



# MAITHAN ALLOYS LIMITED

Investor Presentation – November 2017



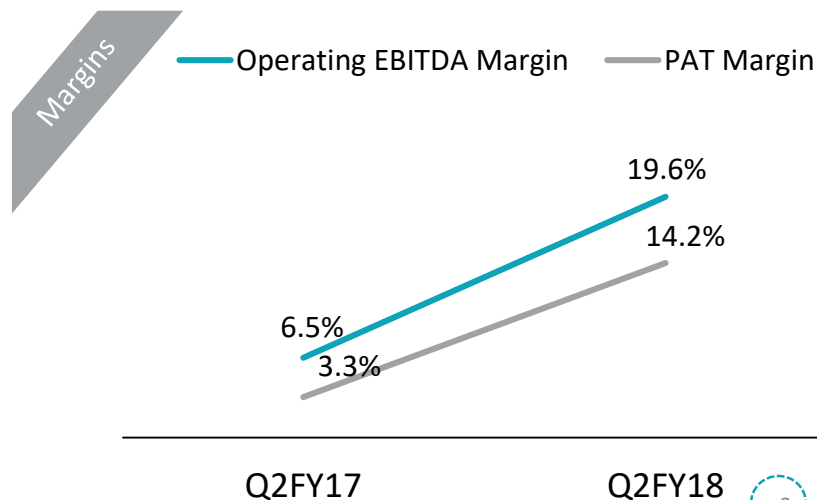
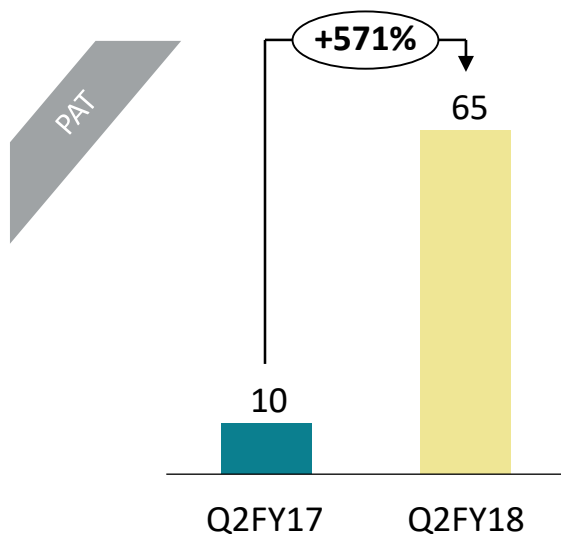
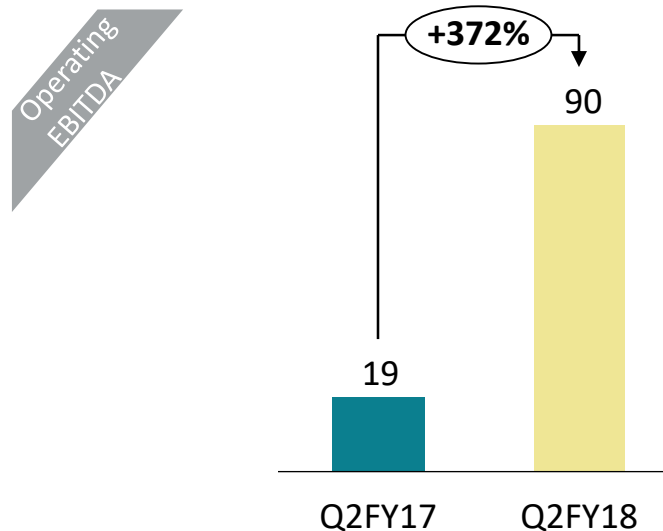
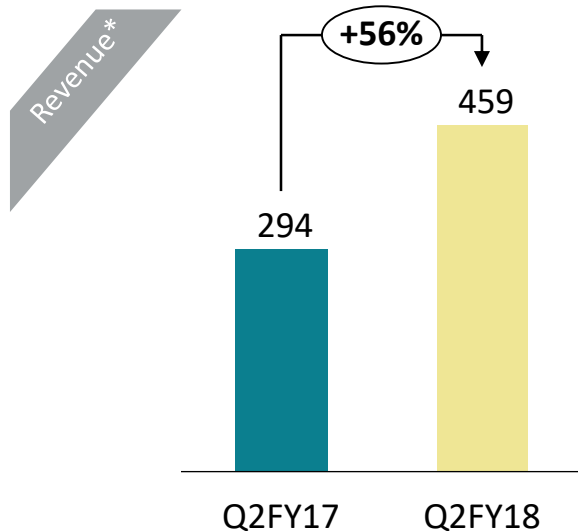
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# Strong Performance for Q2 FY18

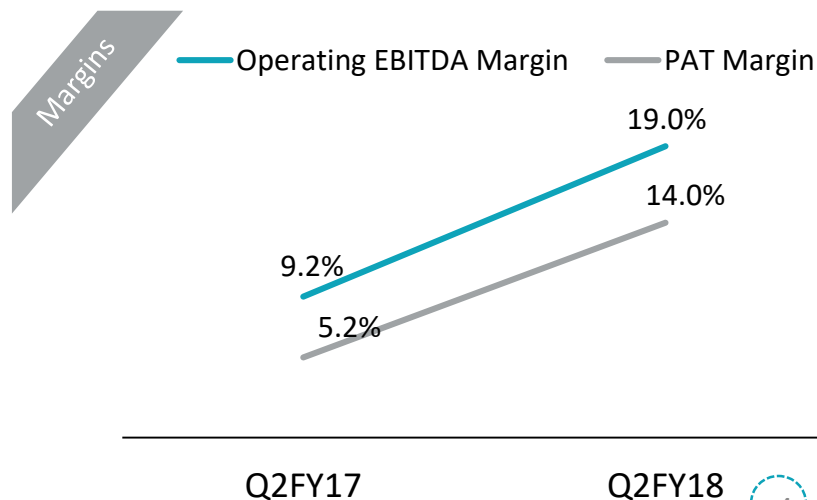
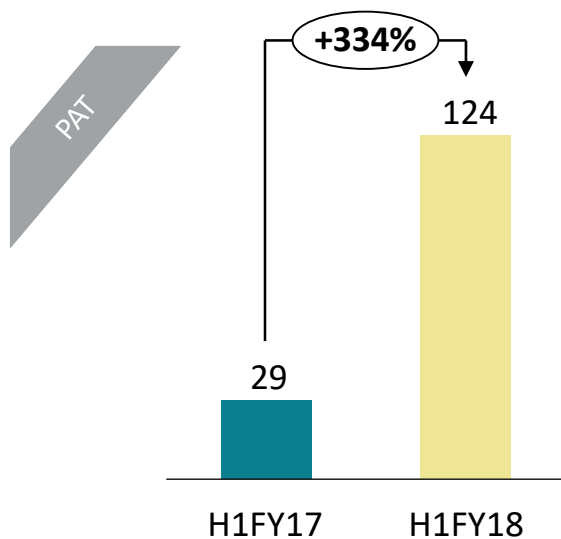
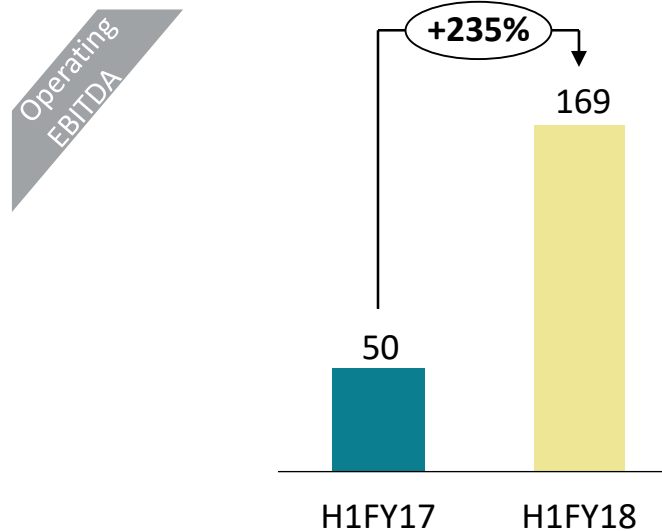
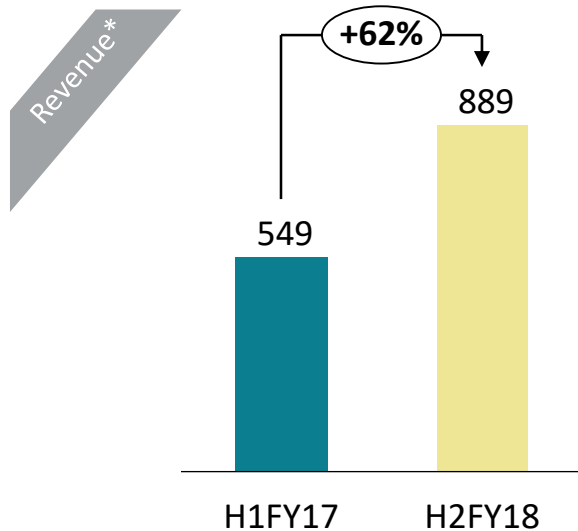
₹ Crs



