

SARDA ENERGY AND MINERALS LIMITED

Mining | Steel | Ferro Alloys | Hydro Power

Result Presentation | Q1/FY22



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Q1FY22 | Key Highlights

Key Business Updates – Q1FY22



Successfully navigated the second wave of Covid-19 with **No Major Impact**



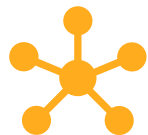
Q1FY22 performance underscores **continued Growth and Resilient business operations**



Highest Ever Quarterly **Revenue and Profits** | Highest Ever Production of **Iron Ore Pellet and Wire Rod**

Enhanced **Pellet** capacity by **2 lac MT effective Mar-21**

Planned Expansion of **Ferro Alloys** capacity by **36 MVA (50,000 MTPA)** at existing plant in Vizag



*Combined Ferro Alloys capacity set to increase to **147 MVA by FY22-23** from 111 MVA currently*

With commercialization of **113 MW Sikkim Hydro Power (SHP) Project**, the total **Renewable Power** capacity has surpassed that of **Thermal Power**



*With **~163 MW** (143 MW of Hydro + 20 MW of Waste Heat) of power from **Renewable Energy**, SEML is now a **Green Powerhouse***

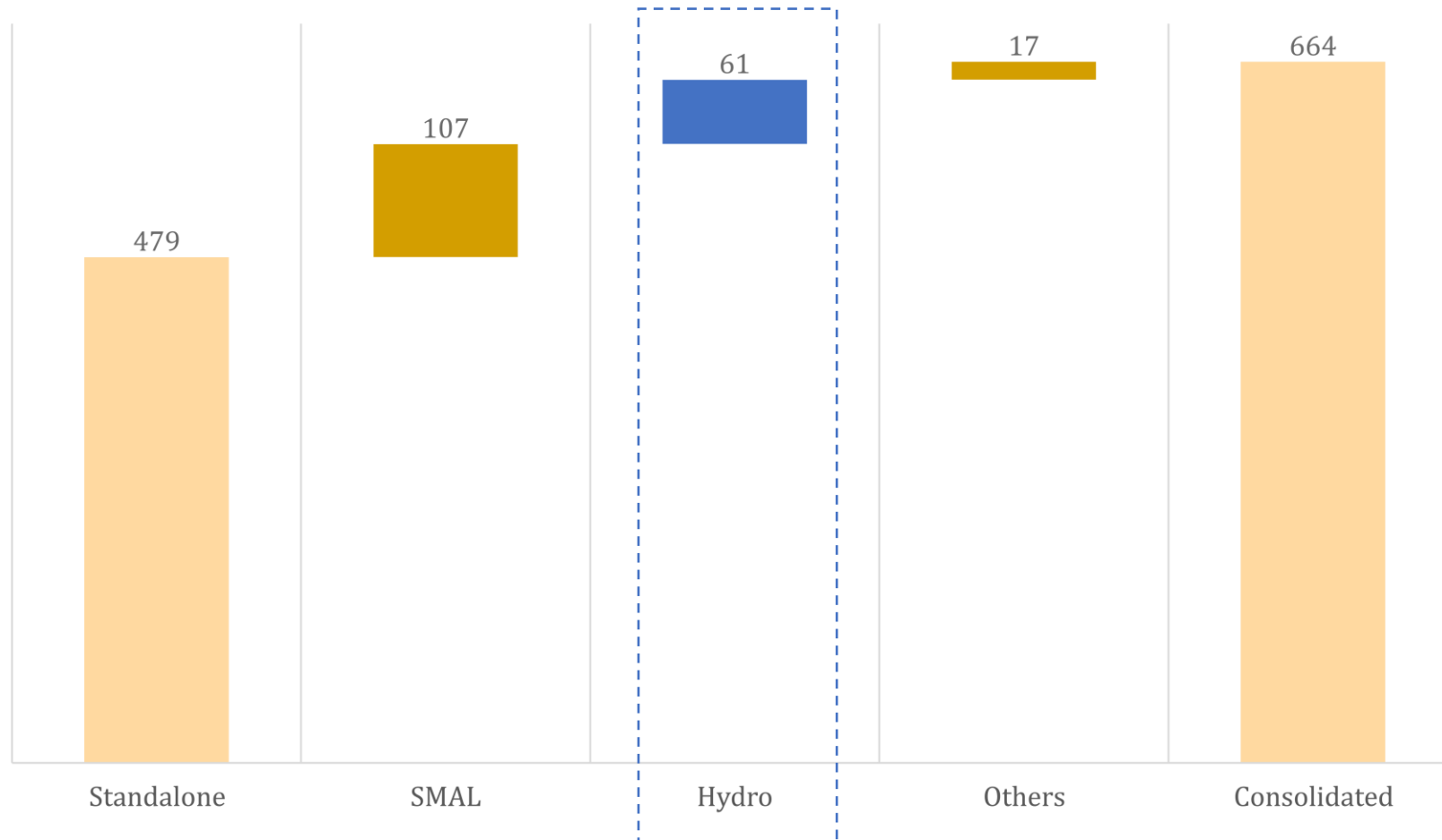
With 113 MW SHP, the Total Operational Hydro Power Capacity is up 4.8x...



- The Ministry of Power (MoP) has recently issued a notification specifying **Renewable Purchase Obligation (RPO) targets**
- Large hydropower projects having a **capacity of more than 25 MW** which achieved commercial operation after March 08, 2019, are **eligible to be classified as a Renewable Energy source**
- With a **113 MW capacity**, our Sikkim Hydro Power project which was commercialised on July 01, 2021, is **eligible under the Hydropower Purchase Obligation (HPO)**

...Likely to Provide a Significant Fillip to Annual Consolidated EBITDA ...

