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Rama Steel Tubes Ltd.

Manufacturers & Exporters : ERW Steel Tubes (Black & Galvanised)

CIN : L27201DL1974PLC007114

Regd. Office

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August 10, 2016

| | |
|---|---|
| Corporate Services Department National Stock Exchange of India Ltd Exchange Plaza, Bandra Kurla Complex, Bandra(E), Mumbai - 400 051 NSE Symbol: RAMASTEEL | Corporate Services Department BSE Limited P.J. Towers, Dalal Street, Mumbai - 400 001 BSE Code: 539309 |
|---|---|

SUB: INVESTOR PRESENTATION

Dear Sir / Madam,

Please find attached herewith Investor Presentation of the Company w.r.t. Quarterly Results of the Company for your record and further dissemination.

Kindly take the same on record.

Thanking you,

For **RAMA STEEL TUBES LIMITED**

(KAPIL DATTA)
COMPANY SECRETARY





Rama Steel Tubes Limited

Investor Presentation

August 2016



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➤ **Company Overview**



➤ **Business Overview**



➤ **Way Forward**



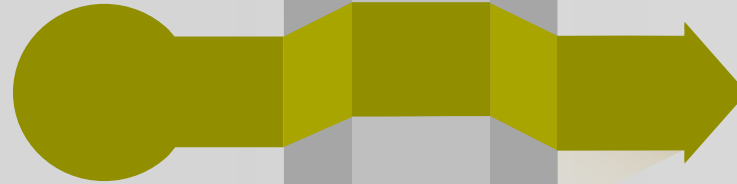
➤ **Financial Performance**



➤ **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

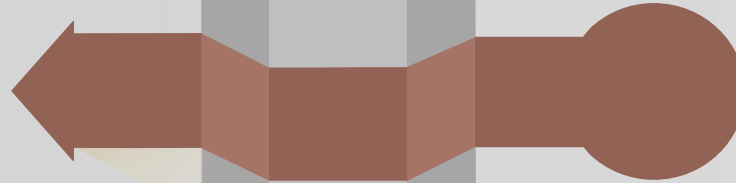


State of Art manufacturing facilities

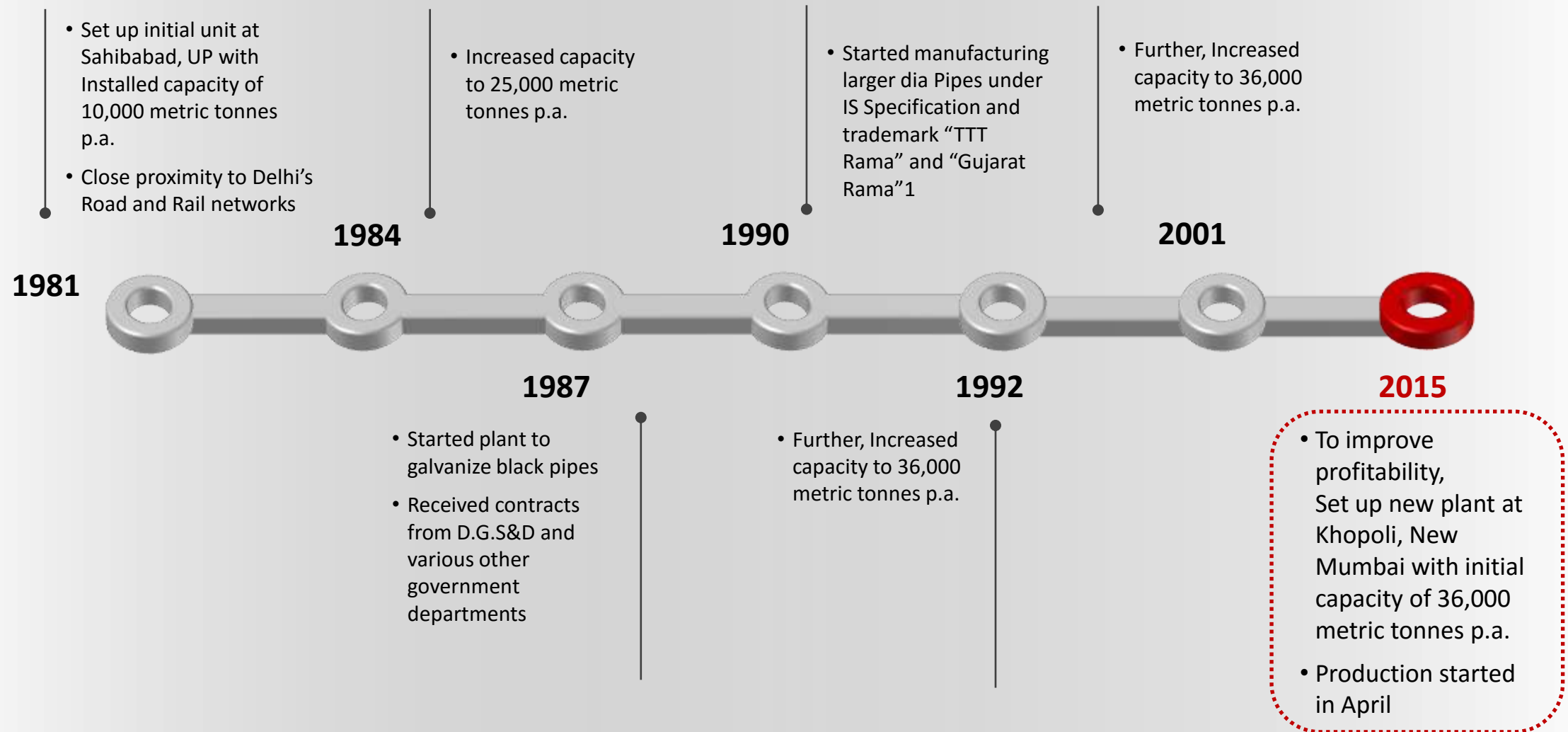
- Two state of art manufacturing facilities in Sahibabad and Khopoli
- Plans to foray into South India with facility at Lepakshi

