



TM

Securing tomorrow
with today's strength

Investor Presentation
February 2022



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Key Updates for Q3 & 9M FY22

<p>Strengthening Brand</p>		<p>S E L Launched Salman Khan as Brand Ambassador, new promotion activity underway for the coming quarters</p>
<p>Update on Capex</p>		<ul style="list-style-type: none"> On track to increase the existing integrated installed facility of 5.7 million tons to 11.6 million tons by 2025
<p>Operational Updates</p>		<ul style="list-style-type: none"> Received “consent to operate” (CTO) from state pollution control board, Odisha & West Bengal for additional captive power generation and capacity expansion of sponge iron & steel production
<p>ESG Update</p>		<ul style="list-style-type: none"> Appointed Growlity Inc. management consultants to carry out comprehensive diagnostic study on ESG fundamentals Installed solar panels to focus on green energy
<p>Financial Performance</p>		<ul style="list-style-type: none"> Quarterly Y-o-Y Growth : Revenue –52% EBITDA – 77 % and PAT – 95% Nine Months Y-o-Y Growth : Revenue – 91%, EBITDA – 153% and PAT – 183%
<p>2nd Interim Dividend</p>		<ul style="list-style-type: none"> The board has recommended second Interim Dividend : Rs 2.25 per share. The record date is 21st February 2022.

S E L Launched Salman Khan as Brand Ambassador



Shyam Metals And Energy Limited has signed leading Bollywood superstar Salman Khan as the brand ambassador for endorsing its S-E-L TMT rebars




“I have gone through the journey of the company and am excited to be part of the brand-building exercise of SEL TMT, with their fast-paced expansion plans and future-ready capabilities”

Mr. Salman Khan

Updates on Projects commissioned & CTO Status

Projects	Capacity Added	Completion Date	Cost Incurred till 31 st Dec '21	Status
Iron Pellets	1.20 MTPA	November 2021	Rs. 159 crores	CTO Pending
Sponge Iron	0.28 MTPA	November 2021	Rs. 80 crores	CTO Received
Sponge Iron	0.44 MTPA	December 2021	Rs. 160 crores	CTO Received- 0.11 MTPA
Long Products	0.20 MTPA	November 2021	Rs. 35 crores	CTO Received- 0.08 MTPA
SMS	0.05 MTPA	November 2021	Rs. 13 crores	CTO Received
Aluminium Foil	0.04 MTPA	November 2021	Rs. 300 crores	CTO Pending
Captive Power Plant	40 MW	November 2021	Rs. 110 crores	CTO Received



Total Cost

~ Rs. 857 crores

We have incurred a capex cost of Rs. 1,363 crores till 31st Dec '21, accounting to 46% of the total capex envisaged , ie Rs 2,960 crores

Commissioned ESG Study

In our move towards sustainable growth, ESG framework provides an opportunity to create a systematic approach for tangible outcomes.



→ **Growlity Inc. management consultants will carry out comprehensive diagnostic study on SMEL's ESG fundamentals & compliance status.**

→ **In Phase 1 of the diagnostic study, Growlity will**

- Carry out a detail study of SMEL's process flow at Jamuria & Sambalpur plants.
- Map out the current carbon, water & waste footprints at both plants and assess the impact of carbon emissions.
- The phase 1 of the exercise will take 4 to 6 months.

Installed Solar Panels – Focus on Green Energy



- We have partnered with Fourth Partner Energy Pvt Ltd, India's largest Commercial & Industrial Solar Developer
- The project has been initiated to reduce CO2 emission, and conserve water
- We also plan to plant 57,500 trees.
- On a pilot basis, initially based on investment made by 3rd party solar company on SMEL land, currently 0.6 MW is operational out of the planned 4MW





Company Overview

Shyam Metals at a Glance



- **6.24 MTPA**
Combined Production Capacity
- **~79% of power**
sourced from Captive
- **12,272**
Employee Strength
- **AA-**
CRISIL Credit Rating

	<ul style="list-style-type: none"> • Leading Integrated Steel and Ferro Alloys Producer in India • 4th Largest Sponge Iron Player, Leading player in terms of Pellet Capacity 		
	<ul style="list-style-type: none"> • Integrated Metal Producing Company • Operates "Ore to Metal" integrated steel plants with Captive Railway Siding 		<ul style="list-style-type: none"> • Strategically located plants with Proximity to Mineral Belts, National Highways and Ports
	<ul style="list-style-type: none"> • 91%: Total Income Growth in 9M FY 22 YoY • EBITDA Positive since commencement of operations in 2005 		<ul style="list-style-type: none"> • 0.06X Gross Debt / Equity as of Sept-21 • One of Lowest Gearing amongst competitors
	<ul style="list-style-type: none"> • ~79% of power sourced from Captive Power Plants at 2.09 Rs./Kwh3 in 9M FY22, while Grid Power costs 5-7 Rs./Kwh4 		<ul style="list-style-type: none"> • Promoters with decades of experience in the Metal Industry along with experienced Management Team

Optimising the Balance Sheet for Resilience & Flexibility



CRISIL AA-
(Positive)
Long Term Bank Facilities

CRISIL A1+
(Positive)
Short Term Bank Facilities

CARE AA-
(Positive)
Long Term Bank Facilities

CARE A1+
(Positive)
Short Term Bank Facilities

Value Propositions

1

Backward & Forward Integration with presence across the Value Chain

2

Flexible & Diversified Product Mix

3

Strong Brand & Distribution Network

4

Logistical Advantage & Infrastructure Advantage with Private Railway Sidings

5

Captive Power for ~81% power requirement

6

Capacity Addition to increase share of High Margin B2C Products

7

De-Leveraged Balance Sheet giving flexibility in growth

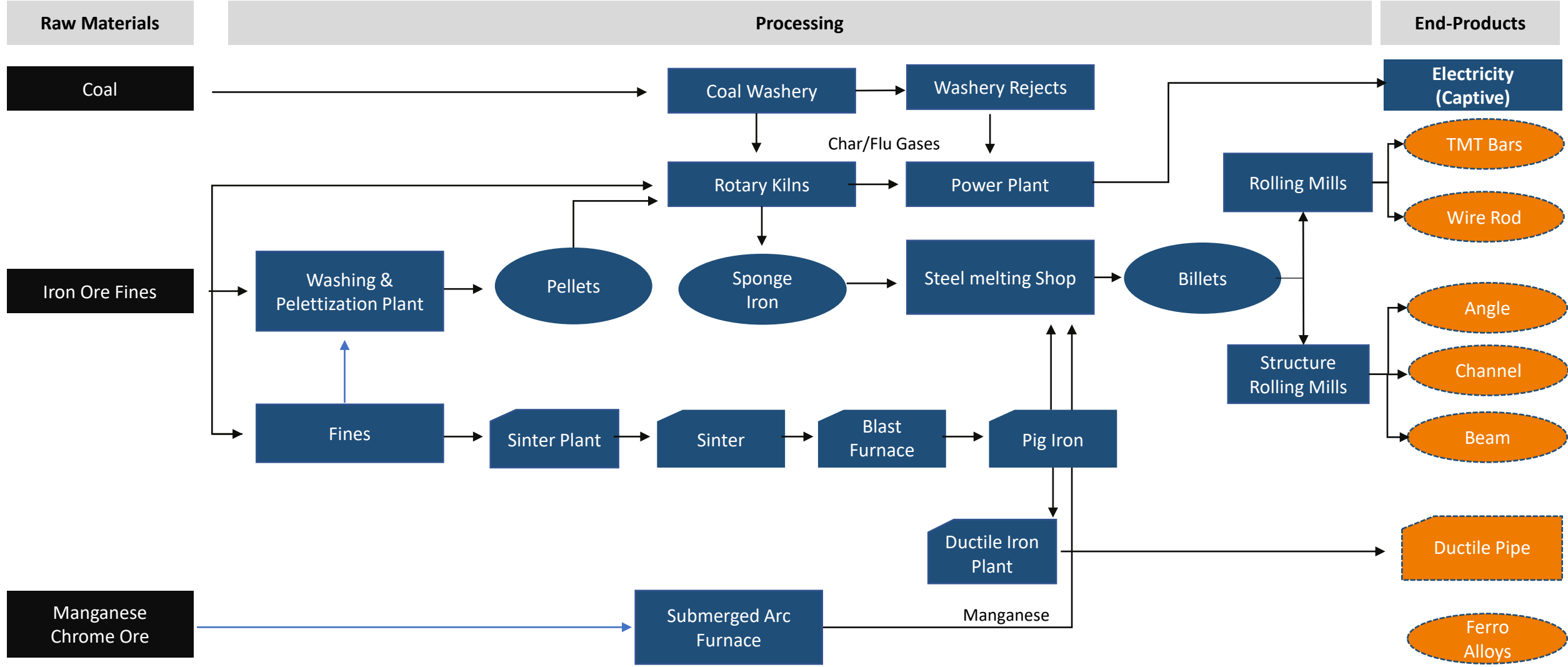
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Sustainable solution - Waste used as 'Productive Inputs'

9

Consistent Performance over the last decade

Integrated operations across the steel value chain



Brownfield expansion with...



