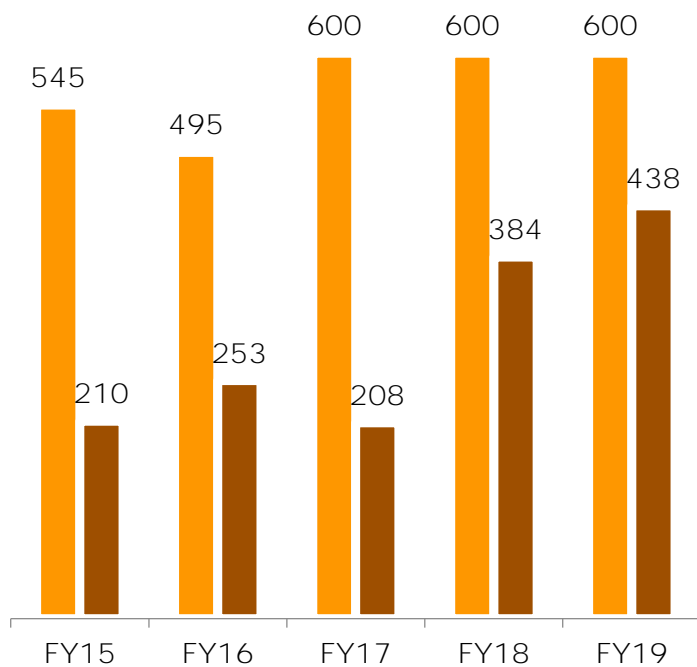


# Balance Sheet Highlights - Consolidated

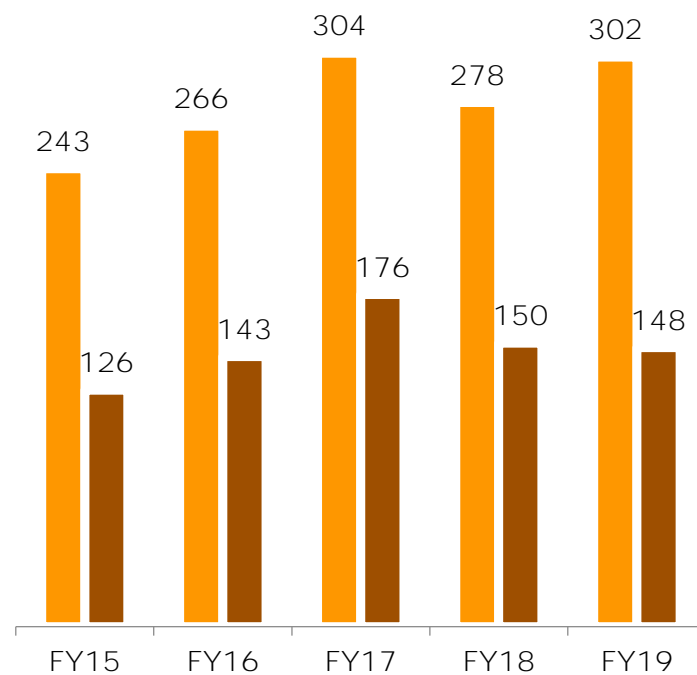
INR in Cr	FY15	FY16	FY17	FY18	FY19
Share Capital	36	36	36	36	36
Tangible Networth	1,292	1,230	1,358	1,577	1,778
Long Term Borrowings	999	966	1,015	1,059	1,128
Other Liabilities	726	595	706	741	723
<b>Total Liability</b>	<b>3,053</b>	<b>2,827</b>	<b>3,115</b>	<b>3,413</b>	<b>3,665</b>
Net Fixed Asset Block	1,382	1,351	1,200	1,447	1,397
CWIP	427	579	794	775	1,054
Investment	212	133	203	186	166
Net Current Assets	1,032	764	918	1,005	1,048
<b>Total Assets</b>	<b>3,053</b>	<b>2,827</b>	<b>3,115</b>	<b>3,413</b>	<b>3,665</b>

