

DP WIRES LIMITED

INVESTOR PRESENTATION
Q2FY23 (DECEMBER)



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Key Highlights

Q2FY23

Revenue

Rs 2,837 Mn



115% YoY
42% QoQ

EBITDA

Rs 117 Mn



41% YoY
10% QoQ

Profit After Tax

Rs 90 Mn



51% YoY
19% QoQ

Steel Wire Sales

21,008 MT



37% YoY
24% QoQ

H1FY23

Revenue

Rs 4,839 Mn



77% YoY

EBITDA

Rs 224 Mn



19% YoY

Profit After Tax

Rs 166 Mn



22% YoY

Steel Wire Sales

37,999 MT



26% YoY

Net Debt

NIL

Business Updates

- **Highest ever quarterly revenue**, backed by robust volume growth of 37% YoY
- However, profitability (EBITDA margin) was impacted due to higher priced inventory of raw material and inflationary other input costs like power, etc.
- Despite challenging environment, **Net Debt has been reduced to NIL as of 30-Sep-22**
- **Commissioned additional capacity of 4,000 MTPA in October 2022**, taking the total capacity to 84,000 MTPA


Outlook:

Reversal of export duties, increase in overseas demand, continuing domestic demand, improving manufacturing sector is likely to have a positive impact on the overall steel sector in the near term. With value-added product portfolio, expanded production capability, well-established customer base, and healthy balance sheet, we are looking forward to maintaining the growth momentum in the near to medium term.



Financial Highlights – Q2FY23

Particulars (Rs in Mn)	Q2FY23	Q2FY22	Y-o-Y (%)	Q1FY22	Q-o-Q (%)	H1FY23	H1FY22	Y-o-Y (%)
Net Revenue	2,837	1319	115%	2,002	42%	4,839	2740	77%
Total Expenses	2,720	1236		1,895		4,615	2551	
EBITDA	117	83	41%	107	10%	224	189	19%
EBITDA Margin	4.1%	6.3%	-218	5.3%	-120	4.6%	6.9%	-226
Depreciation	8	6		8		16	11	
Interest Cost	3	8		6		8	10	
Other Income	14	8		8		22	14	
PBT	120	79	53%	101	19%	222	182	22%
Tax expense	30	19		25		55	46	
PAT	90	60	51%	76	19%	166	136	22%
PAT Margin	3.2%	4.5%	-134	3.8%	-62	3.4%	5.0%	-154
EPS	6.7	4.4		5.6		12.3	10.1	



Company Overview

About DP Wires

- Established in the year 1998, DP Wires is India's one of the leading manufacturers and suppliers of Steel wires, and Plastic films which find its application in industries like Oil & Gas, Power, Environment, Civil, Energy, Automobile, Infrastructure etc.
- Manufacturing facilities with a capacity of ~ 84,000 MT per annum is situated in a single premise in Ratlam, Madhya Pradesh
- ISO certified range of products that cater to marquee clients such as Hindalco, L&T, APCO, Gannon Dunkerley, Simplex Infrastructures, Vascon Engineers and such others



Vision

Our vision is to be the leading player in the wire business by providing a complete solution, adopting cutting-edge technologies, and ensuring long-term, inclusive growth for all the stakeholders.



Mission

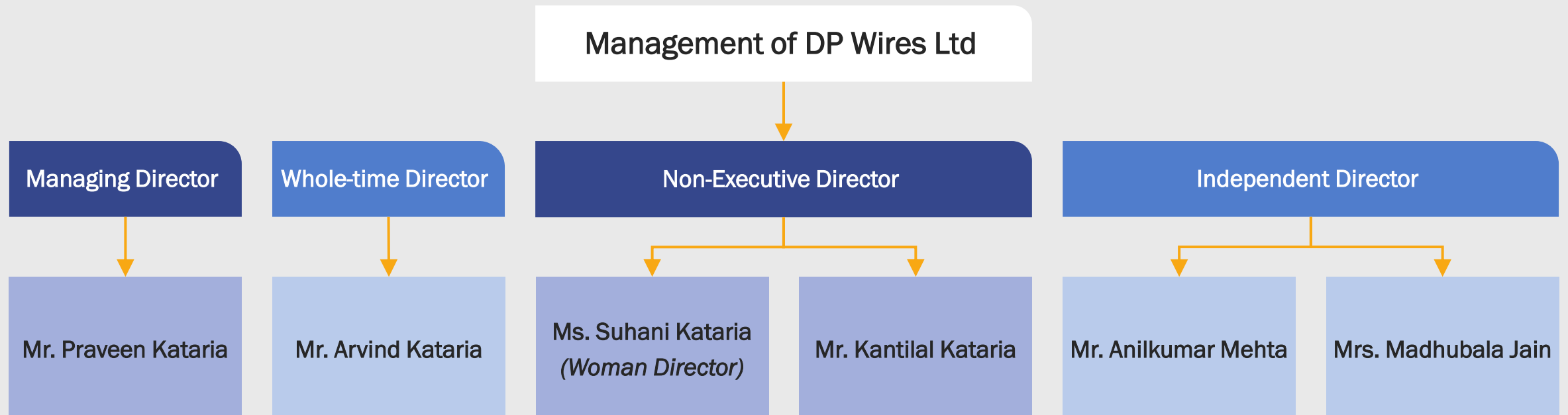
Consistent with the vision and values of the founder Shri Kantilalji Kataria, DP Wires strives to Strengthen India's Infrastructure base by providing the best quality products manufactured using the best of technology, thereby creating a value for all the stakeholders



Core Values

- Customized economical solutions
- High quality products and services
- Relationship based Ethos
- Economical use of resources

Organization Structure



Experienced Management at the Helm

Mr. Kantilal Kataria,
Non-Executive Director

- The genius behind the DP wires, currently working as the Non-Executive Director of the company
- Graduated as BE Mechanical from GSITS Indore (M.P.)
- Having experience of 50+ Years in steel wires and plastic products
- Huge credit goes to Mr. Kataria for making the company reach this position.

