

MINING



STEEL



FERRO-ALLOYS



HYDRO



Result Presentation | Q2FY21

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Agenda

- 1 **Q2/H1FY21 : Result Highlights**
- 2 **SEML – Consistent & Disciplined Growth**
- 3 **Strategic Priorities**
- 4 **Annual Financial Highlights**

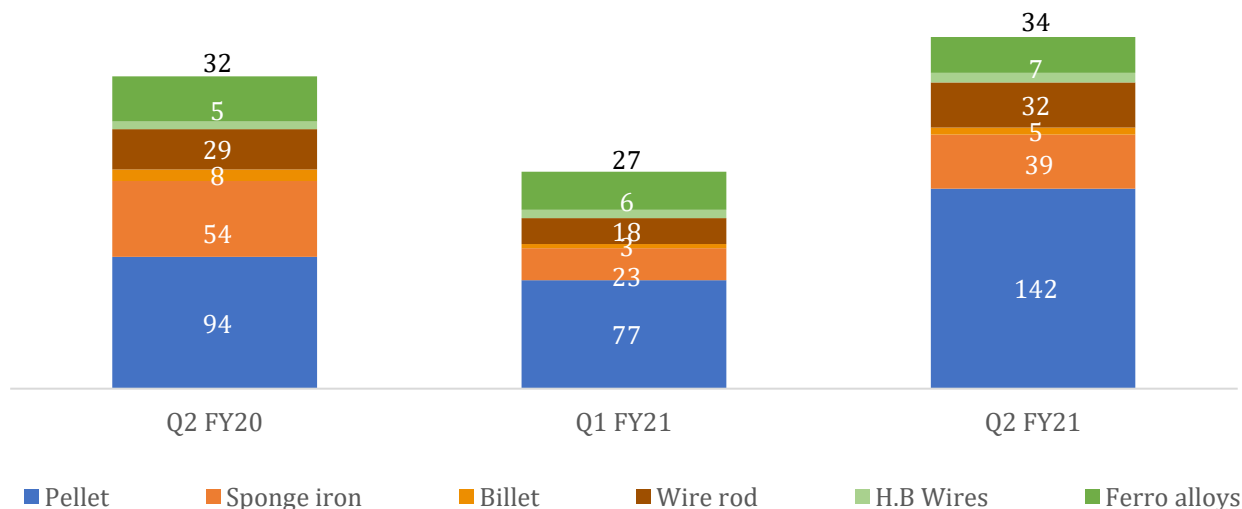




Q2/H1FY21 : Result Highlights

Covid-19 | Operations Return to Normalcy

Steel & Ferro - Witnessing recovery in demand post unlocking – Sales ('000 MT)



Hydro Power - Remains largely un-impacted

Operational plants

Highest ever hydropower generated in Q2FY21 at 65.23 Mn Kwh

Under-execution – Sikkim Project

The project is in its final leg of completion; Initial delay due to Covid-19, followed by heavy rainfall in the region; Likely to be completed by December 2020

Coal Mine Auction

Highest Bidder for Shahpur West Coal Mine in Madhya Pradesh

Revenue share of 26%; Extractable reserves of 13.4 MMT; Production capacity of 0.6 MMT p.a.

Highest Bidder for Gare Palma IV 7 Coal Mine in Chhattisgarh

Revenue share of 66.8%; Extractable reserves of 136.3 MMT; Production capacity of 1.2 MMT p.a.

Credit Rating

Reaffirmed by CRISIL at

A+/Stable

Chhattisgarh Hydropower LLP

Upgraded by ICRA to **BBB+**

Profitability Highlights - Consolidated

INR in Cr	Q2FY21	Q2FY20	YoY	Q1FY21	QoQ	H1FY21	H1FY20	YoY
Revenues	548	550		347		896	1,106	
Other Income	26	11		38		64	22	
Total Income	574	561	2%	386	49%	960	1,128	-15%
Raw Material	342	372		216		558	723	
Employee Expenses	21	22		21		43	47	
Other Operating Expenses	53	68		55		108	139	
EBITDA	158	99	60%	92	71%	251	220	14%
EBITDA Margin (%)	28%	18%		24%		26%	19%	
Depreciation	19	20		19		37	39	
Interest	20	18		20		40	41	
Exceptional Items	-3	0		-6		-9	0	
Profit Before Tax	116	62	88%	48	141%	164	140	17%
Tax	30	-10		9		39	18	
Share of P/L of Associates and JV	-1	-1		-3		-4	-4	
PAT	85	70	22%	36	135%	122	118	3%
PAT Margin (%)	15%	12%		9%		13%	10%	
EPS	23.41	19.12	22%	9.84	138%	33.25	32.28	3%
Adjusted EBITDA *	141			57		198		
Adjusted EBITDA margin %	25%			16%		22%		

Note: 1) *Adjusted for Mark-to-Market gain of INR 10.4 Cr in Q2FY21 & INR 44.7 Cr in H1FY21; and Forex gain of INR 7.2 Cr in Q2FY21 & INR 8.4 Cr in H1FY21

2) Exceptional Item of INR 3.08 Cr in Q2FY21 is on account of impairment loss on discarding of fixed assets

Balance Sheet - Consolidated

Liabilities (Rs. Crore)	Mar-20	Sep-20
Shareholder's Funds	1,867	1,965
Share capital	36	36
Other equity	1,831	1,929
Minority Interest	100	101
Non-current Liabilities	1,506	1,519
Long-term borrowings	1,408	1,408
Other financial liabilities	28	28
Long-term provisions	9	9
Deferred tax liability	61	74
Current Liabilities	626	551
Short-term borrowings	215	133
Trade payables	214	155
Other financial liabilities	170	221
Short-term provisions	7	13
Other current liabilities	19	25
Current tax liability	1	5
Total Equities & Liabilities	4,100	4,137

Assets (Rs. Crore)	Mar-20	Sep-20
Non-current Assets	2,796	2,864
Property, plant & equipment	1,209	1,176
Capital W.I.P	1,365	1,471
Investment property	52	53
Intangible assets (incl. WIP)	69	66
Investment in associates and JVs	30	28
Financial assets	25	22
Other non-current assets	46	49
Current Assets	1,304	1,273
Inventories	501	434
Trade receivables	124	129
Investments	139	220
Cash & cash equivalents	165	72
Loans & advances	260	302
Current tax assets (net)	1	1
Other current assets	115	116
Total Assets	4,100	4,137

Profitability Highlights - Standalone

INR in Cr	Q2FY21	Q2FY20	YoY	Q1FY21	QoQ	H1FY21	H1FY20	YoY
Revenues	373	381		231		604	802	
Other Income	33	26		19		52	34	
Total Income	406	407	0%	251	62%	656	835	-21%
Raw Material	226	267		148		374	521	
Employee Expenses	16	17		17		33	37	
Other Operating Expenses	53	47		31		84	100	
EBITDA	110	76	44%	56	96%	166	177	-7%
EBITDA Margin (%)	27%	19%		22%		25%	21%	
Depreciation	12	13		12		24	26	
Interest	9	9		9		18	16	
Exceptional Items	-3	0		-6		-9	0	
Profit Before Tax	85	55	56%	29	192%	115	135	-15%
Tax	17	-14		6		24	15	
Share of P/L of Associates and JV	0	0		0		0	0	
PAT	68	68	0%	23	197%	91	121	-25%
PAT Margin (%)	17%	17%		9%		14%	14%	
EPS	18.85	18.94	0%	6.35	197%	25.20	33.50	-25%
Adjusted EBITDA *	96			47		143		
Adjusted EBITDA margin %	24%			19%		22%		

