



# Rama Steel Tubes Limited

## Investor Presentation

### August 2016



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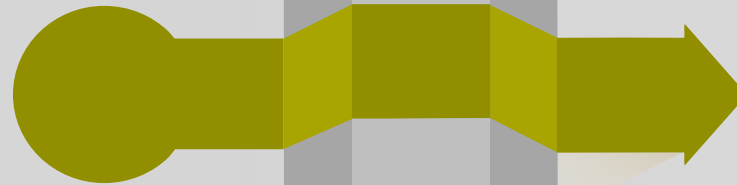
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- **Company Overview**
- **Business Overview**
- **Way Forward**
- **Financial Performance**
- **Quarterly Highlights**

## Company Overview

# Pioneer in Steel Tubes Industry



## Incorporated in 1974

- Over 4 decades of presence in Steel Industry
- Well established and strong brand

## Wide Product Suite

- Presence across key sectors
- Applications in automobiles, infrastructure, real estate, furniture

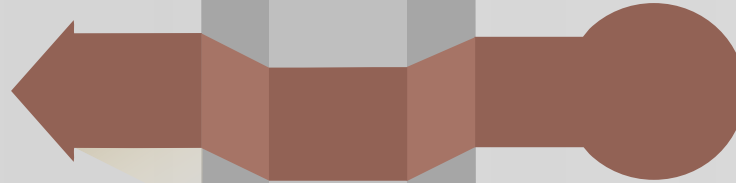


## State of Art manufacturing facilities

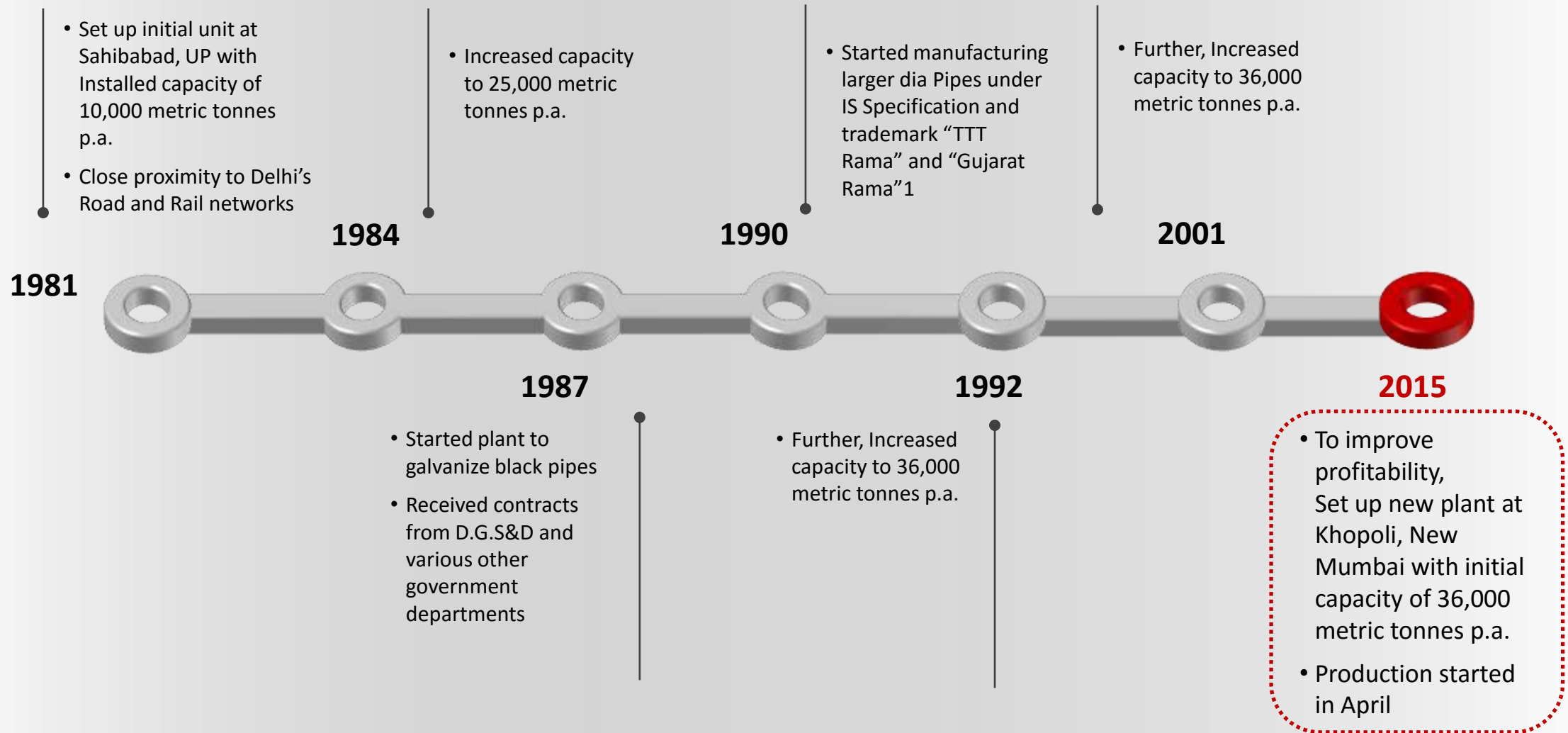
- Two state of art manufacturing facilities in Sahibabad and Khopoli
- Plans to foray into South India with facility at Lepakshi

## Robust Exports

- Growing exports- Contributes 15 % of revenues.
- Exports to over 16 countries



# Journey So Far



# Key Management Team

**Naresh Bansal**  
*Managing Director*

- More than 3 decades of experience in manufacturing Industry of “Steel Tubes” with dynamic vision and sharp business acumen
- Graduate in law

