



RAJRATAN

OUTPERFORM

INDIA | THAILAND

www.rajratan.co.in



RGWL/20-21/

6th June, 2020

To BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400001 Scrip Code – 517522	To National Stock Exchange of India Limited ‘Exchange Plaza’, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Symbol - RAJRATAN
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Sub: Investor Presentation

Dear Sir,

With reference to above subject, please find attached herewith Investor Presentation.

You are requested to kindly update the same on your website.

Thanking you,

Yours faithfully,

For **Rajratan Global Wire Limited**

Sd/-

Shubham Jain

Company Secretary & Compliance Officer

RAJRATAN GLOBAL WIRE LIMITED

Regd. Office: Rajratan House, 11/2, Meera Path, Dhenu Market, Indore-452003, Madhya Pradesh, India. Tel.: +91-731-2546401 Fax: +91-731-2542534
Factory: 200-B, Sector-1, Pithampur-454775, Dist. Dhar, Madhya Pradesh, India. Tel.: +91-7292-253429, 253375 Fax: +91-7292-253357

CIN No. L27106MP1988PLC004778

Investor
presentation
**Fourth quarter,
2019-20**

Outperform!

Rajratan Global Wire Limited

Rajratan at a glance

The Company is one of the fastest growing bead wire manufacturers in the world

The Company is also engaged in the manufacture of high carbon steel wire

The Company is the second largest bead wire manufacturer in Asia

The Company is the only bead wire manufacturer in Thailand

How we performed in 2019-20

Revenues
decreased by
2.57%*
over FY19

Profit after tax
increased by
24%
over FY19

Revenues
decreased by
3.32%
over Q4 FY19

Profit after tax
decreased by
23%
over Q4 FY19

Note: Decrease in topline was due to the declining steel prices. However, in terms of volume, revenues increased by 2.41%



Vision

To become the leading and most preferred bead wire manufacturer and supplier to tyre companies globally



Mission

- To manufacture and supply superior quality products at competitive prices and support it with excellent customer service
- To imbibe and constantly develop a culture of excellence and improvement in every aspect of the business we are in
- To ensure and enhance safe working conditions for all concerned



Values

- Ethical business built on mutual trust
- Quality orientation and constant innovation
- Continuous learning and personal growth
- To care for and share with the society we live in



Background

The Company has been engaged in the manufacture of bead wire and high carbon steel wire for more than two decades.



Market presence

The Company is the second largest manufacturer of bead wire in Asia (excluding China) and the largest manufacturer in India; it is also the only manufacturer in Thailand



Capacity

The Company possesses an installed aggregate manufacturing capacity of 1,06,800 TPA across its Indian and Thailand facilities.



Geographical spread

The Company has two manufacturing facilities located in Pithampur Industrial Area, India and Ratchaburi, Thailand.



Certifications

The Company is ISO/TS 16949:2009, ISO 14001:2004 and OHSAS 18001:2007 certified.



Plant approvals

The Company's plants have been approved and audited by a number of national and international tyre manufacturers.



Customer-retention

>85% of the revenues were derived from customers associated with the company for >5 years.



Promoter's holdings

The promoter's commitment is highlighted by a high equity ownership of 64.53%.

Our prestigious marquee customers

Apollo Tyres Ltd. • Alliance Tyre • Birla Tyres Ltd. • Balakrishna Tyres Pvt. Ltd. •
Bridgestone India Pvt. Ltd. • CEAT Ltd. • CEAT Kelania • Continental India Pvt.
Ltd. • Casumina • CAMSO Loadstar, Sri Lanka • Camel Industries •
Deestone International • Everthrough, Malaysia • Goodyear India Pvt. Ltd. •
Global Rubber, Sri Lanka • Hindustan Tyres • Izumi Tyres, Philippines •
JK Tyre & Industries Ltd. • Leo Tyres, Philippines • MRF Limited •
Mahadeo Industries Pvt. Ltd. • ORION Ropes Pvt. Ltd. • Otani Radials, Thailand
• Poddar Tyres • Remson Industries Ltd. • Suprajit Engineering Ltd. •
Sumitomo, Thailand • TVS Srichakra Pvt. Ltd. • Trelleborg Wheel & Systems •
Vikrant Ropes Pvt. Ltd. • Vee Rubber • Yokohama, Thailand