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

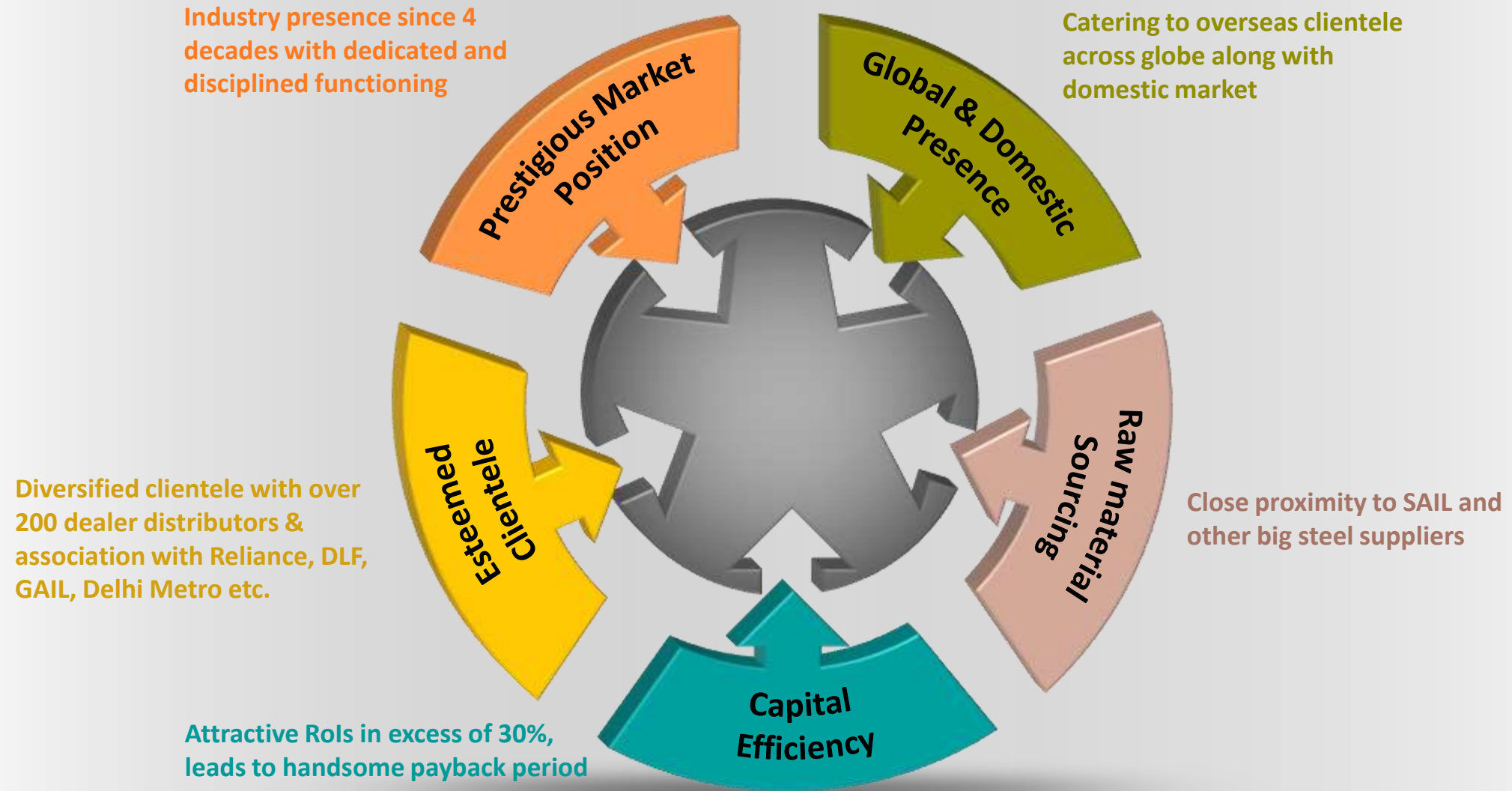
| Product | | Application |
|------------------------------------|---|--|
| ERW Galvanised Steel Pipes & Tubes |  | Water pipeline, Tubewells, Gas Pipelines, Oil Pipelines, Cross Country Pipelines |
| ERW Black Steel Pipes & Tubes |  | Road Barriers, Temporary Fencing, Steel Gates and Windows, Horse 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

