

SARDA ENERGY AND MINERALS LIMITED

Mining | Steel | Ferro Alloys | Hydro Power



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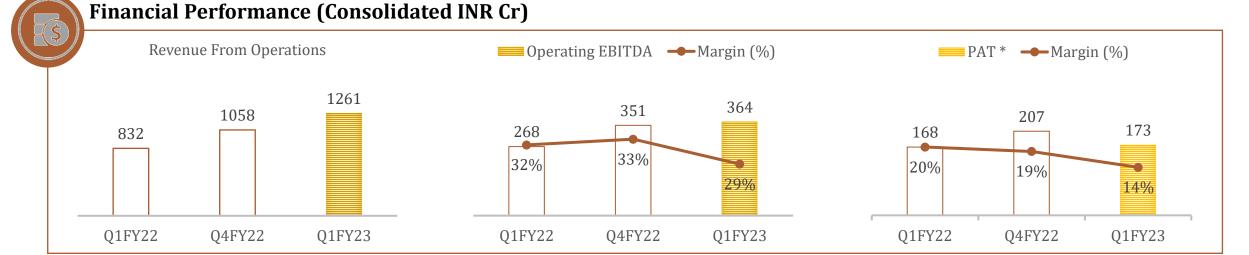






Q1FY23 | Key Highlights

Robust Performance Amidst Challenging Environment



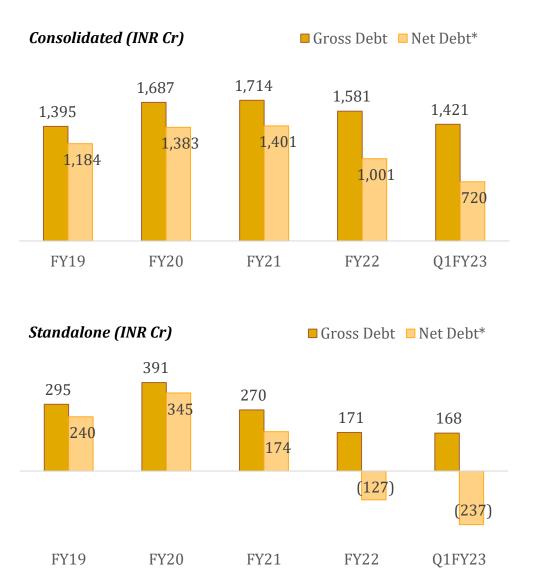


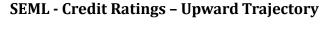
Operational Performance

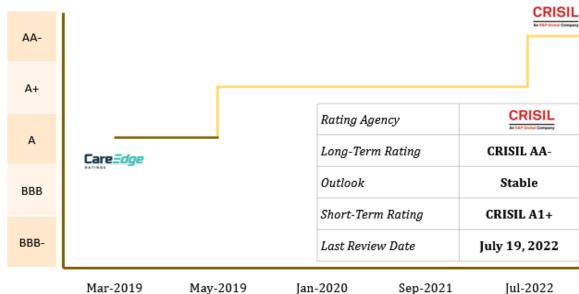
- Highest Ever Quarterly Consolidated and Standalone Revenue
- Highest Ever Quarterly production and sales of Iron Ore Pellet at 215,705 MT and 158,914 MT
- Highest Ever Quarterly sales of HB Wires at 9,580 MT
- Highest Ever Quarterly generation & sales of Thermal Power at 307.23 Mn KwH and 36.89 Mn KwH



Improvement in Debt Profile and Credit Rating







Name of Subsidiary	Reviewed on	Current	Previous
Sarda Metals & Alloys Ltd (SMAL)	Jul-2022	CRISIL A/Stable/A1	CRISIL BBB+/Positive/A2
Chhattisgarh Hydro Power LLP (CHPLLP)	Jul-2021	ICRA A-/Stable	ICRA BBB+/Stable
Madhya Bharat Power Corporation	May-2022	CARE A-/Stable	CARE BB/Positive
Ltd (MBPCL)	Mar-2022	IND A-/Stable/A2+	N.A.



Update on Ongoing Projects

Backward Integration: To ensure Consistent Supply and Stable Prices

- ➤ Gare Palma IV/7 Coal Mine, Chhattisgarh
 - ✓ Capacity expansion from 1.2 MMT p.a. to **1.68 MMT p.a.** likely to be completed in FY23
- > Shahpur West Coal Mine, Madhya Pradesh
 - ✓ Extractable reserves of **13.4 MMT** and Production capacity of **0.6 MMT p.a.;** Work is in progress as per schedule;
- Bidding for additional Mining Assets

Capacity Enhancement: To capitalize on Growth Opportunities

- Ferro Alloys plant at Vizag (Under SMAL)
 - ✓ Capacity expansion from 111 MVA to **147 MVA**, estimated to commence operations in FY23

Sustainability: Total Green Power capacity higher than Thermal Power

- > 163 MW of Operational Green Power (143 MW of Hydro Power and 20 MW of Waste Heat Power)
- > 24.9 MW of Hydro Power under execution



Consolidated P&L – Highest Ever Quarterly Revenue

INR in Cr	Q1FY23	Q1FY22	YoY	Q4FY22	QoQ	FY22	FY21	YoY
Revenue from Operations	1,261	832		1,058		3,914	2,199	
Other Income	-39	-2		34		50	144	
Total Income	1,222	830	47%	1,092	12%	3,964	2,343	69%
Raw Material	723	468		581		2,086	1,347	
Employee Expenses	32	24		36		113	89	
Other Operating Expenses	136	68		89		360	243	
EBITDA	331	270	23%	386	-14%	1,406	664	112%
EBITDA Margin (%)	27.1%	32.5%		35.3%		35.5%	28.3%	
Depreciation	44	19		46		143	75	
Finance Cost	32	15		45		147	79	
Exceptional Items	0	0		-4		-7	-15	
Profit Before Tax	255	235	8%	291	-12%	1,108	495	124%
Tax	81	66		86		300	115	
Share of P/L of Associates and JV	-1	-2		2		-2	-4	
Profit After Tax	173	168	3%	207	-16%	807	376	114%
PAT Margin (%)	14.2%	20.2%		18.9%		20.3%	16.1%	
EPS (INR)	48.19	46.63		59.20		223.07	104.00	
Operating EBITDA *	364	268	36%	351	4%	1,338	501	167%
Operating EBITDA Margin (%)	28.9%	32.2%		33.2%		34.2%	22.8%	