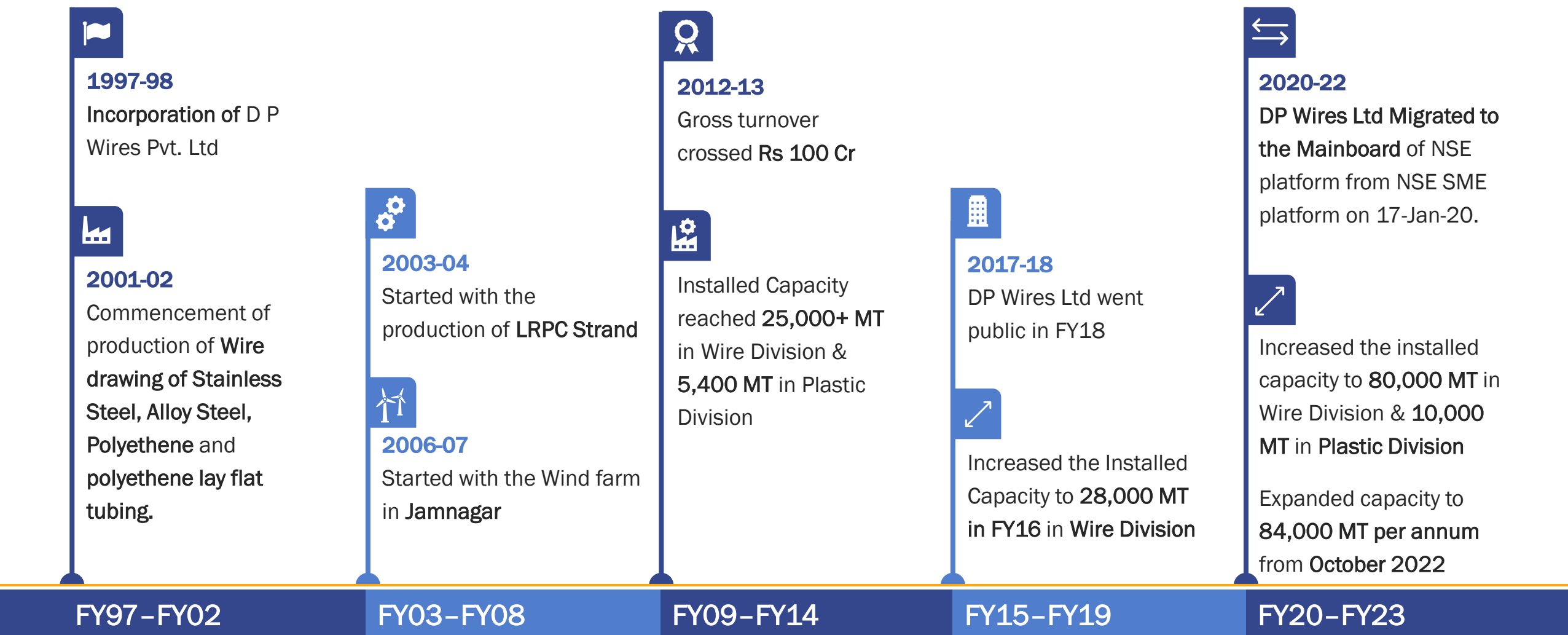
Mr. Praveen Kataria,
Managing Director

- Holds the degree in B.E.(Production) from Akola
- Having experience of 27+ Years in Production and Quality Control departments
- Actively involved in improving the technology, cost reduction in producing of steel wire and plastic division

Mr. Arvind Kataria,
Whole-Time Director & CFO

- Post Graduated as Master in Commerce
- Having experience of 22+ Years in promotion and quality control at organization
- Personal attention to ensure that the company gets worldwide reach for its high-quality manufacturing products

