



# MAITHAN ALLOYS LIMITED

Investor Presentation – August 2018



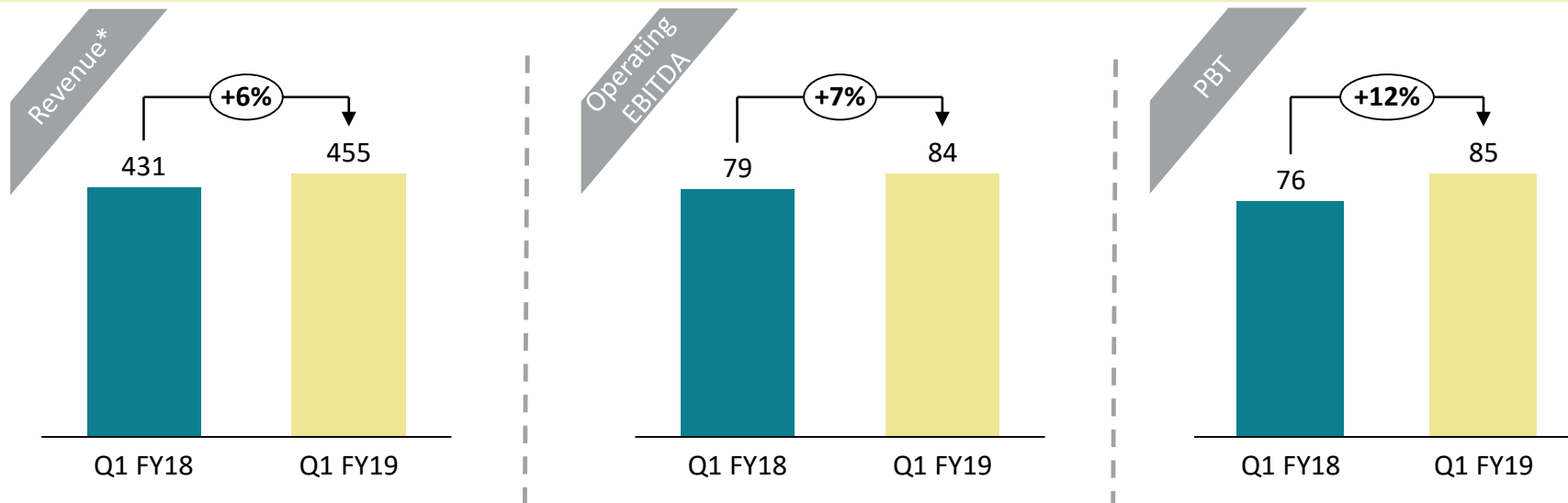
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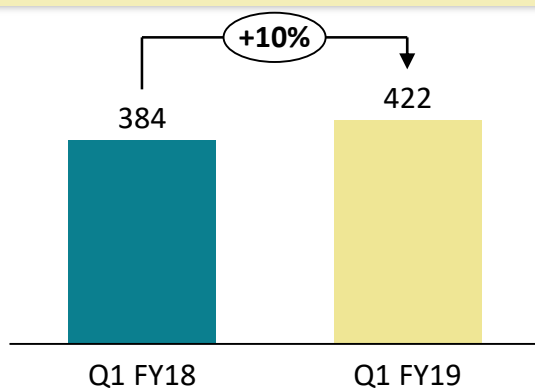
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# Growth Momentum Continues

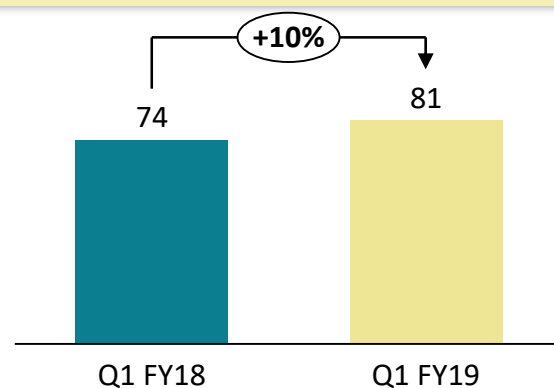
₹ Crs



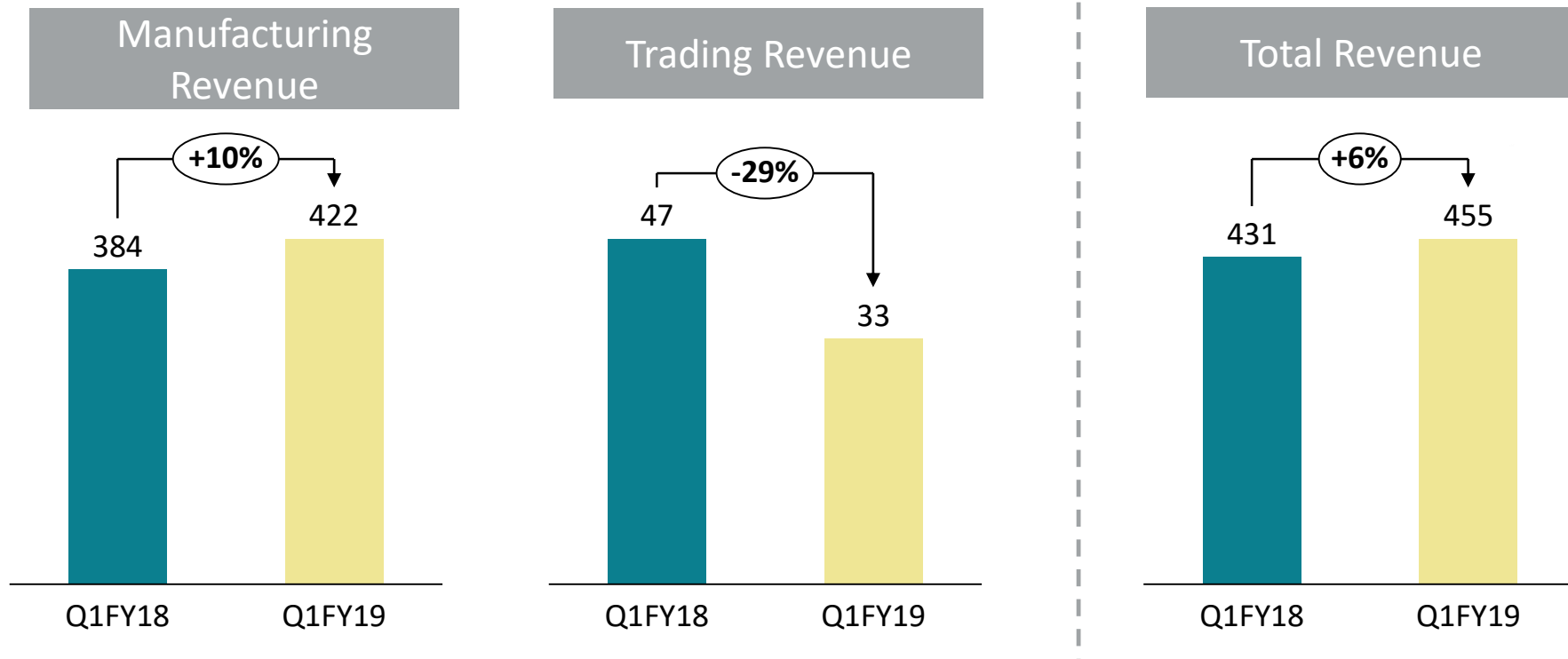
## Manufacturing Revenue\*



## Manufacturing EBITDA



# Manufacturing –vs- Trading



**The increase in revenue by only 6% was predominantly due to a significant drop in trading revenue. The manufacturing business remains intact and has grown by 10%.**

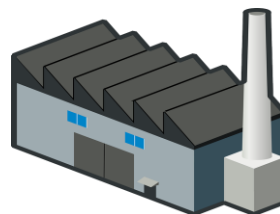
War Chest of Cash



Cash & Cash  
Equivalents of  
₹ 400 Crs



Future Internal  
Accruals



## Inorganic Expansion

Authorised the Executive Directors and Chief Financial Officer of the Company to submit Resolution Plan under Corporate Insolvency Resolution Process for acquiring manufacturing company(ies) under the provisions of The Insolvency and Bankruptcy Code, 2016 and/or by participating in liquidation proceedings

## Organic Expansion

Setting up a Greenfield Ferro Alloy manufacturing unit in West Bengal with an estimated installed capacity of 1,20,000 MT per annum of Ferro Chrome Alloys for diversification of our product portfolio

The unit is proposed to set up within a period of 30 months (12 months of clearance and 18 months of execution) with an estimated cost of Rs. 275 Crores to be financed from internal accruals





## Largest Manufacturer

India's largest  
Manganese  
Alloy Producer  
and Exporter

20  
years.

