

Sarathi Capital Advisors Private Limited
Bridging the Gaps



DP Wires Ltd
Investor Presentation

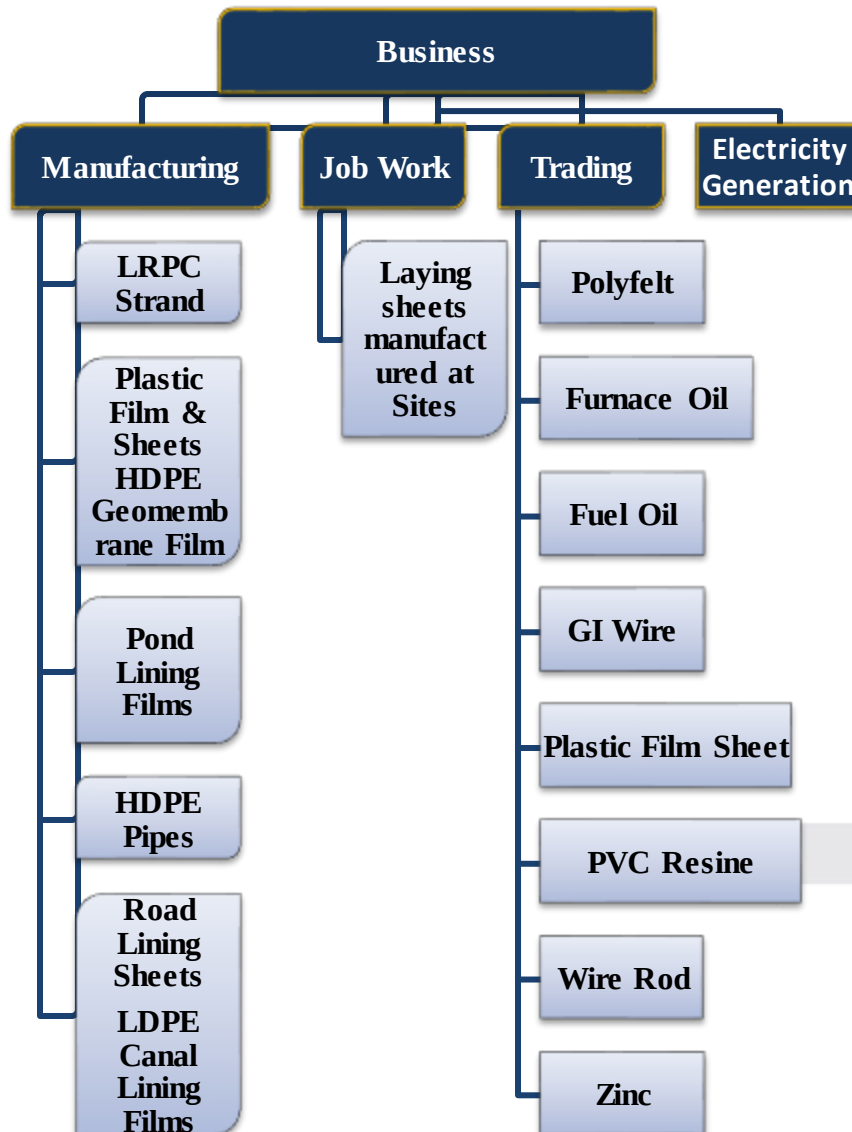
January, 2018

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Corporate Overview

- ❖ Incorporated in the Year 1971 at Ratlam in Madhya Pradesh been promoted by “Kataria” group of companies and has emerged as an eminent Exporter, Manufacturer and supplier of premium quality Steel wire and Plastic products.
- ❖ Primarily engaged in manufacturing and supply of Steel wires, plastic pipes and plastic films which find its application in industry of oil & gas, power, environment, plastic, wind power generation, civil, energy, infrastructure etc.
- ❖ The Products are used in Lining of Canals, Landfills, Highways & Road Constructions, Ponds, Tanks, Water Reservoirs, Mining, and Solution Ponds and for corrosion Resistant on Steel tanks etc
- ❖ In 2003, It started production of LRPC strands which is used in pre-stressed concrete girders for river, railway bridges, roads, highways and buildings.
- ❖ Manufacturing facility is located at Ratlam with installed capacity pf 28.3 thousand MTPA for steel wires and 5.4 thousand MTPA for plastic division.





Manufacturing facilities are located at Ratlam in M.P for both wires and plastic products. The total manufacturing plant area is spread over more than 2,00,000 sq. ft. and about 160 persons working in the plant.

Apart from manufacturing of plastic sheets, the Company is also engaged in fixing of sheets at required sites.

Company purchases raw materials in bulk quantity which include materials not compatible to their products and such raw materials are sold to other businesses

Company is engaged in power generation for Gujarat Urja Vikas Nigam Limited. It has set up wind energy based 2 wind farms of 0.80 MW each in village Okha-Madhi and Jodhpur in District Jamnagar, Gujarat. These wind farms are connected by 33kV grid capacity Eneron Site, sub-station at Bhogat.

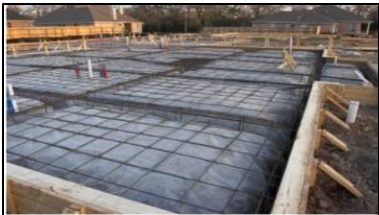


Geomembrane

- Manufactures and supplies wide range of Geomembrane like HDPE geomembrane, Polymer Industrial Geomembrane, LDPE Geomembrane.
- The provided product is used for solid and liquid waste containment, lining, and capping applications.

Features :

- Perfect surface finish
- Available in single- or double-sided textured surface
- Superior shear strength
- Resistant to tear or abrasion



Agro HDPE Films

Widely demanded in agriculture sector, these films are used for production of fruits and vegetables. These Agro HDPE Films provide superior germination and faster plant growth.

