

SARDA ENERGY AND MINERALS LIMITED

Mining | Steel | Ferro Alloys | Hydro Power

Result Presentation | Q4/FY21



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Q4 & FY21 | Key Highlights

Challenging Year – Exceptional Performance



Highest Ever EBITDA and PAT

- Consolidated EBITDA grew 96% YoY to **INR 664 cr in FY21** and up ~9x YoY to INR 226 cr in Q4FY21
- Consolidated PAT grew 193% YoY to **INR 376 cr in FY21** and INR 139 cr in Q4FY21 (loss in Q4FY20)



Highest Ever Dividend, backed by Enhanced Cashflows

- The Board has recommended highest ever dividend of **INR 7.5 per share** (75% of the face value) for FY21 (50% in FY20)



Won Two Coal Blocks In Recent Coal Mine Auctions

- Shahpur West Coal Mine, in Madhya Pradesh, with extractable reserves of **13.4 MMT**
- Gare Palma IV/ 7 Coal Mine, in Chhattisgarh, with extractable reserves of **142 MMT**



Pellet Capacity Expansion – From 6 lac MT to 8 lac MT

- Received the '**Consent to Operate**' the enhanced capacity of Iron Ore Pellet with immediate effect in March 2021 by the Chhattisgarh Environment Conservation Board, Raipur



Sikkim Hydro Power Project – Achieves Synchronization

- Both units of 56.5 MW each has been synchronized with the Grid
- The plant with a total capacity of 113 MW is likely to commence commercial operation in **June 2021**

Consolidated P&L – Highest Ever Quarterly and Yearly EBITDA

INR in Cr	Q4FY21	Q4FY20	YoY	Q3FY21	QoQ	FY21	FY20	YoY
Revenues	699	438		604		2,199	2,000	
Other Income	42	-54		38		144	-17	
Total Income	741	384	93%	642	15%	2343	1,983	18%
Raw Material	422	273		367		1,347	1,293	
Employee Expenses	24	18		22		89	88	
Other Operating Expenses	68	70		67		243	263	
EBITDA	226	23	892%	187	21%	664	339	96%
EBITDA Margin (%)	30.6%	5.9%		29.1%		28.3%	17.1%	
Depreciation	19	19		19		75	78	
Interest	22	21		17		79	82	
Exceptional Items	-6	0		0		-15	0	
Profit Before Tax	180	-17	NA	151	19%	495	179	177%
Tax	42	12		34		115	43	
Share of P/L of Associates and JV	1	-2		-1		-4	-7	
PAT	139	-32	NA	116	20%	376	128	193%
PAT Margin (%)	18.8%	-8.3%		18.0%		16.1%	6.5%	
EPS	38.68	-8.95		32.06		104.00	35.05	
Adjusted EBITDA	204*	84	143%	155	31%	556*	396	40%

Note: 1) *Adjusted for Mark-to-Market gain of INR 22.9 Cr in Q4FY21 & INR 93.6 Cr in FY21; and Forex loss of INR 0.01 Cr in Q4FY21 & Forex gain of INR 14.2 Cr in FY21

Standalone P&L - Highest Ever Quarterly and Yearly EBITDA

INR in Cr	Q4FY21	Q4FY20	YoY	Q3FY21	QoQ	FY21	FY20	YoY
Revenues	551	281		440		1,595	1,424	
Other Income	27	-9		28		107	61	
Total Income	579	272	113%	467	24%	1,702	1,485	15%
Raw Material	338	171		261		974	920	
Employee Expenses	18	13		17		68	68	
Other Operating Expenses	51	56		47		182	195	
EBITDA	171	32	429%	143	20%	479	301	59%
EBITDA Margin (%)	29.5%	11.9%		30.5%		28.1%	20.3%	
Depreciation	12	13		12		48	51	
Interest	8	10		8		34	36	
Exceptional Items	-6	0		0		-15	0	
Profit Before Tax	145	9	1444%	122	19%	382	214	79%
Tax	34	4		28		85	32	
PAT	111	5	2035%	94	18%	297	182	63%
PAT Margin (%)	19.3%	1.9%		20.2%		17.4%	12.3%	
EPS	30.91	1.45		26.16		82.26	50.57	
Adjusted EBITDA	155*	58	167%	127	22%	425*	326	31%

Note: 1) *Adjusted for Mark-to-Market gain of INR 17.1 Cr in Q4FY21 & INR 50.3 Cr in FY21; and Forex loss of INR 1.8 Cr in Q4FY21 & Forex gain of INR 3.26 Cr in FY21

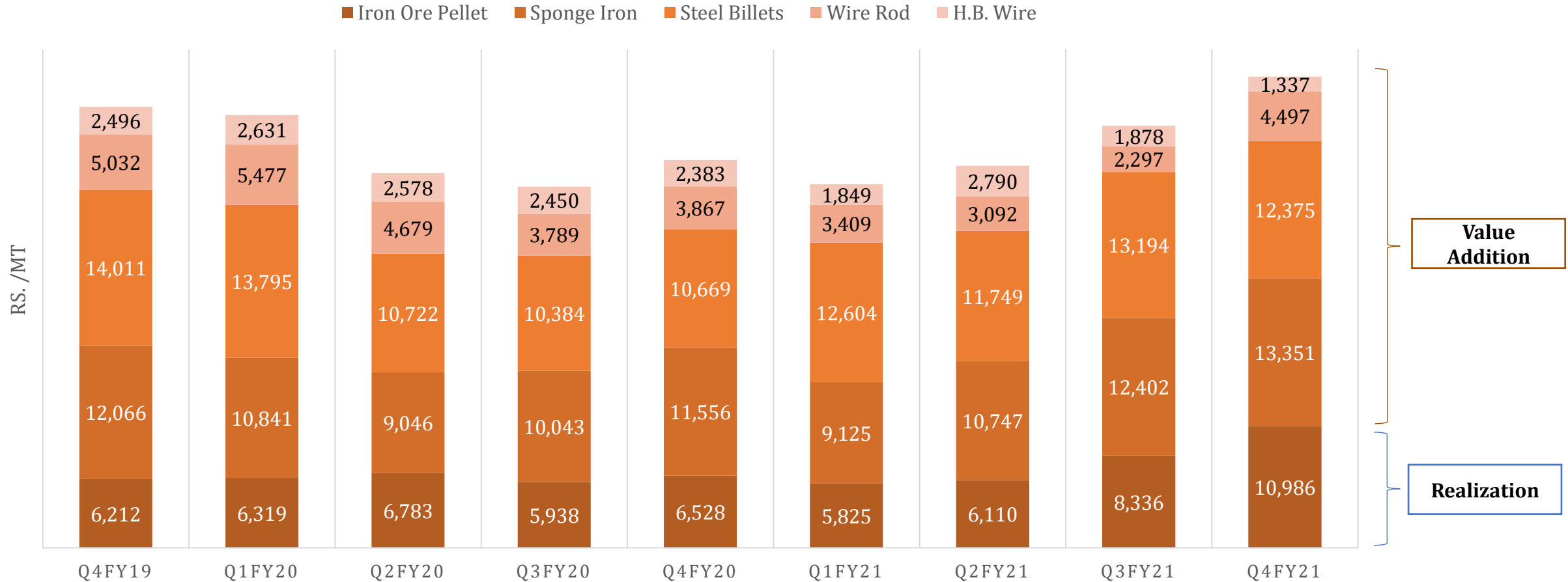
Balance Sheet – Comfortable Liquidity Position; Net D/E Below 1x