¹⁾ Consolidated financial results are not comparable QoQ due to the seasonal nature of Hydro Power business; 2) Other Income includes effect of Mark-to-Market gain/loss on Investment;

^{3) *} Operating EBITDA excludes Other Income and non-operating gain/loss under Other Expenses



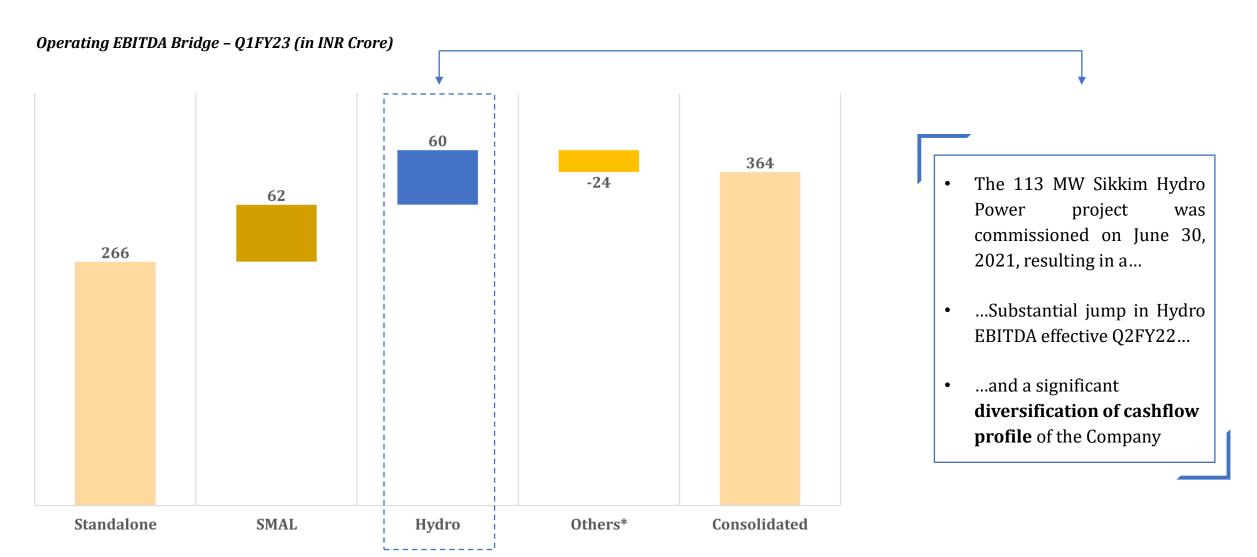
Standalone P&L - Highest Ever Quarterly Revenue

INR in Cr	Q1FY23	Q1FY22	YoY	Q4FY22	QoQ	FY22	FY21	YoY
Revenue from Operations	819	619		761		2,642	1,595	
Other Income	-32	-3		27		75	107	
Total Income	788	616	28%	788	0%	2,717	1,702	60%
Raw Material	463	351		385		1,467	974	
Employee Expenses	24	18		28		82	68	
Other Operating Expenses	66	45		64		216	182	
EBITDA	234	202	16%	311	-25%	953	479	99%
EBITDA Margin (%)	28.6%	32.7%		40.9%		36.1%	30.0%	
Depreciation	16	12		15		54	48	
Finance Cost	4	7		7		22	34	
Exceptional Items	0	0		0		0	-15	
Profit Before Tax	214	182	18%	289	-26%	877	382	130%
Tax	62	48		74		217	85	
Profit After Tax	153	134	14%	215	-29%	660	297	122%
PAT Margin (%)	19.4%	21.7%		27.2%		24.3%	17.4%	
EPS (INR)	43.27	37.16		59.57		183.02	82.26	
Operating EBITDA *	266	204	30%	283	-6%	874	369	137%
Operating EBITDA Margin (%)	32.5%	33.0%		37.2%		33.1%	23.1%	

¹⁾ Other Income includes effect of Mark-to-Market gain/loss on Investment; 2) * Operating EBITDA excludes Other Income and non-operating gain/loss under Other Expenses