**Richi Bansal**  
*Director & CEO*

- Exploring new avenues to expand manifold under his able guidance and leadership
- B. Sc (Hons.) in Management, Bradford University, U.K. & internship with BIE (Marketing & Advertising)

**Rajkumar Malik**  
*CFO*

- Responsible for Accounting Activities, MIS Functioning, financial planning and filing of various compliance with Laws / Statutes
- Commerce graduate from Delhi University and qualified Chartered Accountant

**Rajendra Tiwari**  
*President Marketing*

- More than 2 decades of experience, spearheads marketing division & has excellent relationship with domestic dealers & buyers
- Earlier was with APL Apollo Tubes Ltd. for 10 Years

**Rajesh Choudhary**  
*V P Commercial*

- Responsible for the Financial aspects for commercial projects
- Post Graduate in Commerce, committed and hard task marketing professional

**D.R. Kamra**  
*Marketing Exports*

- Looks after Exports activities of the company for more than last 10 Years
- Commerce Graduate from Delhi University







**Kapil Datta ,**  
*Company Secretary*

- Handles company secretarial work, maintaining the various statutorily required records, filing various secretarial related documents
- Commerce Graduate and qualified Company Secretary

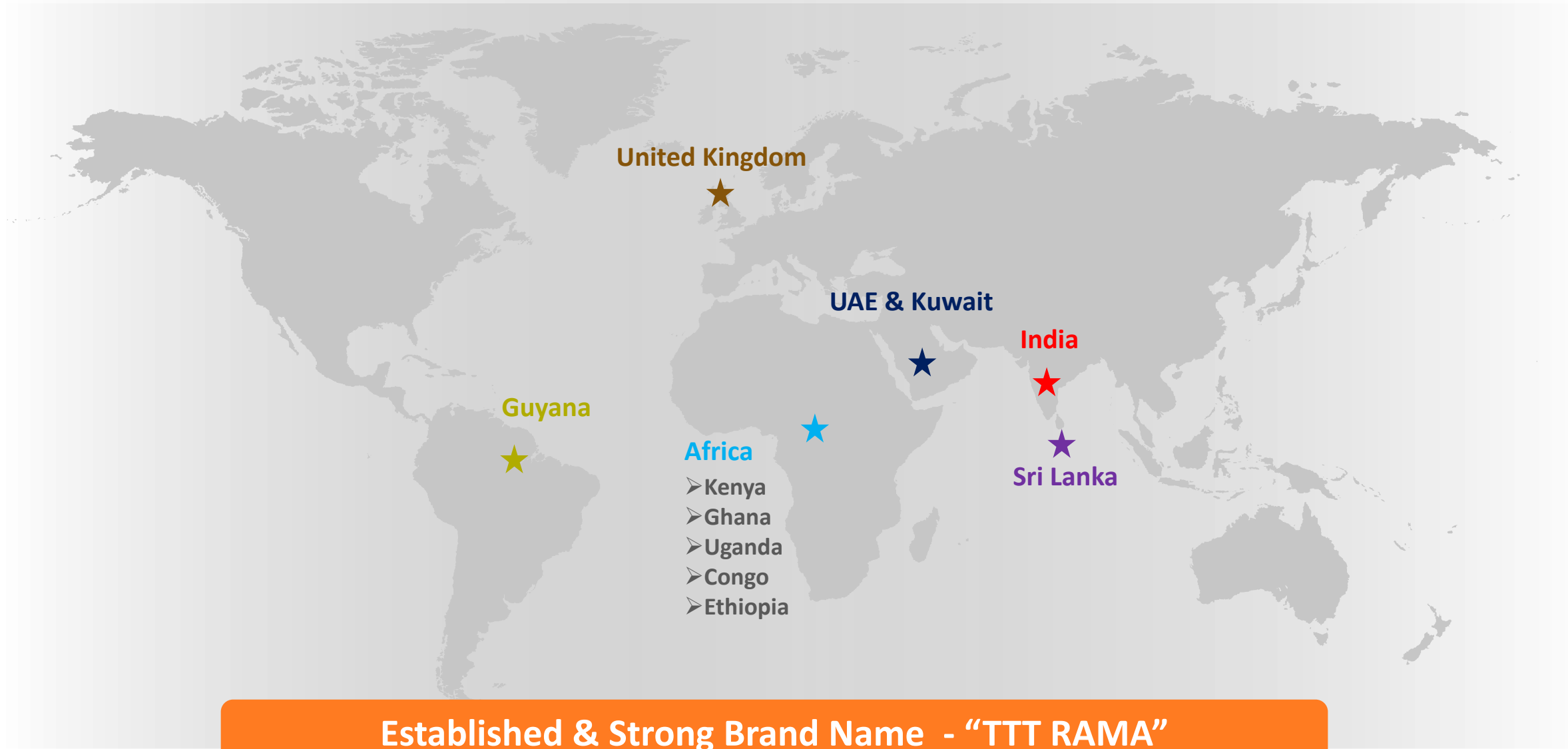
## Business Overview



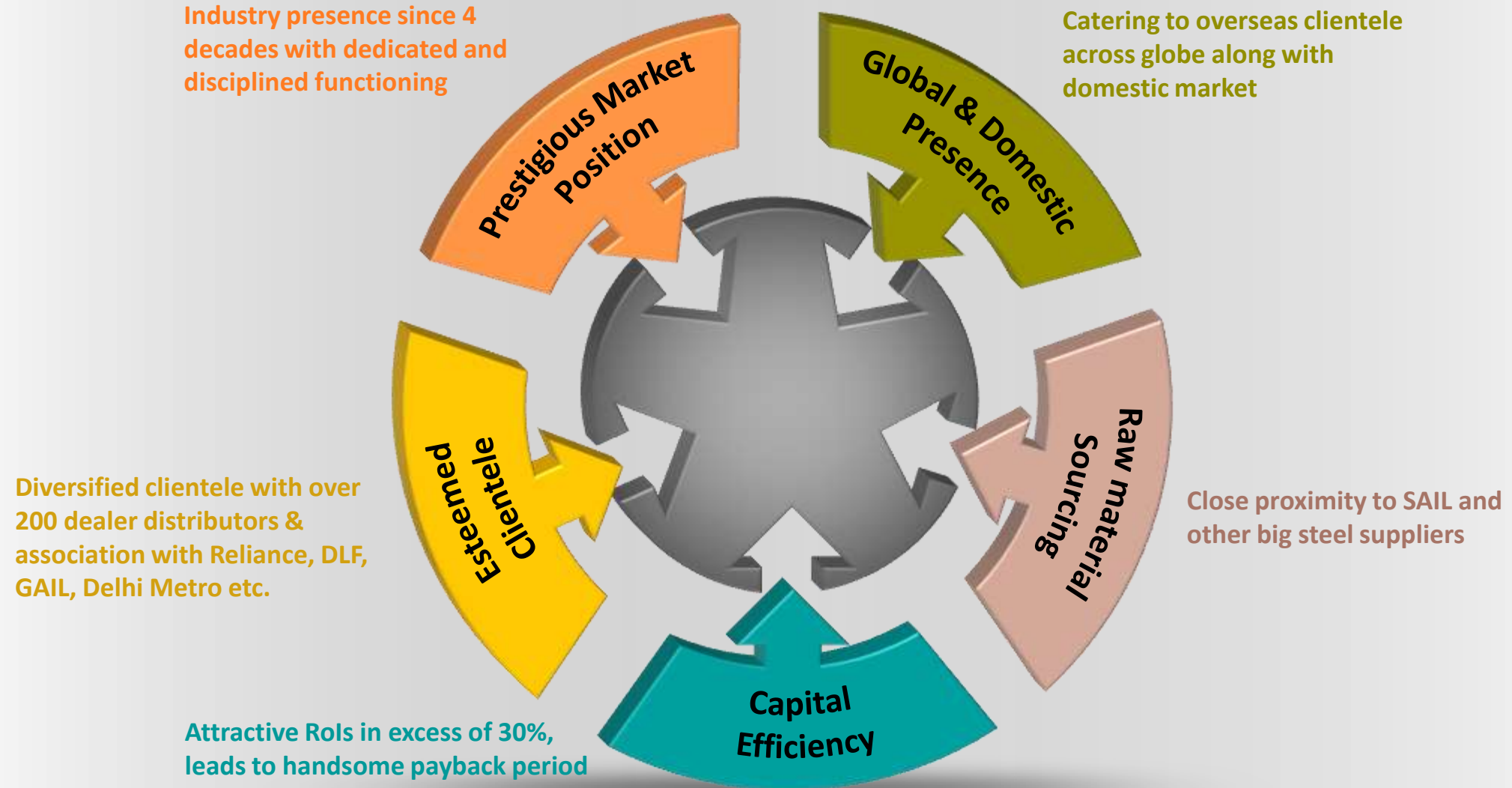
# Diverse Product Portfolio

Product		Application
ERW Galvanised Steel Pipes & Tubes		Water pipeline, Tubewells, Gas Pipelines, Oil Pipelines, Cross Country Pipelines
ERW Black Steel Pipes & Tubes		Road Barriers, Temporary Fencing, Steel Gates and Windows, Horse Riding Fence, Parking Lots, Steel Buildings, Industrial Gates
Scaffolding Pipes & Tubes		Handrails, Piling, Sign Poles, Bumpers, Bracings, Towers, Supports, Rollers, Casing
Swaged Poles		Traffic Lights Poles, Street Light Poles
Structural Steel Products		Hollow Sections for Real Estate, Automobile
Hollow Sections		Furniture, Automobile Chassis, Pallets, Staircases, Hydraulic Platforms, Columns, Trolleys