Liabilities (INR Cr)	Consolidated		Standalone	
	Mar-20	Mar-21	Mar-20	Mar-21
Shareholder's Funds	1,870	2,221	1,731	2,011
Share capital	36	36	36	36
Other equity	1,834	2,185	1,695	1,975
Minority Interest	100	101	-	-
Non-Current Liabilities	1,506	1,595	306	271
Long-term borrowings	1,408	1,493	259	218
Other financial liabilities	28	8	2	3
Long-term provisions	9	9	3	2
Deferred tax liability	61	85	43	47
Current Liabilities	626	605	344	308
Short-term borrowings	215	108	106	11
Trade payables	214	205	137	165
Other financial liabilities	170	251	83	101
Short-term provisions	7	6	7	5
Other current liabilities	20	34	11	27
Total Equities & Liabilities	4,102	4,521	2,382	2,590

Assets (INR Cr)	Consolidated		Standalone	
	Mar-20	Mar-21	Mar-20	Mar-21
Non-Current Assets	2,798	3,021	1,404	1,448
Property, plant & equipment	1,209	1,172	497	481
Capital W.I.P	1,365	1,619	26	66
Investment property	52	53	43	45
Intangible assets (incl. WIP)	71	62	11	3
Investment in associates/JV	30	28	-	-
Financial assets	25	25	809	822
Other non-current assets	46	62	18	32
Current Assets	1,304	1,500	978	1,142
Inventories	501	579	370	439
Trade receivables	124	138	62	78
Investments	139	215	42	92
Cash & cash equivalents	165	98	4	3
Loans & advances	260	308	409	393
Other current assets	116	163	91	136
Total Assets	4,102	4,521	2,382	2,590

Metals Segment - Firming Product Prices, Coupled With...

Steel Segment: Product wise Incremental Realization



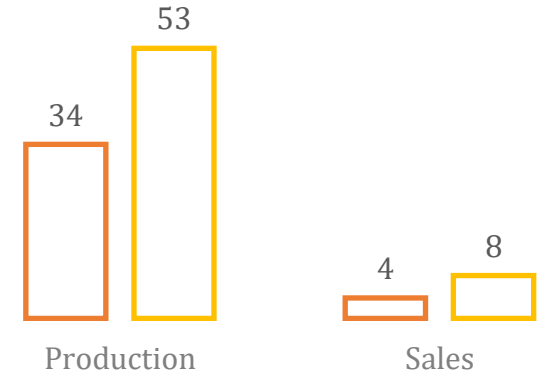
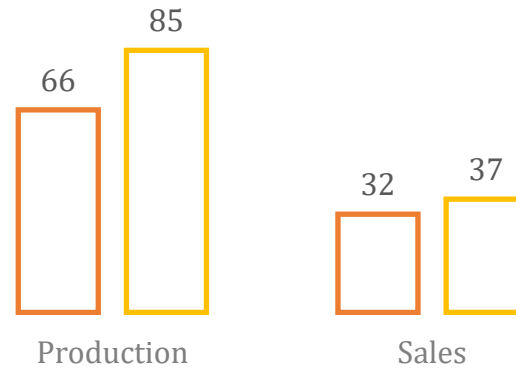
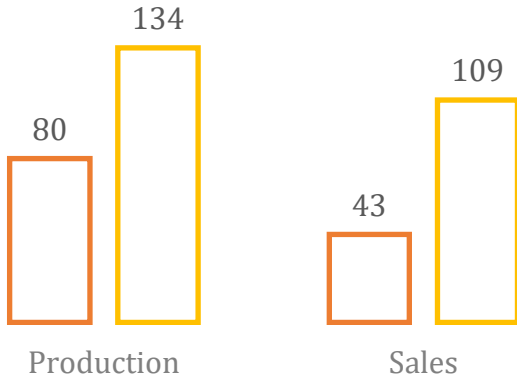
...Robust Volume Growth Across Products (1/2)

Iron Ore Pellets ('000 MT)

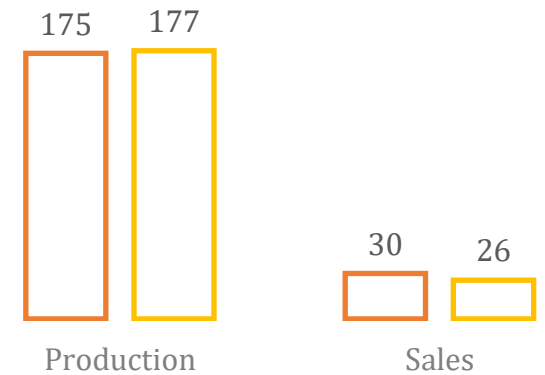
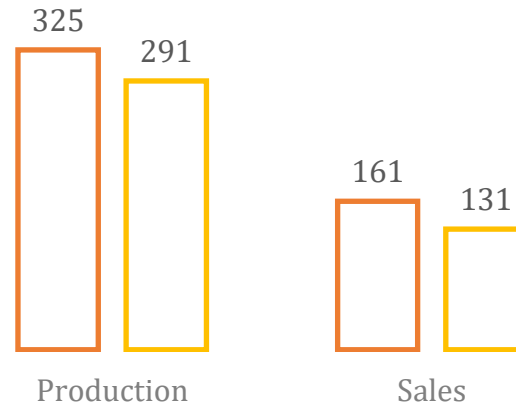
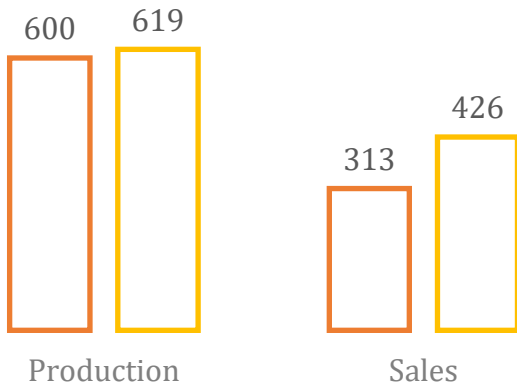
Sponge Iron ('000 MT)

