



RAJRATAN

OUTPERFORM

INDIA | THAILAND

www.rajratan.co.in



RGWL/16-17/

15th February, 2017

To,
Bombay Stock Exchange
Phiroze J.J. Tower
Dalal Street, Fort
MUMBAI – 400 001

Sub: Presentation for investors

Scrip Code: 517522

Dear Sir,

With reference to above subject please find attached herewith presentation for investors.

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

Thanking You

Yours Faithfully

For, **RAJRATAN GLOBAL WIRE LTD.**


SHUBHAM JAIN
COMPANY SECRETARY

Encl: as above

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-I, Pithampur-454775, Dist. Dhar, Madhya Pradesh, India. Tel.: +91-7292-253429, 253375 Fax: +91-7292-253357



February, 2017

About the Company

About Rajratan Global Wire Limited

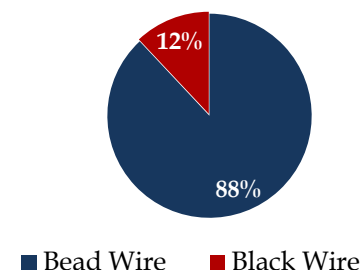
Company Overview

- ▶ Established in 1988 by Mr. Sunil Chordia, Rajratan Global Wires Ltd ("Rajratan India" or "Company") is a market leader in supply of Tyre Bead Wire ("TBW") in India
- ▶ The Company along with its subsidiary Rajratan Thai Wire Company ("Rajratan Thailand") has ~ 39% share of the Indian TBW market
- ▶ Had earlier entered into Joint Venture with Gustav Wolf (Germany) for gaining technical know-how, later in 2003 shareholding held by Gustav Wolf was bought back by the promoters.
- ▶ Long term supplier for almost all major tyre manufacturers in India and is the market leader in the automotive tyre segment since 2012
- ▶ Second largest manufacturer (by capacity) of automotive TBW in India and only player manufacturing TBW in Thailand
- ▶ Along with TBW, the Company also manufactures other specialised steel wires (*black wire*) like rope wires, spring wires, auto cable outer, etc.
- ▶ Commenced international operations in 2008 by setting up a plant in Thailand through a wholly owned subsidiary Rajratan Thai Wire Company
- ▶ Two manufacturing facilities located at :
 - ❖ Pithampur, India: 36,000 MTPA; ISO TS:16949:2009, ISO 14001:2004 and OHSAS:18001:2007 certified
 - ❖ Ratchaburi, Thailand: 26,400 MTPA; ISO/ TS 16949:2009 certified
- ▶ Approved by over 30 tyre manufacturers across the globe as preferred supplier
- ▶ In FY16, exports contributed to ~3% of Rajratan India revenues and ~42% of Rajratan Thailand
- ▶ In house technology development by its subsidiary Swaraj Technocrafts, for manufacturing of wire drawing machines
- ▶ Reported a consolidated revenue of INR 2099 mn and a consolidated PAT of INR 154 mn for nine months ended December 31, 2016.
- ▶ Listed on BSE with a market cap of ~ INR 2550 mn as on 10th February, 2017.

