

MINING



STEEL



FERRO-ALLOYS



HYDRO



Result Presentation | Q4/FY20

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Agenda

- 1 **Q4 & FY20 : Result Highlights**
- 2 **SEML – Consistent & Disciplined Growth**
- 3 **Strategic Priorities**
- 4 **Annual Financial Highlights**





Q4 & FY20 : Result Highlights

Covid-19 Impact

Plants Operation

Manufacturing operations were shutdown from 25th March to 16th April 2020

From 16th April, steps were taken to restart the manufacturing facility in a phased manner and

Plants reached to near normal capacity by 3rd week of May 2020

The Company expects to achieve 60-90% production of different products YoY, in Q1FY21

Financial Performance

Profitability of Q4FY20 affected on account of fall in production, sales, value of INR and the value of investments

Profitability of Q1FY21 is likely to be affected on account of lower production and sales due to lockdown

Liquidity position

Sufficient liquidity to meet its obligations and for smooth operations

Company has not opted for moratorium on debt service obligation

The Company and its subsidiaries do not foresee any problem in meeting the debt obligations on time

Hopeful of refinancing part of loans at better pricing during the current financial year

Supply chain

There is no material disruption to the supply chain affecting its operations

Future Impact

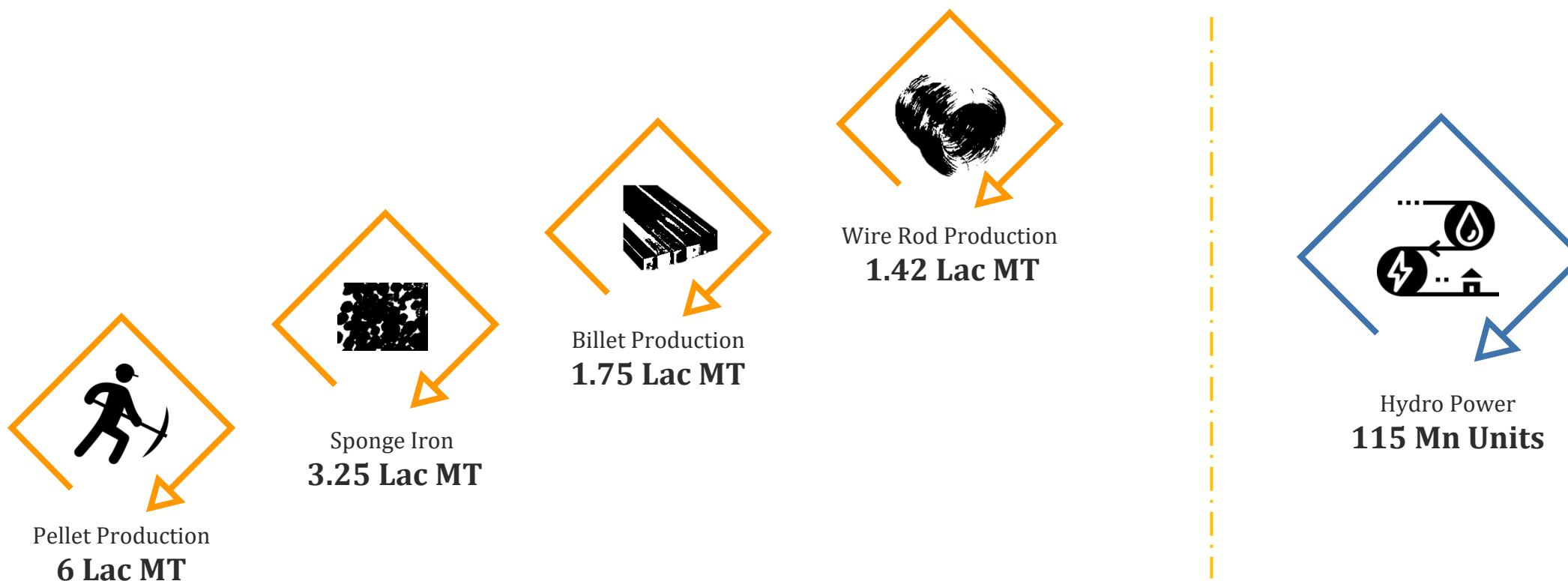
Expects to achieve normal operations/ profitability from next quarter without much impact of Covid-19

However, other market factors may impact the profitability. Fall in the interest rates will result in reduction of finance cost

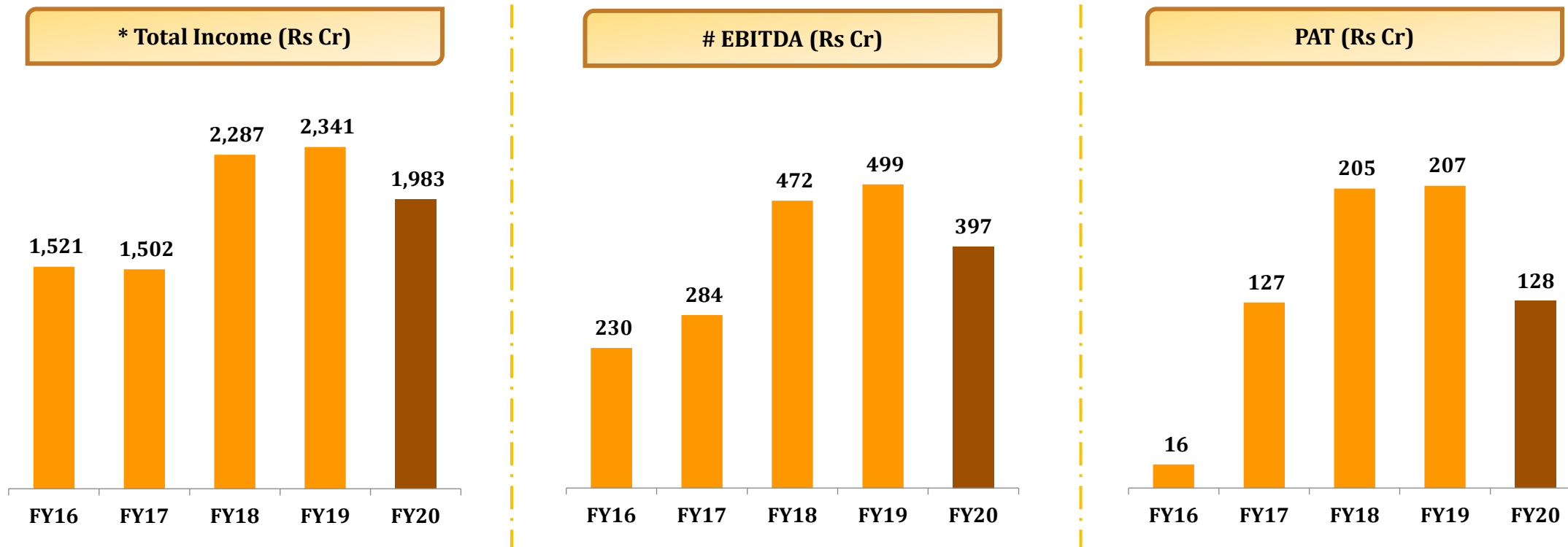
Product pricing to depend on demand scenario; Currently, prices of most of the products have remained better than prior to shutdown

Key Operational Highlights – FY20

Highest Ever Production of Steel Products and Highest Ever Generation of Hydro Power



Key Financial Highlights - Consolidated



- FY20 Revenue from operations impacted due to a) Maintenance shutdown of both the ferro alloy furnaces at Vizag facility for around two weeks in Q1FY20 and repair work of one furnace was from end of Aug-19 to Nov-19; b) Repair work related shutdown of one power plant at Raipur facility in Q4FY20; and c) Covid-19 related disruption in production in last 15 days of FY20

FY20 EBITDA is adjusted for MTM & Forex Losses

Consistent Dividend Payout Track Record : Board recommended dividend of Rs. 5 per equity Share (50%) for FY20

Profitability Highlights - Consolidated

INR in Cr	Q4FY20	Q4FY19	YoY	Q3FY20	QoQ	FY20	FY19	YoY
Revenues	438	496	-12%	456	-4%	2,000	2,324	-14%
Other Income	-54	25		15		-17	17	
Total Income	384	521	-26%	472	-19%	1,983	2,341	-15%
Raw Material	273	326		297		1,293	1,493	
Employee Expenses	18	26		23		88	87	
Other Operating Expenses	70	63		55		263	261	
EBITDA	23	106	-78%	97	-76%	339	499	-32%
EBITDA Margin (%)	6%	20%		21%		17%	21%	
Depreciation	19	19		20		78	76	
Interest	21	25		21		82	99	
Profit Before Tax	-17	61	-128%	56	-131%	179	324	-45%
Share of P/L of Associates and JV	-2	1		0		-7	0	
Tax	12	16		13		43	117	
PAT	-32	46	-170%	43	-175%	128	207	-38%
PAT Margin (%)	-8%	9%		9%		6%	9%	
EPS	-8.95	12.96		11.72		35.05	56.36	
Adjusted EBITDA *	84					397		
Adjusted EBITDA margin %	19%					20%		