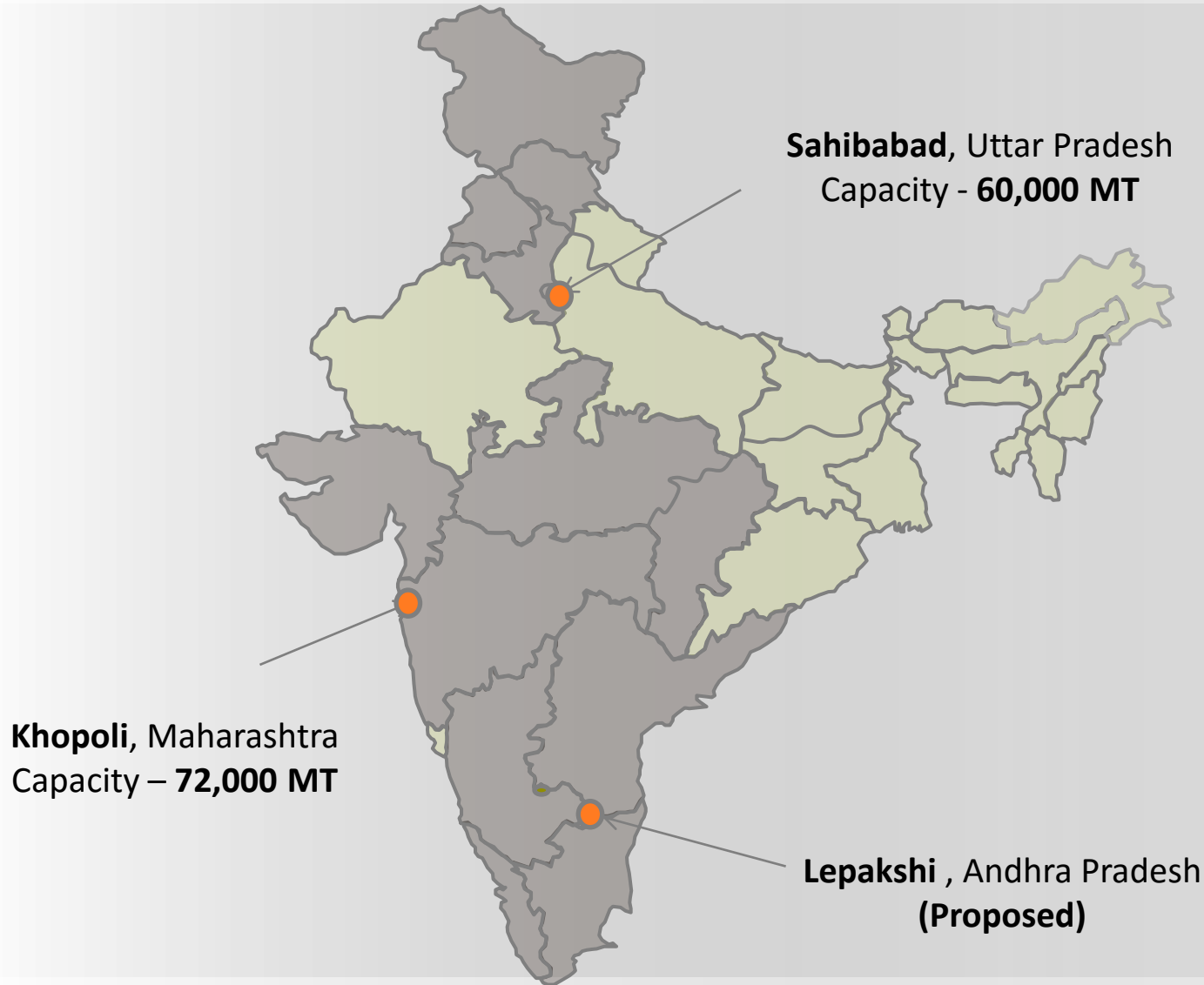
# Products Well Accepted Over Globe



# Key Strategic Advantages



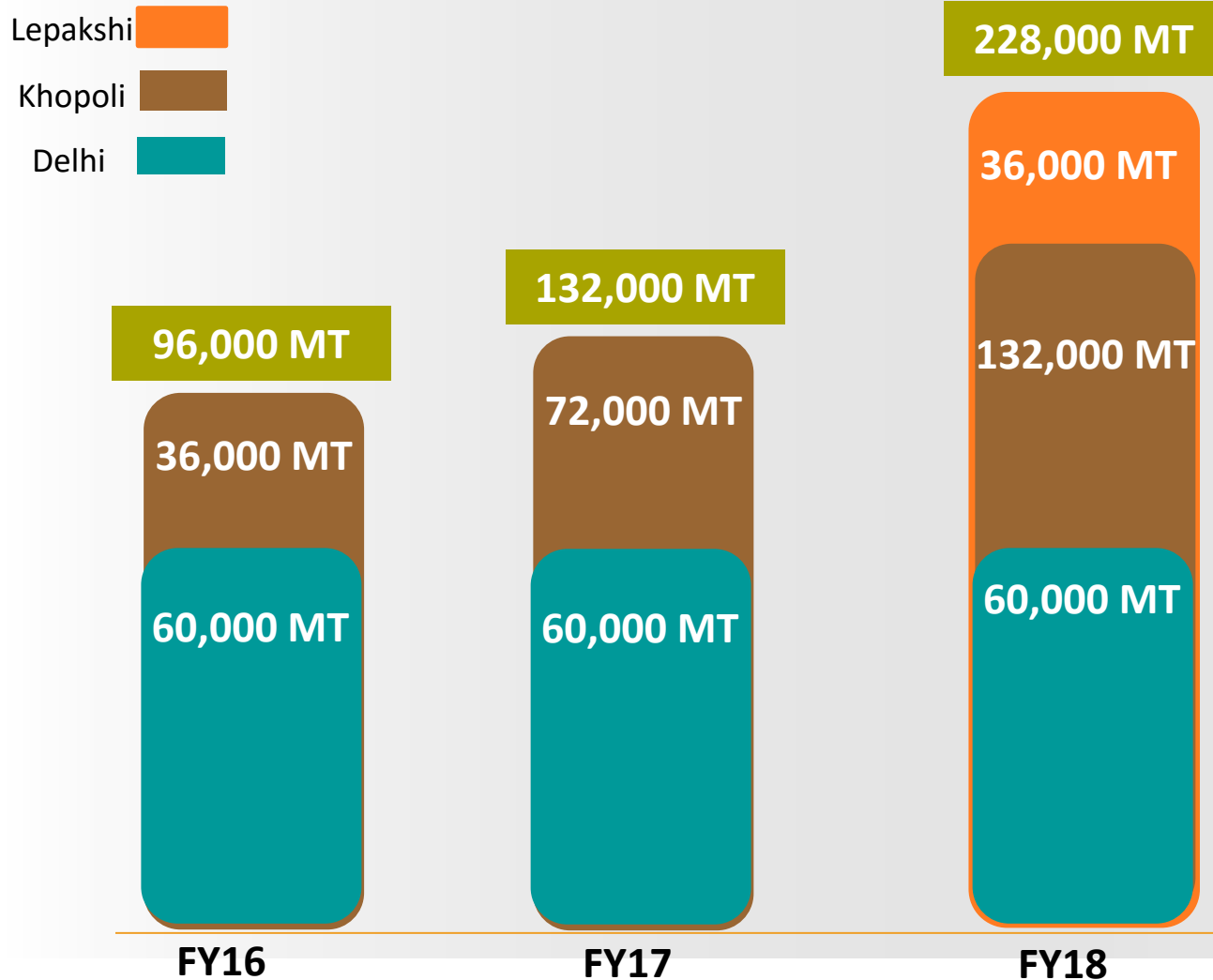
# Fungible Manufacturing Facilities with Locational Advantage



