

PRESS RELEASE

25th May, 2019

Sarda Energy & Minerals Limited (SEML) reports consolidated and standalone financial results for the 4th and Financial Year ended 31st March, 2019.

Highlights-

Operational Performance (Annual)

- i. Highest ever captive iron ore consumption-4,61,480 Vs. 3,56,663(Growth29%).
- ii. Highest ever Pellet production – 5,99,972 MTs. Vs. 5,99,950 MTs
- iii. Highest ever Steel Billet Production- 1,56,691 MTs (Growth 15%)
- iv. Highest ever Wire Rod production- 1,18,578 MTs (Growth 5%)
- v. Highest ever Thermal Power generation (Standalone)-552 Mn Kwh (Growth8%)
- vi. Highest ever hydropower generation- 85Mn Kwh (Growth 3%)

Consolidated Annual Financial Performance –

- Revenue from Operations Rs.2324 Cr (Growth5%).
- Operating EBIDTA Rs. 482Cr. against Rs.394Cr in FY18 (Growth 23 %).
- PBT Rs. 324Cr. against Rs.294Cr in FY18 (Growth 10%).
- PAT Rs.207Cr as against Rs.205Cr in FY18(Growth 1.5 %).

Standalone Annual Financial Performance –

- Revenue from Operations Rs.1653 Cr (Growth 9 %).
- Operating EBIDTA Rs. 374Cr against Rs.293Cr in FY18 (Growth 28%).
- PBT Rs. 321Cr. against Rs. 269Cr in FY18 (Growth 19%).
- PAT Rs. 215 Cr as against Rs 188 Cr in FY18(Growth 14 %).

Credit Rating Improvements

Company	Nature of rating	Existing Rating	New Rating
Sarda Energy & Minerals Ltd.	Long term Bank Loan rating (BLR)	CARE "A"	CRISIL "A+"
Sarda Metals & Alloys Ltd.	Long term BLR	CARE "BBB-"	CRISIL "BBB"
Sarda Metals & Alloys Ltd.	Short term BLR	CARE "A3"	CRISIL "A3+"
Chhattisgarh Hydro Power LLP	Long term BLR /Issuer Rating	CRISIL "BBB-"	ICRA "BBB"

The rating upgrades across the entities reflect improving performance and financials of the company at standalone as well as consolidated level. The company expects further improvement in the ratings upon commissioning of the 96 MW hydro power project.

Production & Sales (Consolidated)

Production

Products	UOM	Quarter Ended							Growth%
		Q4FY19	Q3FY19	Q4FY18	Growth %		FY19	FY 18	
					QoQ	YoY			YoY
Iron Ore Pellet	MT	62975	171198	86383	-63	-27	599972	599,950	-
Sponge Iron	MT	79243	76379	78758	4	1	302243	278,147	9
Steel Billet	MT	44713	36156	34294	24	30	156691	136,349	15
Wire Rod	MT	30516	26762	29386	14	4	118578	113,466	5
H.B Wire	MT	6348	2826	6426	124	-1	20572	27,763	-26
Ferro Alloys	MT	31877	35643	35805	-11	-11	145064	149,258	-3
Power (Thermal)	Mn Kwh	252.34	271.49	240.93	-7	5	1076	1,010	7
Power (Hydro)	Mn Kwh	8.43	15.84	6.29	-47	34	85.02	82.23	3

The Pellet plant was operated for part of the quarter only due to achievement of maximum permitted capacity. This had a bearing on revenue and profitability of the quarter.

Hydro power generation is seasonal and hence not comparable QoQ.

Sales

Products	UOM	Quarter Ended					FY19	FY18	Growth%
		Q4Y19	Q3 FY19	Q4FY18	Growth %				
		A	B	C	QoQ	YoY			
Iron Ore Pellet	MT	43630	88469	58184	-51	-25	438067	383,831	14
Sponge Iron	MT	37764	42165	46230	-10	-18	148130	150,415	-2
Steel Billet	MT	12044	9194	3729	31	223	33356	19,633	70
Wire Rod	MT	23611	24481	23475	-4	1	97077	85,567	13
HB Wire	MT	6153	2851	6477	116	-5	20473	28,615	-28
Ferro Alloys	MT	31631	30320	38016	4	-17	139048	149,316	-7
Thermal Power	MnKwH	38.6	53.99	39.22	-28	-2	172.98	145.30	19
Hydro Power	MnKwH	8.43	15.84	6.29	-47	34	85.02	82.23	3

Note:

A part of all Products, except Hydro Power & HB Wire, is captively consumed for production of downstream products.