Note: 1) *Adjusted for Mark-to-Market gain of INR 11.7 Cr in Q2FY21 & INR 20.6 Cr in H1FY21; and Forex gain of INR 2.4 Cr in Q2FY21 & INR 2.5 Cr in H1FY21

2) Exceptional Item of INR 3.08 Cr in Q2FY21 is on account of impairment loss on discarding of fixed assets

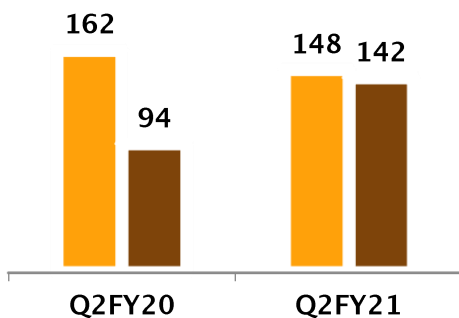
Balance Sheet - Standalone

Liabilities (Rs. Crore)	Mar-20	Sep-20
Shareholder's Funds	1,731	1,805
Share capital	36	36
Other equity	1,695	1,769
Non-current Liabilities	306	291
Long-term borrowings	259	242
Other financial liabilities	2	2
Long-term provisions	3	2
Deferred tax liability	43	45
Current Liabilities	344	253
Short-term borrowings	106	61
Trade payables	137	66
Other financial liabilities	83	90
Short-term provisions	7	12
Other current liabilities	11	22
Current tax liability	0	2
Total Equities & Liabilities	2,382	2,349

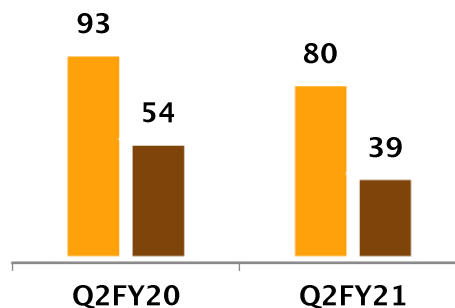
Assets (Rs. Crore)	Mar-20	Sep-20
Non-current assets	1,404	1,391
Property, plant & equipment	497	473
Capital W.I.P	26	28
Investment property	43	45
Intangible assets (incl. WIP)	11	8
Financial assets	809	816
Other non-current assets	18	21
Current Assets	978	958
Inventories	370	304
Trade receivables	62	57
Investments	42	87
Cash & cash equivalents	4	4
Loans & advances	409	411
Current tax assets (net)	1	0
Other current assets	90	94
Total Assets	2,382	2,349

Steel and Ferro Segment: Production & Sales (volumes)

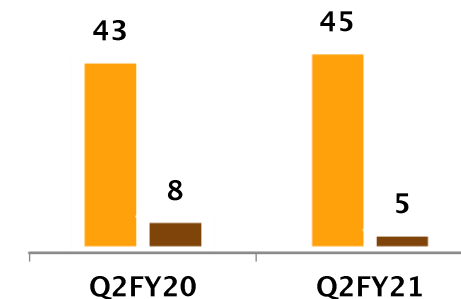
Iron Ore Pellets ('000 MT)



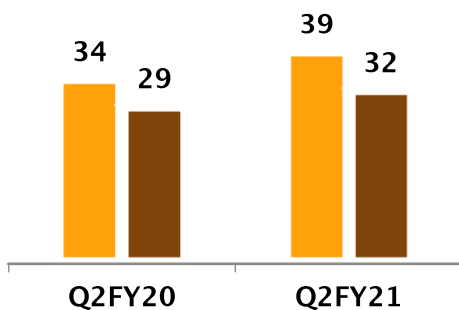
Sponge Iron ('000 MT)



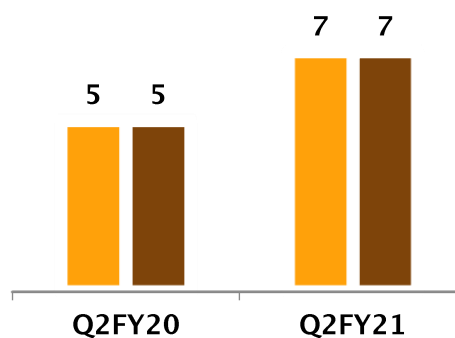
Steel Billets ('000 MT)



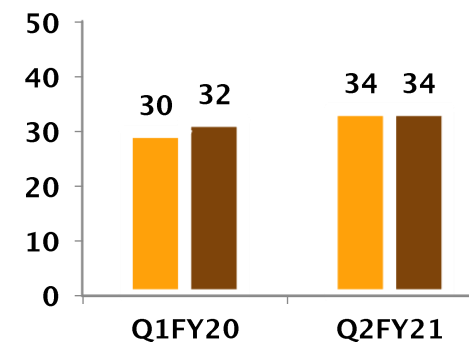
Wire Rod ('000 MT)



H. B Wires ('000 MT)



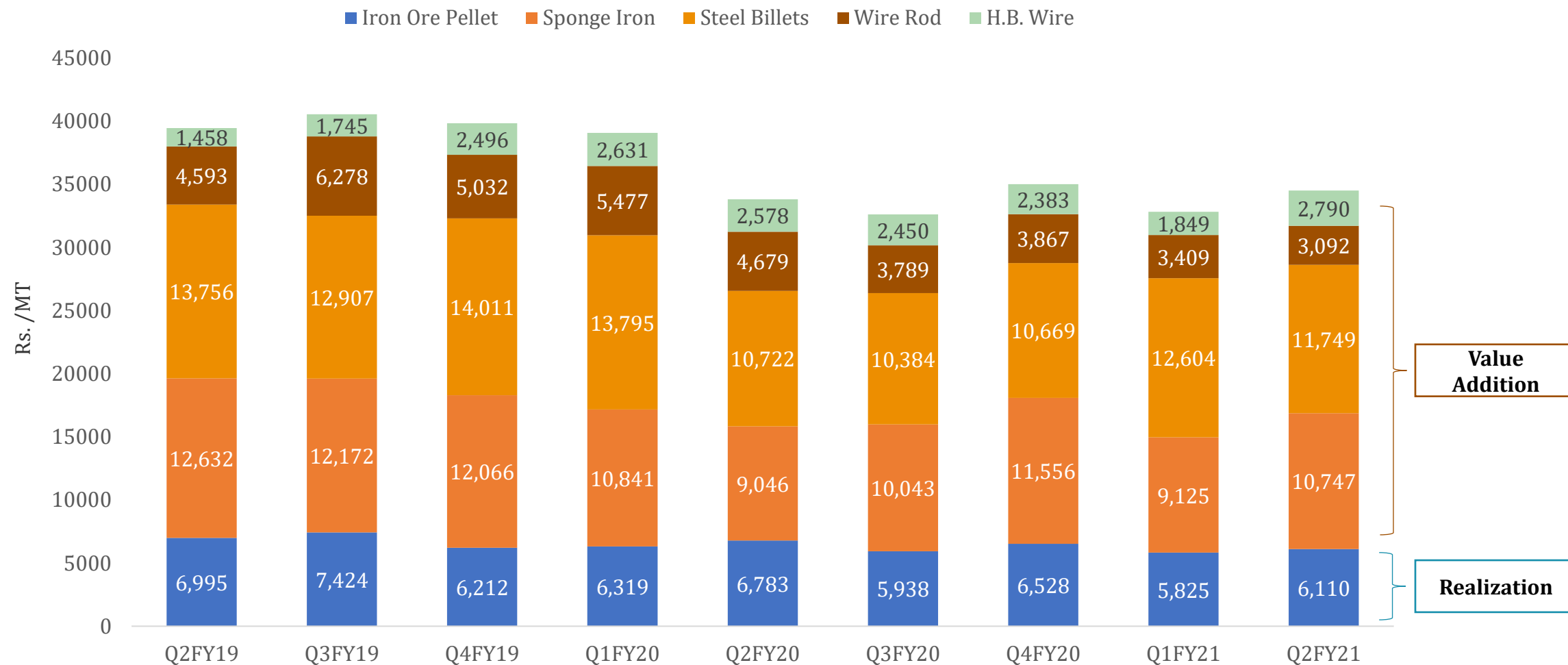
Ferro Alloys ('000 MT)