Ongoing Growth Journey



Showcasing our Capabilities



Installed Capacity
>84,000 MT

Centralized manufacturing
facility to cater to pan
India demand

Vast Sectoral Experience
30+ years

Employee Strength
200+

Core Strength



Metro, Bullet Train & NHAI
projects

Approved Supplier

Branch Network
8 Cities

Caters to over
100+ Clients

Wide-spread Distribution Network



Key Segments

**Steel Wires &
Plastic Films**

Product portfolio

Wide Range

Applications

**New Age
Building Material**

QMS Certification

ISO 9001-2015

Innovative Products



Revenue CAGR*

30%

EBITDA CAGR*

24%

PAT CAGR*

31%

Healthy Return Ratios

**19% ROE &
25% ROCE**

Debt Free

0.1x

Resilient Financial

*FY18-FY22

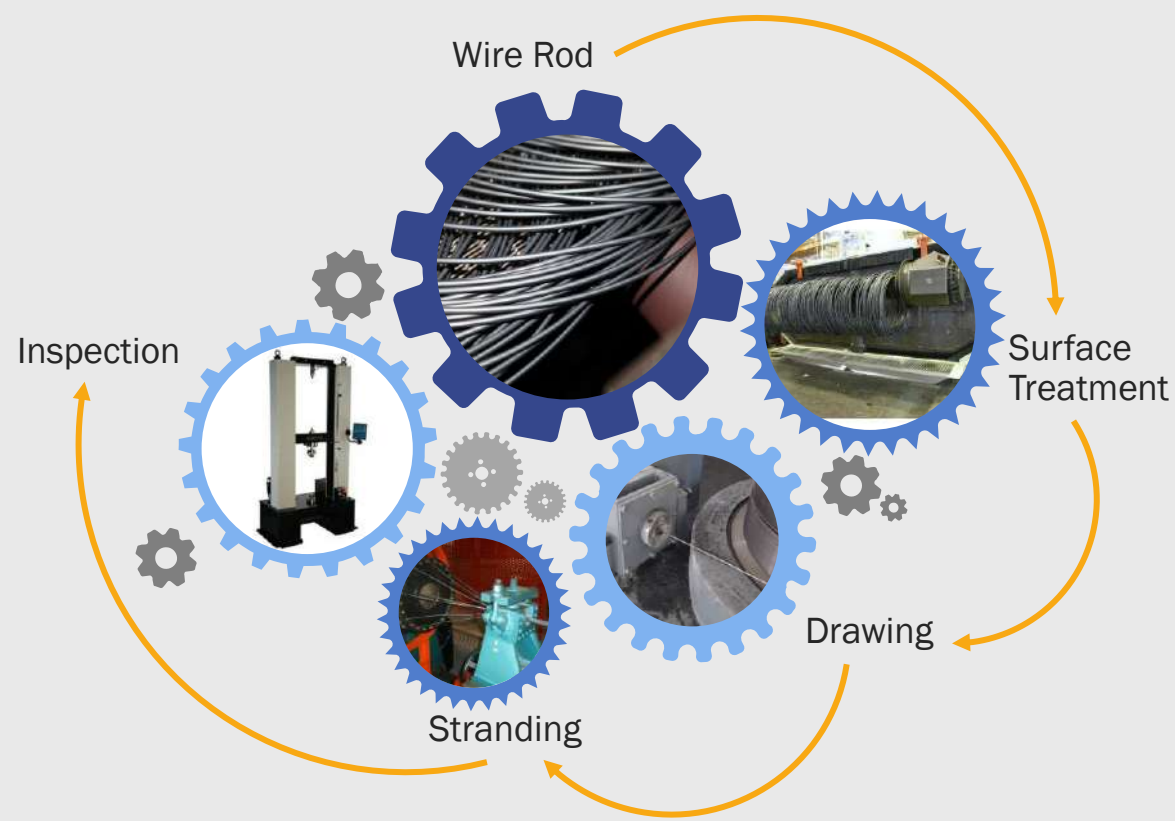
Company's State-of-the-art Facilities



- **Sourcing** – TATA Steel, JSW, Electro steel
- **94,000 MT** capacity of Wires and Plastic Sheets
- **Growth** - Sufficient space to plan future capacity expansion with minimum capex

Integrated Facilities Under One Roof

Sourcing of raw material → Pickling → Wire Drawing → Stranding →
Inspection → Packing & Storage



Continued Focus on Capacity Expansion

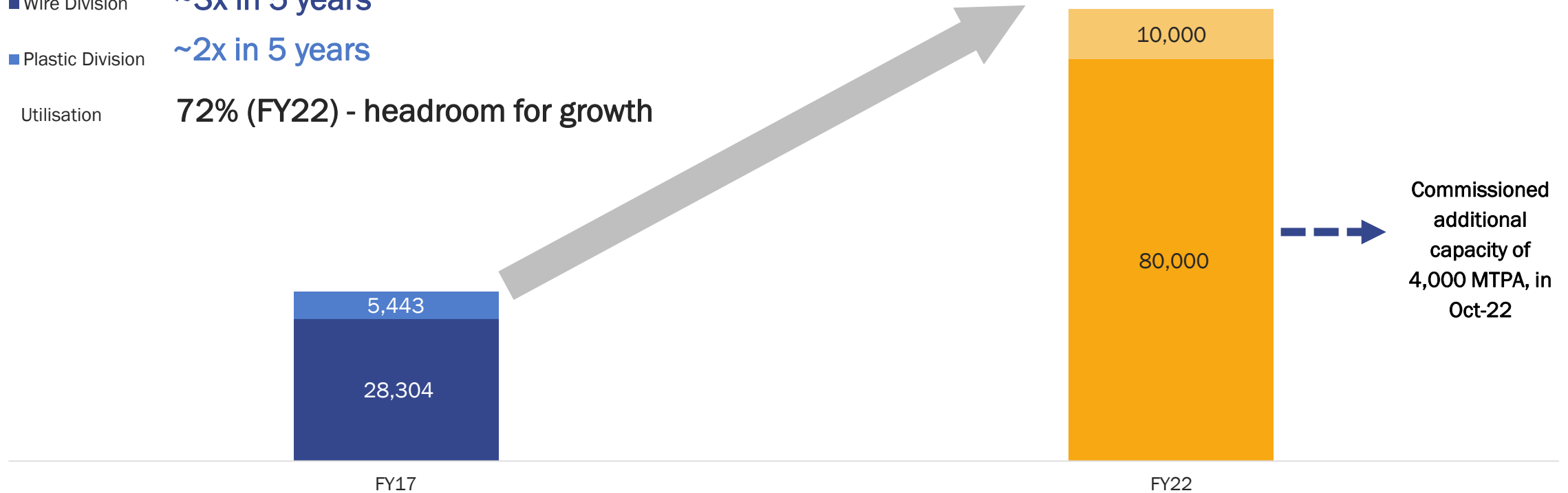
Strengthening Capacities to enable Growth