\*Net of Excise Duty/ GST

# Performance Highlights for H1 FY18

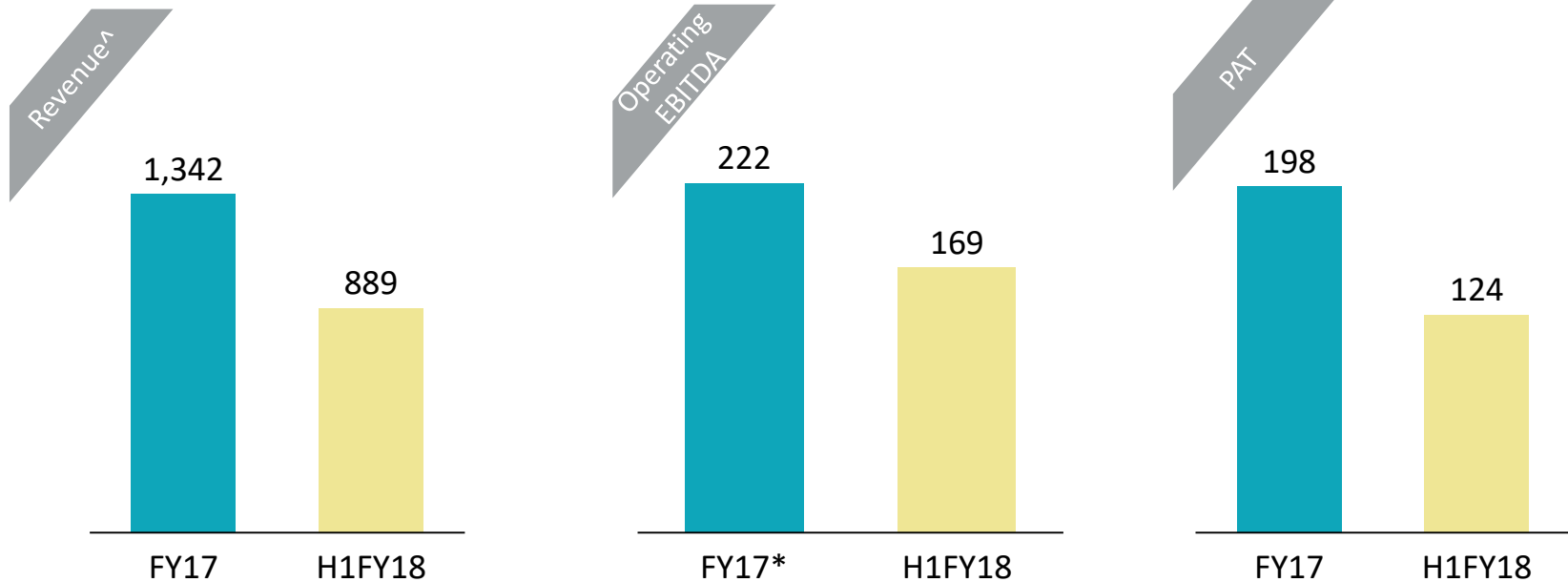
₹ Crs



\*Net of Excise Duty/ GST

# Strong Performance Continues...

₹ Crs



- H1 FY18 Revenue, EBITDA and PAT has already achieved ~65% of FY17 Revenue, EBITDA and PAT
- The growth was largely on the back of better product mix and realisations
- Increase in utilisation levels resulted in operating leverage; cost efficiency lead to margin expansion



## 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  
Techno-Commercial  
Products




## Robust Balance Sheet

Net Cash  
Credit Rating:  
CARE A+  
CARE A1+

**“A Culture of Outperformance”**

CAGR from FY2012 to FY2017



Increase in Stake Holder Return's

- **ROCE** Increased by **+ 2,670** bps
- **ROE** Increased by **+ 1,770** bps

**Revenue** increased by **+18%** CAGR

**EBIDTA** increased by **+33%** CAGR

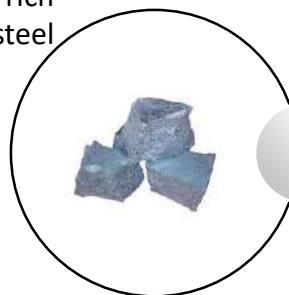
**PAT** increased by **+34%** CAGR

**Debt** Reduction of **Rs. 130** Crores since FY12

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

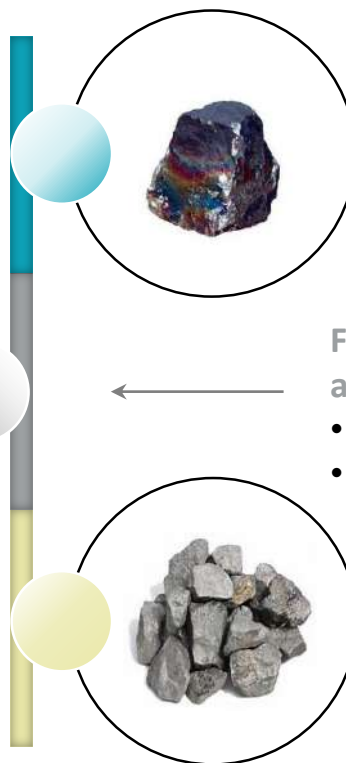
## **Ferro Manganese - An alloy of iron and manganese**

