



# maithan alloys ltd

Investor Presentation

August 2020

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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

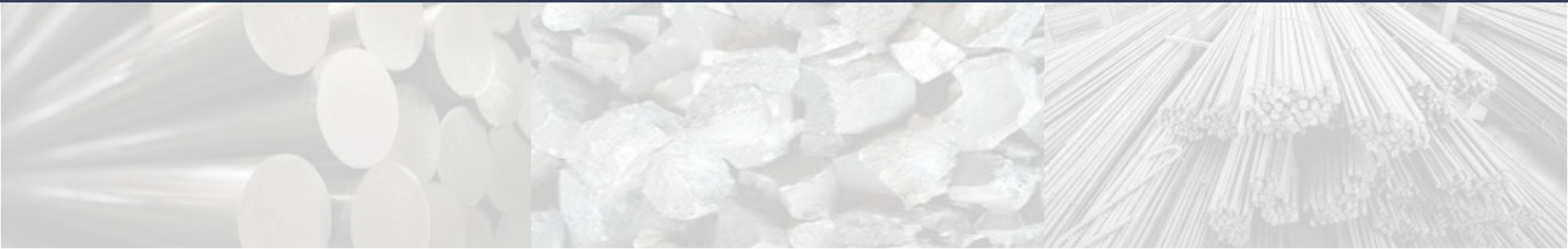
- Promising Excellent Shareholder Value
- Nurturing our Employees
- Utmost Commitment to our Customers
- Care for our Communities

## VALUES

- Commitment
- Loyalty
- Integrity
- Rigour
- Teamwork



# Maintaining the Maithan Edge





## 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

Source raw materials based on our product mix which largely remains stable  
PPAs with efficient power supplying utilities  
Stable Asset turnover ratios with zero debt



## 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

Organic & Inorganic Growth Opportunities

## Largest Manufacturer



India's largest Manganese Alloy Producer and Exporter

## 20 Years Rich Experience

20  
years.

Two decades of experience and continuous growth

## Niche Products



Basket of the most valuable Techno-Commercial Products

## Robust Balance Sheet



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



## Increased Stockholder's Return

**ROCE** Increased by + 3,100 bps  
**ROE** Increased by + 1,300 bps



## Revenue Growth

Increased by  
**+11% CAGR**



## EBITDA

Increased by **+29% CAGR**



## Profit After Tax

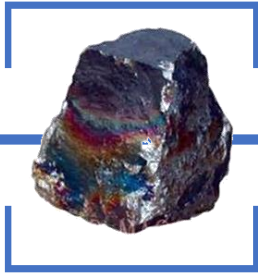
Increased by **+64% CAGR**



## Net Cash

Position of **Rs. 634** Crores  
as on March 2020

**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

## Visakhapatnam (SEZ) 72.0 MVA

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



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.

## Kalyaneshwari 48.75 MVA

- **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 :** Manganese Ore, Coke, Coal
- **Sourcing :** Imports 65%, Domestic 35%
- **User Industry:** Steel



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.

## Byrnihat 16.5 MVA

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



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.

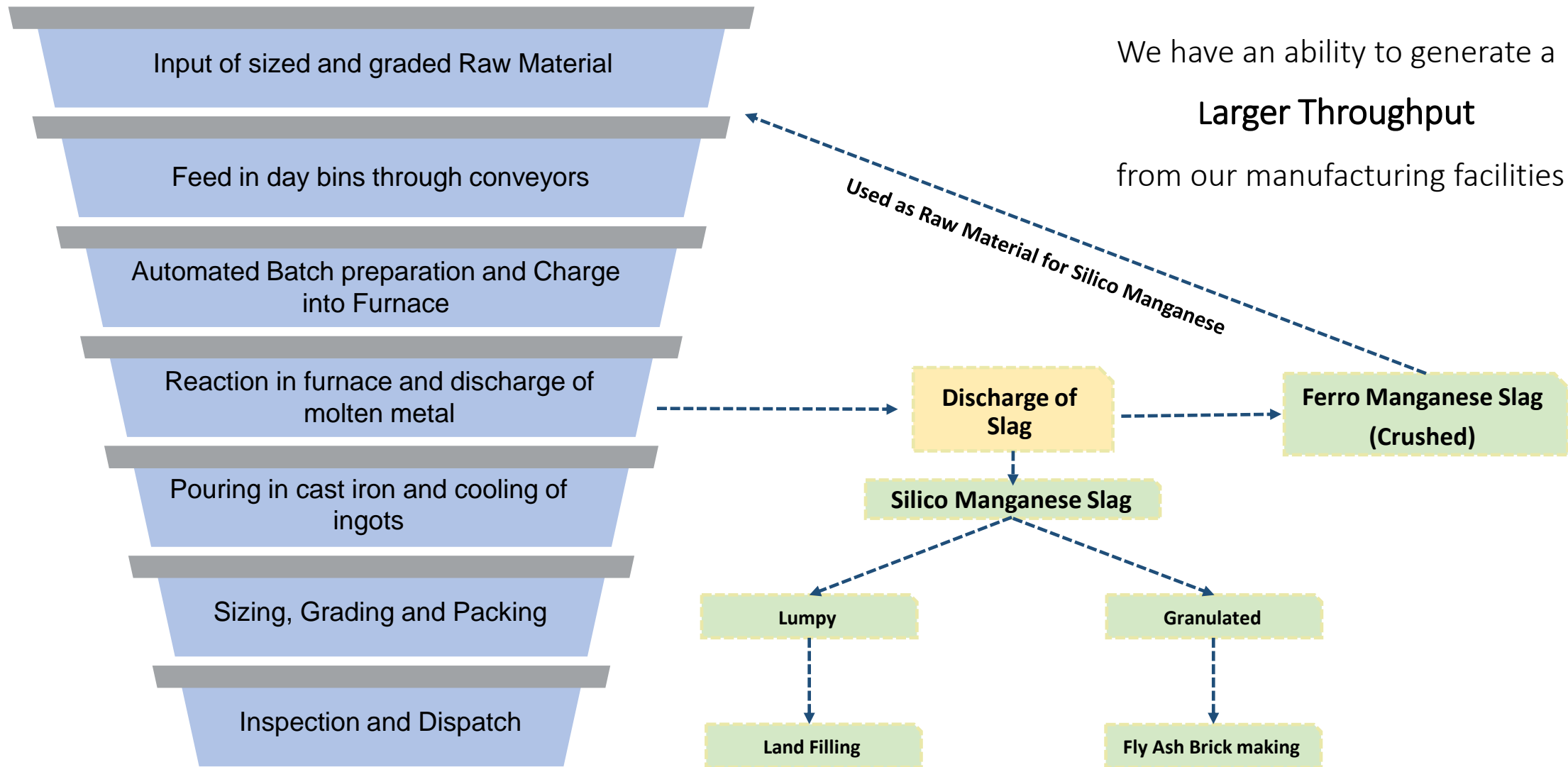
## WHY IMPORT ORE ?