Jamuria Plant



Sambalpur Plant

Railway Siding

Captive Power Plants

Captive Water Reservoir

We have 1 manufacturing plant located in Sambalpur, Odisha and 1 manufacturing in Jamuria, West Bengal with aggregate installed capacity of 6.24 MTPA comprising of intermediate and final products.

We also have a small plant in Mangalpur, West Bengal with aggregate installed capacity of 0.1 MTPA

These plants also include captive power plants with an aggregate installed capacity of 267 MW

**Brownfield expansion leading
to
Lowest Capex in the Industry**

...Lowest Capex compared to the Industry

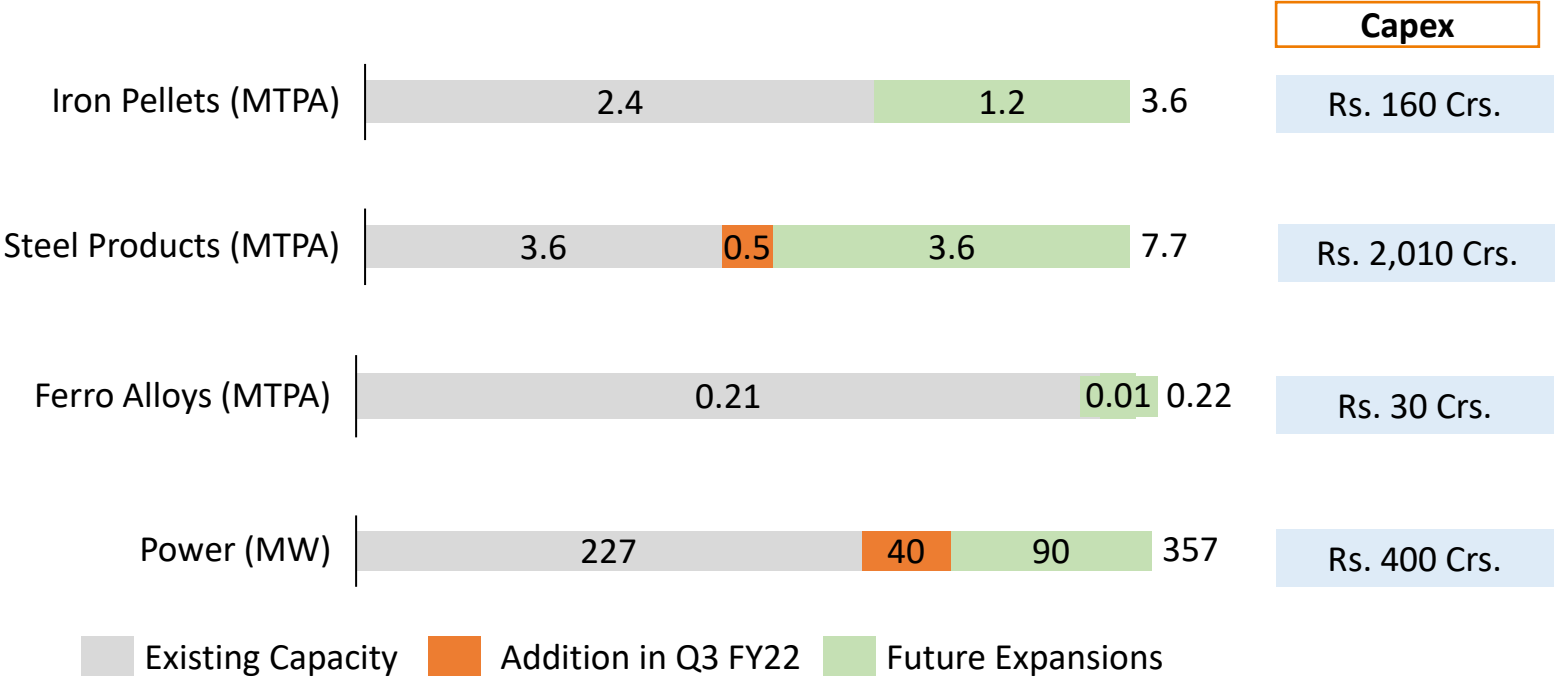
- Brownfield capacity expansion expected to increase aggregate installed metal capacity (comprising of intermediate and final products) from 6.24 MTPA currently to 11.60 MTPA and captive power plants aggregate installed capacity from 267 MW to 357 MW. These proposed expansions are expected to become operational between Fiscal 2022 and Fiscal 2025
- In the process of commissioning an aluminium foil rolling mill at Pakuria in West Bengal with a proposed installed capacity of 0.04 MTPA, which is expected to become operational in Fiscal 2022. The Capex envisaged for the project is Rs. 360 crores.
- Company has ample land available for expansion for the next 5 years

Advantages of Brownfield Expansion




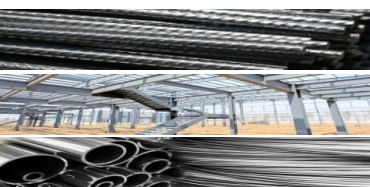





Lower fixed costs due to using already established facilities, infrastructure, and network

Lower staffing and training costs, due to the presence of already-employed workers at the facility

Low cost advantage for expansion of power capacity. Capex incurred: Rs 110 cr for 40 MW, effectively Rs 2.75 cr vs industry average of 4.5 cr per MW



Diversified & Interchangeable Product Mix

Capacity (Million MTPA)		FY18	FY19	FY20	FY21	9M FY22
Existing Products	 Iron Pellet	0.90	0.90	2.4	2.4	2.4
	 Sponge Iron	1.01	1.01	1.27	1.39	1.78
	 Billets	0.54	0.63	0.80	0.89	0.94
	 TMT, Structural Steel, Wire Rods & Pipes	0.25	0.25	0.82	0.82	0.90
	 Ferro Alloys	0.19	0.21	0.21	0.21	0.21
	 Captive Power (MW)	164	164	227	227	267
New Products	 Ductile Iron Pipes	Proposed capacity of 200,000 TPA				
	 Blast Furnace	Proposed Capacity of 600,000 TPA				
	 Aluminium Foil	Proposed Capacity of 40,000 TPA. CTO pending				

On an aggregate basis, the Capacity Utilization is between 90% - 95%

Increasing share of B2C/Value Added Products



Structural Products are hot rolled products of special forms like rounds, angles, channels & beams



*We not only make structurals of standard dimensions, but also **Customized Products for Specific Applications**, economically and quickly*



TMT Bars are high-strength reinforced bars having a tough outer core and soft inner core

S E L

Our products are sold mainly across Eastern, Central, Northern and Western Regions of India with some penetration in Southern India. Our TMT and structural products are sold under the brand “SEL”.