- 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**

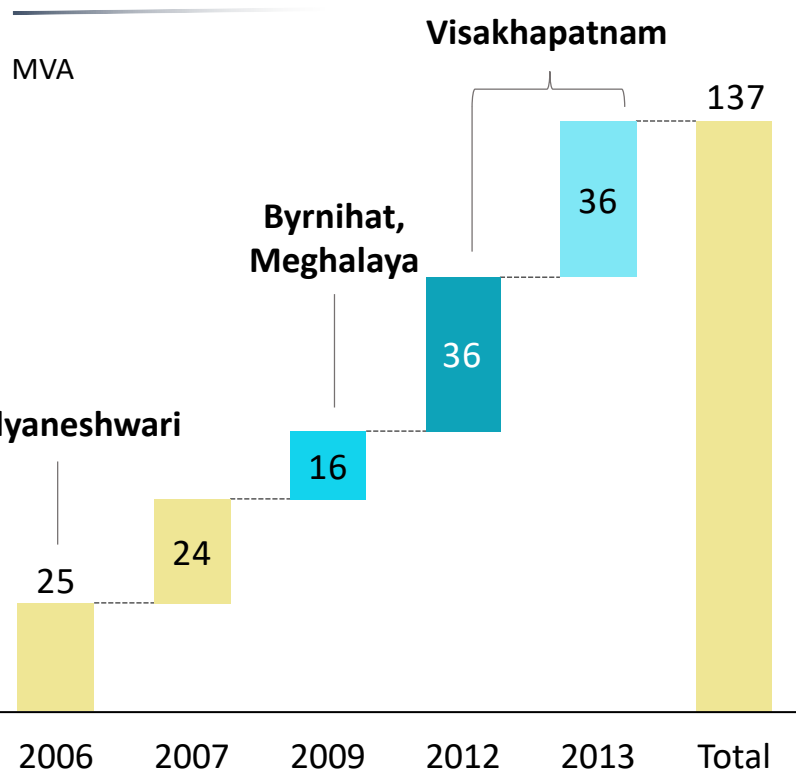
- Silicon acts as a steel oxidant
- Used primarily in special steels and in small quantities in mild steel