Our attractive growth over the years

Year	FY16	FY17	FY18	FY19	FY20
Revenues [#]	304.86	304.51	348.77	492.88	480.21
EBITDA	42.72	43.15	38.22	54.10	69.19
Net profit	16.46	18.86	17.12	26.71	33.04
EBITDA margin (%)	14.01	14.17	10.95	10.98	14.41
ROCE* (%)	20.95	19.41	15.93	18.78	18.96
Gearing (x)	1.30	1.02	0.87	0.99	0.86
Interest cover (x)	2.45	3.41	3.52	4.15	4.26

*Annualised

[#]Sales growth without deducting excise duty

The numbers we reported during the quarter under review (Q4FY20)

Parameters	Q4FY19	Q4FY20	FY19	FY20
Revenues	128.93	124.65	492.89	480.21
EBITDA	15.77	15.35	54.10	69.18
Depreciation	2.53	3.31	9.19	12.08
Interest	2.85	3.39	10.81	13.39
Profit before tax	10.39	8.65	34.10	43.71
Profit after tax	7.87	6.07	26.71	33.04
Equity (Rs. 10 face value)	4.35	10.15	4.35	10.15

How we performed during the quarter under review (Q4 FY20)

Parameters	Q4FY19	Q4FY20	FY19	FY20
EBIDTA margin (%)	12.23	12.31	10.98	14.41
Net profit margin (%)	6.10	4.87	5.42	6.88
Interest cover (x)	4.65	3.55	4.15	4.26
Earnings per share (Rs)	7.75	5.98	26.30	32.55
ROCE*	21.61	15.99	18.78	18.96

*Annualised

Note: The company has issued 58,02,400 fully paid up bonus Shares in the ratio of 4:3 (i.e four bonus shares of INR 10 each to every shareholder holding three equity shares of INR 10 each) as approved by the members. The basic and diluted earning per share for all period presented is adjusted retrospectively in view of provisions of para 64 of Ind AS 33-earning per share

Sectoral environment

1. India is the fourth largest tyre market in the world after China, Europe and the United States
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2. The market is being driven by the increasing radialisation of tyres, especially in trucks and buses
.....

3. Following the Novel Coronavirus and trade barriers, tyre manufacturing companies in China could be looking to shift, opening a window of opportunity for India
.....

4. Increasing acceptance of Indian tyres in the global market is projected to drive exports
.....

5. Majority of international vehicle majors have started rolling out marquee models on India-made tyres
.....

6. The lockdown impact could reflect through the year

How we addressed Covid-19 in Q4 FY20

India

- Declining offtake in March 2020
- Complete manufacturing and sales closure in India (April 2020)
- Manufacturing resumption from May 2020

Thailand

- Record output in March 2020
- Decline in order book in April 2020
- No manufacturing closure

Our big message of 2019-20

Context

- Slower growth for the Indian and global economy
 - Increase in bead wire realisations
 - Loss of a month and a half due to expansion and Covid-19
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Outperformance

- Protected revenues (consolidated) and higher profits
- Profitable growth (profit growth > revenue growth)
- EBITDA margins expansion by 343 bps

The reasons behind our outperformance in 2019-20

We leveraged the benefits of expansion (lower capital cost per tonne)

We leveraged economies of scale (procurement and manufacturing)

We strengthened our product mix (towards value-addition)

We strengthened out terms of trade (quicker receivables)

We strengthened our cost austerity

We enhanced market share

Expansion: The single biggest development at our company in 2019-20

We doubled our manufacturing capacity in India to 72,000 TPA

We increased our consolidated capacity (India and Thailand) to 1,06,800 TPA

We strengthened our ability to service any customer anytime and anywhere

We expanded at one of the lowest capital costs per tonne (without equity dilution)