Finished Steel Products

37%

Revenue Contribution in 9M FY22

Huge Export Potential

20
Countries
 Exports to countries like USA, Japan, Korea, Italy, Nepal, Bangladesh

41%

Steel products both upstream and downstream including Angles, Beams, Billets, Channels, Wire Rods, MS Round Coils and Sponge Iron

42%

Ferro Chrome
 Ferro Manganese and Silico Manganese Products

17%

Pellets

We are preferred suppliers to a few of the large corporations like

19%
 Export Contribution to Revenues in 9M FY22

Norecom
 DMCC

POSCO Intl
 Corp

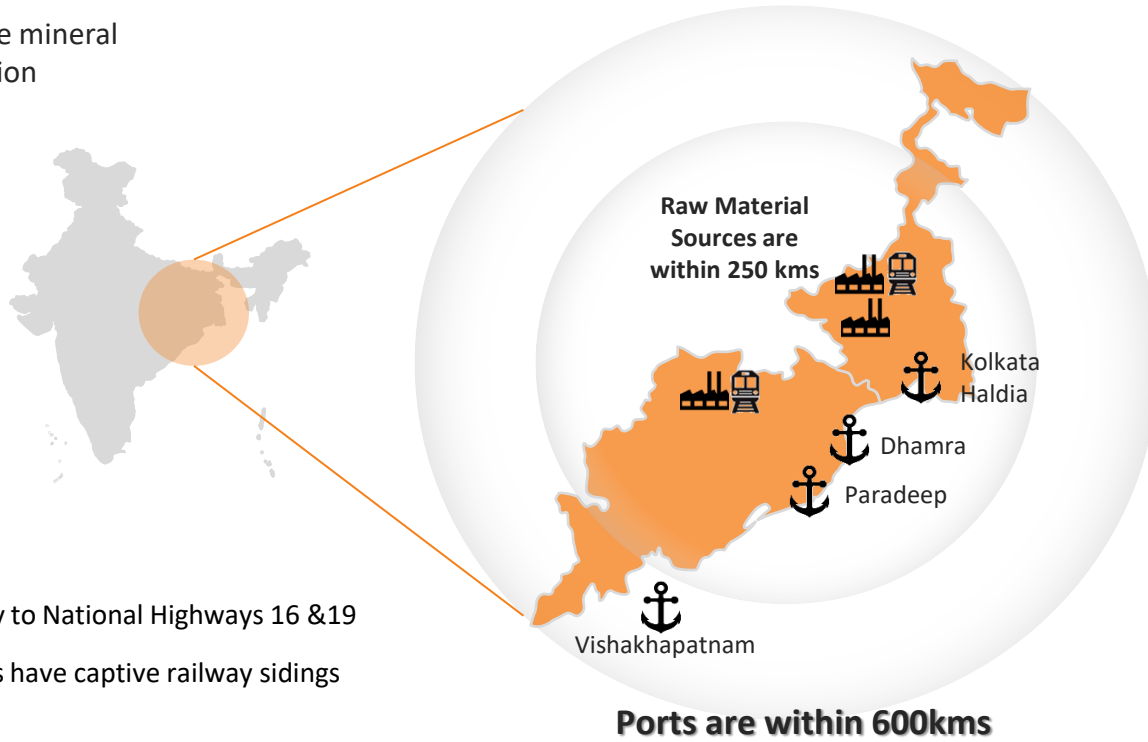
World Metals
 & Alloys (FZC)

TRAXYS North
 America LLC

J M Global
 Resources

Strategically Located - Supported by Infrastructure

Strategically located in the mineral rich East Indian region



~800+ dealers & distributors stock and sell the finished products across 27 states and 1 Union Territory

We sell 70% of our products within the vicinity of 500 Km from our plants

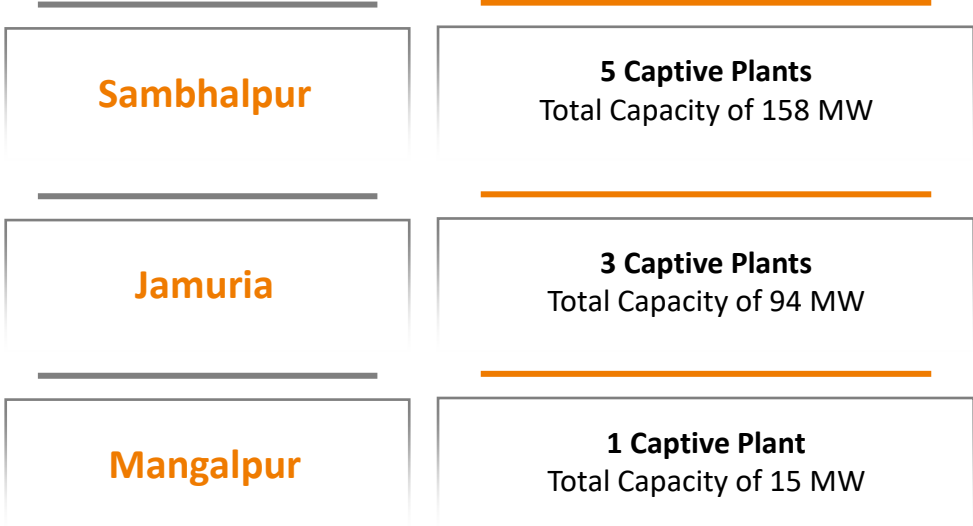
- Plants are in close proximity to National Highways 16 & 19
- Sambalpur & Jamuria Plants have captive railway sidings

- Plant Location
- Captive Railway Sidings
- Ports

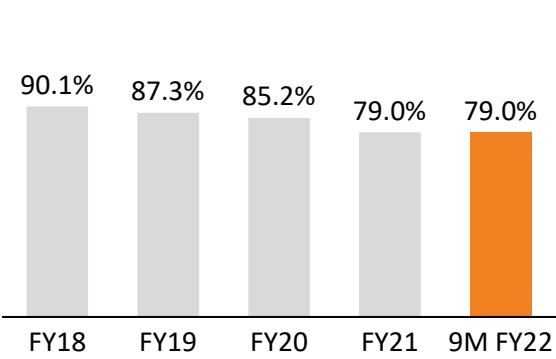
Key Raw Material	Source
Iron ore / Iron ore fines	Mine owners located in Odisha
Chrome ore	Long term linkages with Odisha Mining Corporation Limited, other mine owners and imports
Manganese ore	MOIL Limited, other mine owners and imports
Coal	Fuel supply agreements entered into with Mahanadi Coalfields Limited, Central Coalfields Limited and South Eastern Coalfields Limited

Lowest Cost Captive Power

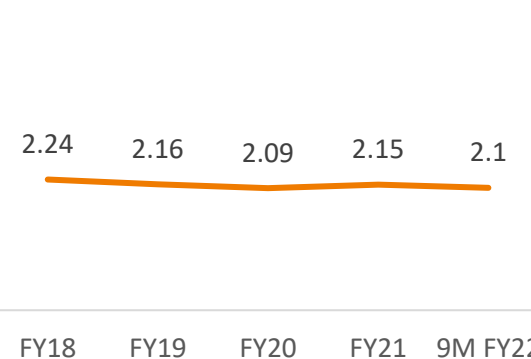
- Power consumed by the plants are primarily produced in-house by the captive power plants
- Captive power plants utilise non fossil fuels such as waste, rejects, heat and gas generated from the operations to produce electricity
- Cost of in-house power is significantly less than grid power which costs INR 5-7 Per Unit *