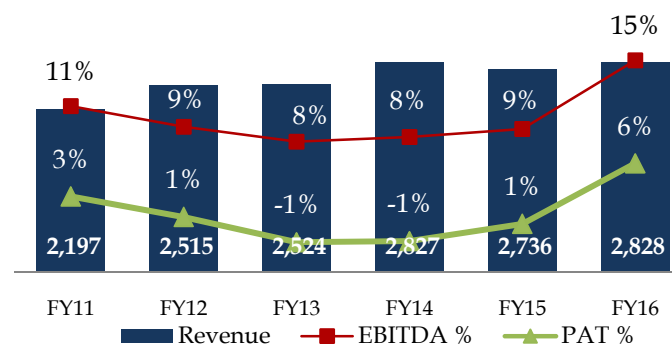
Key Clientele



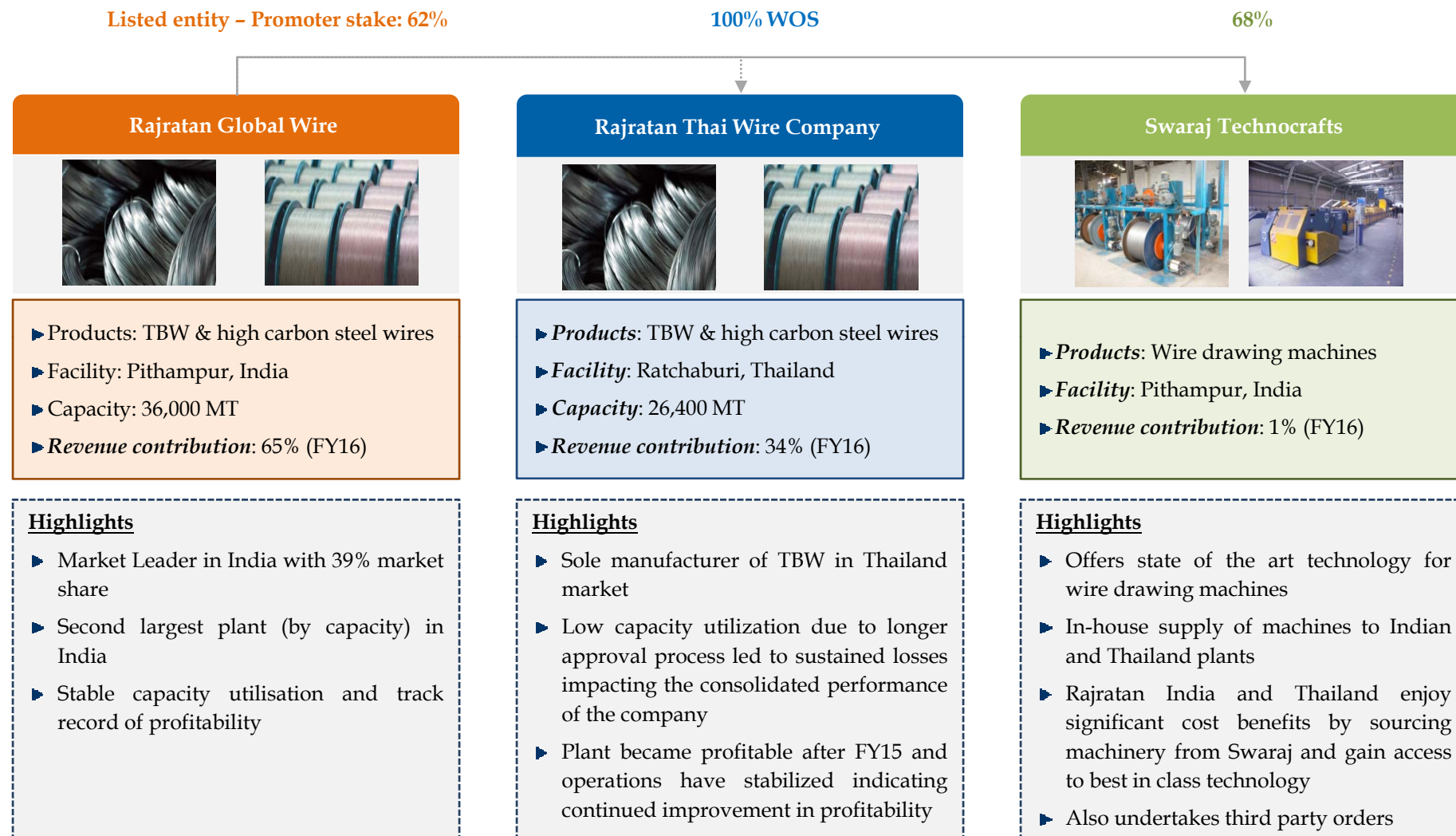
Segmental Revenue (FY16)



