



**maithan alloys ltd**

**Investor Presentation**

**April 2019**

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## 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

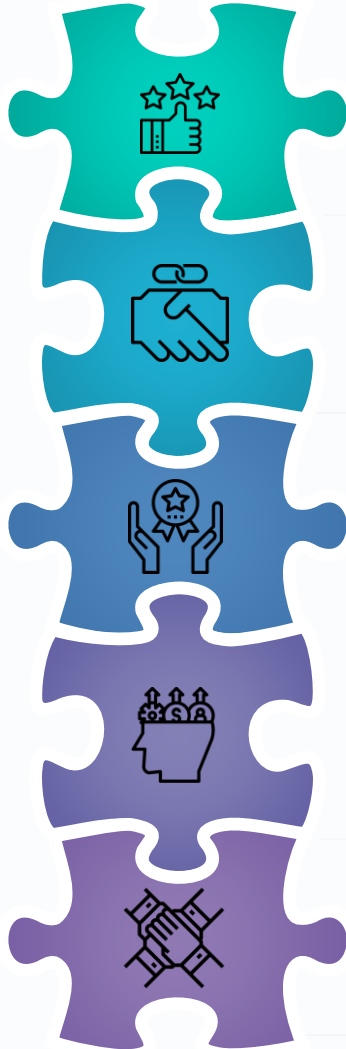
Consistently delivering on our promises backed by meticulous hard work is our motto for ensuring success always!

## 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 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.

**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.

**Integrity:** 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.

**Rigour:** Rigorous, 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.

**Teamwork:** 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.



## Efficiency



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

## Strong Credibility



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

## 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

## 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

## Expansion Plans



- Inorganic Growth Opportunities



## Mr. Subodh Agarwalla

(Whole Time Director and CEO)

- A B.Tech from IIT BHU and M.B.A. from IIM Bangalore
- At age of 40 years is the Whole Time Director and CEO and strengthens the operational activities of the Company

## Mr. S. C. Agarwalla

(Chairman and Managing Director)

- 30 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
- 15 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. Ashok Bhandari**  
(Independent Director)

Finance and negotiation with banks, governments and technology & equipment suppliers



**Mr. Vikash Kumar Jewrajka**  
(Independent Director)

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



**Mr. Palghat K Venkatramani**  
(Independent Director)

Banking with specialty in Industrial Finance and staff training, Foreign Exchange and Management Accountancy



**Mrs. Kalpana Biswas Kundu**  
(Independent Director)

Banking Sector, Accounts and Finance



**Mr. Parasanta Chattopadhyay**  
(Non Executive Director)

Iron and steel industry, General Management, and Government liasoning

The Board of Directors has a strong commitment to the highest adherence to corporate philosophy and governance





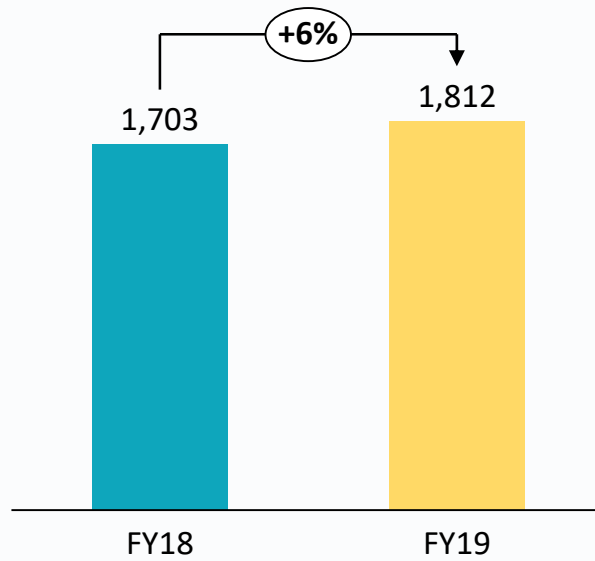
The slide features a dark grey background with a large, stylized blue and grey arrow pointing to the right. Overlaid on this is a faint image of a bar chart with several bars of increasing height. A black pen is positioned diagonally across the chart. The word 'Financials' is written in a large, white, sans-serif font in the center of the slide.

# Financials

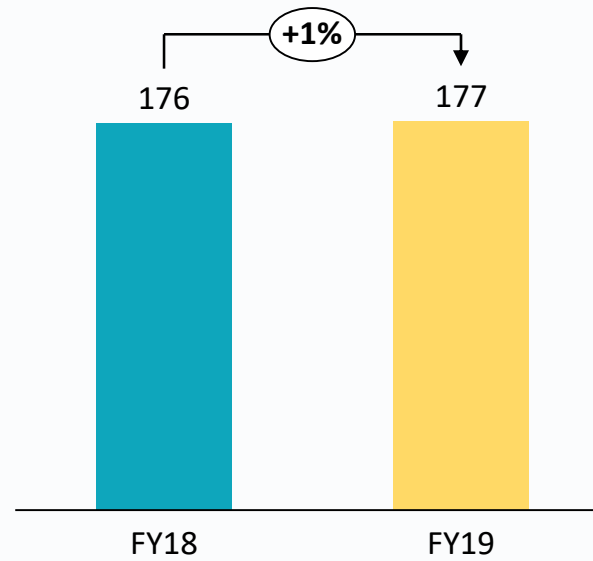


# Manufacturing –vs- Trading – FY19

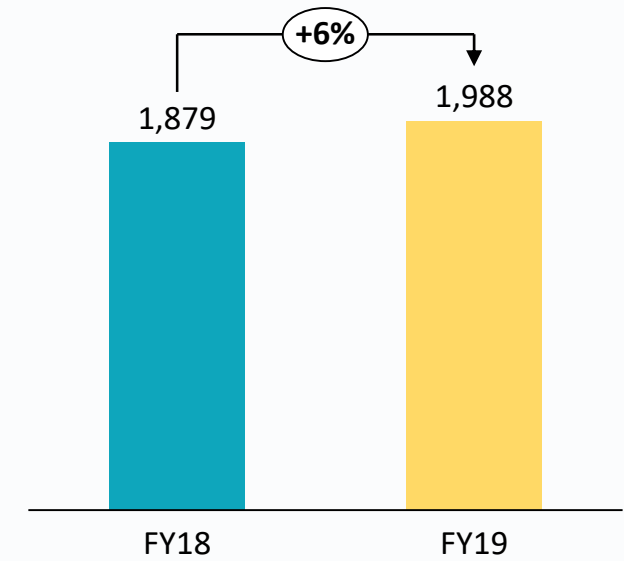
## Manufacturing Revenue\*



## Trading Revenue



## TOTAL Revenue\*



₹ Crs

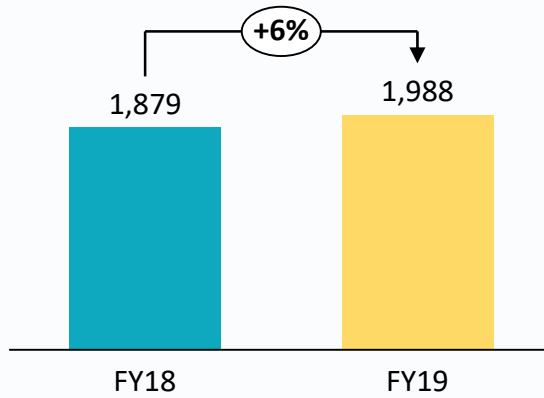
**Manufacturing business is consistently growing**