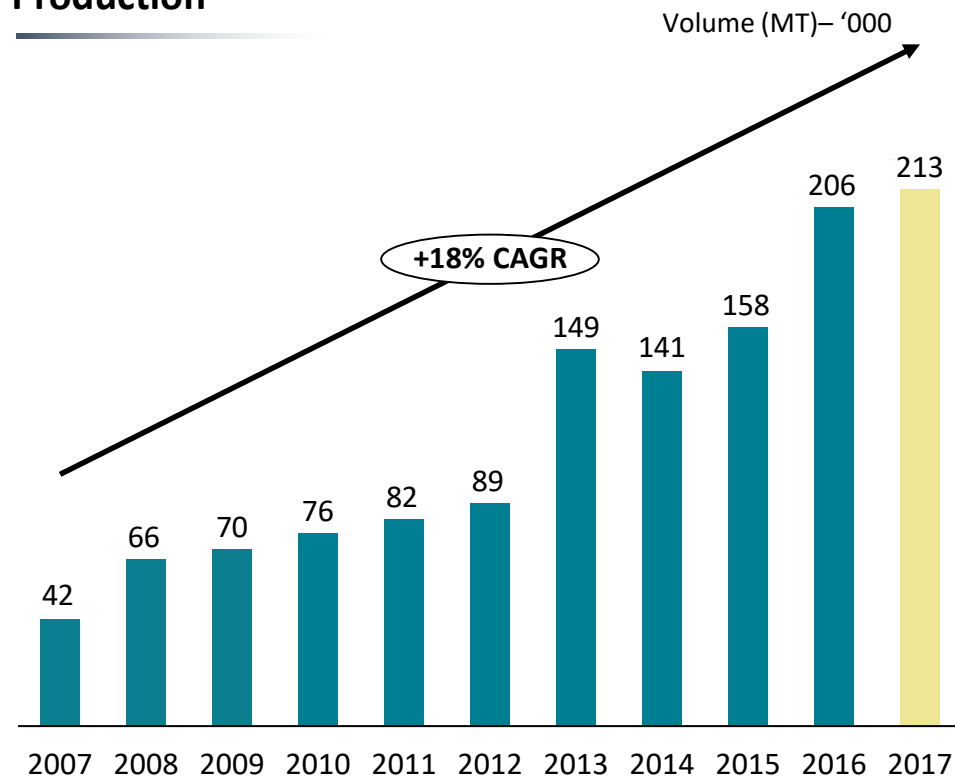


# Capacity addition to support Growth

## Capacity Built-up



## Production



Increase in Capacity at Strategic Locations to support Profitable Growth

## Installed Capacity of 137.25 MVA

### Smelters:

- 4 x MVA 18.0 MVA

**Products:** Ferro Manganese/ Silicon Manganese

**Raw Material:** Manganese Ore, Coke, Coal

72.0  
MVA

**Sourcing:** Imports 90%, Domestic 10%

**User Industry:** Steel

**Visakhapatnam (SEZ)**

### 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

48.75  
MVA

**Sourcing:** Imports 65%, Domestic 35%

**User Industry:** Steel

**Kalyaneshwari**

### Smelters:

- 2 x 8.25 MVA

**Products:** Ferro Silicon

**Raw Material:** Quartz, Coke, Coal

16.5  
MVA

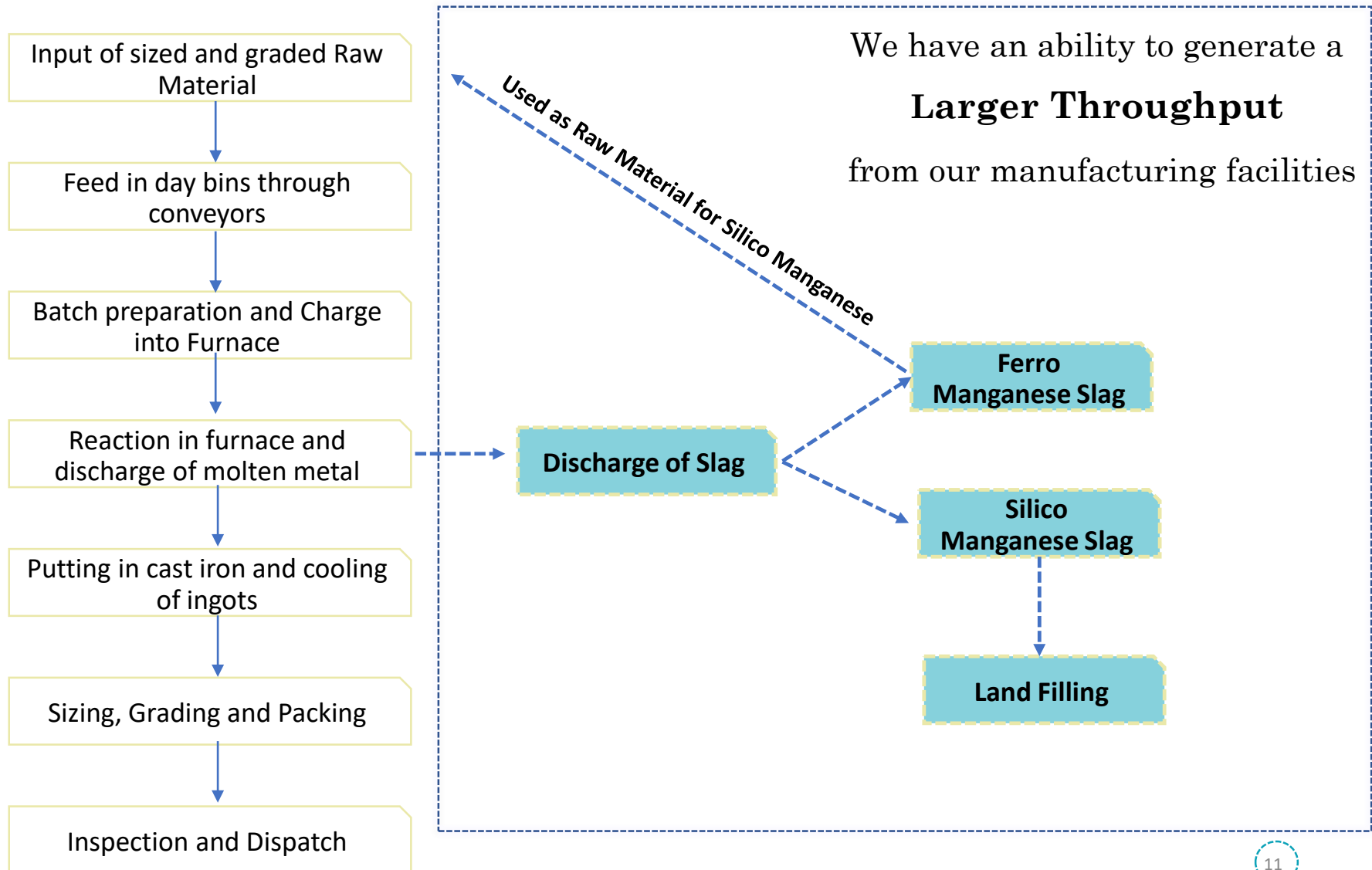
**Sourcing:** Domestic 100%

**User Industry:** Steel

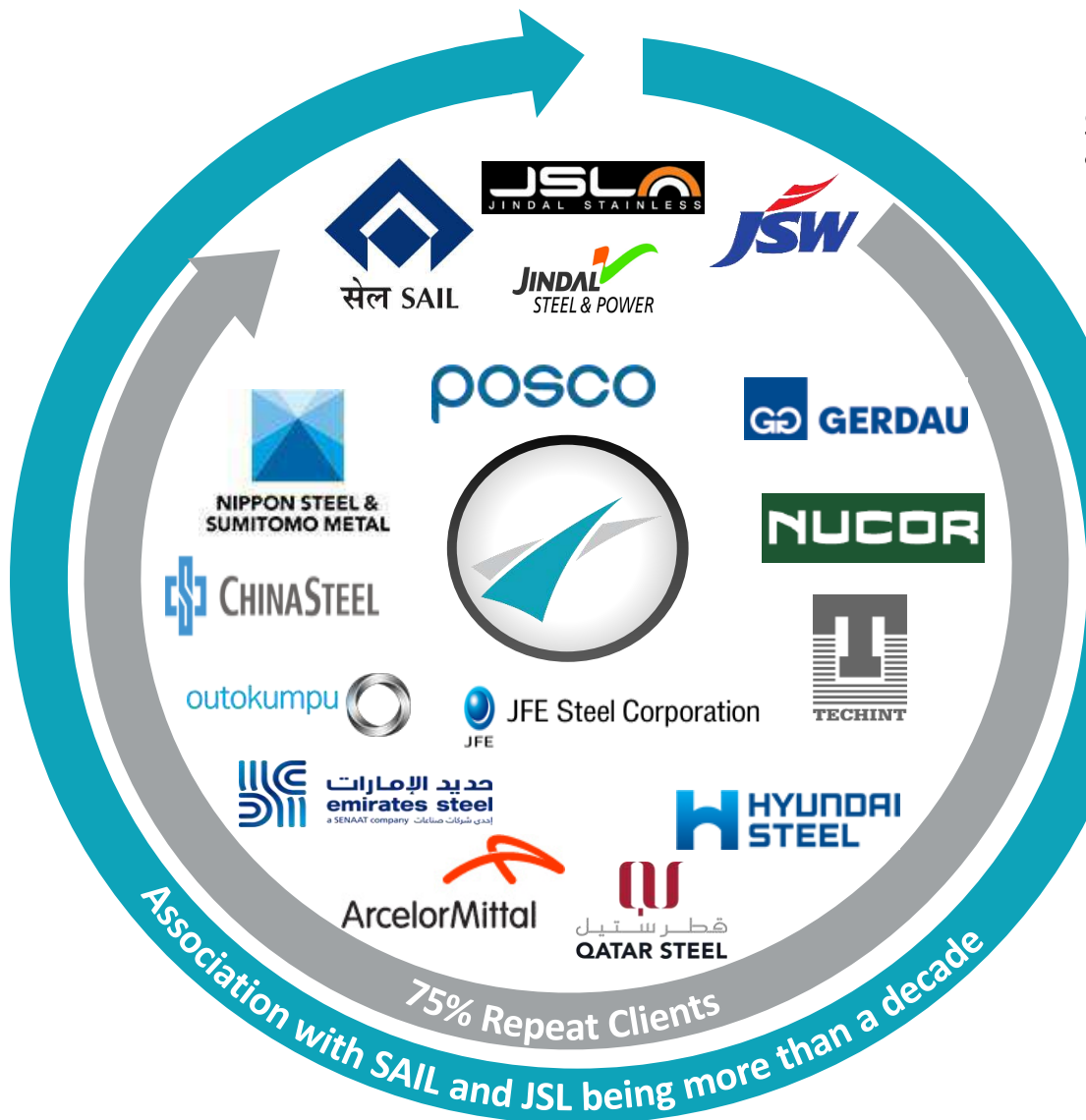
**Byrnihat**

- 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 Varanasi 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

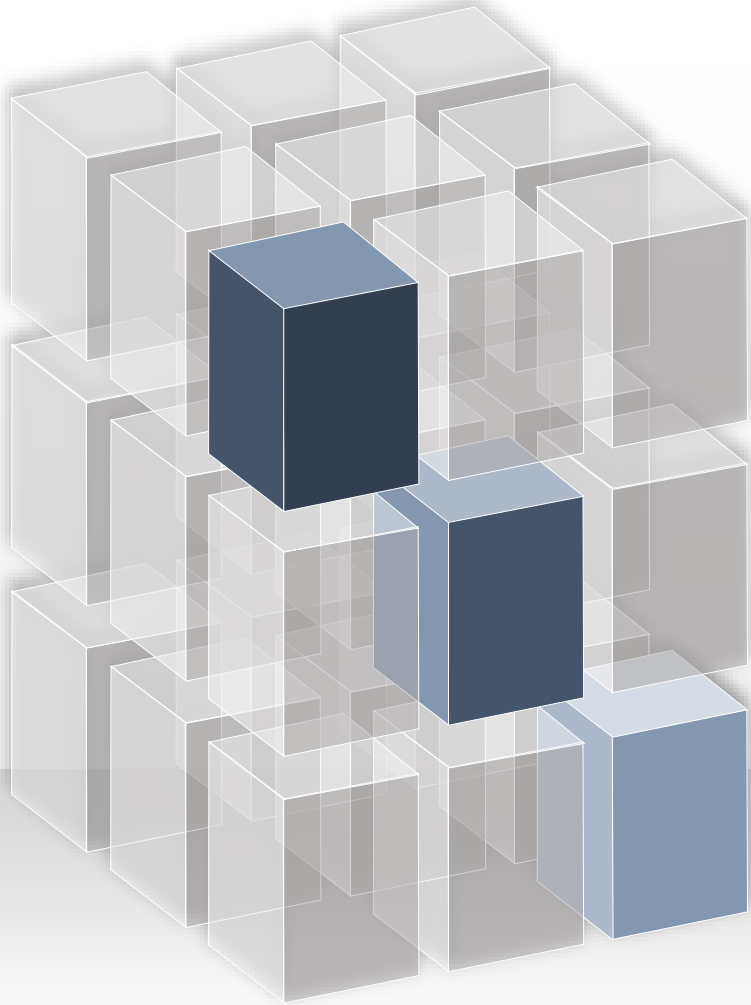
Independent Director

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.