Steel Billet ('000 MT)

Fourth Quarter



Full Year



■ FY20 ■ FY21

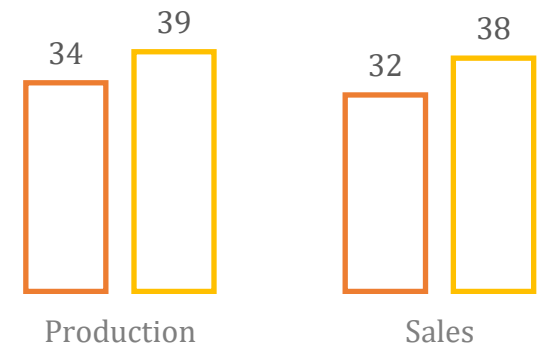
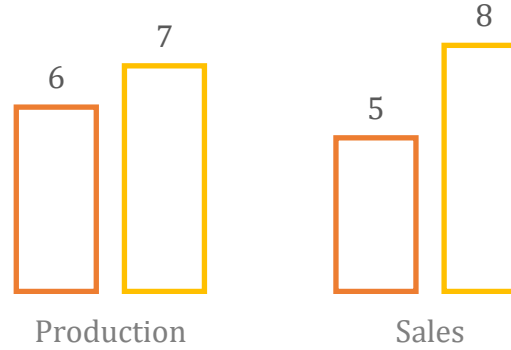
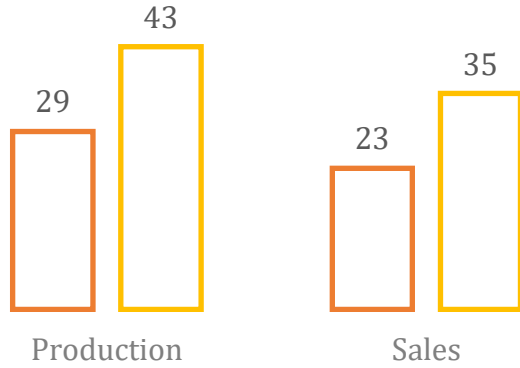
...Robust Volume Growth Across Products (2/2)

Wire Rod ('000 MT)

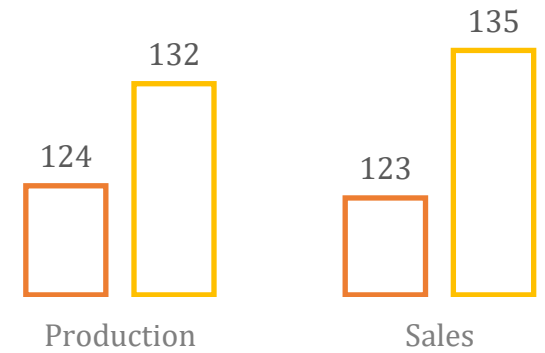
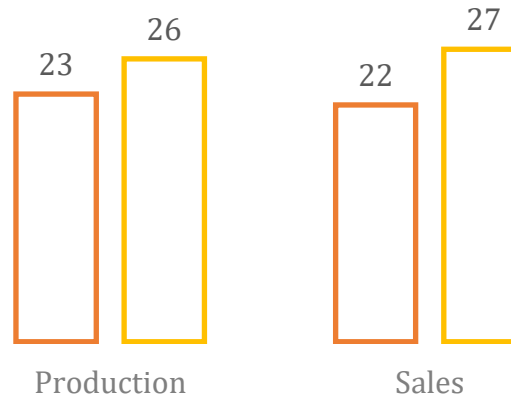
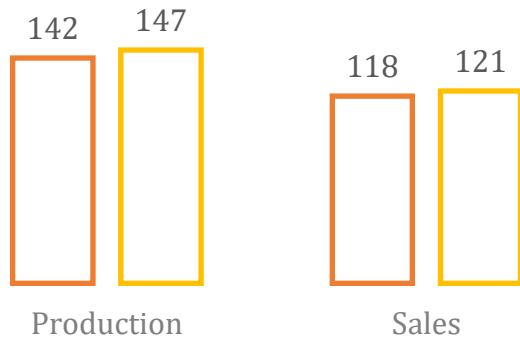
H. B Wires ('000 MT)

Ferro Alloys ('000 MT)

Fourth Quarter



Full Year

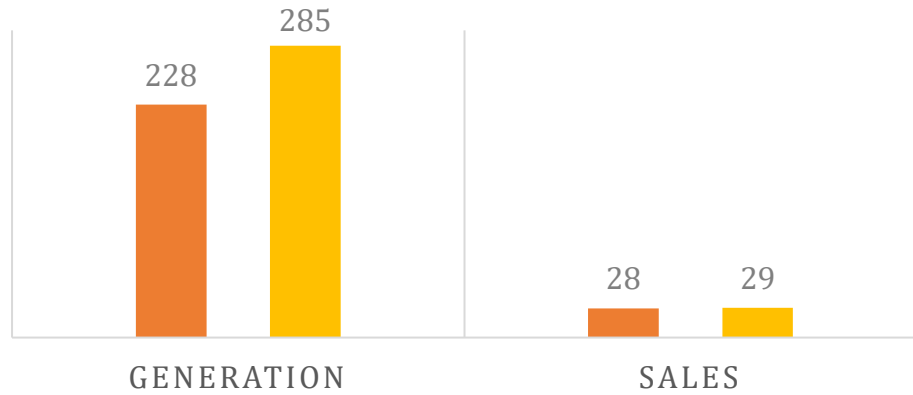


■ FY20 ■ FY21

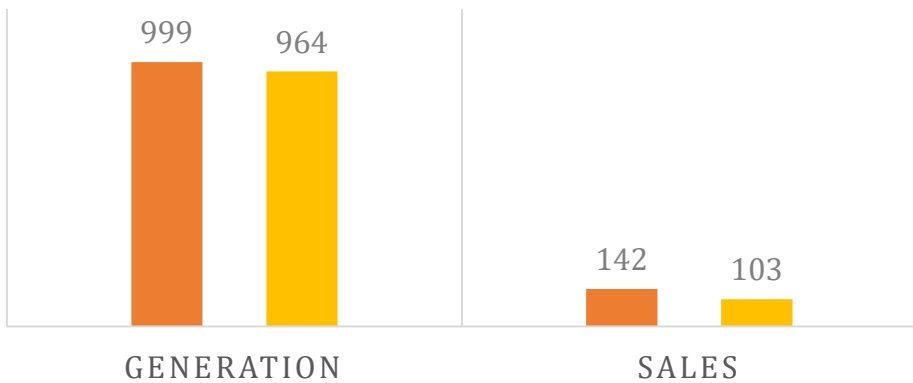
Power Segment - Highest Ever Hydro Power Generation; Set to Increase...