Capacity in MT

■ Wire Division ~3x in 5 years

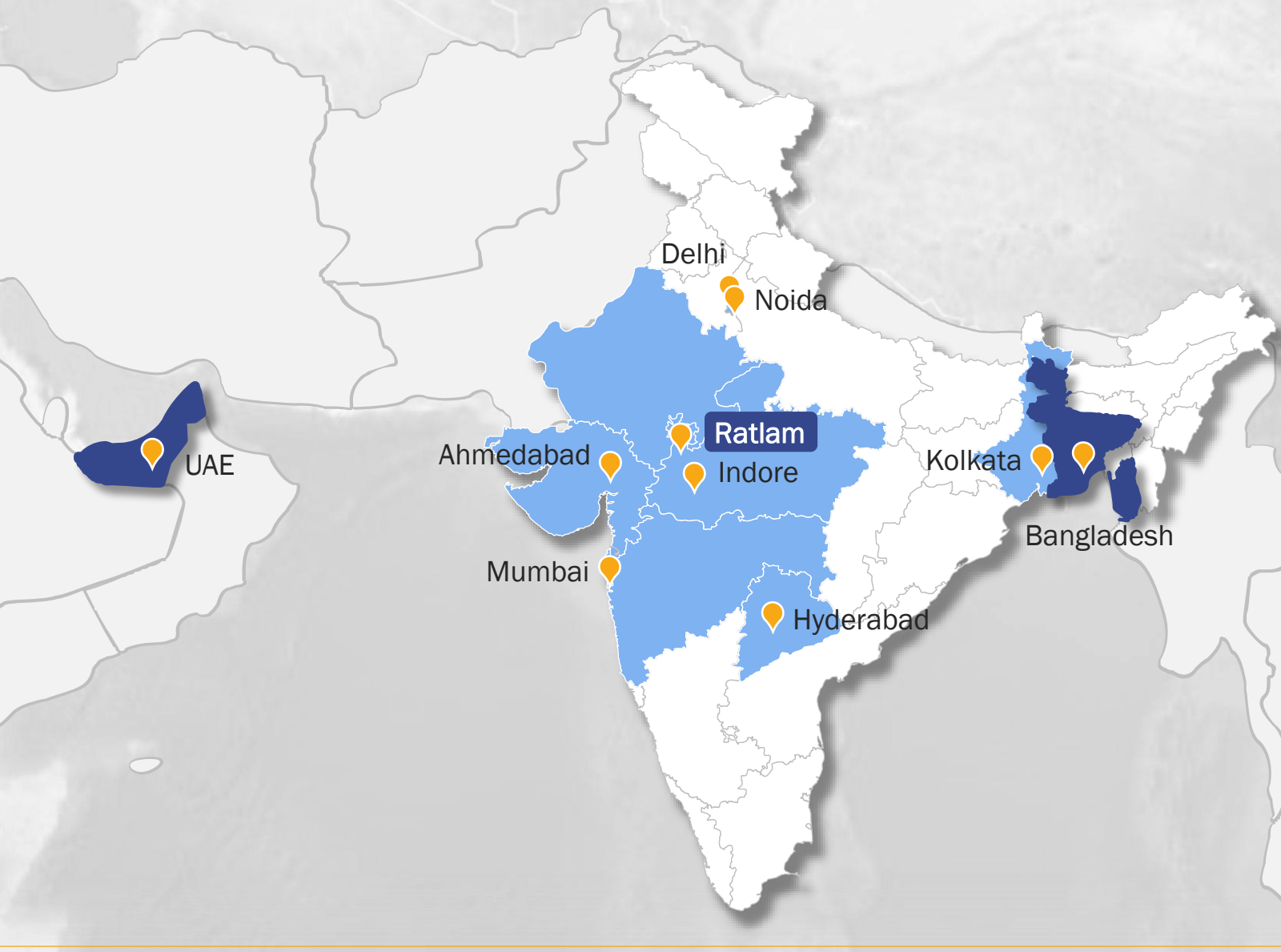
■ Plastic Division ~2x in 5 years

Utilisation 72% (FY22) - headroom for growth



Capacity utilization stands below the optimum level of over 90%, thereby providing headroom for growth in the near term

➤ Strategically Located – Close to all demand centers



Centrally Located Manufacturing Plant that can cater to Northern and Southern Markets



In between India's major metro cities i.e., Mumbai & Delhi



Widespread distribution network in all the key markets in India



Exporting to Bangladesh & UAE markets



Steel Products - Wide Product Portfolio



Quality & Reliability



ISI-Certified Products



Pan-India Delivery



Easy Logistics



Better Pricing

LRPC strands

Features

- Low Relaxation Pre-Stressed Concrete Steel Strands which are used in pre-stressing of concrete for different kind of construction works
- Better build which in turn assures the safety and longevity

Uses

- To prestress the concrete in different types of construction works



Induction Tempered Wire

Features

- Spring wire is a type of wire which is known for its property of offering high wear resistance

Uses

- Suspension springs for metro trains, shock absorbers of vehicles and even in the emergency brakes of large vehicle

Features

- Heat Resistant + Smooth Surface

Uses

- To make railway sleepers
- To make PCC Poles

Steel Wire



Plastic Films - Wide Product Portfolio

Geomembrane Sheet

Features

- Stellar surface finish
- Available in single textured surface
- Supreme shear strength
- Strong hold from tear or abrasion



Features

- Has high demand in Agri sector, also provides superior germination and faster plant growth
- Excellent durability
- High resilience
- Maintains soil moisture

Agro HDPE Films

Pond Lining Films

Features

- Highly flexible in nature, being used as a shield from contamination of impurities.
- Available in different length and thickness.
- Weather resistance
- Resistant to puncture
- Enhanced durability



Features

- This film prevents from contamination of impurities, improves water availability over longer period
- Perfect finish
- Easy to tear by means of cutting tools
- Optimum flexibility

LDPE Canal Lining Films

Greenhouse Films

Features

- Manufacturing of this sheet keeping in mind industry marked standard. Highly resistant to UV and water
- Available in various lengths and thickness.
- Withstands diverse weather conditions
- Highly stretchable



Long Standing Relationships with Marquee Clients

Approved Supplier in
Bullet Train Project

Approved Supplier in Metro
Projects of India

Supplier of most of the mall
constructions in Mumbai, Delhi

National Highways
Authority of India



Nuclear Power
Corporation of India



Kolkata Metro
Railways



Gujarat Metro Rail
Corporation



Madhya Pradesh
Metro Rail Corporation



Delhi Metro
Rail Corporation



Maharashtra Metro
Rail Corporation



National Thermal
Power Corporation



Simplex
Infrastructure



Larsen & Toubro

Growth Strategies

Maximum Utilization of Current capacity to help with the growth in the Medium Term