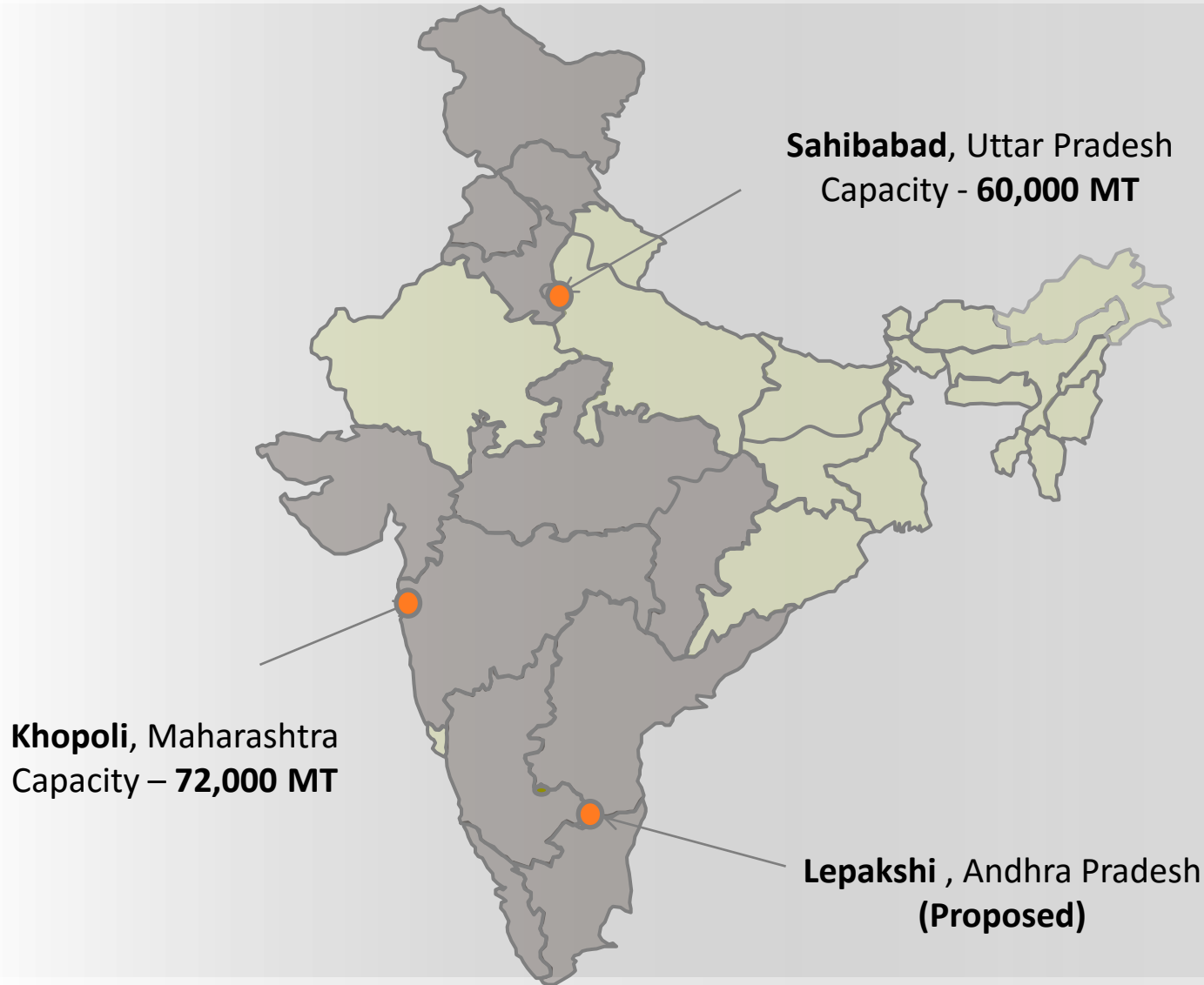


Established & Strong Brand Name - “TTT RAMA”