## Rich Experience

Two decades of  
experience and  
continuous growth



## Niche Products

Basket of the most  
valuable Techno-  
Commercial Products




## Robust Balance Sheet

Net Cash  
Credit Rating:  
CARE AA-  
CARE A1+  
CRISIL AA-

## "A Culture of Outperformance"

CAGR from FY2012 to FY2018



Increase in Stake Holder Return's

- **ROCE** Increased by **+ 3,290** bps
- **ROE** Increased by **+ 2,390** bps

**Revenue** increased by **+21%** CAGR

**EBIDTA** increased by **+34%** CAGR

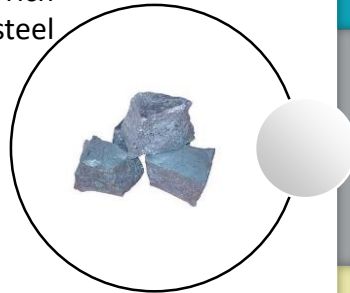
**PAT** increased by **+37%** CAGR

**Debt** Reduction of **Rs. 160** Crores since FY12

**Ferro alloys enhance steel strength, durability, anti-corrosion and anti-stain properties and acts as de-oxidant for Steel Manufacturing**

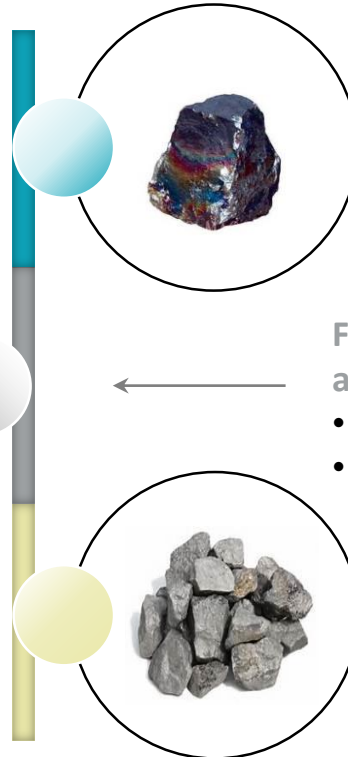
## **Ferro Manganese - An alloy of iron and manganese**

- Used in steel products wherein silicon content needs to be controlled at low levels
- Used in flat steel, manganese-rich steel and stainless steel manufacturing



## **Silicon Manganese- An alloy of silicon and manganese**

- Cost-effective blend of silicon and manganese
- Consumed in all steel products. Used in higher quantities in 200 series stainless steel, alloy steel and manganese steel



## **Ferro Silicon - An alloy of iron and silicon**

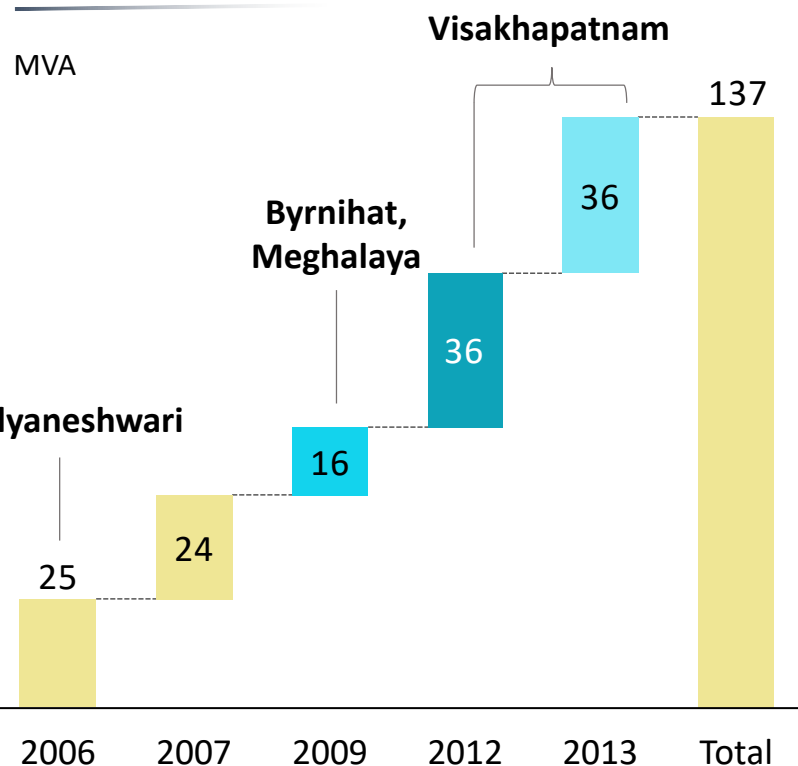
- Silicon acts as a steel oxidant
- Used primarily in special steels and in small quantities in mild steel