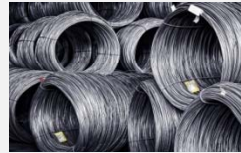
Consolidated Financial Performance (INR mn)



* Improved profitability due to stabilization of Thailand operations



Product Description



Steel Wire Rod
Raw Material

- ▶ Steel wire rods is the primary raw material used for manufacturing



Tyre Bead Wire

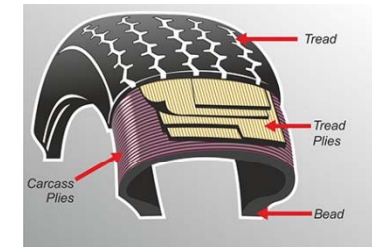
Application

- ▶ Application across all types of tyres (viz. Tube & Tubeless) across the automobile, earth moving equipment and aircrafts segment



Function

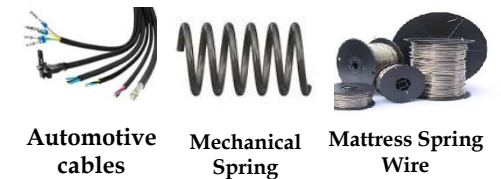
- ▶ The product is used in traditional as well as radial tyres
- ▶ Main function is to hold tyre on the rim and to resist the action of inflated pressure
- ▶ It is the crucial link through which the vehicle load is transferred from rim to tyre



High Carbon Steel Wire

Application

- ▶ Application across automobile, construction and engineering industries



Function

- ▶ Popularly known as “Black Wire”, this is mainly used for manufacturing purposes such as creating springs or high strength wires.



Stable & Profitable Domestic Operations

"2nd Largest tyre bead wire facility in India with market leadership in the Indian markets"



Market leader in Automotive Tyre segment since FY12 with a capacity of 36,000 MT as on FY16.



Plant approved with over 15 major tyre manufacturers in India and abroad

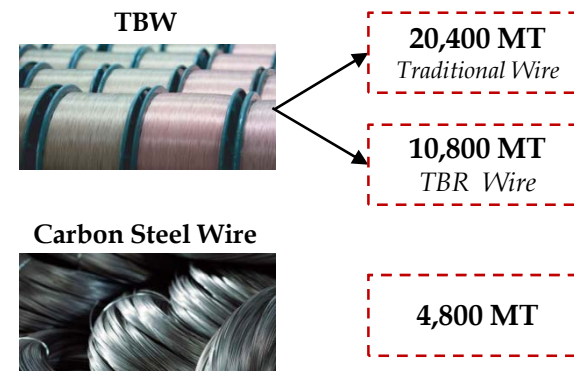


Currently employs 300+ people in India



ISO TS:16949:2009, ISO 14001:2004 and OHSAS:18001:2007 certified plant located centrally in the industrial district of Pithampur, Madhya Pradesh

