

MINING



STEEL



FERRO-ALLOYS



HYDRO



Result Presentation | Q1FY21

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Agenda

1 **Q1FY21 : Result Highlights**

2 **SEML – Consistent & Disciplined Growth**

3 **Strategic Priorities**

4 **Annual Financial Highlights**



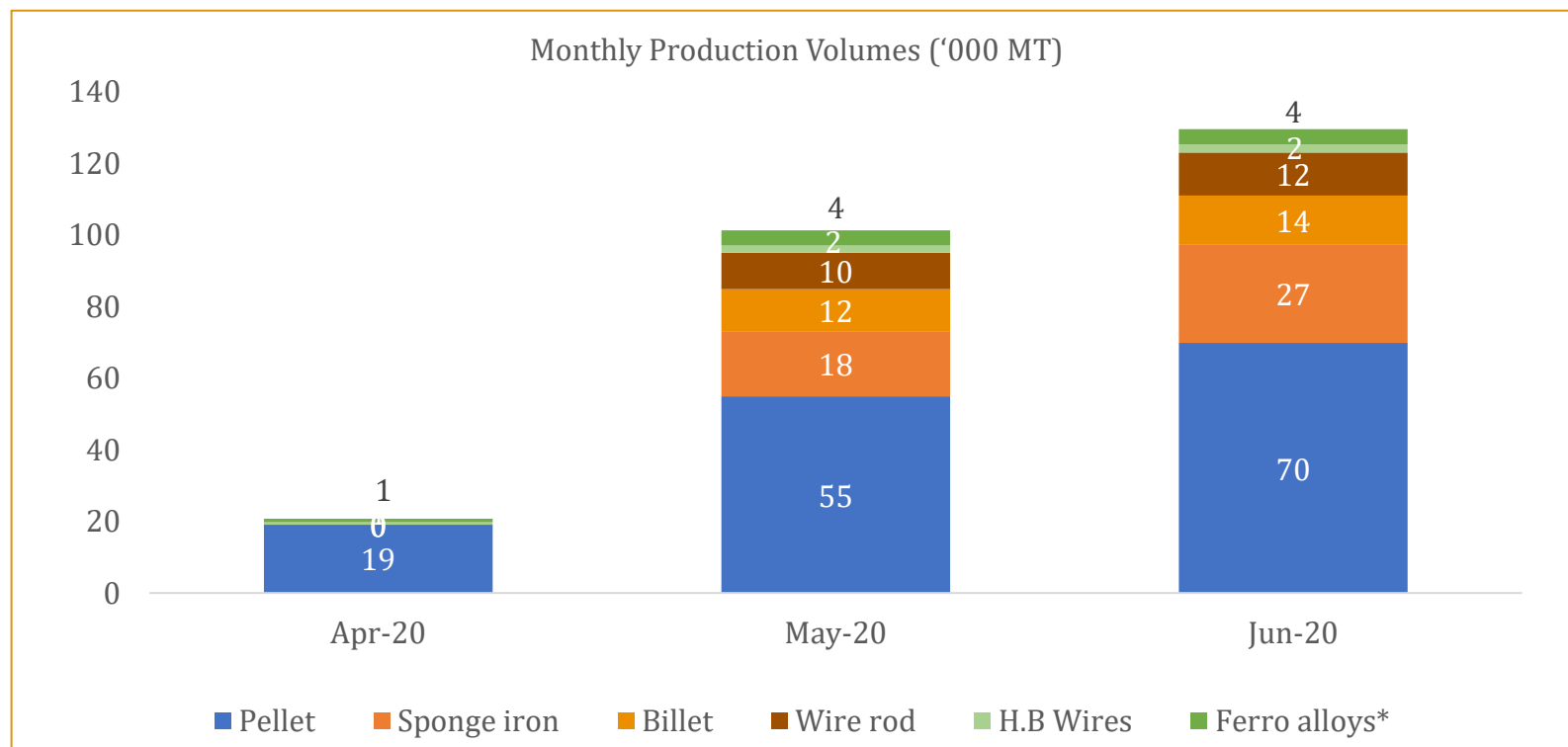


Q1FY21 : Result Highlights

Operating Under Covid-19

Steel & Ferro alloys: Facilities at both Raipur and Vizag began calibrated resumption of work from mid-April 2020 and have seen a gradual ramp up since then; Both plants are now operating at nearly normal levels of production

Hydro Power: No major impact



Operational plants

- No major impact; Highest ever hydropower generated in Q1FY21 (20.33 Mn Kwh)
- Overall operations and receivable cycle has remained stable

Under-execution – Sikkim Project

- Minor construction work and some installation work was pending, got delayed due to Covid-19
- Gradual ramp-up of work owing to Covid-19 led restrictions

* Ferro Alloy volume data is of production at Raipur Plant and does not include production at Vizag Plant

Profitability Highlights - Consolidated

INR in Cr	Q1FY21	Q1FY20	YoY	Q4FY20	QoQ	FY20	FY19	YoY
Revenues	347	555		438		2,000	2,324	
Other Income	38	11		-54		-17	17	
Total Income	386	566	-32%	384	0%	1,983	2,341	-15%
Raw Material	216	350		273		1,293	1,493	
Employee Expenses	21	25		18		88	87	
Other Operating Expenses	55	70		70		263	261	
EBITDA	92	121	-23%	23	305%	339	499	-32%
EBITDA Margin (%)	24%	21%		6%		17%	21%	
Depreciation	19	19		19		78	76	
Interest	20	23		21		82	99	
Profit Before Tax	54	78	-31%	-17	-	179	324	-45%
Exceptional Items *	-6	0		0		0	0	
Share of P/L of Associates and JV	-3	-3		-2		-7	0	
Tax	9	27		12		43	117	
PAT	36	48	-24%	-32	-	128	207	-38%
PAT Margin (%)	9%	8%		-8%		6%	9%	
EPS	9.84	13.16		-8.95		35.05	56.36	
Adjusted EBITDA *	58			84		397		
Adjusted EBITDA margin %	17%			19%		20%		

Note: 1) Due to Covid-19 led restrictions, the manufacturing facilities remained closed / operated at lower capacity in Q1FY21, affecting the overall performance

2) *Adjusted for Mark-to-Market gain of INR 34.3 Cr in Q1FY21 versus loss of INR 48.6 Cr in Q4FY20 & INR 40.1 Cr in FY20; and Forex loss of INR 12.2 Cr in Q4FY20 & INR 16.7 Cr in FY20

3) Exceptional Item of INR 5.6 Cr in Q1FY21 is on account of impairment loss on discarding of fixed assets