Thermal Power - Total Capacity 162 MW

Fourth Quarter

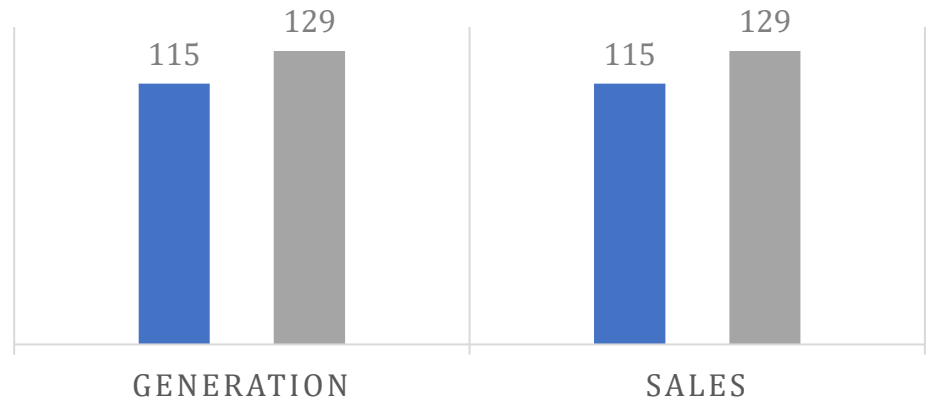
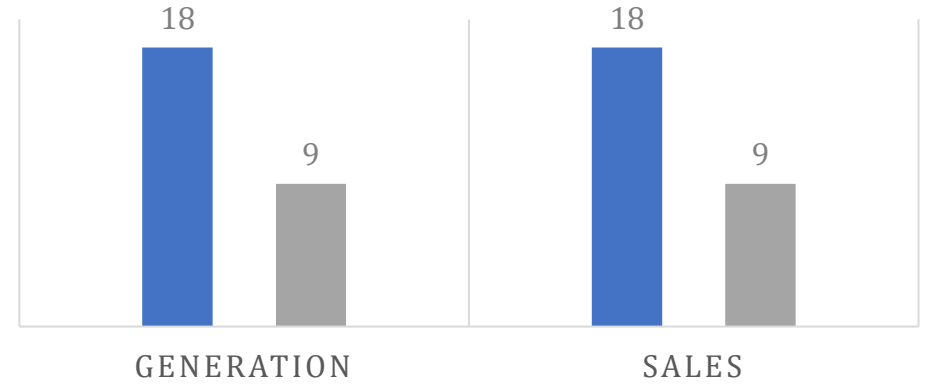


Full Year



■ FY20 ■ FY21

Hydro Power - Total Operational Capacity 29.7 MW



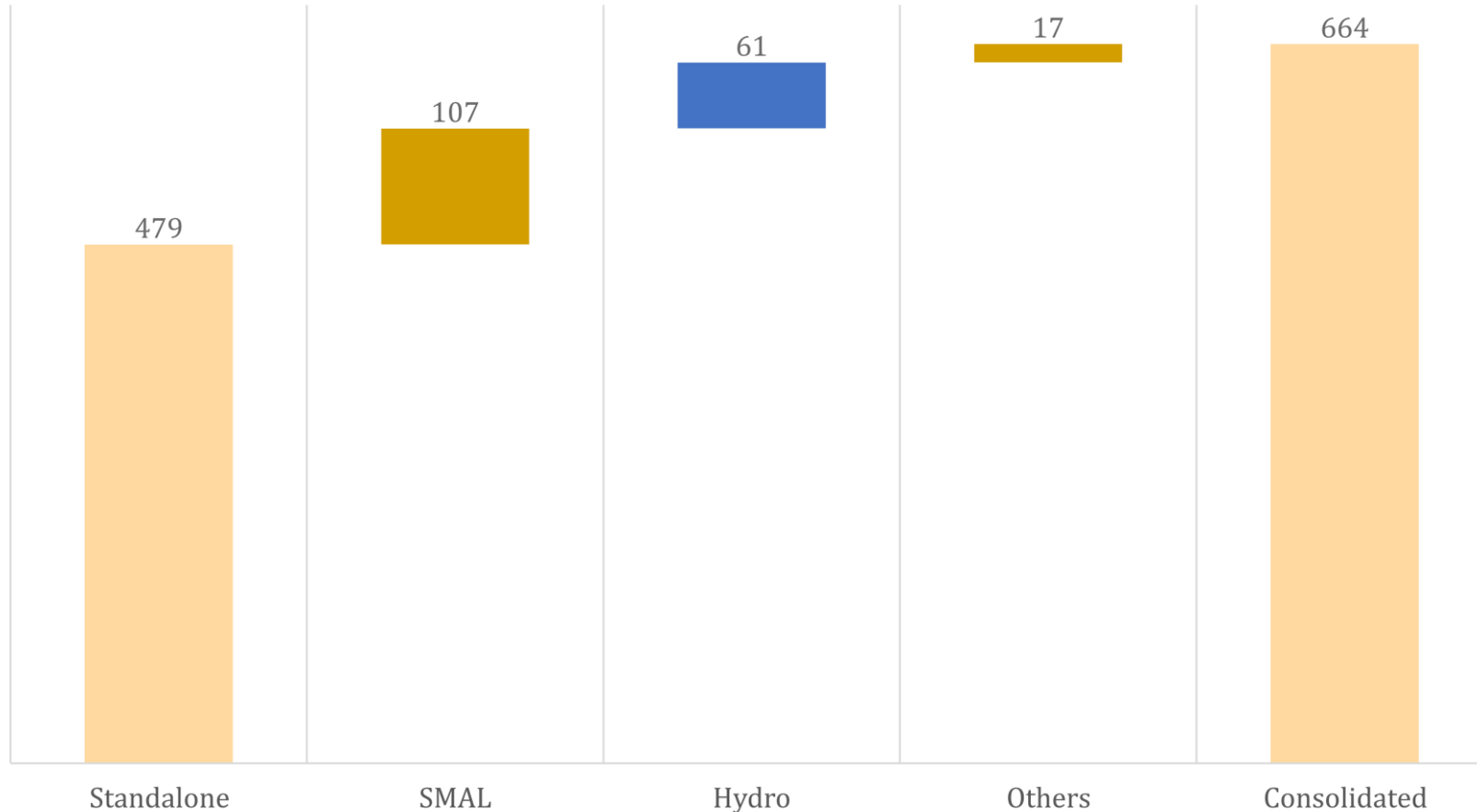
■ FY20 ■ FY21

...With the likely Commissioning of the Sikkim Hydro Project in June 2021



...To Provide A Significant Fillip to EBITDA (Highest Ever in FY21)...