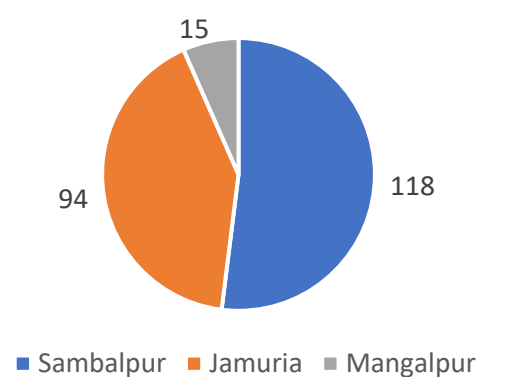
Captive Power to Total Power Consumed



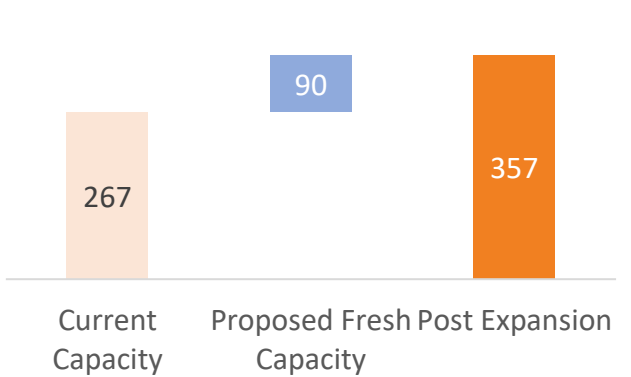
Cost of Per Unit of Captive Power (Rs./KWH)**



Current Capacity* (MW)



Captive Power Plant Expansion Plans (MW)



* Source: CRISIL Report; **Average cost of Power from Captive Power Plant = Total cost of power from all Captive Power Plants / Total production units

Waste to Value

Efficient use of by products: Effluents/Wastes from all the production activity are utilized in various product verticals to create a set of High Value-added Products

Washery rejects used in Power Plant

Steam generated used in production of Power and then in Ferro Alloys

Fly ash bricks are created from industrial wastes



Fly ash bricks which are manufactured from various industrial wastes such as fly ash, sand, stone, dust and cement, are used globally nowadays over clay bricks and traditional red bricks

Fly ash bricks are also known for being highly durable, less permeable and environment-friendly as they are manufactured from waste materials that generate from the combustion of coal in thermal power plants.



Power generated by using flu gases and capturing of heat through waste heat recovery boilers

Strengthening Brand 'SEL'

TMT

TMT are used for the construction of buildings, transmission towers, industrial sheds, structures, road, dam and in other various infrastructures

SMEL sells the best quality TMT primarily in the states of West Bengal, Odisha, Bihar, Jharkhand, Tripura, Sikkim, Assam, Arunachal Pradesh, Manipur, Meghalaya, Uttarakhand, Uttar Pradesh, Punjab and Haryana. Our TMT and structural products are sold under the brand "SEL"

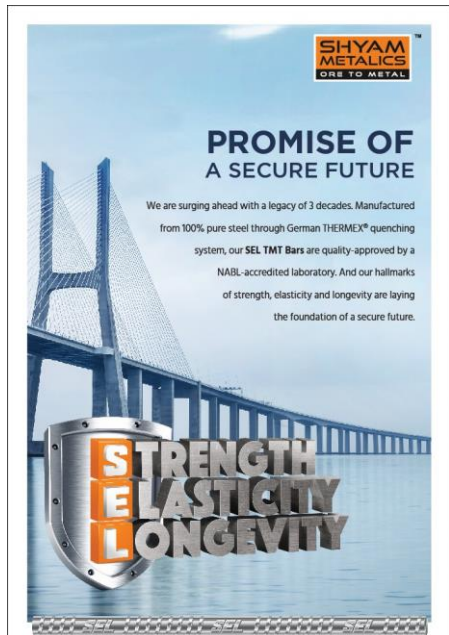
STRUCTURE

Structural steel describes hot rolled steel products such as angles, channels and beams. With an array of high-quality Structural products under the brand 'SEL', backed by world-class service and its other products, SMEL holds its pride of place among the leading steel manufacturers of the country and material directly from the DRHP

WIRE RODS

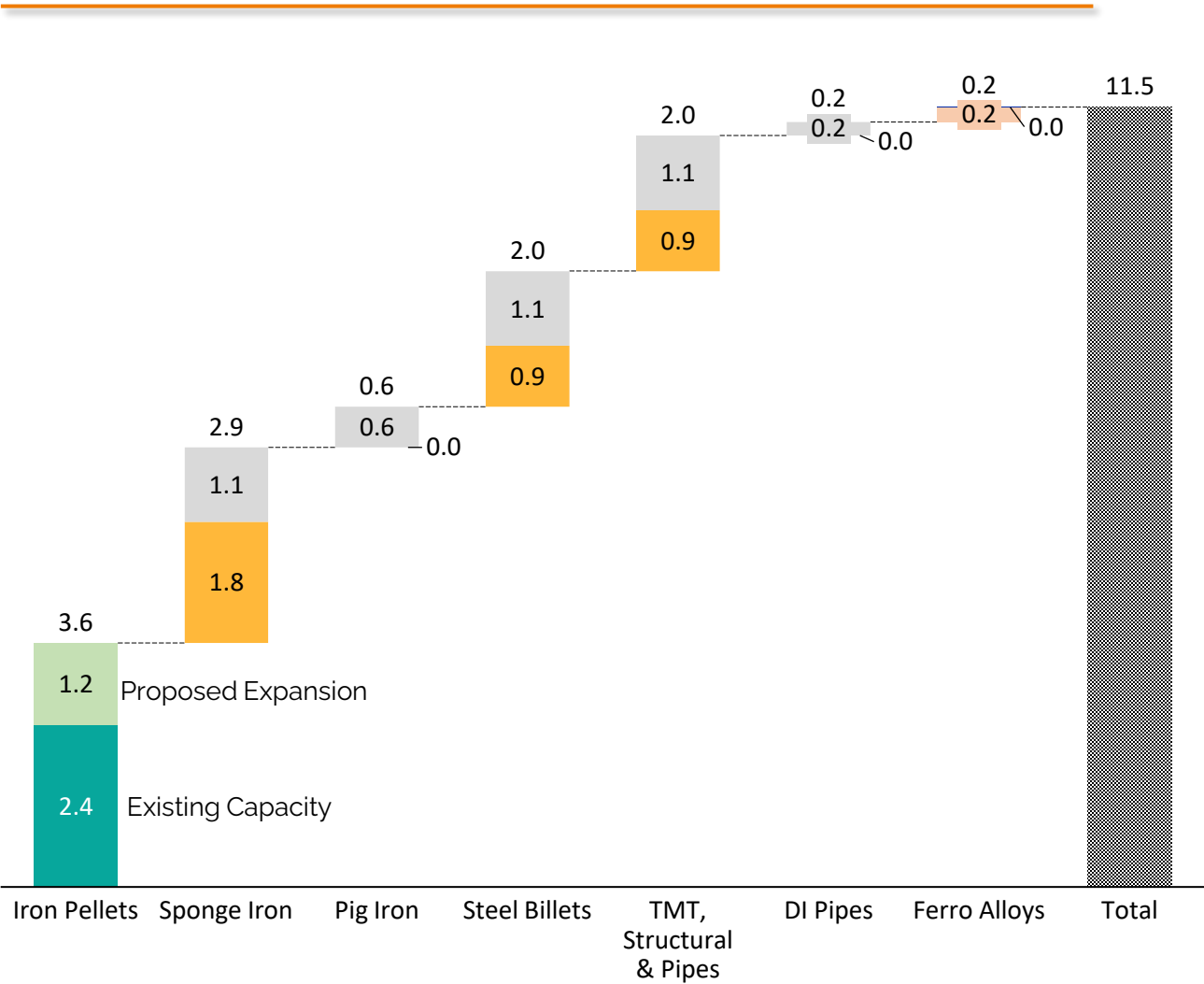
Towards forward integration, SMEL has set up high quality Wire Rod manufacturing & Wire Drawing facilities with best available technology and plant & machinery support

Since the raw materials are manufactured in-house at our plant, the company is able to produce high quality Wire Rod & H.B. Wires in an efficient & cost-effective manner



Capacity Expansion –Share of High Value Products to Increase

Break-up of Capacity Expansion (MTPA)



Capacity Expansion is on the existing land, will help Company augment revenues, better cost controls, increase in profitability