Features :

- Excellent durability
- High resilience
- Maintains soil moisture



LRPC Strand

It is used in pre-stressed concrete girders for river, railway bridges, roads, highways and buildings.

Features :

- Excellent strength
- Superb weather resistance
- Robust in construction



Gabion

Manufacturers and suppliers of a wide range of Gabion products that includes Gabion Wire Mesh, Gabion Mattress and Rock Fall Netting. Widely used in oil & gas, wind power generation, civil and construction industry, these are offered at economical prices

Features :

- Stringently tested for their tensile strength
- Resistant against harmful UV rays.
- Best known in market for their waterproof quality



Pond Lining Films



As the highly stretchable in nature, this film is used for protecting the pond water from contamination of impurities

Features :

- Weather resistance
- Resistant to puncture

LDPE Canal Lining Films



LDPE Canal Lining Films are used for lining of canal and improve water availability over a longer period of time

Features :

- Easy to tear by means of cutting tools
- Optimum flexibility

Greenhouse Films

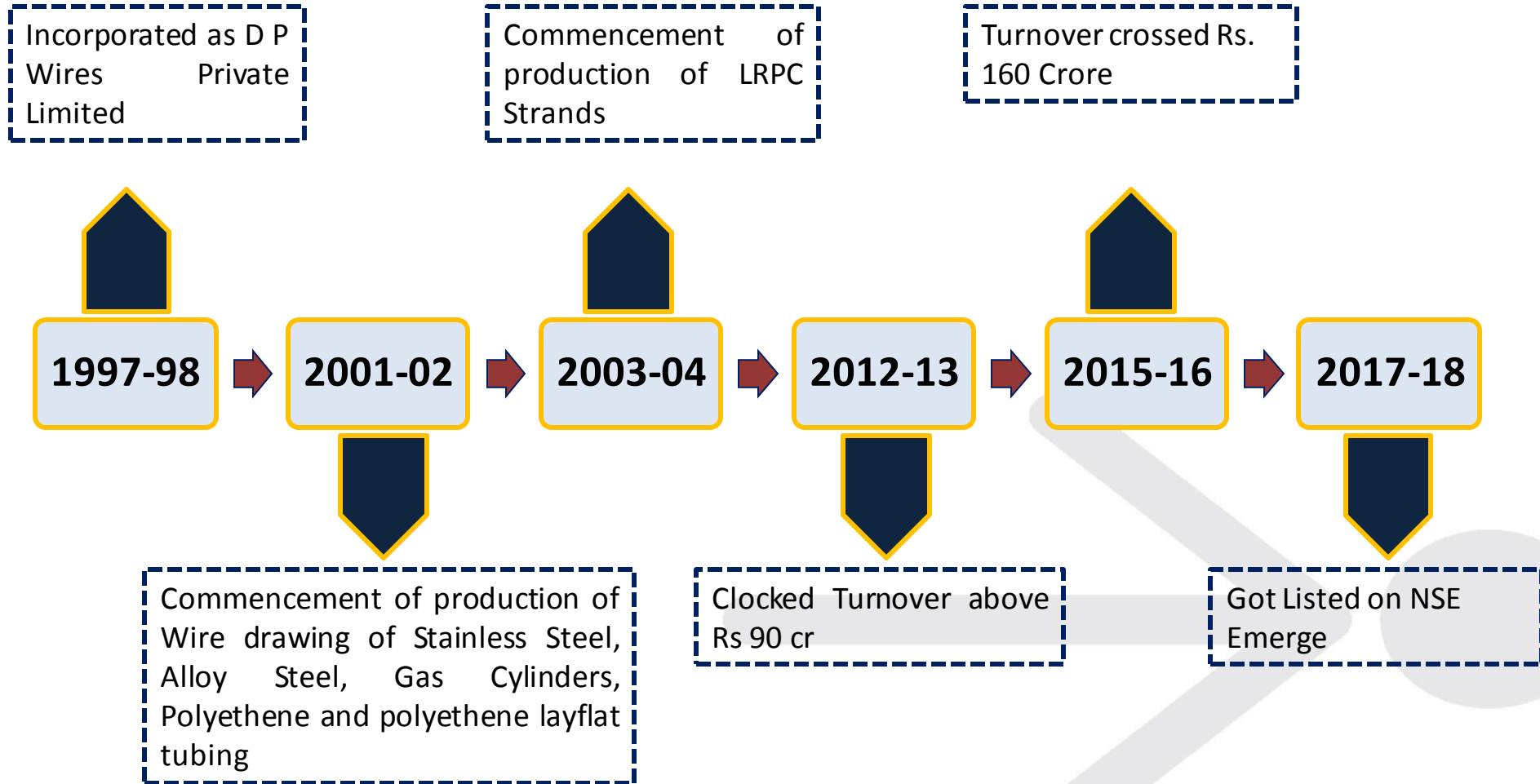


Highly resistant to UV and water, these films are demanded for use in green house

Features :

- Tear resistance
- Withstand diverse weather conditions
- Highly stretchable

Key Milestones



Operational Overview

Brief Biographies of Directors



Mr. Praveen Kataria, Aged 43 Years, is the Promoter and Managing Director of our Company. He holds a degree Bachelor of Engineering (Production) from the College of Engineering and Technology, Akola. He has specialized in advanced Production Technology departments. Apart from this he is involved in implementing production processes, researching market demand, understanding and attaining worldwide quality standards, developing strategies, integrating innovative technology. He has experience of 22 years in the Production and Quality Control innovative technology, personally visiting abroad to improve technology and to reduce cost of production of steel wires and plastic division.