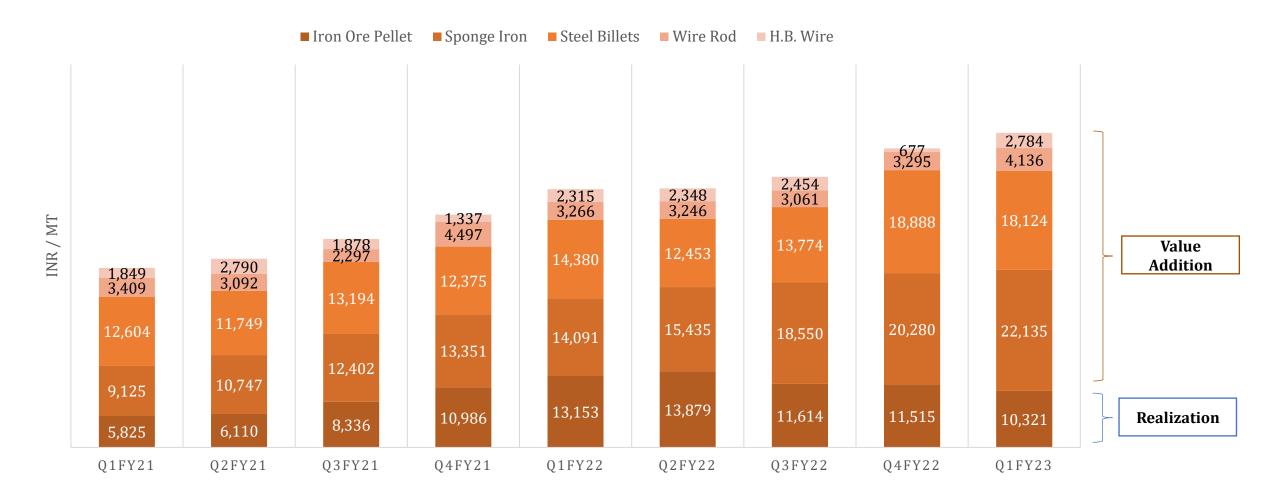
Consolidated Operating EBITDA Break-up



^{*} Includes inter-company allocation

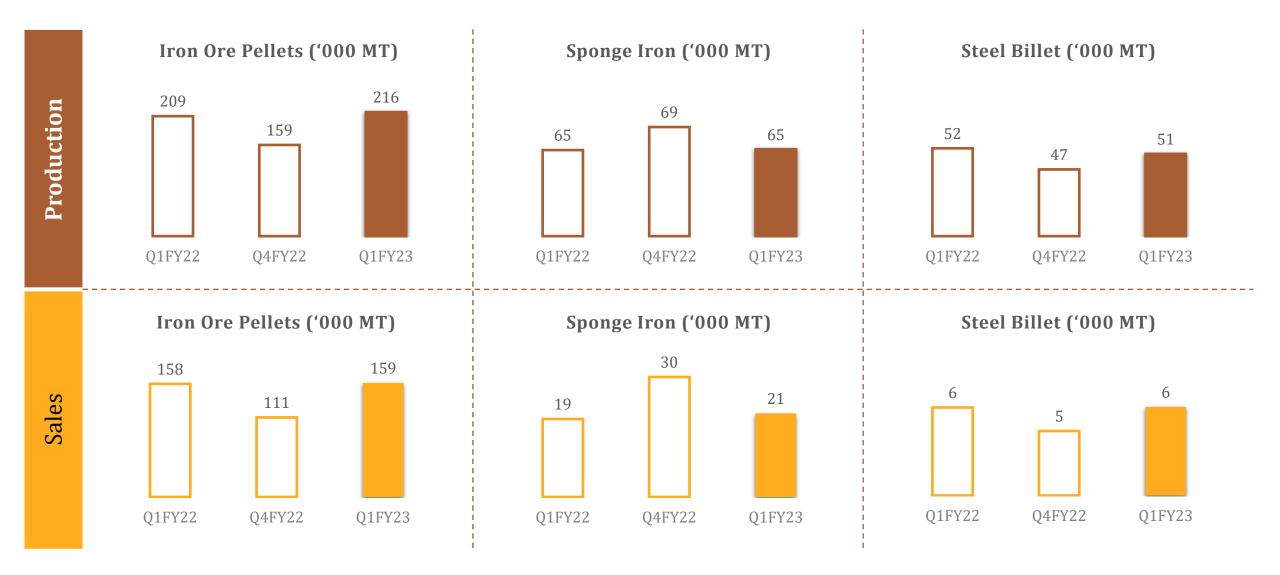


Steel Segment: Product Prices Continue to Largely Remain Firm



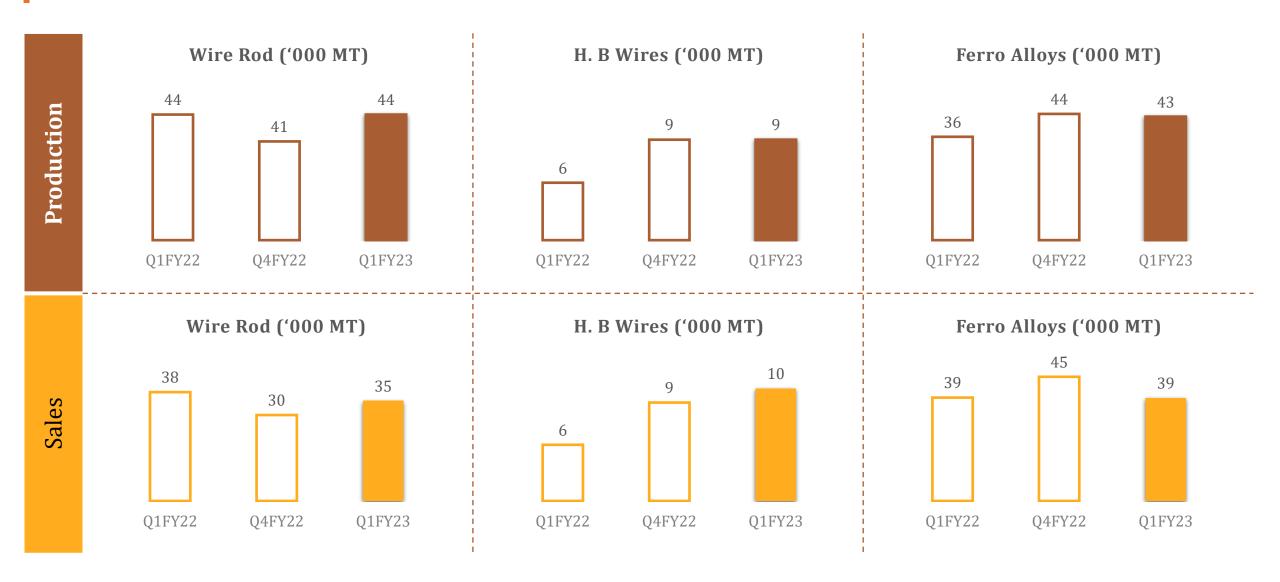


Steel Segment: Stable Demand Across Products (1/2)



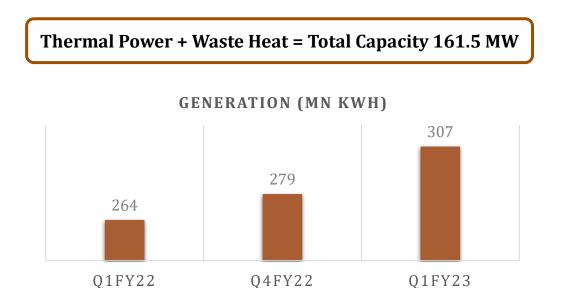


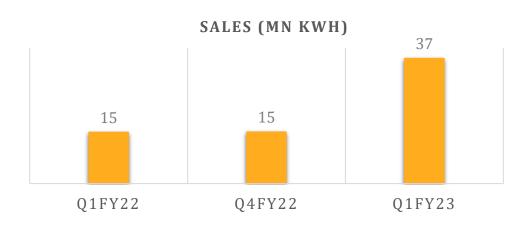
Steel Segment: Stable Demand Across Products (2/2)