- Khopoli and Lepaskhi plants - close proximity to ports and market
- Caters to demand across Maharashtra, Gujarat, Madhya Pradesh, Andhra Pradesh & Tamil Nadu, Kerala, Karnataka, Goa, Telangana
- Location near market – enables substantial cost savings
- With new facilities – will be able to address opportunities in North, South & West India

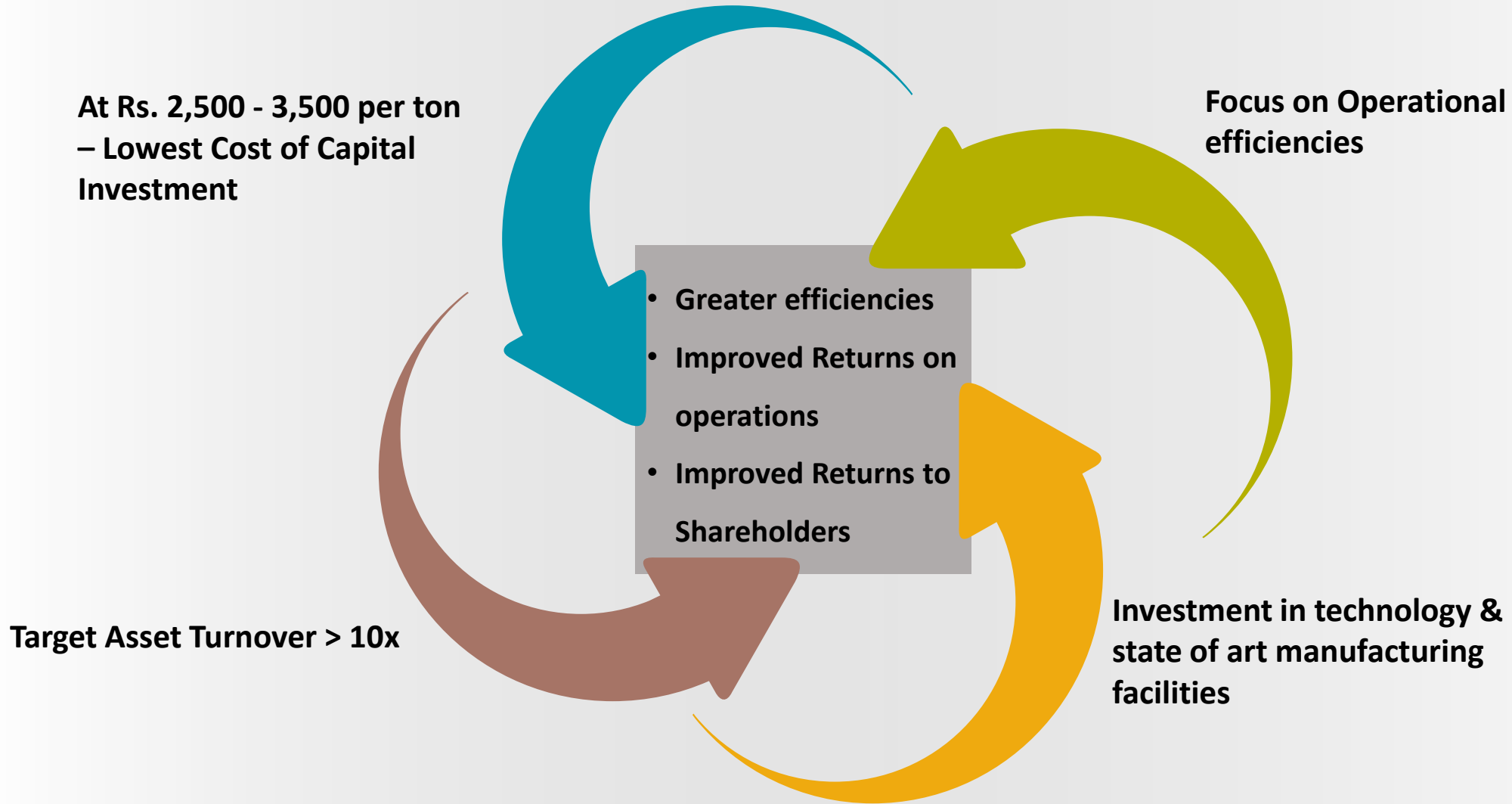
**Way Forward**

## Proposed expansion in Manufacturing Capacities



- After Successful entry in Western India – entering lucrative market of South India
- Closer to both - Market & Raw Material Suppliers
- Significant reduction in cost
- Adding Value Added Products (GP Pipes & GI Pipes) – command higher margins
- Resulting in improved Margins; incremental RoCEs and better RoEs

# Management's Prudence & Focus on Capital Efficiency...



...Key to sustainable and high quality growth

## Financial Performance



# Consolidated Financial Highlights - FY16

**26%**



**Revenue**

Rs. 243.3 cr

**143%**



**EBITDA**

Rs 15.9 cr

**316bps**



**EBITDA Margin**

6.6%

**1,930 bps**



**RoE**

23%

**990 bps**



**RoCE**

18%

**13.8x**

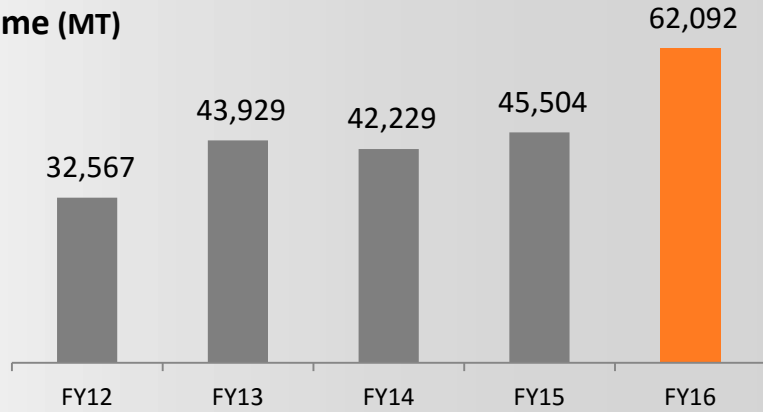
**Asset TO**

Vs 10.6x (FY15)