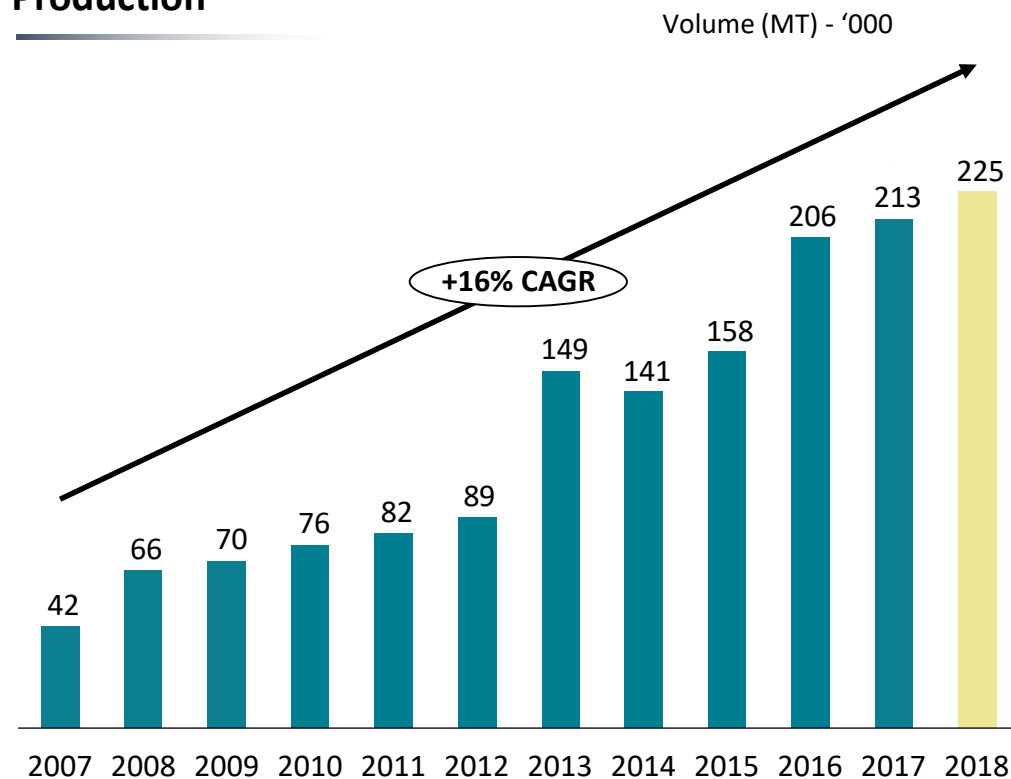


# Capacity addition to support Growth

## Capacity Built-up

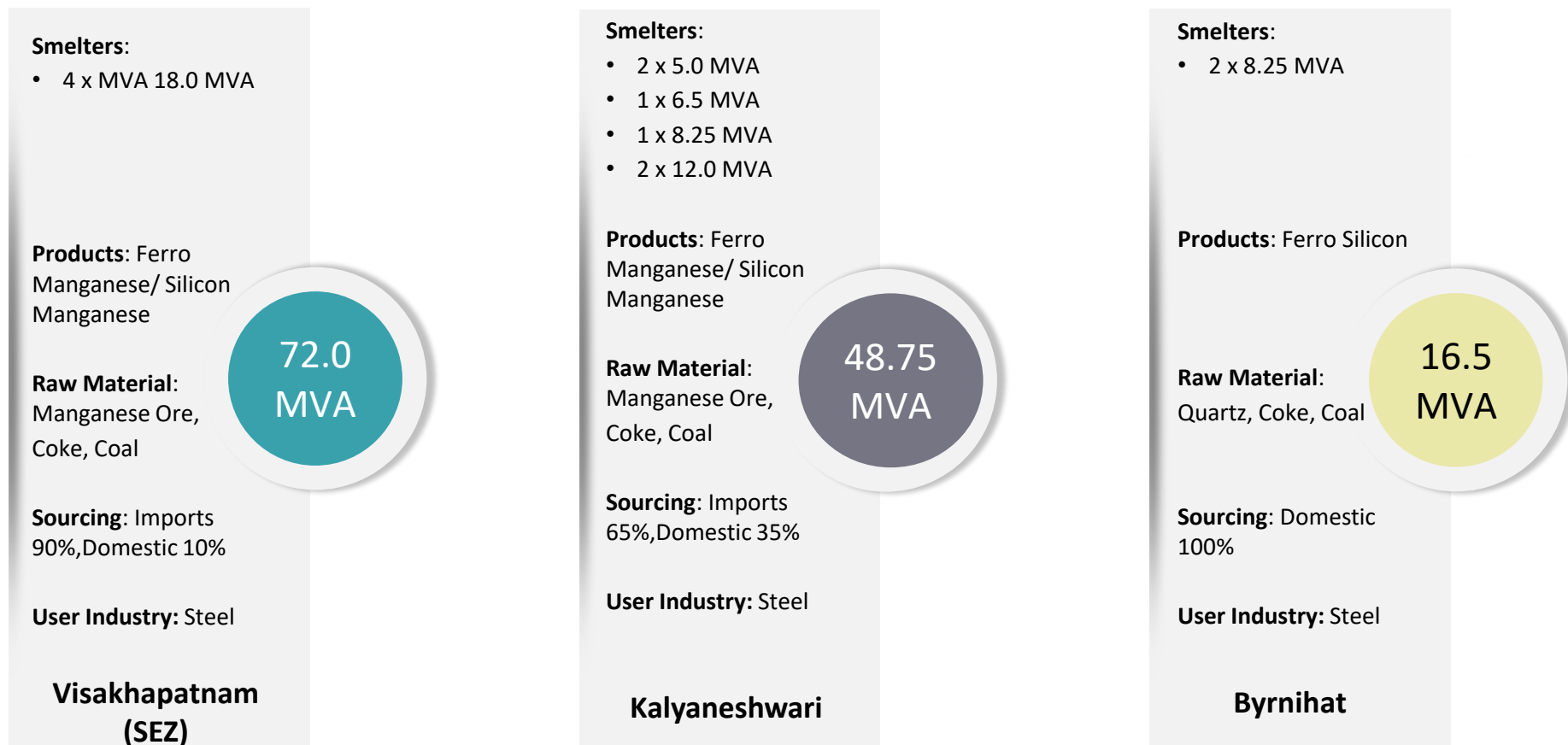


## Production



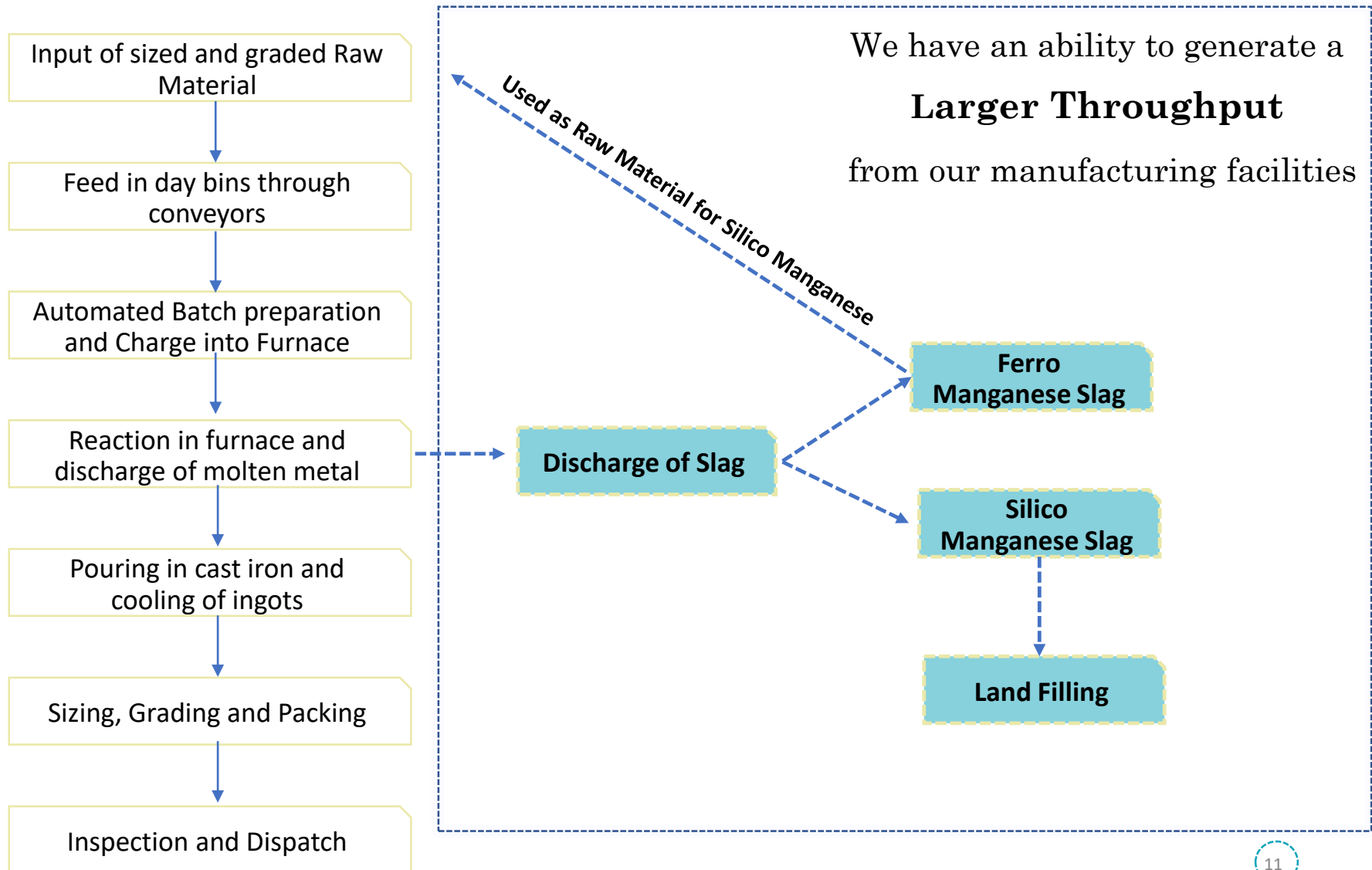
Increase in Capacity at Strategic Locations to support Profitable Growth