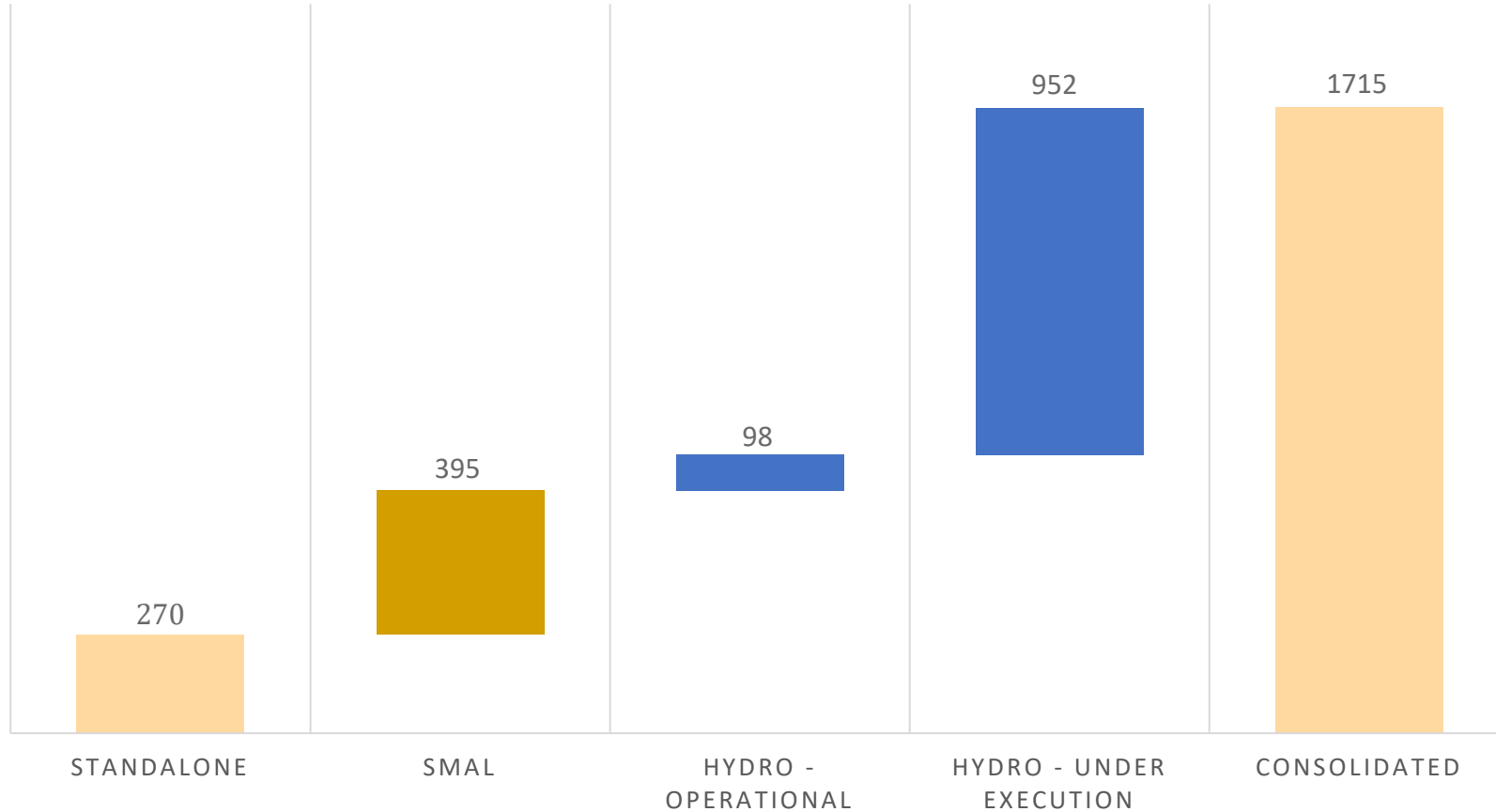
EBITDA Bridge - FY21 (in INR Crore)



- **A quantum jump in EBITDA is likely, post the commissioning of the Sikkim Hydropower Project.**
- **Resulting in significant diversification of cash flow profile of the Company.**

... Debt Set To Be Pared Upon Operationalization Of Sikkim Hydro

Debt Bridge - FY21 (in INR Crore)



- *Majority of the Total Debt is on account of the Sikkim Hydro project, repayment of which would start with the commissioning of the project as per the repayment schedule.*

Key Strategies to Drive Growth and Competitive Advantage



Vertical Integration and Capacity Expansion

- Recently won two Coal Mines – to reduce input costs
- Received 'Consent to Operate' the expanded capacity of Iron Ore Pellet plant from 6 lac MT to 8 lac MT, effective March 2021



Diversification

From Commodity to Green Energy Player (Hydro)

- De-risked by adding annuity-like Revenue Stream (Hydro Power)
- Nearing commercialization of a large sized (113 MW) project at Sikkim and nearly 25 MW of project in pipeline



Financial Prowess

- Comfortable liquidity and leverage position – TOL/NW of 0.99x
- Set to improve with the commissioning of the Sikkim Hydro Power Project and utilization of Pellet capacity