Inorganic Growth Strategy to be pursued for Medium to Long Term Growth



Expanding Market – Deepening Existing Relationships + Newer Geographies



Product/Capacity Expansion – Possible Expansion on Owned Land

Steel Sector Opportunities

7.5%

India's steel demand growth in 2022*

120 MT#

Crude Steel Production in India in FY2022*

13.5 MT#

Export of Finished Steel from India in FY2022*

6%

India's Steel Sector CAGR for past 5 years*

10%

Expected Growth Rate for Steel Sector*

300 MT#

Production capacity of Steel by 2030-31 as per the National Steel Policy 2017*

US\$ 100 Bn

Proposed capital spending will grow by 35.4% year on year

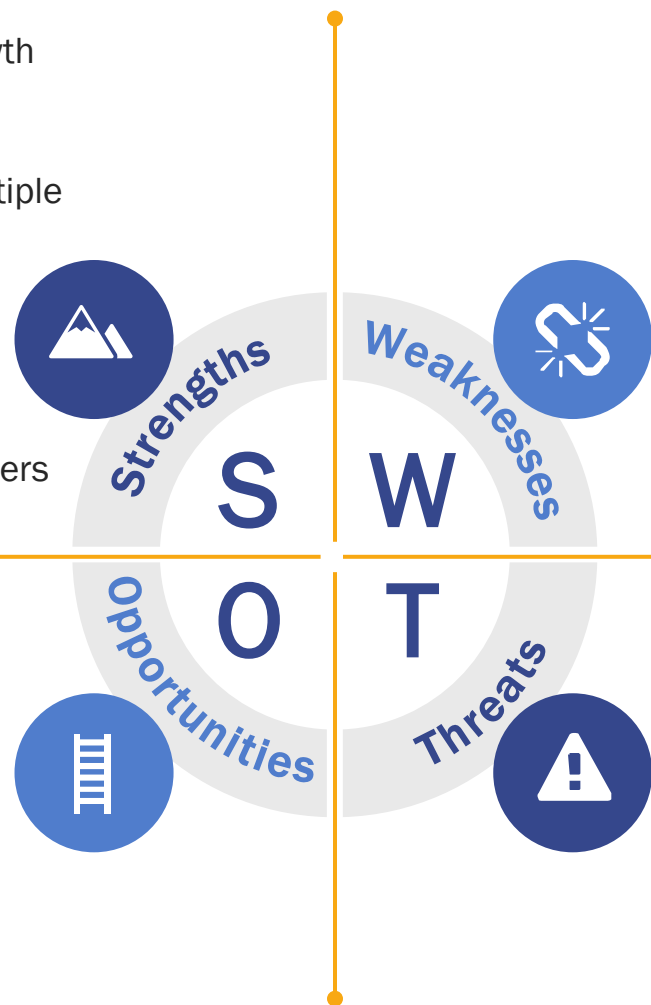


- In the coming years, Infrastructure spending and a modest recovery in automobile production would likely assist India's building and manufacturing, with a predicted improvement in semiconductor supply.
- With the government's plan to transition to a carbon-neutral economy by announcing projects for coal gasification and conversion of coal into chemicals, push on infrastructure through the PM Gati Shakti scheme and a significant increase on capital spend budget
- Indian steel prices to remain resilient, supported by strong international prices and input costs which remain elevated
- With the geopolitical situation in Europe causing supply issues, pricing is expected to remain firm, continuing the trend witnessed in Q4FY22

Strength, Weakness, Opportunities and Threat Analysis

- Strong and proven track record of delivering growth through innovation
- Resilient business model that has withstood multiple business cycles
- Diversified product portfolio catering to wide array of customers
- Long standing relationship with marquee customers

- India's burgeoning economy – growth for auto, real estate, white goods, transportation
- Thrust on Infrastructure – GOI spending increasing YoY to bolster country's infrastructure



- Competition from larger established peers
- Players from unorganised sector pose price challenges in the medium term

- Evolving regulations in the Industry – especially to combat pollution
- New age materials that could require extensive capital investment



Financial Highlights

Key highlights - FY22

Revenue

▲ **Rs. 6,124 Mn** up by **31.2%** YoY

Maiden Dividend

Rs. 1 per share (10% of Face Value)

EBITDA

▲ **Rs. 398 Mn** with **6.5%** of EBITDA Margin

Healthy Return Ratios

ROCE **25%** and ROE **19%**

Net Profit

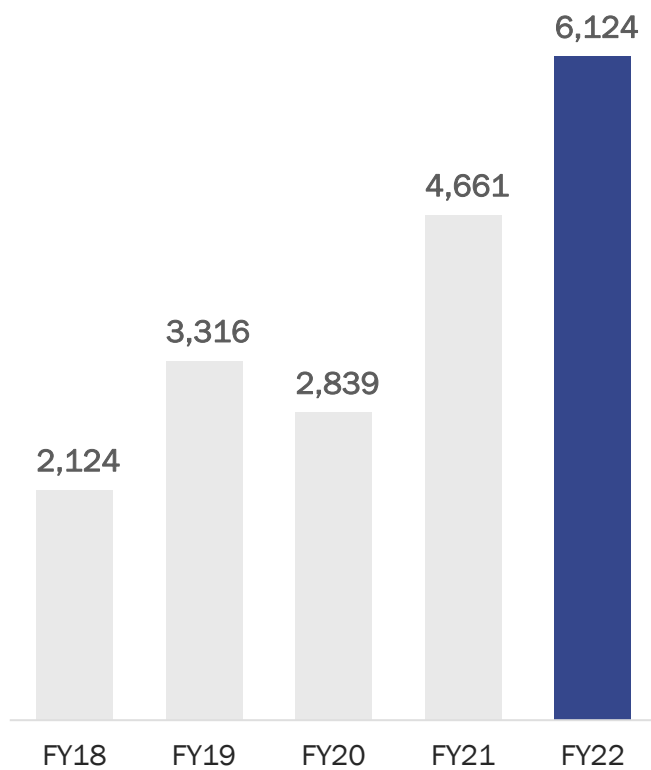
▲ **Rs. 291 Mn** with Margin of **4.7%** YoY