\*Revenue are net of GST/Excise duty

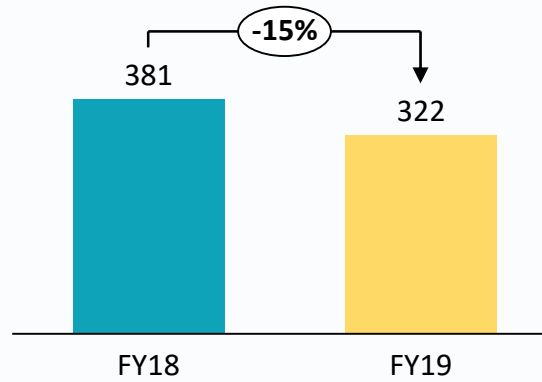
Financials are as on Consolidated basis and as per IND-AS

# Performance Highlights – FY19

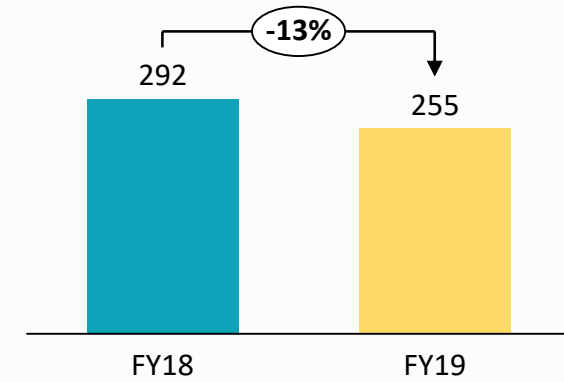
Revenue\*



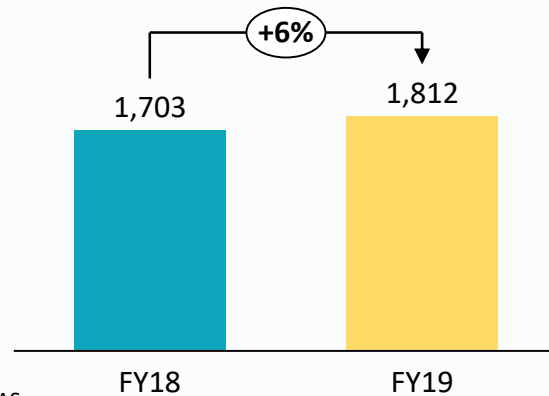
Operating EBITDA



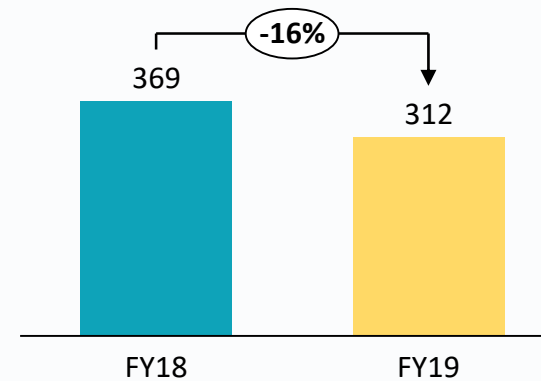
PAT



Mfg. Revenue



Mfg. EBITDA



₹ Crs

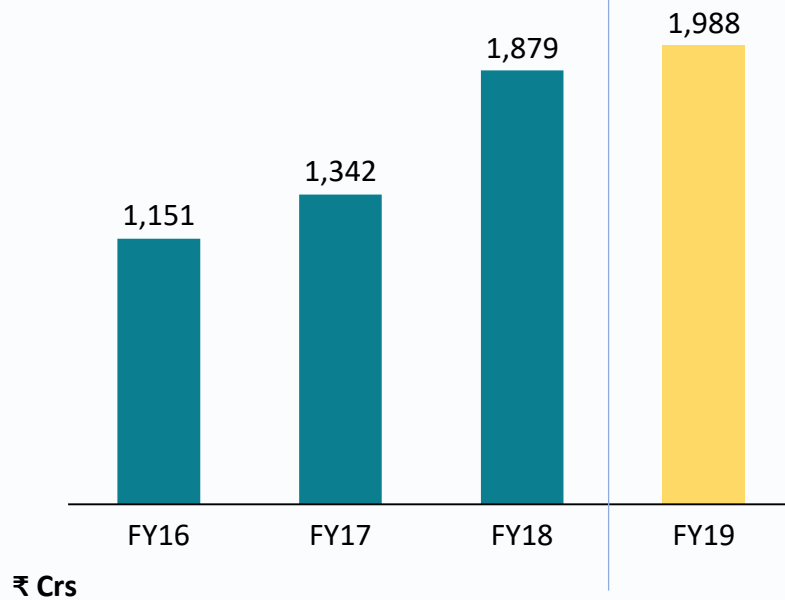
\*Revenue are net of GST/Excise duty

Financials are as on Consolidated basis and as per IND-AS