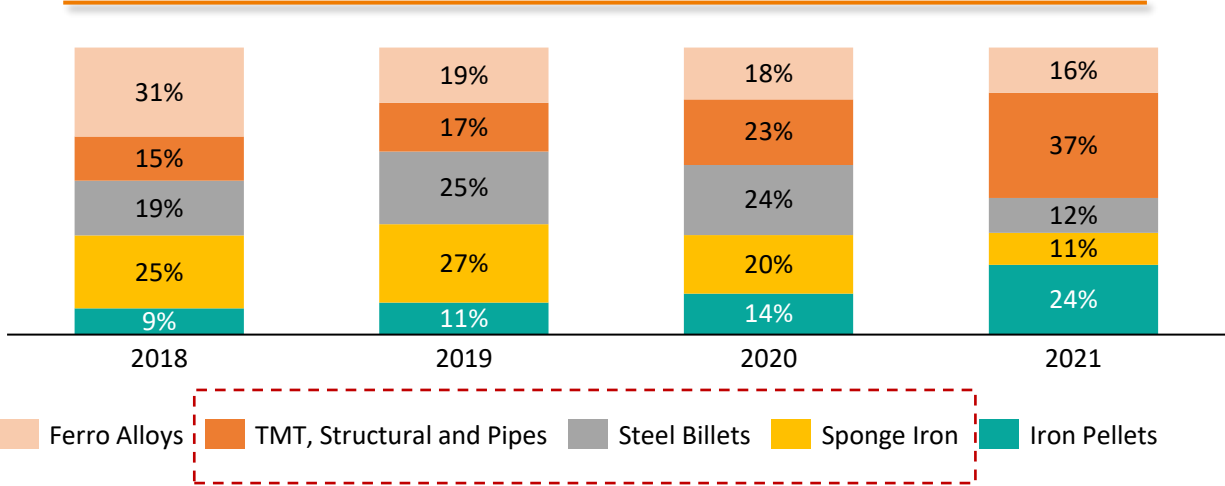
Target completion between FY22 and FY25
Total Capex Cost aggregating to ~Rs. 2,960 Crs.

Capacity expansion focused on increase share of high value products

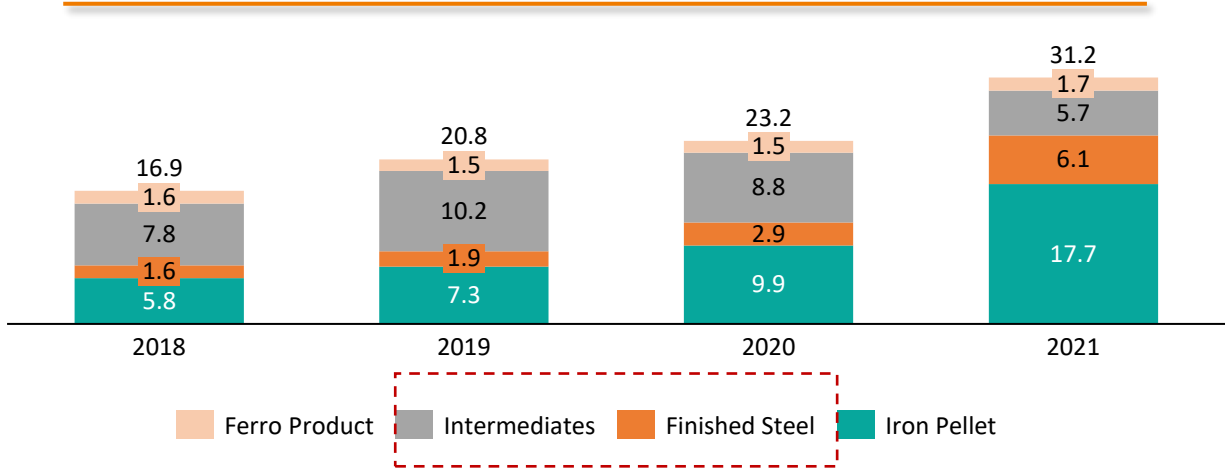


Revenue mix skewed towards Finished Steel

Revenue Mix



Volumes (in lakh tonnes)