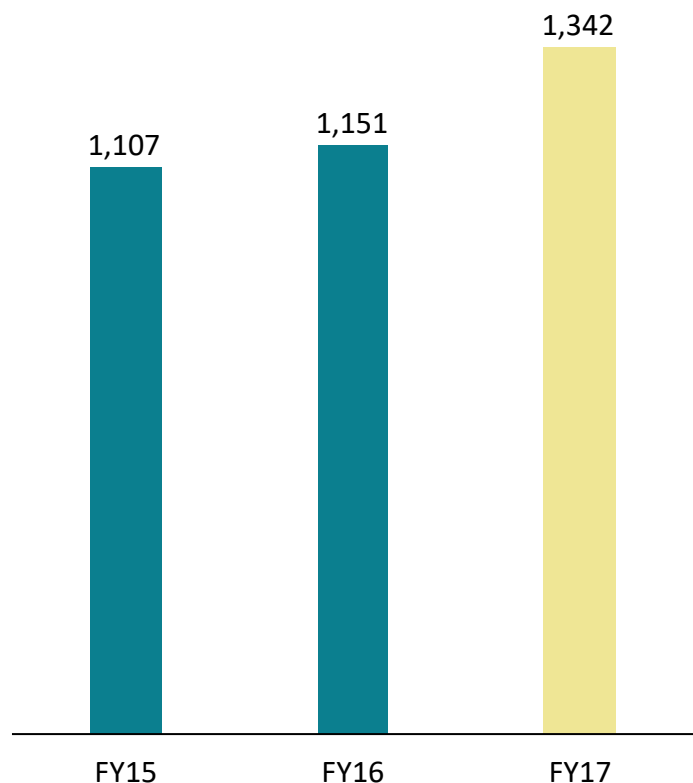
## Teamwork



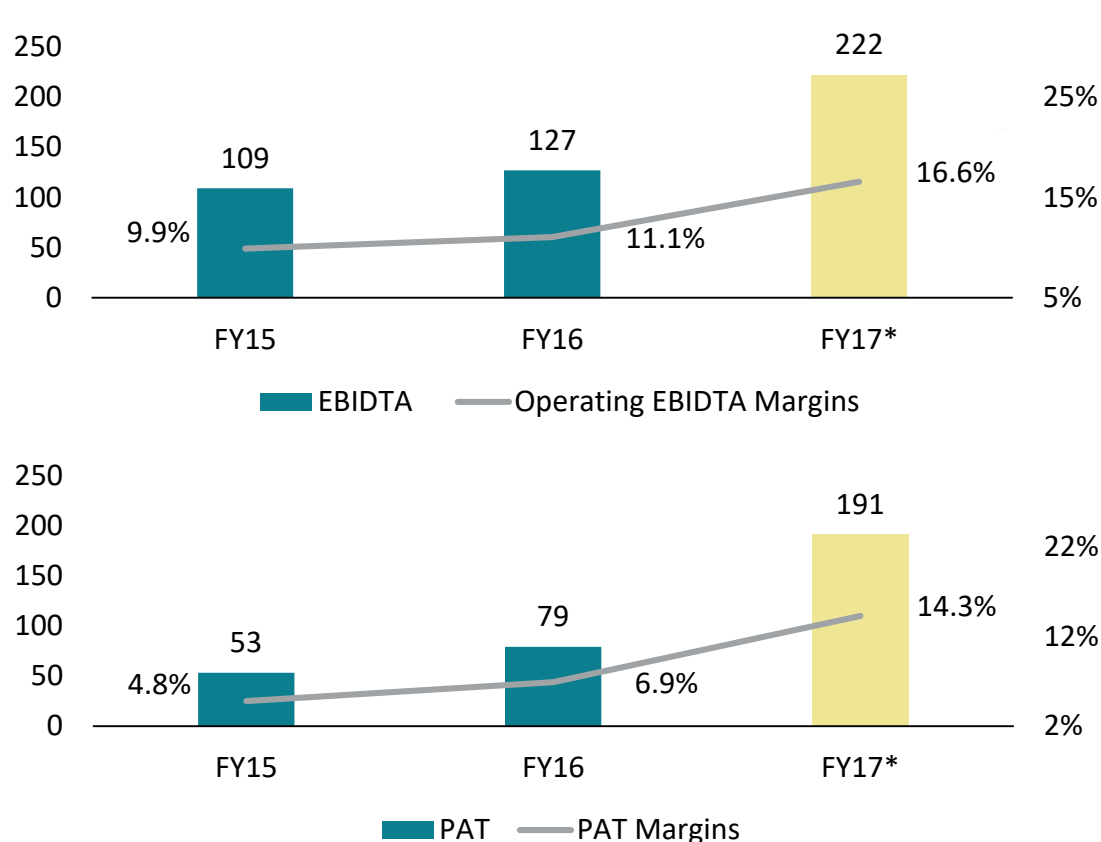


# Outperformance in 2017...

**Growing Revenue (₹ Crs)**



**Margins improved even in uncertain times**



Led by our **Efficiency**

Proving our **Credibility**

# 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

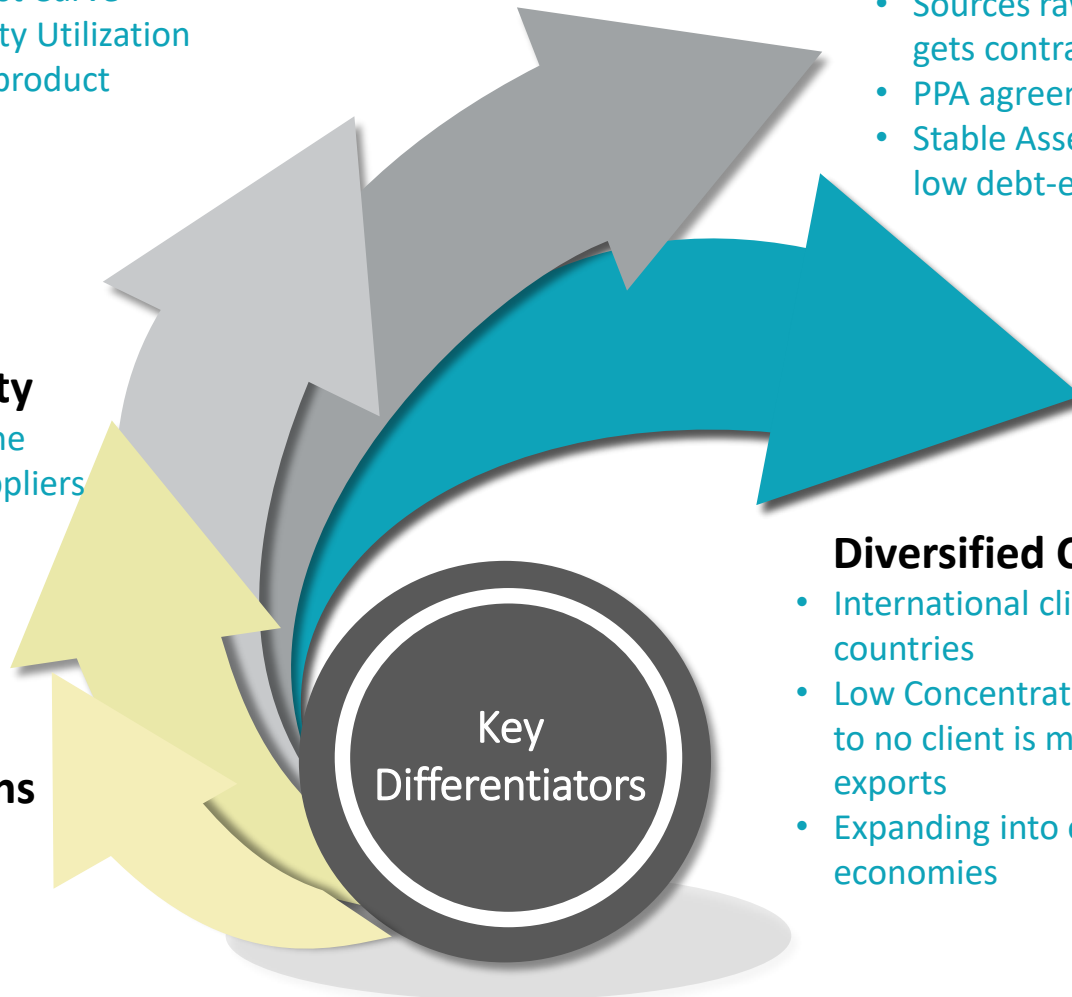
- Strong credibility in the market right from suppliers to end customers