* Note: The outbreak of Covid-19 which affected the economic activity worldwide, also led to volatility in currency and capital markets, impacting the following:

- 1) The Total Income includes Other Income which has been impacted due to a Mark-To-Market loss of Rs 48.61 cr in Q4FY20 and Rs 40.08 cr in FY20
- 2) The Other Expenses increased due to a Forex loss of Rs 12.21 cr in Q4FY20 and Rs 16.65 cr in FY20

Balance Sheet Highlights - Consolidated

Rs. Crore	Mar-20	Mar-19
Shareholder's Funds	1,867	1,743
Share capital	36	36
Other Equity	1,831	1,707
Minority interest	100	132
Non-current liabilities	1,506	1,158
Long term borrowings	1,436	1,078
Long-Term Provisions	9	9
Deferred tax liability	61	71
Current liabilities	626	649
Short Term Borrowings	223	268
Trade Payables	214	181
Other Financial Liabilities	162	157
Short-term provisions	7	8
Other Current liabilities	19	23
Current tax liability	1	13
Total Equities & Liabilities	4,100	3,682

Rs. Crore	Mar-20	Mar-19
Non-current assets	2,796	2,539
Fixed assets	1,359	1,388
Capital W.I.P	1,365	1,054
Financial assets	25	38
Other non-current assets	46	60
Current Assets	1,304	1,143
Inventories	501	439
Trade receivables	124	93
Investments	139	166
Bank, Cash & Cash equivalents	165	45
Loans & advances	260	313
Current tax assets (net)	1	0
Other Current Assets	115	87
Total Assets	4,100	3,682

Profitability Highlights - Standalone

INR in Cr	Q4FY20	Q4FY19	YoY	Q3FY20	QoQ	FY20	FY19	YoY
Revenues	281	351	-20%	342	-18%	1,424	1,653	-14%
Other Income	-9	17		36		61	32	
Total Income	272	367	-26%	377	-28%	1,485	1,685	-12%
Raw Material	171	226		229		920	1,027	
Employee Expenses	13	21		18		68	69	
Other Operating Expenses	56	46		39		195	183	
EBITDA	32	74	-56%	91	-65%	301	406	-26%
EBITDA Margin (%)	12%	20%		24%		20%	24%	
Depreciation	13	12		13		51	50	
Interest	10	9		9		36	35	
Profit Before Tax	9	53	-82%	69	-86%	214	321	-33%
Share of P/L of Associates and JV	-	-		-		-	-	
Tax	4	15		13		32	106	
PAT	5	38	-86%	56	-91%	182	215	-15%
PAT Margin (%)	2%	10%		15%		12%	13%	
EPS	1.45	10.52		15.61		50.57	59.60	
Adjusted EBITDA *	58					326		
Adjusted EBITDA margin %	20%					22%		

* Note: The outbreak of Covid-19 which affected the economic activity worldwide, also led to volatility in currency and capital markets, impacting the following:

- 1) The Total Income includes Other Income which has been impacted due to a Mark-To-Market loss of Rs 17.2 cr in Q4FY20 and Rs 10.6 cr in FY20
- 2) The Other Expenses increased due to a Forex loss of Rs 8.8 cr in Q4FY20 and Rs 14.3 cr in FY20

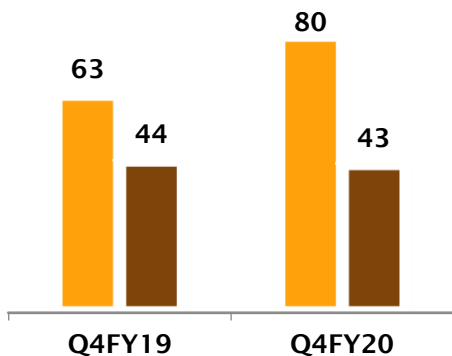
Balance Sheet Highlights - Standalone

Rs. Crore	Mar-20	Mar-19
Shareholder's Funds	1,731	1,566
Share capital	36	36
Other Equity	1,695	1,530
Non-current liabilities	306	165
Long term borrowings	261	100
Long-Term Provisions	3	3
Deferred tax liability	43	62
Current liabilities	344	350
Short Term Borrowings	106	175
Trade Payables	137	90
Other Financial Liabilities	83	48
Short-term provisions	7	7
Other Current liabilities	11	19
Current tax liability	0	11
Total Equities & Liabilities	2,382	2,081

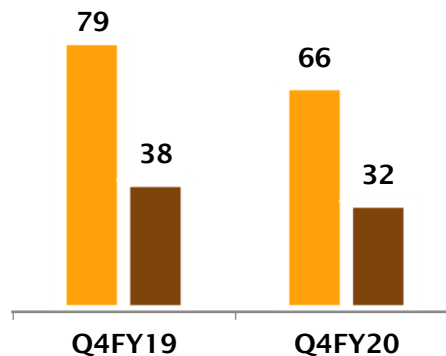
Rs. Crore	Mar-20	Mar-19
Non-current assets	1,404	1,300
Fixed assets	551	578
Capital W.I.P	26	19
Financial assets	809	687
Other non-current assets	18	16
Current Assets	978	780
Inventories	370	300
Trade receivables	62	39
Investments	42	52
Bank, Cash & Cash equivalents	4	3
Loans & advances	409	326
Current tax assets (net)	1	0
Other Current Assets	90	59
Total Assets	2,382	2,081

Operating Performance (Volumes)

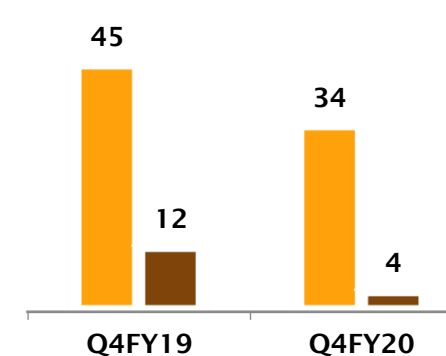
Iron Ore Pellets ('000 MT)



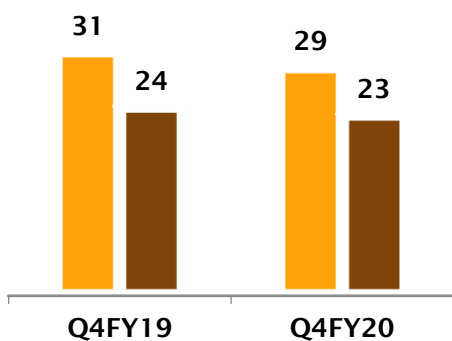
Sponge Iron ('000 MT)



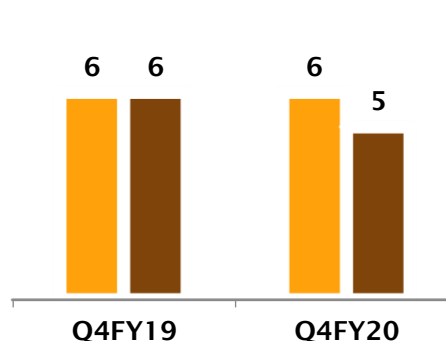
Steel Billets ('000 MT)



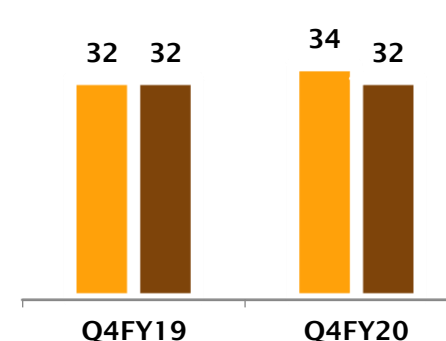
Wire Rod ('000 MT)