- **Quality Product**
- **Variety of Grades Leading to better Product Mix**
- **Logistic Advantage**



# Self Sustaining Business Model



# Strong Client Relationships

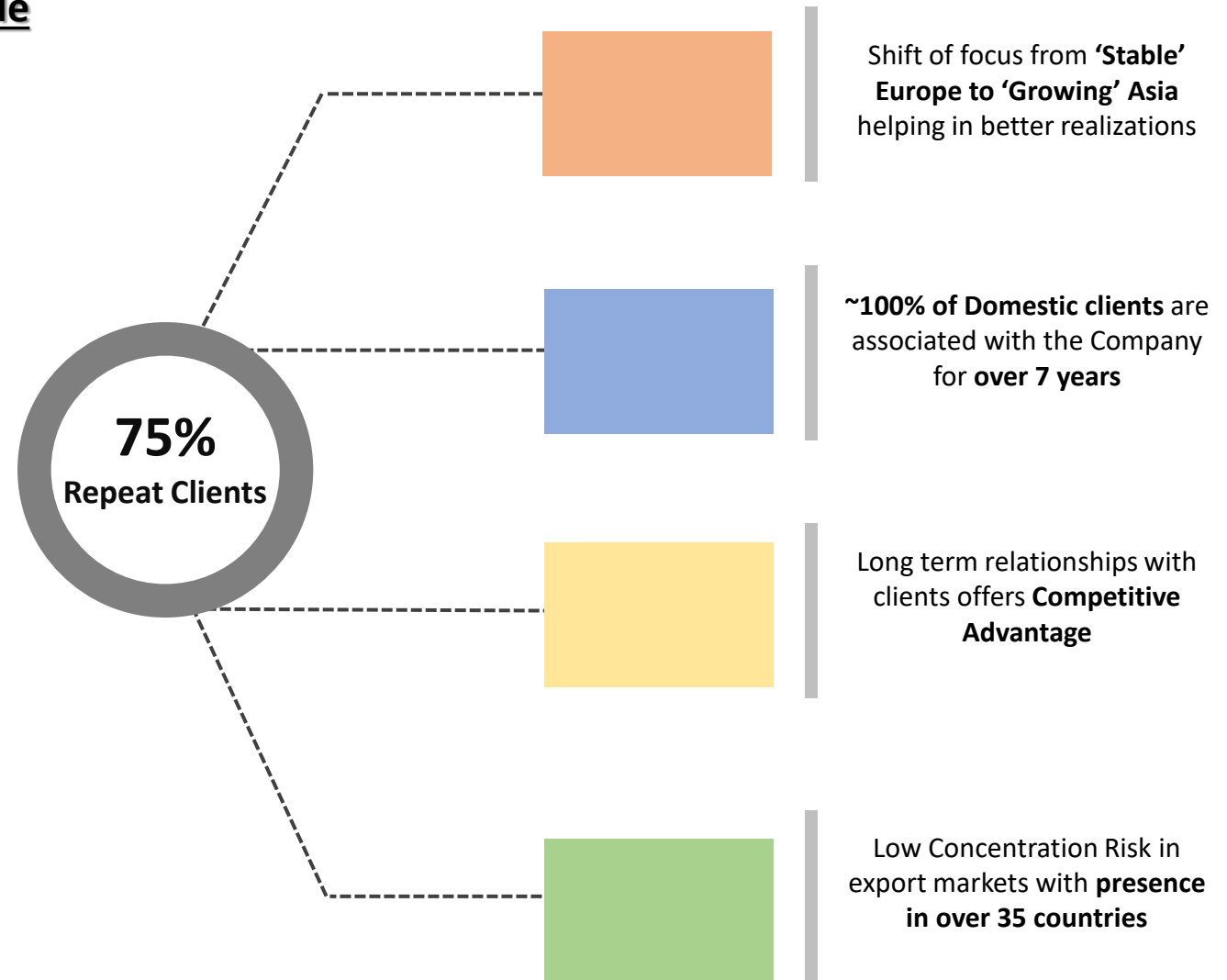
## Association with SAIL and JSL being more than a decade