# Maintaining Sustainable Margins

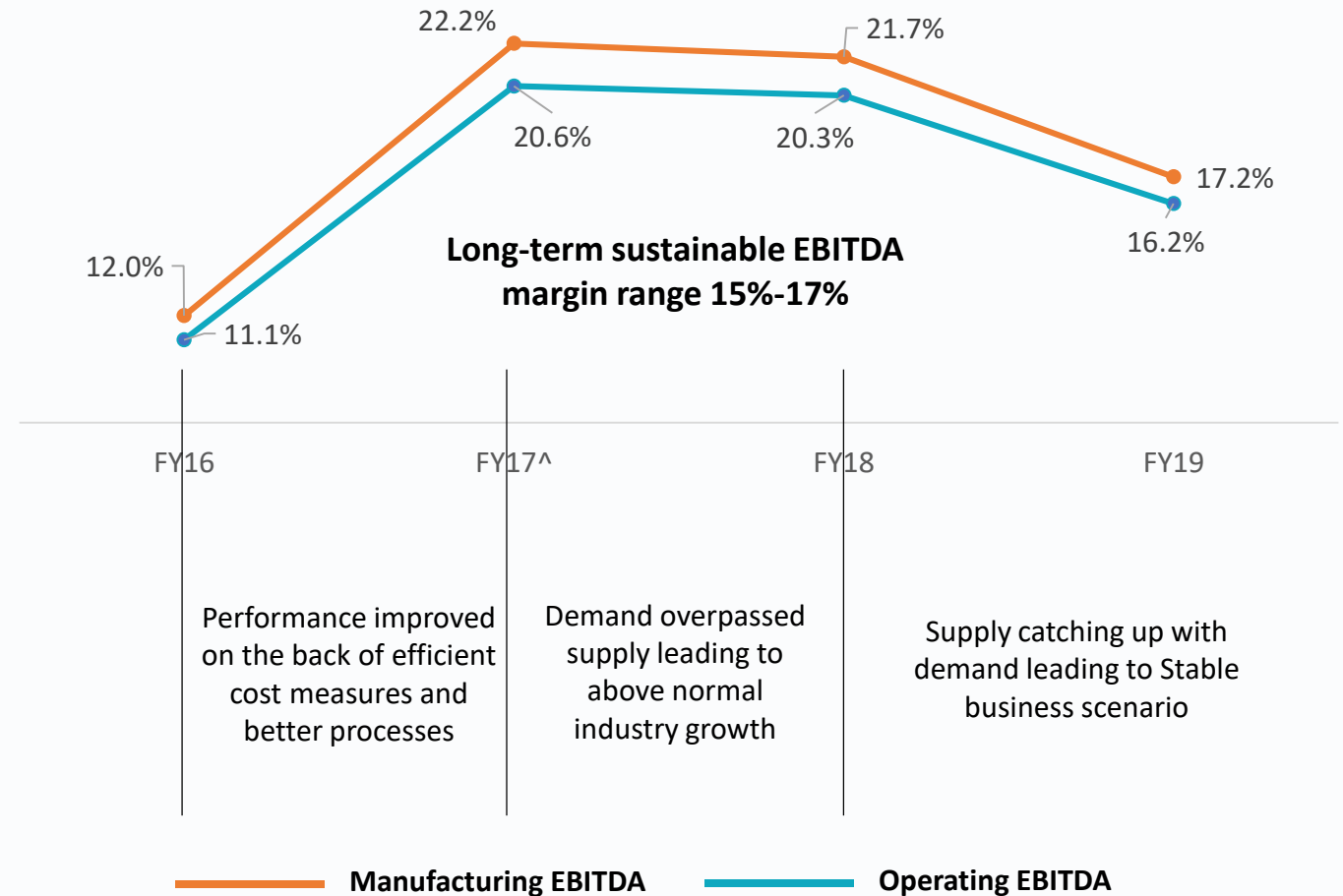
## Revenues

Demand of our product continues to be robust



Continue to Outperform Industry trends

## EBITDA %



Revenue are net of GST/Excise duty

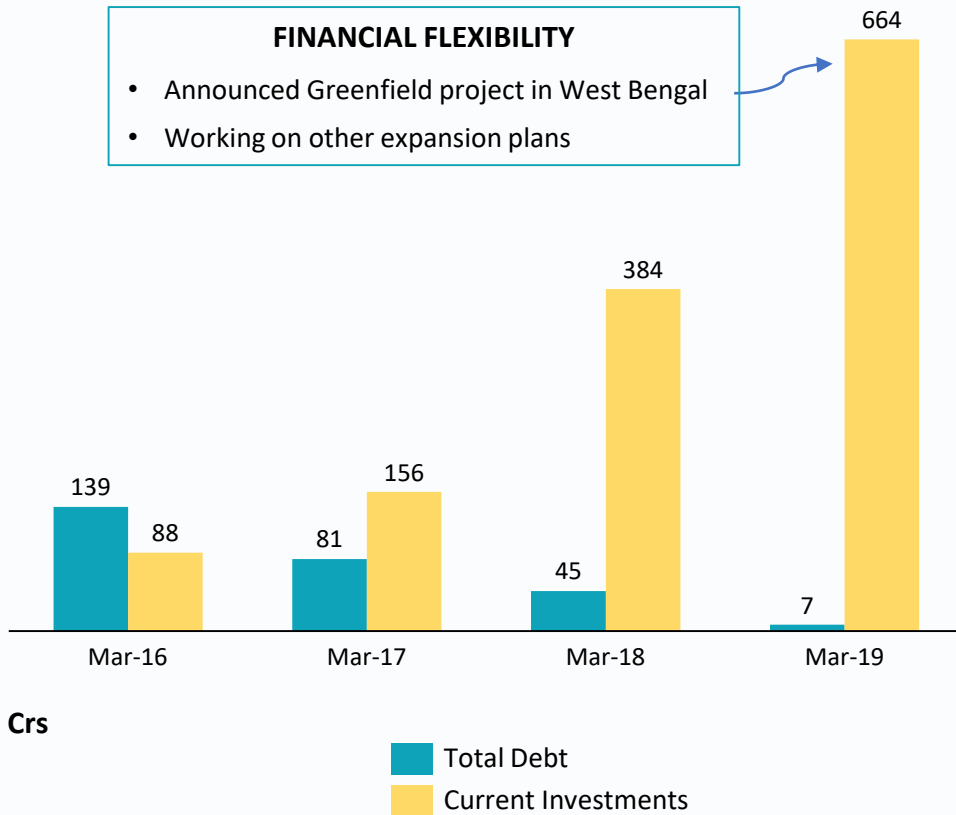


# Doing Profitable Business is the key...

## Debt & Current Invts.

### FINANCIAL FLEXIBILITY

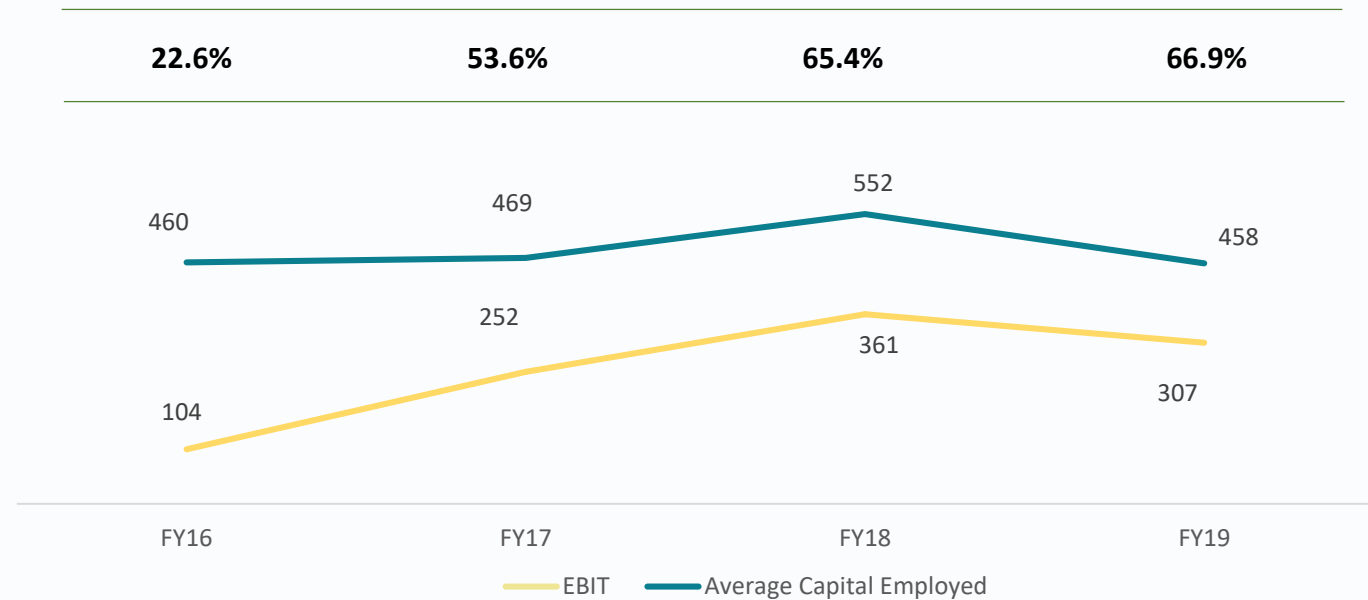
- Announced Greenfield project in West Bengal
- Working on other expansion plans