Key Strategic Advantages



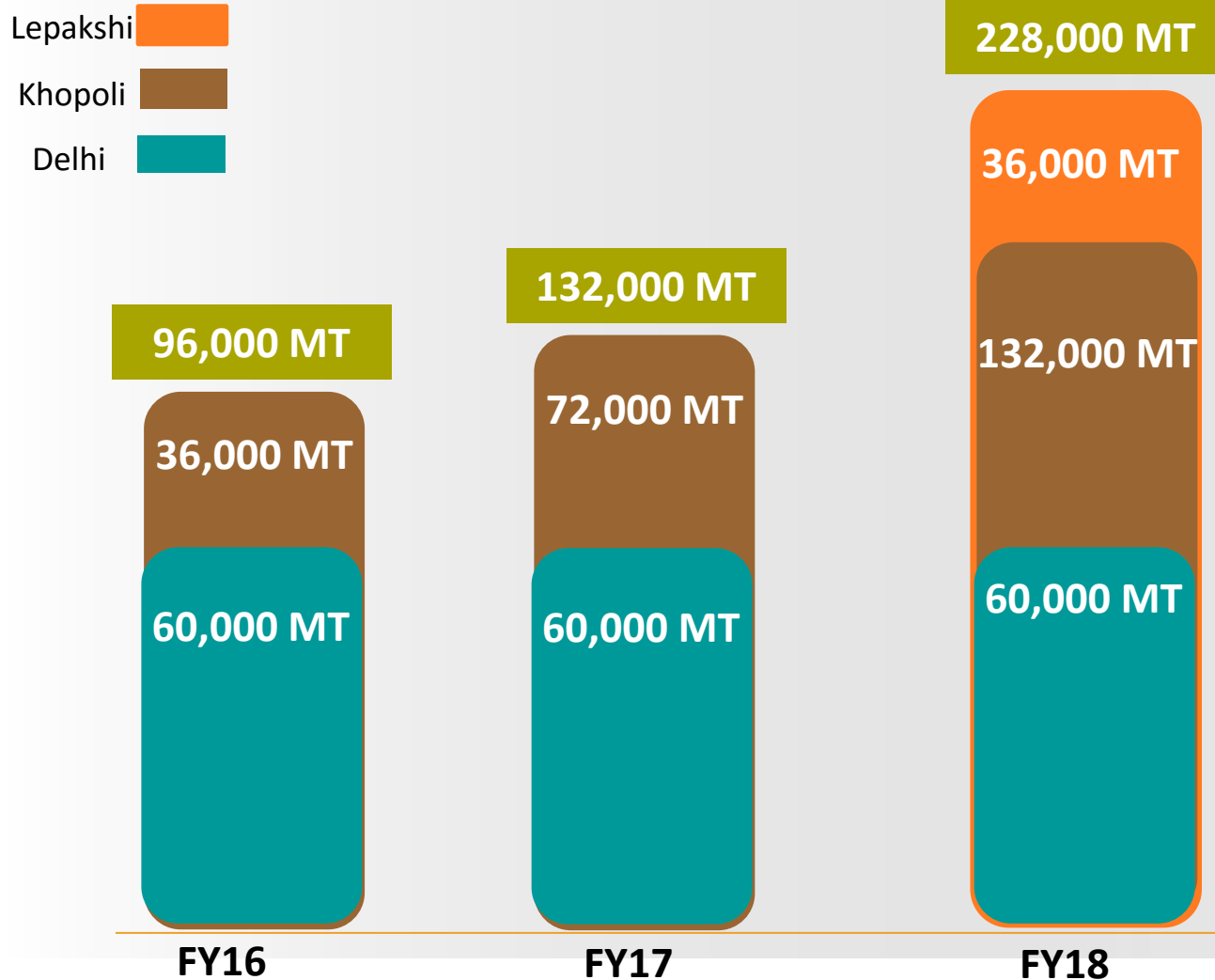
Fungible Manufacturing Facilities with Locational Advantage