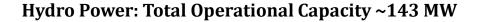


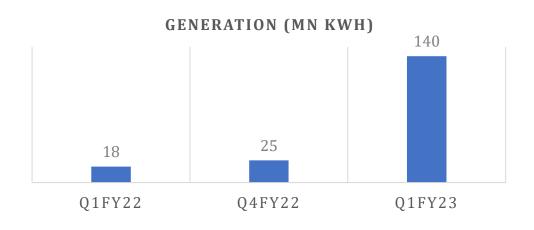


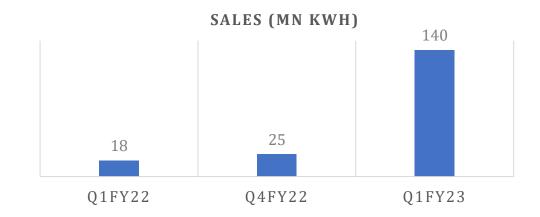
Power Segment - Highest Ever Quarterly Thermal Power Generation & Sales













Key Strategies to Drive Growth and Competitive Advantage



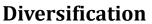
Backward Integration

To Reduce Input Costs and Ensure Consistent Supply

- Commissioned Gare Palma IV/7 Coal Mine in Dec-21
- Shahpur West Coal Mine is work-in-progress
- Bidding for additional Mining Assets

Capacity Expansion

- Ferro Alloys capacity expansion by 36 MVA to 147 MVA, likely to be completed in FY23
- Gare Palma coal mine production capacity from 1.2 MMT p.a. to 1.68 MMT p.a. likely to be completed in FY23



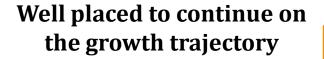


- Commercialized a large sized (113 MW) project at Sikkim in end of June 2021
- 25 MW of project under execution in Chhattisgarh
- All future Hydro Projects' equity to be funded from cash flows of Hydro Power business



Financial Prowess

- Comfortable liquidity and leverage position TOL/NW of 0.73x (FY22)
- Set to improve with the recent commissioning of the Sikkim Hydro Power Project, Coal mine and utilization of Pellet capacity



Strong Focus on ESG

- Existing Hydropower portfolio of 142.7 MW and
- Existing 20 MW of Waste Heat power generation

another 25 MW under execution

Prudent governance philosophies and sustainable business practices with strong focus on social responsibility







SEML | Sustainable Growth

Robust Business Model with Diversified Business

Adding Value to Minerals and Energy

METALS

Vast experience of over 49 years in Steel Manufacturing

Vertically integrated producer of **Steel Products**

Leading manufacturer & exporter of manganese-based Ferro Alloys

Captive inputs like Iron Ore and Coal Mines, and dedicated Thermal

& Waste Heat Power Plants help in maintaining consistent quality and in reducing costs

Strong liquidity and low leverage – **Net D/E below 1x** (FY22)

Pellet	Sponge Iron	Billet	Wire Rod	HB Wires	Ferro
8 Lac MT	3.6 Lac MT	3 Lac MT	1.8 Lac MT	30,000 MT	111 MVA

HYDRO POWER

To de-risk from the cyclicality of Metals business, SEML diversified into renewable energy in **Early 2000s**

Forayed with a **4.8 MW Hydro Power** Plant in 2008

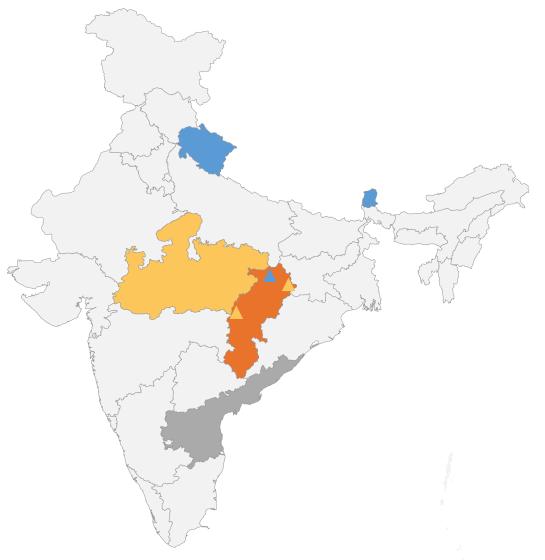
Presently, total operational capacity of ~143 MW and proposed capacity of ~25 MW

Annuity-like Revenues with High Margins and
Steady Cashflows act as hedge against cyclical cashflows
of Metals Business

Operational	Under Execution
142.7 MW	24.9 MW



Strategically Located Assets - Proximity to Raw Materials and End Users...



Captive Iron Ore and Coal Mines located within ~140 km and ~200 km respectively, from the End-user plant at Chhattisgarh

Iron Ore Mine at Rajnandgaon, Chhattisgarh (rated capacity of 1.5 MMT p.a.)

Coal Mine at Gare Palma IV 7, Chhattisgarh (rated capacity of 1.2 MMT p.a.)

Coal Mine at Shahpur West, Madhya Pradesh (rated capacity of 0.6 MMT p.a.)

Steel and Ferro plant at Siltara, Chhattisgarh

Pellets (8 lac MT), Sponge Iron (3.6 lac MT), Billets (3 lac MT), Wire Rod (1.8 lac MT), H.B. Wire (36K MT) and Ferro Alloys (45 MVA), backed by Thermal Power (60 MW) and Waste Heat Power (20 MW)

Ferro Alloys (under SMAL) Plant at Vishakhapatnam

Ferro Alloys Plant at Vizag, with 66 MVA of capacity; backed by Thermal Power (81.5 MW) to cater to the export market