FY15 & FY16 numbers are as per IGAAP

## Operating RoCE (%)

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



Operating RoCE = EBIT / Average Capital Employed

EBIT = (EBIT – Other Income)

Capital Employed = (Equity + Debt - Current Investments)

# Consolidated Profit & Loss Statement

Particulars (₹ Crs)	FY19*	FY18*	FY17*	FY16
<b>Revenue (Net of Excise Duty/ GST)</b>	<b>1,988</b>	<b>1,879</b>	<b>1,342</b>	<b>1,151</b>
Raw Material	1,126	970	628	597
Employee Expenses	44	45	33	23
Power	373	367	280	315
Other Expenses	122	117	128	89
<b>Operating EBITDA</b>	<b>323</b>	<b>380</b>	<b>273</b>	<b>127</b>
Depreciation	16	15	25	23
<b>Operating EBIT</b>	<b>307</b>	<b>365</b>	<b>248</b>	<b>104</b>
Other Income	26	15	9	4
Finance costs	6	4	10	12
<b>PBT</b>	<b>327</b>	<b>376</b>	<b>247</b>	<b>96</b>
Tax	72	84	64	17
<b>PAT</b>	<b>255</b>	<b>292</b>	<b>183</b>	<b>79</b>

\*As per IND AS

# Standalone Profit & Loss Statement

Particulars (₹ Crs)	FY19*	FY18*	FY17*	FY16
<b>Revenue (Net of Excise Duty/ GST)</b>	<b>1,988</b>	<b>1,879</b>	<b>1,342</b>	<b>1,151</b>
Raw Material	1,126	970	628	597
Employee Expenses	44	45	33	23
Power	373	367	280	315
Other Expenses	122	117	124	89
<b>Operating EBITDA</b>	<b>322</b>	<b>381</b>	<b>277</b>	<b>127</b>
Depreciation	16	15	25	23
<b>Operating EBIT</b>	<b>307</b>	<b>365</b>	<b>252</b>	<b>104</b>
Other Income	26	15	8	4
Finance costs	6	4	10	12
<b>PBT</b>	<b>327</b>	<b>376</b>	<b>250</b>	<b>96</b>
Tax	72	84	64	17
<b>PAT</b>	<b>255</b>	<b>292</b>	<b>186</b>	<b>79</b>

\*As per IND AS



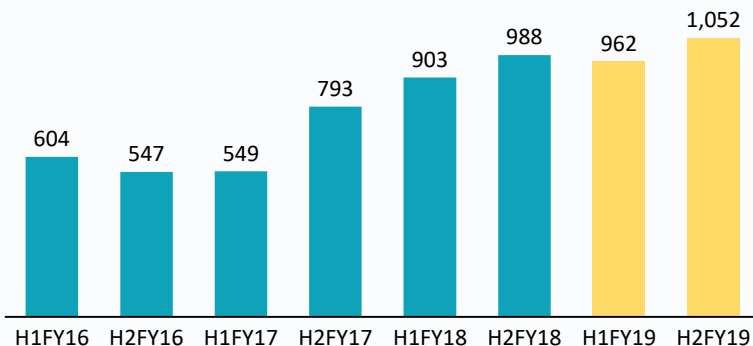
# Consolidated Balance Sheet as on 31<sup>st</sup> March 2019 (As per IND AS)

Particulars (₹ Crs)	Mar-19	Mar-18
<b>Equity</b>	<b>1,113</b>	<b>868</b>
Equity share capital	29	29
Other Equity	1,083	838
Non Controlling Interest	1	1
<b>Non-current Liabilities</b>	<b>35</b>	<b>32</b>
Financial liabilities		
i. Borrowings	4	4
Provisions	2	2
Deferred tax liabilities (net)	28	25
Other non-current liabilities	1	1
<b>Current Liabilities</b>	<b>371</b>	<b>315</b>
Financial liabilities		
i. Borrowings	3	25
ii. Trade payables	246	147
iii. Other financial liabilities	27	46
Provisions	1	1
Current tax liabilities (net)	1	6
Other current liabilities	93	90
<b>Total Equity and Liabilities</b>	<b>1,519</b>	<b>1,215</b>

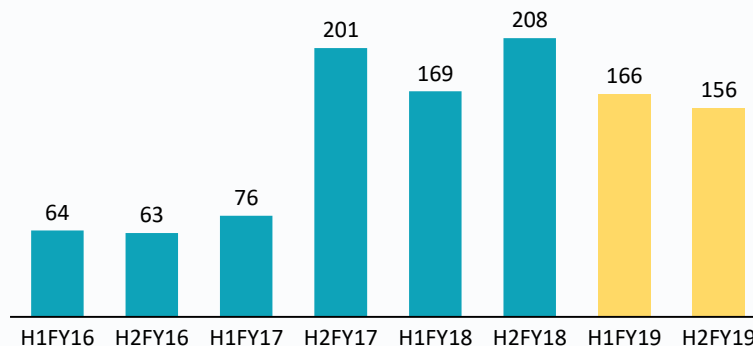
Particulars (₹ Crs)	Mar-19	Mar-18
<b>Non-Current Assets</b>	<b>278</b>	<b>280</b>
Property, plant and equipment	229	238
Intangible Assets	0	0
Financial Assets		
i. Investments	6	7
ii. Other Financial Assets	33	28
Non Current Tax Assets (net)	6	3
Other non-current assets	4	4
<b>Current Assets</b>	<b>1,241</b>	<b>935</b>
Inventories	261	248
Financial assets		
i. Investments	622	335
ii. Trade receivables	257	243
iii. Cash and cash equivalents	17	32
iv. Bank balances	29	26
v. Loans	0	0
v. Other financial assets	4	4
Other current assets	51	47
<b>Total Assets</b>	<b>1,519</b>	<b>1,215</b>

# Performance Snapshot

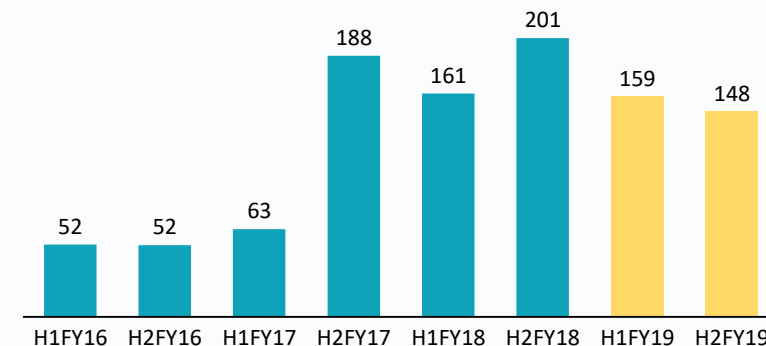
Operating Income (₹ Crs)



EBITDA (₹ Crs)



EBIT (₹ Crs)