Profitability Highlights - Standalone

INR in Cr	Q1FY21	Q1FY20	YoY	Q4FY20	QoQ	FY20	FY19	YoY
Revenues	231	421		281		1,424	1,653	
Other Income	19	8		-9		61	32	
Total Income	251	429	-42%	272	-8%	1,485	1,685	-12%
Raw Material	148	254		171		920	1,027	
Employee Expenses	17	20		13		68	69	
Other Operating Expenses	31	53		56		195	183	
EBITDA	56	101	-45%	32	73%	301	406	-26%
EBITDA Margin (%)	22%	24%		12%		20%	24%	
Depreciation	12	13		13		51	50	
Interest	9	8		10		36	35	
Profit Before Tax	35	81	-57%	9	271%	214	321	-33%
Exceptional Item*	-6	0		0		0	0	
Share of P/L of Associates and JV	0	0		0		0	0	
Tax	6	28		4		32	106	
PAT	23	52	-56%	5	338%	182	215	-15%
PAT Margin (%)	9%	12%		2%		12%	13%	
EPS	6.35	14.56		1.45		50.57	59.60	
Adjusted EBITDA *	47			58		326		
Adjusted EBITDA margin %	19%			20%		22%		

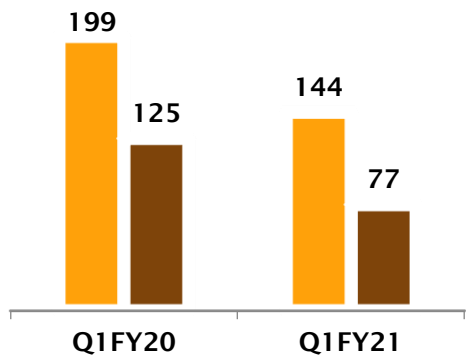
Note: 1) Due to Covid-19 led restrictions, the manufacturing facilities remained closed / operated at lower capacity in Q1FY21, affecting the overall performance

2) *Adjusted for Mark-to-Market gain of INR 8.86 Cr Cr in Q1FY21 versus loss of INR 17.2 Cr in Q4FY20 & INR 10.6 Cr in FY20; and Forex loss of INR 8.8 Cr in Q4FY20 & INR 14.3 Cr in FY20

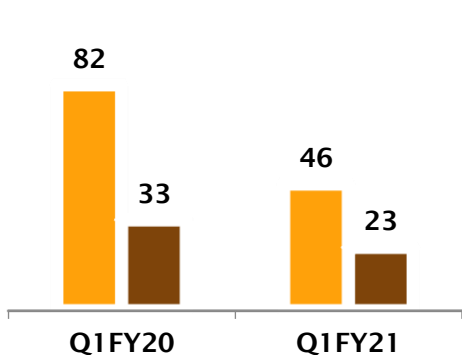
3) Exceptional Item of INR 5.6 Cr in Q1FY21 is on account of impairment loss on discarding of fixed assets

Operating Performance (volumes)

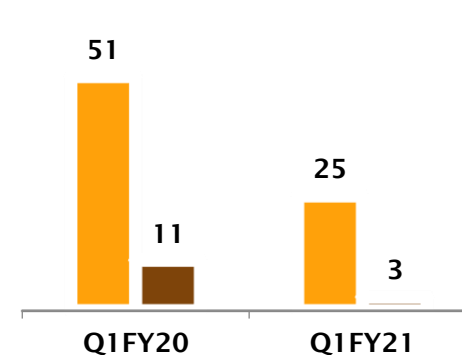
Iron Ore Pellets ('000 MT)



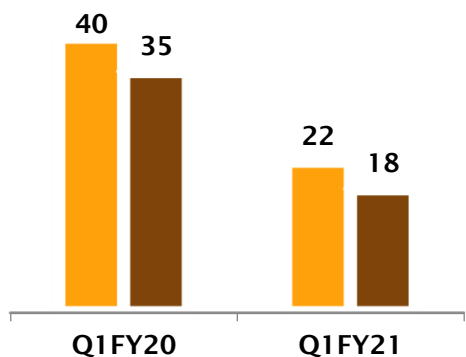
Sponge Iron ('000 MT)



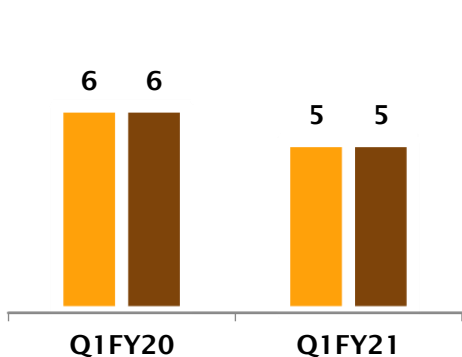
Steel Billets ('000 MT)



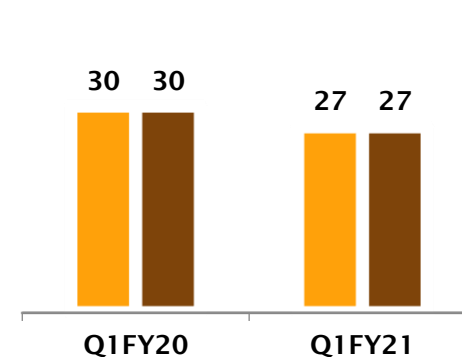
Wire Rod ('000 MT)



H. B Wires ('000 MT)



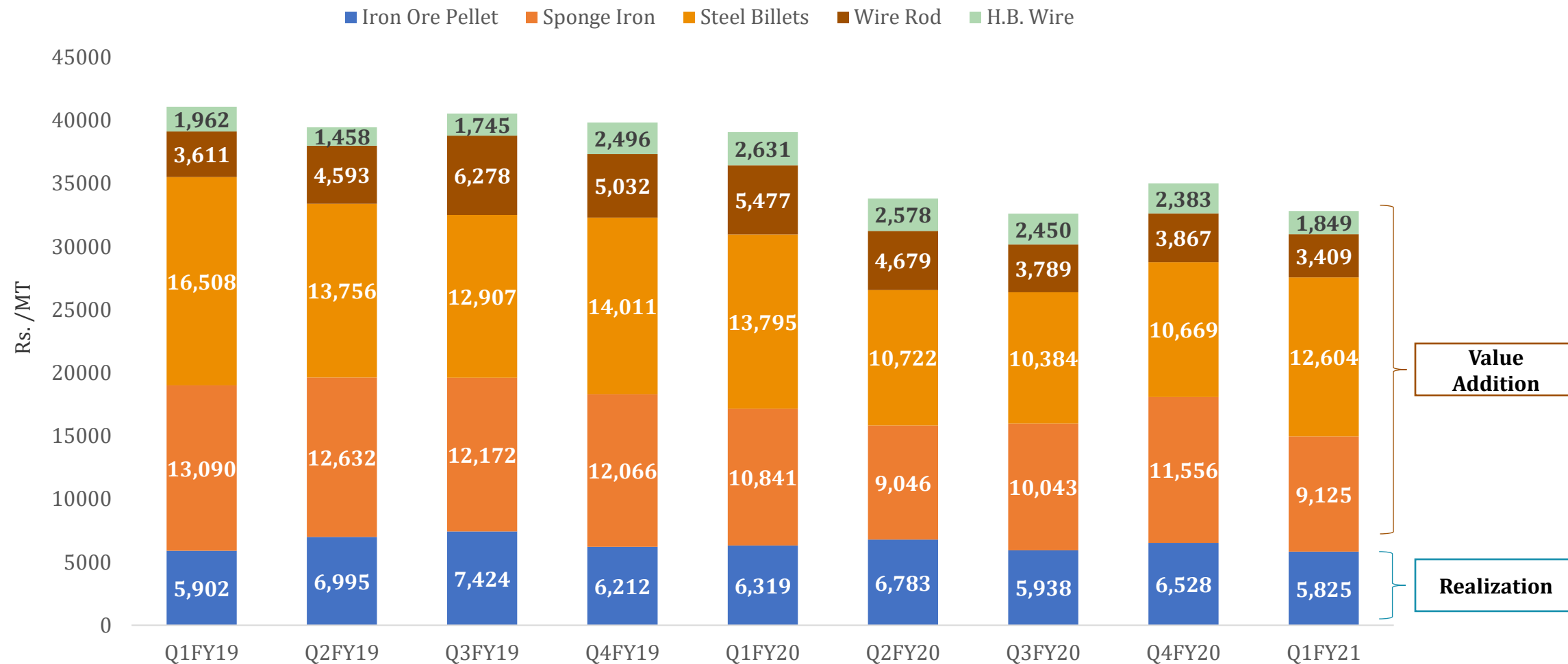
Ferro Alloys ('000 MT)