Strong Focus on ESG

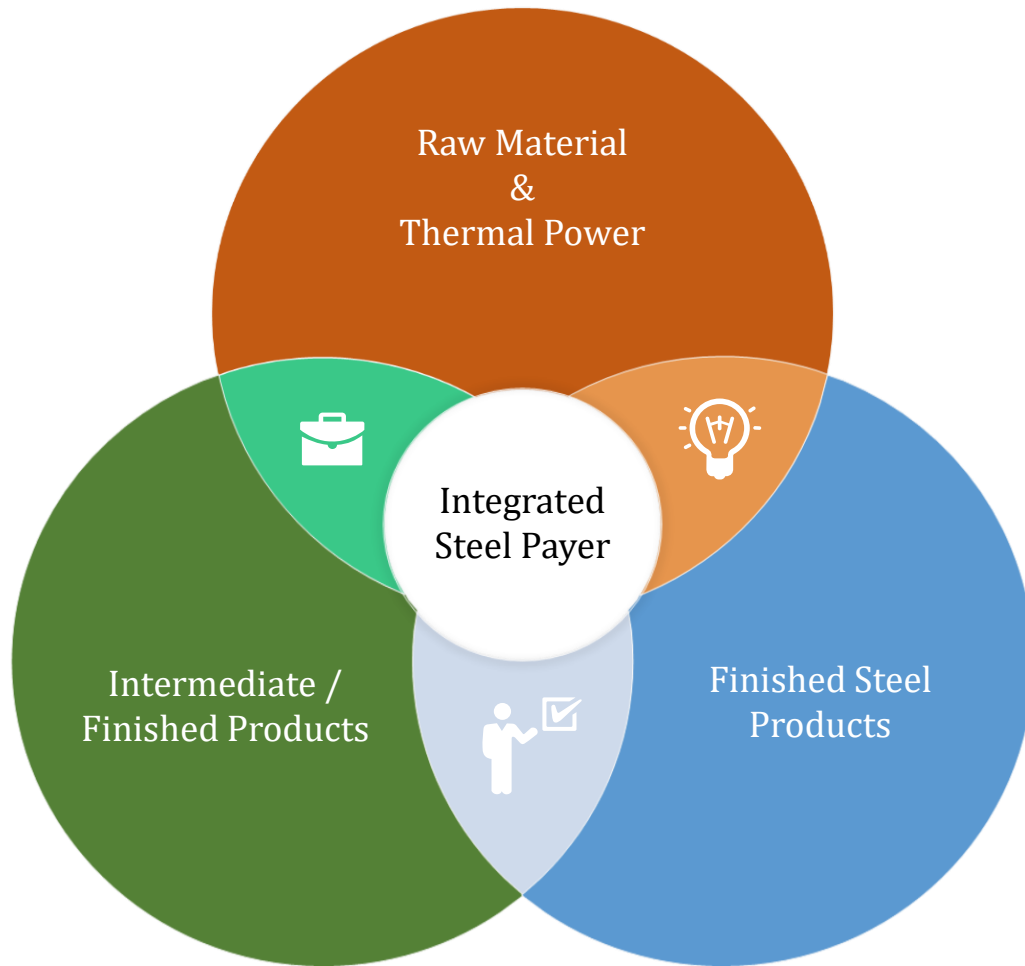
- Existing Hydropower portfolio of 142.7 MW and another 25 MW under execution
- Prudent governance philosophies and sustainable business practices with strong focus on social responsibility

Well placed to continue on the growth trajectory



SEML | De-Risked and Diversified

Metal Business | Vertically Integrated Steel Player...



Raw Material & Thermal Power (Captively procured key inputs, assures cost and quality control)



Iron Ore Mine



Coal Mine



Thermal Power

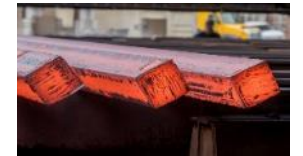
Intermediate / Finished Products (Flexibility to sell products across entire product value chain)



Pellets



Sponge Iron



Billets

Finished Steel Products



Wire Rods



HB Wires

... Backed by Captive Resources, Driving Down Costs Significantly



Captive Iron Ore Mine

(Total Capacity of 1.5 MMT p.a.)

- Located at Rajnandgaon, Chhattisgarh, which is in proximity of **only ~140 km** from the Company's steel plant at Siltara, Chhattisgarh
- Currently operating at a capacity of **0.4 - 0.5 MMT p.a.**



Captive Thermal Plants

(Total capacity of 162 MW)

- Located at both the manufacturing facilities - Siltara, Chhattisgarh and Vizag
- The combined power generation capacity stands at **~162 MW**
- The average generation (FY17-21) stands at **~915 units p.a.**
- Both plants combined **cater to ~100%** of the Company's in-house power requirement








Recently won two Coal Mines

(Total Capacity of 1.8 MMT p.a.)

- Shahpur West Coal Mine, in Madhya Pradesh, having extractable reserves of **13.4 MMT** and production capacity of 0.6 MMT p.a.
- Gare Palma IV/ 7 Coal Mine, in Chhattisgarh, having extractable reserves **142 MT** and production capacity of 1.2 MMT p.a. The Company has operated this mine previously and expects to commission it by **Oct 2021**
- Both the mines are **located within ~200 kms** of the steel plant at Chhattisgarh, where the coal will be used, thereby further improving the operating efficiencies for the Company

Robust Presence Across Steel Products – Siltara Plant in Chhattisgarh...

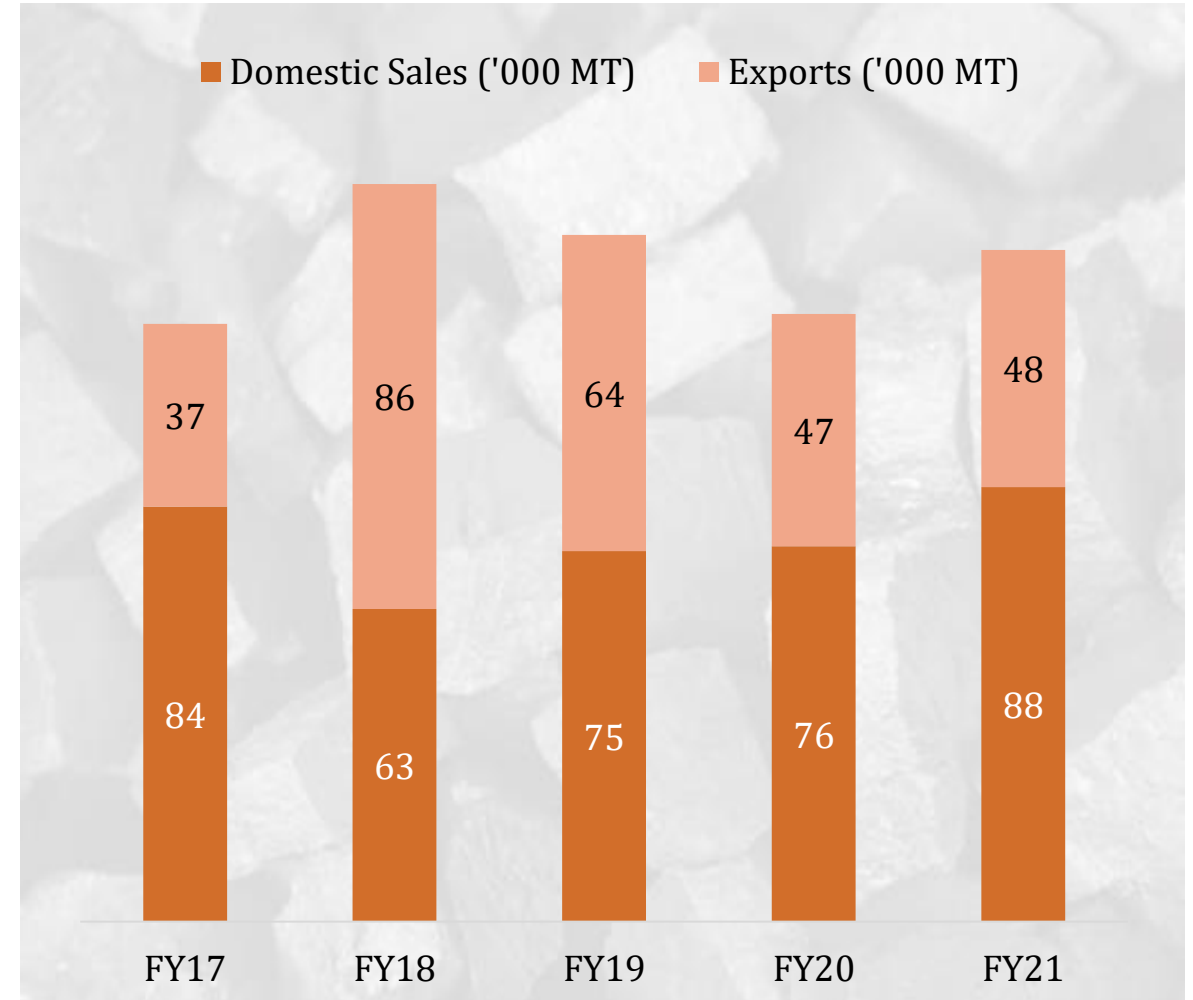
	Pellets	Sponge Iron	Billets	Wire Rods	HB Wires
Description	 <p>Produced from Iron Ore fines & sold domestically</p>	 <p>Produced from captive Iron Ore Lumps & Pellets. Preferred Route of Steel making.</p>	 <p>Semi finished steel product produced by continuous casting process. Well positioned with complete back-end integration.</p>	 <p>Hot rolled product made from direct hot billet charging.</p>	 <p>HB Wires- Wire rods are cold drawn to HB wires to sizes</p>
Current Capacity	8,00,000 MT	3,60,000 MT	3,00,000 MT	1,80,000 MT	30,000 MT
Planned Expansion	Recently expanded by 2,00,000 MT	NA	Recently expanded to 3,00,000 MT	Increase in Billet production leads to rise in Wire Rods production	NA
Captive Consumption	25 - 30%	50-55%	80-85%	15-20%	NA