H. B Wires ('000 MT)

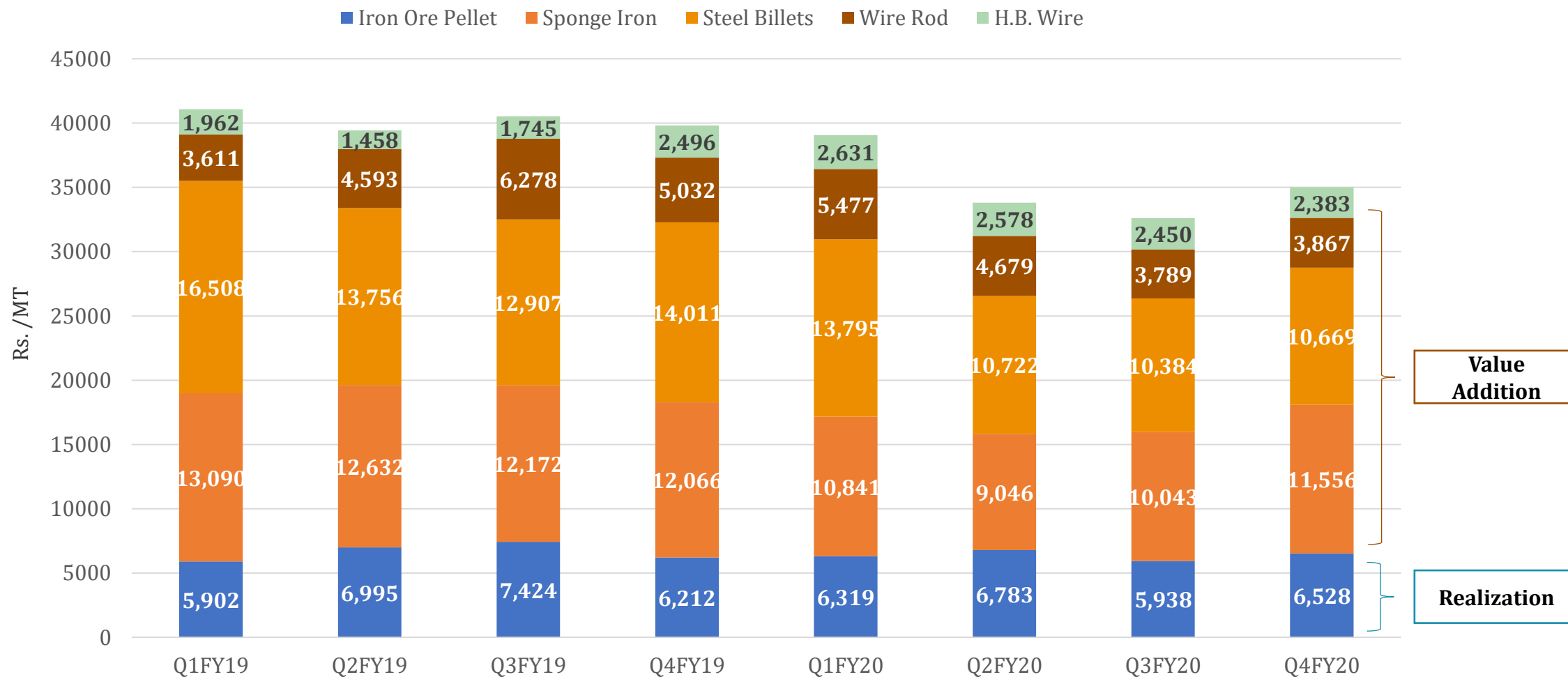


Ferro Alloys ('000 MT)



■ Production
 ■ Sales

Steel Business: Product wise Incremental Realization

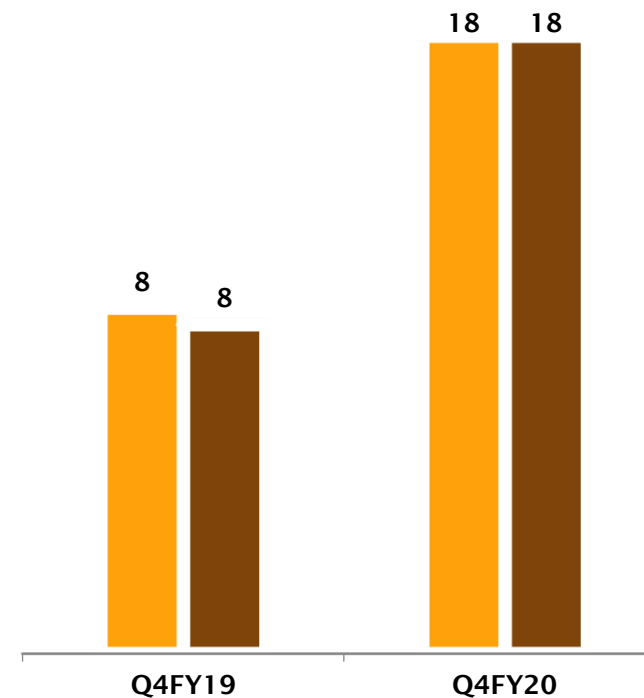
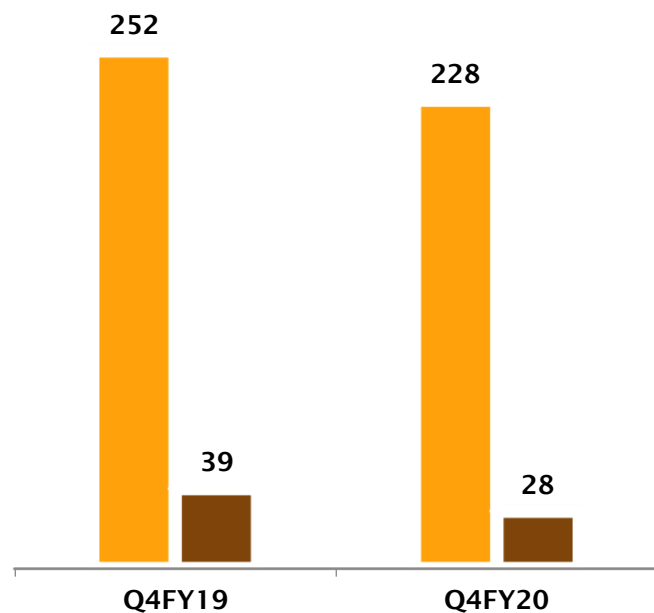


Quarterly Generation & Sales - Power Business

Power (Thermal)

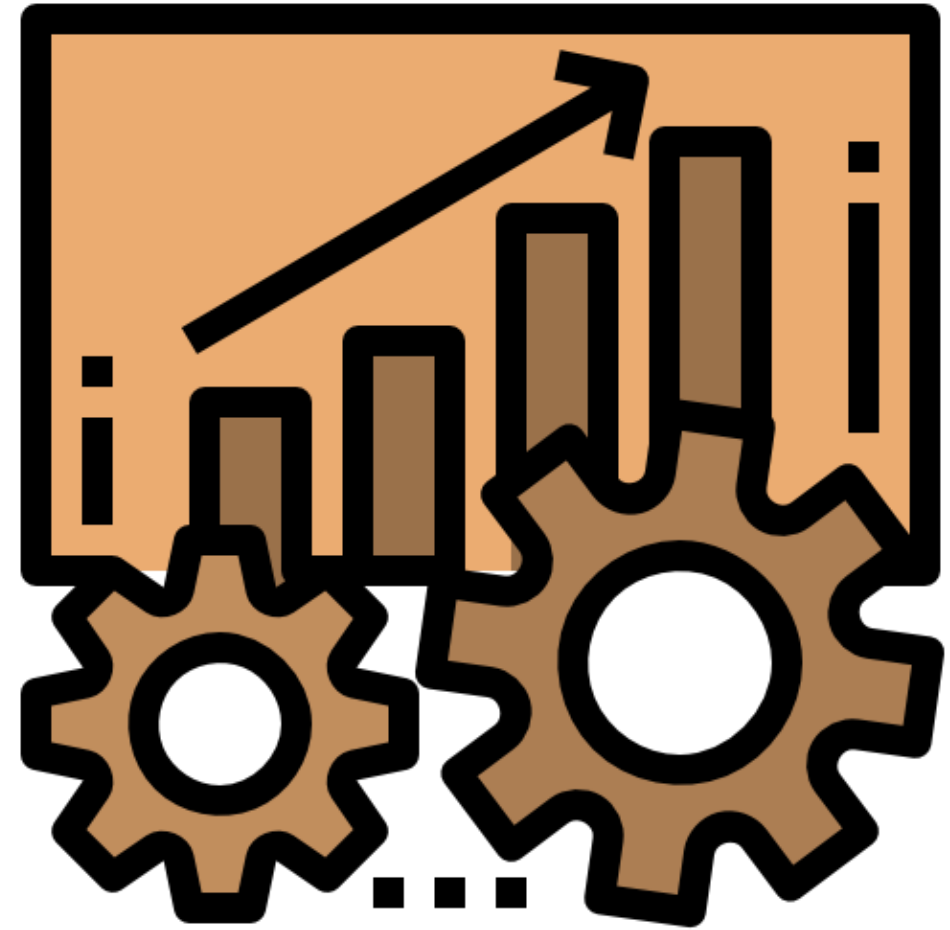
All Fig. in Mn Kwh unless specified

Power (Hydro)