**...Highest Industry Asset Turnover**

# Strong Operational performance

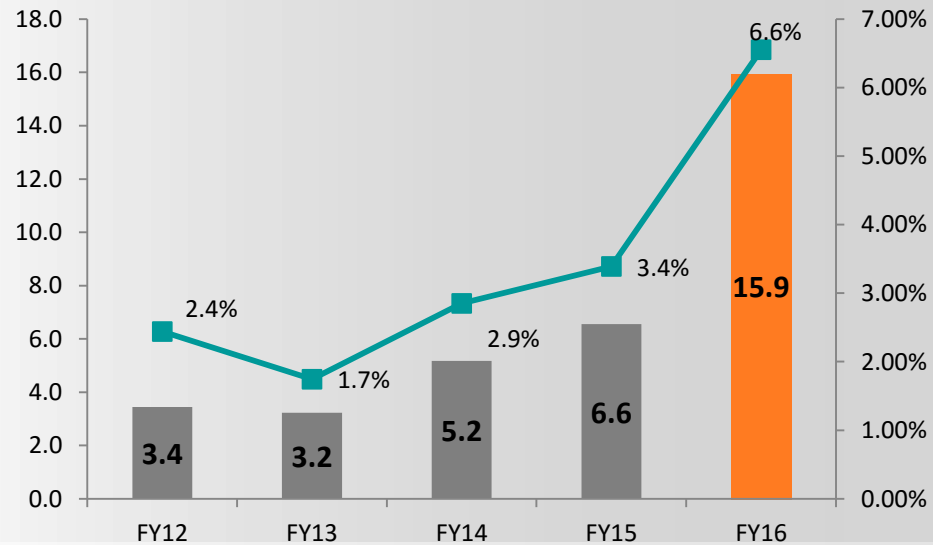
Volume (MT)



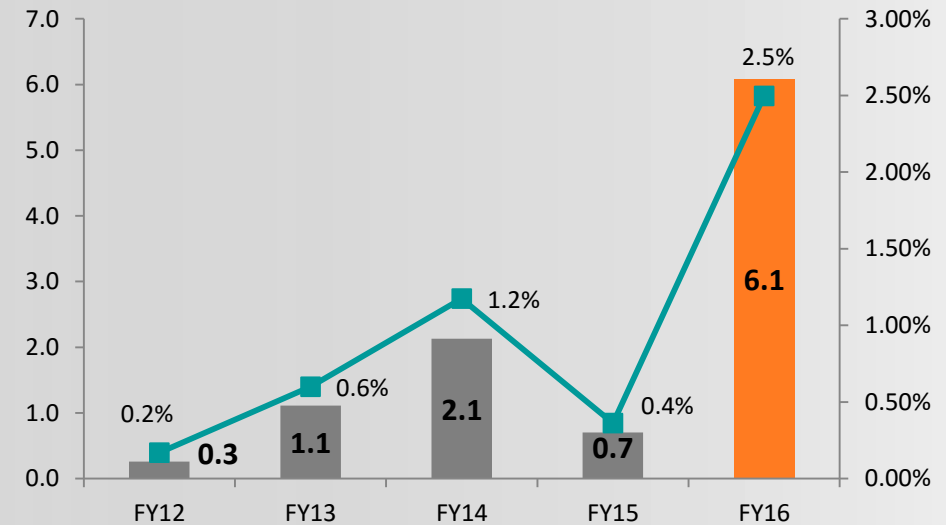
Revenue (Rs. Crore)



EBITDA (Rs. Crore) / Margin (%)

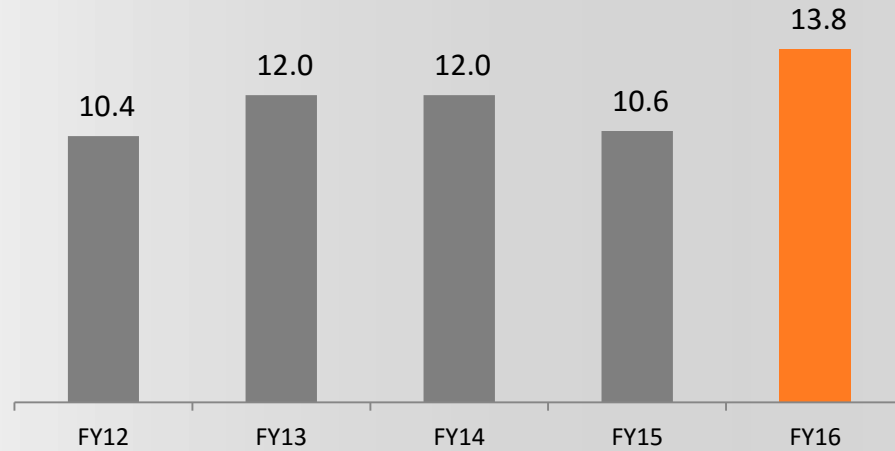


PAT (Rs. Crore) / Margin (%)