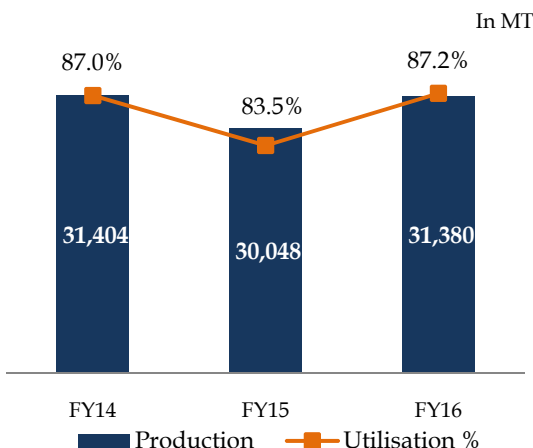
Annual Manufacturing Capacities



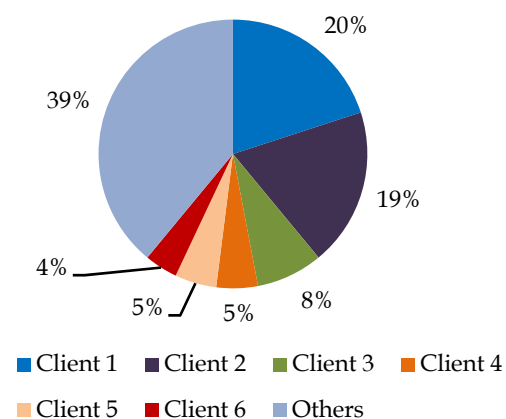
Rajratan India Financial Performance

INR mn	FY14	FY15	FY16
Revenue	1,912	1,871	1,830
EBITDA	220	206	246
<i>Margin (%)</i>	<i>11.5%</i>	<i>11.0%</i>	<i>13.4%</i>
PAT	72	63	97
<i>Margin (%)</i>	<i>3.8%</i>	<i>3.4%</i>	<i>5.3%</i>

Plant operating near optimum levels



Diversified Clientele



Optimum utilization levels at Thailand plant...

"Financial performance stabilising on account of improved capacity utilisations"



Sole manufacturer of tyre bead wire in Thailand



Plant approved with over 15 major tyre manufacturers across the globe



Significant logistic benefits enjoyed by the plant as major tyre manufacturers are located in close proximity



Current annual capacity at 26,400 MT (added 2,400 MT of TBW capacity in Dec 2016)

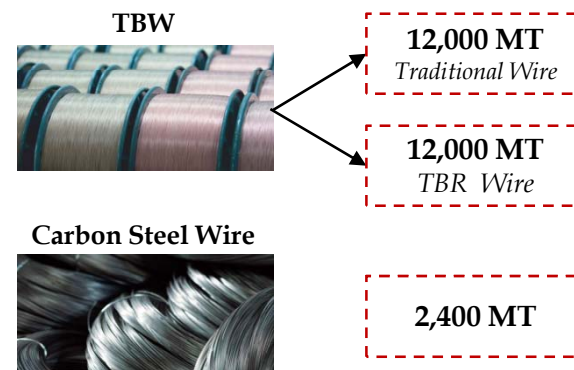


170 + workforce at the facility



Major export markets are Sri Lanka, Vietnam, Malaysia, Korea, Europe & India

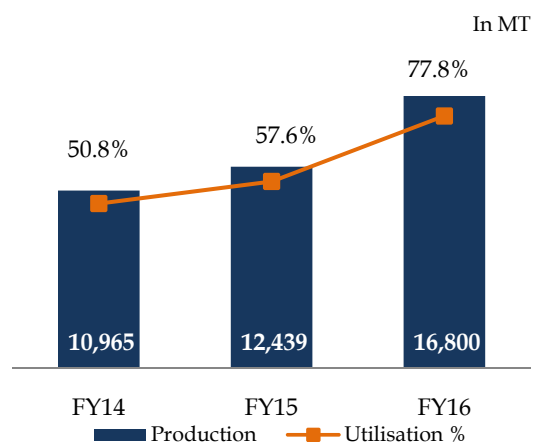
Annual Manufacturing Capacities



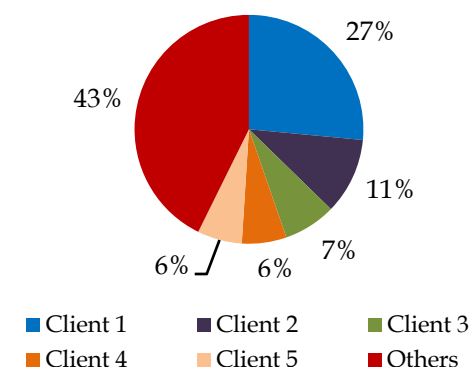
Rajratan Thailand Financial Performance

INR mn	FY14	FY15	FY16
Revenue	683	731	957
EBITDA	(6)	42	176
<i>Margin (%)</i>	<i>-0.9%</i>	<i>5.7%</i>	<i>18.4%</i>
PAT	(96)	(43)	72
<i>Margin (%)</i>	<i>-14%</i>	<i>-5.9%</i>	<i>7.5%</i>

Improved bead wire capacity utilization



Diversified Clientele



Thailand Operations in a sweet spot...