## Installed Capacity of 137.25 MVA

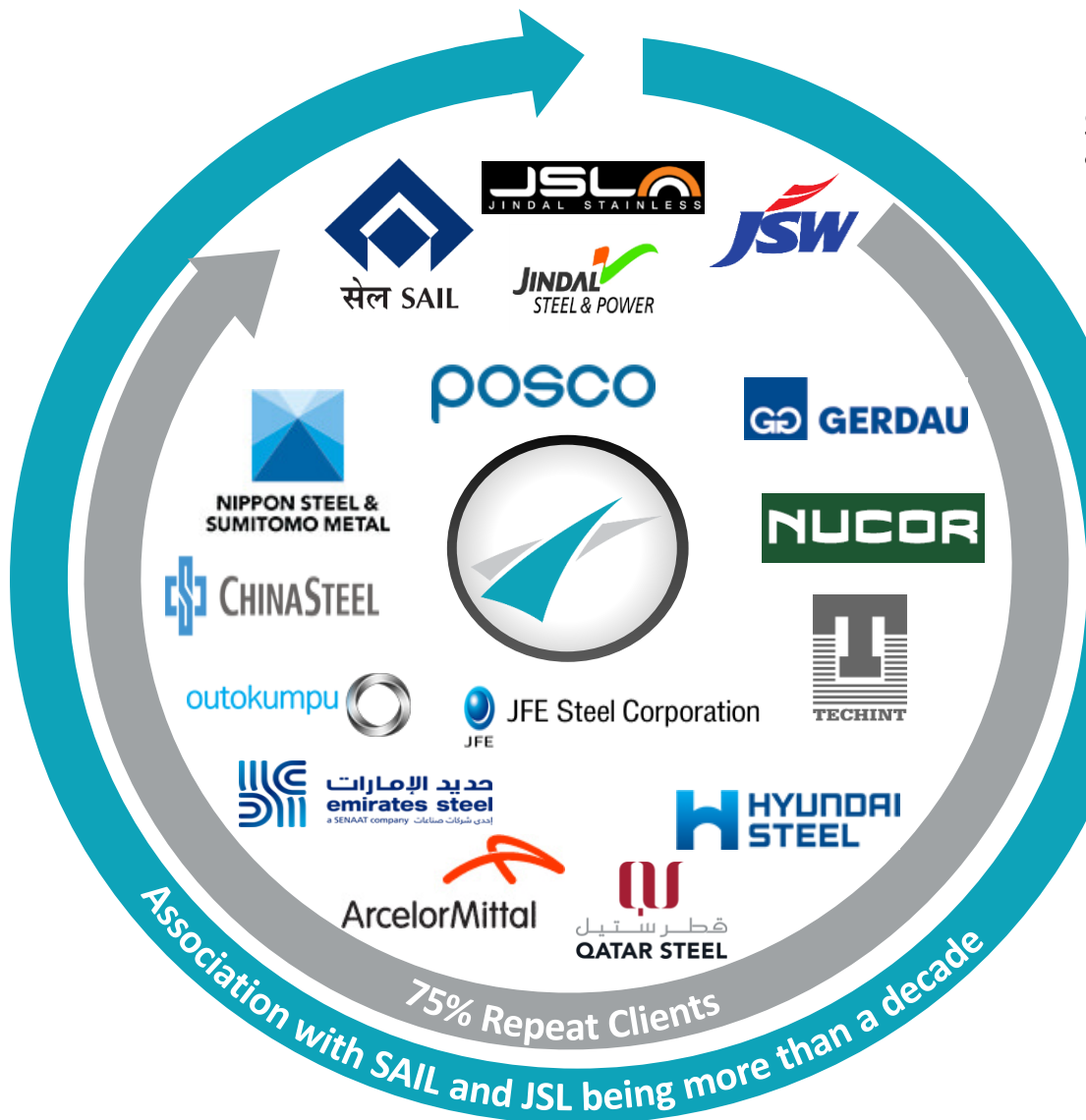


- Kalyaneshwari and Byrnihat source Coke & Coal from Domestic Market, because it is logistically feasible
- Vishakhapatnam and Kalyaneshwari imports Manganese Ore. Advantage of importing are
  - ✓ Quality Product
  - ✓ Variety of Grades Leading to better Product Mix
  - ✓ Logistic Advantage

# Self-Sustaining Business Model



# Strong Client Relationships



Shift of focus from 'Stable' Europe to 'Growing' Asia helping in better realizations

~100% of Domestic clients are associated with the Company for over 7 years

Long term relationships with clients offers **Competitive Advantage**

Low Concentration Risk in export markets with **presence in over 35 countries**

# The Leadership Team



## Mr. Subodh Agarwalla

### Whole Time Director and CEO

- A B. Tech from IIT BHU and M.B.A from IIM Bangalore
- At age of 39 years is the Whole Time Director and CEO and strengthens the operational activities of the Company

## Mr. S. C. Agarwalla

### Chairman and Managing Director

- Over 25 years of rich experience in Ferro Alloys industry
- Has a strong understanding of business processes and excellent communication and people management skills
- Focuses on project setup, corporate planning and business development, human resource development, planning & budgeting and related functions

## Mr. Sudhanshu Agarwalla

### President and CFO

- A M.B.A from XLRI Jamshedpur.
- Over 13 Years of experience in Finance, Marketing and Procurement in the Ferro Alloys Industry

# Experienced Board

## Mr. Nand Kishore Agarwal

Independent Director

Experienced in the field of Accounts, Finance and Tax Laws

## Mr. Biswajit Choudhuri

Independent Director

Experienced in the field of Engineering, Banking, Finance and Management

## Mr. Vikash Kumar Jewrajka

Independent Director

Experienced in the field of Monolithic Ceramics, Promotions of Residential Property & Fly Ash Bricks Machine Manufacturer

## Mr. Ashok Bhandari

Independent Director

Experienced in the field of Finance and Negotiation with Banks, Governments and Technology & Equipment suppliers