"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 our dynamic priorities and have always delivered to the deadlines set by us."

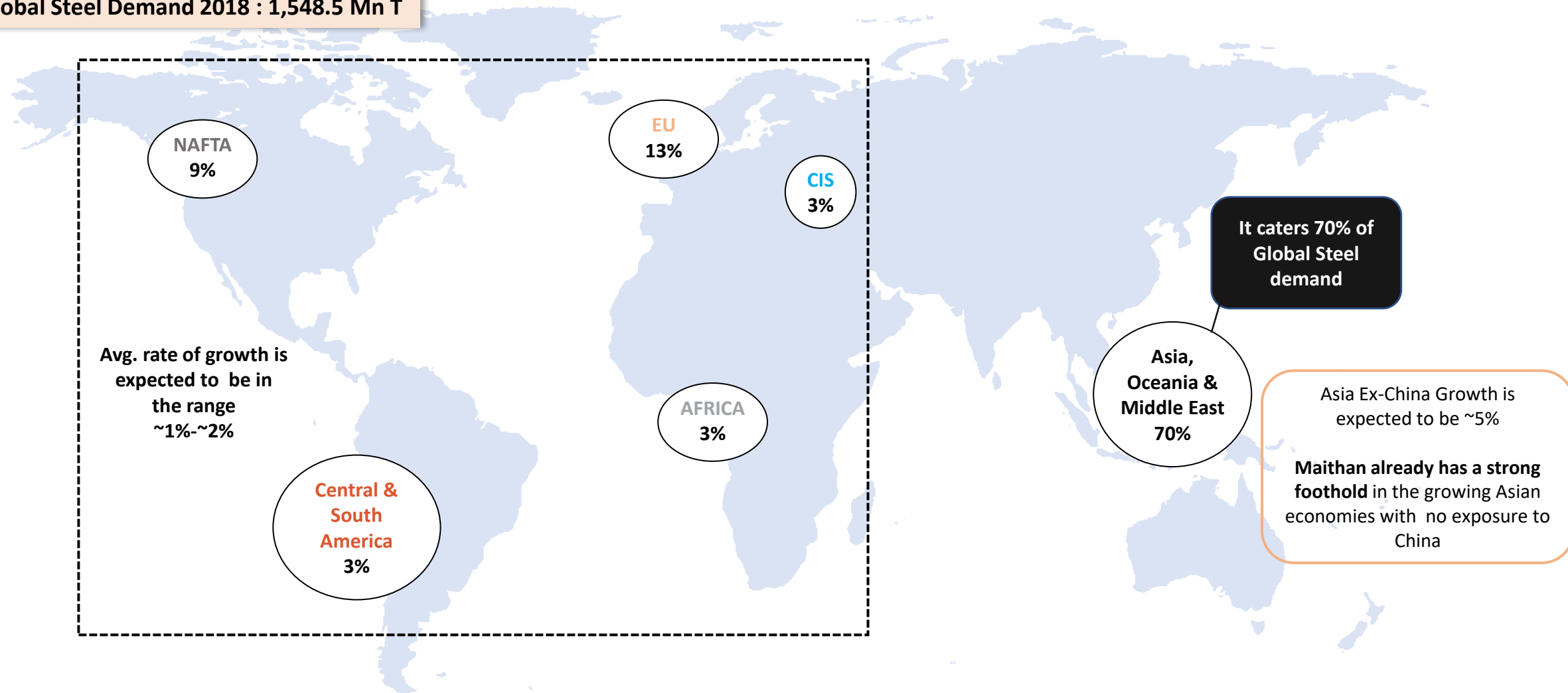


"From the beginning of our association with Maithan Alloy, we found the team to 100% committed to achieving customer service at any cost. M/s. Maithan Alloys are extremely professional and competent. We are very impressed with their ability to include continuous improvement in work processes."