Capturing 100% Share of Business

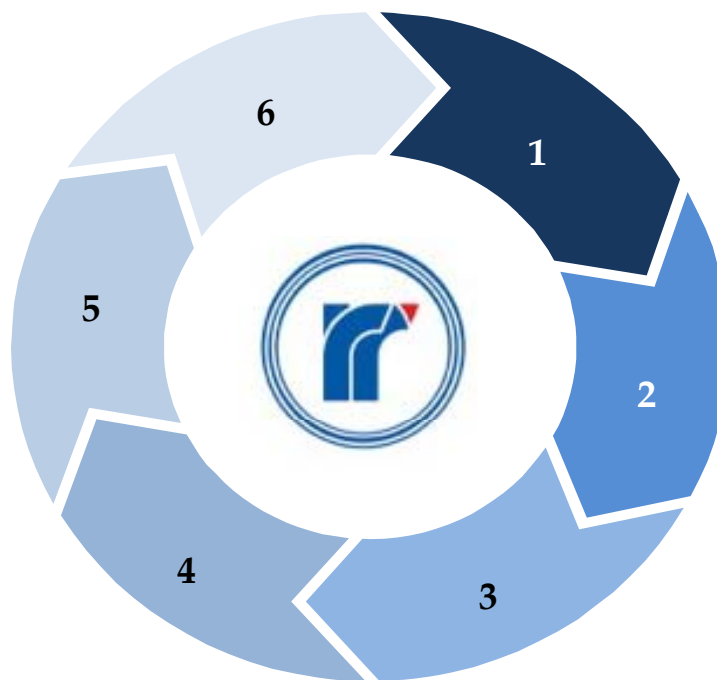
- Sole supplier to companies such as Otani Radial, ND Rubber, Siam Rubber, Hihero, Union, BKF & Camel
- Imposition of anti-dumping duties may further increase demand for Rajratan's TBW in the local market

Gaining Market Share

- Rajratan Thailand had a domestic market share of ~20% in FY16.

Approvals in place

- Received approvals from Svizz-one Company, Siam Rubber and ZC Rubber
- Trials have reached an advanced stage with Bridgestone



Favorable Market Conditions

- Thailand is one of the largest producers of natural rubber making it a market of choice for global tyre manufacturers
- Presently there are 20 tyre manufactures in Thailand, out of which 5 are Japanese & Taiwanese, providing a good opportunity for Rajratan
- Entry of new tyre manufacturer in Thailand

Growing Export Market

- Largest supplier to the Sri Lankan Tyre market
- Strong foot-hold in other South East Asian countries like Vietnam & Malaysia
- Visible growth in South East Asia and the American region

Preferred supplier by Global OEM's

- Major Japanese clients include Sumitomo, Bridgestone & Yokohama
- Largest supplier to Sumitomo, supplying over 40% of their beadwire consumption
- Expects to make similar inroads with Bridgestone, final approval awaited

Factors that will drive growth in Thailand

Adding Production Capacity

- On track to increase annual capacity from 24,000 MT to 26,400 MT by December 2016 (achieved)
- Further expansion of 9,600 MT over the next 3 years has also been planned to meet the growing demand for the company's product

Demand from approvals to commence

- Approvals from major OEM's in place to provide stability in sales along with maintaining economies of scale
- Cost benefits from low energy and steel prices are also expected to aid performance

Imposition of Anti Dumping Duty

- Requested imposition of anti-dumping duty against Chinese products which is currently under review by Thailand's department of foreign trade
- Implementation is expected within a year's time which is further expected to boost Rajratan's domestic sales volume

Increased Warehouse Capacity

- Invested in a new warehouse facility which is expected to help Rajratan Thailand to maintain sufficient inventory levels
- Increase in minimum stock volume is being prioritized which will ensure efficient delivery performance

OUTPERFORM

"Growth Momentum Expected to Sustain in Thailand"

Long standing relationships with marquee clients

Association spanning over a decade in case of almost all Tyre manufacturers from the Indian Facility...