Exports

Majority of our ferro alloys production is exported to a large number of countries. During the quarter we exported 13073 MTs of Ferro alloys against 17813 MTs in Q3FY19 and 23951 MTs in Q4FY 18. During FY19 we exported 80285 MTs of ferro alloys against 86387 MTs in FY18. The company has also exported 53790 MTs of Iron ore pellet during the year for the first time.

Sarda Metals& Alloys Ltd.

Production

Products	UOM	Quarter Ended					FY19	FY18	Growth%
		Q4FY19	Q3FY19	Q4FY18	Growth %				
		A	B	C	QoQ	YoY			
Ferro Alloys	MT	17799	19092	21157	-7	-16	79585	83,760	-5
Power	Mn Kwh	117.66	135.69	135.25	-13	-13	524.28	499.37	5

Sales

Products	UOM	Quarter Ended					FY19	FY18	Growth%
		Q4FY19	Q3FY19	Q4FY18	Growth %				
		A	B	C	QoQ	YoY			
Ferro Alloys	MT	18249	15822	23471	15	-22	77418	85,129	-9
Power	Mn Kwh	33.01	48.26	37.9	-32	-13	150.57	127.82	18

Madhya Bharat Power Corp. Ltd.

Work on the 96 MW hydro power project is progressing steadily and is expected to be completed by the end of current financial year. The geology dependent 15 KM long Tunnel and Adit excavation, including single stretch excavation of 3.9 KMs without any opening in-between, is over. As of 31st March 2019, the company has spent Rs. 1086Crores on the project.

Policy changes in hydro power sector – A positive boost for Madhya Bharat Power

The Union Cabinet has approved following changes in the hydro power policy which will prove to be positive for the 96 MW hydro power project of Madhya Bharat Power Corporation Ltd. and change its economic viability substantially.

1. A separate hydropower purchase obligation (HPO) is proposed for distributors / captive consumer of conventional power. Present renewable purchase obligation can be met from any of the wind, biomass or small hydropower.
2. All new hydro power projects commissioning after notification of this policy shall be treated as renewable energy projects and power purchased from these projects will meet the HPO under the relevant regulations.
3. The life / licence period of the hydropower projects shall be increased to 40 years. Escalation of 2% per annum shall be granted on the tariff by back loading the tariff.
4. The repayment period for the hydropower projects will be increased to 18 years.

The 96 MW hydro power project of Madhya Bharat Power Corporation Ltd. shall be eligible for all above benefits and these policy changes will improve its economic viability substantially.

Consolidation of holding in hydro power projects

The company has planned consolidation of its holding in hydro power projects. As a first step, holding of the company in Chhattisgarh Hydro Power LLP has been increased from 60% to 100% on 1st April 2019.

Debt Position

As of 31st March, 2019 the long term loans stood at Rs. 121crores on standalone balance sheet out of which Rs. 22 crores are payable within next one year. On consolidated balance sheet Long term loans stood at Rs.1138 crores (including Loan of Rs. 594crores for the 96 MW hydro power project under construction) out of which Rs. 65 crores are payable during current financial year. The company has met

all its debt service obligations on time. Total Borrowing at consolidated level stood at Rs. 1390 crores.

About Sarda Energy & Minerals Ltd.

Sarda Energy & Minerals Limited (SEML), incorporated in 1973, is an integrated steel producer of long steel products having steel manufacturing facility at Raipur, Chhattisgarh. It is also leading producer and exporter of ferro alloys with manufacturing facility at Raipur & Vizag. It also has interests in hydro power sector through SPVs.

Disclaimer

The operating and financial review in this press release is intended to convey the Management's perspective on the financial and operating performance of the Company for the Quarter4FY19& FY19. Future outlook may include forward looking statements within the meaning of applicable security laws and regulations. Actual performance of the company may materially differ from the views expressed, implied or inferred due to various factors affecting the environment in which the company operates. This should not be considered as complete information for any decision making.

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