Net Debt to Equity

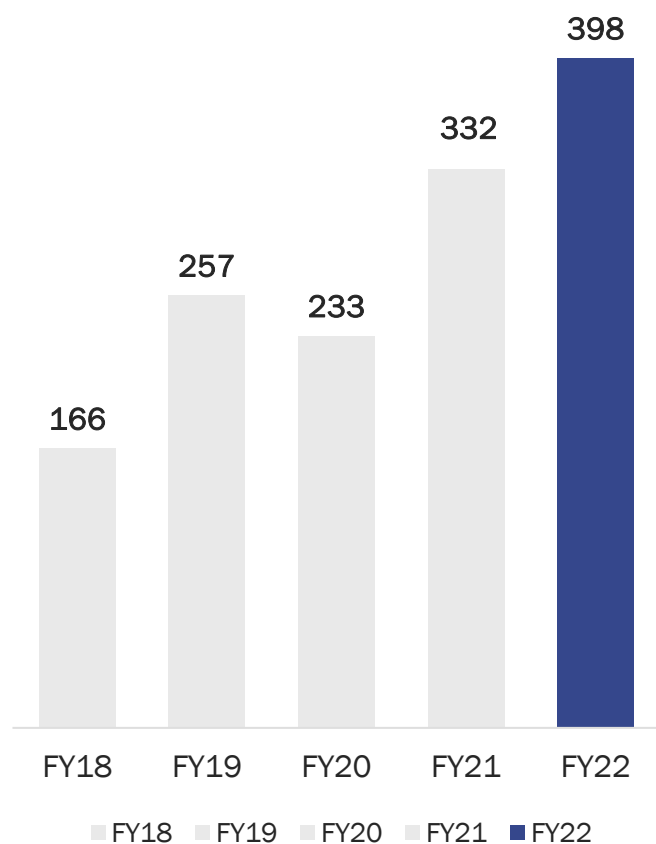
Stable at 0.1x

Key Financials

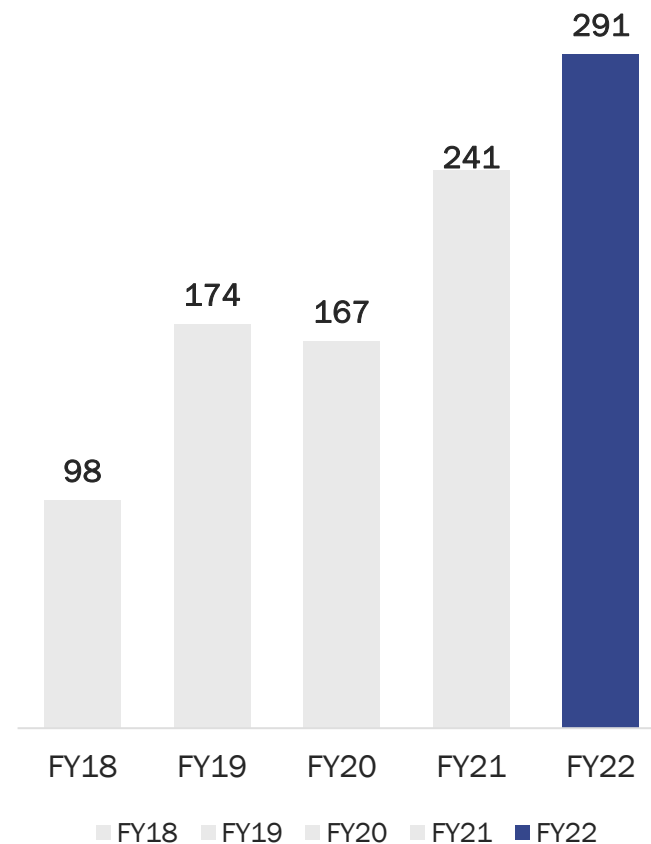
Net Revenue (Rs Mn)



EBITDA (Rs Mn)

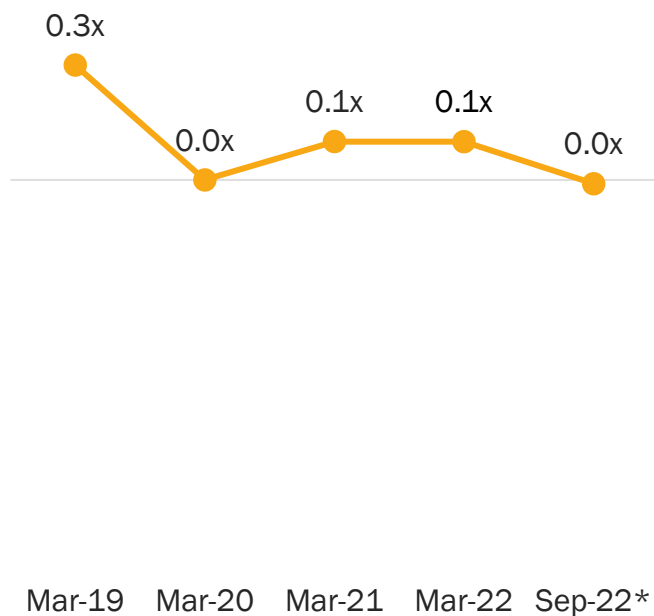


PAT (Rs Mn)