Production Sales

Note: 1) During Q2FY21, the Pellet plant was shut down for 17 days for scheduled maintenance and one Ferro Alloys Furnace is shut down for refurbishment; 2) One Power plant was shut down for repairs from 06-July 2020 to 21-October 2020 and has been restarted on 22-October 2020; 3) A part of all production is captively consumed for production of downstream product

Steel Segment: Product wise Incremental Realization

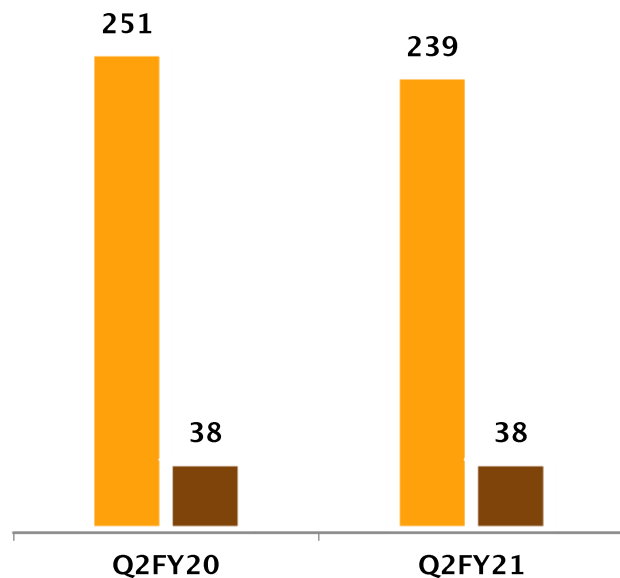


Power Segment: Generation & Sales (volumes)

Power (Thermal)

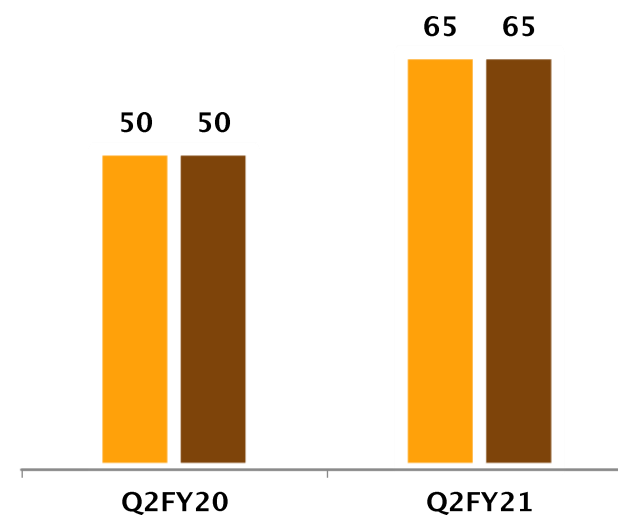
All Fig. in Mn Kwh unless specified

Generation Sales



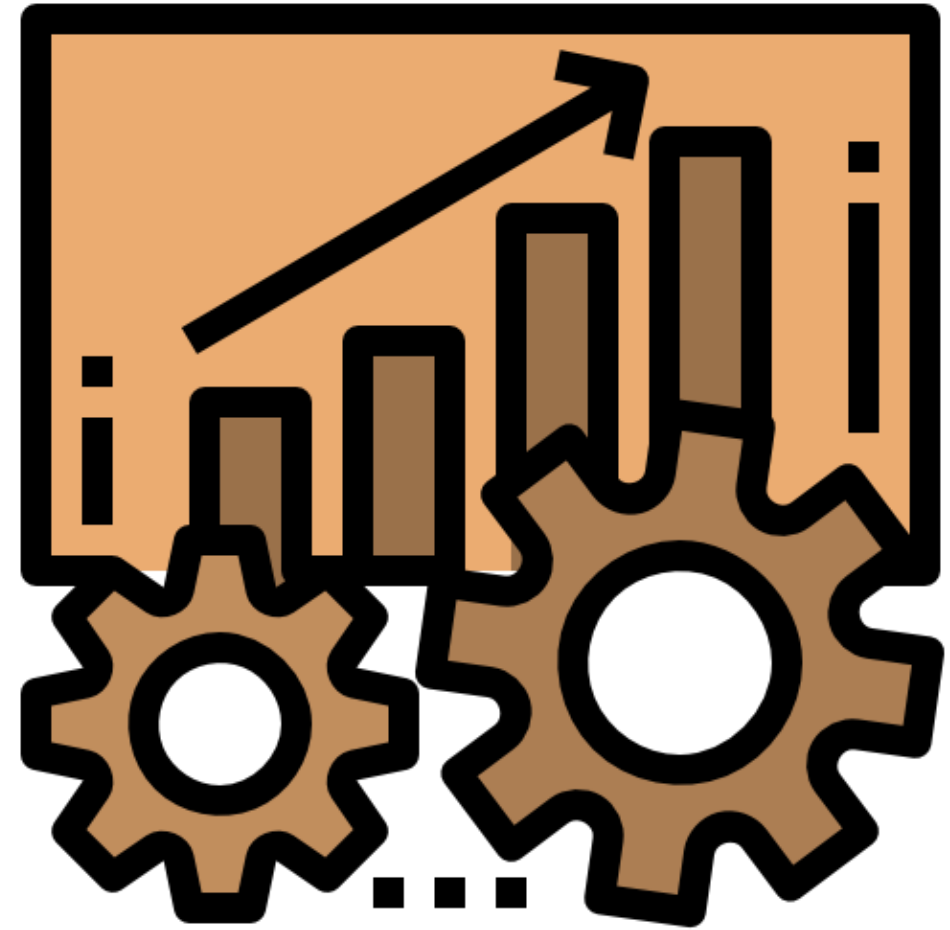
Thermal Power (Captive) Capacity : 162 MW

Power (Hydro)



Hydro Power Capacity : 29.7 MW

Note: Thermal power generation in Q2FY21 was impacted as one power plant was shut down for repairs from 06-July 2020 to 21-October 2020; It has been restarted on 22-October 2020



SEML – Consistent & Disciplined Growth

SEML at Glance (FY20)