Thermal Power (Captive) Capacity : 162 MW

■ Generation ■ Sales



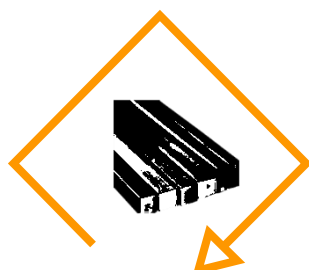
SEML – Consistent & Disciplined Growth

SEML at Glance (FY20)

Steel Business



Pellet Production
6 Lac MT



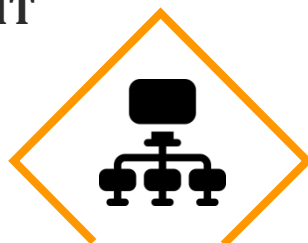
Billet Production
1.76 Lac MT



Wire Rod Production
1.42 Lac MT

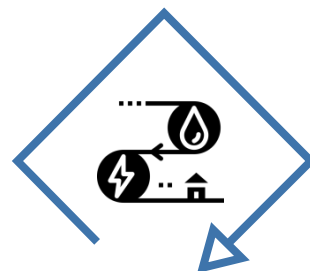


Ferro Alloys Production
1.24 Lac MT

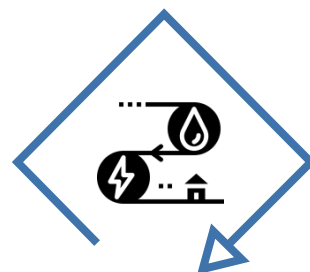


Iron Ore Reserves
20 Mn T

Hydro Power



Operational Capacity
28.8 MW



Capacity Under Execution
120 MW

Financials



Revenue from Operations
INR 2,000 Cr



PAT
INR 128 Cr



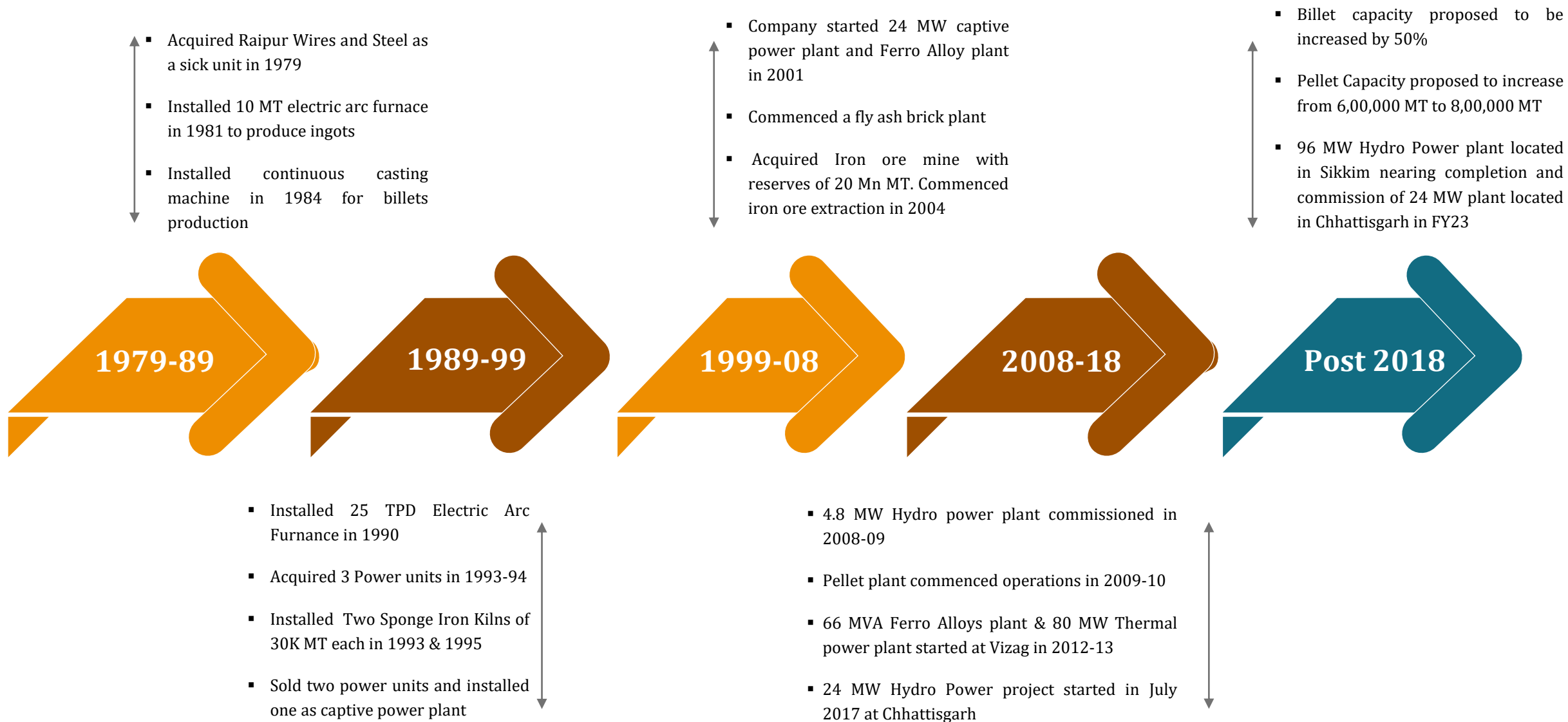
EBITDA*
INR 397 Cr



Dividend Per Share
INR 5/Share

** FY20 EBITDA Adjusted for MTM & Forex Losses*

Sarda's Transformation Journey...



...Under Strong Leadership



Kamal Kishore Sarma

CMD

- Mechanical Engineer with 45 years experience in Iron and Steel Industry
- Responsible for steering SEML towards the path of growth



Pankaj Sarma

Joint MD

- MS in Industrial Administration from Purdue University, USA
- Industry experience of more than 13 years



Padam Kumar Jain

Director & CFO

- CA, CS with a rich experience of 34 years
- Looks after accounting, finance, taxation, costing and corporate laws



Manish Sarma

Director

- MBA in International Business with 26 years of experience in Iron and Steel Industry
- Presently focused on overall development of the Ferro alloys segment
- Chairman of Indian Ferro Alloy Producers' Association