# Asian Economies to drive the Global Steel Demand

Global Steel Demand 2018 : 1,548.5 Mn T



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



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



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



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



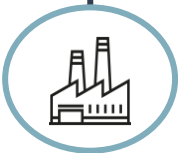
Anti-dumping Duty on Steel Products



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



India has become the 2nd largest steel producer in FY19



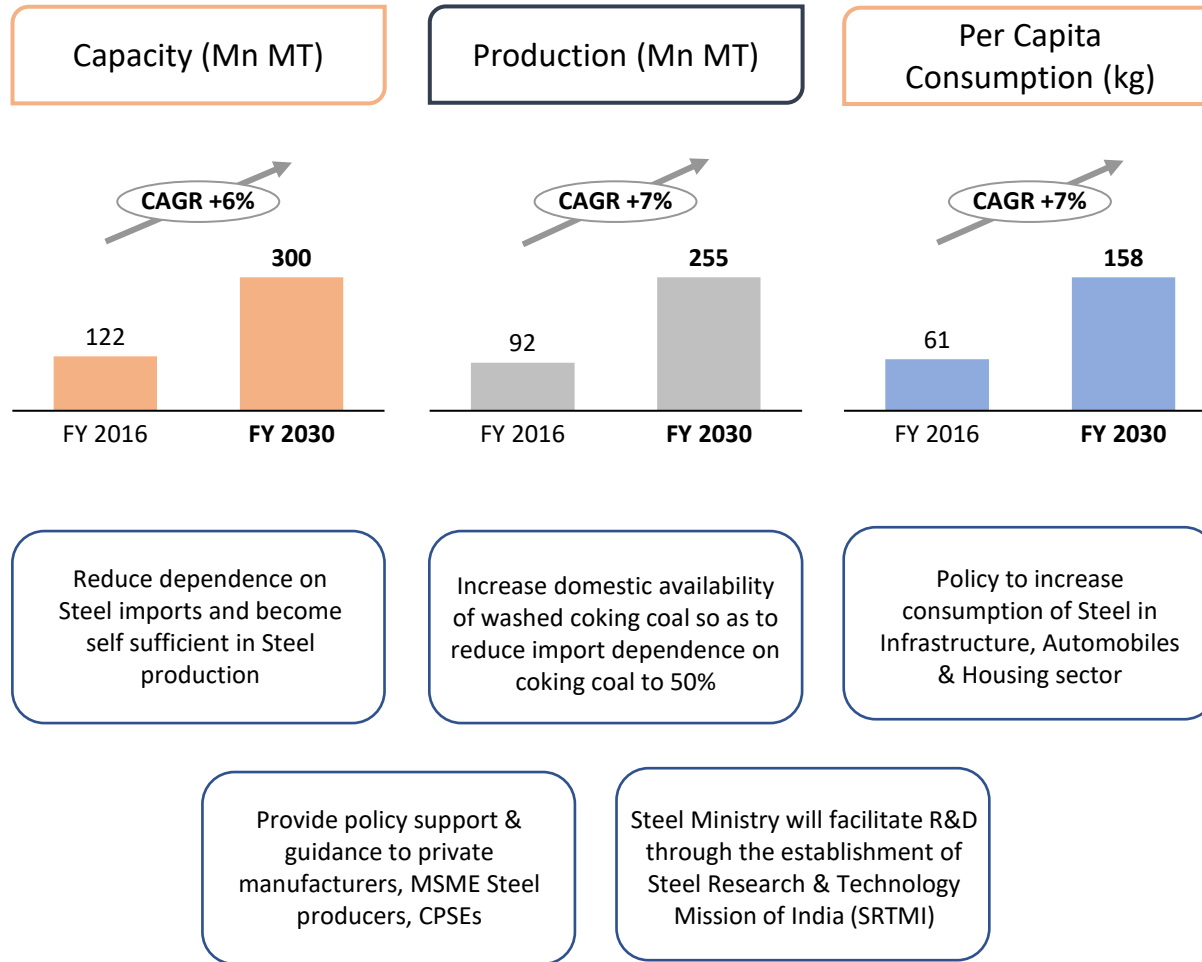
Steel Industry's Outlook to increase capacity to 300 Mn T by 2030 to drive demand for ferro alloys