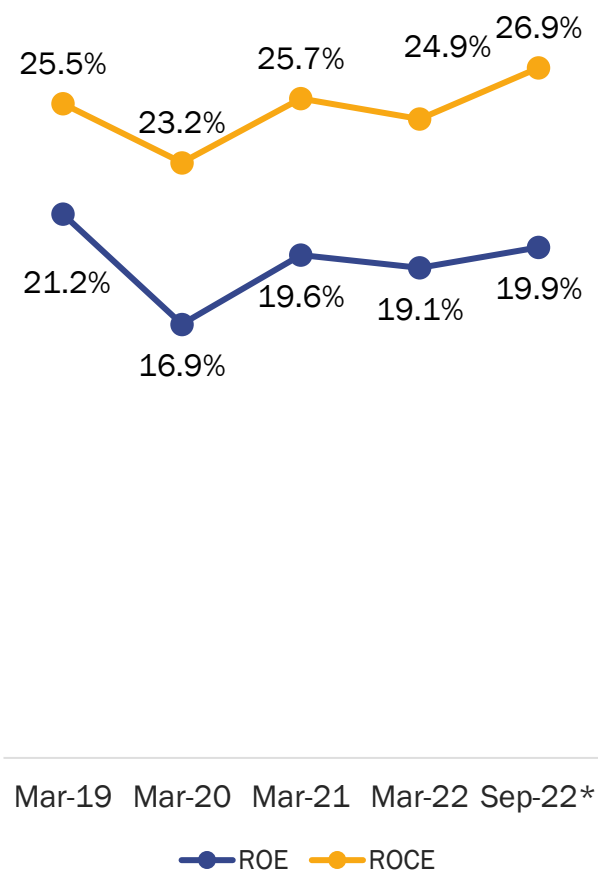


Key Ratios

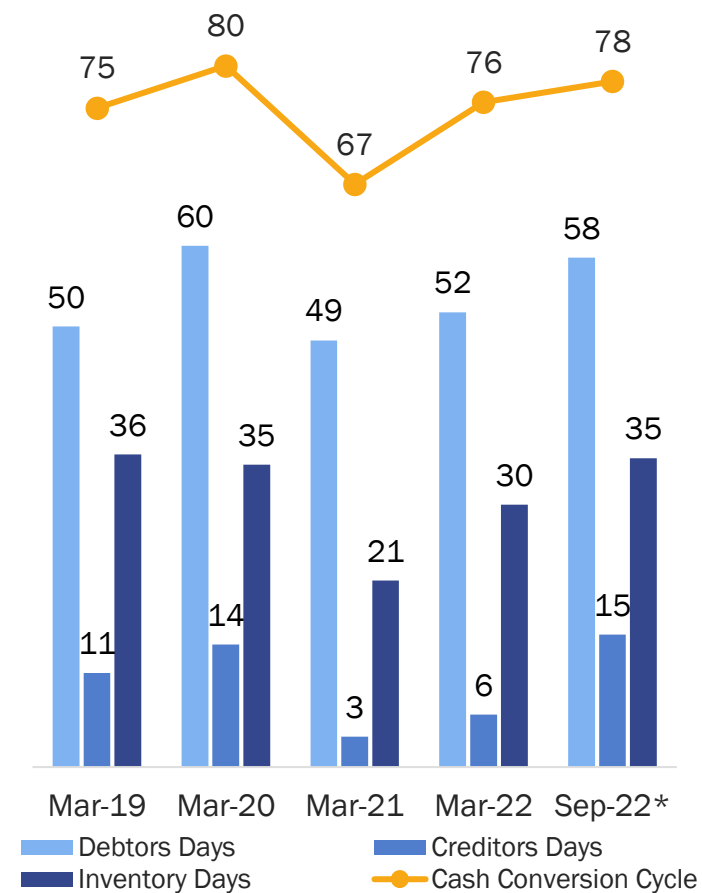
Debt/Equity (X)



ROE (%) & ROCE (%)



Working Capital (days)



*Annualised numbers

Profit & Loss Highlights

Particulars (Rs in Mn)	FY19	FY20	FY21	FY22	H1FY23
Net Revenue	3,316	2,839	4,667	6,124	4,839
Total Expenses	3,059	2,606	4,335	5,726	4,615
EBITDA	257	233	332	398	224
EBITDA Margin	7.7%	8.2%	7.1%	6.5%	4.6%
Depreciation	16	20	22	25	16
Interest Cost	23	13	11	21	8
Other Income	25	23	31	36	22
PBT	243	223	324	388	222
Tax expense	69	56	83	98	55
PAT	174	167	241	291	166
PAT Margin	5.3%	5.9%	5.2%	4.7%	3.4%
EPS	12.8	12.3	17.8	21.4	12.3

Balance Sheet Trend

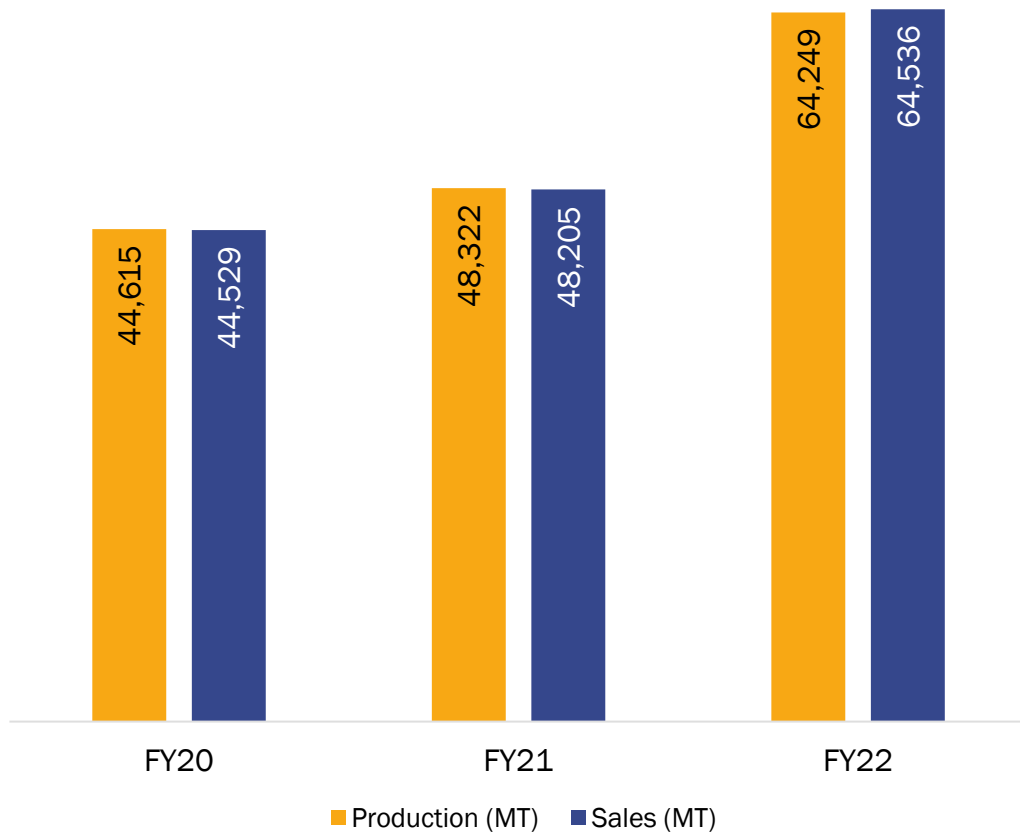
Liabilities (Rs Mn)	FY21	FY22	H1FY23
Total Equity	1,227	1,518	1,671
Share Capital	136	136	136
Other Equity	1,091	1,382	1,535
Non-Current Liabilities	36	28	10
Borrowings	28	21	7
Lease Liabilities	3	3	3
Current Liabilities	274	415	468
Borrowings	48	108	34
Trade Payables	42	89	191
Other Financial Liabilities	1	-	0
Other Current Liabilities	161	198	197
Provisions	22	19	35
Total Liabilities	1,537	1,960	2,148

Assets (Rs Mn)	FY21	FY22	H1FY23
Non-Current Assets	260	297	306
PPE	169	184	166
Capital WIP	-	-	-
Current Assets	1,277	1,663	1842
Inventories	254	471	446
Debtors	624	878	772
Cash Eq. and Bank	53	83	63
Loans	67	41	40
Current Tax Assets	6	0	0
Other Current Assets	274	190	520
Total Assets	1,537	1,960	2148