Particulars (Rs. In Crs)	ROCE on Semi-Annual basis							
	H1FY16	H2FY16	H1FY17	H2FY17	H1FY18	H2FY18	H1FY19	H2FY19
Equity	355.6	394.7	421.8	592.4	711.4	875.1	995.9	1,120.0
Long Term Debt	140.7	122.1	79.6	60.0	40.7	19.7	7.8	3.7
Short Term Debt	36.7	17.3	8.2	17.1	7.0	25.0	0.0	3.4
Cash & Cash Equivalents	59.7	87.7	85.4	156.0	190.4	383.6	550.7	663.7
<b>Capital Employed</b>	<b>498.9</b>	<b>500.0</b>	<b>469.6</b>	<b>603.6</b>	<b>622.8</b>	<b>586.9</b>	<b>500.8</b>	<b>506.3</b>
<b>ROCE Half Year (%)</b>	<b>10.6%</b>	<b>11.3%</b>	<b>14.5%</b>	<b>40.1%</b>	<b>29.7%</b>	<b>36.3%</b>	<b>32.1%</b>	<b>32.3%</b>
<b>ROCE for Full year (%)</b>	<b>22.6%</b>		<b>53.6%</b>		<b>65.4%</b>		<b>66.9%</b>	

Every dollar is conservatively spent to generate higher ROCE



# Maintaining the Maithan Edge



## Largest Manufacturer



India's largest  
Manganese Alloy  
Producer and  
Exporter

## 20 Years Rich Experience

20  
years.

Two decades of  
experience and  
continuous growth

## Robust Balance Sheet



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

## Niche Products



Basket of the most  
valuable Techno-  
Commercial  
Products

## ↑ Stake Holder Return's

- ROCE Increased by + 4,000 bps
- ROE Increased by + 1,800 bps



## EBIDTA

Increased by +53% CAGR



## Net Cash

Position of **Rs. 667** Crores  
as on March 2019



## Revenue

Increased by +19% CAGR



## PAT

Increased by +62% CAGR

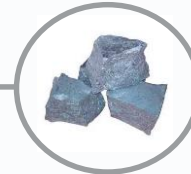
CAGR calculated from FY2014 to FY2019

**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



## 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

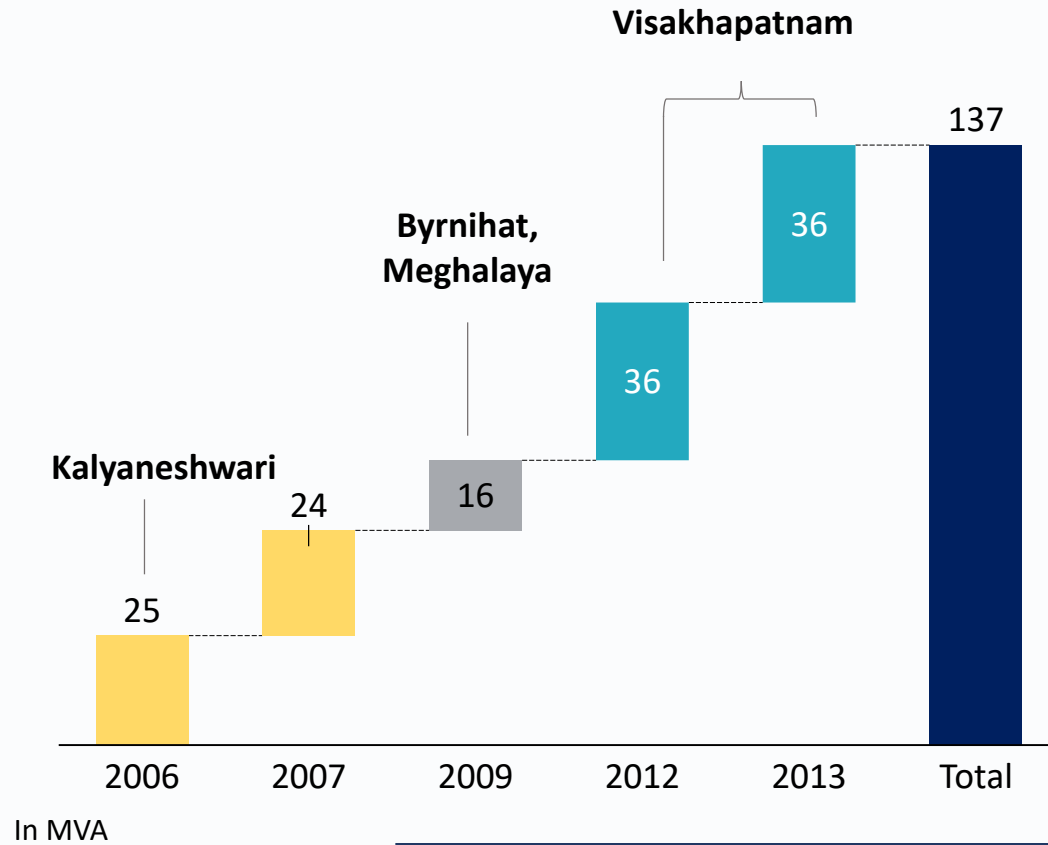


## Silicon Manganese

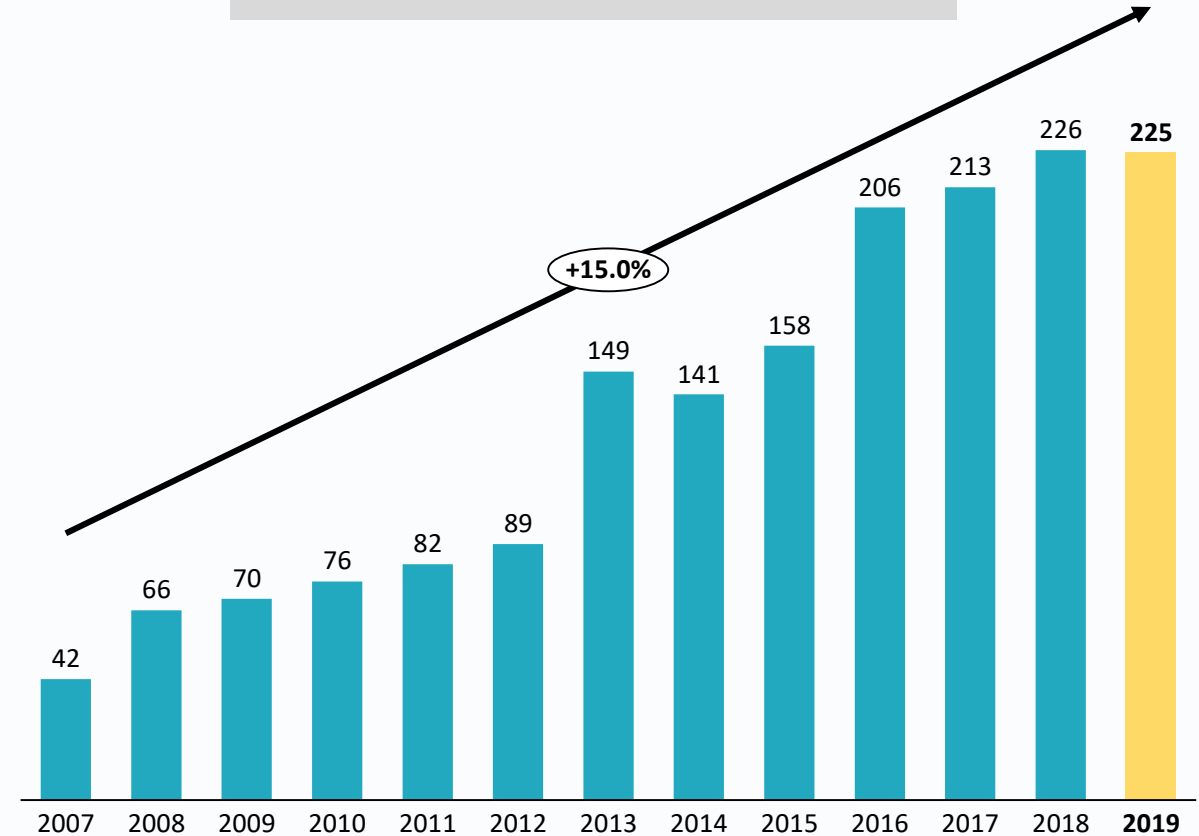
- An alloy of silicon and manganese
- Cost-effective blend of silicon and manganese
- Consumed in all steel products. Used in higher quantities in 200 series stainless steel, alloy steel and manganese steel