Hydro Power Business

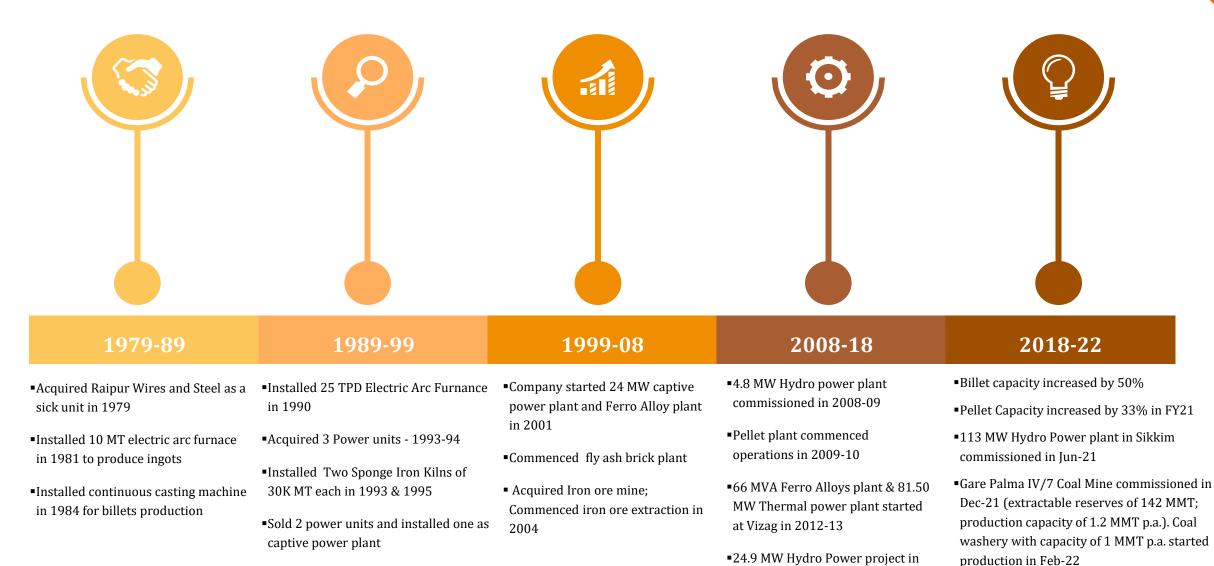
Hydro Power Plant at Uttarakhand - 4.8 MW

Hydro Power Plant at Chhattisgarh - 24.9 MW

Hydro Power Plant at Sikkim - 113 MW



...Built Over Four Decades of Excellence



July 2017 at Chhattisgarh



■Coal Gasifier Plant (4 Nos. capacity of

14,424.5 Nm/hr) commercialized in Jan-22

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 24 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

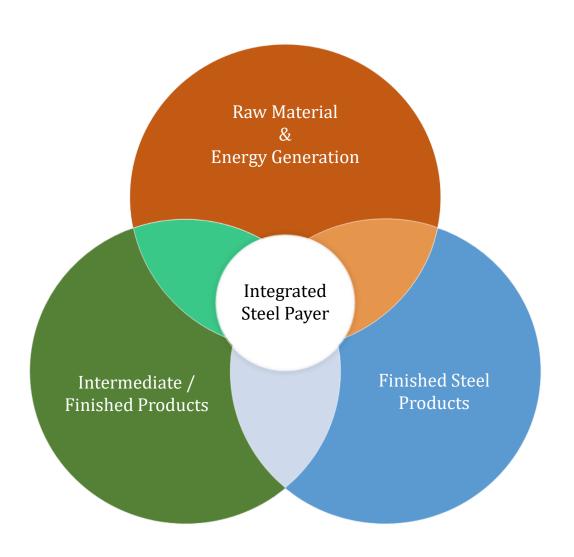
- MBA in Finance &
 Marketing with more than
 16 years of experience in
 Iron & Steel Industry
- Responsible for the entire Vishakhapatnam operations





Business Segments

Metal Business | Vertically Integrated Steel Player...



Raw Material & Energy Generation (Captively procured key inputs, assure cost and quality control)







Iron Ore Mine

Coal Mine

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.



Two Coal Mines

(Total Capacity of 1.8 MMT p.a.)

- Gare Palma IV/ 7 Coal Mine, in Chhatisgarh, having extractable reserves 142 MMT and production capacity of 1.20 MMT p.a. The mine commenced production and achieved rated capacity in Jan 2022 well before the stipulated time, that is, March 2022
- 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 end-user plant at Chhattisgarh, thereby further improving the operating efficienicies for the Company



<u>Captive Thermal + Waste Heat Plants</u>

(Total capacity of 161.5 MW)

- Located at both the manufacturing facilities Siltara (Chhattisgarh) and Vizag
- The combined power generation capacity stands at **161.5 MW**
- The average generation (FY18-22) stands at ~1,026 Mn KwH p.a.
- Both plants combined cater to ~100% of the Company's in-house power requirement



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

	Pellets	Sponge Iron	Billets	Wire Rods	HB Wires
Description	Produced from Iron Ore fines & sold domestically	Produced from captive Iron Ore Lumps & Pellets. Preferred Route of Steel making.	Semi finished steel product produced by continuous casting process. Well-positioned with complete back-end integration.	Hot rolled product made from direct hot billet charging.	HB Wires- Wire rods are cold drawn to HB wires to sizes
Current Capacity	8,00,000 MT	3,60,000 MT	3,00,000 MT	1,80,000 MT	30,000 MT
Captive Consumption	~35%	~60%	~85%	~20%	NA

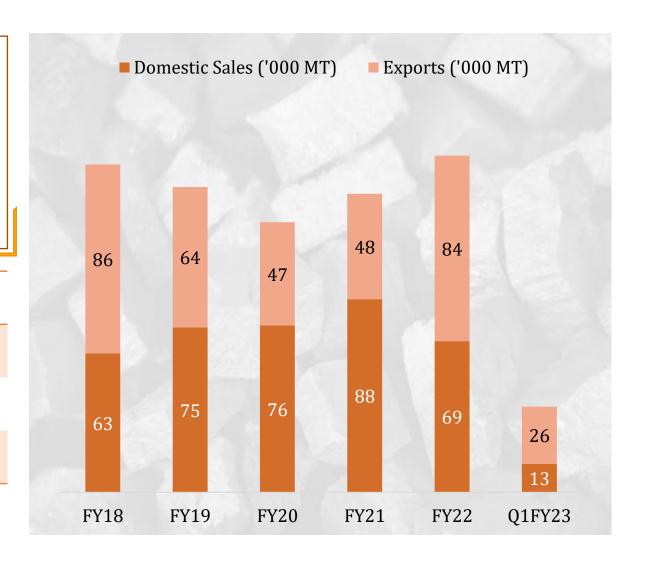


...And a Leading Manufacturer and Exporter of Ferro Alloys

- Manufactures manganese-based Ferro Alloys sold domestically as well exported to other countries
- Leading exporter of manganese-based Ferro Alloys
- Exports Awards:
 - SMAL received prestigious export promotion council award in 2018
 - SMAL received Three-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	