Steel Business



Pellet Production
6 Lac MT



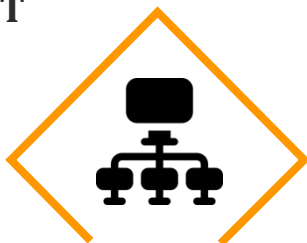
Billet Production
1.76 Lac MT



Wire Rod Production
1.42 Lac MT

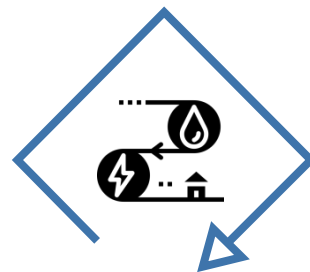


Ferro Alloys Production
1.24 Lac MT

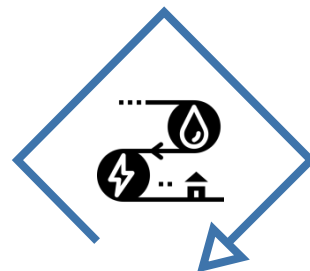


Iron Ore Reserves
20 Mn T

Hydro Power



Operational Capacity
29.7 MW



Capacity Under Execution
120.9 MW

Financials



Revenue from Operations
INR 2,000 Cr



PAT
INR 128 Cr



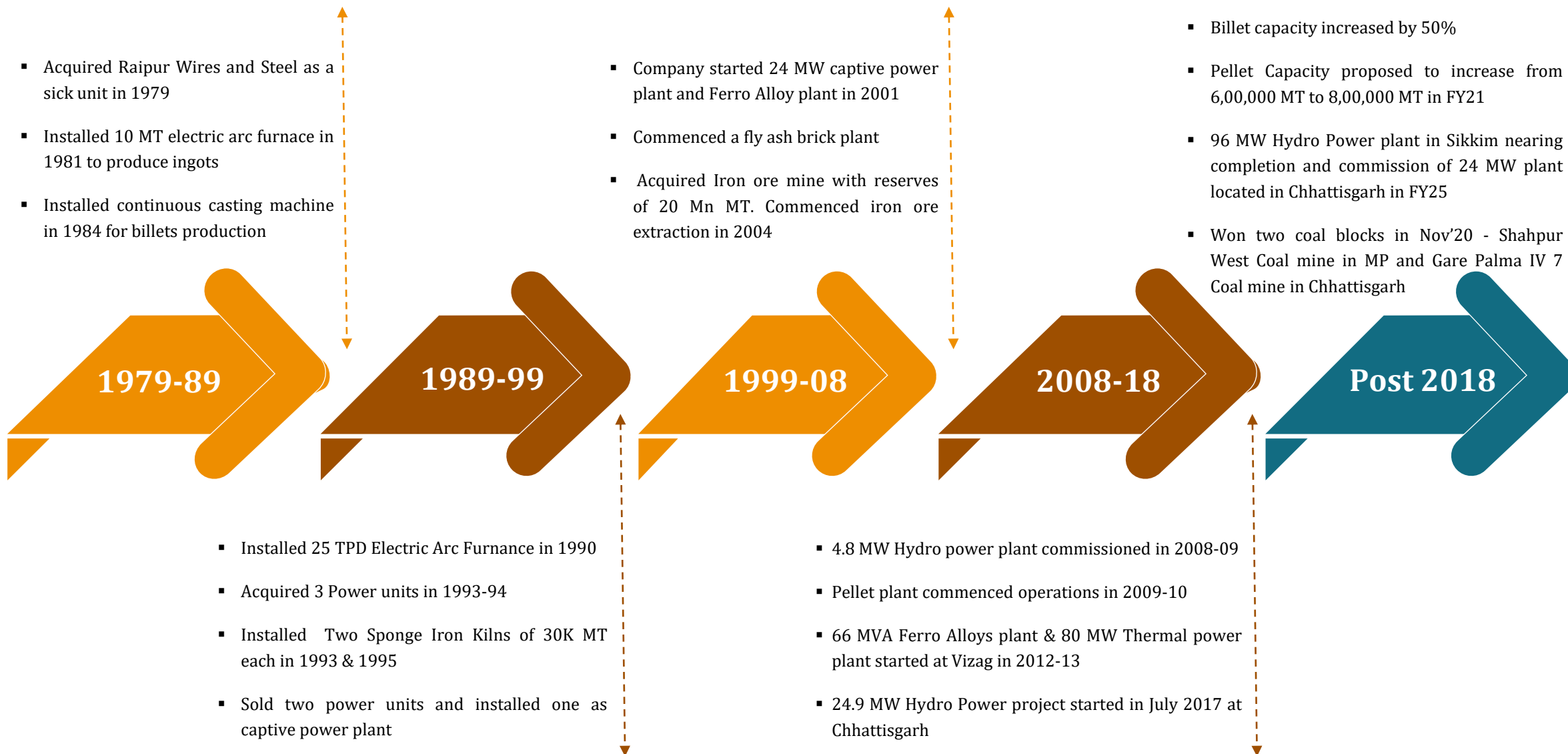
EBITDA*
INR 396 Cr



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 15 years



Padam Kumar Jain

Director & CFO

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



Manish Sarma

Director

- MBA in International Business with more than 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