Production Sales

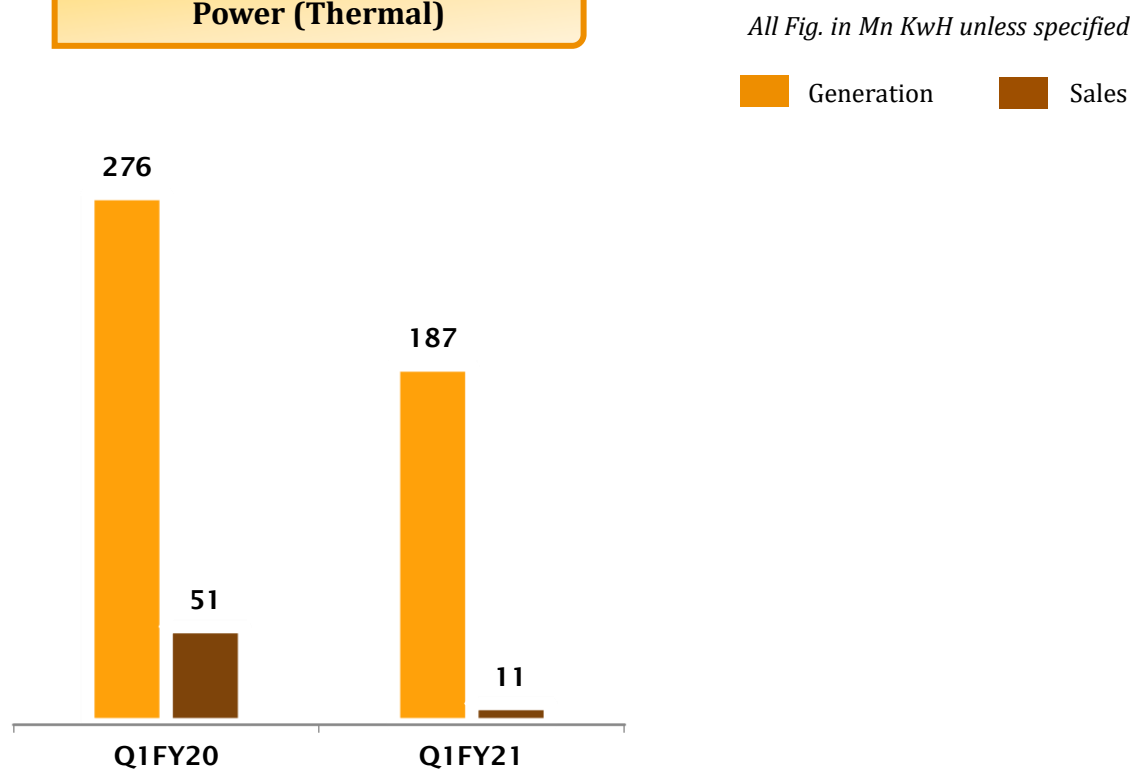
Note: 1) Production in Q1FY21 was affected due to Covid-19 led shut down till 10th Apr-20 at Vizag Plant and 16th Apr-20 at Raipur Plant and gradual ramp-up on restarting; 2) Pellet production in Q4FY20 was affected as the plant was shut down from 27th Feb-20, after achieving permitted capacity for the fiscal; 3) A part of all production is captively consumed for production of downstream product

Steel Segment: Product wise Incremental Realization



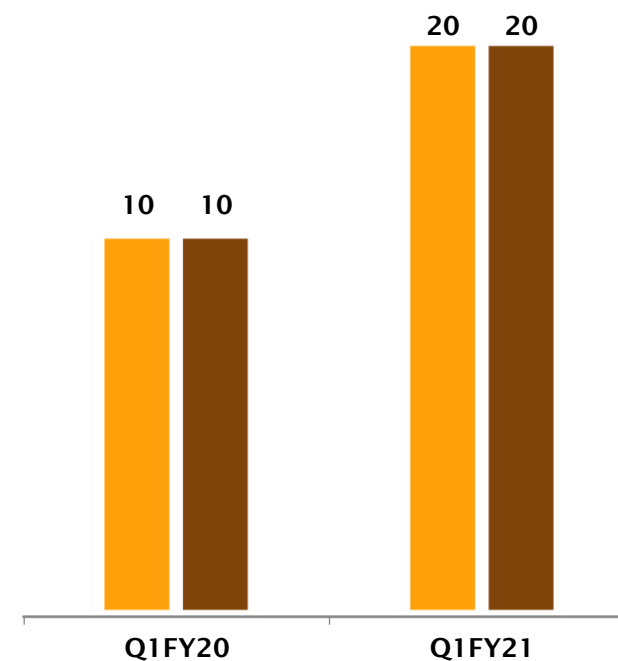
Power Segment: Generation & Sales (volumes)

Power (Thermal)



Thermal Power (Captive) Capacity : 162 MW

Power (Hydro)



Hydro Power Capacity : 29.7 MW

Note: Thermal power generation in Q1FY21 was impacted in-line with Covid-19 led shut down of production plants till 10th Apr-20 at Vizag and 16th Apr-20 at Raipur with gradual ramp-up on restarting



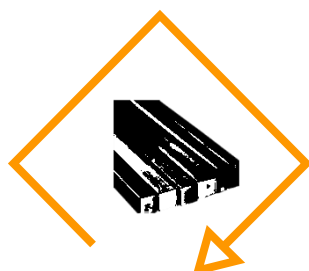
SEML – Consistent & Disciplined Growth

SEML at Glance (FY20)