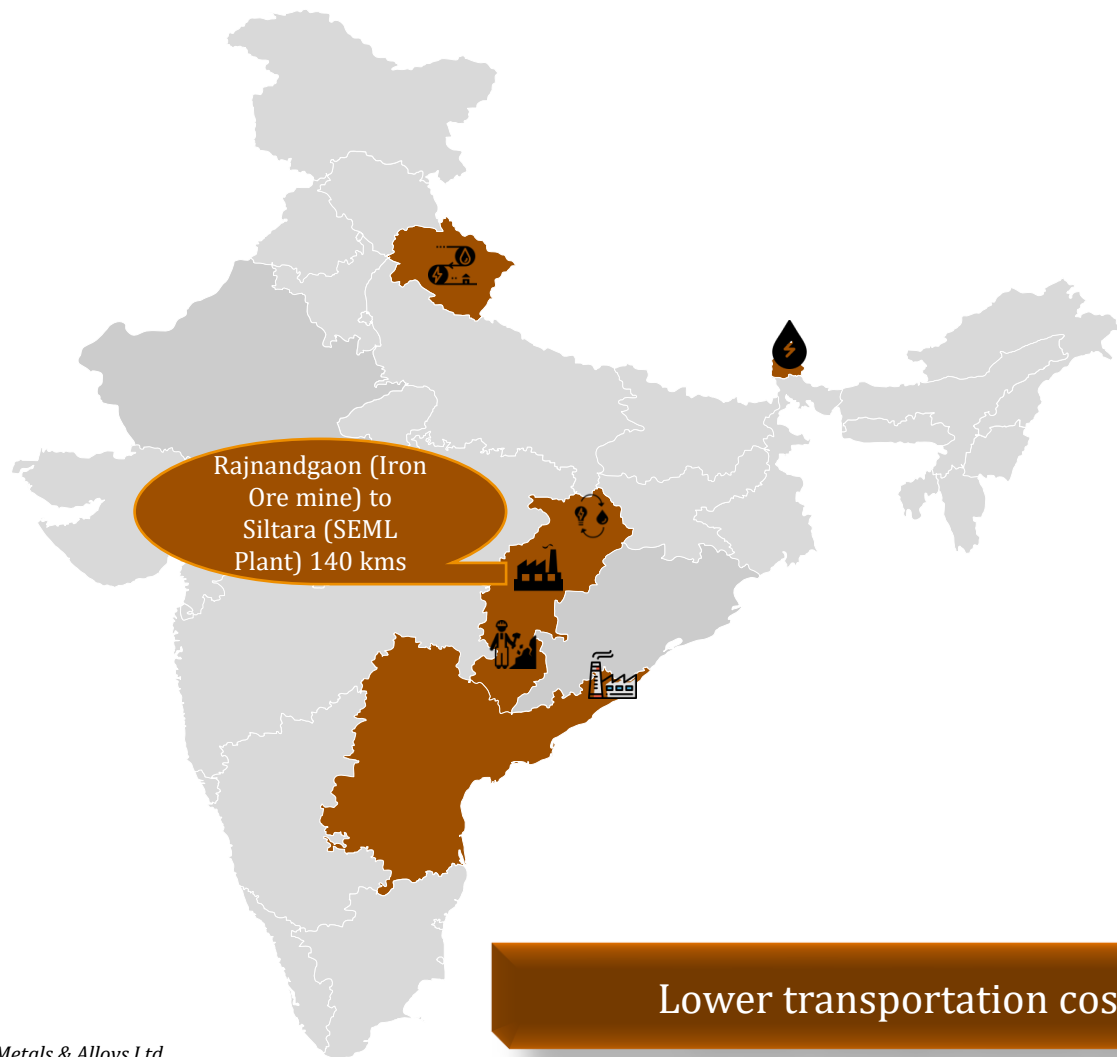


Neeraj Sarma

Director

- MBA in Finance & Marketing with more than 16 years of experience in Iron & Steel Industry
- Second generation entrepreneur, presently Deputy Managing Director of Sarma Metals & Alloys Ltd

Company's Asset Footprint

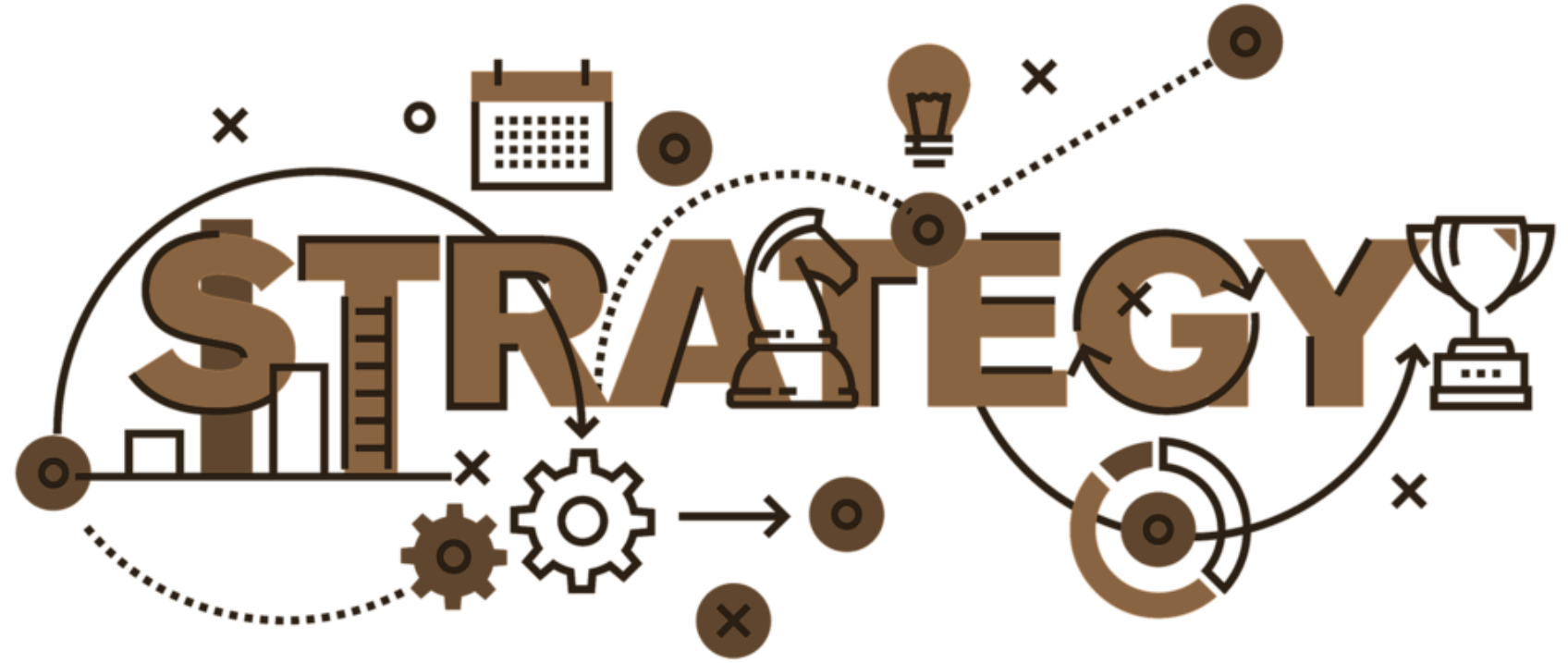


Plants / Facilities

-

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

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



Strategic Priorities

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

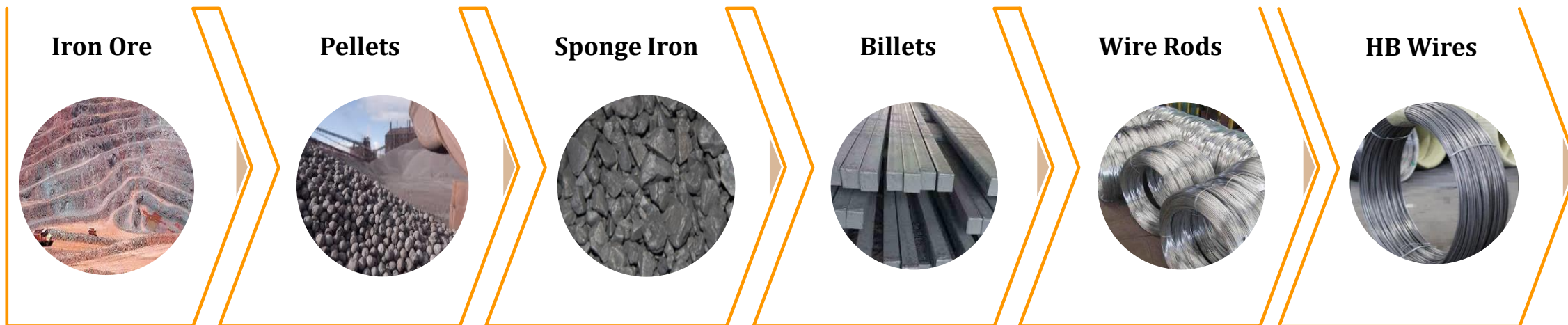
Consistently improving Balance Sheet Strength