- Adding one more furnace of 36 MVA at the Vizag facility and the project is on-track for commissioning in FY23
- All the furnaces at Raipur facility have been refurbished and updated





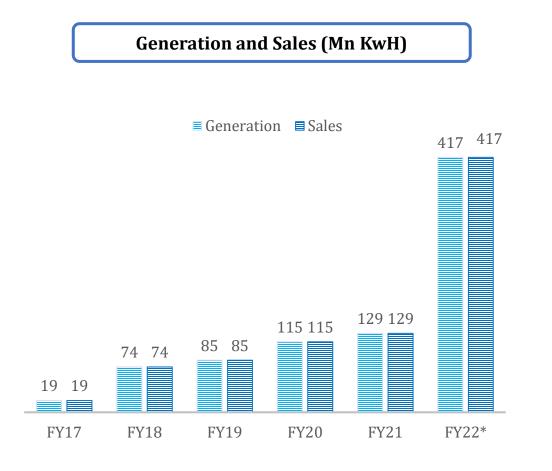
Hydro Power Business | Operational Assets of ~143 MW...

	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	Final tariff under determination
Term of PPA	30 -year PPA with State Discom	35-year PPA with State Discom	35-year PPA with State Discom
PLF - FY22	61%	49%	40%*
Debt (FY22)	Debt Free since 2017	INR 80 Cr	INR 981 Cr^
Key Updates	Expansion of 3 MW being proposed	Generating Free Cashflow since its first year	Commissioned on June 30, 2021, generating Free Cashflow and pre- paying Debt

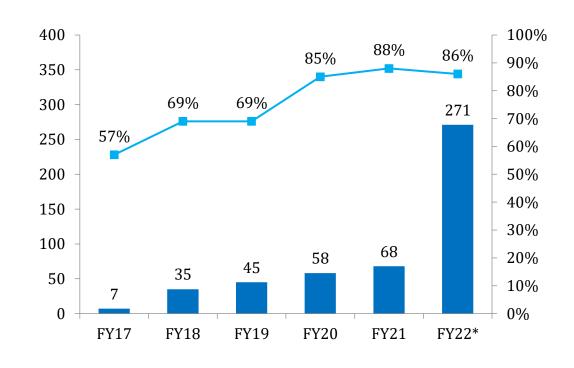
Additionally, 24.9 MW plant is being installed on the Rehar river in Chhattisgarh for which project construction has started; Expected to achieve CoD in FY25



...With Track Record of Robust PLF and Annuity-like Revenue + High Margin



Revenue (INR Cr) & EBITDA Margin (%)







Corporate Social Responsibility

Focus on Safety, Health & Social Responsibility



Health & Safety

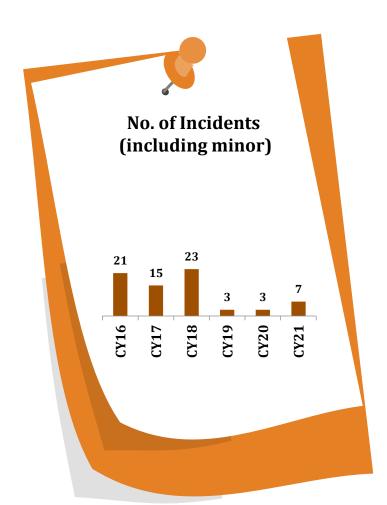
Embarked on the path of administering the Booster dose of Covid-19 vaccine to all employees at the manufacturing units

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





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

Support to almost 3000 farming families for generating alternative source of income

Regularly supporting local administration in COVID-19 related measures

Support to NGOs like "Pariwar"

Plantation target of 10,000 saplings, of which, 5300 planted



Education:Enabling quality
education in community

- Salary support to Teachers at Siltara & Mines area village schools
- Reward to Meritorious students of 10th & 12th of Siltara, Mandhar & Girod
- Support to Educational Trust for quality education development
- Support to Ekal Vidyalayas for education development of tribal students with Friends of Tribal Society
- Sweet distribution to students on the eve of National Festival in Mandhar village
- Sponsored School sports & cultural events for local art & culture promotion
- Imparted computer education for village students



Healthcare :Preventive & curative healthcare services

- Operating mobile medical van with free medicines in mines area villages
- Mobilized Doctors for community healthcare services around 20 villages
- Financial support to critical patients for their advanced treatment
- Organized Health camp on issues like Cardiology, Neurology, Orthopedics, ENT etc.
- Organized Awareness drives on critical self and critical care of patients
- Organized Blood donation camp to full fill community need with CII & Redcross



Infrastructure: Creating community assets

- Construction of Community hall in Siltara and Murethi village
- Repair & Renovation of Cross Drain and Service road at village Basantkala
- Gali Concrete work at Tada , Mandhar & Girod
- Bazar Walkway concrete work at Siltara
- Creation of community assets for the community benefit in villages
- Created Rain water harvesting structures for water shed development



Livelihood :Environmental & economical sustainability

- Mass Bamboo plantation under Hariyar Chhattisgarh
- Pond Deepening work at Murethi ,Siltara ,Akoli & Jakke village for Water shed development
- Potable water supply in Siltara, Mandhar & Mines area villages
- Support to the farmers for crop loss during rainy season at Akoli & Tada village
- Livelihood development of Physically challenged thru Akhil Bharatiya Vikalang chetana Parishad
- Saplings for plantation under Udaan Scheme
- Conducted Sewing Training program in Siltara & Mandhar village, Covered 90 nos
- Income generation training program for SHGs & village youth



Art, Culture & Sports: Sports & culture development

- Rural awareness program on MGNERGA with Central Board Of Workers Education
- Support to old age home for the take care of Smt. Radha Bai Mandavi
- Support for the local cultural promotion festivals, Jhanki, Dance & Folk Art in villages
- Sponsor "Positive Leadership Program" Mouj Me Raho" with Sadbhavna Trust
- Support for the local sports and culture like Madai mela and kabaddi etc.
- Support to Mr Shrimant Jha Para Olympic Wrestler & Mr Anshuman Sharma .