The take-home from the expansion of 2019

01

One of the highest
bead wire
standards in the
world

02

One of the most
competitive cost
structures in the
world

03

A decisive step
towards building a
global bead wire
company

Why we are cautiously secure of our medium-term prospects

Specialised
focus

Decline in
competition

Adequate
capacity to
address
customer needs

Imports not
viable with
weaker rupee

Enduring
partnerships
with prominent
Indian and global
tyre brands

Protected
receivables
cycle

How we are comfortably placed in 2020-21

01

Full 100 per cent term loan for previous expansion repaid

02

Post-expansion debt-equity ratio of 0.86

03

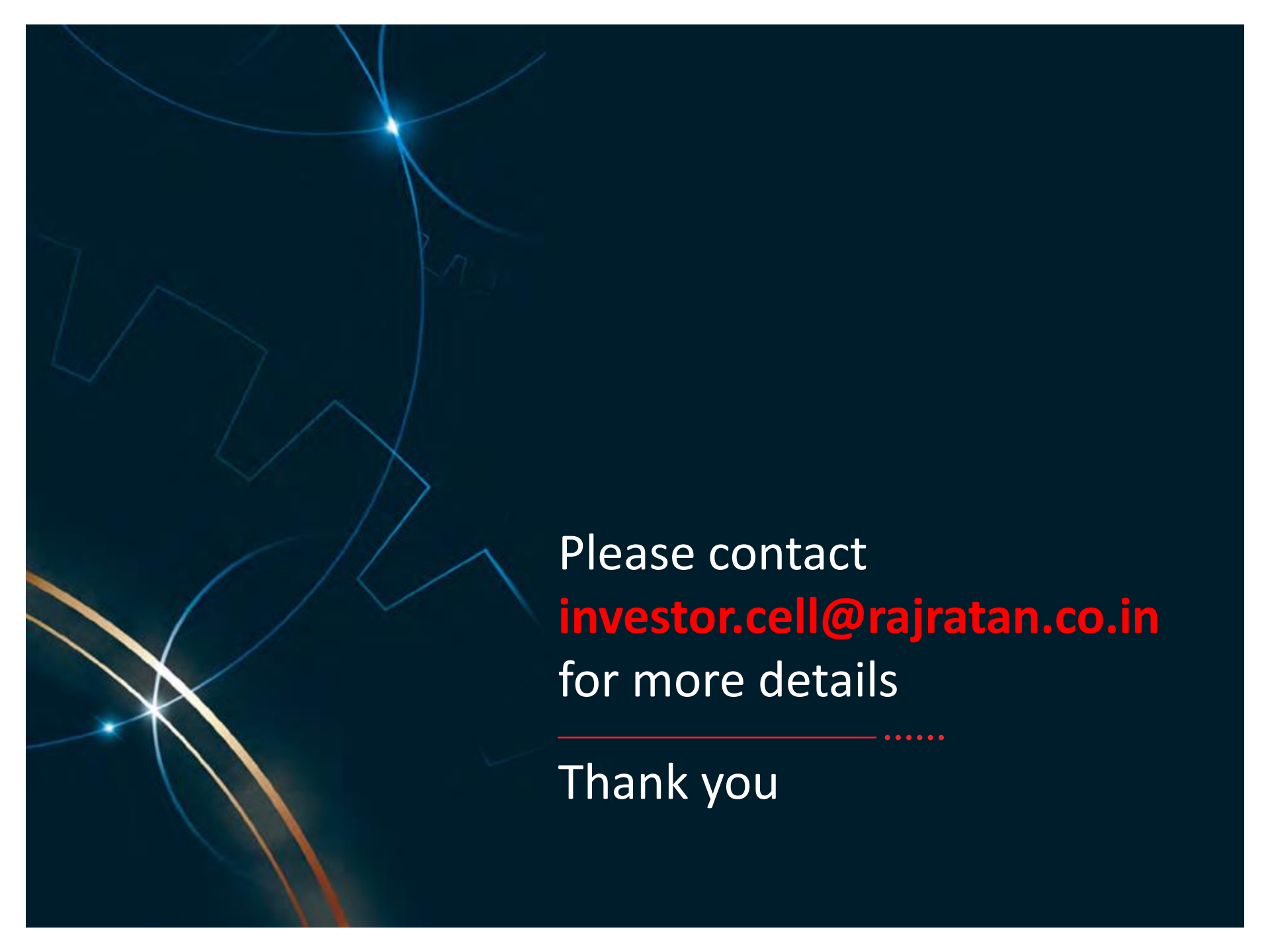
Rupee debt cost of 8%;
Thai business debt of less than 5%

04

Repaid and prepaid commercial obligations during lockdown

05

Lower working capital needs



Please contact
investor.cell@rajratan.co.in
for more details

Thank you