# Capacity addition to support Growth

## Capacity Built-up



## Production



**Increase in Capacity at Strategic Locations to support Profitable Growth**

1MVA = ~1,650 MT

# State of the Art Manufacturing Facilities

## Installed Capacity of 137.25 MVA



Quality remains the core to everything that we do. We achieved the ISO 9001 certification in 2003. This achievement makes a part of a world-recognized Quality Management System that helps us meet the expectations and needs of our customers every time.



International standard for Health & Safety was achieved by Maithan in 2016. The addition of this certification has been a new feather in our cap-making us stronger and taking our successes a step forward to include the health and safety not only of our processes but also our people.



We have already started the processes to be ISO14001 compliant. It's a standard that sets out criteria for an environmental management system. With this certification, we aim to map out a framework that we will follow to set-up an effective environmental management system.

72.0  
MVA

### Visakhapatnam (SEZ)

- **Smelters:**
  - 4 x MVA 18.0 MVA
- **Products:** Ferro Manganese/Silicon Manganese
- **Raw Material:** Maganese ore,Coke, Coal
- **Sourcing:** Imports 90% Domestic 10%
- **User Industry:** Steel

48.75  
MVA

### Kalyaneshwari

- **Smelters:**
  - 2 x 5.0 MVA
  - 1 x 6.5 MVA
  - 1 x 8.25 MVA
  - 2 x 12.0 MVA
- **Products:** Ferro Manganese/Silicon Manganese
- **Raw Material :** Maganese ore, Coke, Coal
- **Sourcing :** Imports 65%, Domestic 35%
- **User Industry:** Steel

16.5  
MVA

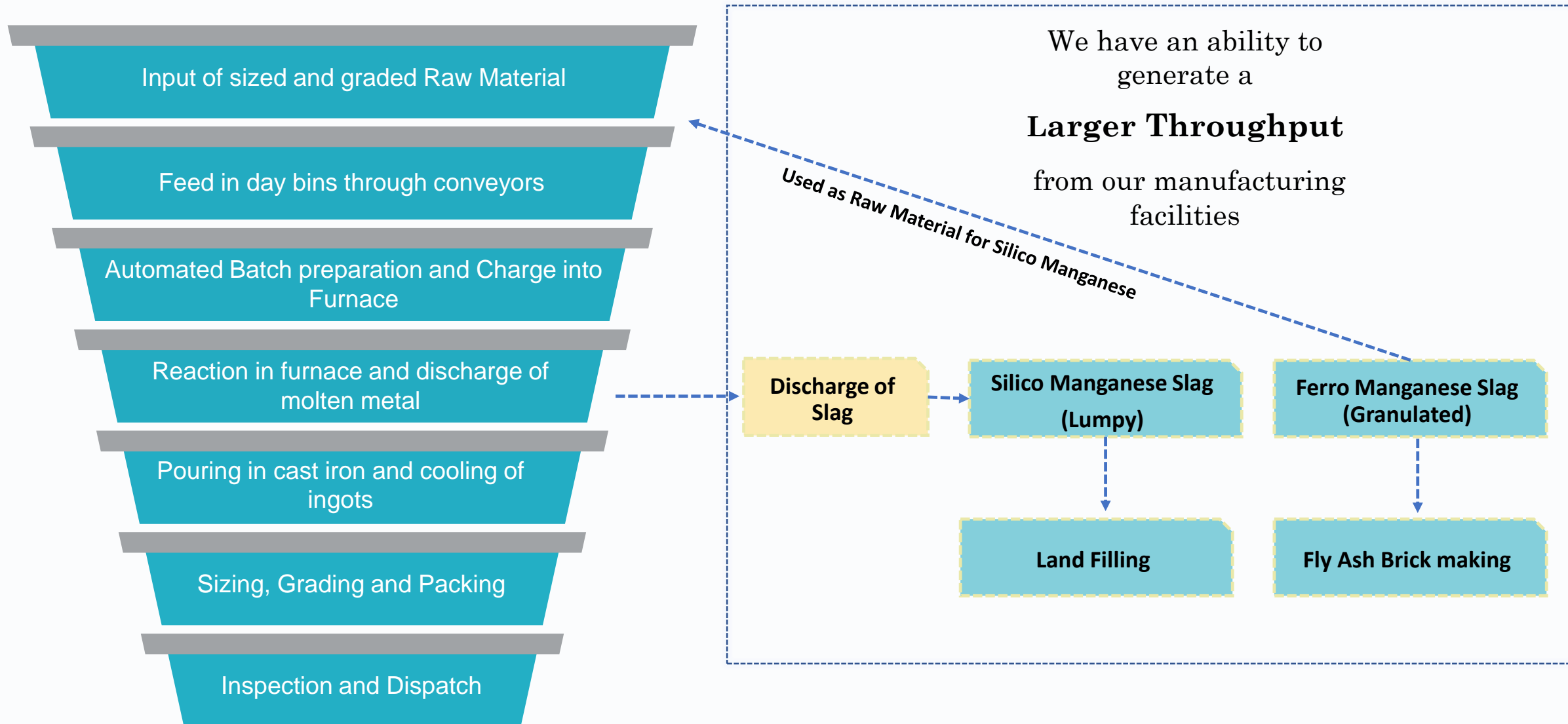
### Byrnihat

- **Smelters:**
  - 2 x 8.2 MVA
- **Products:** Ferro Silicon
- **Raw Material:** Quartz, coke, coal
- **Sourcing:** Domestic 100%
- **User Industry:** Steel

- Kalyaneshwari and Byrnihat source Coke & Coal from Domestic Market, because it is logistically feasible
- Vishakhapatnam and Kalyaneshwari imports Manganese Ore.
- Advantage of importing are

1.Quality Product 2.Variety of Grades Leading to better Product Mix 3. Logistic Advantage