4

Health, Safety & Social Responsibility

Focus on overall well-being of the people

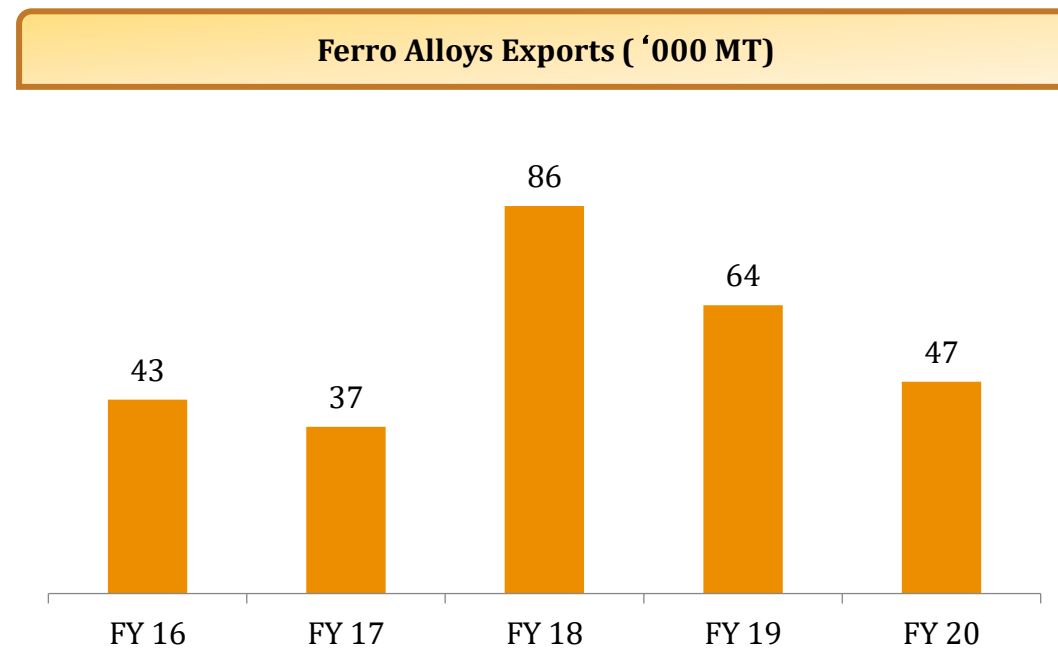
Vertically Integrated Steel Player...



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	HB Wires- Wire rods are cold drawn to HB wires to sizes
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	1,80,000 MT	30,000 MT
Captive Consumption (%)	100%	35%	50%	80%	15%	NA
Expansion	<ul style="list-style-type: none"> Mines allotted in Chhattisgarh with 240 Mn Tonnes of reserves 	<ul style="list-style-type: none"> Expansion of capacity to 8,00,000 MT 	<ul style="list-style-type: none"> Preferred Route of Steel making Thermal Coal sourced locally 	<ul style="list-style-type: none"> Expansion of capacity to 3,00,000 MT Well positioned back with complete integration 	<ul style="list-style-type: none"> Increase in Billet production lead to rise in wire rods production 	NA

... 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



Hydro Power Expansion...

Operational Capacity

Uttarakhand

4.8 MW

Operational since 2008

Debt free operation & operated at 47% PLF during FY14-20

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

Average units sold is ~20 mn per annum

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 October 2020*

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

Major Project works completed with Project nearing completion

Chhattisgarh

24.9 MW

Land acquisition & regulatory approvals in place

Financial Closure under progress

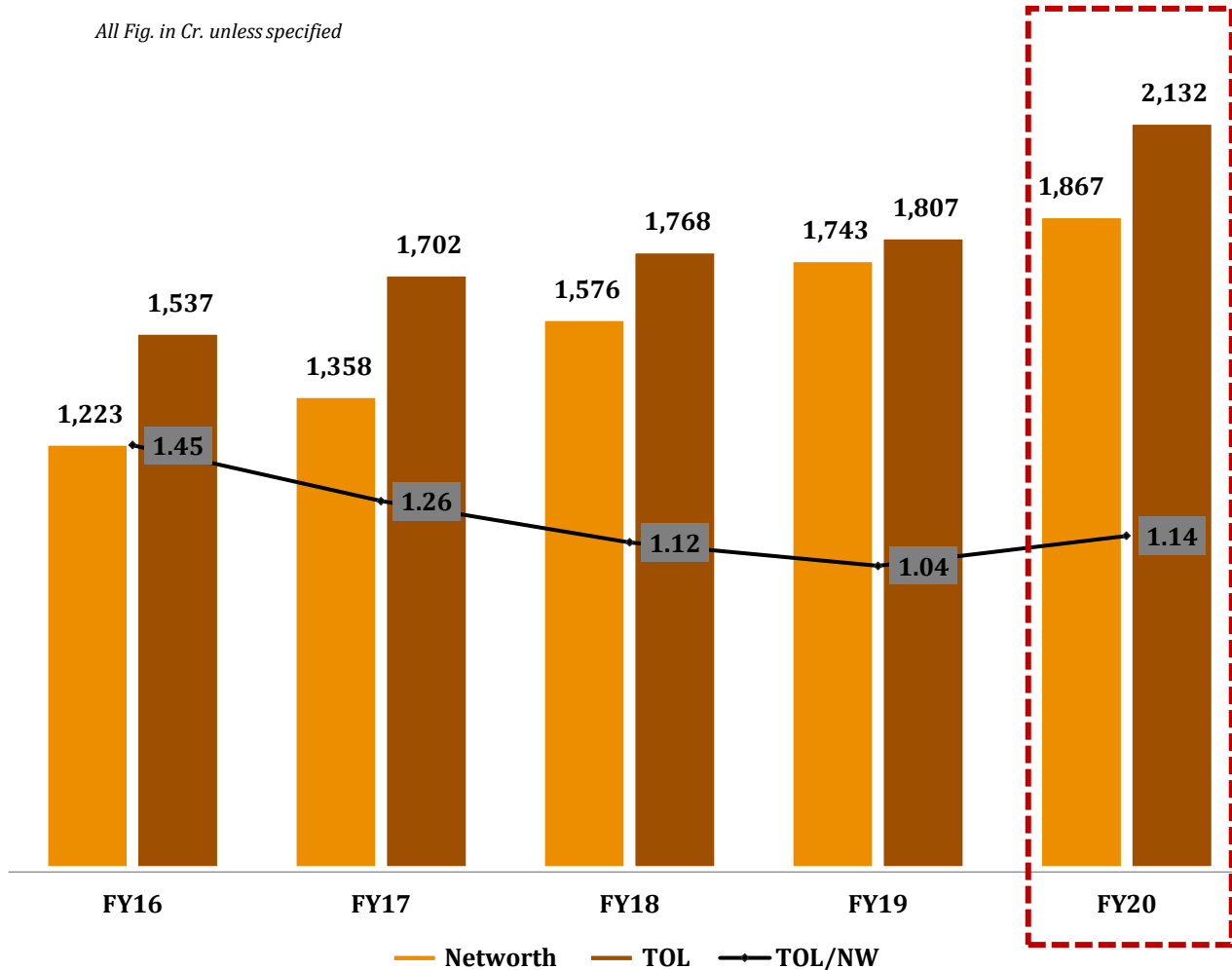
* Delay caused due to Covid-19

... Sikkim project completion to provide incremental stable cashflow

Disciplined Growth

Consistently improving Balance Sheet Strength

All Fig. in Cr. unless specified

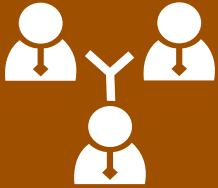


Rs. Cr	Term Loan	Working Capital	Total
Steel	562	164	726
Hydro Operational	110	-	110
Total	672	164	836
Hydro Under execution	829	-	829
Total	1,501	164	1,665

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

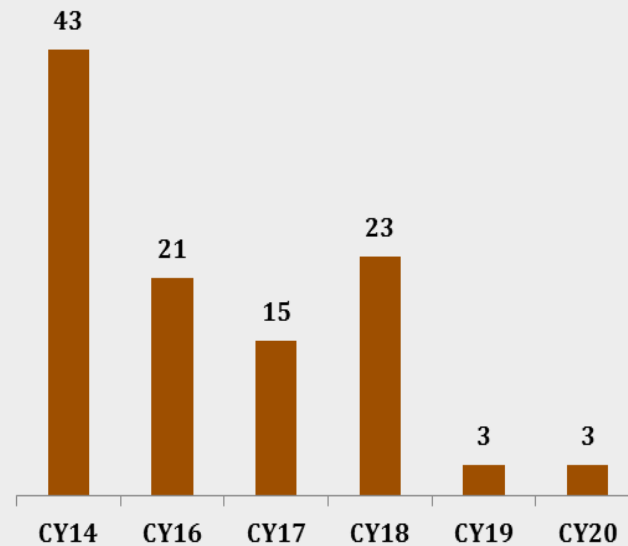
Focus on Safety, Health & Social Responsibility

Health & Safety



- SEML awarded - Appreciation Award for Best Company in the Entire Eastern Region on Safety category
- 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
- Providing training to develop Self-help Groups
- Potable water supply to villages
- Conducted awareness on mother and child health care programs