Mr. Hemant Kataria, aged 39 Years, is the Promoter and Whole Time Director of our Company. He holds a degree Bachelor of technology in Chemical Engineering from the College of Engineering & Technology, Akola. He has 17 years of experience in steel industry. He manages the overall financial risks of the Company and supervises the compilation and preparation of financial statements and reports, develops and pursues positive business ventures, develops strategies for internal growth and effectively manages the revenue of the Company. He closely monitors Company affairs and its functions.



Mr. Kantilal Kataria, aged 69 years, is the Non-Executive Director of our Company. He is engaged in business of steel wire production and plastics product since last 40 years and has gained vast Experience of Technical and Commercial aspects of Steel Wire Making. His optimistic and passionate approach will be helpful for the growth of the Company.

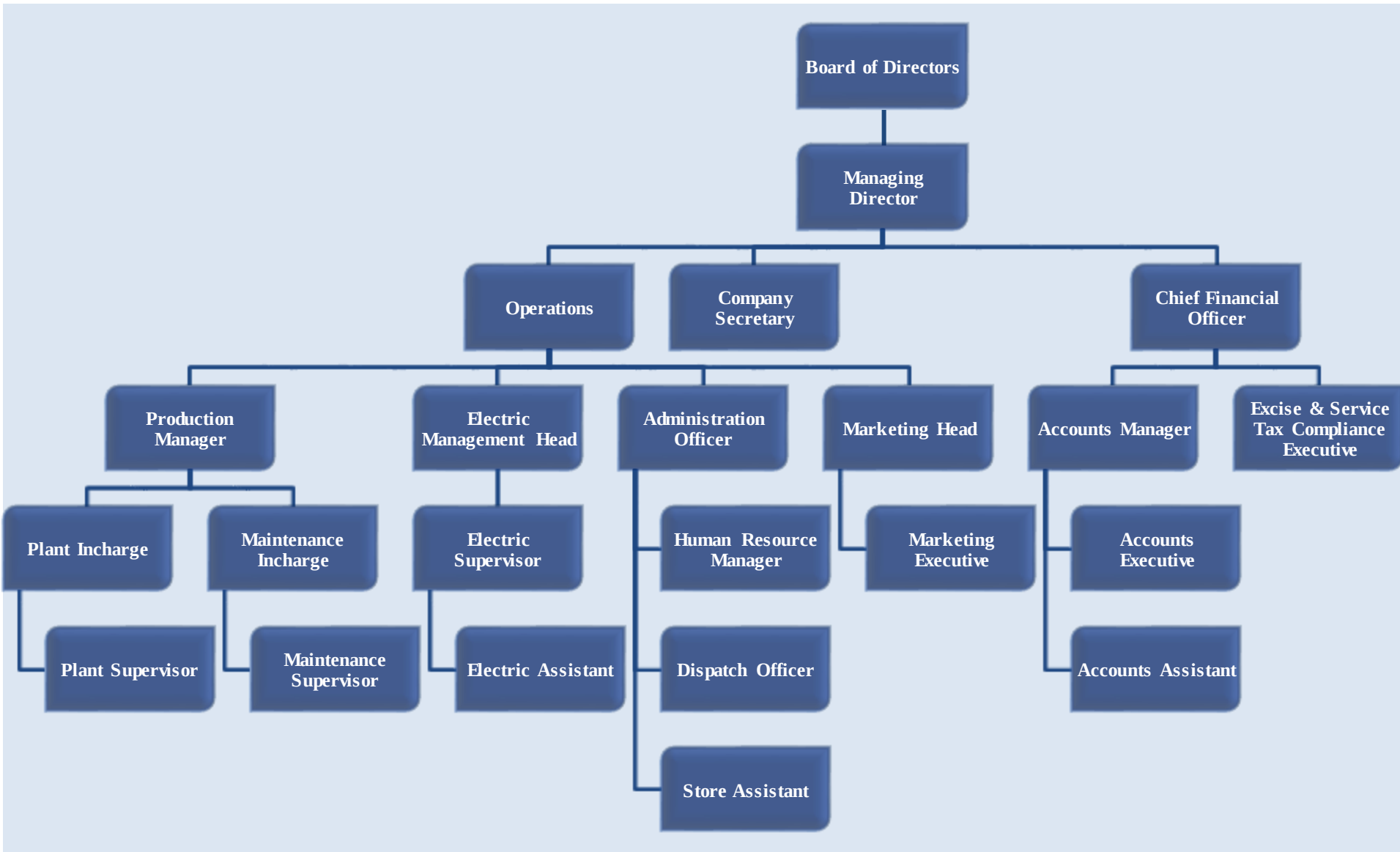


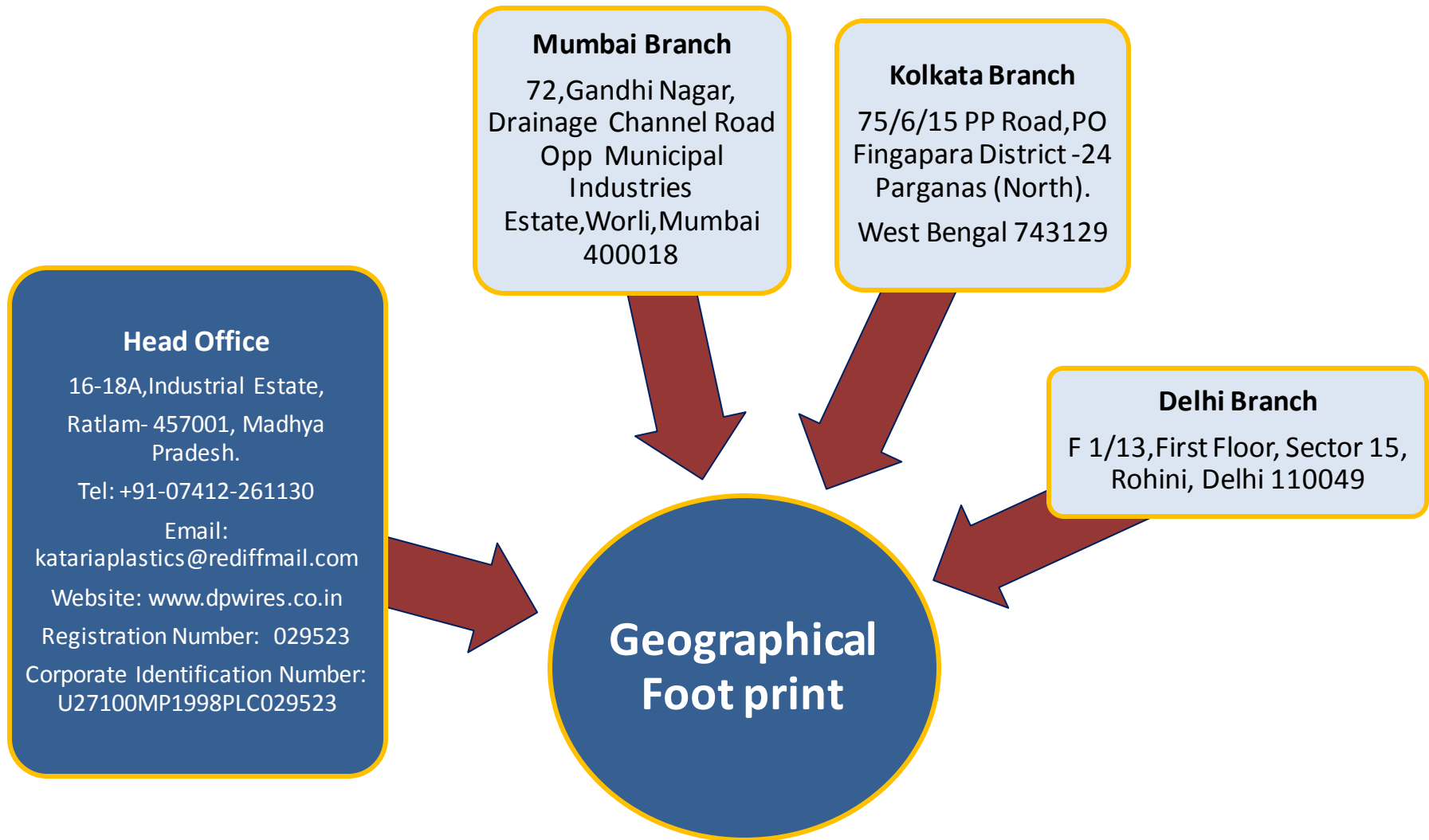
Mr. Anil Kumar Mehta, aged 60 years, is the Non-Executive and Independent Director of our Company. He holds Bachelor's Degree in Law and holds Masters Degree in Commerce. He is a retired General Manager of Madhya Pradesh Financial Corporation. He holds 35 years of experience in the field of finance. His experience is the result of his successful accomplishment of various tasks such as directing employees, administrative tasks like accounting, paperwork and payroll. He ensures administrative efficiency, proper procedure, implementation of policies and employee morale in his work.



Ms. Madhubala Jain, aged 45 years, is the Non - Executive & Independent Director of our Company. She holds Masters Degree in Science. She has about 20 years of experience in the field of teaching. She also has rich experience in HRD Management, General Administrative and specialization in the area of Corporate Social Responsibility and Corporate Governance.

Organizational Structure





Plant

The total manufacturing plant area is spread over more than 20,00,000 sq. ft. and over 160 persons working in the plant. The manufacturing unit has the capacity to produce total capacity of 28.3 thousand MT Steel Wire & 5.4 thousand MT/annum for Plastics.

Power

The power requirement is met through 2350 KVA from Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited Also, Company has 3 generators sets which provide the backup for 320 KV, 80 KV and 25 KV Electricity respectively.

The manpower requirement for the Plants is 165 Nos, being 130 Nos. for production activities and 35 Nos. under administrative category

Manpower

The basic raw materials required for manufacturing is plastic granuals supplied by Reliance Industries Limited, Vishesh Polyimplex Pvt. Ltd. and Uniplas International EST and wire rod coils are supplied by Jindal Steel & Power Ltd., JSW Steel Ltd, Mittal Corp Ltd. and Tata Steel Ltd. Indore