Flexibility to Sell Intermediate Product, use for Captive Consumption

Make customized products to capitalise on market opportunities

Reduced dependency on any particular product





Q3 & 9M FY22 Financial Performance

Performance Highlights

Q3 FY22

Revenue

Rs. 2,578
Crores

52%

y-o-y



EBITDA

Rs. 625
Crores

77%

y-o-y



PAT

Rs. 423
Crores

94%

y-o-y



9M FY22

Revenue

Rs. 7,537
Crores

91%

y-o-y



EBITDA

Rs. 1,937
Crores

153%

y-o-y



PAT

Rs. 1,291
Crores

183%

y-o-y



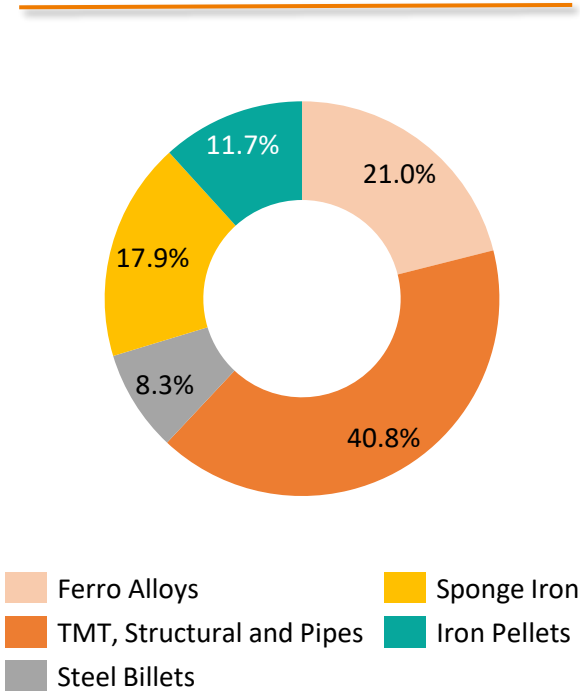
Strong Q3 FY22 Performance

Revenue from Operations
Rs. 2,578 crores ↑ **+52%**

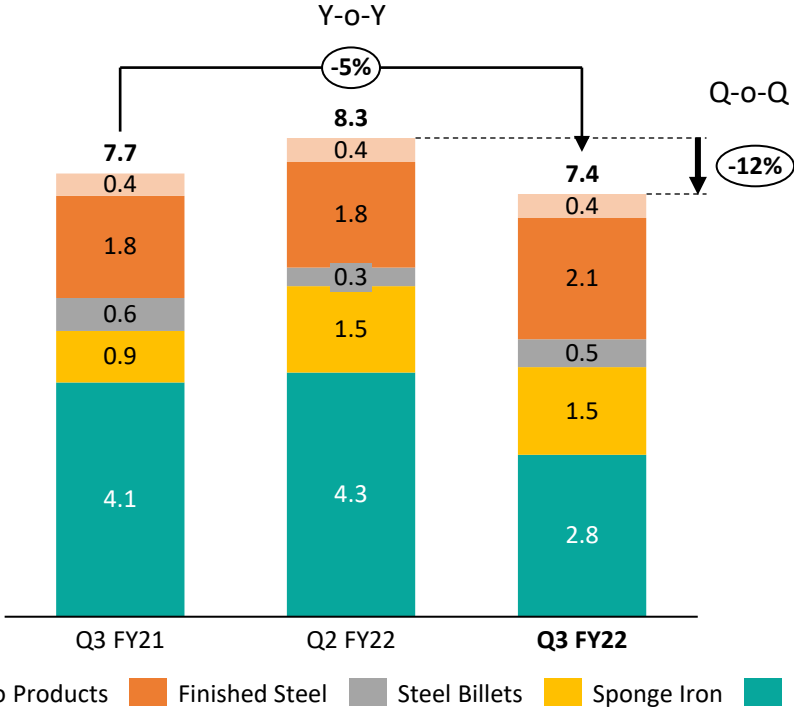
EBITDA
Rs. 625 crores ↑ **+77%**

Profit After Tax
Rs. 423 crores ↑ **+95%**

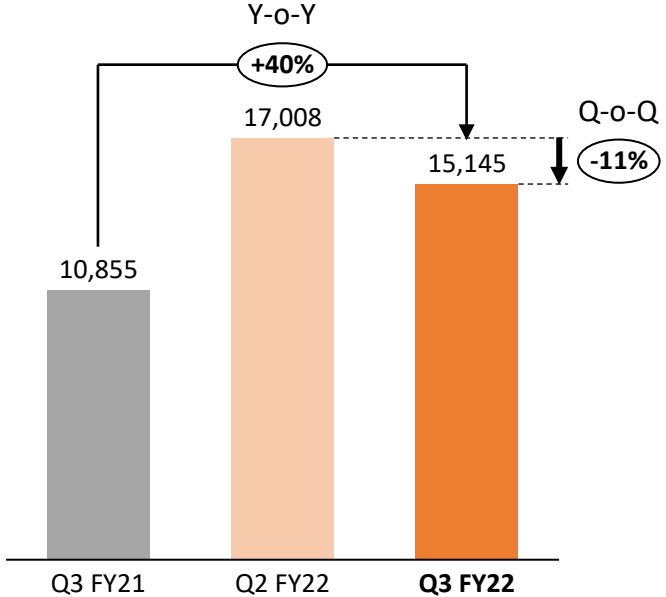
Revenue Breakup



Volumes (in lakh tonnes)



Blended EBITDA per tonne (Rs.)



Blended EBITDA per tonne (Rs.) = EBITDA / Total Steel Volumes

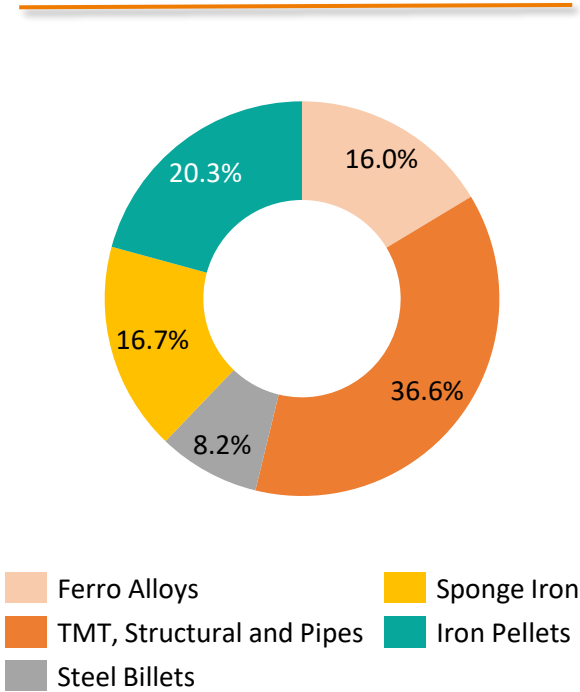
Strong 9M FY22 Performance

Revenue from Operations
Rs. 7,537 crores **+91%**

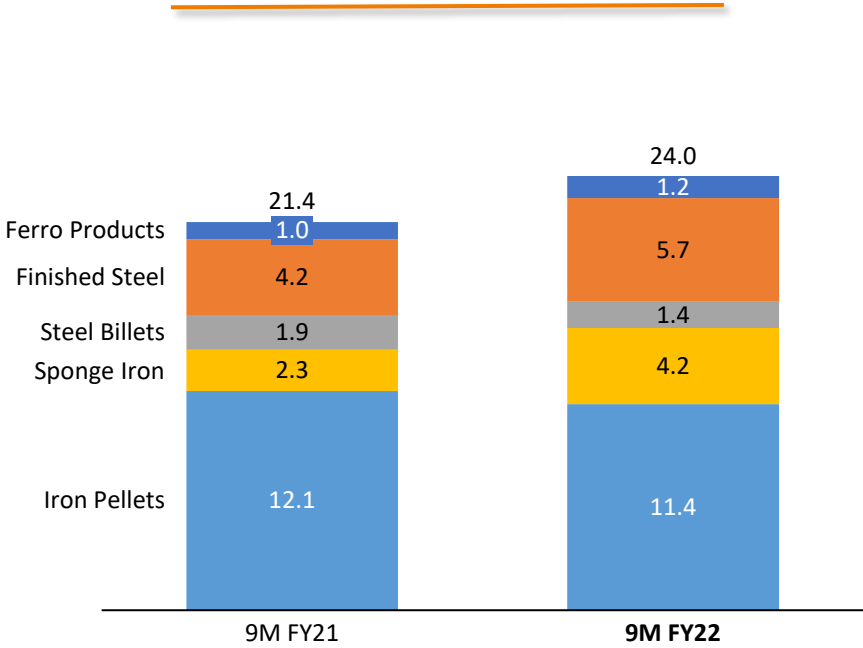
EBITDA
Rs. 1,937 crores **+153%**

Profit After Tax
Rs. 1,291 crores **+183%**

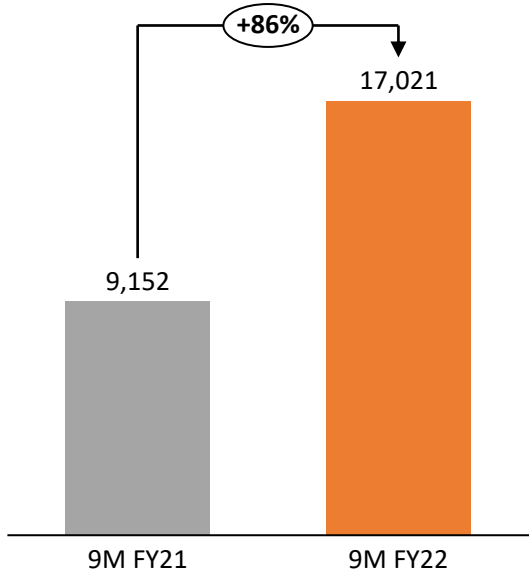
Revenue Breakup



Volumes (in lakh tonnes)



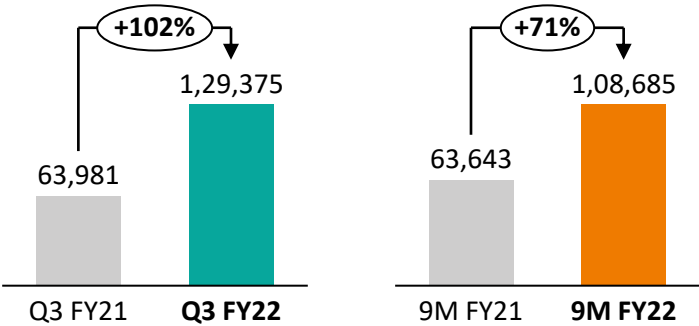
Blended EBITDA per tonne (Rs.)



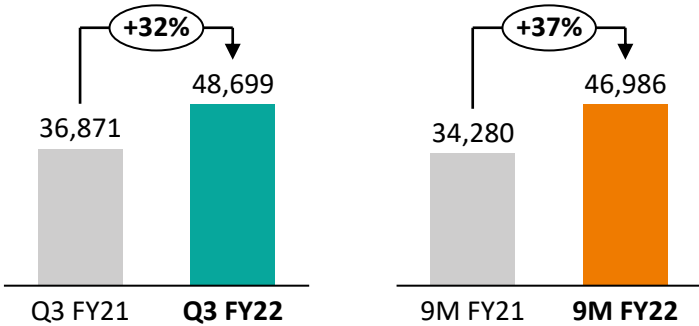
Blended EBITDA per tonne (Rs.) = EBITDA / Total Steel Volumes