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

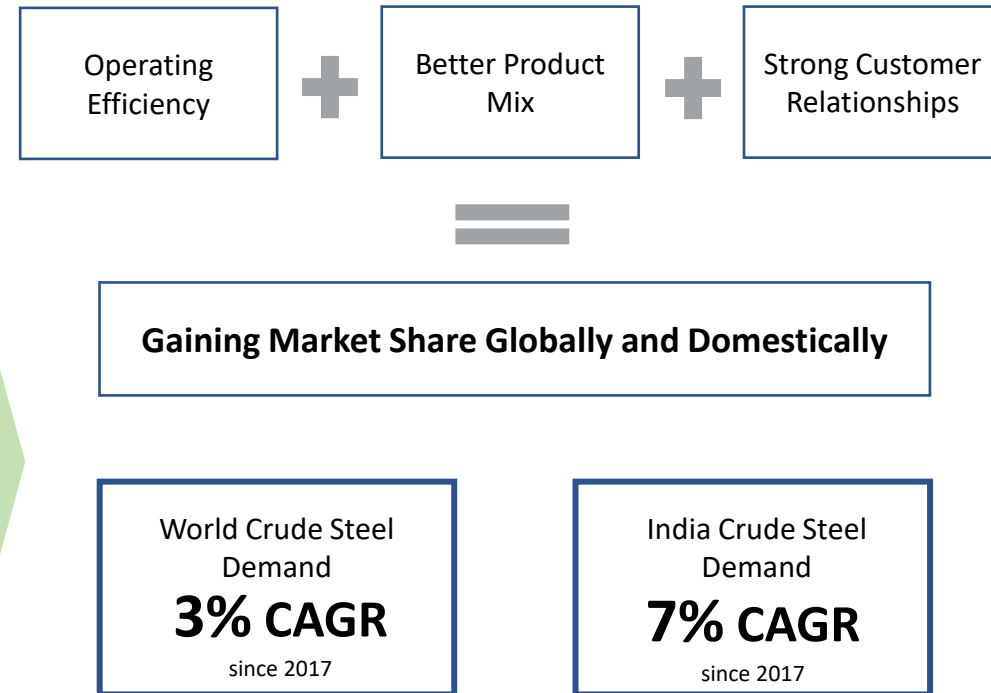


## Alloy Producers to benefit from NSP 2017



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

## Why Advantage Maithan...



Whereas...

**Maithan Alloys Production has grown CAGR of 16% since 2007**



**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 human management skills



**Mr. Subodh Agarwalla**  
**Whole Time Director and CEO**

- B.Tech from IIT BHU and M.B.A. from IIM Bangalore
- At age of 41 years is the Whole Time Director and CEO and strengthens the operational activities of the Company
- Focuses on project setup, corporate planning and business development, planning & budgeting



**Mr. Sudhanshu Agarwalla**  
**President and CFO**

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

# ... with an Experienced Board



**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 human management skills



**Mr. Subodh Agarwalla**

(Whole Time Director and CEO)

- B.Tech from IIT BHU and M.B.A. from IIM Bangalore
- Strengthens the operational activities of the Company



**Mr. Nand Kishore Agarwal**

(Independent Director)

Accounts, Finance and Tax Laws



**Mr. Ashok Bhandari**

(Independent Director)

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



**Mr. Vivek Kaul**

(Independent Director)

Entrepreneurship and Entrepreneurship Ecosystem Development, industrial knowhow, application development.



**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)

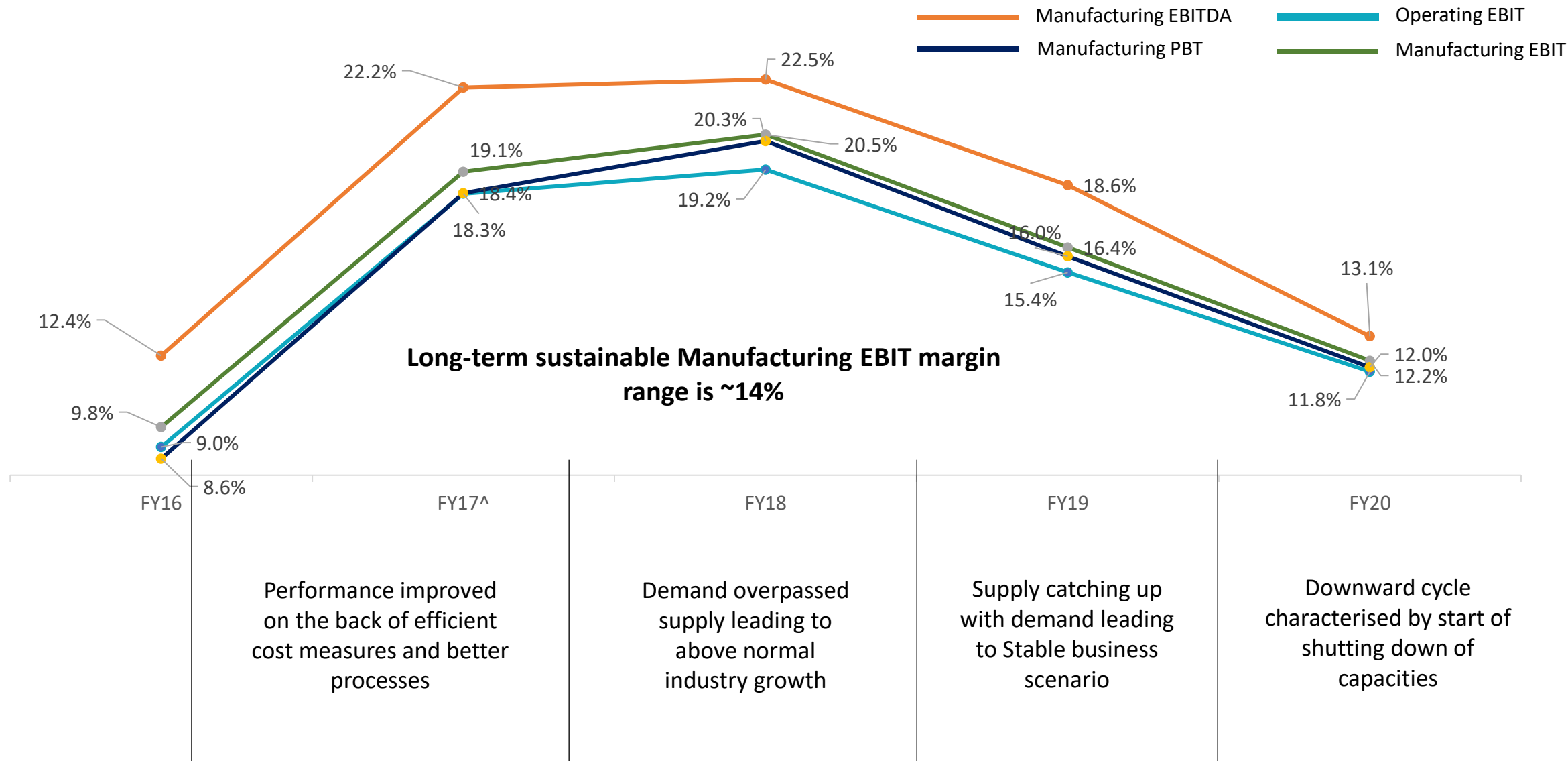
Iron and steel industry, General Management, and Government liasoning