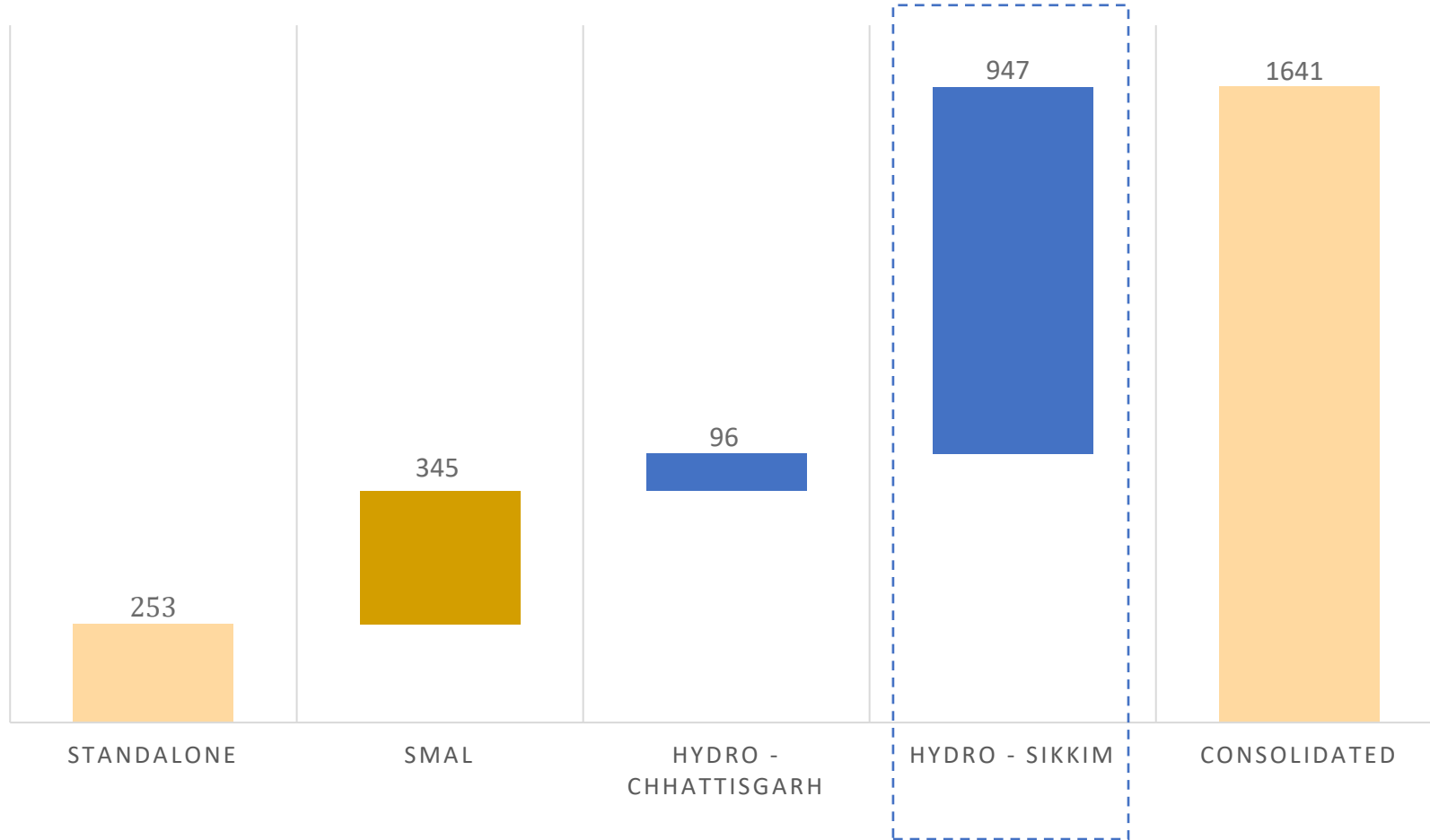
EBITDA Bridge – FY21 (in INR Crore)



- **A quantum jump in EBITDA is likely, with the commissioning of the 113 MW SHP**
- **Resulting in significant diversification of cash flow profile of the Company**

... And Commence Repayment of Sikkim Hydro Debt from its Cash Flows

Debt Bridge - As on Jun 30, 2021 (in INR Crore)



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

Consolidated P&L – Highest Ever Quarterly Revenue and Profit

INR in Cr	Q1FY22	Q1FY21	YoY	Q4FY21	QoQ	FY21	FY20	YoY
Revenues	832	347		699		2,199	2,000	
Other Income	-2	38		42		144	-17	
Total Income	830	386	115%	741	12%	2343	1,983	18%
Raw Material	468	216		422		1,347	1,293	
Employee Expenses	24	21		24		89	88	
Other Operating Expenses	68	55		68		243	263	
EBITDA	270	92	192%	226	19%	664	339	96%
EBITDA Margin (%)	32.5%	24.0%		30.6%		28.3%	17.1%	
Depreciation	19	19		19		75	78	
Interest	15	20		22		79	82	
Exceptional Items	0	-6		-6		-15	0	
Profit Before Tax	235	48	389%	180	31%	495	179	177%
Tax	66	9		42		115	43	
Share of P/L of Associates and JV	-2	-3		1		-4	-7	
PAT	168	36	362%	139	21%	376	128	193%
PAT Margin (%)	20.2%	9.4%		18.8%		16.1%	6.5%	
EPS	46.62	9.84		38.68		104.00	35.05	
Adjusted EBITDA *	284	58		204		556	396	40%
Adjusted EBITDA Margin (%)	34%	17%		28%		25%	20%	

Note: 1) *Adjusted for Mark-to-Market gain/(loss) and Forex gain/(loss); In Q1FY22, the MTM loss stood at INR 12.64 Cr and Forex loss at INR 2.21 Cr