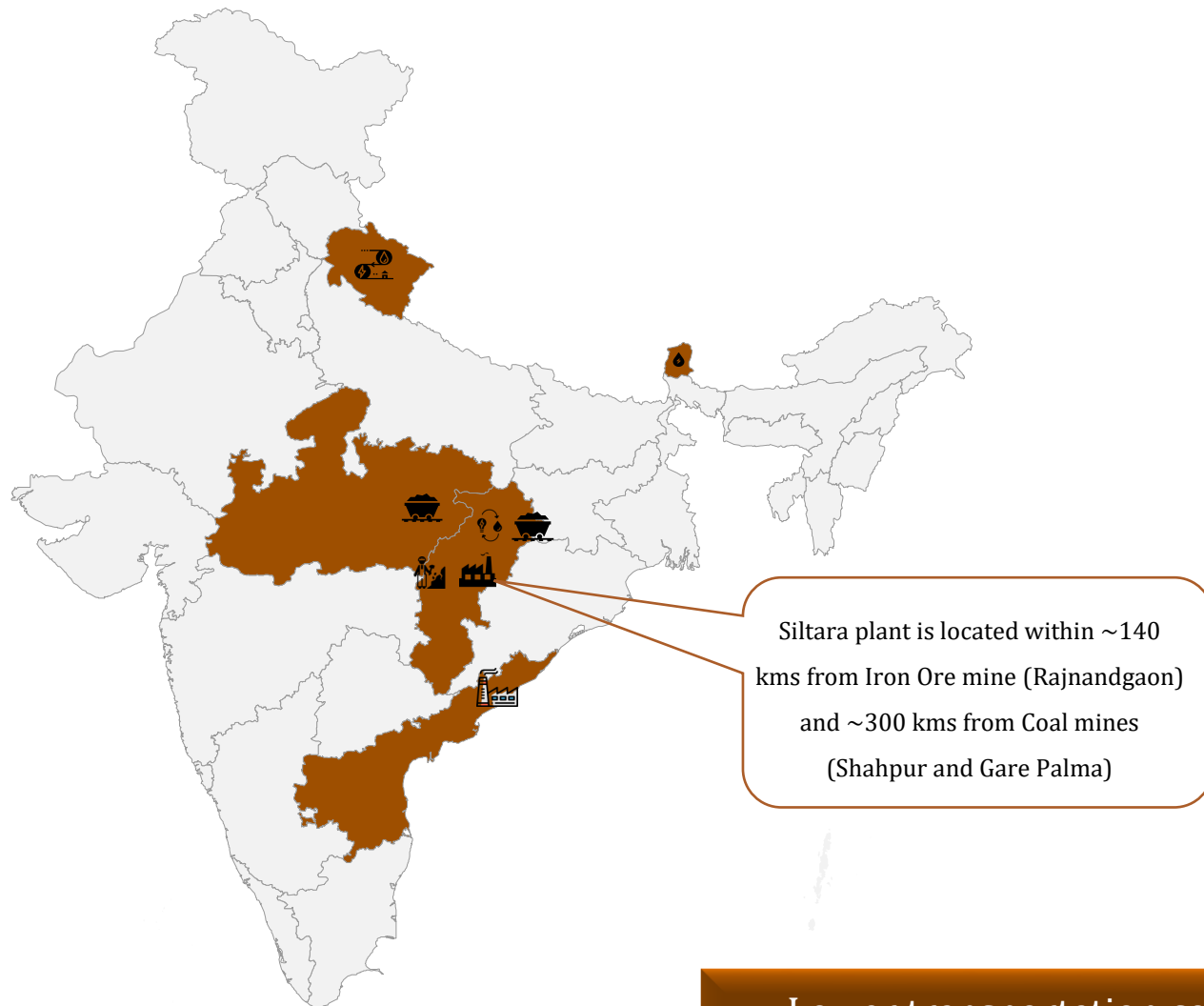


Neeraj Sarma

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*



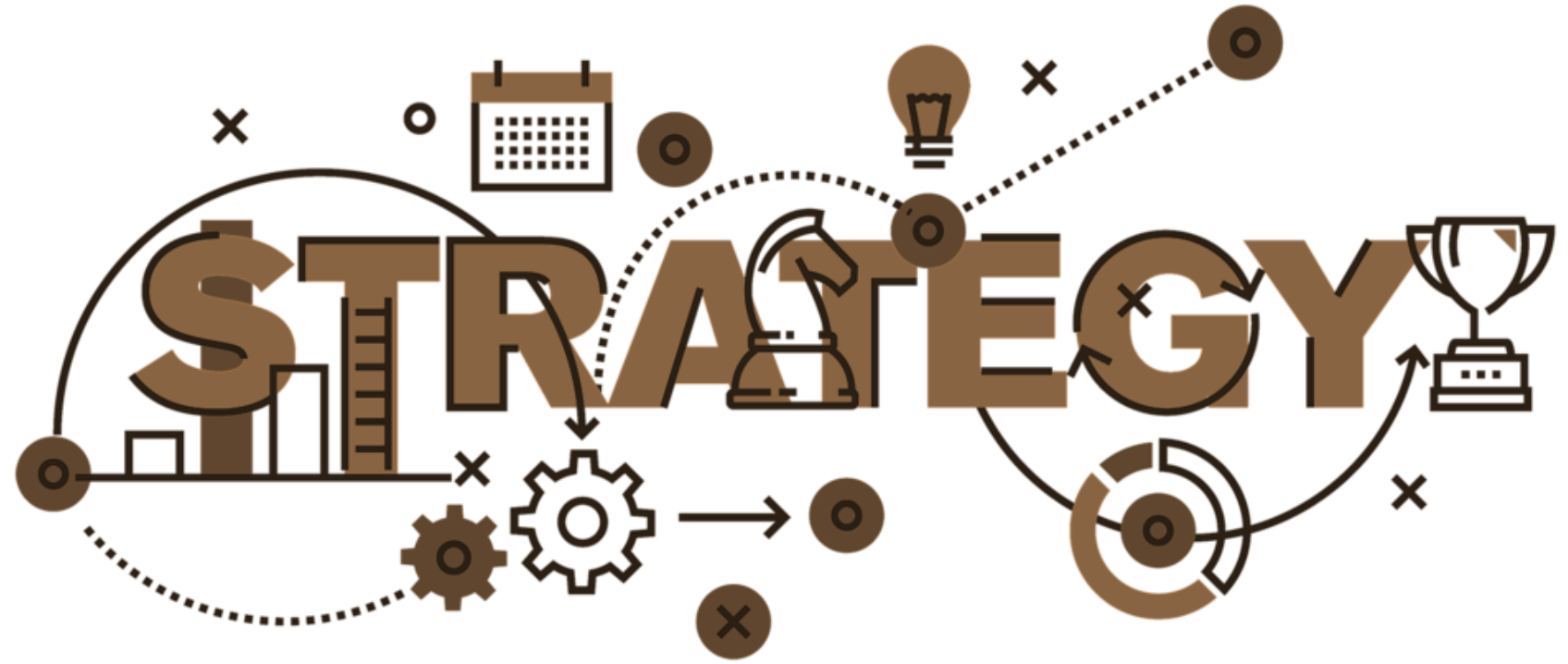
Iron Ore Mine at Rajnandgaon, Chhattisgarh



Coal Mines at Shahpur West, MP and Gare Palma IV 7, Chhattisgarh

*SMAL – Sarda Metals & Alloys Ltd
 **SEML – Sarda Energy & Minerals Ltd
 Map not to scale – representational purposes only

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



Strategic Priorities

Strategic Priorities



1

Vertically Integrated Steel Player

Raw Material Security / Better Control / Lower Cost of Production

2

Hydro Business Expansion

Visibility of incremental Stable Cashflow

3

Disciplined Growth

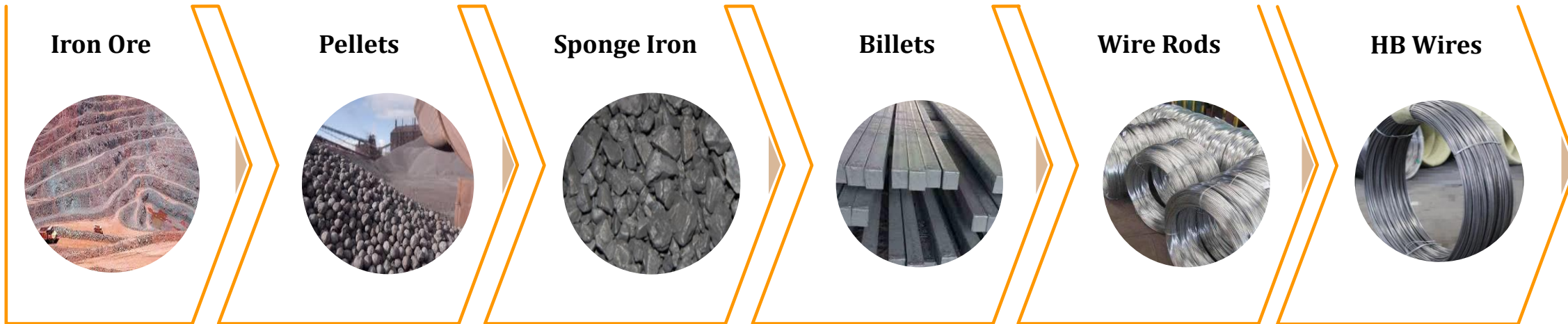
Consistently improving Balance Sheet Strength