...And a Leading Manufacturer and Exporter of Ferro Alloys

- Manufactures manganese-based Ferro Alloys sold domestically as well exported to other countries
- Leading exporter of manganese-based Ferro Alloys
- Exports Awards:**
 - SEML received prestigious export promotion council award in 2018
 - SEML & SMAL received Two-Star export house status from GOI

Plant Location	Current Capacity	Primary Markets
Vishakhapatnam	2*33 MVA	Exports
Siltara, Raipur	5*9 MVA	Domestic
Total	111 MVA	

- Recently approved expansion project: Adding one more furnace of 36 MVA at the Vizag facility



Hydro Power Business | Operational Assets of ~30 MW...

	4.8 MW	24.9 MW
Location	Uttarakhand	Chhattisgarh
Name of the River	Sarju	Gullu
Year of Commissioning	2008	2017
Tariff	INR 3.85 per unit	INR 5.21 per unit
Term of PPA	35-year PPA with State Discom	35-year PPA with State Discom
PLF - FY21	57%	50%
Debt (Current)	Debt Free since 2017	INR 98 Cr
Key Updates	Expansion of 3 MW being proposed	Generating Free Cash Flows since its first year



*With State Governments' needing to blend their sources of power, Hydropower plants offer a **reliable and economically viable** means of **diversifying the Company's revenues** and are **best suited** to meet the **peak power** requirements of the **States***

... With an Additional ~138 MW in the Works

	113 MW	24.9 MW
Location	Sikkim	Chhattisgarh
Name of the River	Rongnichu	Rehar
Likely Year of Commissioning	2021	2025
Tariff	Under determination	-
Term of PPA	<i>35-year PPA with Chhattisgarh State Discom</i>	-
Debt (Current)	INR 952 Cr	Financial closure under progress
Key Updates	Nearing commissioning	Land acquisition & regulatory approvals underway



*Given the nature of Hydropower business, a **quantum jump in Company's EBITDA** is likely post commissioning of the Sikkim Hydropower Project (expected in June 2021)*

Well-Experienced and Strong Leadership at the Helm



Kamal Kishore Sarda

CMD

- Mechanical Engineer with 45 years experience in Iron and Steel Industry
- Responsible for the groups vision and strategic direction



Pankaj Sarda

Joint MD

- Mechanical Engineer with 17 years experience in Iron and Steel Industry
- Responsible for steering SEML towards the path of growth



Padam Kumar Jain

Director & CFO

- CA, CS with a rich experience of more than 35 years
- Looks after accounting, finance, taxation, costing and corporate laws



Manish Sarda

DMD, SMAL

- MBA in International Business with 26 years of experience in Iron and Steel Industry
- Focused on overall development of commercial activities and Ferro Alloys business
- Chairman of Indian Ferro Alloy Producers' Association