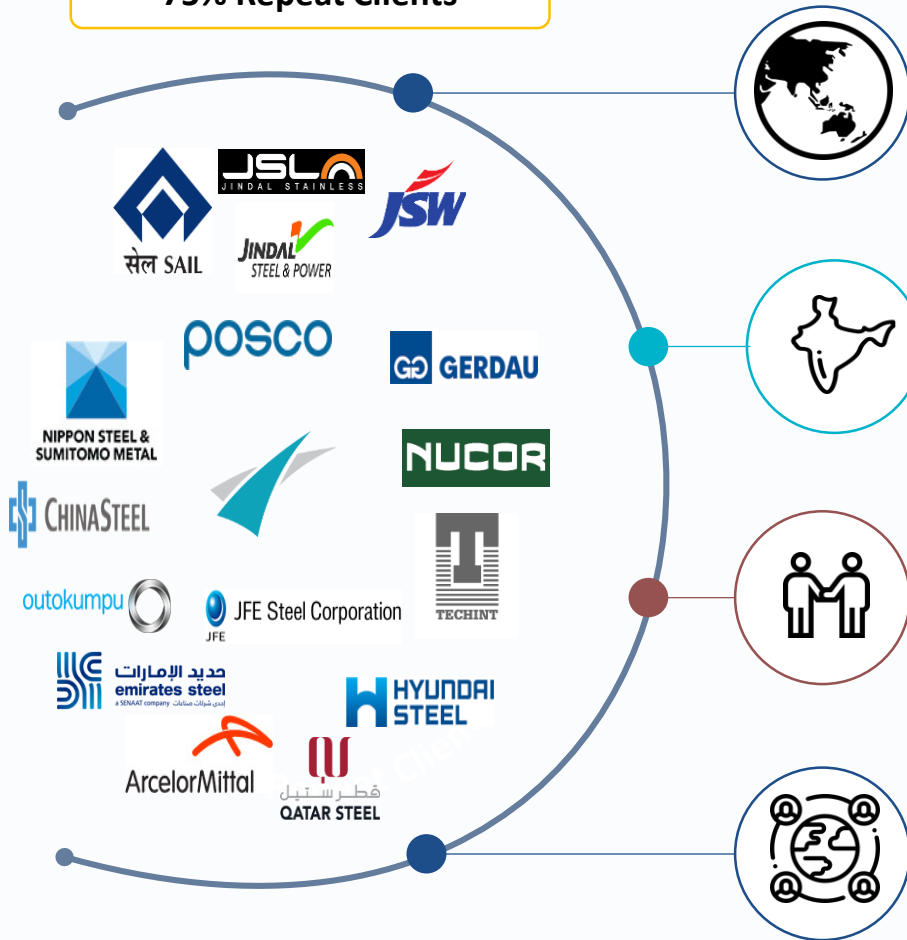
# Self Sustaining Business Model





# Strong Client Relationships

75% Repeat Clients



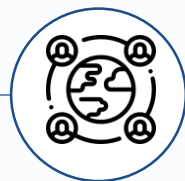
Shift of focus from **‘Stable’ Europe** to **‘Growing’ Asia** helping in better realizations



**~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**

“We are pleased to have formed a partnership with Maithan Alloys and we truly appreciate their commitment to quality and customer service. They have put forth all efforts to accomplish our needs amid out dynamic priorities and have always delivered to the deadlines set by us.”



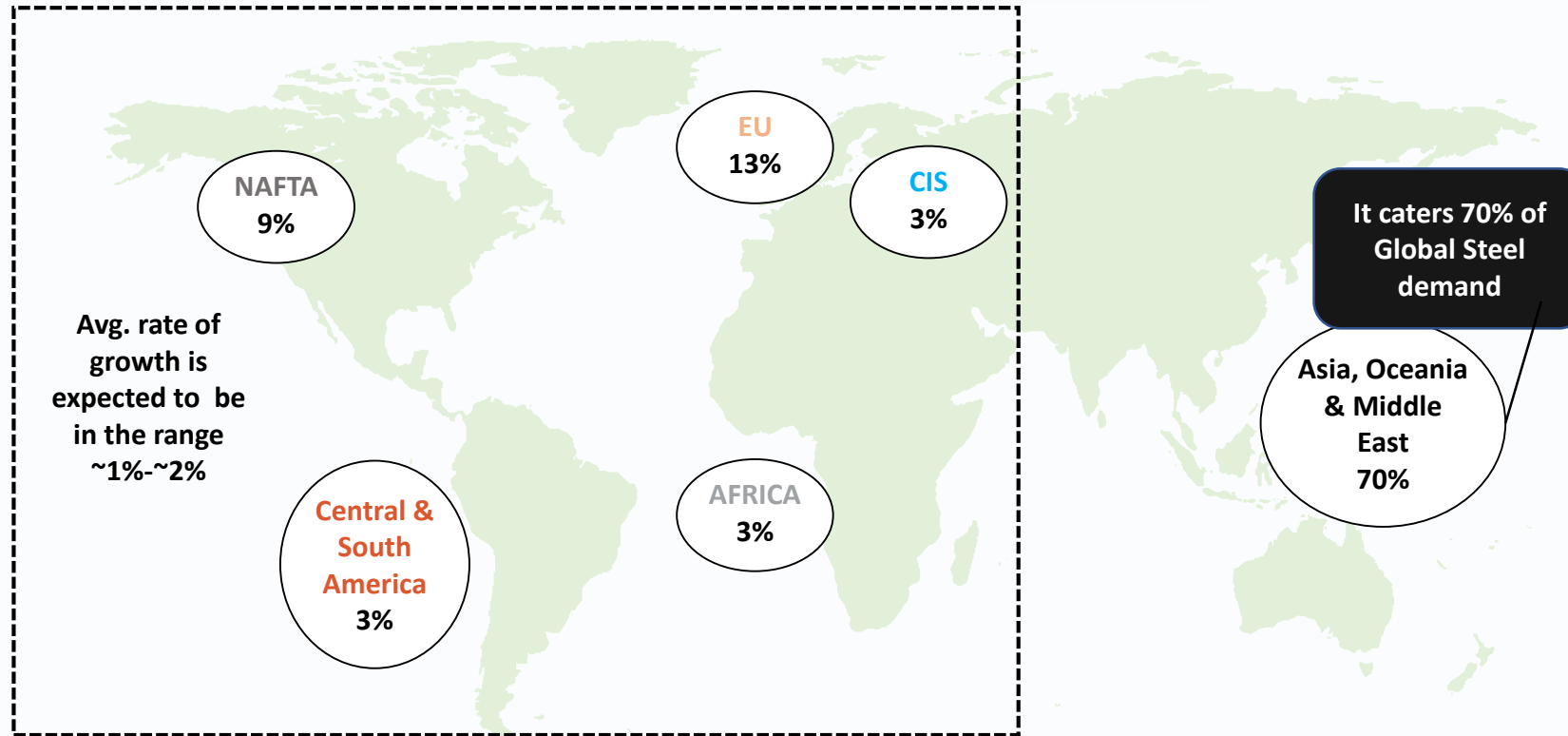
“From the beginning of our association with Maithan Alloy, we found the team to 100% committed to achieving customer service at any cost. M/s. Maithan Alloys are extremely professional and competent. We are very impressed with their ability to include continuous improvement in work processes.”