4

Health, Safety & Social Responsibility

Focus on overall well-being of the people

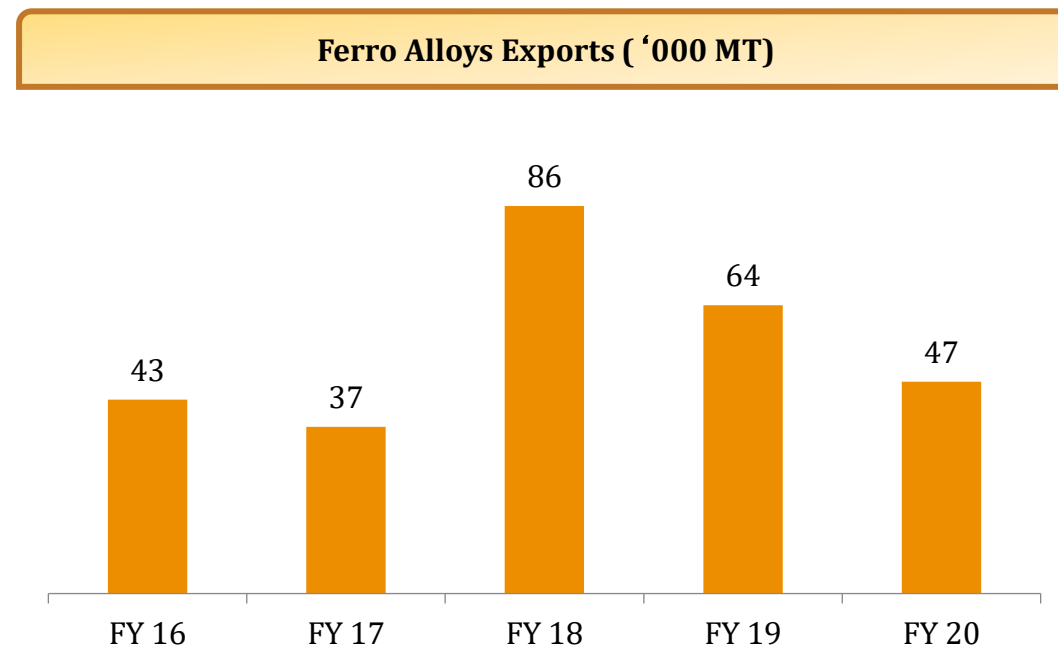
Vertically Integrated Steel Player...



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 manganese-based Ferro Alloys
- **Exports Awards:**
 - ✓ SMAL received prestigious export promotion council award in 2018
 - ✓ SEML & SMAL 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 discom 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 discom for 35 years

Plant generating free cashflow from first year of operation

Under Execution

Sikkim

96 MW

Likely to be commissioned by December 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

Likely to be commissioned in FY25

Land acquisition & regulatory approvals in place

Financial Closure under progress

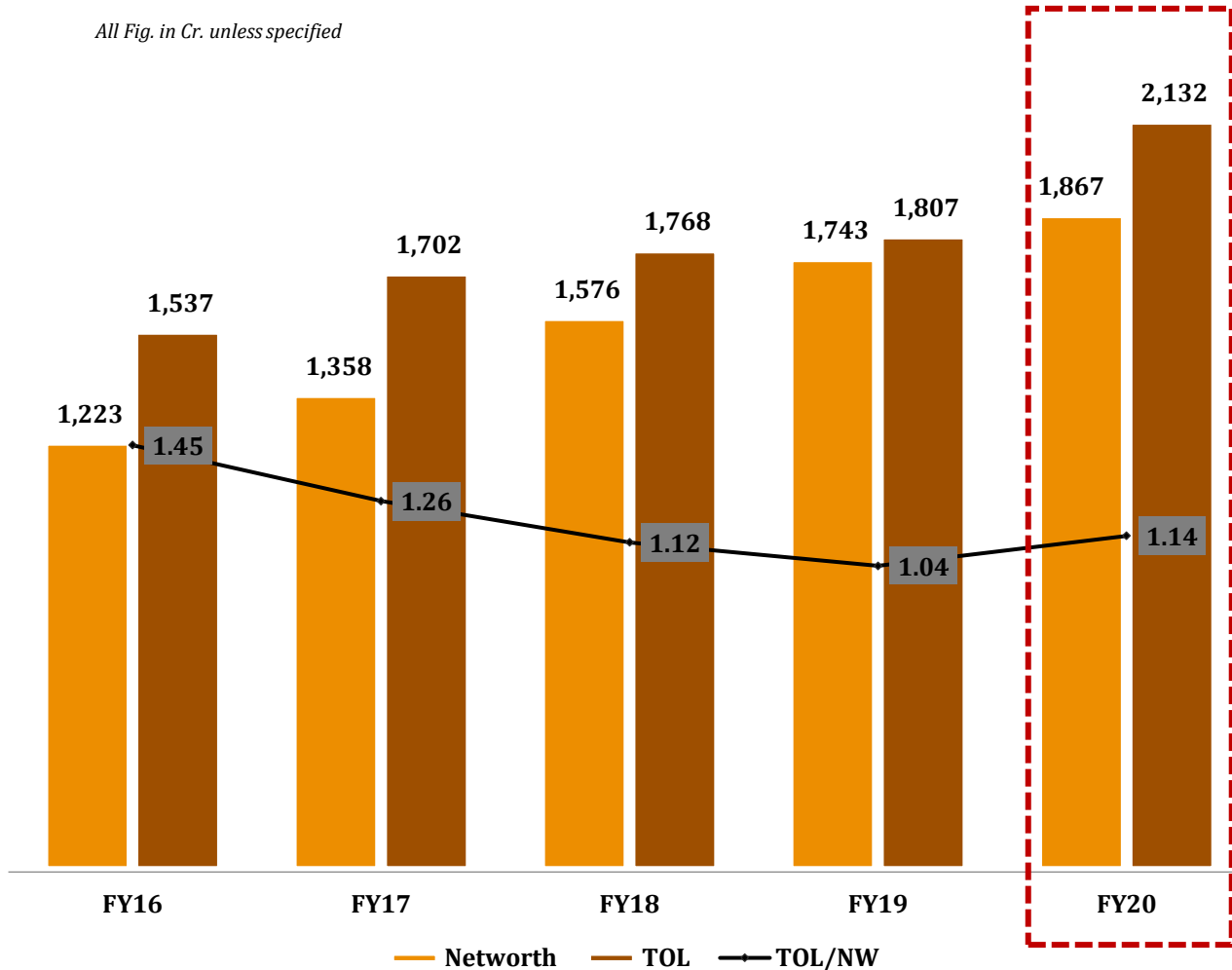
* Delay caused due to Covid-19

... 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

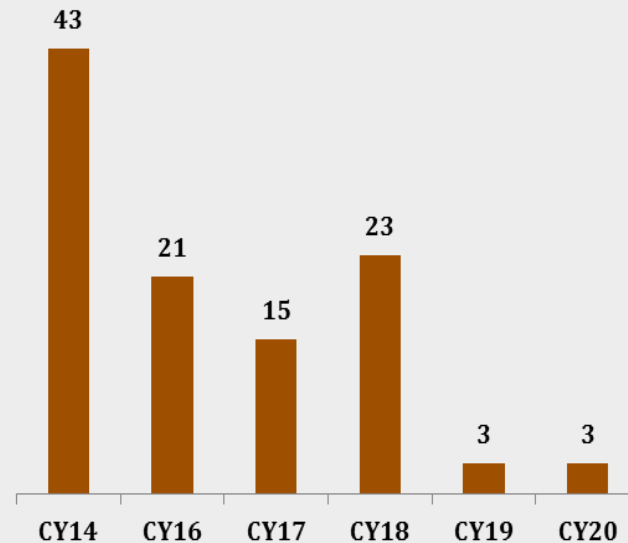
Focus on Safety, Health & Social Responsibility