# Financials



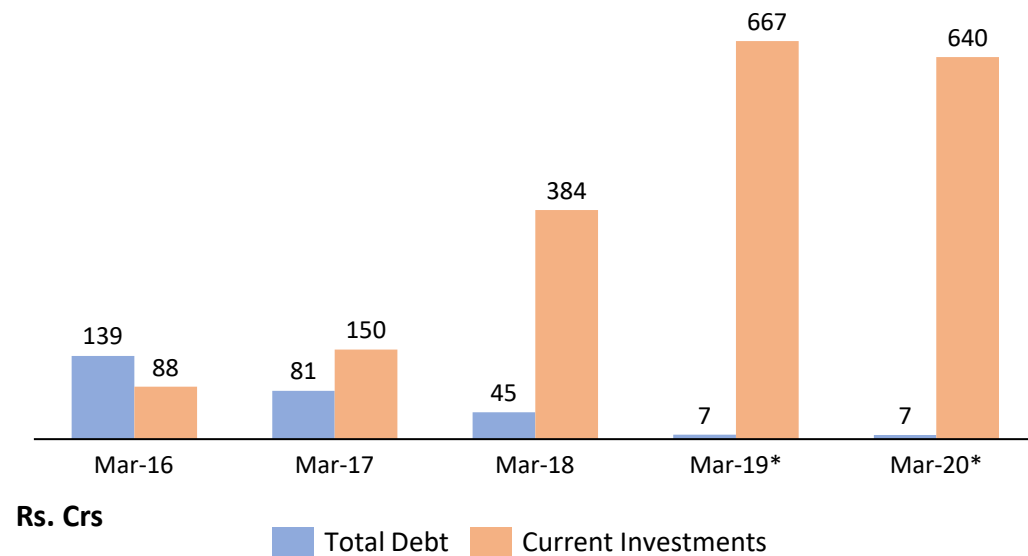


# Maintaining Sustainable Margins



## Debt & Current Investments

The Company proposes to incorporate a wholly owned subsidiary to take up the announced expansion project, primarily for manganese based ferro alloys, mainly through the internal accruals and reserves of the Company