## Mr. Palghat Krishnan Venkatramani

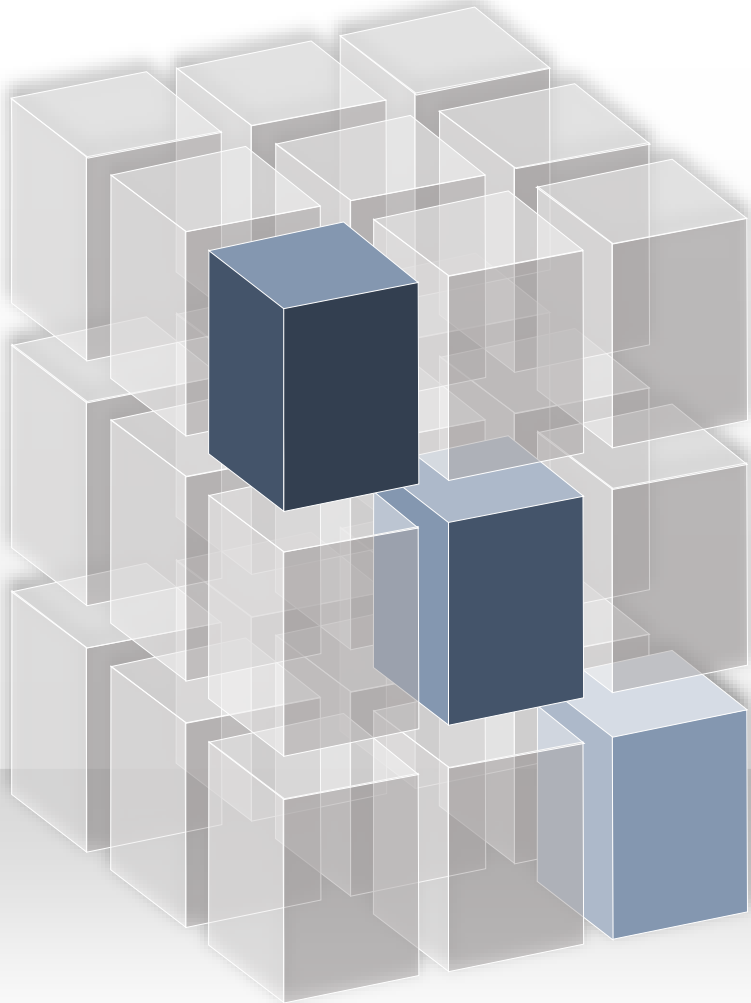
Independent Director

Experienced in the field of Banking with specialty in Industrial Finance and staff training and Foreign Exchange and Management Accountancy

## Ms. Kalpana Biswas Kundu

Independent Director

Experienced in the field of Banking, Accounts and Finance



## ***Vision***

To be India's premiere Alloy Company that is built on the solid foundation of shareholder trust, customer commitment, employee satisfaction and sustainable communities. Consistently delivering on our promises backed by meticulous hard work is our motto for ensuring success always!

## ***Mission***

To be India's premiere Alloy Company by:

- Promising excellent shareholder value: Guarantee a high ROC coupled with lower-than-market debt ratios
- Nurturing our employees: Encourage employees to work hard and add to their knowledge base. Ensuring employee growth by creating a secure and stress-free working environment.
- Utmost commitment to our customers: Irrespective of the market conditions, we will always strive for the highest product standards that will in turn ensure complete customer satisfaction.
- Care for our communities: A clean environment, education, housing, health and sustainability for our communities will always remain our mission.

Commitment is a passion for us. We are extremely committed to serving our shareholders and customers to the best of our abilities. Our promise to our stakeholders is a hard-ironed commitment and we aim to exhibit this value in everything that we do.

## Commitment



Loyalty is the very fabric that runs beneath our organization. We strive to imbibe and exhibit loyalty not only to our stakeholders but also internally as individuals.

## Loyalty



We not only believe but also imbibe that 'honesty is indeed the best policy'. We strive to do what is right and not what is the easiest. Staying true to ourselves and our work is what we live by.

## Integrity



Rigorous and meticulous attention to detail along with a positive attitude is how we would describe every work process at our organization. Rigour with a positivity will lead to guaranteed successes.

## Rigour



We believe in our common goals and stand by each other on the back of open and honest communication. A strong team is always a winning team.

## Teamwork





# Maintaining the Maithan Edge



## Efficiency

- Lowest in the Cost Curve
- Optimum Capacity Utilization
- Higher Tonnage product

## Optimising Facilities for Maximising Returns

- Sources raw materials when it gets contracts
- PPA agreement with power plants
- Stable Asset turnover ratios and low debt-equity ratio

## Strong Credibility

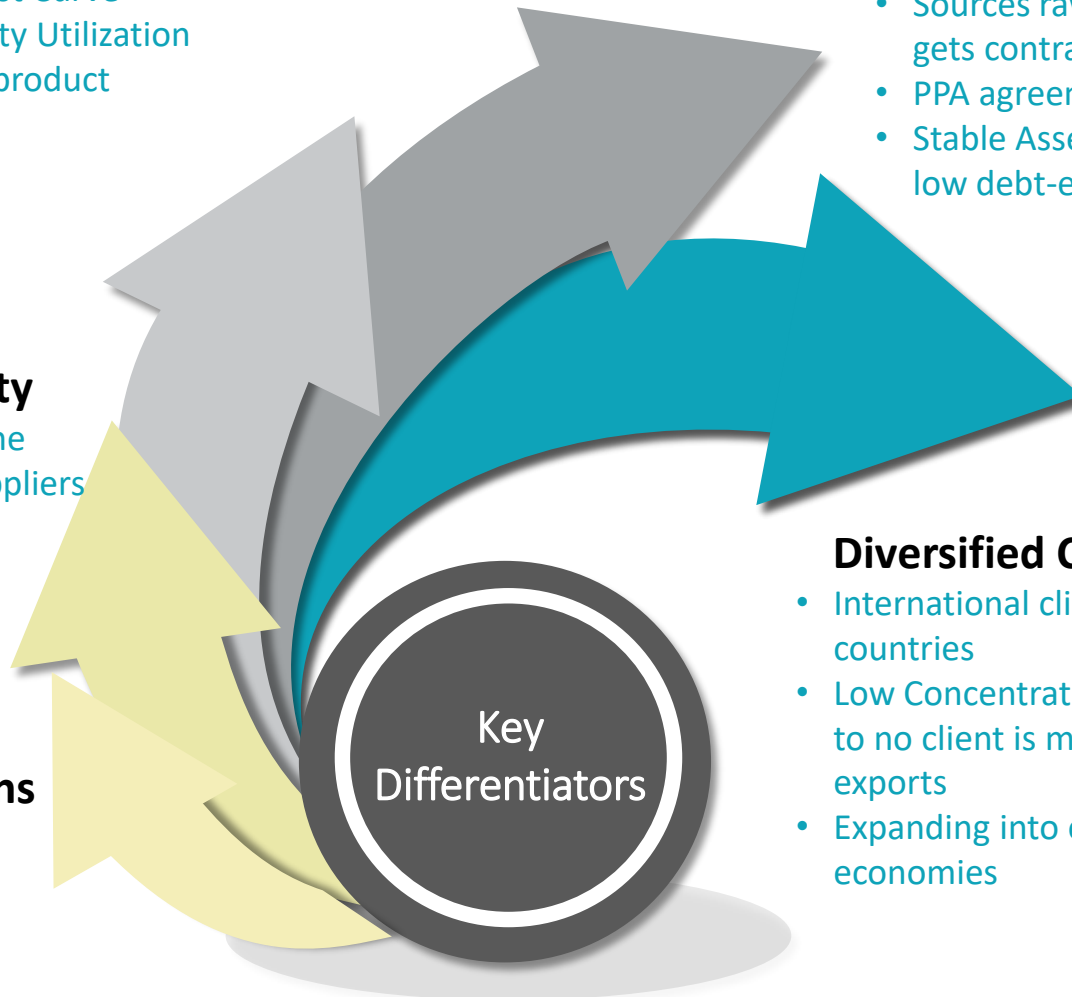
- Strong credibility in the market right from suppliers to end customers

## Expansion Plans

- Inorganic Growth Opportunities

## Diversified Customer Base

- International clients across 35 countries
- Low Concentration Risk as exposure to no client is more than 10% of its exports
- Expanding into emerging Asian economies