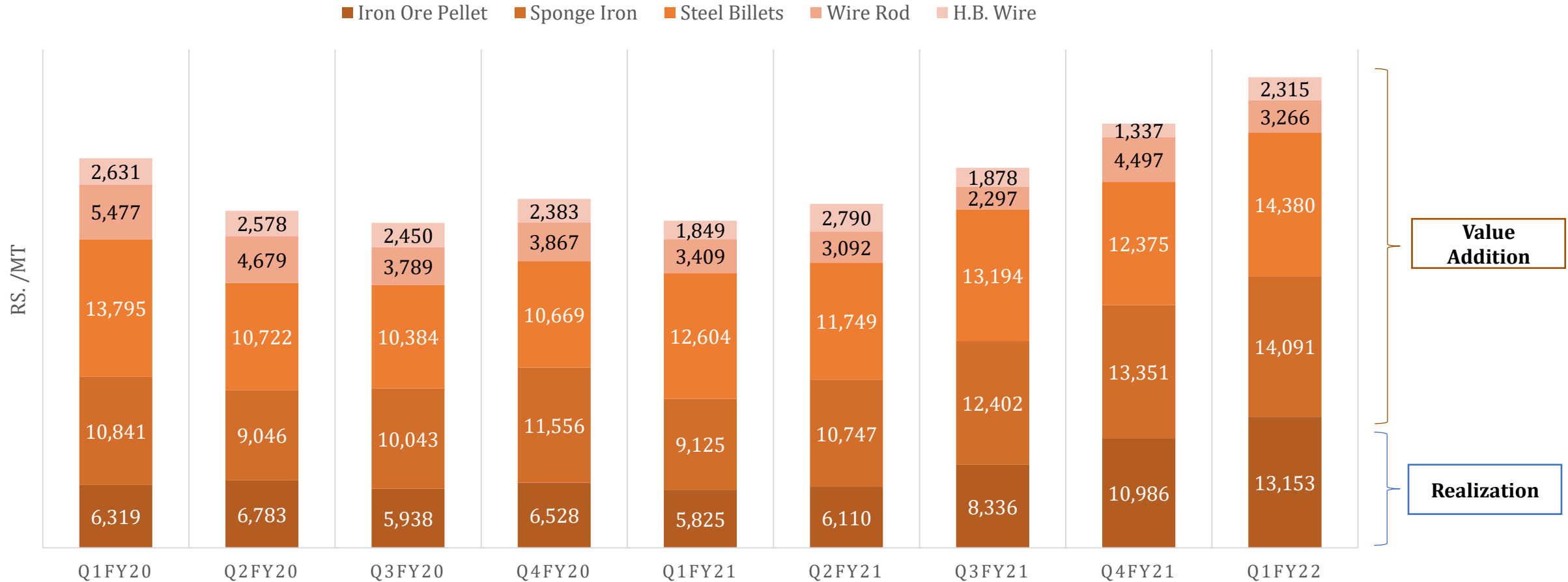
Standalone P&L - Highest Ever Quarterly Revenue and Profit

INR in Cr	Q1FY22	Q1FY21	YoY	Q4FY21	QoQ	FY21	FY20	YoY
Revenues	619	231		551		1,595	1,424	
Other Income	-3	19		27		107	61	
Total Income	616	251	146%	579	6%	1,702	1,485	15%
Raw Material	351	148		338		974	920	
Employee Expenses	18	17		18		68	68	
Other Operating Expenses	45	31		51		182	195	
EBITDA	202	56	261%	171	18%	479	301	59%
EBITDA Margin (%)	32.8%	22.3%		29.5%		28.1%	20.3%	
Depreciation	12	12		12		48	51	
Interest	7	9		8		34	36	
Exceptional Items	0	-6		-6		-15	0	
Profit Before Tax	182	29	527%	145	26%	382	214	79%
Tax	48	6		34		85	32	
PAT	134	23	491%	111	20%	297	182	63%
PAT Margin (%)	21.7%	9.0%		19.3%		17.4%	12.3%	
EPS	37.16	6.35		30.91		82.26	50.57	
Adjusted EBITDA *	215	47		155		425	326	31%
Adjusted EBITDA Margin (%)	34%	19%		28%		26%	22%	

Note: 1) *Adjusted for Mark-to-Market gain/(loss) and Forex gain/(loss); In Q1FY22, the MTM loss stood at INR 13.48 Cr and Forex gain at INR 0.93 Cr

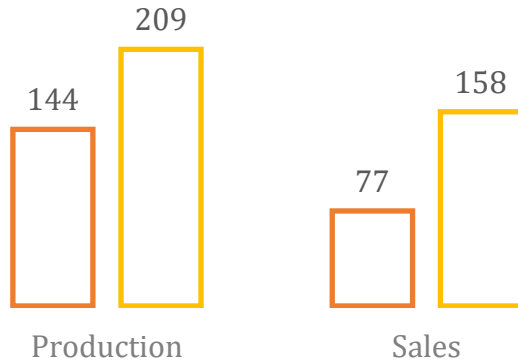
Metals Segment - Firming Product Prices, Coupled With...

Steel Segment: Product wise Incremental Realization

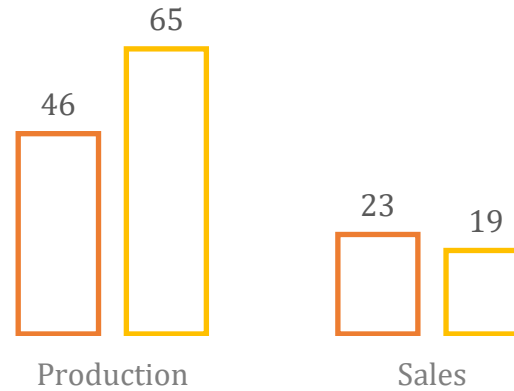


...Robust Volume Growth Across Products - Q1FY22

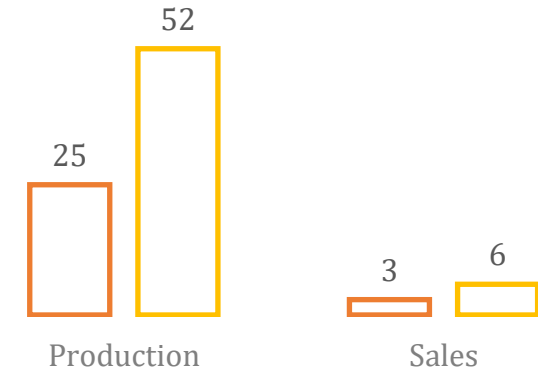
Iron Ore Pellets ('000 MT)