Neeraj Sarda

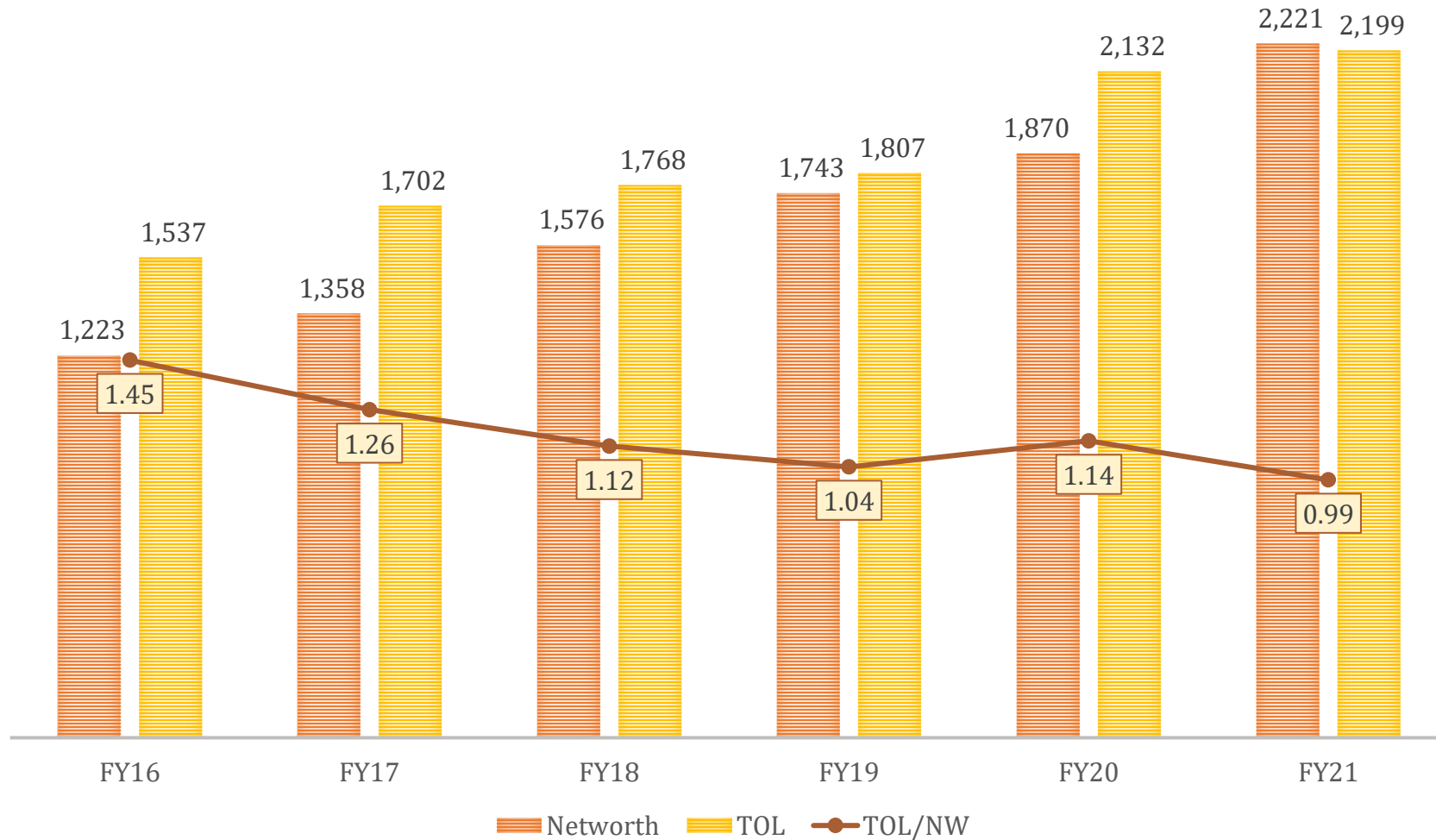
DMD, SMAL

- MBA in Finance & Marketing with more than 16 years of experience in Iron & Steel Industry
- Second generation entrepreneur, responsible for the entire Vishakhapatnam operations



Financial Performance

Strong Balance Sheet: Comfortable Leverage Position



- Improving TOL/ NW ratio along with strong liquidity position
- With additional cashflows post commissioning of Sikkim Hydro project, the liquidity will further strengthen

Consolidated P&L – Consistent Growth and High Profit Margins

INR in Cr	FY17	FY18	FY19	FY20	FY21
Revenues	1,434	2,217	2,324	2,000	2,199
Other Income	67	70	17	-17	144
Total Income	1,502	2,287	2,341	1,983	2343
Raw Material	942	1,478	1,493	1,293	1,347
Employee Expenses	75	77	87	88	89
Other Operating Expenses	200	260	261	263	243
EBITDA	284	472	499	339	664
EBITDA Margin (%)	19%	21%	21%	17%	28%
Depreciation	69	73	76	78	75
Interest	94	97	99	82	79
Exceptional Item	-	-	-	-	-15
Profit Before Tax	122	302	324	179	495
Share of Associates and JV	(28)	8	-	(7)	(4)
Tax	23	90	117	43	115
PAT	127	205	207	128	376
PAT Margin (%)	8%	9%	9%	6%	16%
EPS	35.58	56.01	56.36	35.05	104.00

Consolidated BS – Conservative Capital Structure and Strong Liquidity Profile

INR in Cr	FY17	FY18	FY19	FY20	FY21
Share Capital	36	36	36	36	36
Tangible Networth	1,322	1,540	1,707	1,834	2,185
Minority Interest	83	88	132	100	101
Long Term Borrowings	936	998	1,078	1,436	1,500
Short Term Borrowings	348	327	268	215	108
Other Liabilities	390	423	461	481	591
Total Liability	3,115	3,413	3,681	4,102	4,521
Net Fixed Asset	1,194	1,367	1,358	1,332	1,287
CWIP	788	775	1,054	1,365	1,619
Investment	226	215	196	169	243
Cash & Cash Equivalents	11	68	45	165	98
Other Assets	896	988	1,028	1,071	1,274
Total Assets	3,115	3,413	3,681	4,102	4,521



Corporate Social Responsibility

Focus on Safety, Health & Social Responsibility

Health & Safety

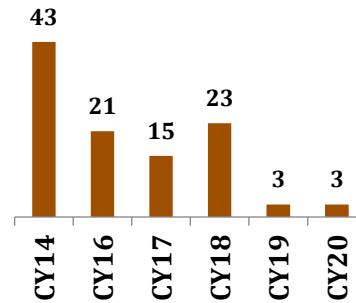
SEML awarded - Appreciation Award for Best Company in the Entire Eastern Region in Safety category

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

Runs well-equipped ambulance with doctors & has set up first-aid facilities in the villages surrounding its mines

Potable water supply to villages

Conducted awareness on mother and child health care programs

Regularly supporting local administration in COVID-19 related measures

COVID-19 Initiatives



Donated Food Grains to Villagers



COVID testing camps for Villagers



Provided Medical Kit & Apparatus help to COVID-19 Hospitals



Vaccine Drive for Employees

Responsible Corporate Citizen (1/2)



Education: Enabling quality education in community

Salary support to Teachers at Siltara & Mines area village schools; Reward to Meritorious students of 10th & 12th; Support to Educational Trust development; Support to Ekal Vidyalayas for education development of tribal students with FTS; Imparted computer education for village students



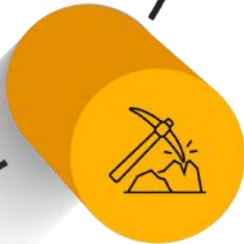
Health: Preventive & curative healthcare services

Operating mobile medical van with free medicines in mines area villages; Mobilized Doctors for community healthcare services; Financial support to critical patients for their advanced treatment and organised various health/blood donation camps



Infrastructure: Creating community assets

Creation of community assets like community hall, service road, cross drain, walkways etc. for the community benefit in nearby villages and created Rainwater harvesting structures for water shed development



Livelihood: Environmental & economical sustainability

Mass bamboo plantation, Pond deepening work for Water shed development, Potable water supply in Siltara, Mandhar & Mines area villages, Compensation to farmers for crop loss at Akoli & Tada village, Livelihood development of physically challenged, Saplings for plantation under Udaan Scheme, Sewing Training program



Art, Culture and Sport: Sports & culture development

Support for the local cultural promotion festival - Jhanki, Dance & Folk Art in villages; Support for the local sports and culture like Madai Mela and Kabaddi, etc.; Support to Mr Shrimant Jha Para Olympic Wrestler & Mr Anshuman Sharma

Responsible Corporate Citizen (2/2)

Education



Health



Infrastructure



Livelihood



Cultural



THANK YOU



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