Steel Business



Pellet Production
6 Lac MT



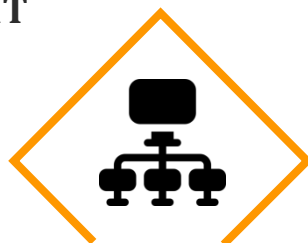
Billet Production
1.76 Lac MT



Wire Rod Production
1.42 Lac MT

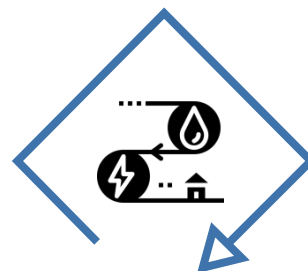


Ferro Alloys Production
1.24 Lac MT

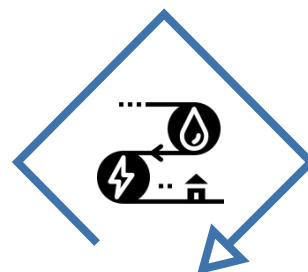


Iron Ore Reserves
20 Mn T

Hydro Power



Operational Capacity
28.8 MW



Capacity Under Execution
120 MW

Financials



Revenue from Operations
INR 2,000 Cr



EBITDA*
INR 396 Cr



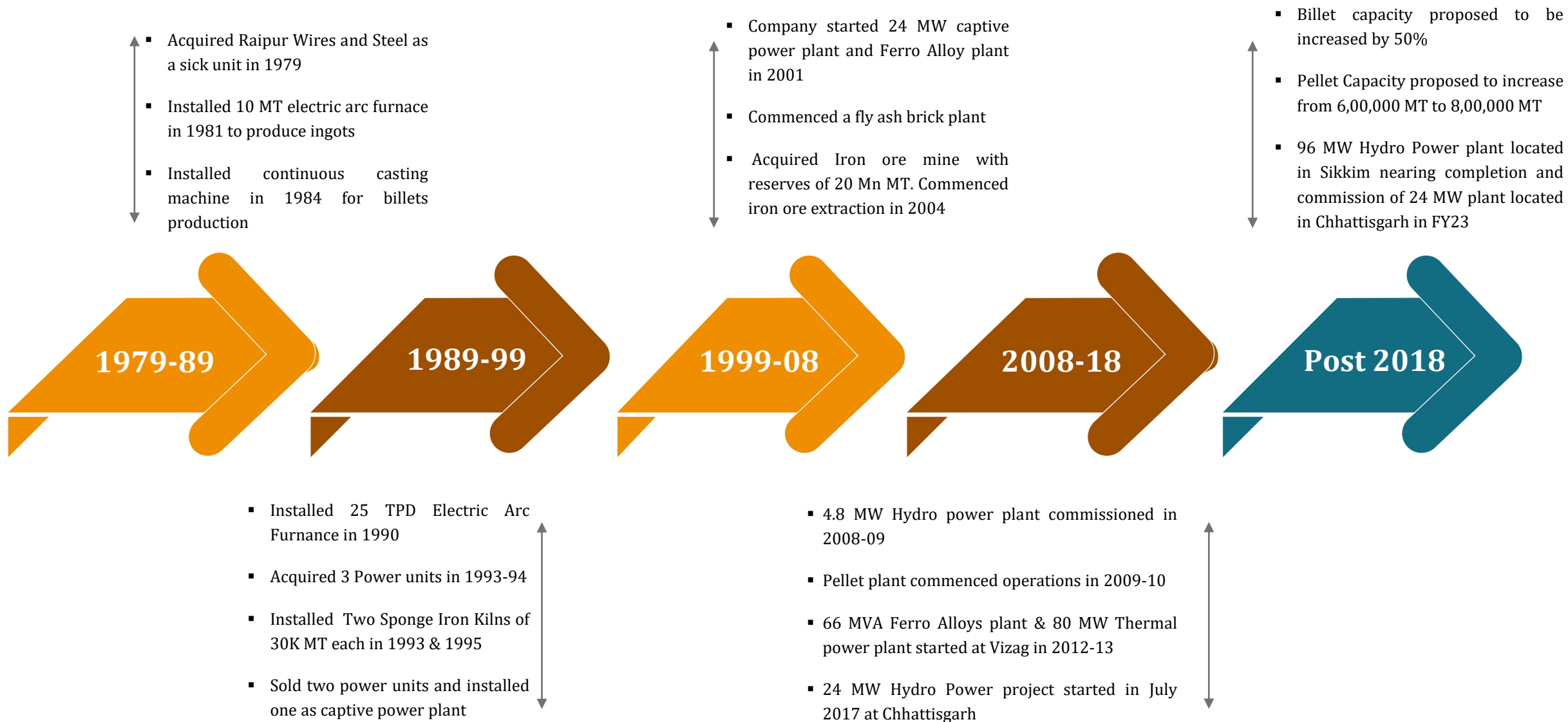
PAT
INR 128 Cr