Raw materials



Wire Division



Wire Drawing Machine



LRPC Plant



Lab Plant



Pickling Plant



Transformer



Material Handling Equipment



Relaxation Testing



Packing Machine



Oil Storage Tank

Plastic Division



Plastic Films/ Bags Manufacturing Plant



Blown Film Plant



Multilayer Plastic Film Plant



Welding Equipment



Blown Film Plant With Electric Installation

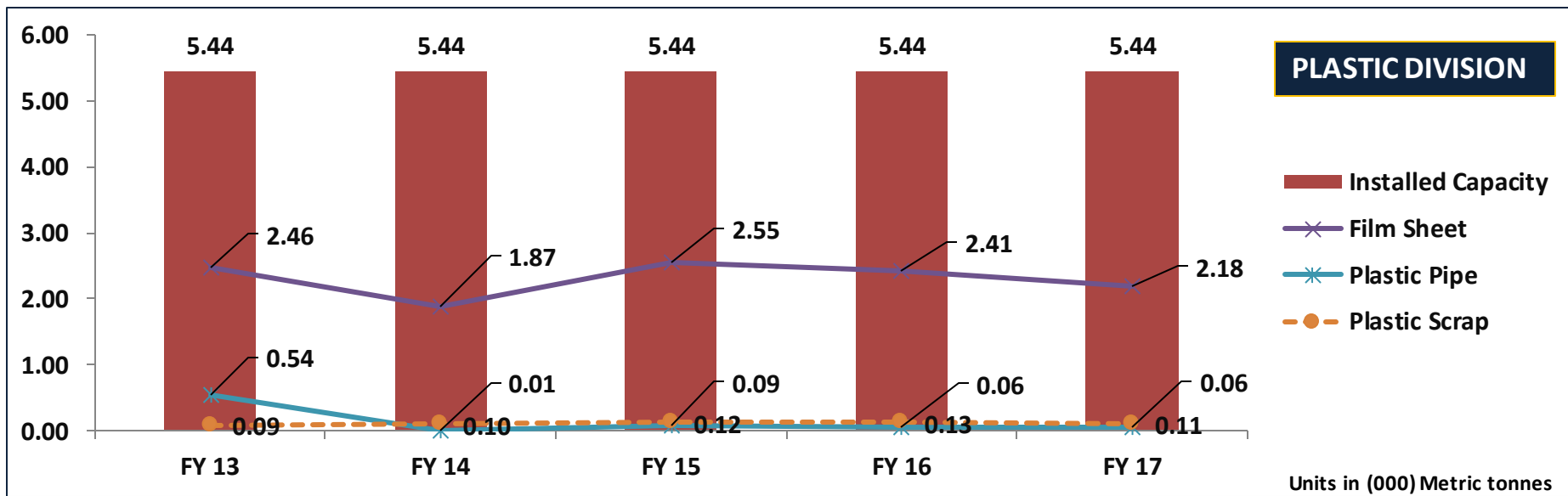
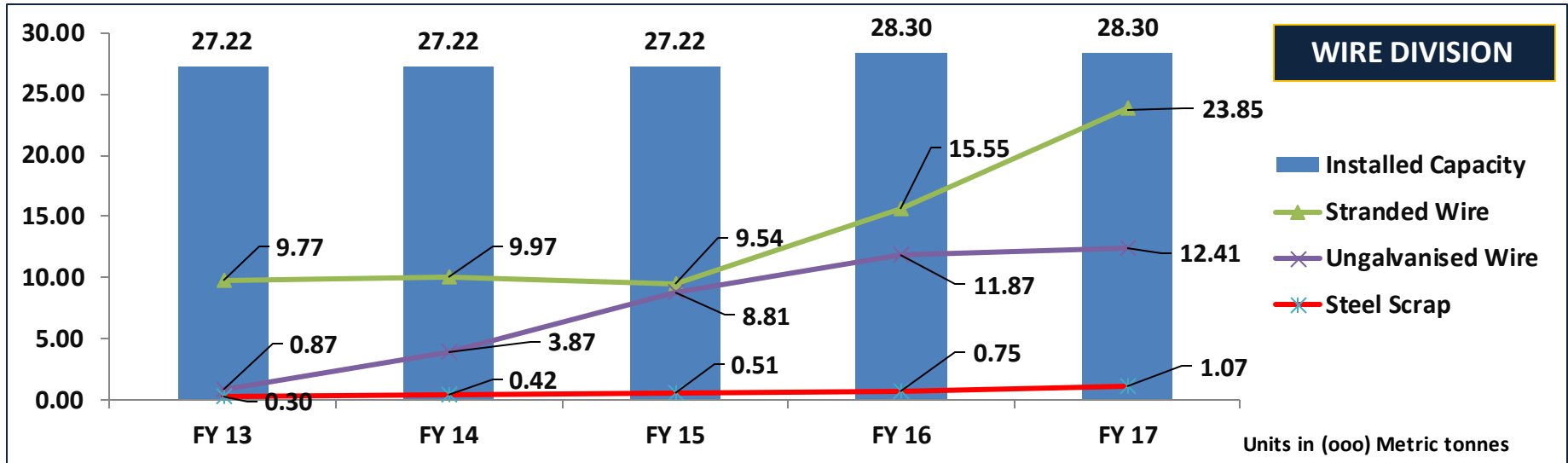


Plastic Pipe Plant

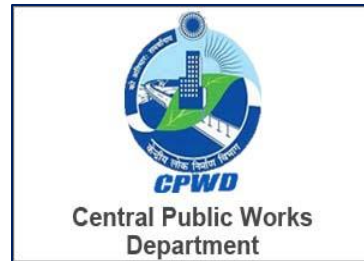
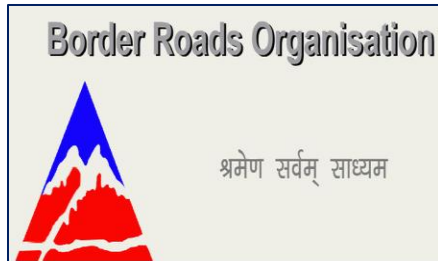