## 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

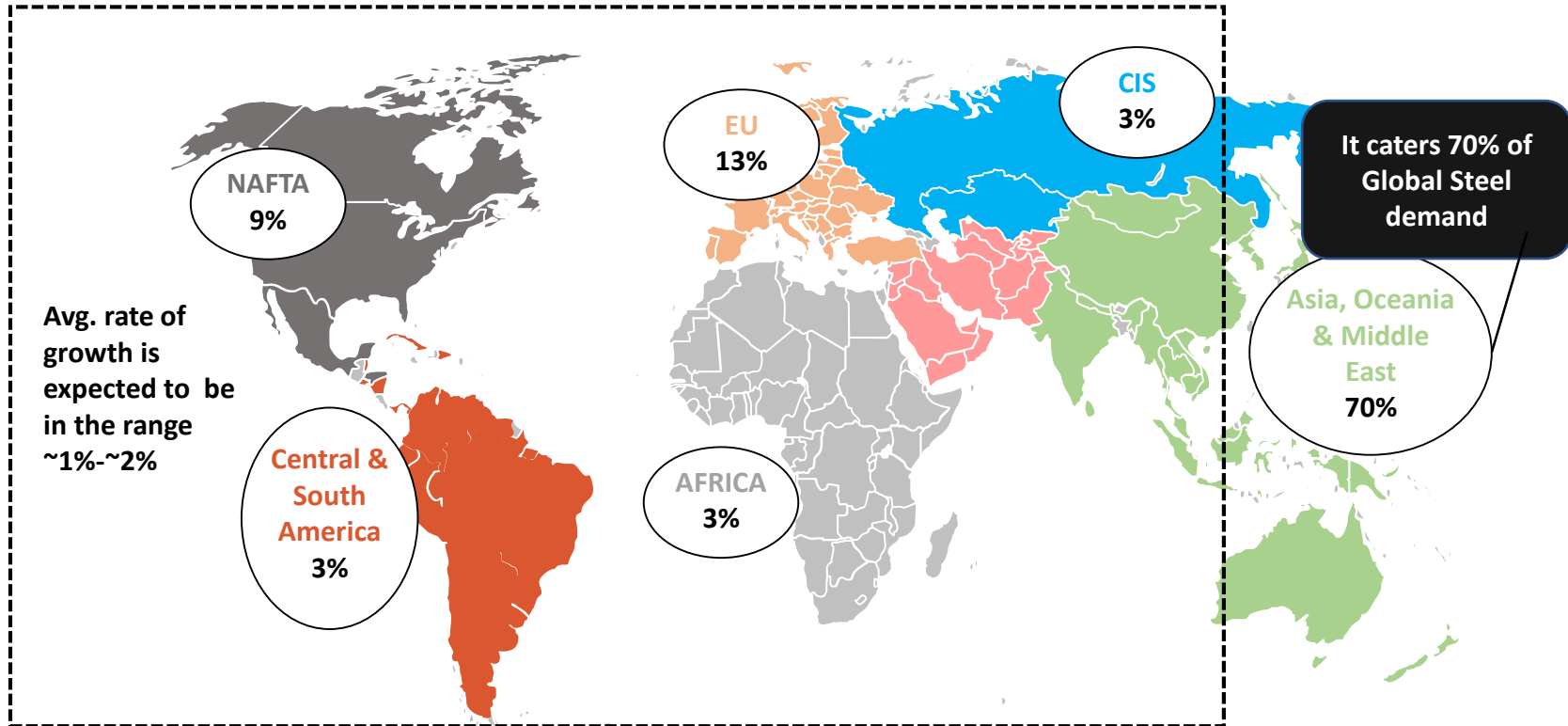




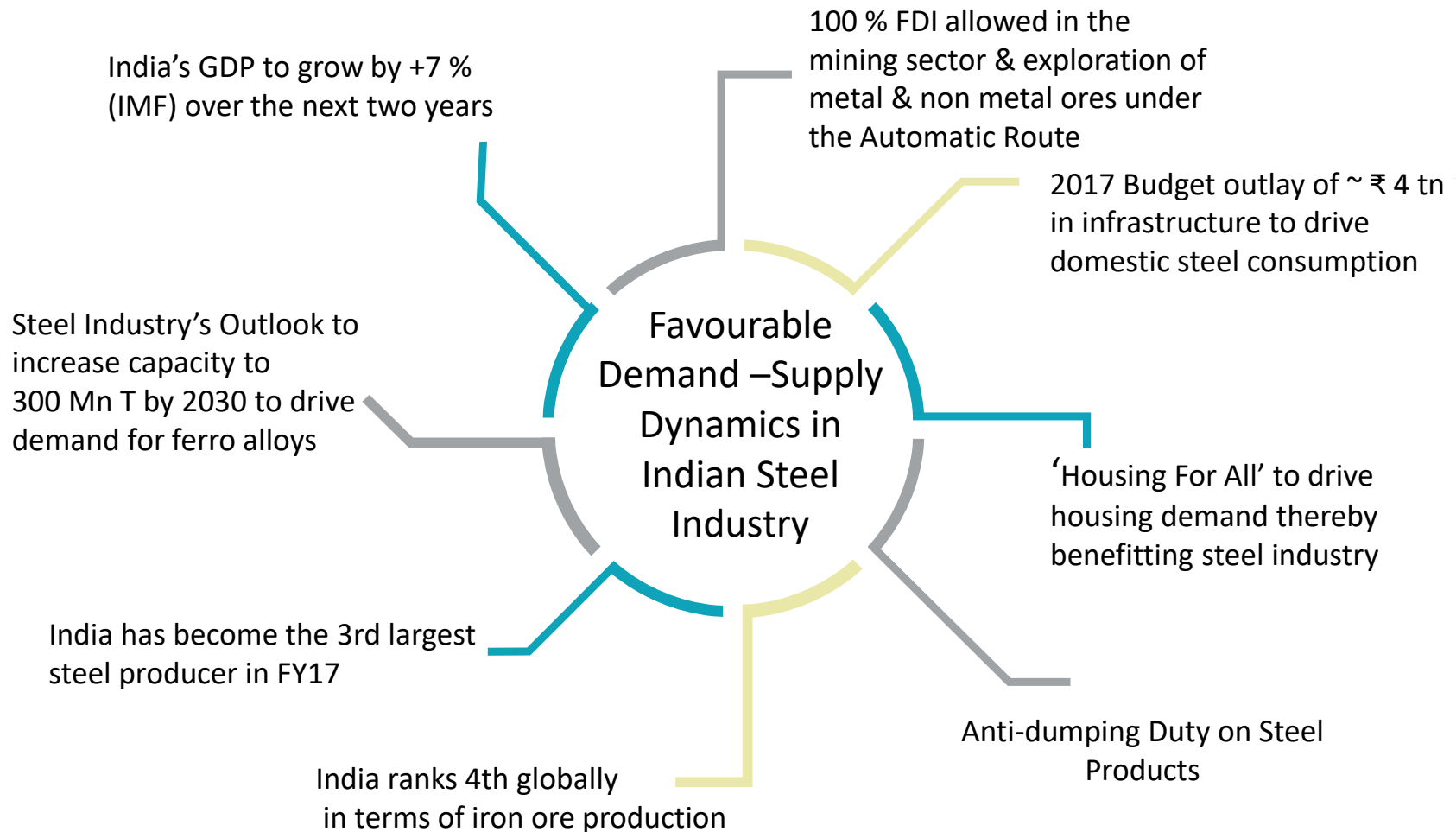
# Industry Tailwinds

# Asian Economies to drive the Global Steel Demand

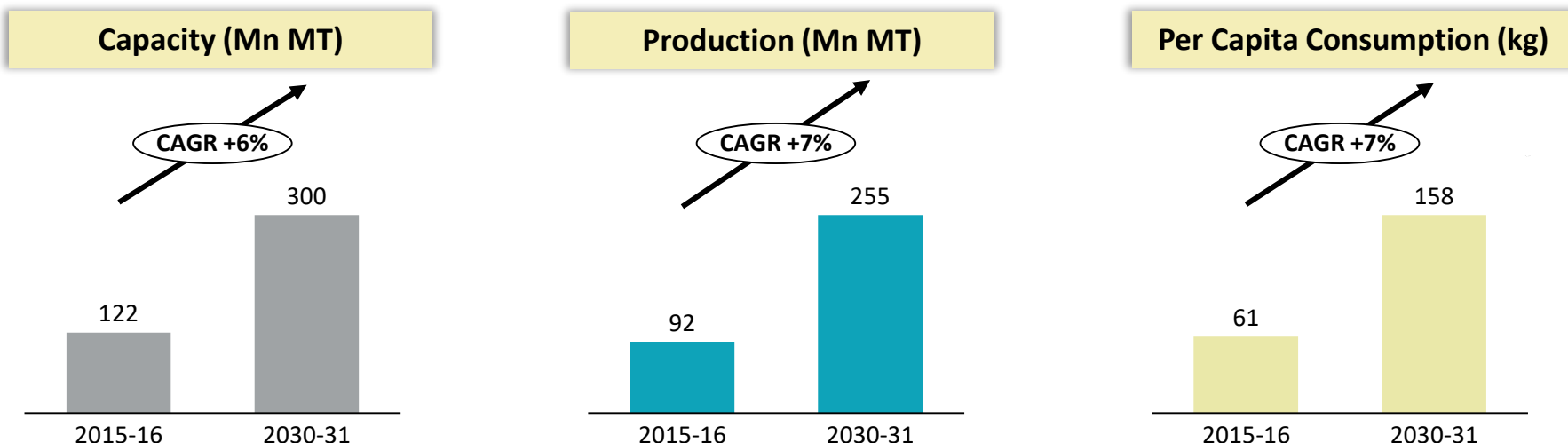
**Global Steel Demand 2018 : 1,548.5 Mn T**



**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



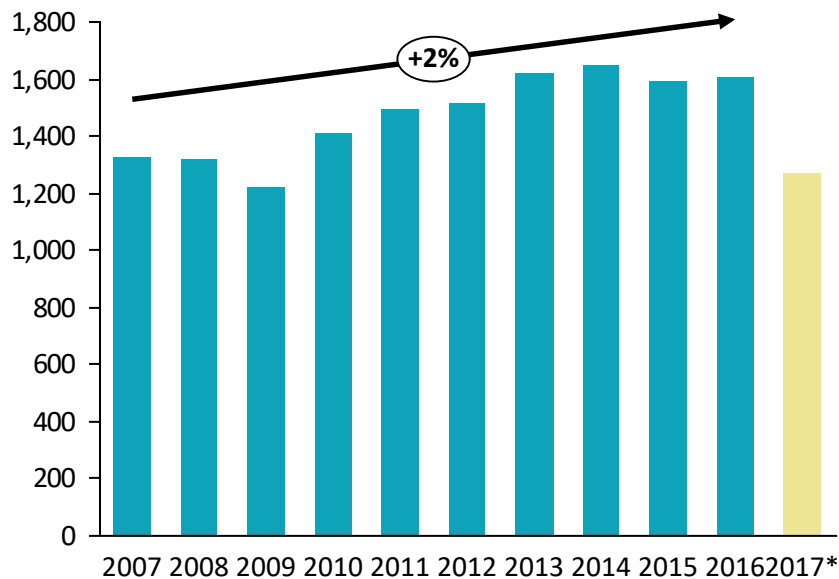
## National Steel Policy (NSP) 2017 Highlights

- 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)