# Yearly Volume Trend

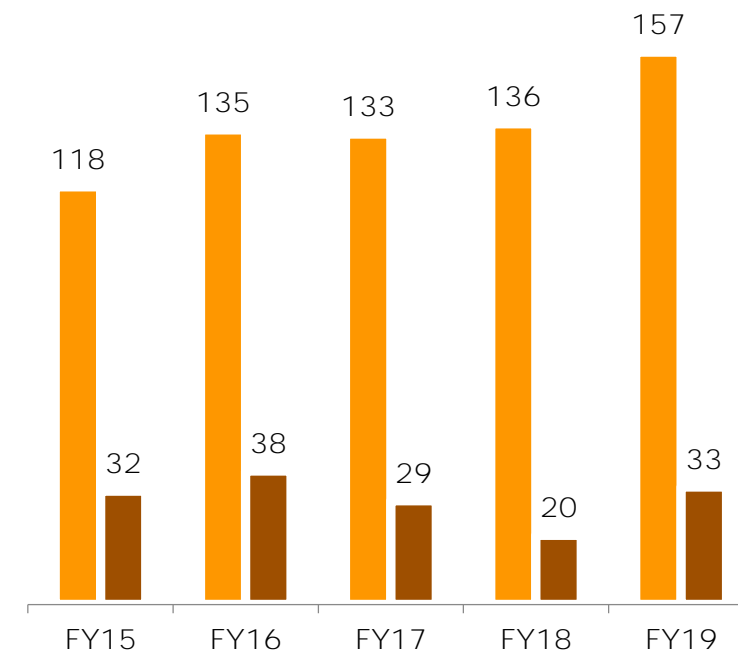
Iron Ore Pellets



Sponge Iron

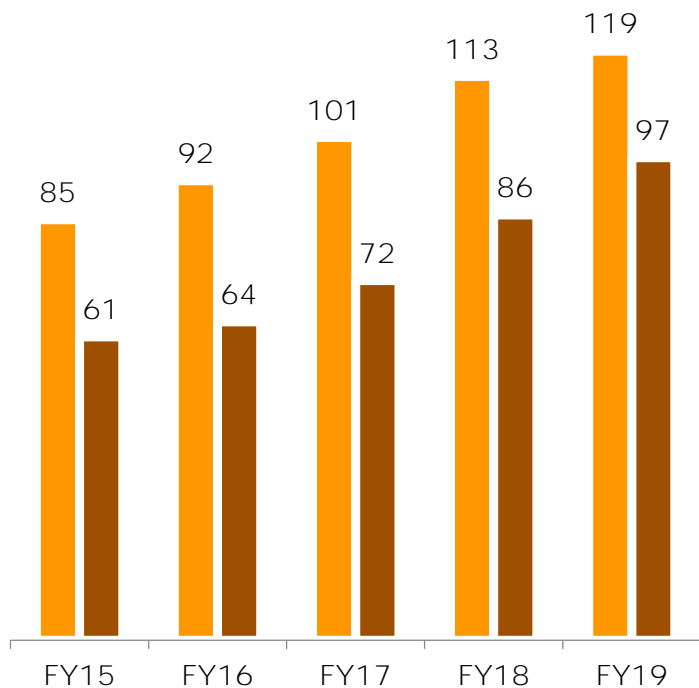


Steel Billet

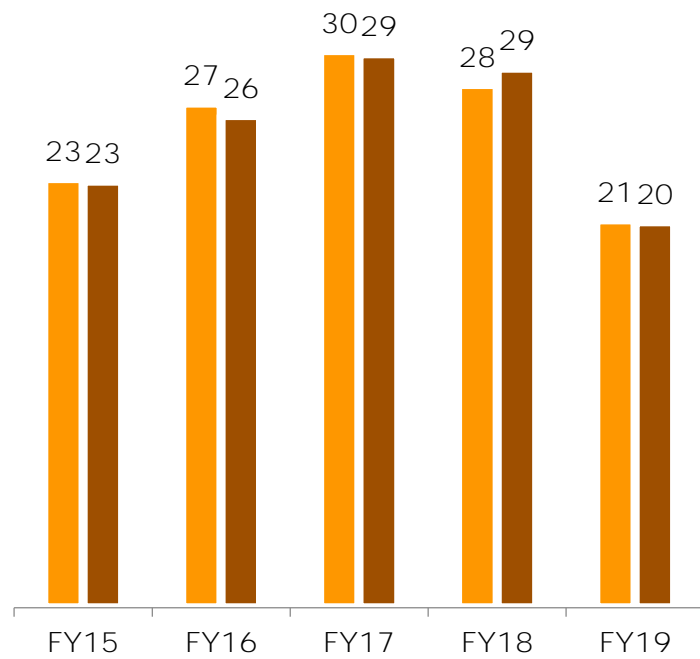


# Yearly Volume Trend (2)

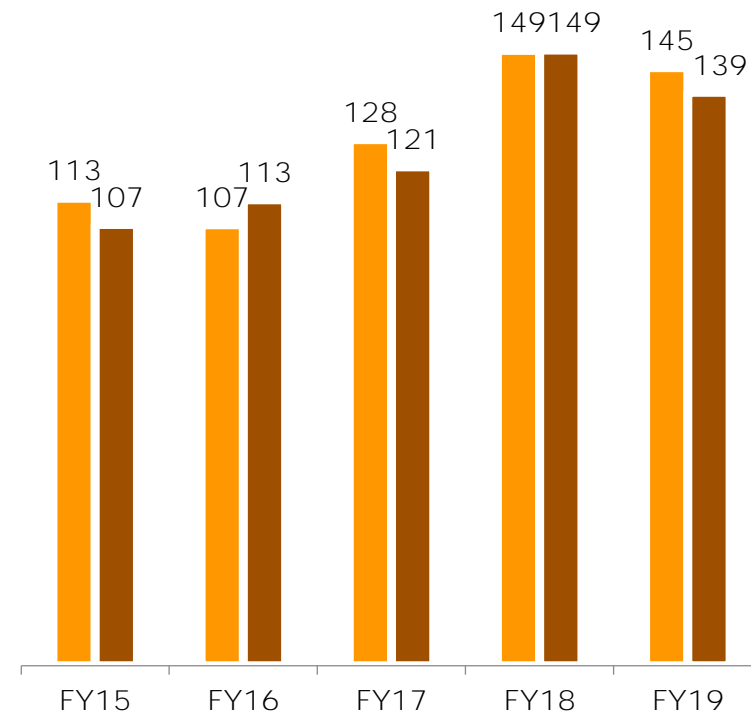