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

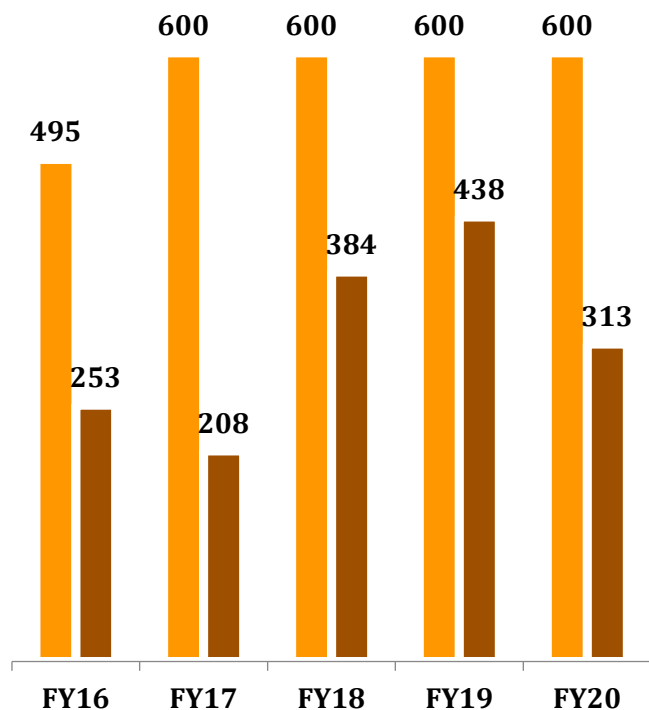
Note: The total income and profitability in FY20 has been impacted on account of Covid-19 related disruption in economic activity and volatility in currency and capital market. Accordingly, there has been a Mark-To-Market loss of Rs 40.08 cr in Other Income and a Forex loss of Rs 16.65 cr in Other Expenses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

Balance Sheet Highlights - Consolidated

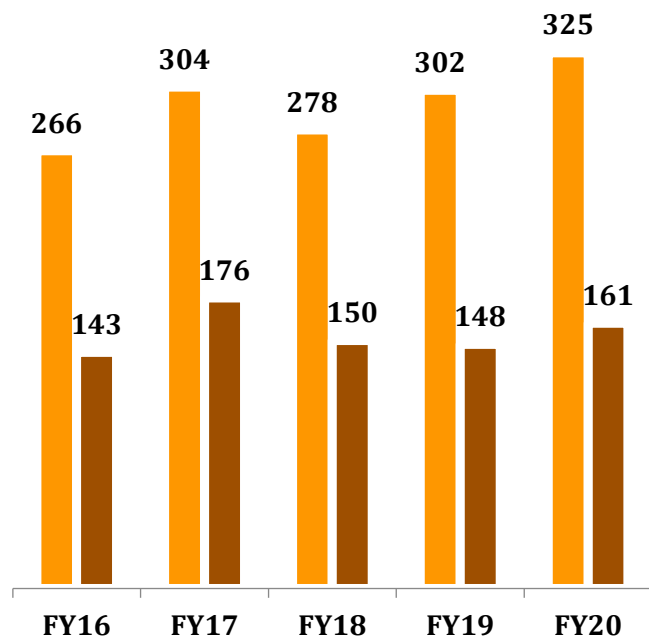
INR in Cr	FY16	FY17	FY18	FY19	FY20
Share Capital	36	36	36	36	36
Tangible Networkth	1,230	1,358	1,577	1,707	1,831
Long Term Borrowings	966	1,015	1,059	1,078	1,436
Other Liabilities	595	706	741	860	796
Total Liability	2,827	3,115	3,413	3,682	4,100
Net Fixed Asset	1,351	1,094	1,367	1,358	1,330
CWIP	579	788	775	1,054	1,365
Investment	133	226	241	213	191
Other Assets	764	1,007	1,030	1,057	1,214
Total Assets	2,827	3,115	3,413	3,682	4,100

Yearly Volume Trend (1)

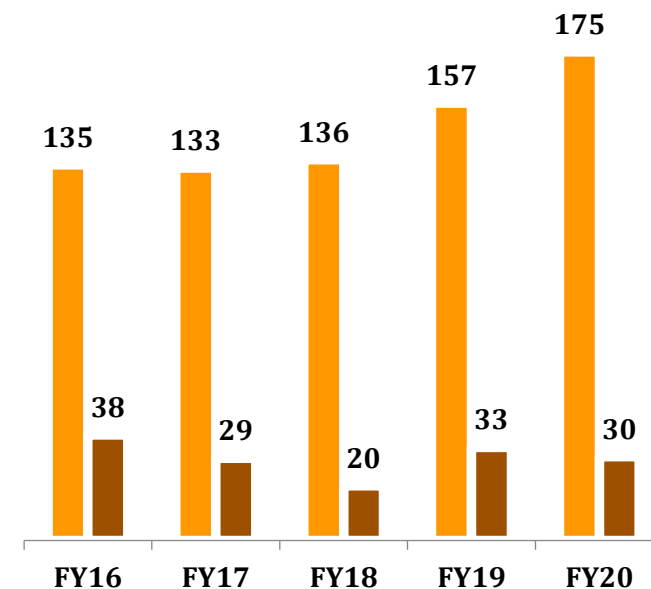
Iron Ore Pellets ('000 MT)



Sponge Iron ('000 MT)



Steel Billet ('000 MT)

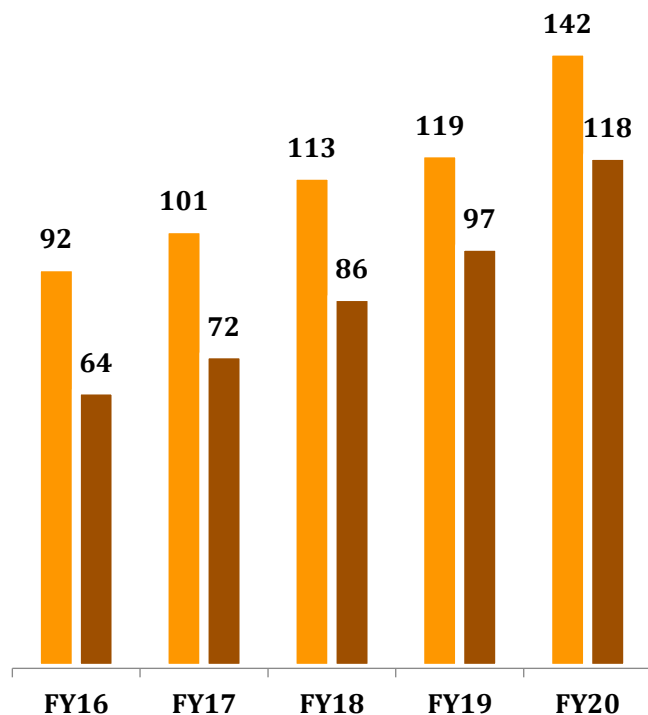


Note: 1) Production for FY20 was affected due to Covid-19 outbreak and shutdown of one power plant for repairing work and shutdown of ferro alloys furnaces of Sarda Metals for overhauling and relining work; 2) A part of all production is captively consumed for production of downstream products