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

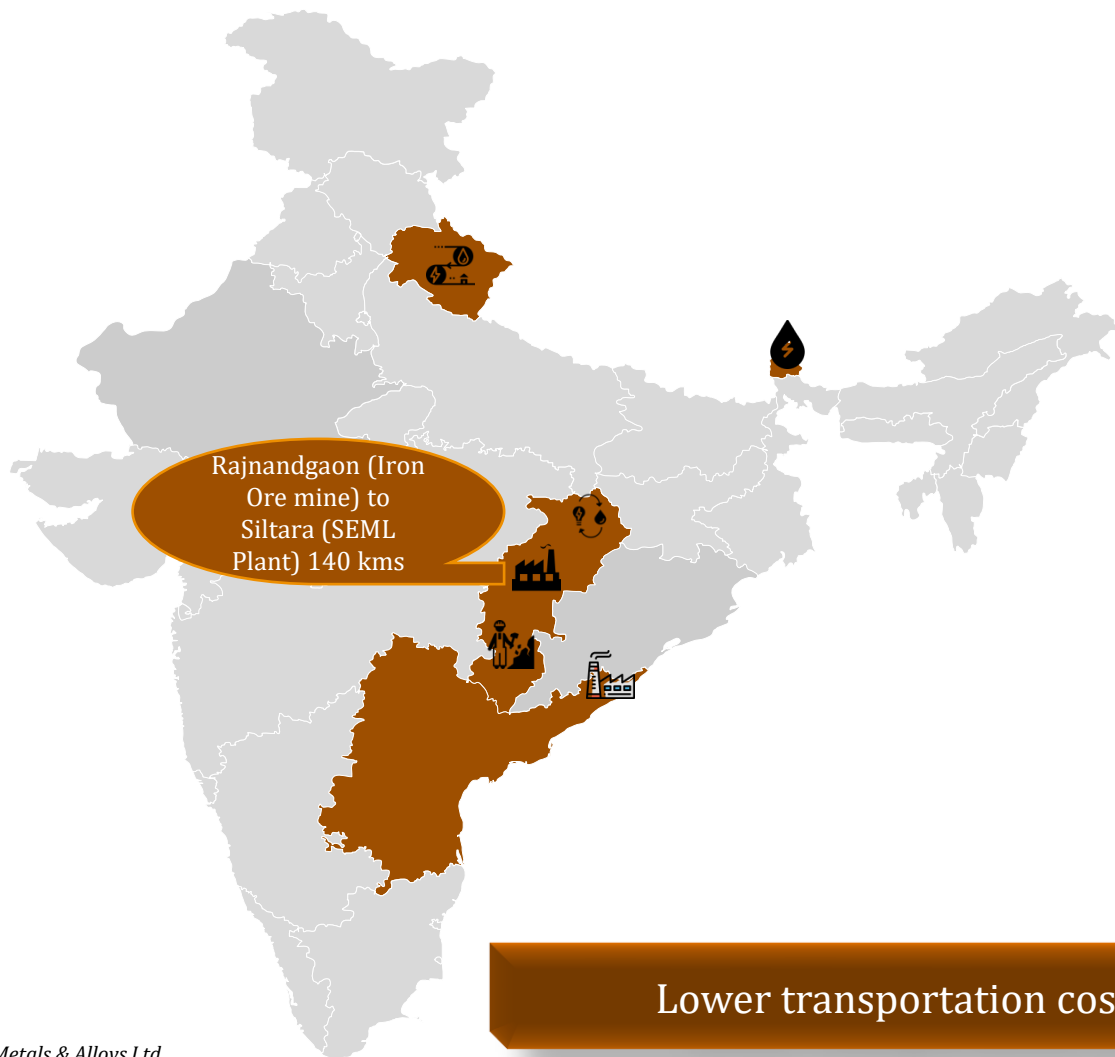


Neeraj Sarma

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



Hydro Plant at Uttarakhand



Hydro Plant at Sikkim



Hydro Plant at Gullu



Steel Plant (SEML** Plant) at Siltara



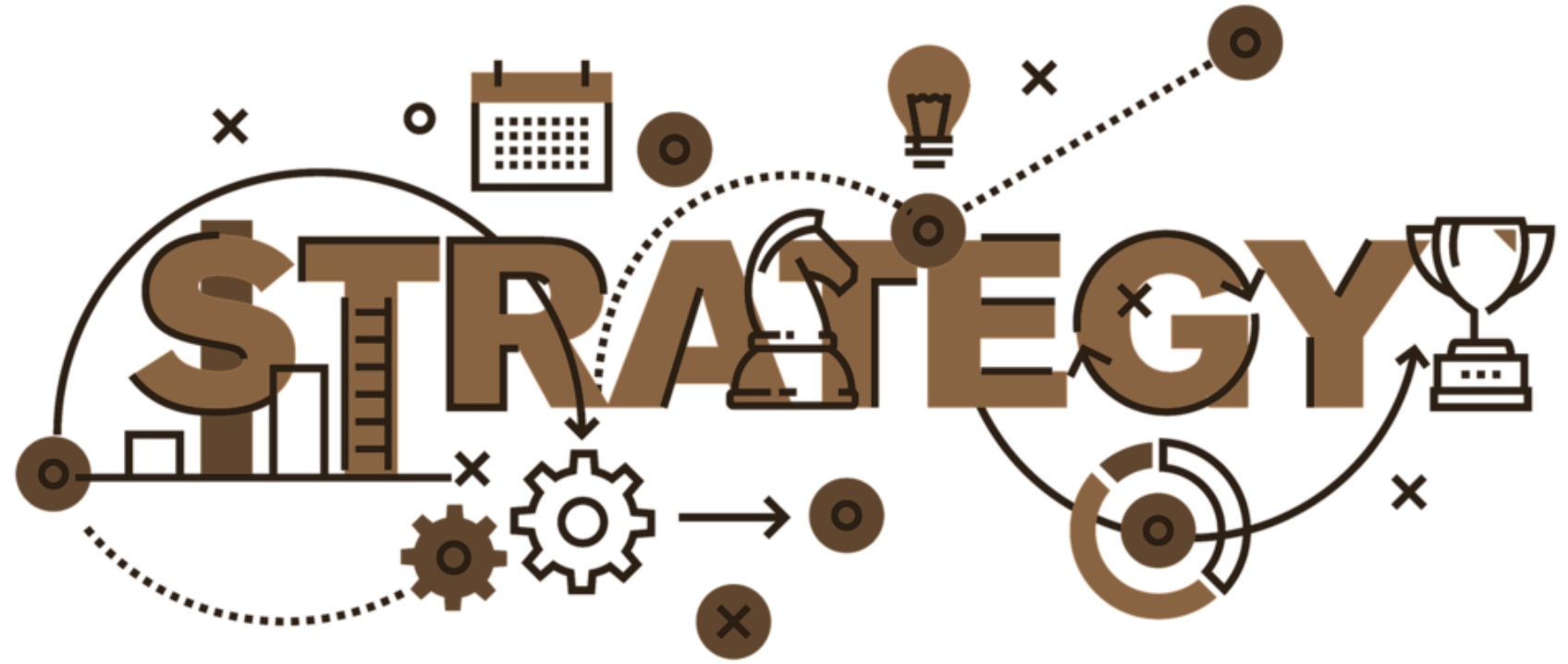
Ferro Alloy Plant at Vizag under SMAL*



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



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

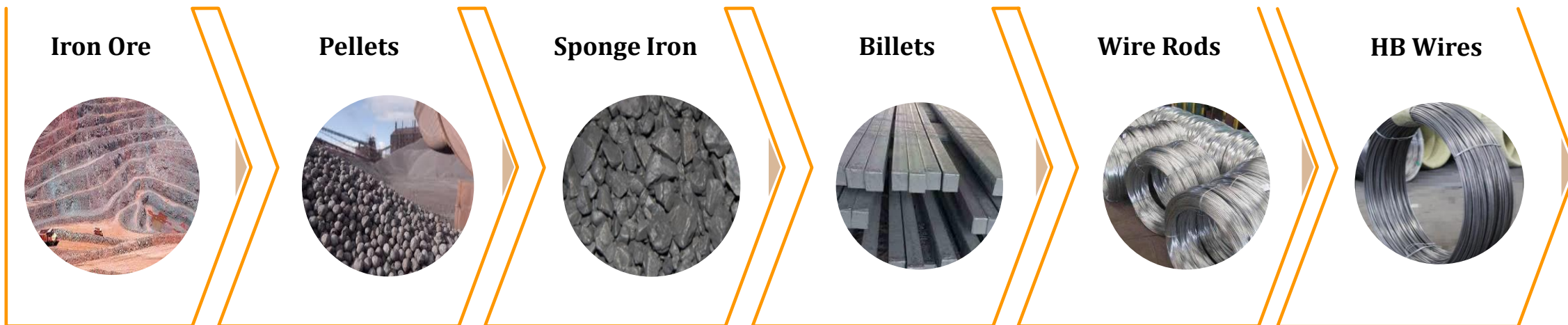
Consistently improving Balance Sheet Strength