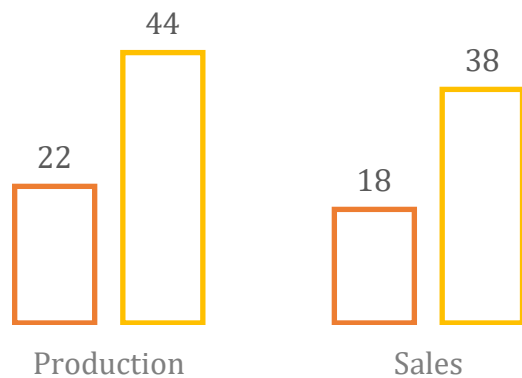
Sponge Iron ('000 MT)



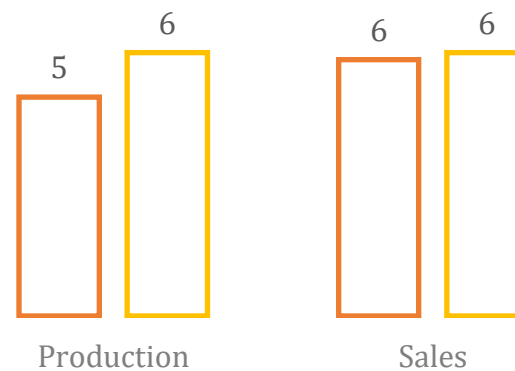
Steel Billet ('000 MT)



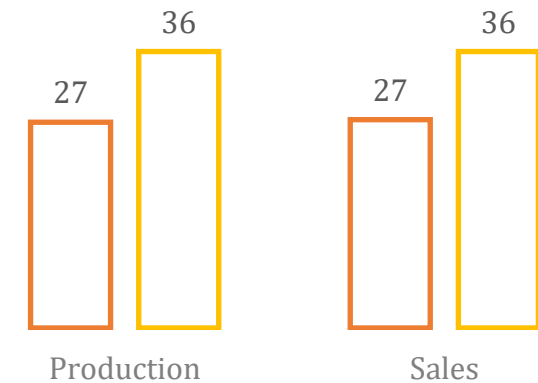
Wire Rod ('000 MT)



H. B Wires ('000 MT)



Ferro Alloys ('000 MT)

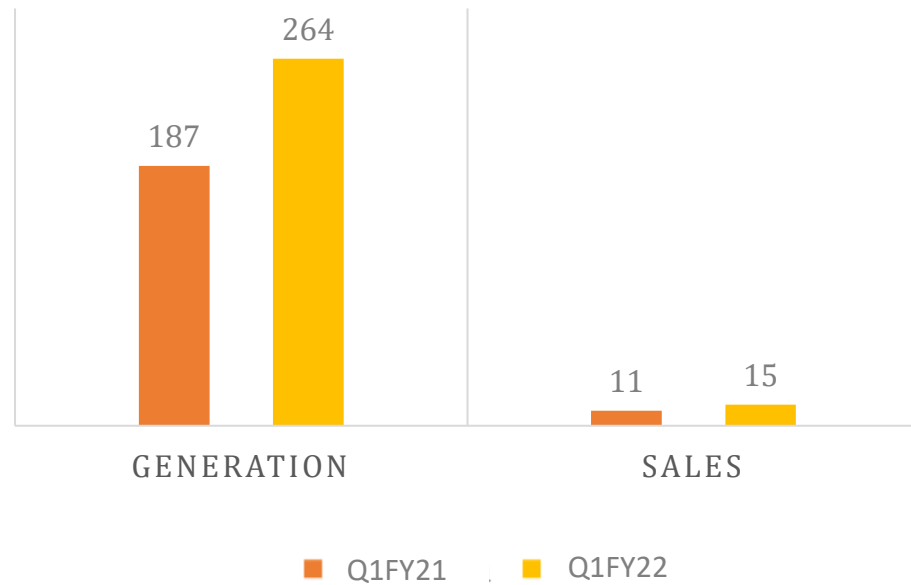


■ Q1FY21 ■ Q1FY22

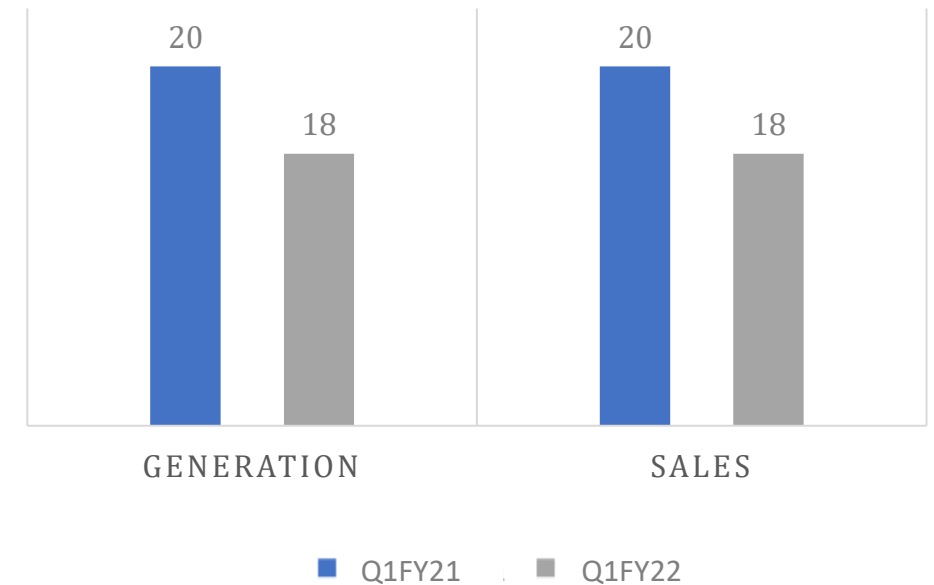
Note: 1) Highest ever production of Iron Ore Pellet, aided by incremental capacity of 2 lac MT; 2) Sponge Iron production impacted QoQ due to planned shutdown of 1 Kiln for 54 days in Q1FY22, which recommenced from July 10, 2021; 3) Highest ever production of Wire Rod; 4) One of the 5 Ferro Alloys furnaces at Raipur remained shut during the quarter for refurbishment

Power Segment – Generation & Sales – Set to Increase with SHP Contribution

Thermal Power + Waste Heat – Total Capacity 163 MW



Hydro Power – Total Operational Capacity 29.7 MW
(as of June 30, 2021)