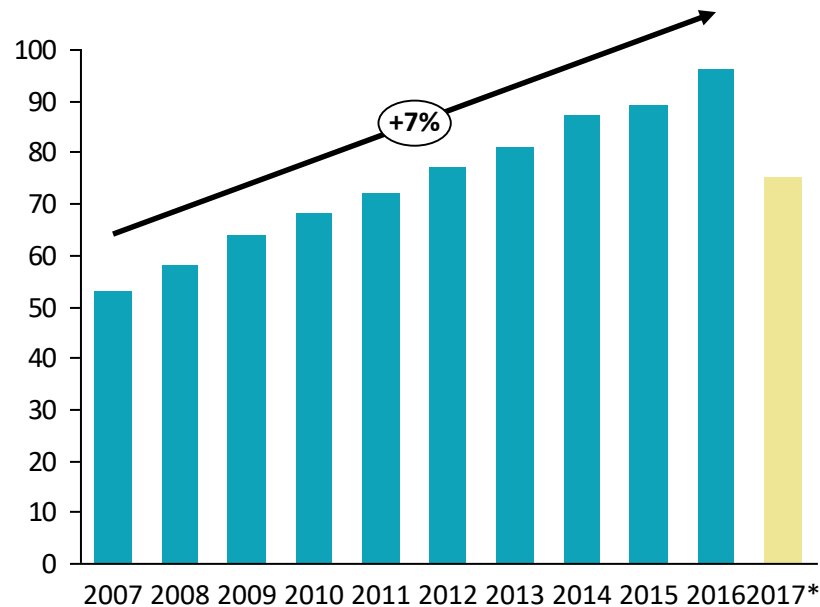
*~1.5% of Manganese Alloy is required to produce each tonne of Steel*



**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 18 % since 2007**

War Chest of  
₹ 250Cr



Cash & Cash  
Equivalents of  
₹ 190Cr

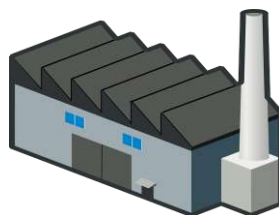


Internal  
Accruals



**Inorganic Expansion**

The Company is looking at  
Acquiring Assets and is already  
in dialogue with Banks