- 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

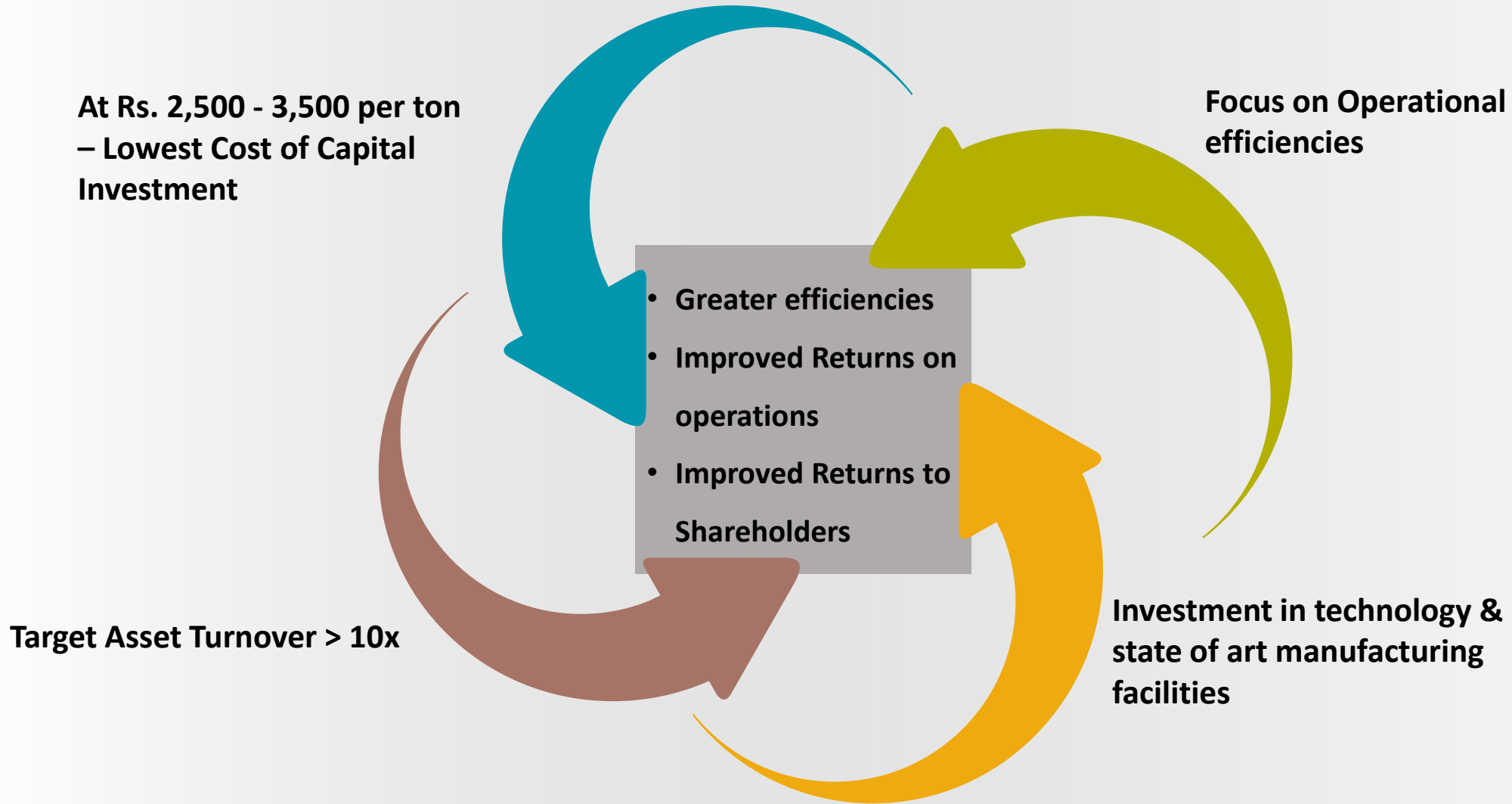
Way Forward

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

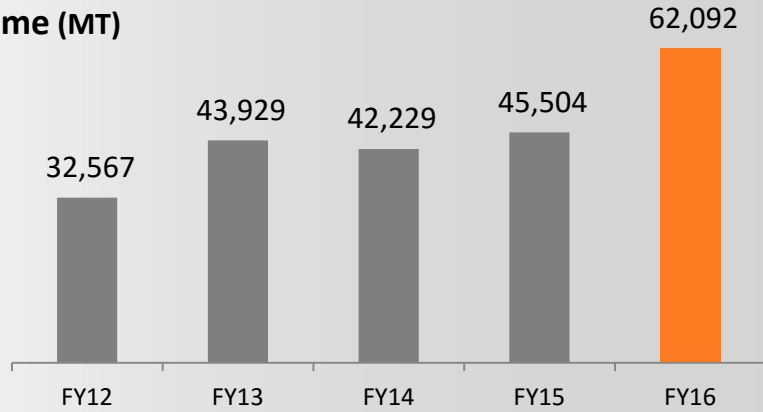
Asset TO

Vs 10.6x (FY15)