Note: Thermal Power is largely consumed for captive use; Hydro Power generation and sales will increase with the recently commercialized 113 MW Sikkim Hydro Power project on July 01, 2021

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
- Planned expansion of Ferro Alloys capacity by 36 MVA to 147 MVA



Diversification: From Commodity to Green Energy Player

- De-risked by adding annuity-like Revenue Stream (Hydro Power)
- Commercialized a large sized (113 MW) project at Sikkim in end of June 2021; Additional 25 MW of project under execution
- All future Hydro Power Projects equity to be funded out of the cash flows of the existing projects



Financial Prowess

- Comfortable liquidity and leverage position – TOL/NW of 0.99x (FY21)
- Set to improve with the recent commissioning of the Sikkim Hydro Power Project and utilization of Pellet capacity



Strong Focus on ESG

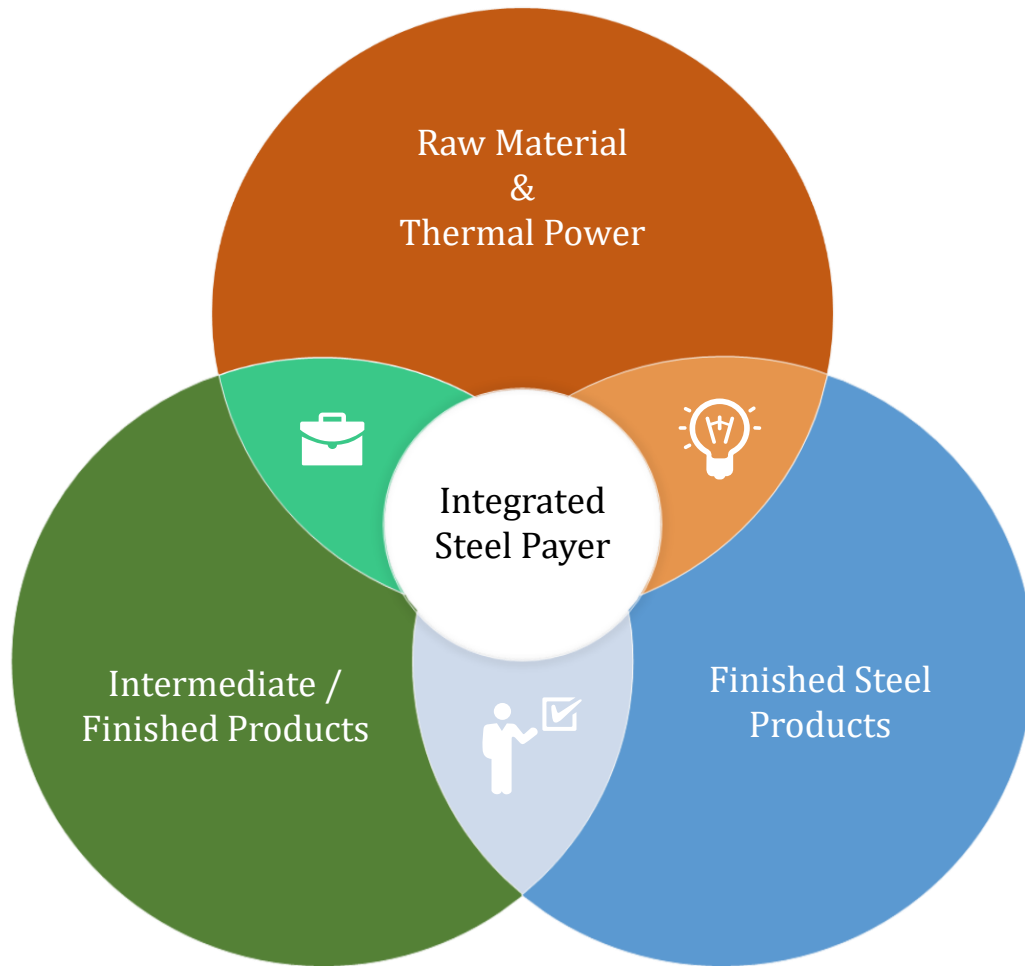
- Existing Hydropower portfolio of 142.7 MW and another 25 MW under execution; Additionally, existing 20 MW of Waste Heat power plant
- Prudent governance philosophies and sustainable business practices with strong focus on social responsibility

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

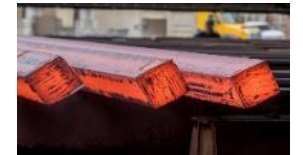
Intermediate / Finished Products (Flexibility to sell products across entire product value chain)



Pellets



Sponge Iron



Billets

Finished Products



Wire Rods



HB Wires



Ferro Alloys

... 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 + Waste Heat Plants

(Total capacity of 163 MW)

- Located at both the manufacturing facilities – Siltara (Chhattisgarh) and Vizag
- The combined power generation capacity stands at **~163 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.)

- 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 **Q3 FY22**
- Shahpur West Coal Mine, in Madhya Pradesh, having extractable reserves of **13.4 MMT** and production capacity of 0.6 MMT p.a.
- 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...