Association with SAIL and JSL being more than a decade

# 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

Source: [www.worldsteel.org](http://www.worldsteel.org)

Note: Data for Global Finished Steel Demand

Note: Maps not to scale. All data, information, and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness

## Favourable Demand –Supply Dynamics in Indian Steel Industry



100 % FDI allowed in the mining sector & exploration of metal & non metal ores under the Automatic Route



2017 Budget outlay of ~ ₹ 4 tn in infrastructure to drive domestic steel consumption



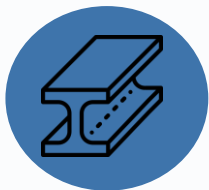
'Housing For All' to drive housing demand thereby benefitting steel industry



Anti-dumping Duty on Steel Products



India ranks 4<sup>th</sup> globally in terms of iron ore production



India has become the 2nd largest steel producer in FY19

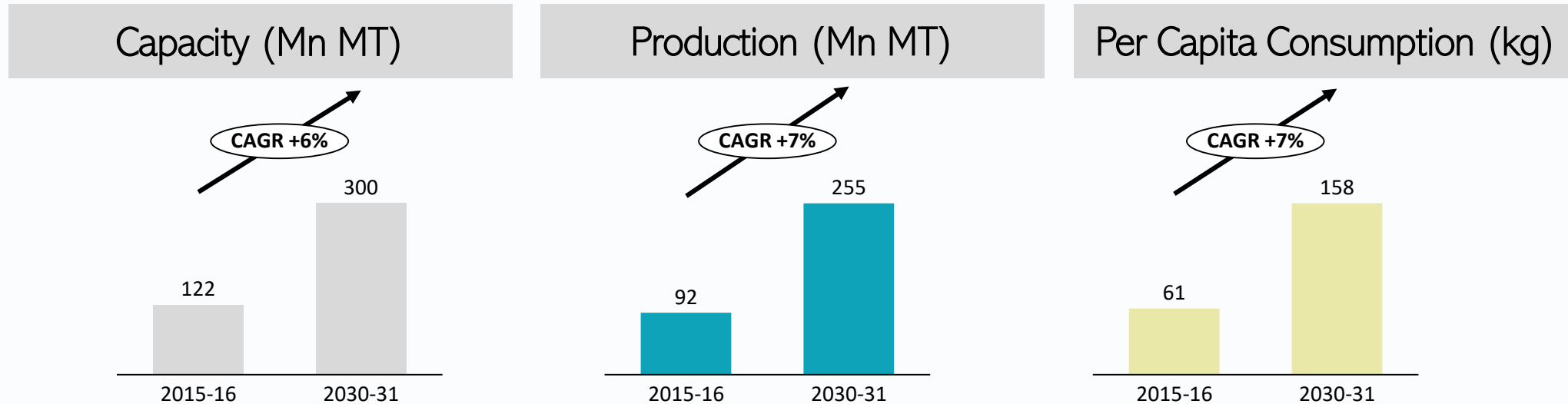


Steel Industry's Outlook to increase capacity to 300 Mn T by 2030 to drive demand for ferro alloys



India's GDP to grow by +7 % (IMF) over the next two years

## 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%

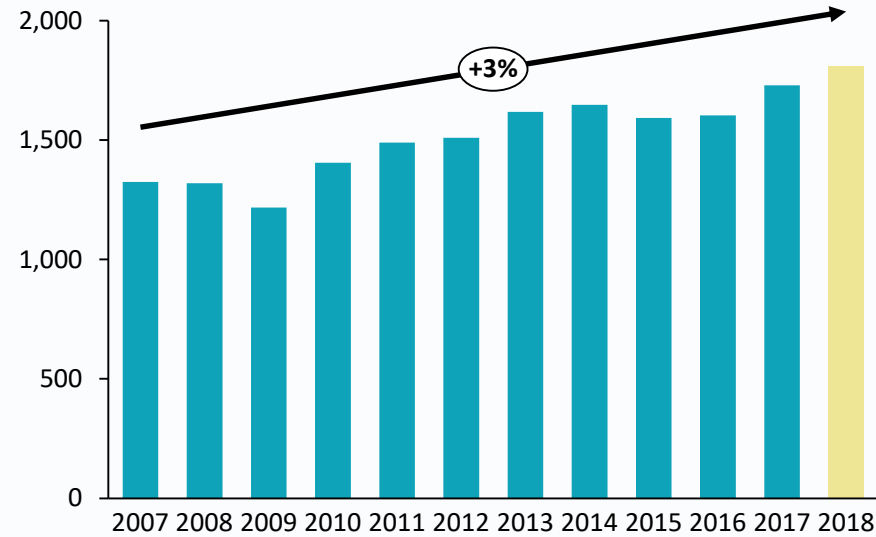
Policy to increase consumption of Steel in Infrastructure, Automobiles & Housing sector

Provide policy support & guidance to private manufacturers, MSME Steel producers, CPSEs

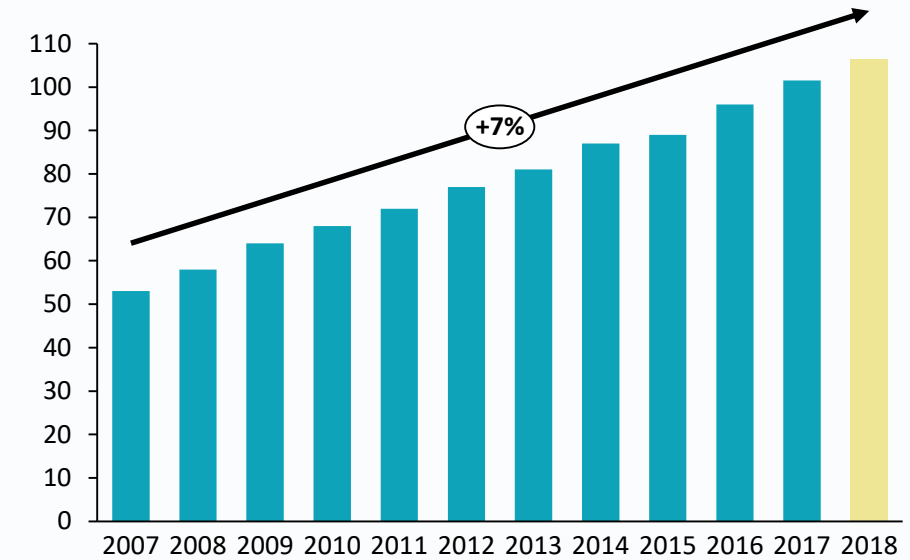
Steel Ministry will facilitate R&D through the establishment of Steel Research & Technology Mission of India (SRTMI)

**~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**



For further information, please contact:	
<p><b>Company</b> <b>Maithan Alloys Ltd.</b> <b>CIN: L27101WB1985PLC039503</b></p> <p><b>Mr. Rajesh K. Shah</b> <a href="mailto:rajesh@maithanalloys.com">rajesh@maithanalloys.com</a></p> <p><a href="http://www.maithanalloys.com">www.maithanalloys.com</a></p>	<p><b>Investor Relations Advisors:</b> <b>Strategic Growth Advisors Pvt. Ltd.</b> <b>CIN: U74140MH2010PTC204285</b></p> <p><b>Ms. Neha Shroff/ Mr. Deven Dhruva</b> <a href="mailto:neha.shroff@sgapl.net">neha.shroff@sgapl.net</a> / <a href="mailto:deven.dhruva@sgapl.net">deven.dhruva@sgapl.net</a></p> <p><b>+91-7738073466 / +91-9833373300</b></p> <p><a href="http://www.sgapl.net">www.sgapl.net</a></p>