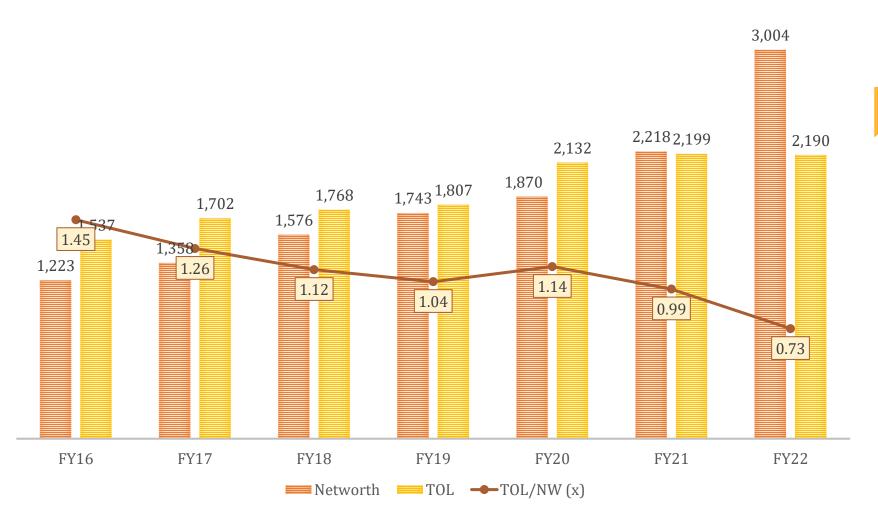




Financials

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 has strengthened further



Consolidated P&L – Consistent Growth and High Profit Margins

INR in Cr	FY18	FY19	FY20	FY21	FY22
Revenues	2,217	2,324	2,000	2,199	3,914
Other Income	70	17	-17	144	50
Total Income	2,287	2,341	1,983	2,343	3,964
Raw Material	1,478	1,493	1,293	1,347	2,086
Employee Expenses	77	87	88	89	113
Other Operating Expenses	260	261	263	243	360
EBITDA	472	499	339	664	1,406
EBITDA Margin (%)	21%	21%	17%	28%	36%
Depreciation	73	76	78	75	143
Finance Cost	97	99	82	79	147
Exceptional Item	-	-	-	-15	-7
Profit Before Tax	302	324	179	495	1108
Tax	90	117	43	115	300
Share of Associates and JV	8	-	-7	-4	-2
PAT	205	207	128	376	807
PAT Margin (%)	9%	9%	6%	16%	20%
EPS (INR)	56.01	56.36	35.05	104.00	223.07

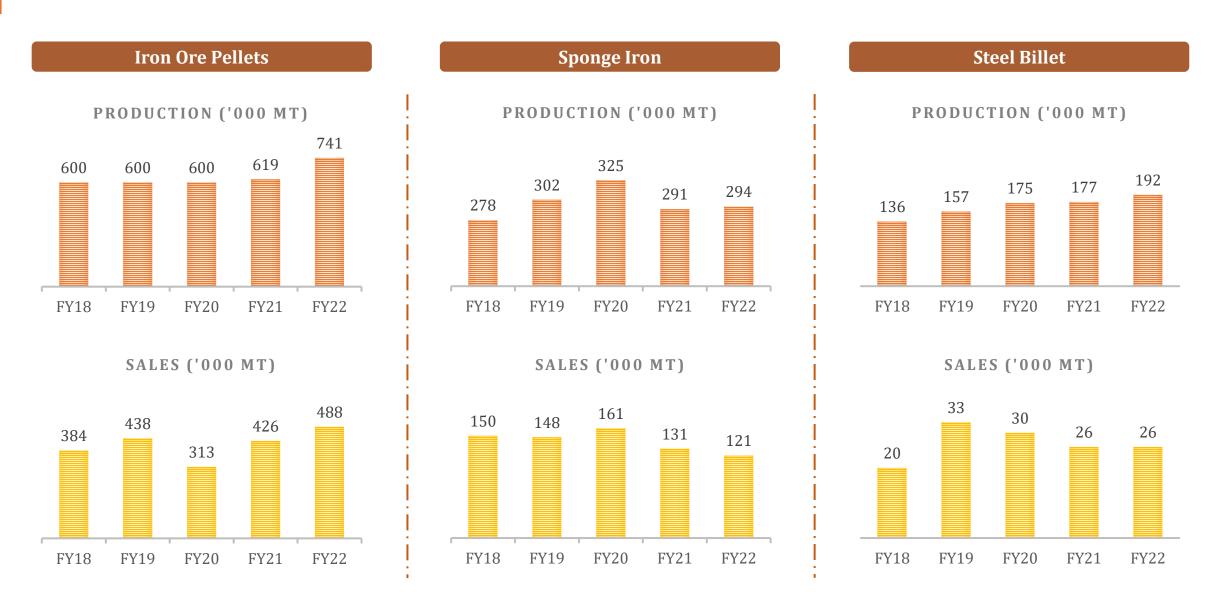


Consolidated BS – Conservative Capital Structure and Strong Liquidity Profile

INR in Cr	FY18	FY19	FY20	FY21	FY22
Share Capital	36	36	36	36	36
Tangible Networth	1,540	1,707	1,834	2,182	2,968
Minority Interest	88	132	100	101	104
Long Term Borrowings	983	1,078	1,408	1,493	1,196
Short Term Borrowings	403	317	279	221	385
Other Liabilities	362	412	444	486	610
Total Liability	3,413	3,681	4,102	4,518	5,298
Net Fixed Asset	1,367	1,358	1,332	1,287	2,854
CWIP	775	1,054	1,365	1,616	132
Investment	215	196	169	243	473
Cash & Cash Equivalents	68	45	165	97	282
Other Assets	988	1,028	1,072	1,276	1,558
Total Assets	3,413	3,681	4,102	4,518	5,298