Wire Rod



H. B Wires



Ferro Alloys

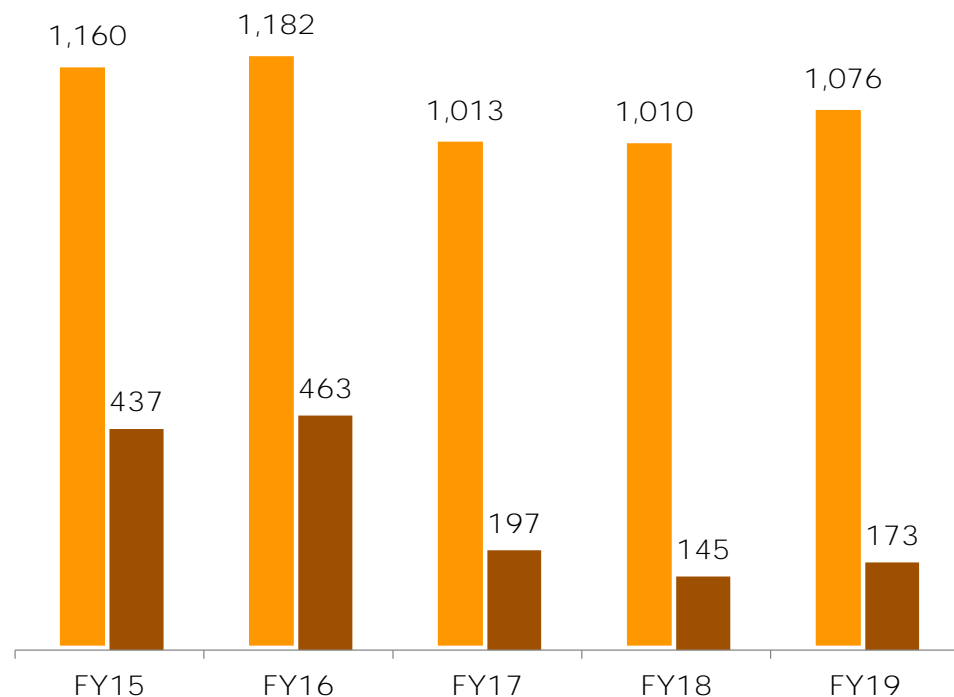


Production Sales

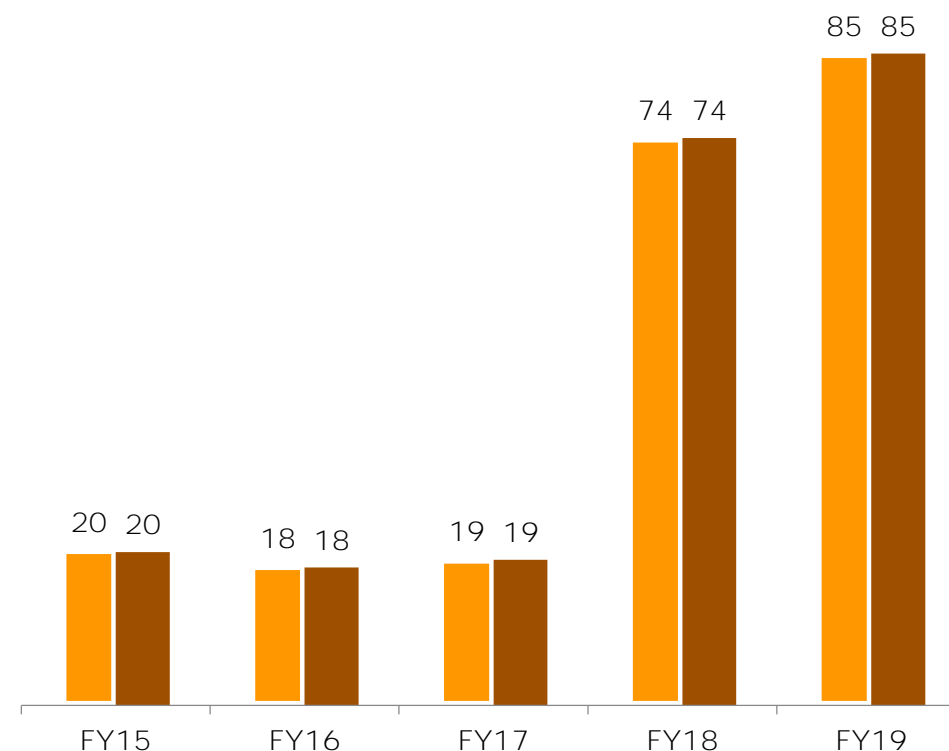
All Fig. in '000 MT unless specified  
 Note: A part of all production is captively consumed for production of downstream products

# Yearly Power Generation

Power (Thermal)



Power (Hydro)



Generation Sales

# Thank You



Mr. Nilay Joshi (Head - Corporate Finance)

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