**Organic Expansion**

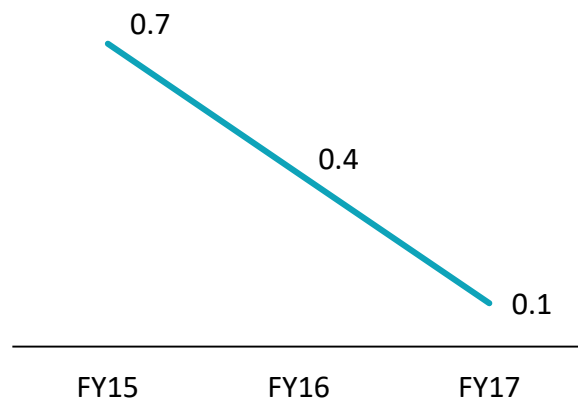
Company is planning for  
Greenfield Expansion and is  
currently evaluating Land for  
the same



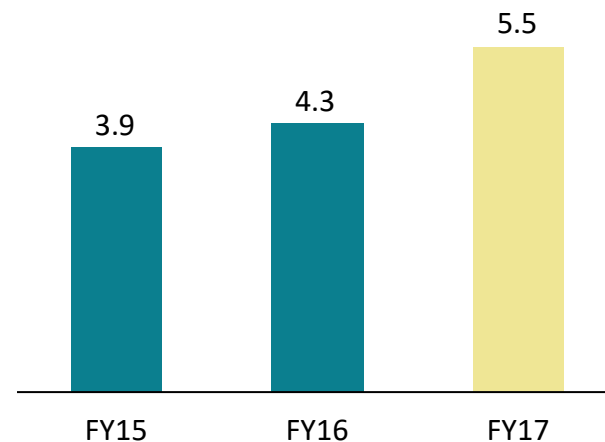
# Financials

# Proven Track Record (As per IGAAP)

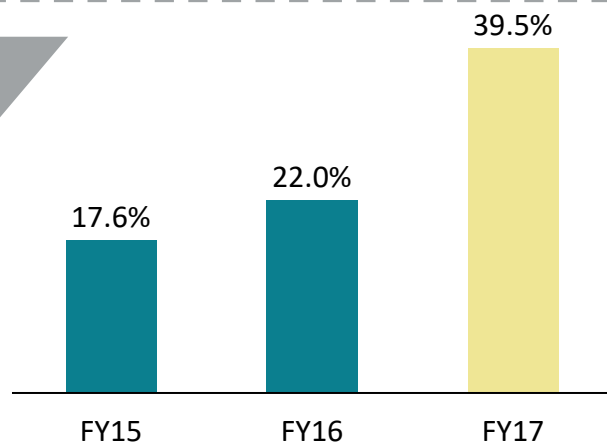
Debt/Equity



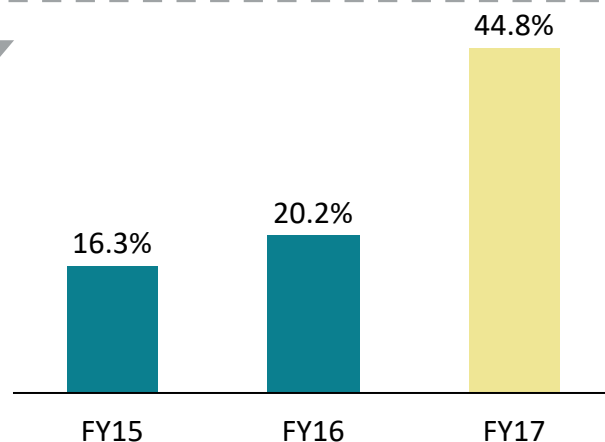
Fixed Asset Turnover (x)



ROE %\*



ROCE %^



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

# Standalone Profit & Loss (As per IND AS)

Particulars (₹ Crs)	Q2 FY18	Q2 FY17	YoY	H1 FY18	H1 FY17	YoY
<b>Revenue (Net of Excise Duty/ GST)</b>	<b>459</b>	<b>294</b>	<b>56%</b>	<b>889</b>	<b>549</b>	<b>62%</b>
Raw Material	236	144		460	265	
Power	92	85		183	157	
Employee Expenses	11	5		21	11	
Other Expenses	30	40		56	66	
<b>EBITDA</b>	<b>90</b>	<b>19</b>	<b>372%</b>	<b>169</b>	<b>50</b>	<b>235%</b>
<b>EBITDA Margin</b>	<b>19.6%</b>	<b>6.5%</b>		<b>19.0%</b>	<b>9.2%</b>	
Other Income	2	2		4	5	
Depreciation	4	6		8	12	
<b>EBIT</b>	<b>88</b>	<b>15</b>		<b>165</b>	<b>42</b>	
<b>EBIT Margin</b>	<b>19.2%</b>	<b>5.3%</b>		<b>18.5%</b>	<b>7.7%</b>	
Finance costs	0.6	3		1	6	
Exceptional Items- Income/ (Expense)	0	0		0	0	
<b>PBT</b>	<b>87</b>	<b>12</b>		<b>163</b>	<b>37</b>	
Tax	22	3		39	8	
<b>PAT</b>	<b>65</b>	<b>10</b>	<b>571%</b>	<b>124</b>	<b>29</b>	<b>334%</b>
<b>PAT Margin</b>	<b>14.2%</b>	<b>3.3%</b>		<b>14.0%</b>	<b>5.2%</b>	

# Consolidated Profit & Loss (As per IGAAP)

Particulars (₹ Crs)	FY17	FY16	YoY
<b>Revenue</b>	<b>1,342</b>	<b>1,151</b>	<b>17%</b>
Raw Material	628	597	
Power	331	315	
Employee Expenses	33	23	
Other Expenses	128	89	
<b>EBITDA*</b>	<b>222</b>	<b>127</b>	<b>78%</b>
<b>EBITDA Margin*</b>	<b>16.6%</b>	<b>11.1%</b>	
Power subsidy (Income)	51	0	
Other Income	21	4	
Depreciation	28	23	
<b>EBIT</b>	<b>265</b>	<b>108</b>	<b>146%</b>
<b>EBIT Margin</b>	<b>19.8%</b>	<b>9.4%</b>	
Finance costs	9	12	
<b>PBT</b>	<b>256</b>	<b>96</b>	
Tax	65	17	
<b>PAT</b>	<b>191</b>	<b>79</b>	<b>143%</b>
<b>PAT Margin</b>	<b>14.3%</b>	<b>6.9%</b>	

# Standalone Balance Sheet (As per IND AS)

Particulars (₹ Crs)	Sep-17	Particulars (₹ Crs)	Sept-17
<b>Non-Current Assets</b>	<b>291</b>	<b>Equity</b>	<b>711</b>
Property, plant and equipment	238	Equity share capital	29
Intangible Assets	0.1	Other Equity	682
Financial Assets		<b>Non-current Liabilities</b>	<b>32</b>
i. Investments	25	Financial liabilities	
ii. Loans	28	i. Borrowings	4
Other non-current assets	1	Provisions	2
<b>Current Assets</b>	<b>779</b>	Deferred tax liabilities (net)	26
Inventories	247	Other non-current liabilities	1
Financial assets		<b>Current Liabilities</b>	<b>327</b>
i. Investments	136	Financial liabilities	
ii. Trade receivables	283	i. Borrowings	7
iii. Cash and cash equivalents	54	ii. Trade payables	117
iv. Bank balances other than (iii) above	0.1	iii. Other financial liabilities	37
v. Other financial assets	24	Provisions	1
Current tax assets (net)	0.1	Current tax liabilities (net)	19
Other current assets	35	Other current liabilities	147
<b>Total Assets</b>	<b>1,071</b>	<b>Total Equity and Liabilities</b>	<b>1,071</b>

*For further information, please contact:*

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