Fork Lift

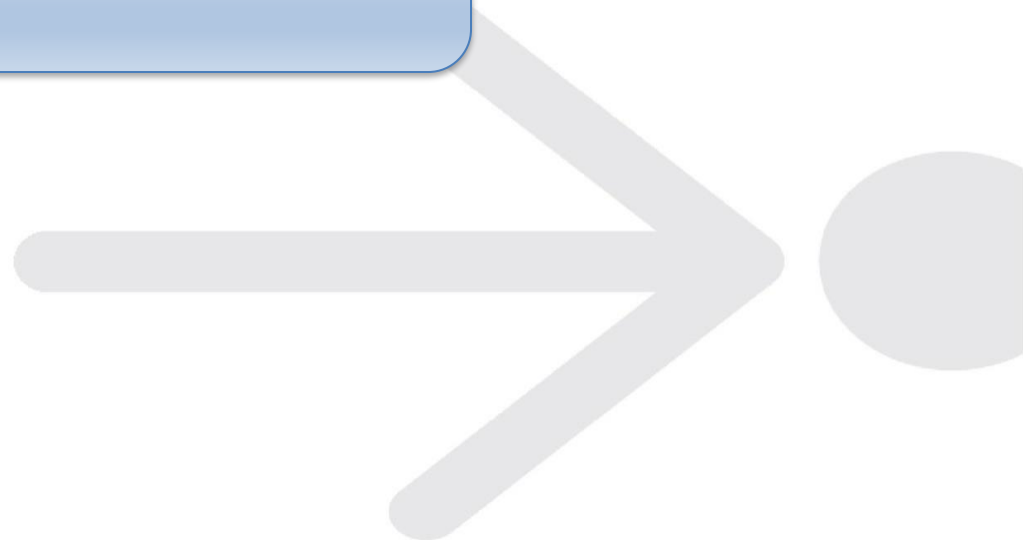
Plant Details – Installed Vs Utilized



Key Customers

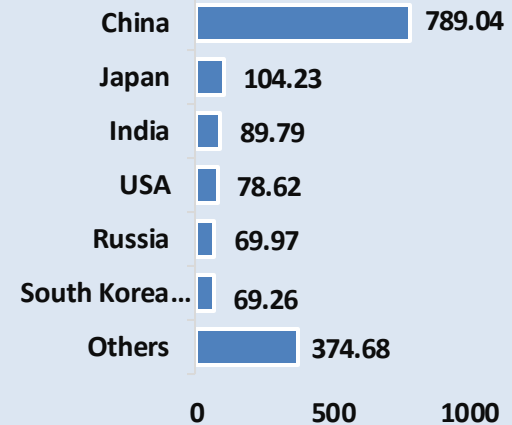


Business Outlook

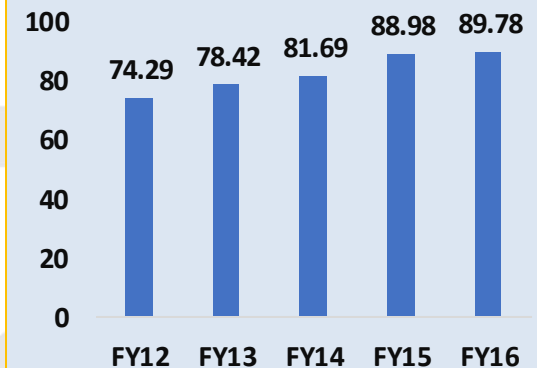


- India was the third-largest steel producer in the world in 2016 according to data released by World Steel Association surpassing USA in production of 88.97 million tonnes and 89.79 million tonnes of crude steel during 2014-15 and 2015-16, respectively.
- Driven by rising infrastructure development and growing demand for automotive, steel consumption is expected to reach 104 MT by 2017 and further increase to 112.5 MTPA by FY16 and 300 MTPA by 2025.
- The Government of India has allowed 100 % foreign direct investment (FDI) in the steel sector under the automatic route, nearing 301 MoU's been signed with various states for planned capacity of about 486.7 MT.
- Steel production has grown for the period of 2012 to 2016 at CAGR of 4.8%.
- Post demonetization, steel consumption is expected to remain under pressure in the coming few months to a certain extent. This is because it is likely that the demand for steel from the user industries like construction, real estate will take some time to strengthen. However, government's push towards infrastructure will compensate for this reduction in demand

World Crude Steel Production
2015-16 (million tonnes)



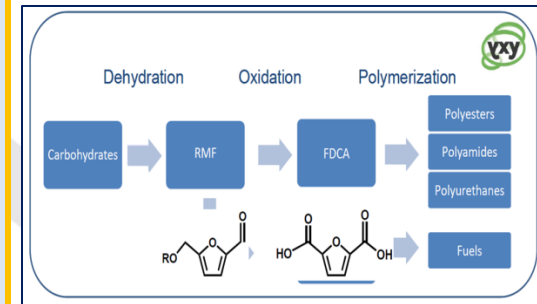
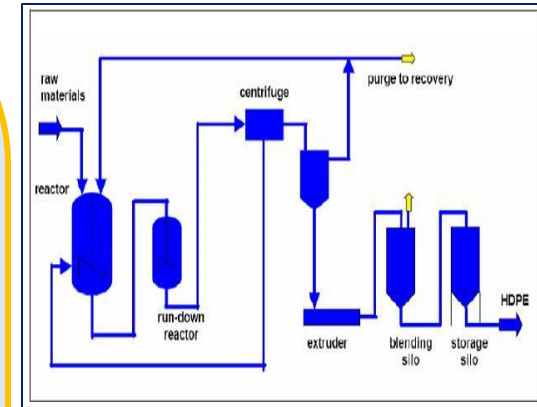
Crude Steel Production in India
(million tonnes)



- Steel wires are used for various infrastructure projects such as construction of bridge, roads. Infrastructure sector is a key driver for the Indian economy
- The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country
- In the Union Budget 2017-18, the Government of India has increased total infrastructure outlay and defence capital expenditure by 10% and 20.6% to Rs 3,96,135 crores and Rs 86,488 crores respectively.
- A total of 6,604 km out of the 15,000 km of target set for national highways in 2016-17 have been constructed by the end of February 2017.
- The Government of India has announced highway projects worth US\$ 93 billion, which include government flagship National Highways Building Project (NHDP) with total investment of US\$ 45 billion over next three years.



- HDPE is one of the major polyethylene material consumed globally having a density of 0.93g/cm^3 to 0.97g/cm^3 with excellent physical properties such as toughness, rigidity & strength been demanded in various application of blow moulding, injection moulding, film and extruded products
- Extensively used in industries such as automotive, construction, consumer goods, packaging, agriculture, pipe industries etc.
- According to Markets and Markets, the Global HDPE Market will be worth \$85.19 billion approx. in 2019.
- It is expected that the industry will show robust CAGR of 10% during the forecast period 2014 – 2019.
- Plastics are generally organic polymers which occur naturally or sometimes, are derivatives of petrochemicals
- Forthcoming technologies which recycle plastics are projected to be the major driving force behind the growth of global market.
- Key manufacturers of plastics are investing into joint ventures and pooling resources with biotechnology companies so as to produce bio-based plastics



Experienced Management

- Company believes that the skills, industry and operating experience of the senior personnel provides it with a significant competitive advantage as it is set to expand the existing business to newer geographic markets.
- Also, Senior management team has a diversified experience in service industry, including areas of regulatory affairs, research, marketing and finance

Established Player in the Indian Wire Industry

- Company has around 18 years of experience in wire business with an established client base
- Owing to the timeliness and consistency in product quality as well as industry expertise, It has been awarded rate contracts by certain customers.