HINDUSTAN TYRE CO.

apollo

CEAT



...has resulted in continued relationship at Thailand facility



apollo



...As well as forging new relationships



Experienced core management team with strong industry connect

Mr. Sunil Chordia
Founder and Managing Director

- ▶ Steered Rajratan towards significant growth in the Tyre Bead Wire business and helped the company receive international approvals in a short span of time
- ▶ Possesses over 27 years of experience and holds BSC, DCMA and MBA (Finance) degrees from DAVV, Indore
- ▶ Ex-chairman of Confederation of Indian Industries (CII), Madhya Pradesh State Council and Steel Wire Manufacturers Association of India & ex-chairman of Indore Management Association
- ▶ Currently Regional Council member of CII, Chairman of Industrial Training Institute-Manpur, Managing Committee member of Friends of Tribal Society, Indore and on the board of Indore Management Association

Mr. Yashovardhan Chordia
*Director – Rajratan Thailand &
Promoter – Rajratan India*

- ▶ Holds a Bachelors of Business Administration (Finance) & BA majors in (Psychology)
- ▶ As a consultant for 3 years at Levers for change, he has experience in working on turn-around projects for various sectors like steel, Refinery, Health Care, Refractory & Plastic.
- ▶ Associated with Steel Wire Manufacturing association of India, Indo-Thai Chamber of Commerce, Thai Management Association, Thai Institute of Directors & Young Indians - Indore chapter

Mr. B.K Reddy
Technical Director, Rajratan Thailand

- ▶ Vast experience of 39 years of working in the steel wire industry with previous engagements at Panyam Cement and Bharuka Steel
- ▶ Joined Rajratan's PC wire business in the year 1990 & soon took over the responsibility of setting up the Bead Wire plant in India as well Thailand

Mr. A.K Sinha
AVP, Rajratan India

- ▶ Holds a B.Sc. degree and graduated from Rohtak University Haryana and a B.E.(Production Engineering) from BIT, Mesra Ranchi.
- ▶ Associated with Rajratan India from last 21 years and has an overall experience of 29 years

Mr. Amol Mokhadkar
Head, Rajratan Technical Centre

- ▶ Holds a B.E. Metallurgy and recently completed course on operations Management from Wharton Business School, Pennsylvania. He is also a Qualified internal auditor for ISO TS 16949 QMS.
- ▶ 12 years of experience in wire industry and has also worked in various fields such as Manufacturing, Planning, Quality Control, Quality Assurance

Mr. Lalit Gupta
Quality Assurance – Rajratan Thailand

- ▶ Holds a B.Tech (Industrial Engineering and Management with Specialisation in TQM), Black Belt in Six-Sigma, MR (TS-16949:2009).
- ▶ Experience of over 28 years in Quality Management and Operations Management

Mr. Parag Khanwalkar
Marketing – Rajratan India & Thailand

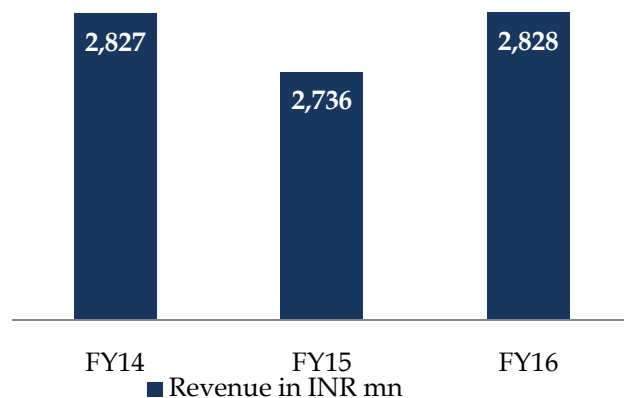
- ▶ Graduated in science & holds a MBA degree in Marketing.
- ▶ Involved in generating new business and market segments for the company
- ▶ Possesses over 25 years of experience in handling industrial and automobile sales and associated with Rajratan since 2007
- ▶ Helped Rajratan to grow sales and maintain strong customer relationships