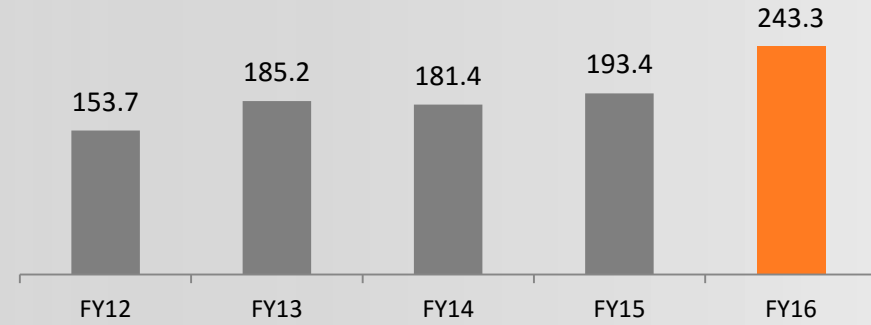
...Highest Industry Asset Turnover

Strong Operational performance

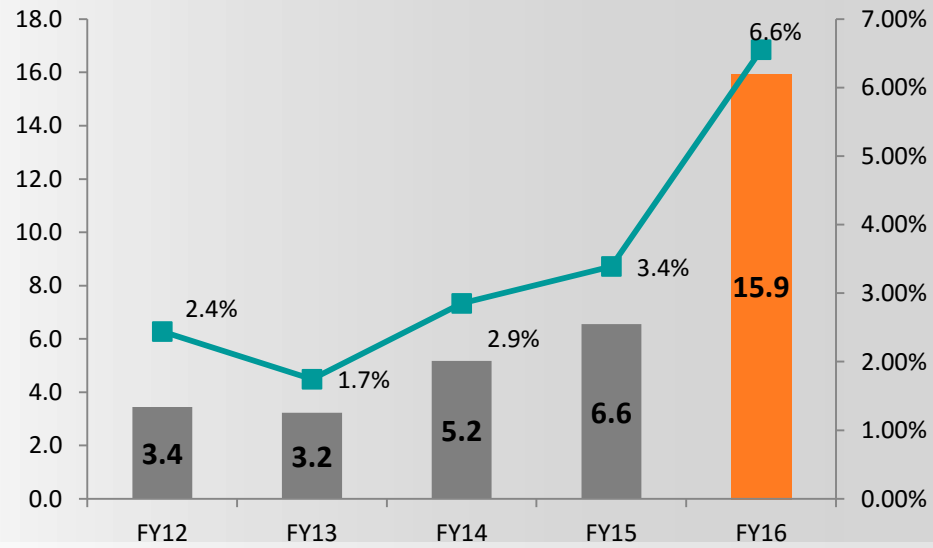
Volume (MT)



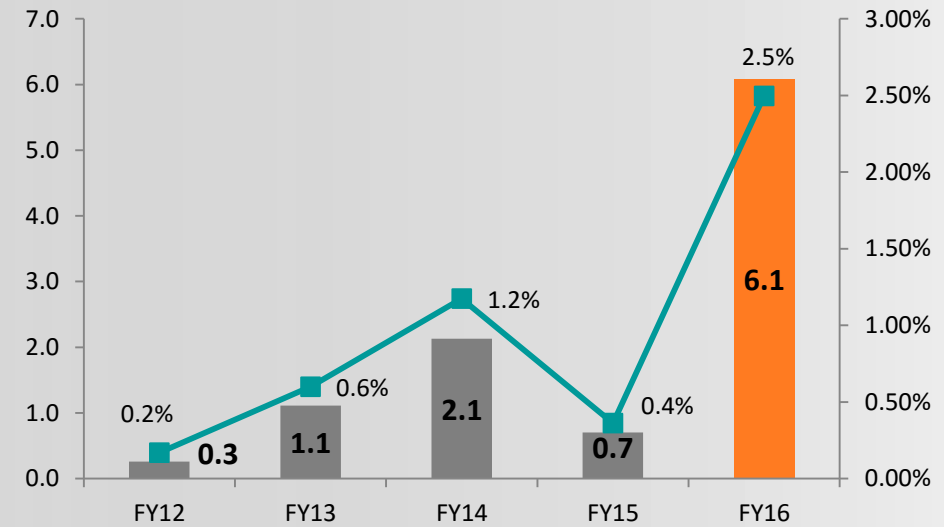
Revenue (Rs. Crore)



EBITDA (Rs. Crore) / Margin (%)