Product diversification

- Company enjoys a wide product range with diverse applications. It possesses large manufacturing facilities with the ability to address customer orders with shrinking turnaround time
- Innovativeness and refining of processes is a major strength of the research team along with the fully equipped research laboratory has always helped in producing innovative products that can outperform the market.

Diversified Client base

- Company caters to needs of different users which includes government and private sectors. Among the government sector It has clients in central, state and local bodies and are not restricted to Indian boundaries but client base is spread across sea in various foreign countries.

- In depth knowledge and experience of promoters in steel wire and plastic industry.
- Track record of about two decades
- Diversified customer base, varied product range and wide spread reach.

Strengths

Weakness

Intense Competition from several unorganized players.

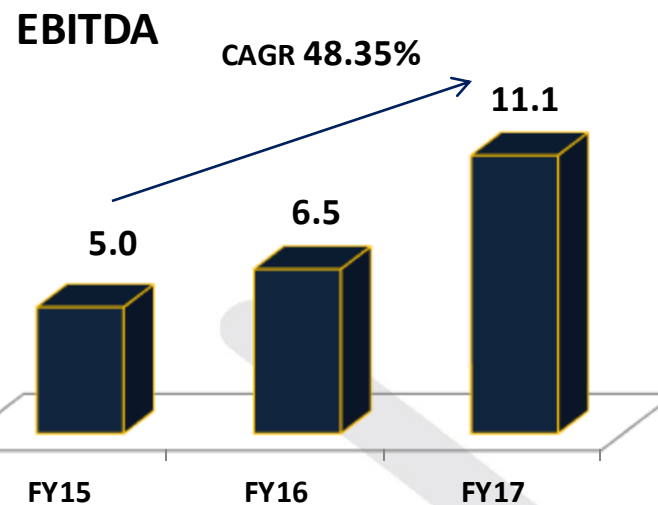
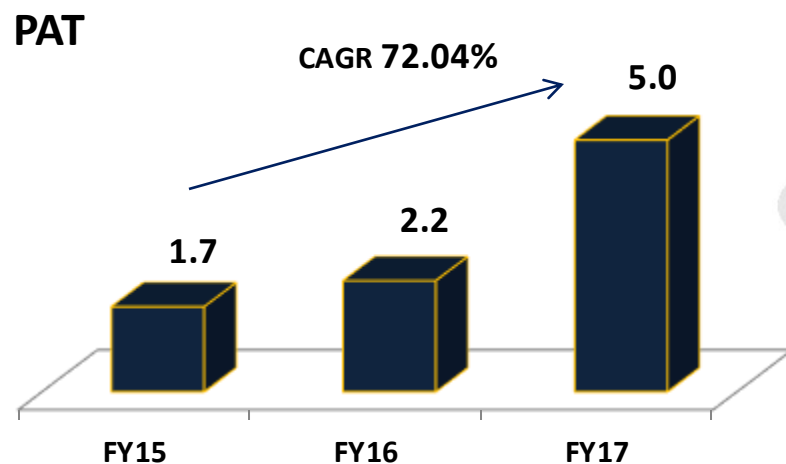
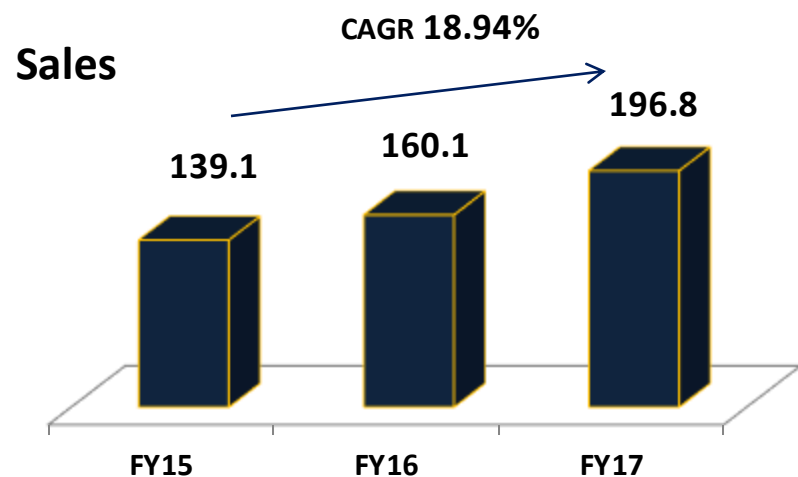
- Change in regulatory norms in our country & exporting countries.
- Malpractices by some players in industry affecting overall performance of emerging Companies.

Threats

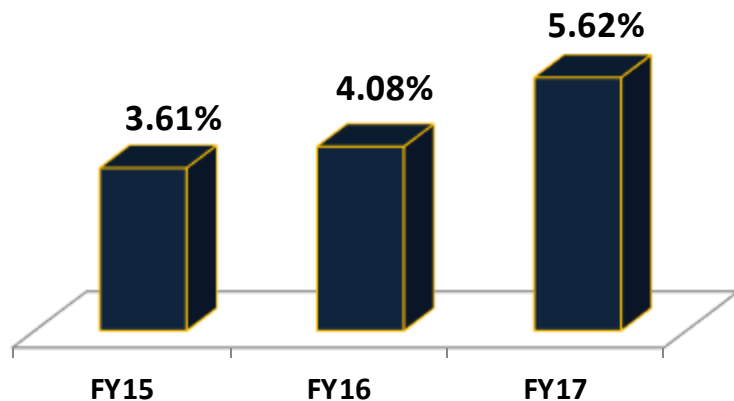
Opportunities

- Growth in the economy has resulted creation of huge markets for real estate and infrastructure development.
- Capitalize unutilized capacity would further improve profitability of the company
- Marketing of products.