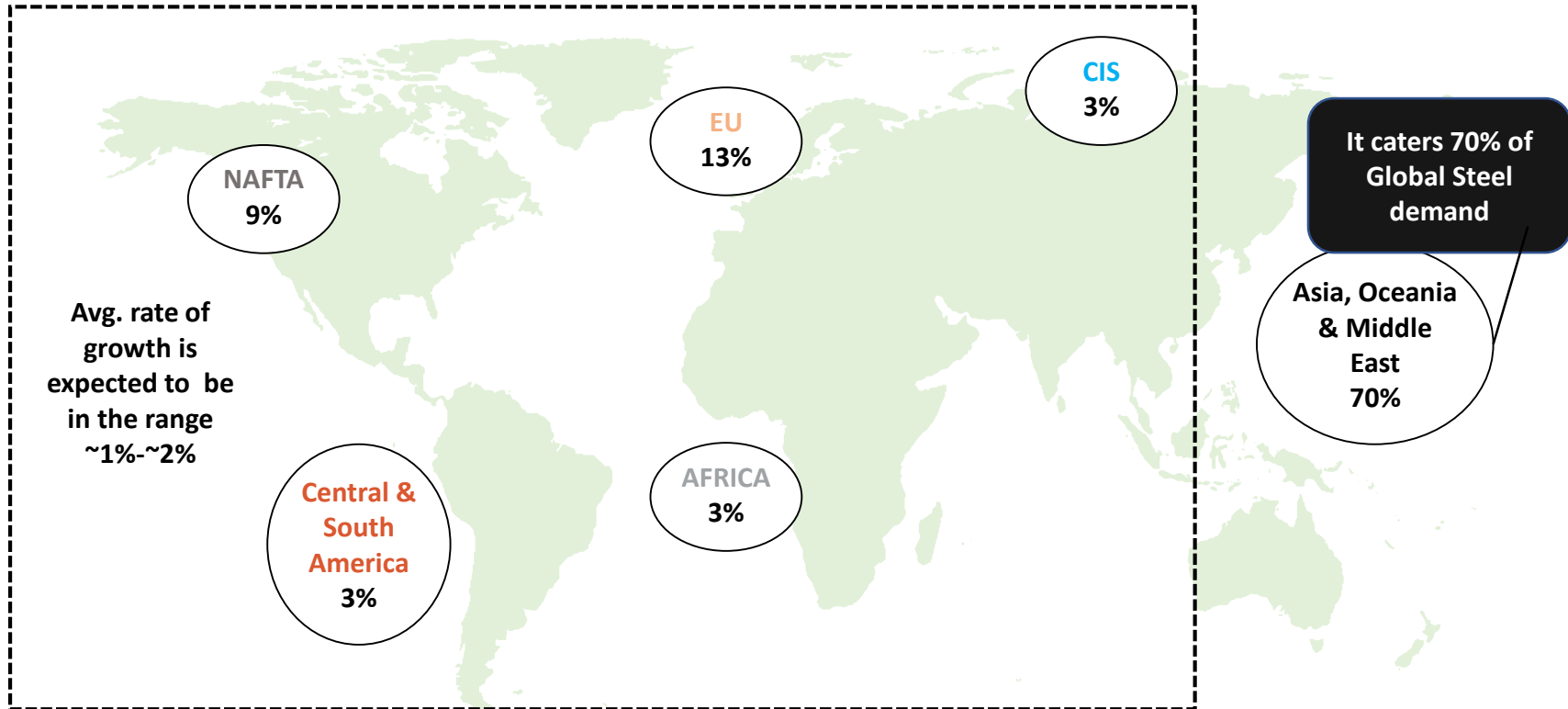


# Industry Tailwinds

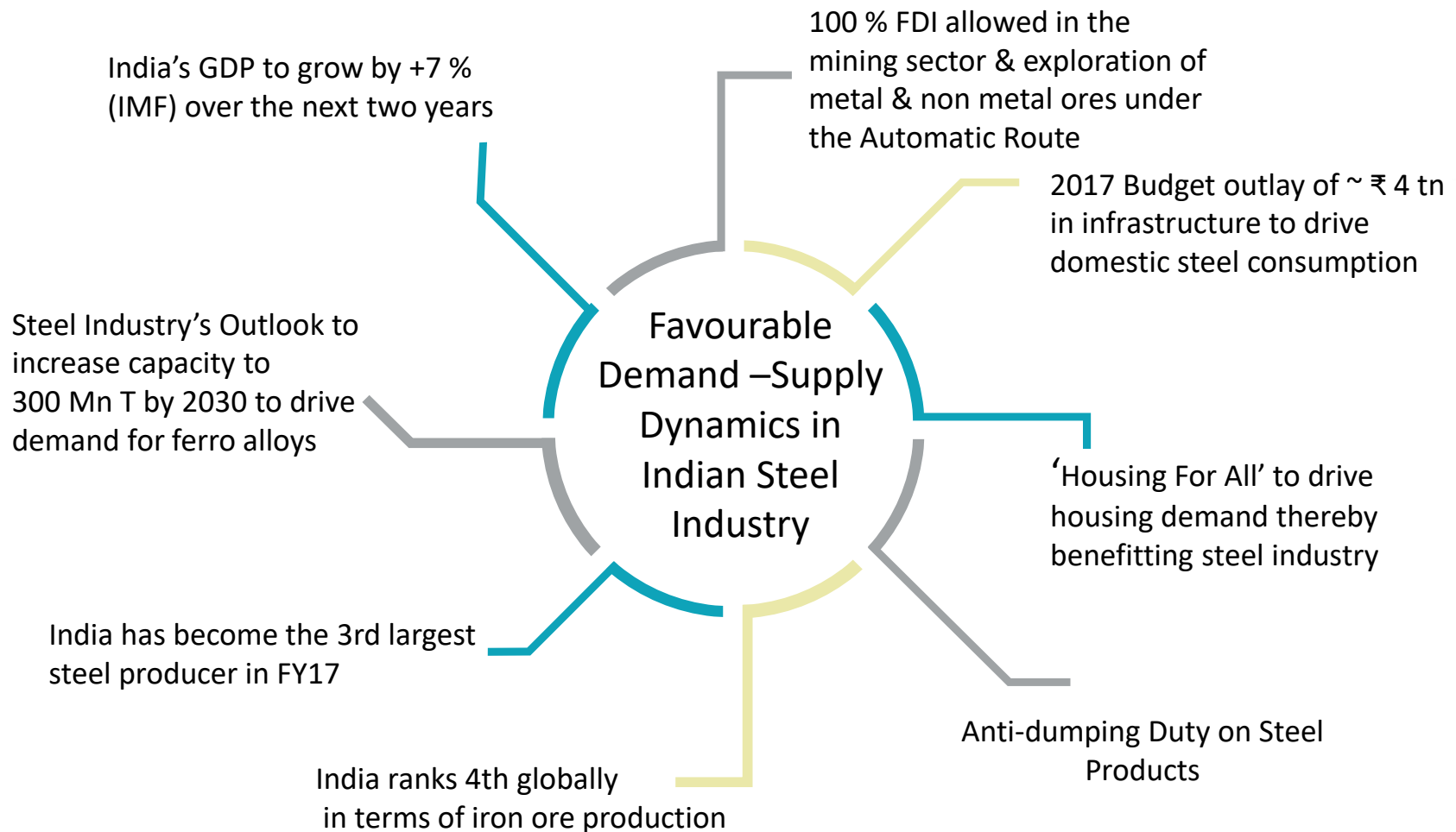


# Asian Economies to drive the Global Steel Demand

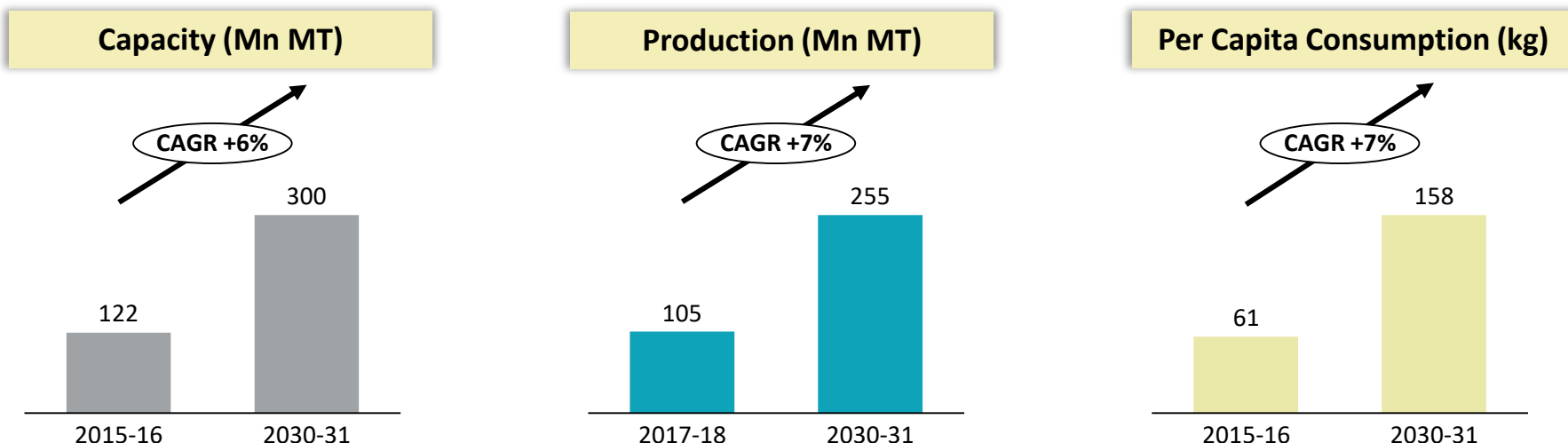
**Global Steel Demand 2018 : 1,548.5 Mn T**



**Asia Ex-China Growth is expected to be ~5%**  
**Maithan already has a strong foothold in the growing Asian economies with no exposure to China**



## Alloy Producers to benefit from NSP 2017

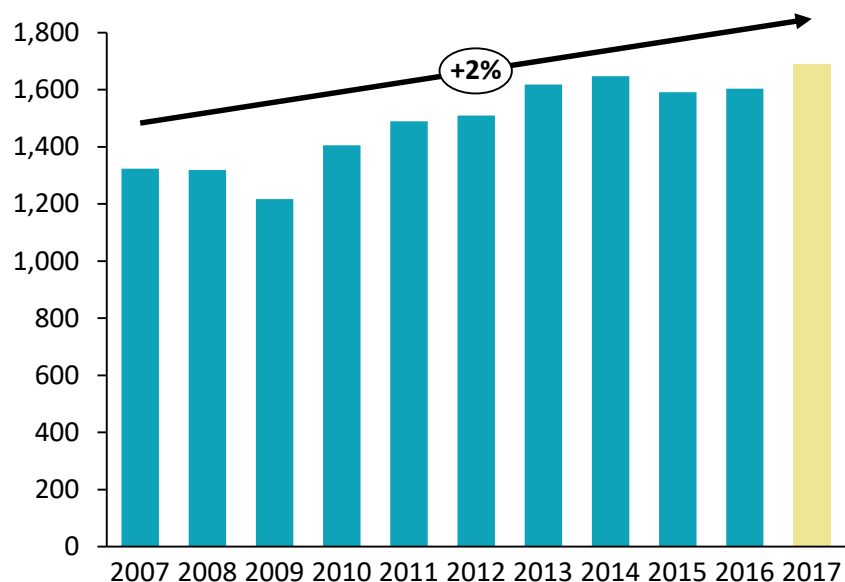


### National Steel Policy (NSP) 2017 Highlights

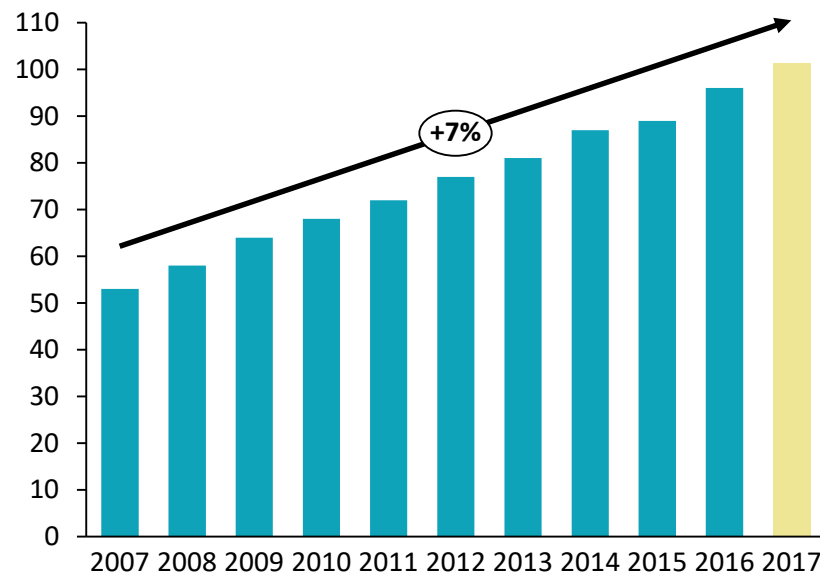
- Reduce dependence on Steel imports and become self sufficient in Steel production
- Increase domestic availability of washed coking coal so as to reduce import dependence on coking coal to 50%
- Policy to increase consumption of Steel in Infrastructure, Automobiles & Housing sector
- Provide policy support & guidance to private manufacturers, MSME Steel producers, CPSEs
- Steel Ministry will facilitate R&D through the establishment of Steel Research and Technology Mission of India (SRTMI)