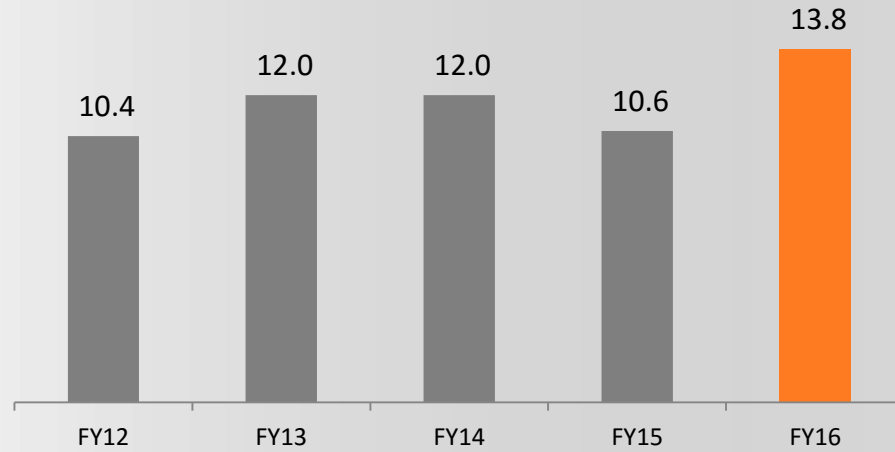


PAT (Rs. Crore) / Margin (%)

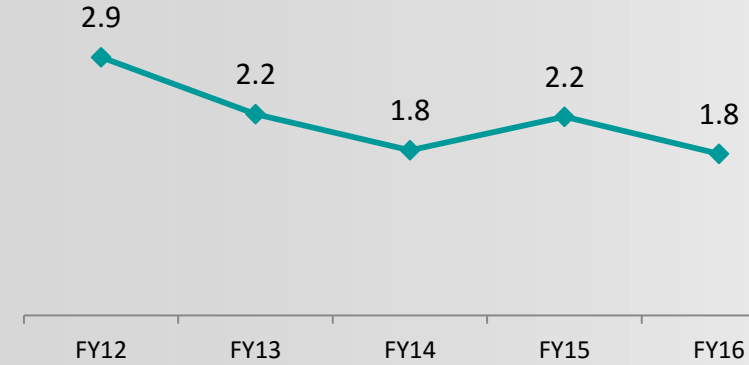


Strengthening Balance Sheet

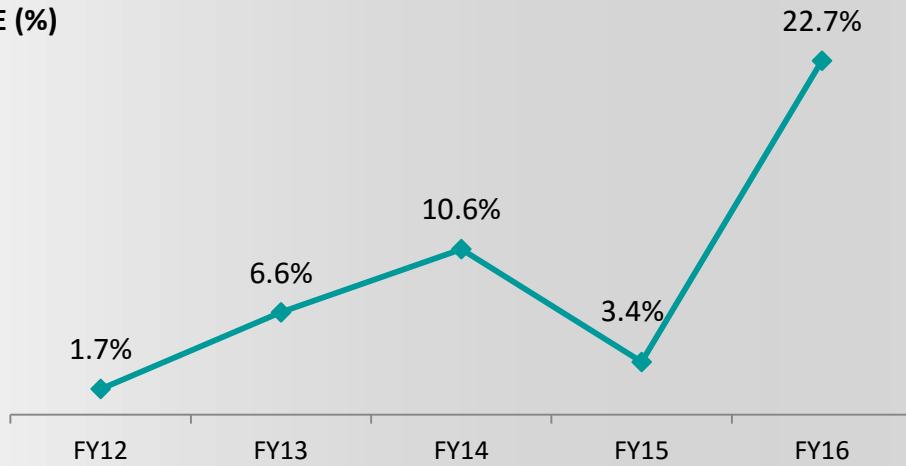
Total Asset Turnover (x)



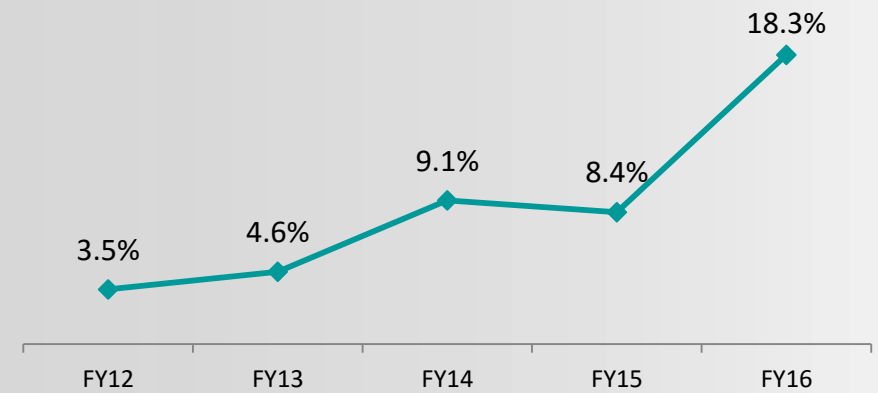
Net Debt/Equity (x)



RoE (%)



RoCE (%)