Annual Financial Highlights



Profitability Highlights - Consolidated

INR in Cr	FY16	FY17	FY18	FY19	FY20
Revenues	1,486	1,434	2,217	2,324	2,000
Other Income	35	67	70	17	-17
Total Income	1,521	1,502	2,287	2,341	1,983
Raw Material	964	942	1,478	1,493	1,293
Employee Expenses	68	75	77	87	88
Other Operating Expenses	259	200	260	261	263
EBITDA	230	284	472	499	339
EBITDA Margin (%)	15%	19%	21%	21%	17%
Depreciation	75	69	73	76	78
Interest	109	94	97	99	82
Profit Before Tax	47	122	302	324	179
Exceptional Item + Share of Associates and JV	-	(28)	8	-	-7
Tax	31	23	90	117	43
PAT	16	127	205	207	128
PAT Margin (%)	1%	8%	9%	9%	6%
EPS	4.27	35.58	56.01	56.36	35.05

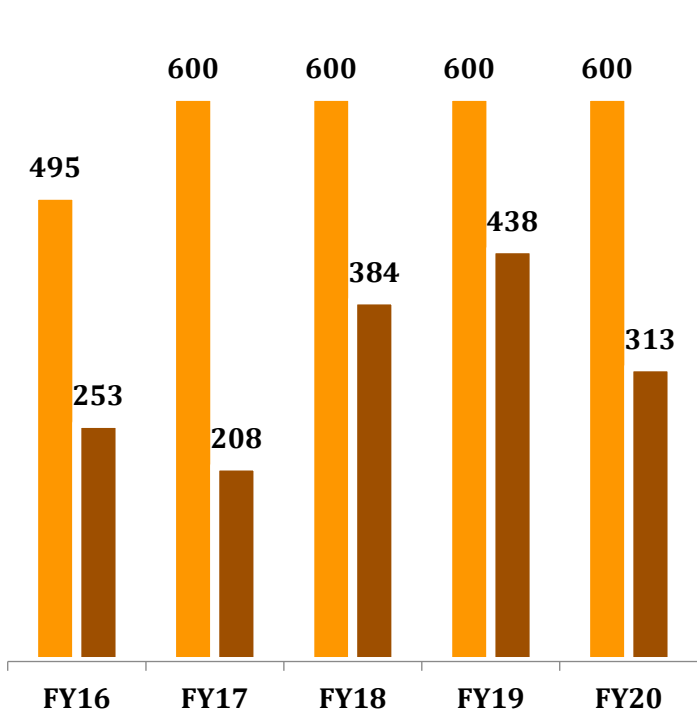
Note: The total income and profitability in FY20 has been impacted on account of Covid-19 related disruption in economic activity and volatility in currency and capital market. Accordingly, there has been a Mark-To-Market loss of Rs 40.08 cr in Other Income and a Forex loss of Rs 16.65 cr in Other Expenses in FY20

Balance Sheet Highlights – Consolidated

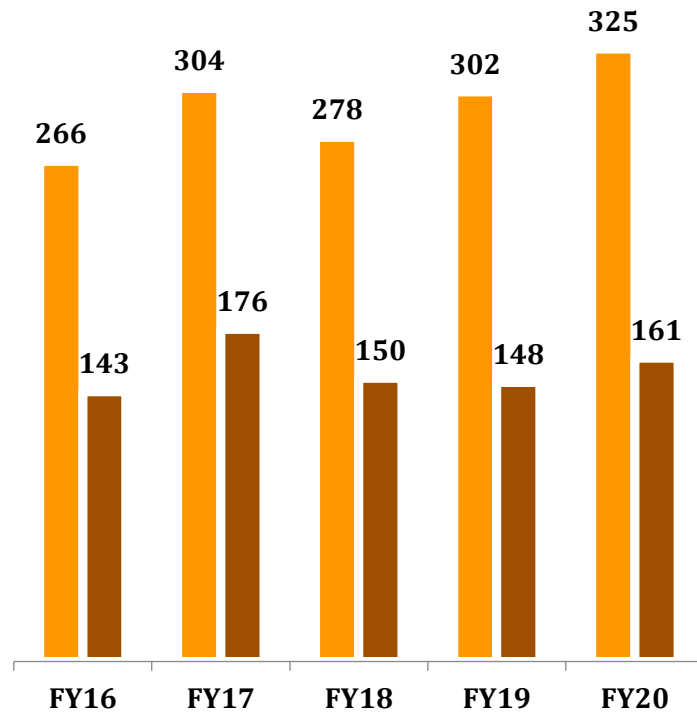
INR in Cr	FY16	FY17	FY18	FY19	FY20
Share Capital	36	36	36	36	36
Tangible Network	1,230	1,358	1,577	1,707	1,831
Long Term Borrowings	966	1,015	1,059	1,078	1,436
Other Liabilities	595	706	741	860	796
Total Liability	2,827	3,115	3,413	3,682	4,100
Net Fixed Asset Block	1,351	1,200	1,447	1,388	1,359
CWIP	579	794	775	1,054	1,365
Investment	133	203	186	166	139
Net Current Assets	764	918	1,005	1,074	1,237
Total Assets	2,827	3,115	3,413	3,682	4,100

Yearly Volume Trend

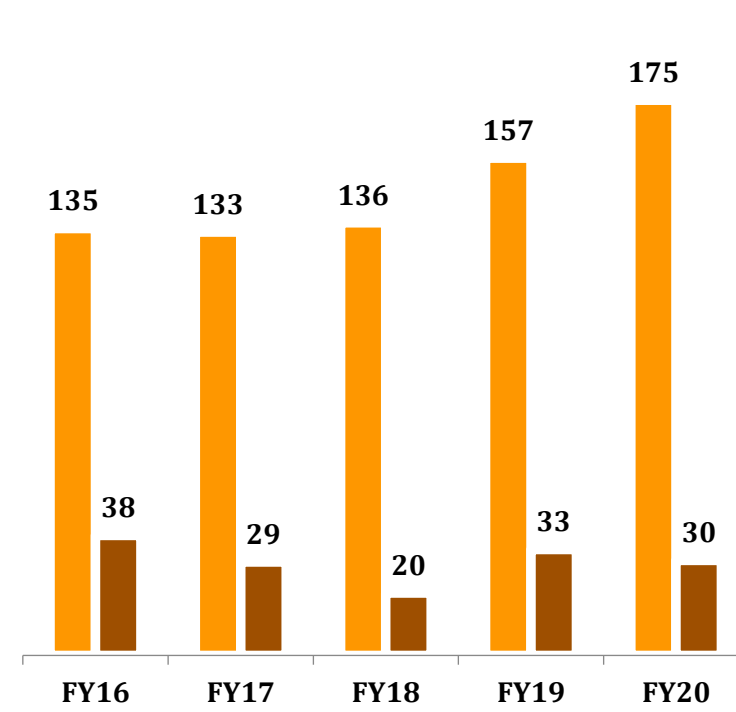
Iron Ore Pellets ('000 MT)



Sponge Iron ('000 MT)



Steel Billet ('000 MT)

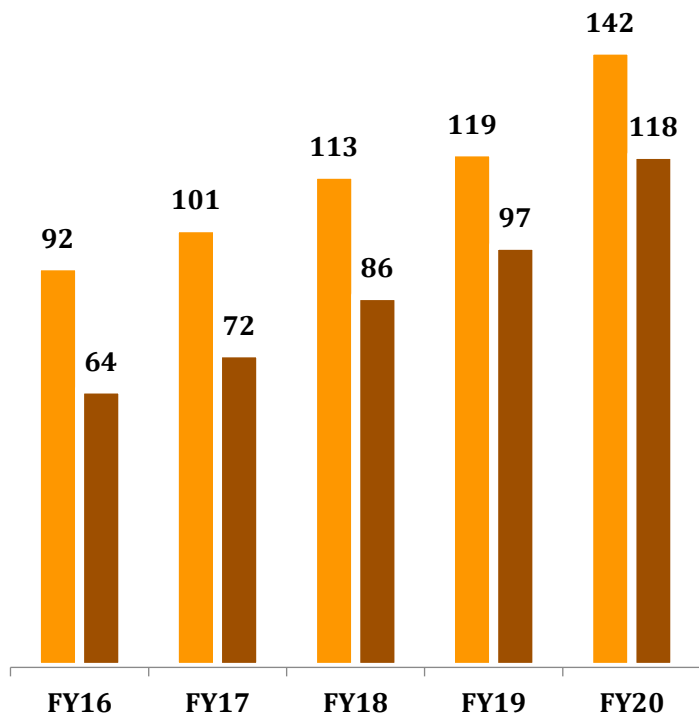


Note: 1) Production for FY20 was affected due to Covid-19 outbreak and shutdown of one power plant for repairing work and shutdown of ferro alloys furnaces of Sarda Metals for overhauling and relining work; 2) A part of all production is captively consumed for production of downstream products