Financial Overview

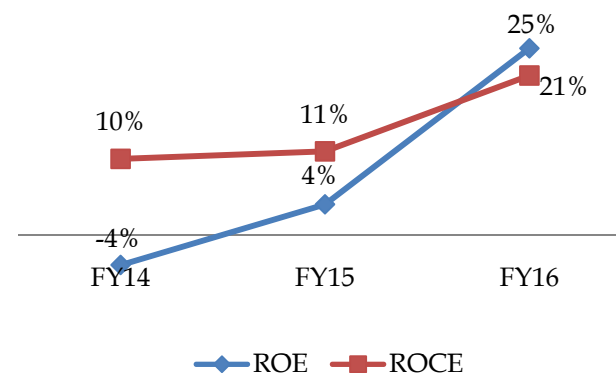
Financial Snapshot (consolidated)



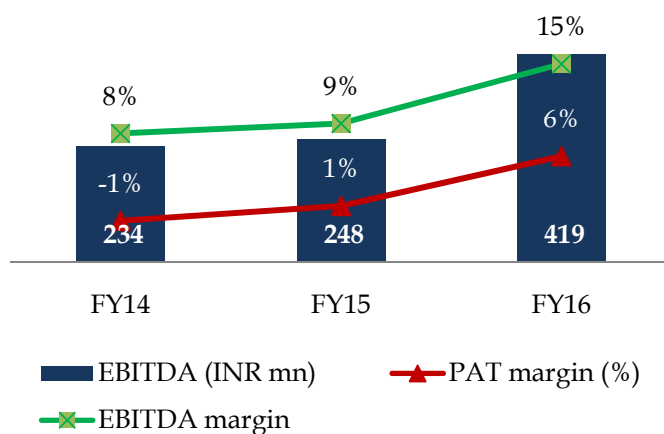
Revenue



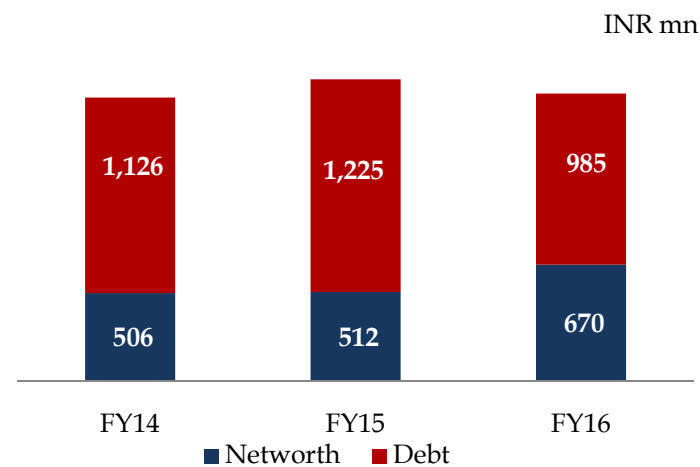
Return Ratios(%)



Operating Performance



Debt & Equity



Standalone Financials

Balance Sheet (INR mn)	FY14	FY15	FY16	Sep'16
Share Capital	44	44	44	44
Reserves & Surplus	725	775	865	911
Net worth	769	819	909	955
Long Term Borrowings	98	231	206	182
Short Term Borrowings	443	433	316	342
Deferred Tax Liabilities	84	81	80	81
Trade Payables	284	281	69	151
Other Current Liabilities	24	27	34	46
Total Liabilities	1,704	1,873	1,614	1757
Fixed Assets (incl. CWIP)	429	409	426	420
Other Non Current Assets	374	501	498	523
Current Assets (excl. Cash)	891	908	663	778
Cash & Cash Equivalents	10	54	27	36
Total Assets	1,704	1,872	1,614	1,757