*~1.5% of Manganese Alloy is required to produce each tonne of Steel*

**World Crude Steel Demand (Mn MT)**



**India Crude Steel Demand (Mn MT)**



Operating Efficiency



Better Product Mix



Strong Customer Relationships



Gaining Market Share  
Globally and  
Domestically

**Maithan Alloys production has grown at CAGR of 16% since 2007**



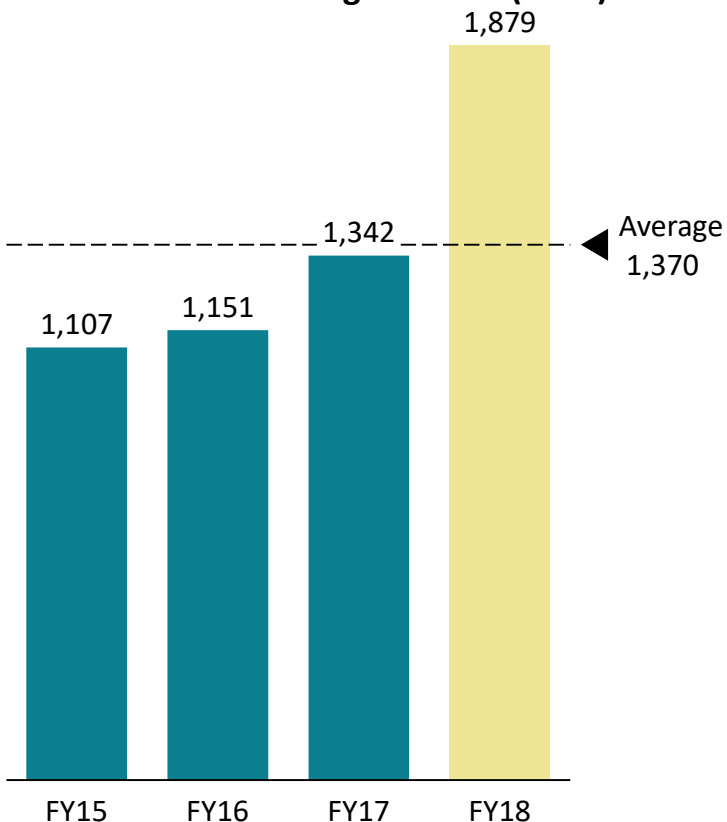
# Financials

# Standalone Profit & Loss (As per IND AS)

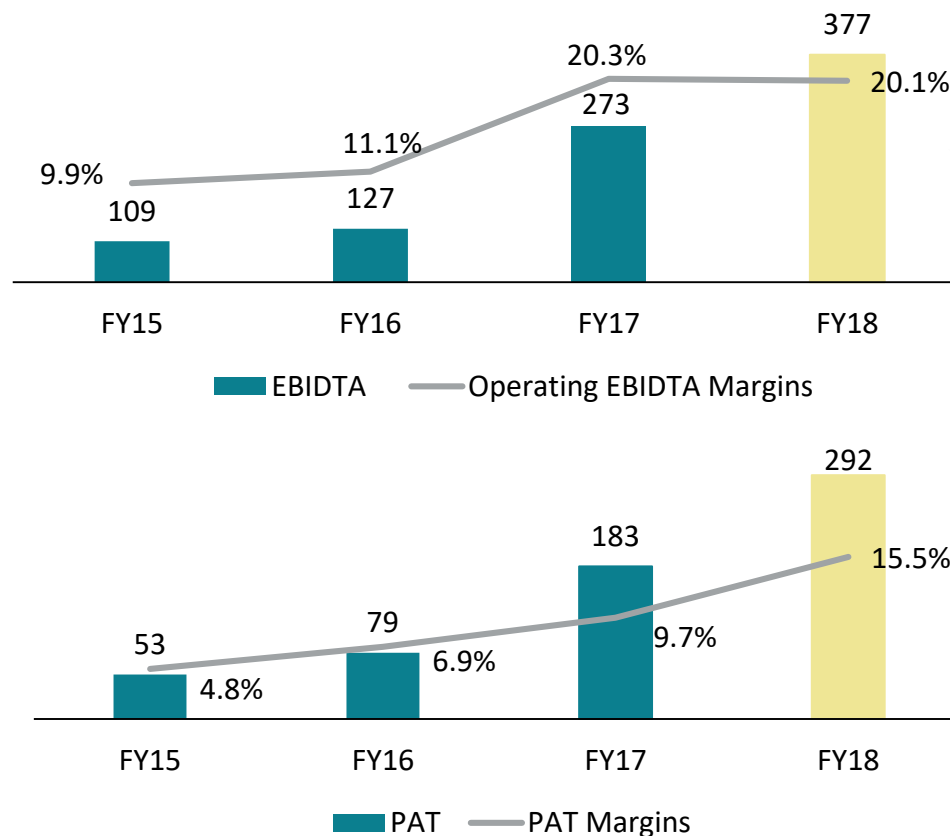
Particulars (₹ Crs)	Q1 FY19	Q1 FY18	Y-o-Y	FY18
<b>Revenue (Net of Excise Duty/ GST)</b>	<b>455</b>	<b>431</b>	<b>6%</b>	<b>1,879</b>
Raw Material	239	224		970
Employee Expenses	11	10		45
Power	94	92		367
Other Expenses	27	26		121
<b>Operating EBITDA</b>	<b>84</b>	<b>79</b>	<b>7%</b>	<b>377</b>
Other Income	6	2		18
Depreciation	4	4		15
<b>EBIT</b>	<b>86</b>	<b>77</b>	<b>12%</b>	<b>380</b>
Finance costs	1	1		4
<b>PBT</b>	<b>85</b>	<b>76</b>	<b>12%</b>	<b>376</b>
Tax	20	17		84
<b>PAT</b>	<b>65</b>	<b>59</b>	<b>11%</b>	<b>292</b>

# Outperformance in 2018...

**Growing Revenue (₹ Crs)**



**Margins improved even in uncertain times (₹ Crs)**

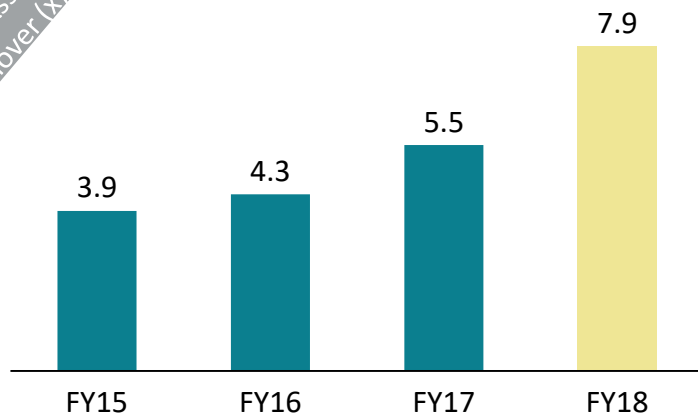


Led by our **Efficiency**

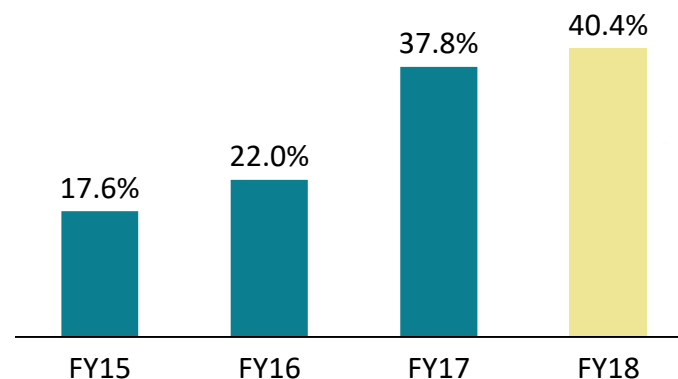
Proving our **Credibility**

# Proven Track Record

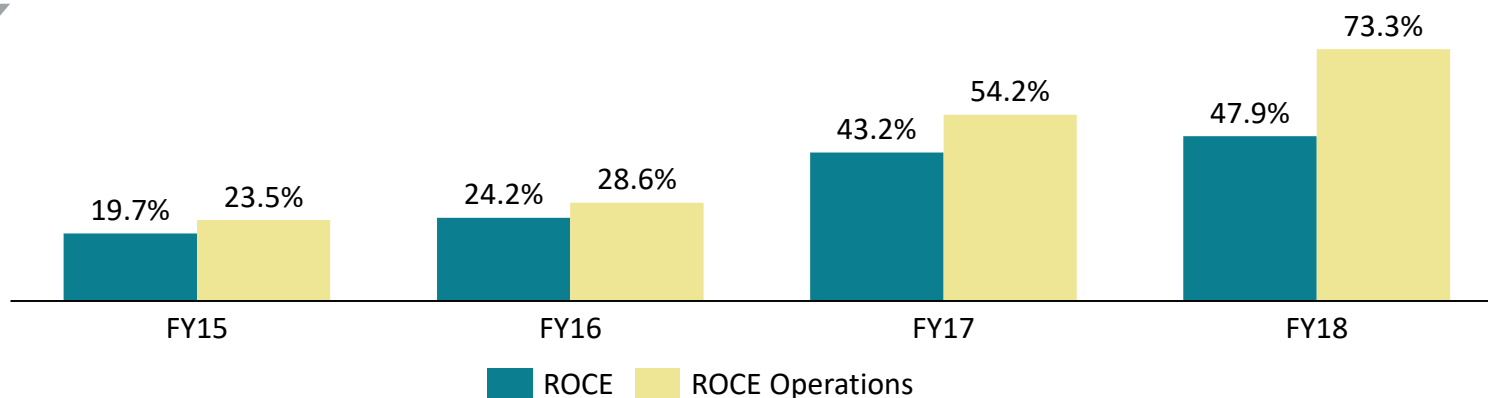
Fixed Asset  
Turnover (x)



ROE %\*



ROCE %^



**Higher Return Ratio is because of prudent capital allocation and superlative operating efficiency**

\*RoE = PAT after Minority Interest / Average Shareholders Fund

FY15 & FY16 numbers are as per IGAAP

^ RoCE = EBIT / Average Capital Employed

^ RoCE Operations = EBIT / (Average Capital Employed – Cash & Cash Equivalents)

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