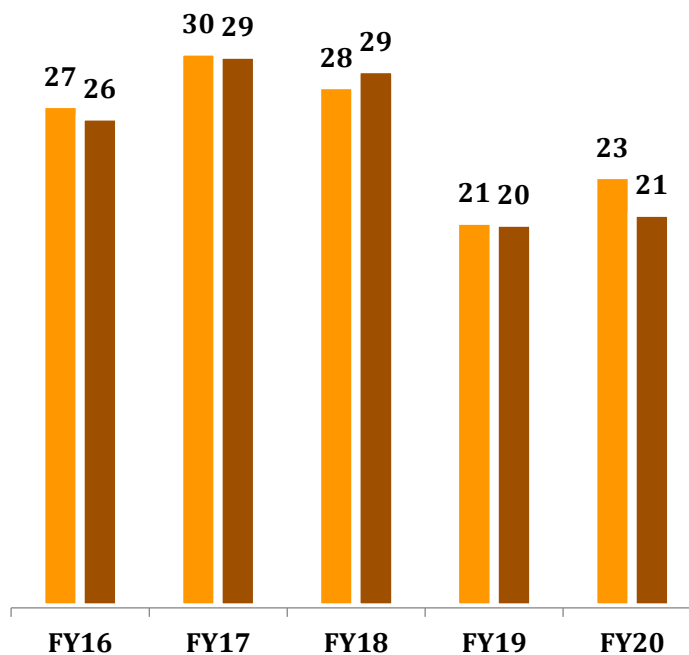
■ Production ■ Sales

Yearly Volume Trend (2)

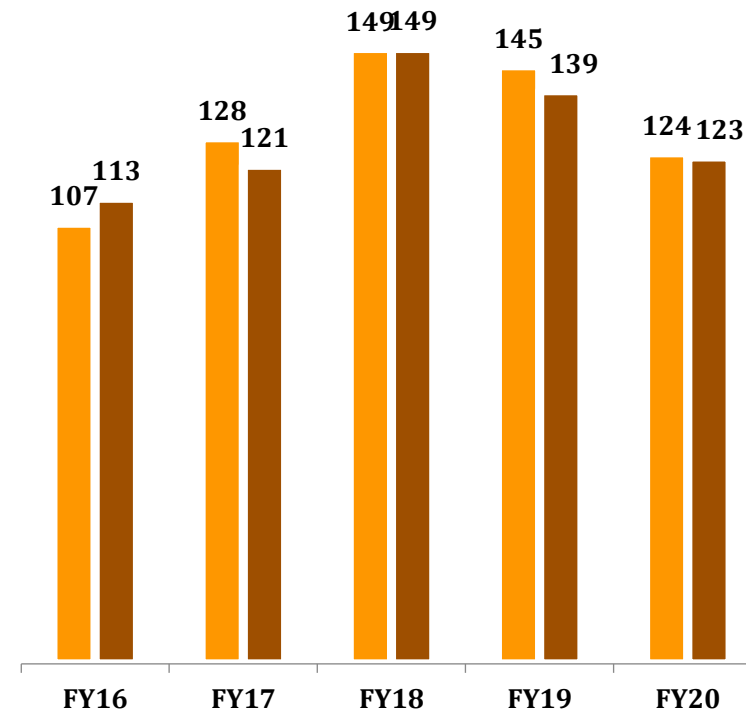
Wire Rod ('000 MT)



H. B Wires ('000 MT)



Ferro Alloys ('000 MT)

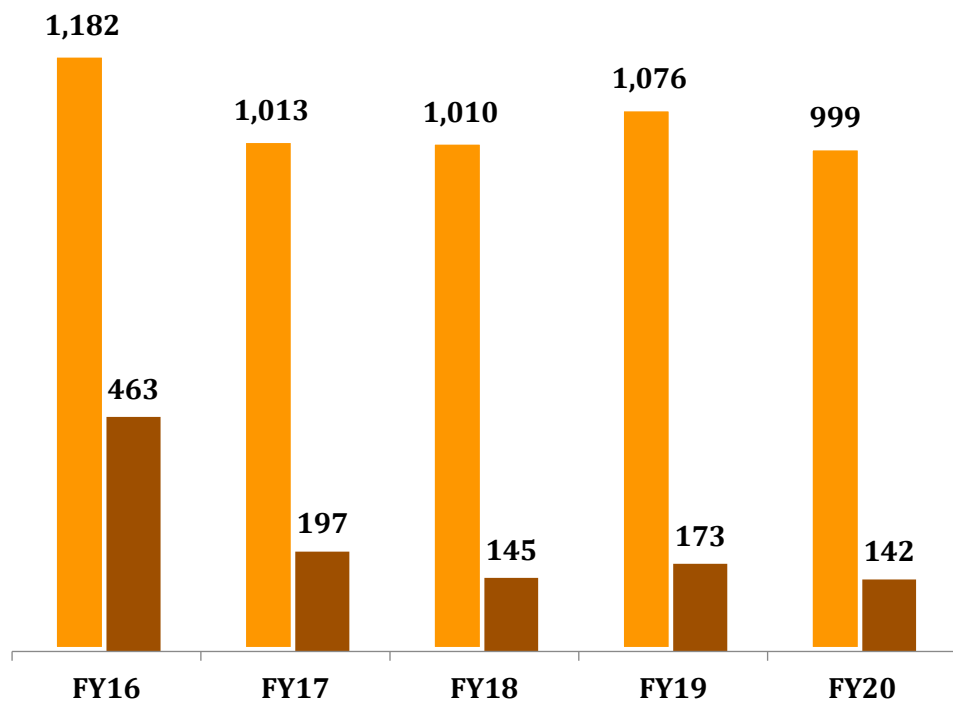


Note: 1) Production for FY20 was affected due to Covid-19 outbreak and shutdown of one power plant for repairing work and shutdown of ferro alloys furnaces of Sarda Metals for overhauling and relining work; 2) A part of all production is captively consumed for production of downstream products

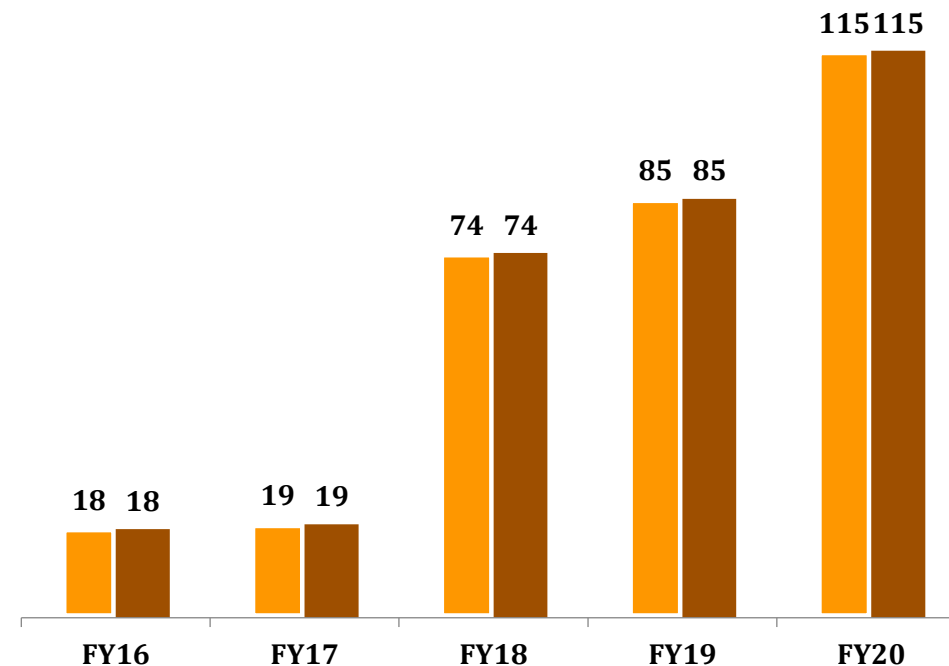
■ Production ■ Sales

Yearly Power Generation

Power (Thermal) - Mn units



Power (Hydro) - Mn units



Note: Thermal Power is largely consumed for captive use; Thermal power generation in FY20 impacted due to shutdown of one power plant at Raipur for repairing work

Generation **Sales**

Thank You



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