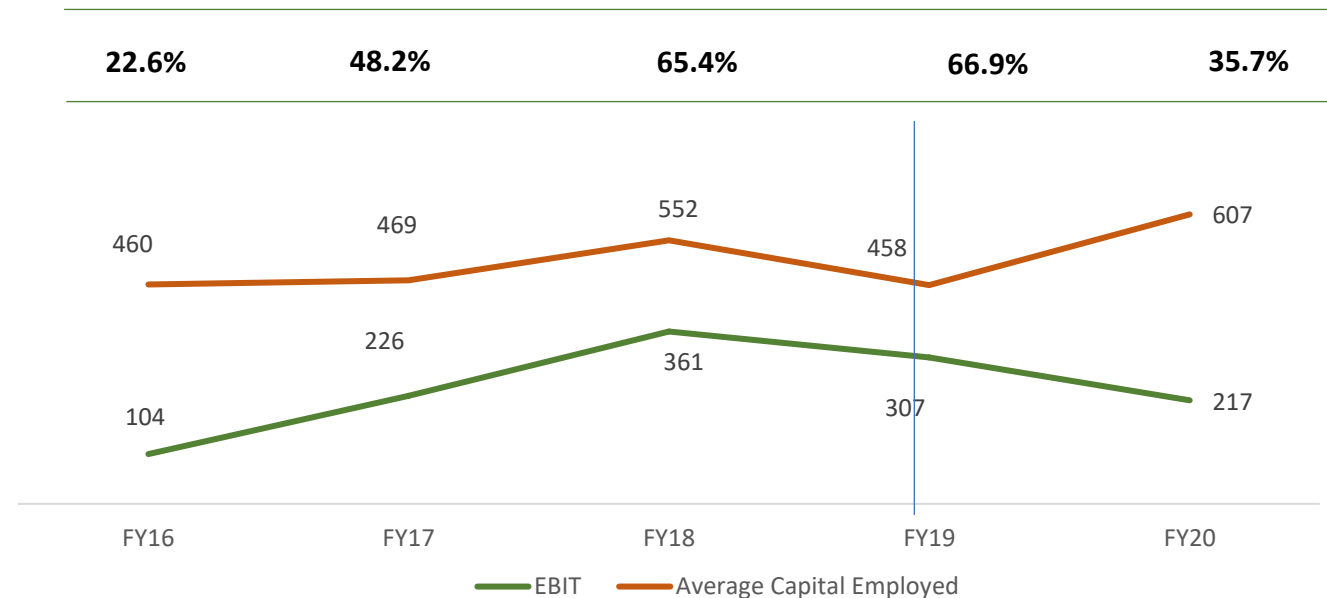


FY15 & FY16 numbers are as per IGAAP

\* On consolidated basis

## 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 Financials – Q1 FY21\*

Particulars (Rs. Crs.)	Q1 FY21	Q1 FY20	Q4 FY20
<b>Revenue</b>	<b>266</b>	<b>486</b>	<b>406</b>
Raw Material	<b>129</b>	<b>285</b>	<b>219</b>
Employee Expenses	9	10	11
Power	68	94	80
Other Expenses	19	28	42
<b>Operating EBITDA</b>	<b>41</b>	<b>69</b>	<b>54</b>
Depreciation	4	4	4
<b>Operating EBIT</b>	<b>37</b>	<b>65</b>	<b>50</b>
Other Income	8	6	30
Finance costs	0	1	1
<b>PBT</b>	<b>45</b>	<b>70</b>	<b>79</b>
Tax	10	18	15
<b>PAT</b>	<b>35</b>	<b>52</b>	<b>64</b>

\*As per IND-AS

# Consolidated Profit & Loss Statement

Particulars (Rs. Crs.)	FY20*	FY19*	FY18*	FY17*	FY16
<b>Revenue (Net of Excise Duty/ GST)</b>	<b>1,831</b>	<b>1,988</b>	<b>1,879</b>	<b>1,342</b>	<b>1,151</b>
Raw Material	1,067	1,126	970	628	597
Employee Expenses	42	44	45	33	23
Power	361	373	367	280	315
Other Expenses	128	122	121	130	89
<b>Operating EBITDA</b>	<b>233</b>	<b>323</b>	<b>376</b>	<b>271</b>	<b>127</b>
Depreciation	16	16	15	25	23
<b>Operating EBIT</b>	<b>217</b>	<b>307</b>	<b>361</b>	<b>246</b>	<b>104</b>
Other Income	66	26	19	8	4
Finance costs	4	6	4	10	12
<b>PBT</b>	<b>279</b>	<b>327</b>	<b>376</b>	<b>244</b>	<b>96</b>
Tax	57	72	84	64	17
<b>PAT</b>	<b>222</b>	<b>255</b>	<b>292</b>	<b>180</b>	<b>79</b>

\*As per IND-AS



# Consolidated Balance Sheet as at 31<sup>st</sup> March, 2020

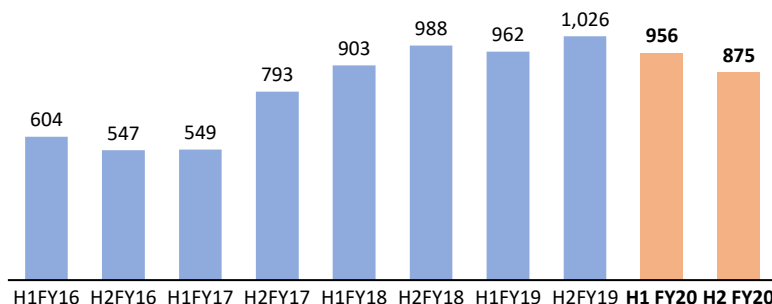
Particulars (Rs. Crs.)	Mar-20	Mar-19
<b>Equity</b>	<b>1,293</b>	<b>1,113</b>
Equity share capital	29	29
Other Equity	1,263	1,083
Non-Controlling Interest	1	1
<b>Non-current Liabilities</b>	<b>37</b>	<b>35</b>
Financial liabilities		
i. Lease Liabilities	4	4
ii. Borrowings	0	0
Provisions	3	2
Deferred tax liabilities (net)	30	28
Other non-current liabilities	1	1
<b>Current Liabilities</b>	<b>186</b>	<b>371</b>
Financial liabilities		
i. Borrowings	7	3
ii. Trade payables	75	246
iii. Other financial liabilities	24	27
Provisions	2	1
Current tax liabilities (net)	5	0
Other current liabilities	73	93
<b>Total Equity and Liabilities</b>	<b>1,516</b>	<b>1,519</b>