Income Statement (INR mn)	FY14	FY15	FY16
Revenue	2,321	2,390	2,069
COGS	1,646	1,715	1,322
<i>% of sales</i>	<i>71%</i>	<i>72%</i>	<i>64%</i>
Employee expenses	99	100	104
<i>% of sales</i>	<i>4%</i>	<i>4%</i>	<i>5%</i>
Other Expenses	354	368	397
<i>% of sales</i>	<i>15%</i>	<i>15%</i>	<i>19%</i>
EBITDA	221	207	246
<i>Margin(%)</i>	<i>9.5%</i>	<i>8.7%</i>	<i>11.9%</i>
Other Income	11	10	13
EBITDA (incl. other income)	232	217	259
<i>Margin(%)</i>	<i>10%</i>	<i>9.1%</i>	<i>12.5%</i>
Finance costs	89	91	82
Depreciation	39	30	31
PBT	104	96	146
<i>Margin(%)</i>	<i>4.5%</i>	<i>4%</i>	<i>7.1%</i>
PAT	72	64	97
<i>Margin(%)</i>	<i>3.1%</i>	<i>2.8%</i>	<i>4.7%</i>

Consolidated Financials

Balance Sheet (INR mn)	FY14	FY15	FY16	Sep'16
Share Capital	44	44	44	44
Reserves & Surplus	462	469	627	753
Net worth	506	512	671	796
Minority Interest	7	6	4	1
Long Term Borrowings	343	413	287	218
Short Term Borrowings	783	811	699	715
Deferred Tax Liabilities	86	82	82	83
Trade Payables	426	332	262	436
Other Current Liabilities	35	54	39	71
Total Liabilities	2,185	2,210	2,044	2320
Fixed Assets (incl. CWIP)	1,055	1,037	1,055	1121
Other Non Current Assets	50	46	23	10
Current Assets (excl. Cash)	1,068	1,070	938	1151
Cash & Cash Equivalents	12	56	29	38
Total Assets	2,185	2,210	2,044	2320

Income Statement (INR mn)	FY14	FY15	FY16
Revenue	2,827	2,736	2,828
COGS	1,890	1,768	1,639
<i>% of sales</i>	<i>67%</i>	<i>65%</i>	<i>58%</i>
Employee expenses	172	174	176
<i>% of sales</i>	<i>6%</i>	<i>6%</i>	<i>6%</i>
Other Expenses	530	547	593
<i>% of sales</i>	<i>19%</i>	<i>20%</i>	<i>21%</i>
EBITDA	234	247	419
<i>Margin(%)</i>	<i>8%</i>	<i>9%</i>	<i>15%</i>
Other Income	8	10	8
EBITDA (incl. other income)	242	257	427
<i>Margin(%)</i>	<i>9%</i>	<i>9%</i>	<i>15%</i>
Finance costs	154	141	147
Depreciation	75	67	68
PBT	13	49	213
<i>Margin(%)</i>	<i>1%</i>	<i>2%</i>	<i>8%</i>
PAT	(20)	17	163
<i>Margin(%)</i>	<i>-1%</i>	<i>1%</i>	<i>6%</i>

Financials : Income Statement (9 months)

Consolidated:

Income Statement (INR mn)	9MFY17	9MFY16
Revenue	2099	2129
COGS	1210	1261
<i>% of sales</i>	<i>58%</i>	<i>59%</i>
Employee expenses	148	137
<i>% of sales</i>	<i>7%</i>	<i>6%</i>
Other Expenses	441	444.6
<i>% of sales</i>	<i>21%</i>	<i>21%</i>
EBITDA	300	286
<i>Margin(%)</i>	<i>14.3%</i>	<i>13.4%</i>
Other Income	14	5
EBITDA (incl. other income)	314	291
<i>Margin(%)</i>	<i>15%</i>	<i>13.7%</i>
Finance costs	81	110
Depreciation	52	51
PBT	182	130
<i>Margin(%)</i>	<i>8.6%</i>	<i>6.1%</i>
PAT	155	102
<i>Margin(%)</i>	<i>7.4%</i>	<i>4.8%</i>