Consolidated Annual Profitability Highlights

| Rs. Crores | FY16 | FY15 | YoY % |
|-------------------------------------|---------------|---------------|----------------|
| Total Income from Operations | 243.28 | 193.21 | 26% |
| Raw Materials | 212.20 | 169.44 | |
| Employee Cost | 3.11 | 2.78 | |
| Other Cost | 12.03 | 14.44 | |
| Total Expenditure | 227.34 | 186.66 | |
| EBITDA | 15.94 | 6.55 | 143% |
| EBIDTA margin (%) | 6.55% | 3.39% | 316 bps |
| 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 | |
| Profit After Tax | 6.07 | 0.70 | 768% |
| PAT Margin (%) | 2.50% | 0.36% | 220 bps |

Consolidated Balance Sheet Highlights

| Rs. Crores | Mar-16 | Mar-15 |
|---|---------------|--------------|
| Shareholder's Funds | 26.72 | 20.70 |
| Share capital | 8.47 | 2.49 |
| Reserves & Surplus | 18.25 | 18.20 |
| Non-current liabilities | 17.15 | 17.12 |
| Long term borrowings | 16.82 | 16.85 |
| Defer Tax liabilities | 0.32 | 0.27 |
| Other Long-Term liabilities | - | - |
| Long-Term Provisions | - | - |
| Current liabilities | 63.32 | 58.37 |
| 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 |
| Total Equities & Liabilities | 107.19 | 96.19 |

| Rs. Crores | Mar-16 | Mar-15 |
|-----------------------------|---------------|--------------|
| Non-current assets | 30.94 | 32.06 |
| 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 | - | - |
| Current assets | 76.25 | 64.12 |
| 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 | - | - |
| Total Assets | 107.19 | 96.19 |

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 ↑

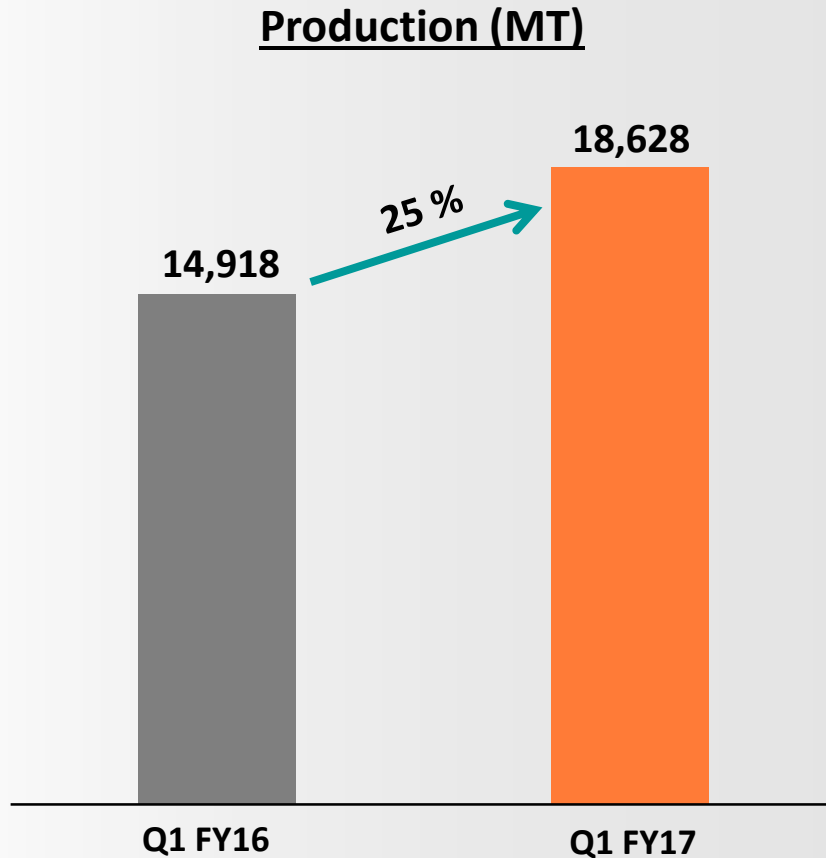
PAT Margin
4.0 %

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 % |
|-------------------------------------|--------------|--------------|----------------|--------------|----------------|
| Total Income from Operations | 65.61 | 52.90 | 24% | 80.67 | (19%) |
| 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 | |
| EBITDA | 5.18 | 2.14 | 142% | 5.63 | (8%) |
| EBIDTA margin (%) | 7.90% | 4.05% | 385 bps | 6.98% | 92 bps |
| 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 | |
| Profit After Tax | 2.61 | 0.48 | 444% | 2.30 | 13% |
| PAT Margin (%) | 3.98% | 0.91% | 307 bps | 2.85% | 113 bps |

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



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