4

Health, Safety & Social Responsibility

Focus on overall well-being of the people

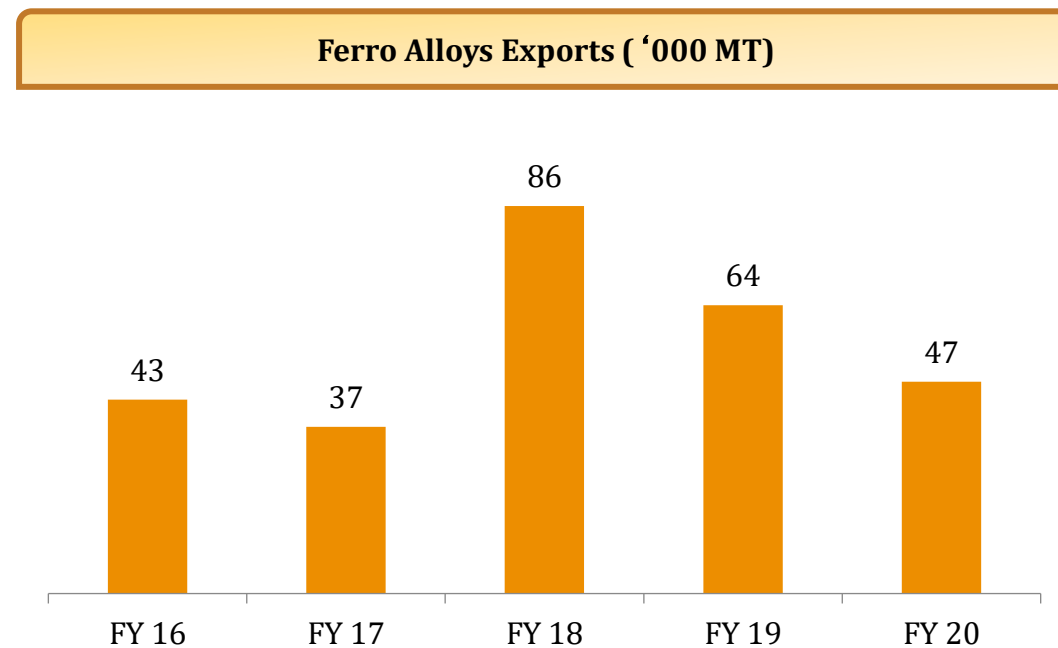
Vertically Integrated Steel Player...



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 with complete back end 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 Nov 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

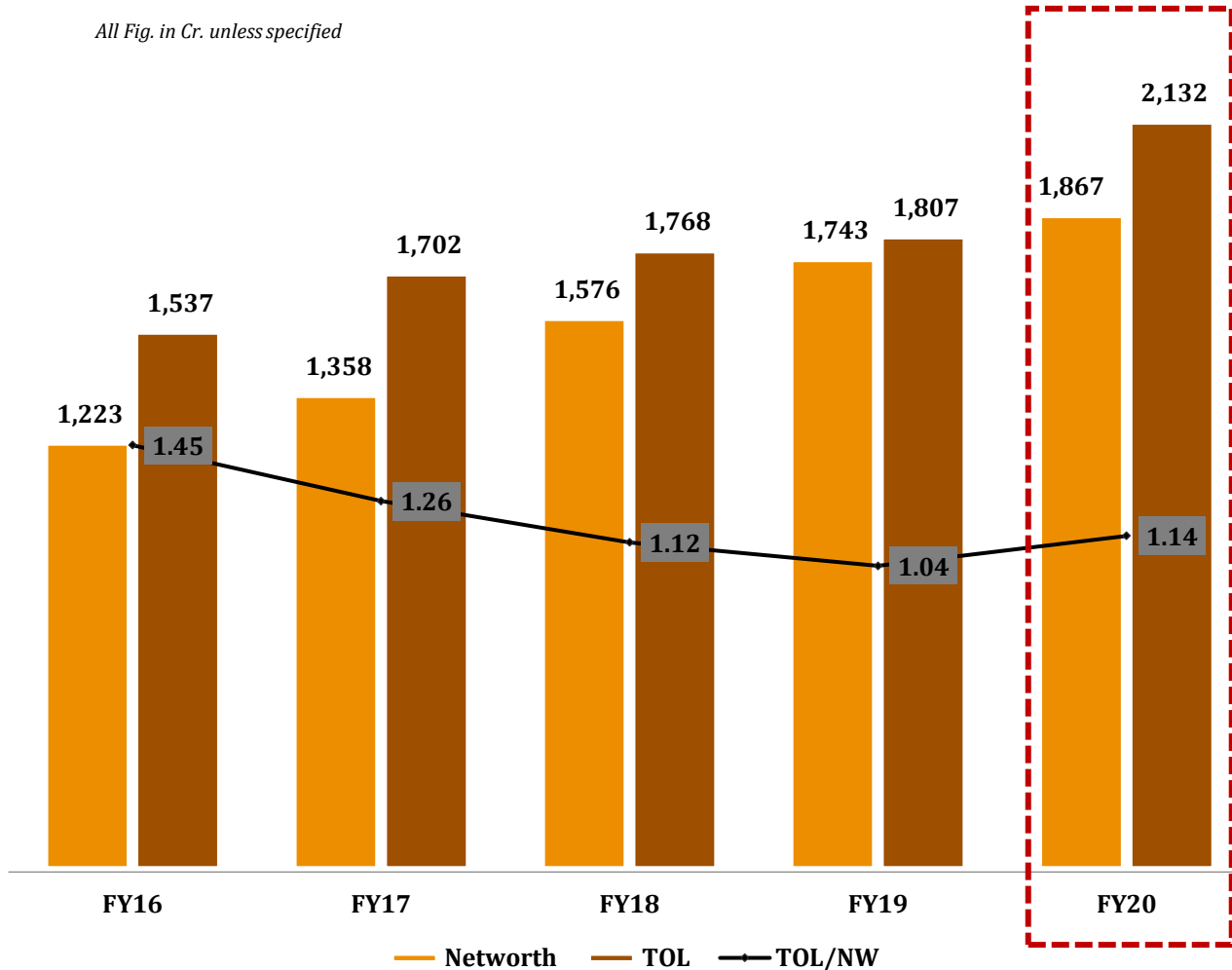
* Delay caused due to Covid-19

... Sikkim project completion to provide incremental stable cashflow

Disciplined Growth

Consistently improving Balance Sheet Strength

All Fig. in Cr. unless specified

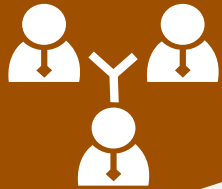


Rs. Cr	Term Loan	Working Capital	Total
Steel	562	164	726
Hydro Operational	110	-	110
Total	672	164	836
Hydro Under execution	829	-	829
Total	1,501	164	1,665

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

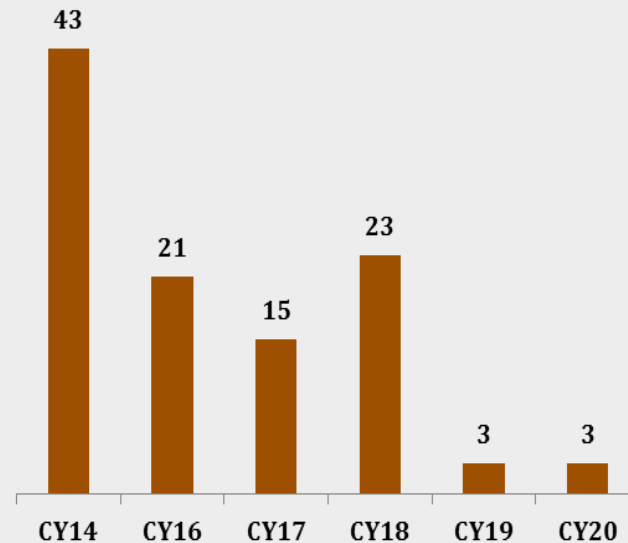
Focus on Safety, Health & Social Responsibility