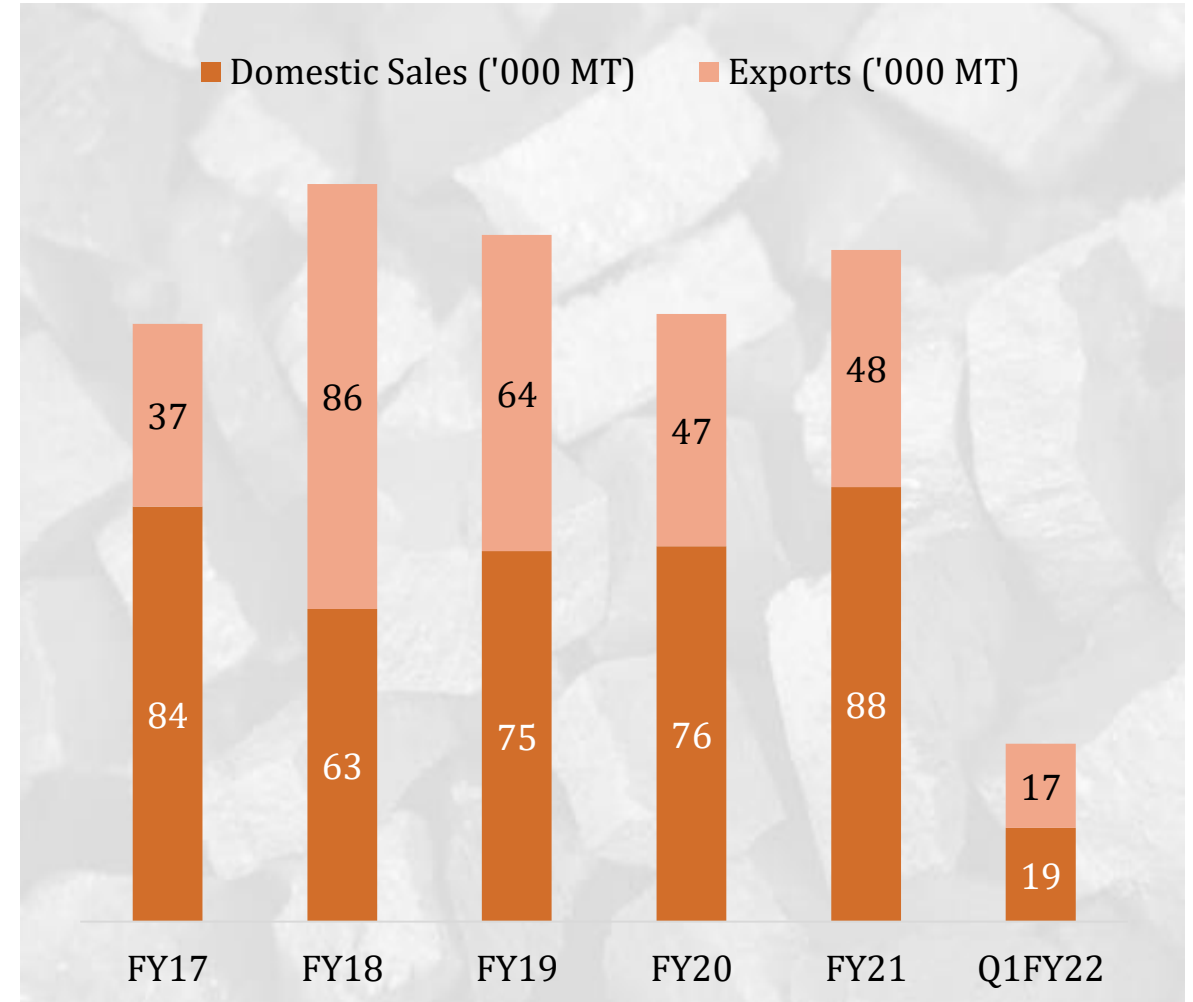
	Pellets	Sponge Iron	Billets	Wire Rods	HB Wires
Description	 <p>Produced from Iron Ore fines & sold domestically</p>	 <p>Produced from captive Iron Ore Lumps & Pellets. Preferred Route of Steel making.</p>	 <p>Semi finished steel product produced by continuous casting process. Well-positioned with complete 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
Recent Expansions	Expanded by 2,00,000 effective Mar'21	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 ~143 MW

	4.8 MW	24.9 MW	113 MW
Location	Uttarakhand	Chhattisgarh	Sikkim
Name of the River	Sarju	Gullu	Rongnichu
Year of Commissioning	2008	2017	2021
Tariff	INR 3.85 per unit	INR 5.21 per unit	Under determination
Term of PPA	30 -year PPA with State Discom	35-year PPA with State Discom	35-year PPA with State Discom
PLF - FY21	57%	50%	NA
Debt (FY21)	Debt Free since 2017	INR 98 Cr	INR 952 Cr
Key Updates	Expansion of 3 MW being proposed	Generating Free Cashflow since its first year	Commissioned on July 01, 2021

Additionally, 24.9 MW plant is being planned on the Rehar river in Chhattisgarh for which Land Acquisition & Regulatory Approvals have been received and project construction to start in current FY

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

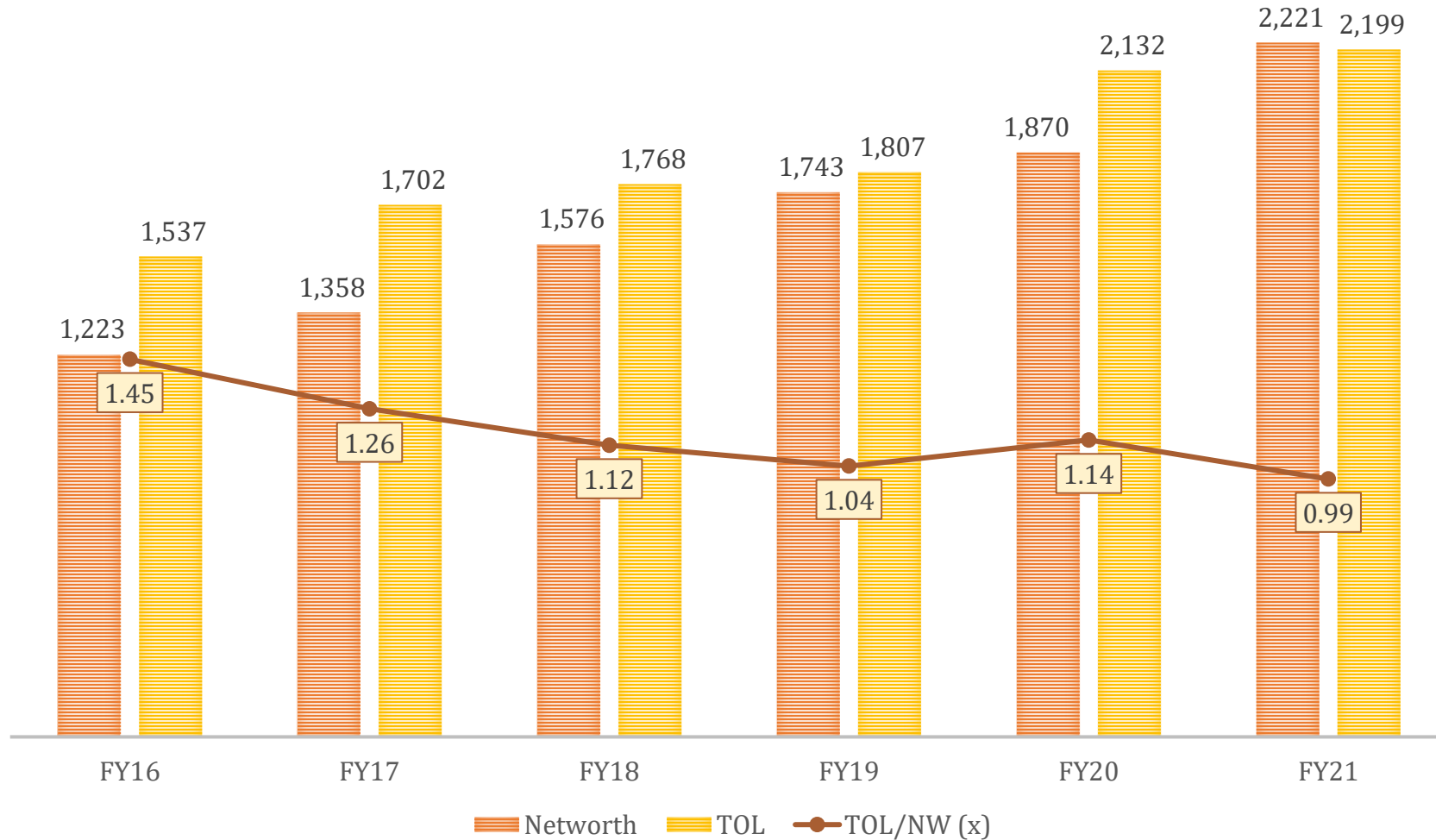
- MBA in Finance & Marketing with more than 16 years of experience in Iron & Steel Industry
- Responsible for the entire operations at Vishakhapatnam facilities