Per Tonne Realizations

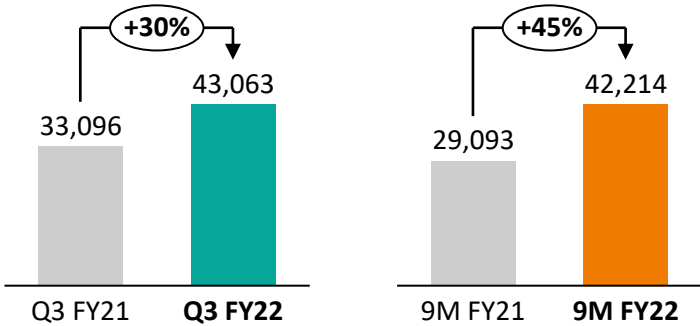
Ferro Products



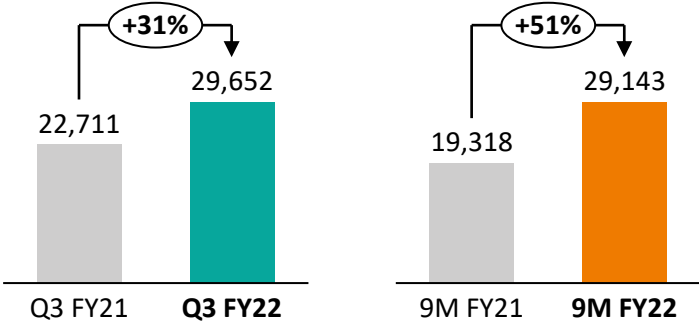
Finished Steel



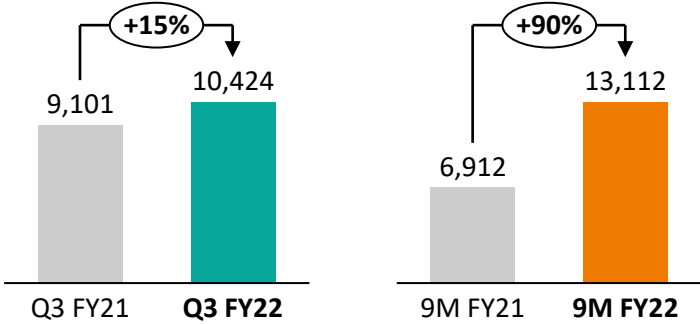
Steel Billets



Sponge Iron



Iron Pellets

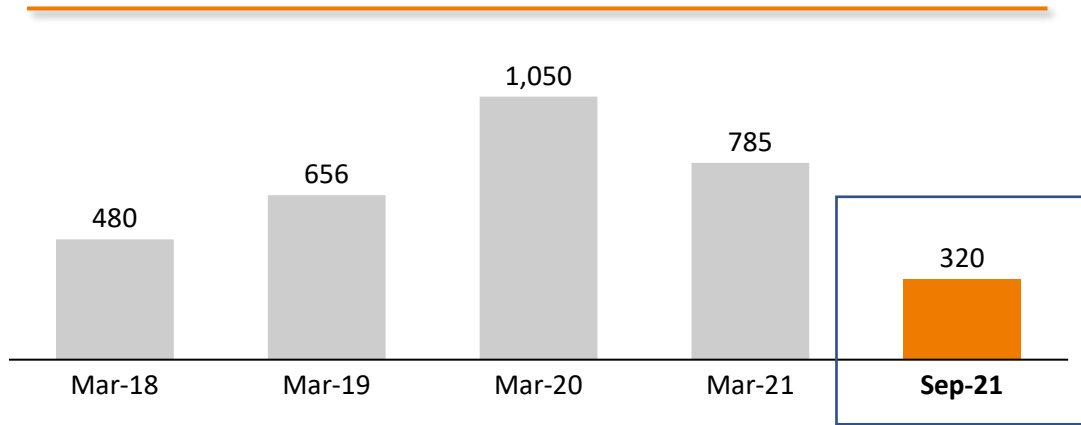


Consolidated Profit & Loss Statement

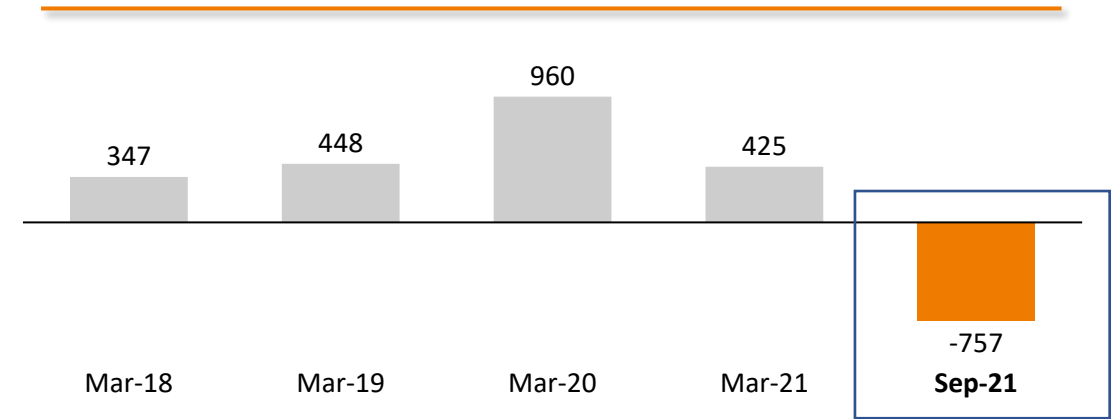
Particulars (Rs. Crs.)	Q3 FY22	Q3 FY21	Y-o-Y	Q2 FY22	Q-o-Q	9M FY22	9M FY21	Y-o-Y
Total Revenue	2,577.8	1,699.6	52%	2,494.3	3%	7,537.2	3,946.6	91%
Cost of Material Consumed	1,640.6	1,052.3		1,534.6		4,665.6	2,437.4	
Purchase of Stock	2.1	2.8		15.0		24.5	4.6	
Change in Inventories	-51.5	-30.6		-16.3		-155.7	13.4	
Gross Profit	986.6	675.0	46%	961.0	3%	3,002.8	1,491.2	101%
Employee Expenses	57.3	52.4		60.0		181.2	124.7	
Other Expenses	304.3	269.1		277.0		884.9	600.8	
EBITDA	625.0	353.5	77%	624.0	0%	1,936.6	765.7	153%
EBITDA Margin (%)	24.2%	20.8%		25.0%		25.7%	19.4%	
Other Income	16.6	9.4		20.7		45.0	16.3	
Depreciation	59.7	77.6		60.6		181.6	220.0	
EBIT	581.9	285.2	104%	584.2	0%	1,800.1	561.9	220%
Finance Cost	5.7	20.1		4.6		17.0	55.8	
Share in Profit/(Loss) of Associate and Joint Venture	0.1	-0.1		0.1		0.2	0.2	
Profit before Tax	576.2	265.0	117%	579.6	-1%	1,783.2	506.2	252%
Tax	153.5	48.7		169.3		492.2	49.9	
Profit After Tax	422.7	216.3	95%	410.3	3%	1,291.0	456.3	183%
PAT Margin (%)	16.4%	12.7%		16.4%		17.1%	11.6%	
EPS (As per Profit after Tax)	16.5	9.3		16.1		51.9	19.5	

Strong Debt Profile

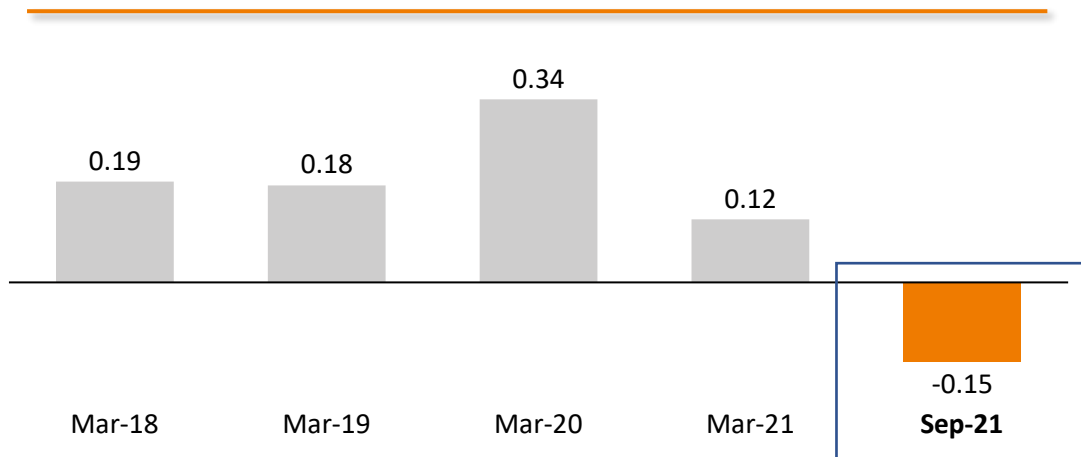
Gross Debt (Rs. Crs.)