Particulars (Rs. Crs.)	Mar-20	Mar-19
<b>Non-Current Assets</b>	<b>265</b>	<b>279</b>
Property, plant and equipment	195	229
Capital Work-in-Progress	1	0
Intangible Assets	1	0
Right of Use Assets	21	0
Financial Assets		
i. Investments	4	6
ii. Other Financial Assets	33	33
Non-Current Tax Assets (net)	6	6
Other Non-Current Assets	4	4
<b>Current Assets</b>	<b>1,251</b>	<b>1,240</b>
Inventories	277	261
Financial assets		
i. Investments	2	622
ii. Trade receivables	281	257
iii. Cash and cash equivalents	625	17
iv. Bank balances	13	29
v. Loans	1	0
vi. Other financial assets	2	4
Other current assets	50	51
<b>Total Assets</b>	<b>1,516</b>	<b>1,519</b>

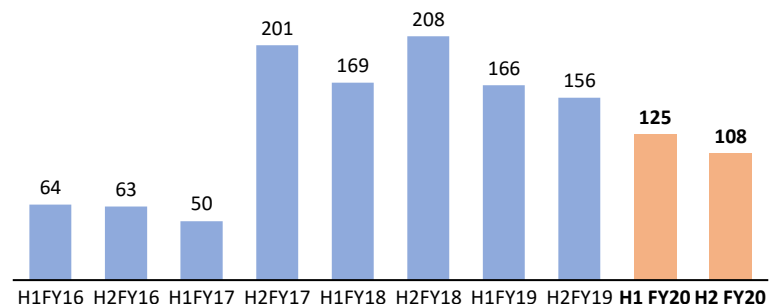
# Consolidated Cashflow Statement

Particulars (Rs. Crs.)	Mar-20	Mar-19
<b>Net Profit Before Tax</b>	<b>279.3</b>	<b>326.9</b>
Adjustments for: Non Cash Items / Other Investment or Financial Items	-36.7	-4.1
<b>Operating profit before working capital changes</b>	<b>242.6</b>	<b>322.7</b>
Changes in working capital	-236.9	69.2
<b>Cash generated from Operations</b>	<b>5.7</b>	<b>391.9</b>
Direct taxes paid	50.6	77.2
<b>Net Cash from Operating Activities</b>	<b>-44.95</b>	<b>314.73</b>
<b>Net Cash from Investing Activities</b>	<b>696.2</b>	<b>-275.6</b>
<b>Net Cash from Financing Activities</b>	<b>-42.5</b>	<b>-54.1</b>
<b>Net Decrease in Cash and Cash equivalents</b>	<b>608.7</b>	<b>-15.0</b>
Add: Cash & Cash equivalents at the beginning of the period	16.6	31.6
<b>Cash &amp; Cash equivalents at the end of the period</b>	<b>625.3</b>	<b>16.6</b>

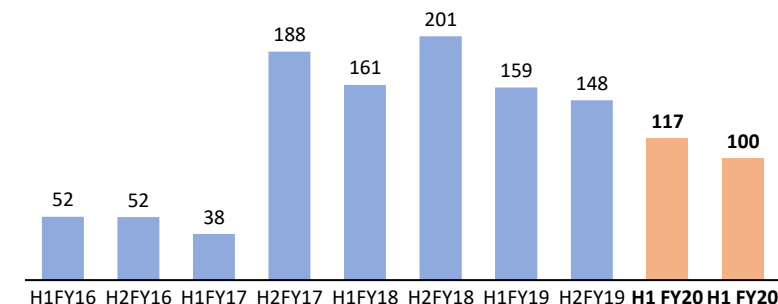
## Operating Income (Rs. Crs.)



## EBITDA (Rs. Crs.)



## EBIT (Rs. Crs.)



Particulars (Rs. In Crs)	ROCE on Semi-Annual basis									
	H1FY16	H2FY16	H1FY17	H2FY17	H1FY18	H2FY18	H1FY19	H2FY19	H1 FY20	H2 FY20
Equity	355.6	394.7	421.8	592.4	711.4	875.1	995.9	1,120.0	1,185.7	1,292.8
Long Term Debt	140.7	122.1	79.6	60.0	40.7	19.7	7.8	3.7	3.5	0.0
Short Term Debt	36.7	17.3	8.2	17.1	7.0	25.0	0.0	3.4	0.2	6.8
Cash & Cash Equivalents	59.7	87.7	85.4	156.0	190.4	383.6	550.7	663.7	633.8	640.5
Capital Employed	498.9	500.0	469.6	603.6	622.8	586.9	500.8	506.3	597.5	700.3
ROCE Half Year (%)	10.6%	11.3%	8.7%	40.1%	29.7%	36.3%	32.1%	32.3%	22.9%	16.5%
ROCE for Full year (%)	22.6%		48.2%		65.4%		66.9%		35.7%	

Every dollar is conservatively spent to generate higher ROCE

# THANK YOU

## Contact Details:

### Company

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**Mr. Rajesh K. Shah**

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[www.maithanalloys.com](http://www.maithanalloys.com)

### Investor Relations Advisors

**Strategic Growth Advisors Pvt. Ltd.**

CIN: U74140MH2010PTC204285

**Ms. Neha Shroff/ Mr. Deven Dhruva**

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