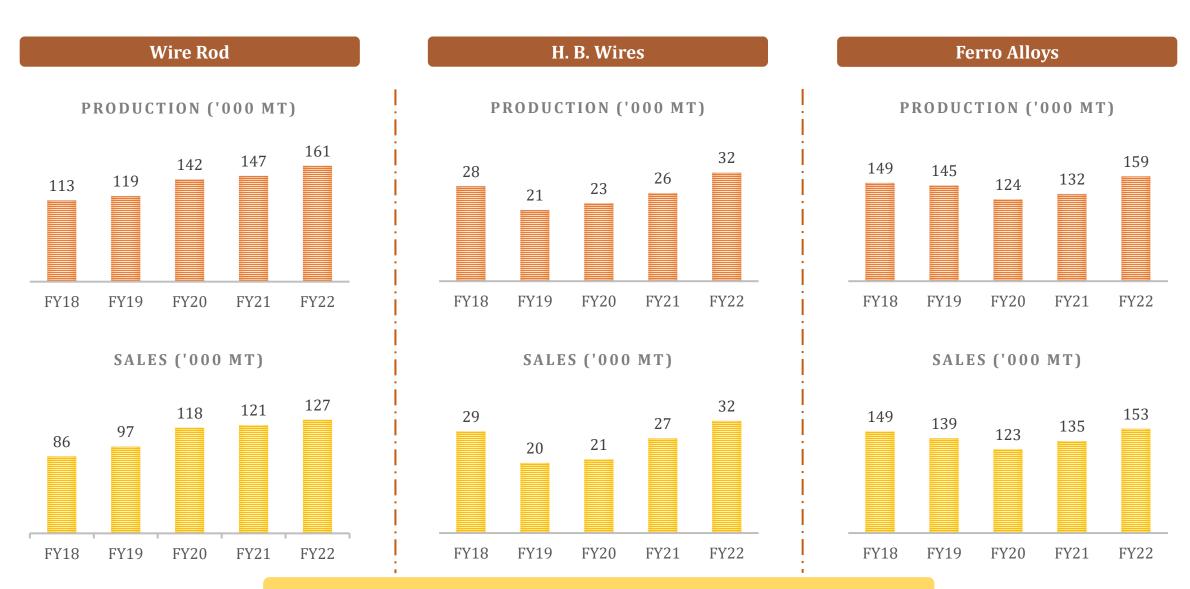


Yearly Trend | Production and Sales (1/2)



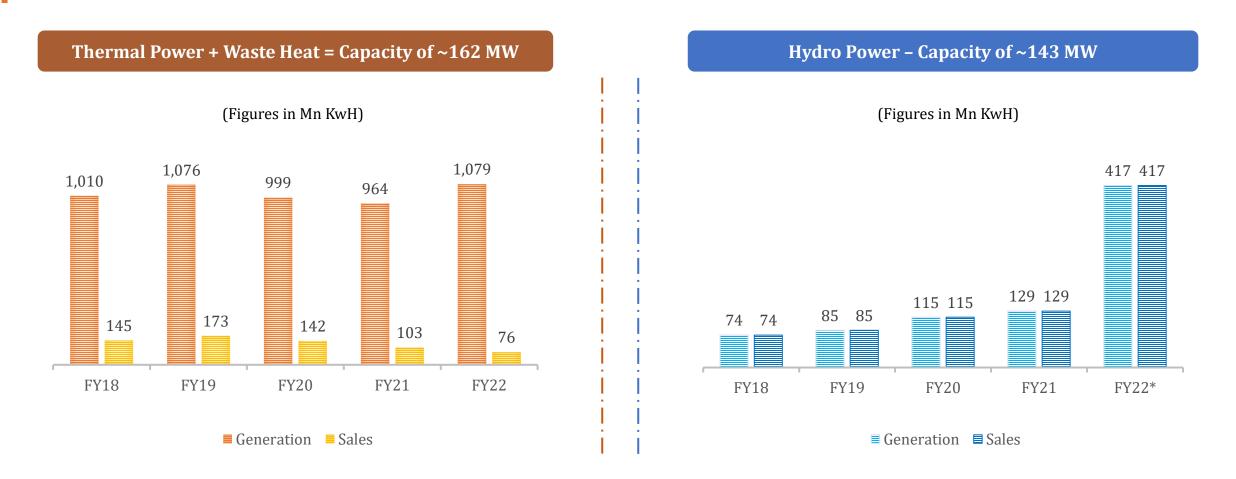


Yearly Trend | Production and Sales (2/2)





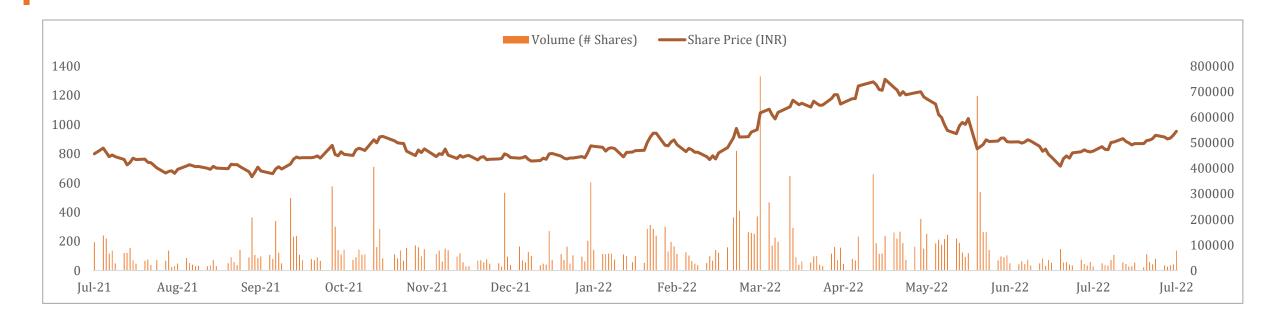
Power Segment: Generation & Sales (volumes)



Note: 1) Thermal Power is largely consumed for captive use; 2) * Hydro power generation increased substantially due to on-streaming of the 113 MW Sikkim Power plant during Q2FY22



Share Price Information

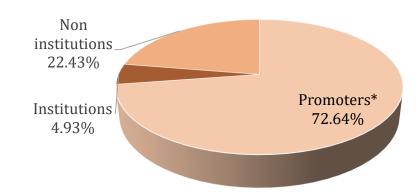


Capital Market Information (as on 29-July-22)

BSE/NSE Code	504614/SARDAEN
CMP (Rs)	954
Market Cap (Rs Cr)	3,361
Shares (Cr)	3.52*
Face Value (Rs)	10

^{*} Reduced by 811,108 shares due to buy back of those shares @ ₹ 1500/- per share

Shareholding Pattern (as on 30-June-22)



^{*} Promoter shareholding reworked after considering shares tendered under buyback, which were extinguished on 1st July 2022



THANK YOU



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