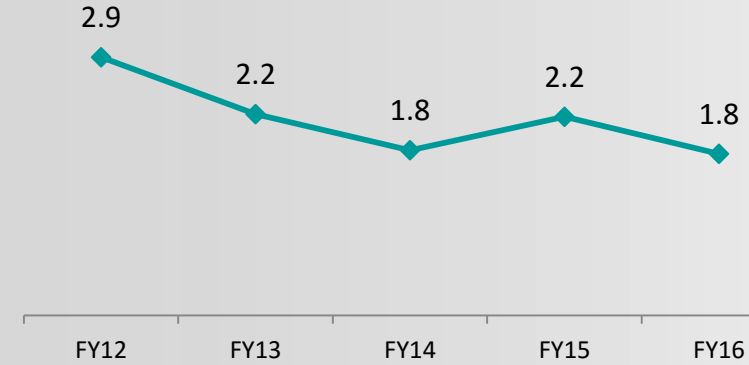


# Strengthening Balance Sheet

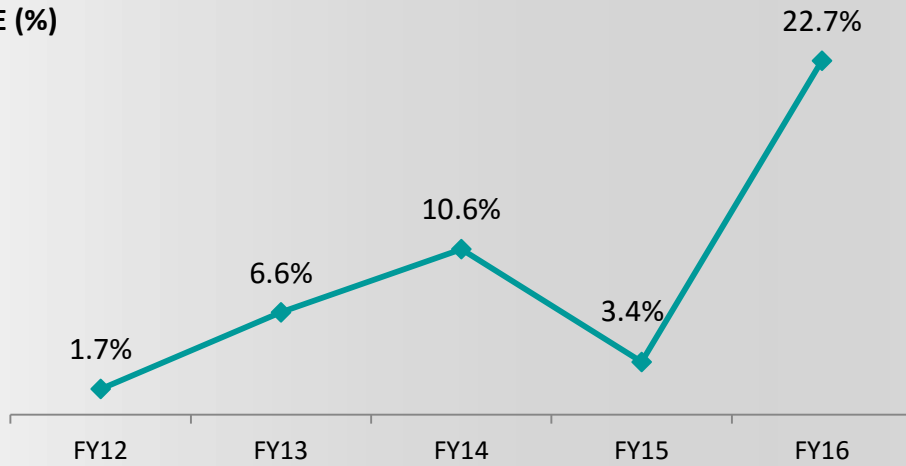
Total Asset Turnover (x)



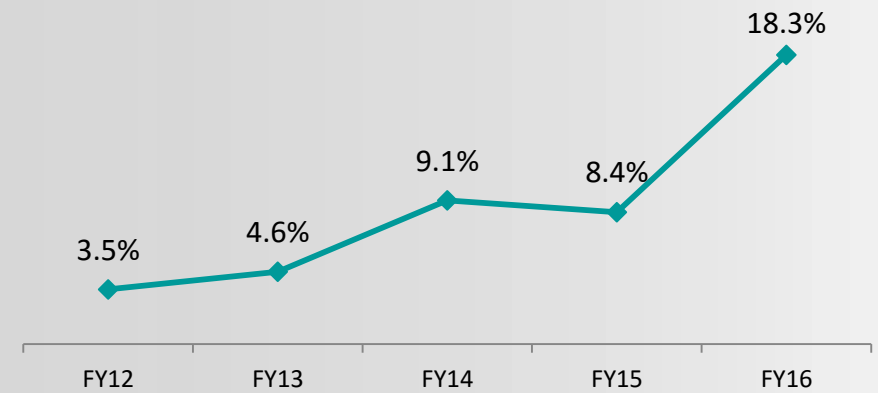
Net Debt/Equity (x)



RoE (%)



RoCE (%)



# Consolidated Annual Profitability Highlights

Rs. Crores	FY16	FY15	YoY %
<b>Total Income from Operations</b>	<b>243.28</b>	<b>193.21</b>	<b>26%</b>
Raw Materials	212.20	169.44	
Employee Cost	3.11	2.78	
Other Cost	12.03	14.44	
Total Expenditure	227.34	186.66	
<b>EBITDA</b>	<b>15.94</b>	<b>6.55</b>	<b>143%</b>
<b>EBIDTA margin (%)</b>	<b>6.55%</b>	<b>3.39%</b>	<b>316 bps</b>
Interest	6.18	5.27	
Depreciation	2.84	2.26	
Other Income	1.74	1.86	
Profit Before Tax	8.66	0.88	
Tax	2.59	0.18	
<b>Profit After Tax</b>	<b>6.07</b>	<b>0.70</b>	<b>768%</b>
<b>PAT Margin (%)</b>	<b>2.50%</b>	<b>0.36%</b>	<b>220 bps</b>

# Consolidated Balance Sheet Highlights

Rs. Crores	Mar-16	Mar-15
<b>Shareholder's Funds</b>	<b>26.72</b>	<b>20.70</b>
Share capital	8.47	2.49
Reserves & Surplus	18.25	18.20
<b>Non-current liabilities</b>	<b>17.15</b>	<b>17.12</b>
Long term borrowings	16.82	16.85
Defer Tax liabilities	0.32	0.27
Other Long-Term liabilities	-	-
Long-Term Provisions	-	-
<b>Current liabilities</b>	<b>63.32</b>	<b>58.37</b>
Short Term Borrowings	37.53	36.09
Trade Payables	15.81	2.34
Other Current liabilities	7.60	19.06
Short-term provisions	2.38	0.87
<b>Total Equities &amp; Liabilities</b>	<b>107.19</b>	<b>96.19</b>