Financial Performance

Strong Balance Sheet: Comfortable Leverage Position

Figures in INR Crore



- 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

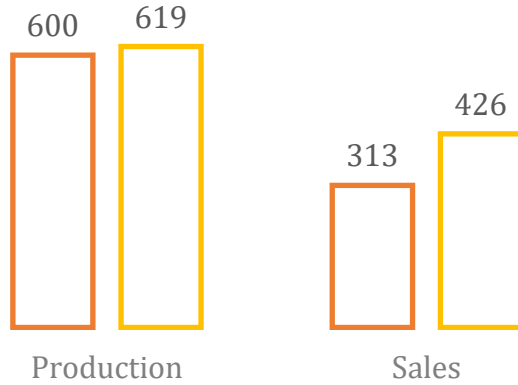
INR in Cr	FY17	FY18	FY19	FY20	FY21
Revenues	1,434	2,217	2,324	2,000	2,199
Other Income	67	70	17	-17	144
Total Income	1,502	2,287	2,341	1,983	2343
Raw Material	942	1,478	1,493	1,293	1,347
Employee Expenses	75	77	87	88	89
Other Operating Expenses	200	260	261	263	243
EBITDA	284	472	499	339	664
EBITDA Margin (%)	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

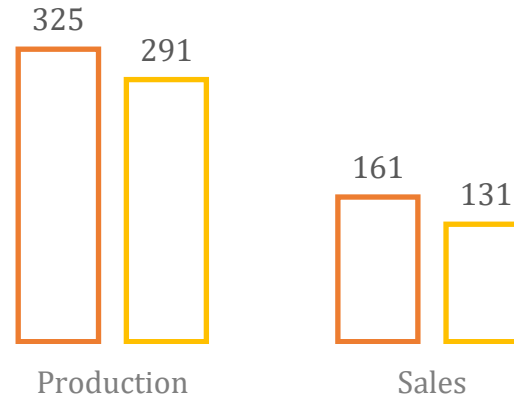
INR in Cr	FY17	FY18	FY19	FY20	FY21
Share Capital	36	36	36	36	36
Tangible Networth	1,322	1,540	1,707	1,834	2,185
Minority Interest	83	88	132	100	101
Long Term Borrowings	936	998	1,078	1,436	1,500
Short Term Borrowings	348	327	268	215	108
Other Liabilities	390	423	461	481	591
Total Liability	3,115	3,413	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

Metal Segment - Robust Volume Growth Across Products – FY21

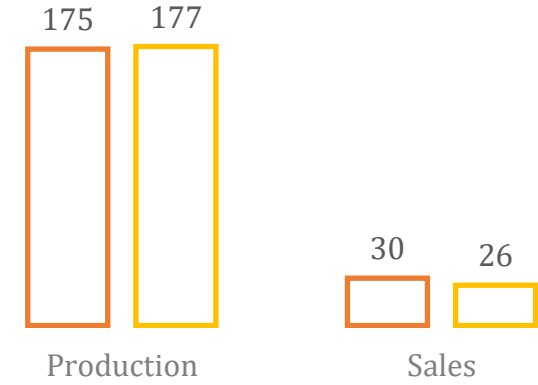
Iron Ore Pellets ('000 MT)



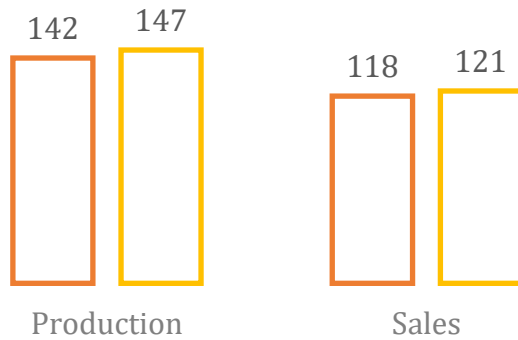
Sponge Iron ('000 MT)



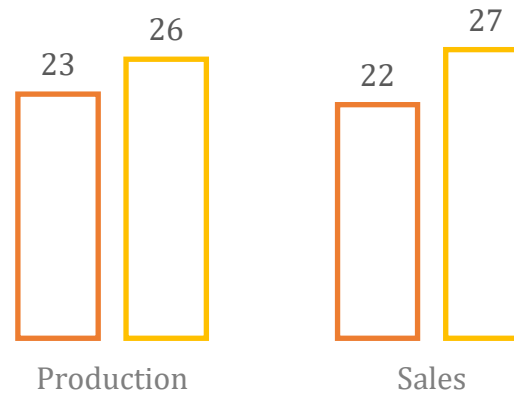
Steel Billet ('000 MT)