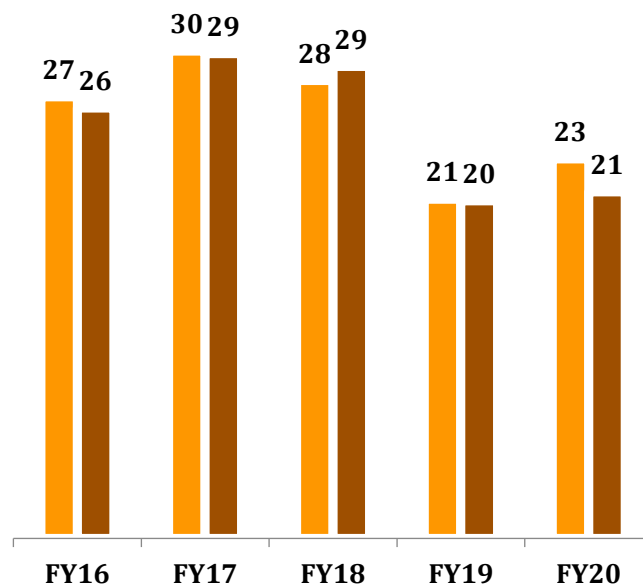
■ Production ■ Sales

Yearly Volume Trend (2)

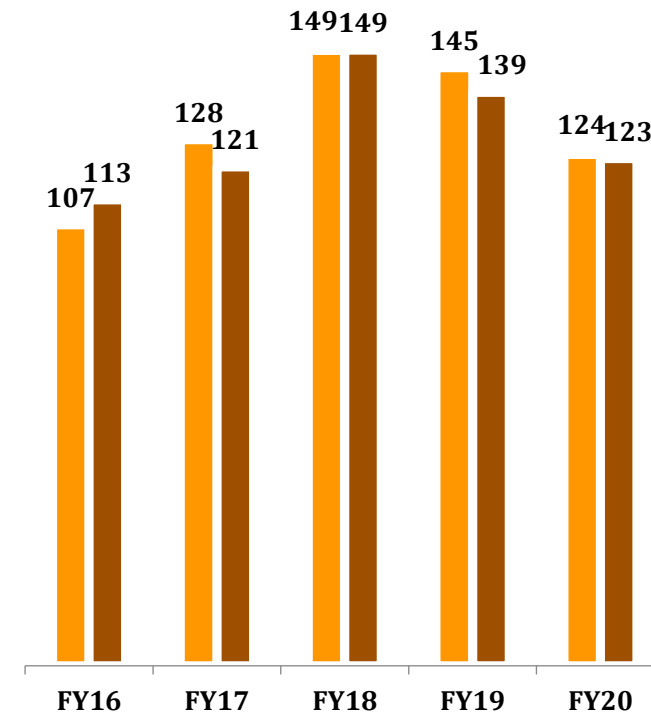
Wire Rod ('000 MT)



H. B Wires ('000 MT)



Ferro Alloys ('000 MT)

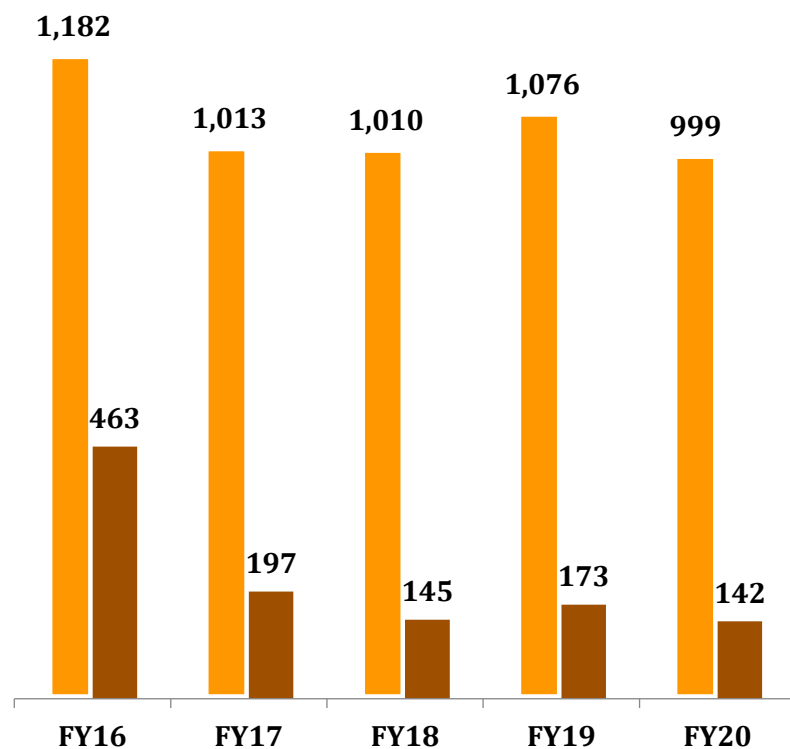


Note: 1) Production for FY20 was affected due to Covid-19 outbreak and shutdown of one power plant for repairing work and shutdown of ferro alloys furnaces of Sarda Metals for overhauling and relining work; 2) A part of all production is captively consumed for production of downstream products

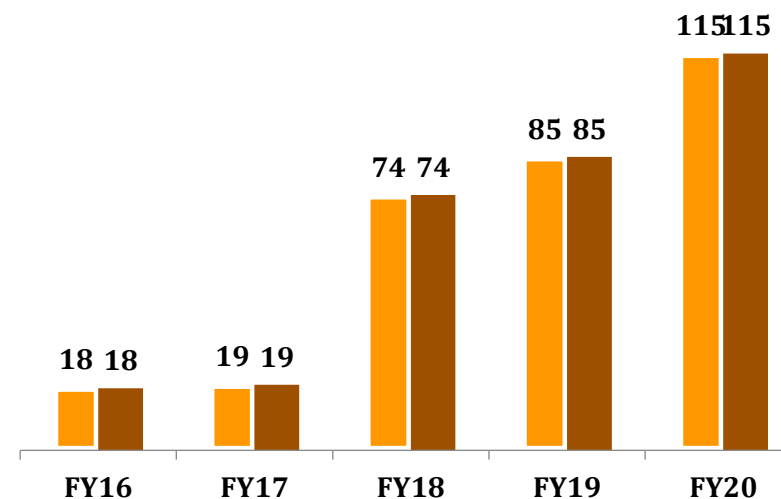
■ Production ■ Sales

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



Mr. Nilay Joshi (Head – Corporate Finance)

njoshi@seml.co.in

125 B-Wing Mittal Court, Nariman Point, Mumbai 400 021



Ms. Pooja Sharma / Ms. Sheetal Keswani

pooja.sharma@stellar-ir.com / sheetal@stellar-ir.com

Kanakia Wall Street, Andheri (East), Mumbai 400 093

www.seml.co.in