Rs. Crores	Mar-16	Mar-15
<b>Non-current assets</b>	<b>30.94</b>	<b>32.06</b>
Fixed assets	17.68	18.19
Non-current Investments	12.16	12.74
Long-term loans & advances	1.10	1.14
Other non-current assets	-	-
<b>Current assets</b>	<b>76.25</b>	<b>64.12</b>
Current investments	-	-
Inventories	31.67	25.62
Trade receivables	23.54	11.13
Cash & Cash equivalents	6.62	7.45
Short-term loans & Advances	14.42	19.92
Other Current Assets	-	-
<b>Total Assets</b>	<b>107.19</b>	<b>96.19</b>

## Quarterly Highlights

# Consolidated Financial Highlights – Q1 FY17

**24%** ↑

**Revenue**  
Rs 65.6 cr

**142%** ↑

**EBITDA**  
Rs 5.2 cr

**390 bps** ↑

**EBITDA Margin**  
7.9 %

**444%** ↑

**PAT**  
Rs 2.6 cr

**310 bps** ↑

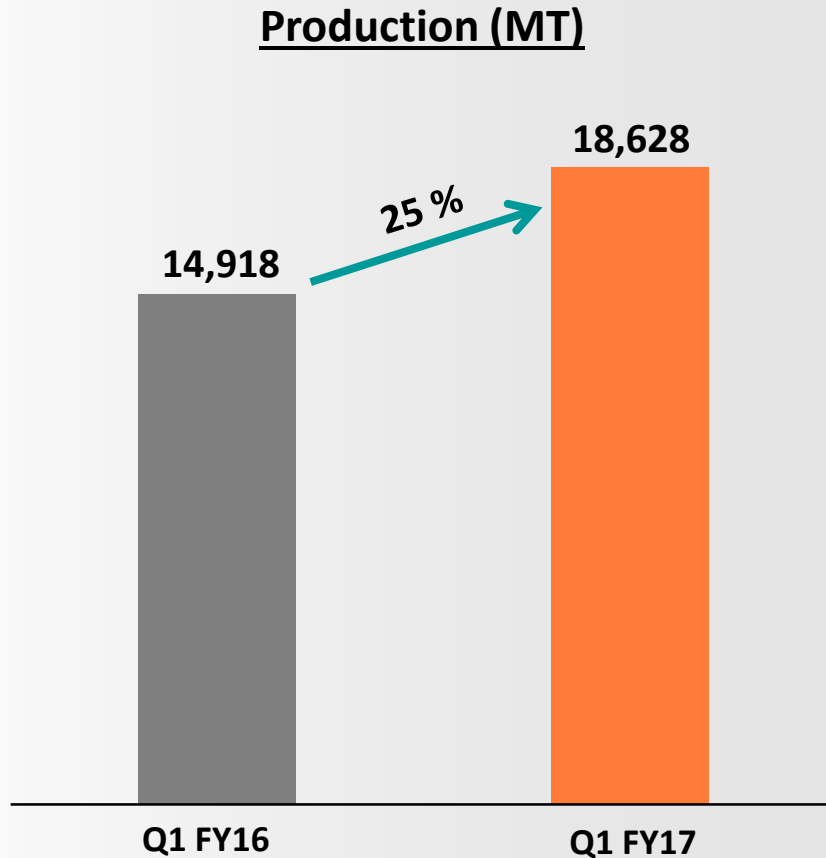
**PAT Margin**  
4.0 %

**1.75\***

**EPS**  
Vs 3.22 (Q1FY16)

*Company declared bonus in 4:1 ratio and split the shares into two  
\*Number of shares increased by Ten times*

# Operational Performance Data – Q1 FY17



- Commenced its second production line at plant in Khopoli, Maharashtra – adding additional of 36,000 MT to existing capacity
- Total installed capacity of the Khopoli plant stands at 72,000 MT
- Manufacturing unit at Khopoli- first venture outside of North India
- Unit 1 at Khopoli started production in June-2015 with capacity of 36,000 MT
- Production achieved in first nine months of operations ending FY2016 - 22,000 MT; ~over 80 percent capacity utilization
- Total capex for Unit 1 was Rs. 7 crore
- Unit 2 has installed capacity of 36,000 MT with total cost of Rs. 5 crore
- Total capex for both units (including land cost) has been Rs 12 crore
- Khopoli plant very strategically located – servicing key high growing markets of Maharashtra, South Gujarat, North Karnataka and Madhya Pradesh
- Units offer an increased range of diverse and value added products (eg Pre-Galvanized Tubes) - bringing down logistics costs, positively impacting realizations and profitability



# Consolidated Quarterly Performance



Rs. Crore	Q1 FY17	Q1 FY16	YoY %	Q4 FY16	QoQ %
<b>Total Income from Operations</b>	<b>65.61</b>	<b>52.90</b>	<b>24%</b>	<b>80.67</b>	<b>(19%)</b>
Raw Materials	56.76	47.65		70.61	
Employee Cost	0.71	0.70		0.67	
Other Cost	2.96	2.41		3.76	
Total Expenditure	60.43	50.76		75.04	
<b>EBITDA</b>	<b>5.18</b>	<b>2.14</b>	<b>142%</b>	<b>5.63</b>	<b>(8%)</b>
<b>EBIDTA margin (%)</b>	<b>7.90%</b>	<b>4.05%</b>	<b>385 bps</b>	<b>6.98%</b>	<b>92 bps</b>
Interest	1.24	1.36		1.47	
Depreciation	0.55	0.51		0.77	
Other Income	0.29	0.39		0.38	
Profit Before Tax	3.68	0.66		3.77	
Tax	1.07	0.18		1.48	
<b>Profit After Tax</b>	<b>2.61</b>	<b>0.48</b>	<b>444%</b>	<b>2.30</b>	<b>13%</b>
<b>PAT Margin (%)</b>	<b>3.98%</b>	<b>0.91%</b>	<b>307 bps</b>	<b>2.85%</b>	<b>113 bps</b>

*Margins improved on account of operational efficiencies and decrease in logistics costs*



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