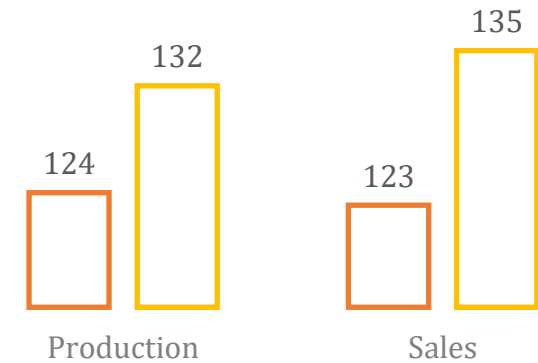
Wire Rod ('000 MT)



H. B Wires ('000 MT)



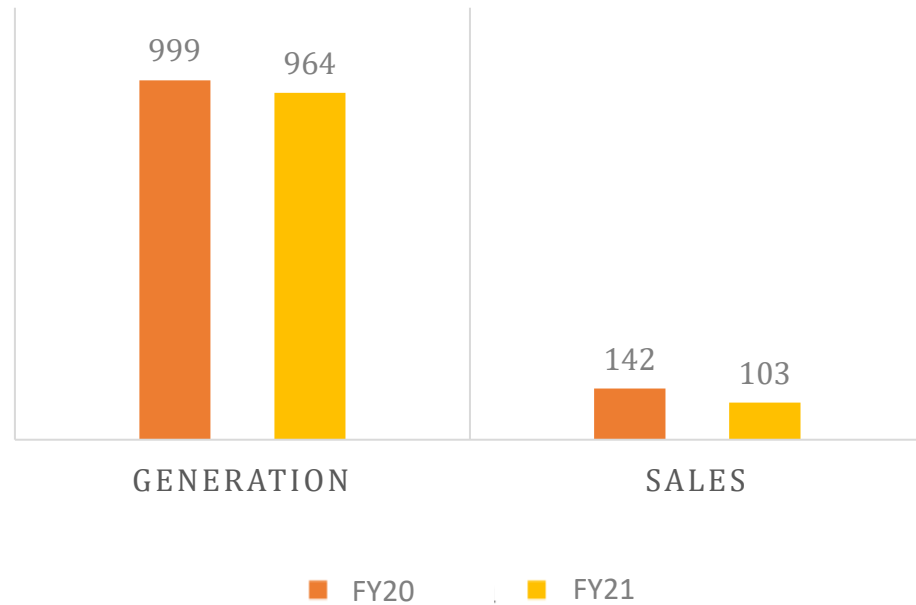
Ferro Alloys ('000 MT)



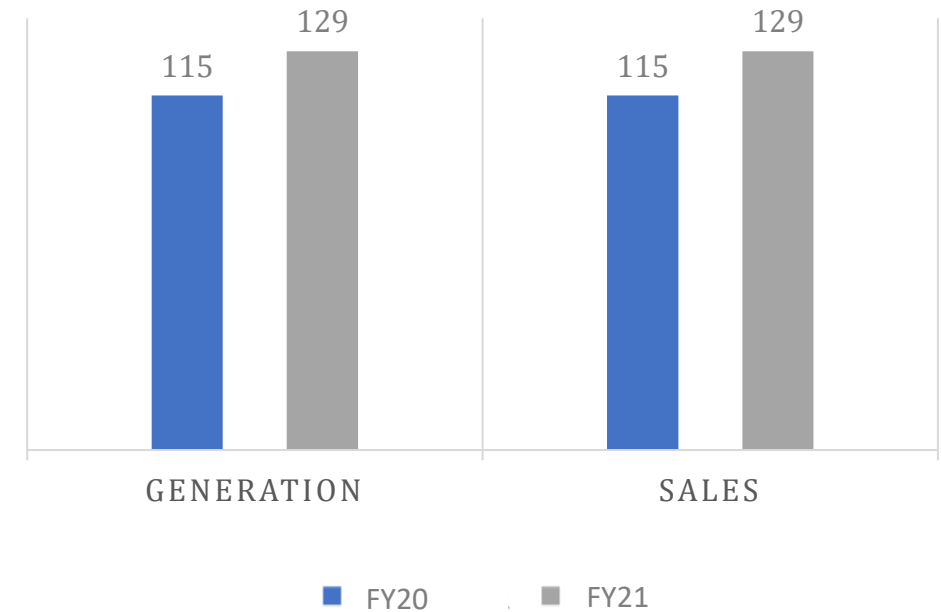
■ FY20 ■ FY21

Power Segment - Highest Ever Hydro Power Generation – FY21

Thermal Power + Waste Heat – Total Capacity 163 MW



Hydro Power – Total Operational Capacity 29.7 MW





Corporate Social Responsibility

Focus on Safety, Health & Social Responsibility

Health & Safety

67% employees given first Covid vaccination dose and 33% given both doses

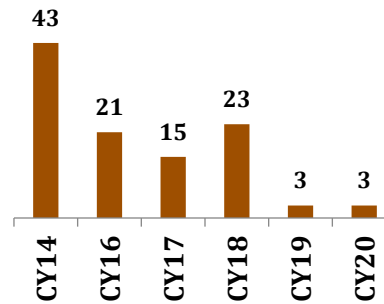
SEML awarded - Appreciation Award for Best Company in the Entire Eastern Region in Safety category

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

Initiatives Against COVID-19



Donated Food Grains to Villagers



COVID testing camps for Villagers



Provided Medical Kit & Apparatus help to COVID-19 Hospitals



Vaccine Drive for Employees: 67% given 1st dose and 33% given both doses

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



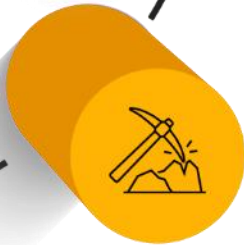
Health: Preventive & curative healthcare services

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



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