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 SHGs
- Potable water supply to villages
- Conducted awareness on mother and child health care programs
- SEML's fire tender has been regularly supporting the local administration in COVID-19 related measures

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

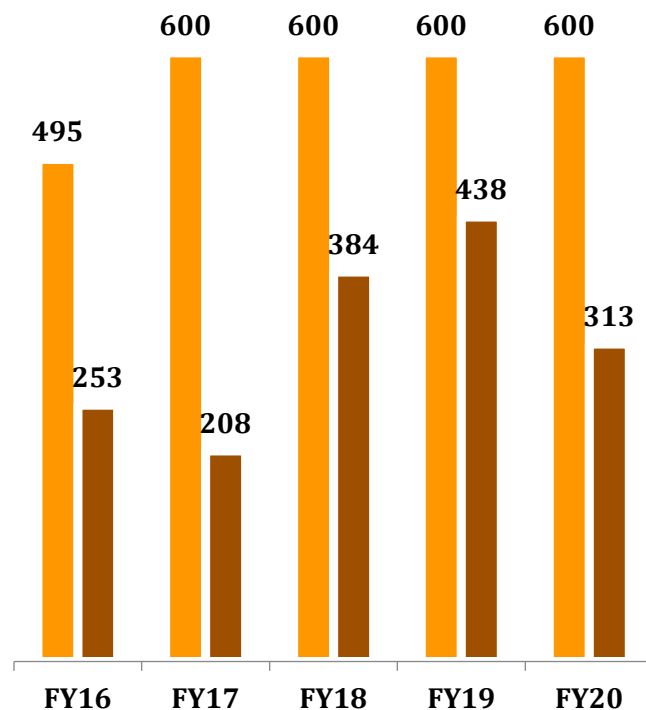
Note: The total income and profitability in FY20 has been impacted on account of Covid-19 related disruption in economic activity and volatility in currency and capital market. Accordingly, there has been a Mark-To-Market loss of Rs 40.08 cr in Other Income and a Forex loss of Rs 16.65 cr in Other Expenses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

Balance Sheet Highlights - Consolidated

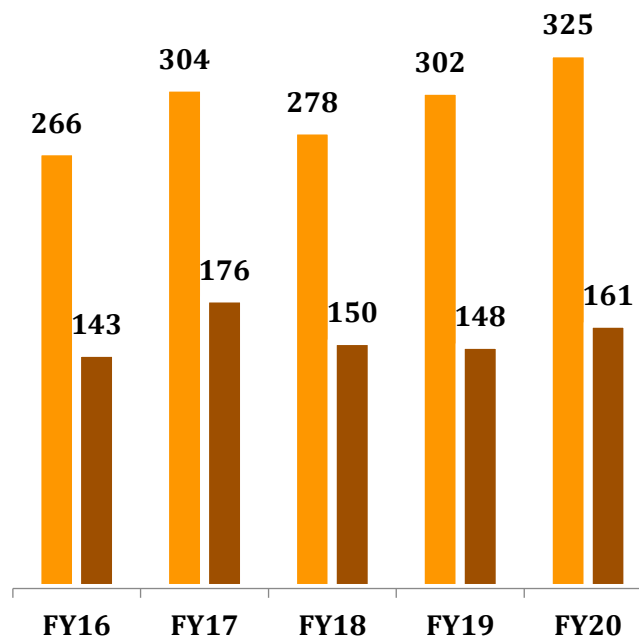
INR in Cr	FY16	FY17	FY18	FY19	FY20
Share Capital	36	36	36	36	36
Tangible Networth	1,230	1,358	1,577	1,707	1,831
Long Term Borrowings	966	1,015	1,059	1,078	1,436
Other Liabilities	595	706	741	860	796
Total Liability	2,827	3,115	3,413	3,682	4,100
Net Fixed Asset Block	1,351	1,200	1,447	1,388	1,359
CWIP	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 (1)

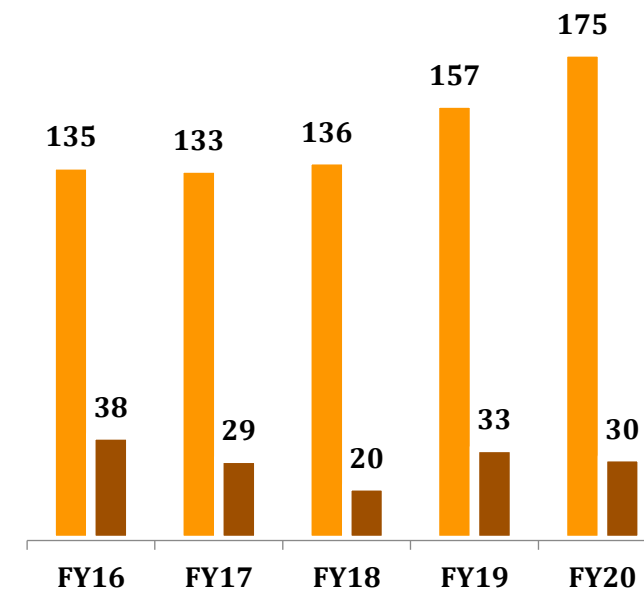
Iron Ore Pellets ('000 MT)



Sponge Iron ('000 MT)



Steel Billet ('000 MT)

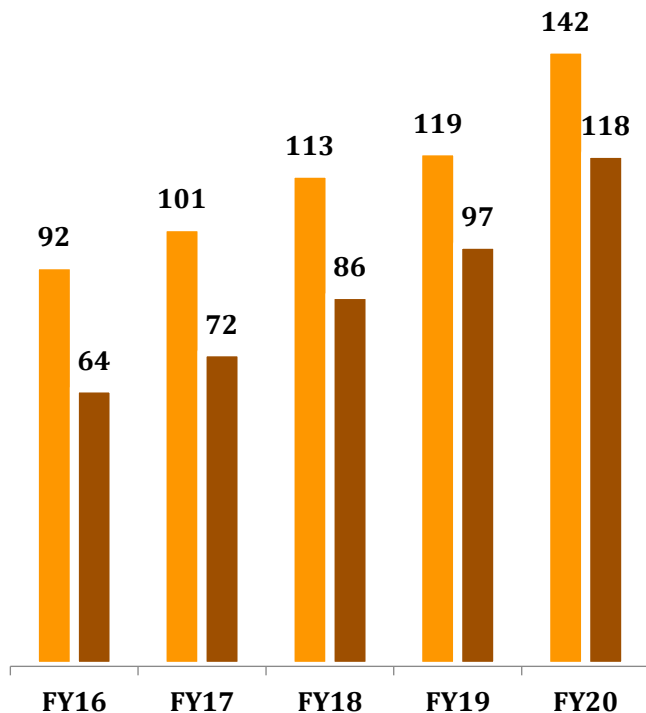


Note: 1) Production for FY20 was affected due to Covid-19 outbreak and shutdown of one power plant for repairing work and shutdown of ferro alloys furnaces of Sarda Metals for overhauling and relining work; 2) A part of all production is captively consumed for production of downstream products