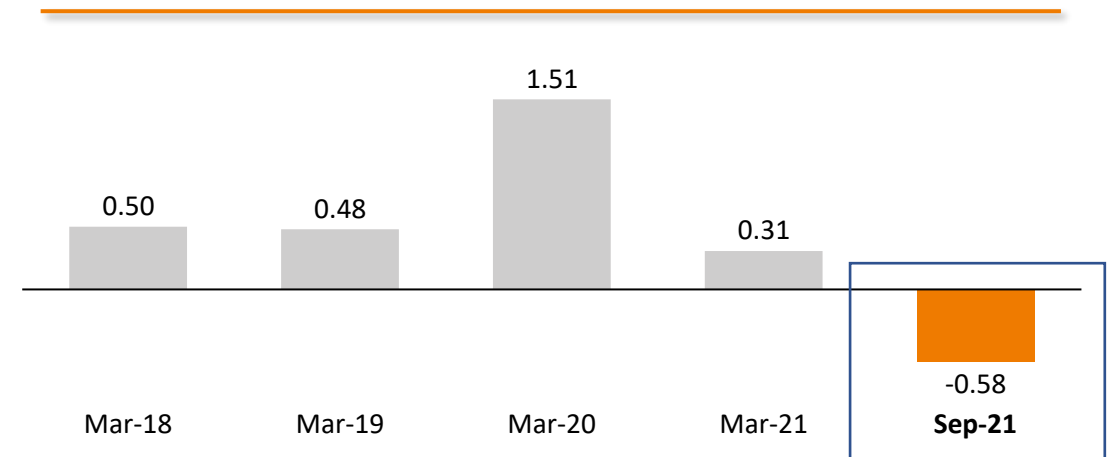
Net Debt (Rs. Crs.)



Net Debt / Equity



Net Debt / EBITDA

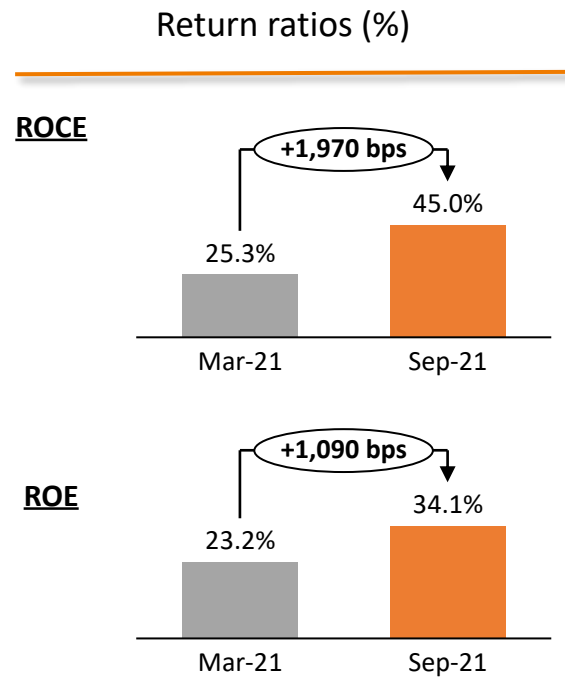
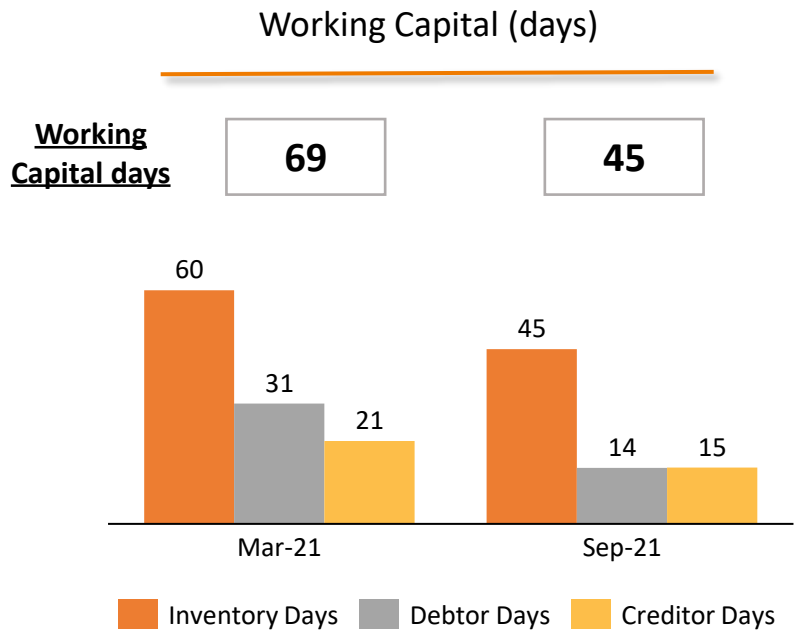
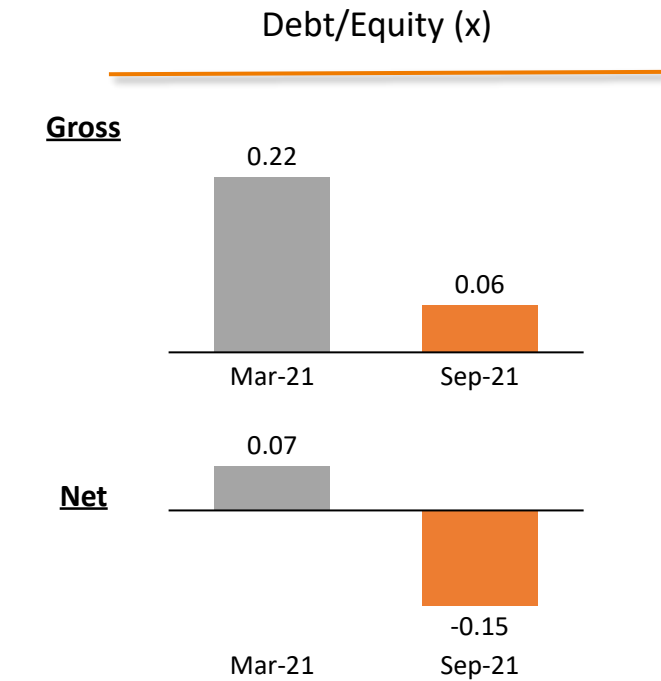


Strong Balance Sheet – Flexibility of Growth

0.06x
Gross Debt / Equity
 (as of 30th September 2021)
One of Lowest Gearing amongst competitors*

Internal Operating Efficiency led to more than
50% reduction in Working capital requirements

Conservatively Leveraged
 +
Disciplined Capital Allocation strategy
 =
Better Return Metrics



Strong Balance Sheet to support Capex, Growth and Business Cycles

*Crisil Report

CSR Initiatives

Rural Health



- Yearly Eye & Medical Camp for Villagers
- Free Ambulance & Drinking water Services for villagers
- New Health Center & Homeopathy Clinic
- FREE Medicine & Spectacles and Blood Donation Camp

Rural Education



- FREE Coaching Center for Economic backward Section
- Computer Training Center at Dhasna village
- School Bag And Cycle Distribution
- SHYAM Scholarship for Meritorious students of Economic Backwards

Social Infrastructure Development



- Temples
- Village Sanitation
- Teachers Training and Remuneration
- Village Handicrafts – Skill development
- Sports Football Coaching
- Gau Daan (Care for Animals)

Social Awareness



- Women Empowerment
- Road safety Campaign SAFE DRIVE SAFE LIFE
- Socio Environmental Awareness
- Distribution of Helmets for Safe drive & Save life

Thank You



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