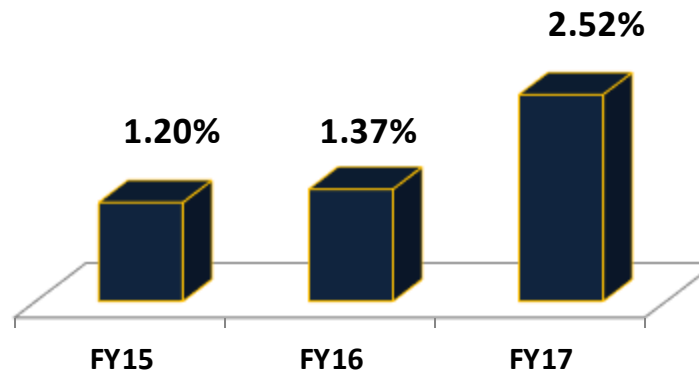
Financials



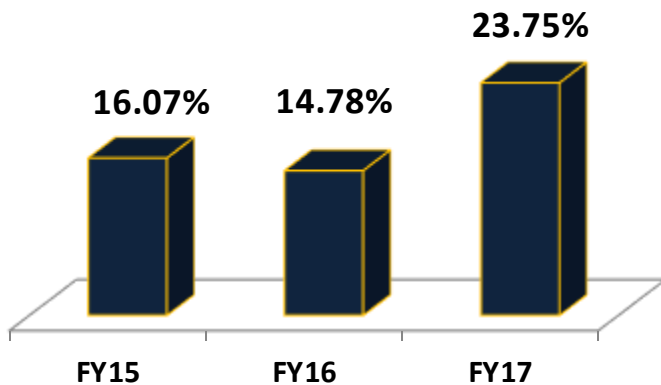
EBITDA Margin



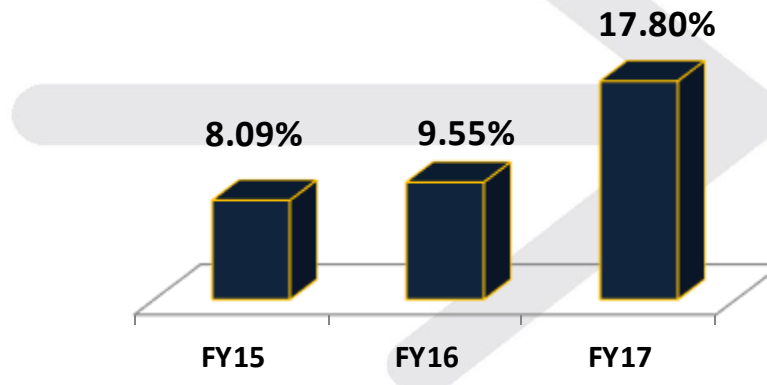
PAT Margin



RoCE



RoNW



Financial Summary (P&L)

Rs in Cr

Income Statement	FY15	FY16	FY17
Sales	139.1	160.1	196.8
Expenditure:			
Operating Expenses	127.0	143.1	172.7
Employee Expenses	1.0	1.3	2.3
Other Expenses	6.1	9.1	10.8
Total Expenditure	134.1	153.5	185.8
EBITDA	5.0	6.5	11.1
Depreciation	1.0	1.3	1.3
EBIT	4.0	5.3	9.8
	0	0	0
Finance Cost	1.9	2.4	2.8
EBT	2.1	2.9	7.0
Exceptional Item	0.0	0.0	0.0
Taxes	0.4	0.7	2.0
PAT	1.7	2.2	5.0

Financials Summary (Balance Sheet)

Rs in Cr

Balance Sheet	FY15	FY16	FY17
Share Capital	2.5	2.5	2.5
Reserve & Surplus	18.2	20.4	25.3
Shareholders Funds	20.7	22.9	27.8
Deferred Lax Liabilities	0.5	0.4	0.3
Long Term Loan	4.3	12.8	13.4
Long Term Provisions	0.1	0.1	0.2
Other long term liabilities	0.0	0.0	0.0
Current Liabilities	0.0	0.0	0.0
Short Term Borrowings	3.5	10.9	16.9
Trade Payables	18.1	16.7	15.0
Other Current Liabilities	2.9	4.1	5.3
Short Term Provisions	0.3	0.7	2.5
Total Current Liabilities	24.8	32.4	39.7
Source of Funds	50.4	68.6	81.4
Fixed Assets	5.7	8.3	8.2
Investments	0.0	0.0	0.0
Loans & Advances	1.1	0.9	1.0
Deferred Tax Assets	0.0	0.0	0.0
Current Assets:			
Inventories	10.5	16.1	25.9
Debtors	24.2	26.8	30.8
Cash & Equivalents	2.5	3.5	1.7
Loans & Advances	6.2	12.5	13.5
Other current assets	0.2	0.5	0.3
Total Current Assets	43.6	59.4	72.2
Application of Funds	50.4	68.6	81.4

Ratio Analysis	FY15	FY16	FY17
EBITDA Margin	3.6%	4.1%	5.6%
EBIT Margin	2.9%	3.3%	5.0%
EBT Margin	1.5%	1.8%	3.5%
PAT Margin	1.2%	1.4%	2.5%
RoCE	16.1%	14.8%	23.7%
RoNW	8.1%	9.6%	17.8%

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HAPPY TO HELP....



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Bridging the Gap

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