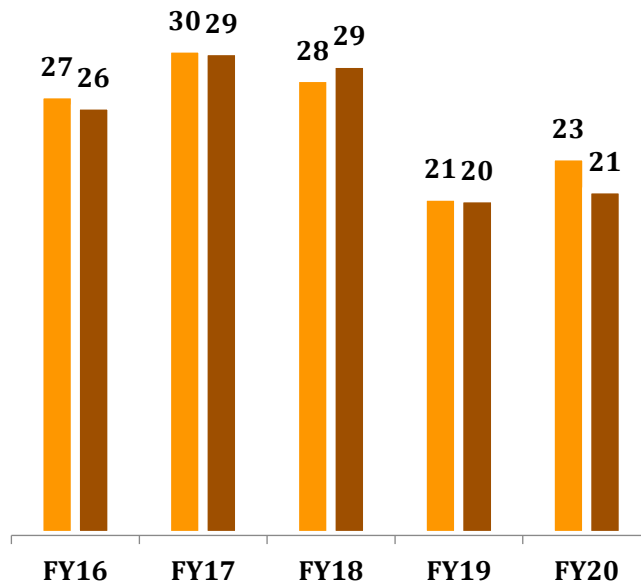
■ Production ■ Sales

Yearly Volume Trend (2)

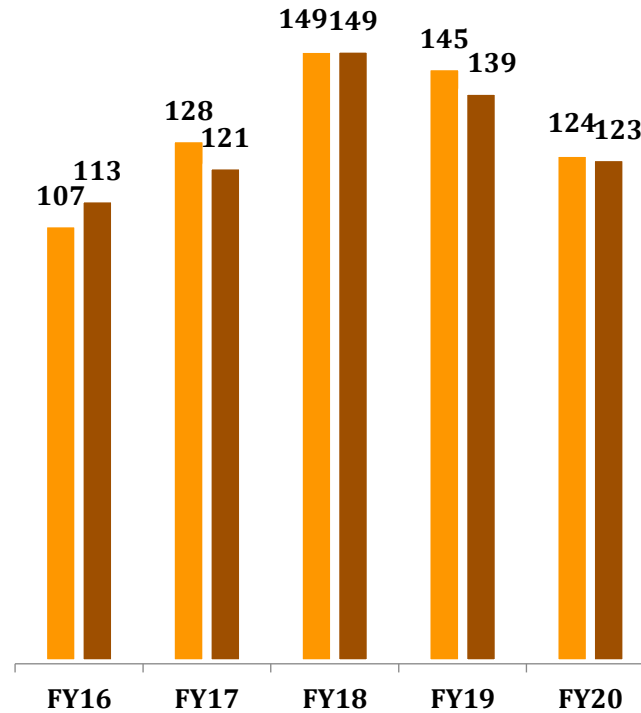
Wire Rod ('000 MT)



H. B Wires ('000 MT)



Ferro Alloys ('000 MT)

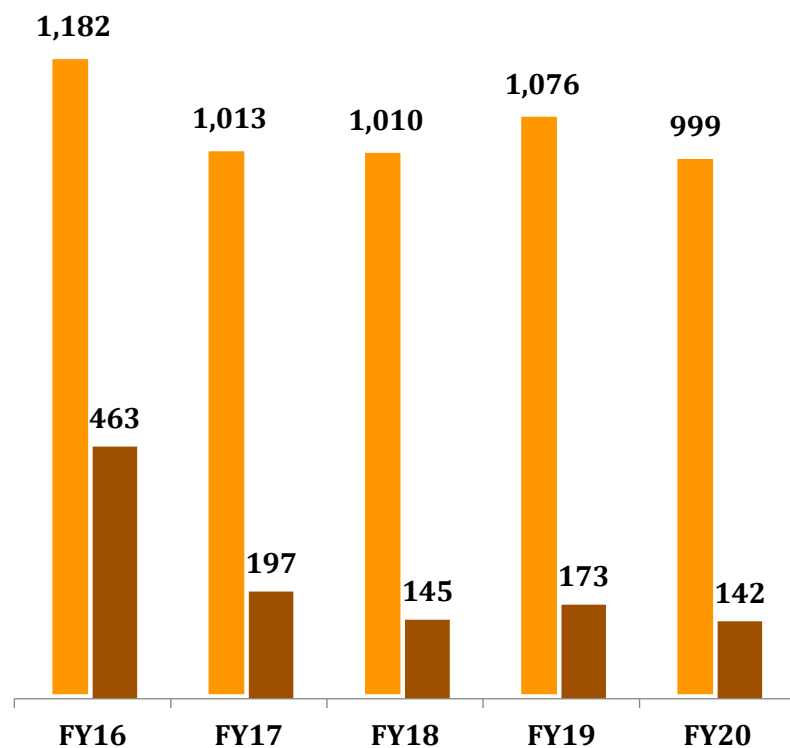


Note: 1) Production for FY20 was affected due to Covid-19 outbreak and shutdown of one power plant for repairing work and shutdown of ferro alloys furnaces of Sarda Metals for overhauling and relining work; 2) A part of all production is captively consumed for production of downstream products

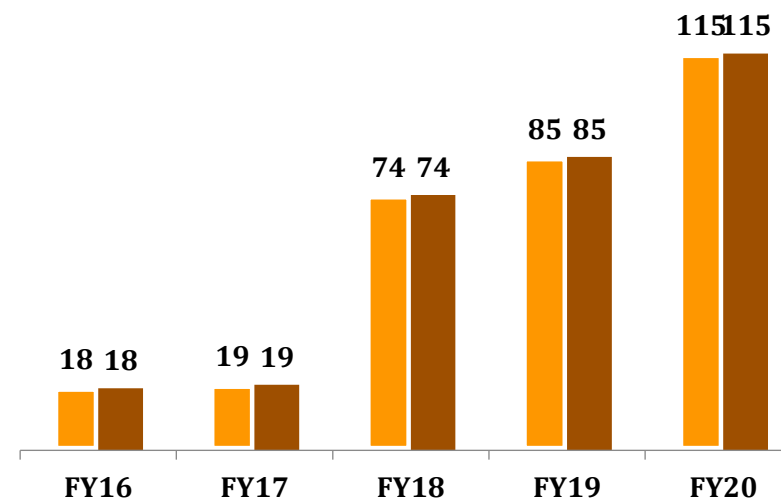
■ Production ■ Sales

Yearly Power Generation

Thermal Power - Mn units



Hydro Power - 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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