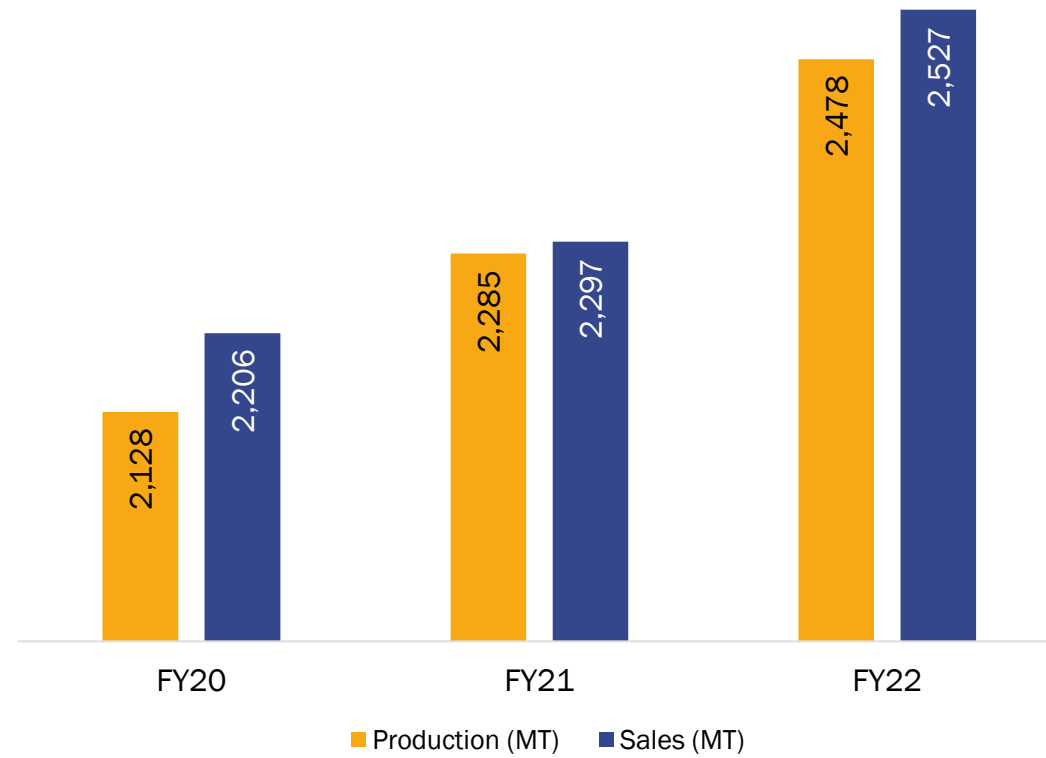


Production & Sales Trend

Wire Division

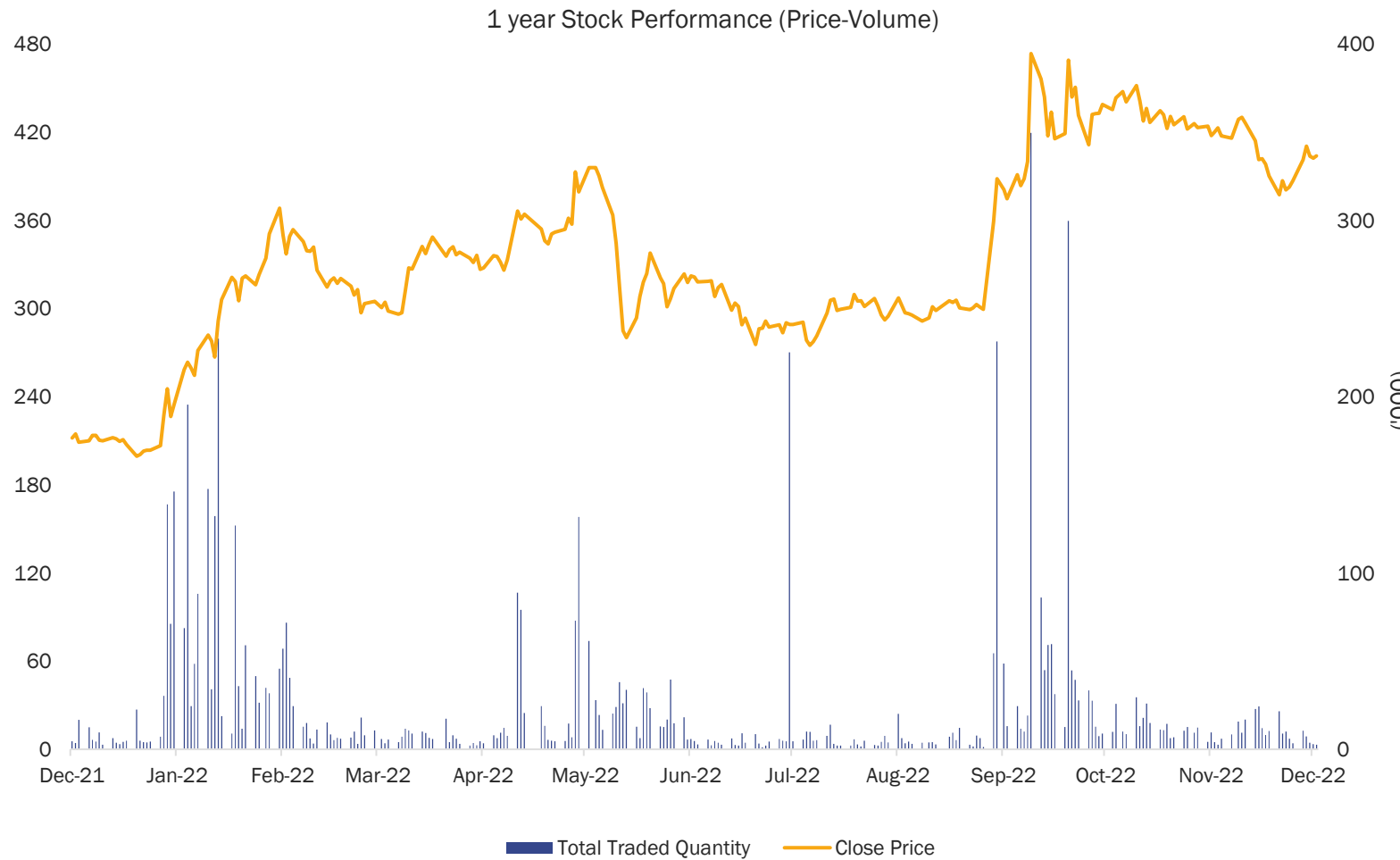


Plastic Division



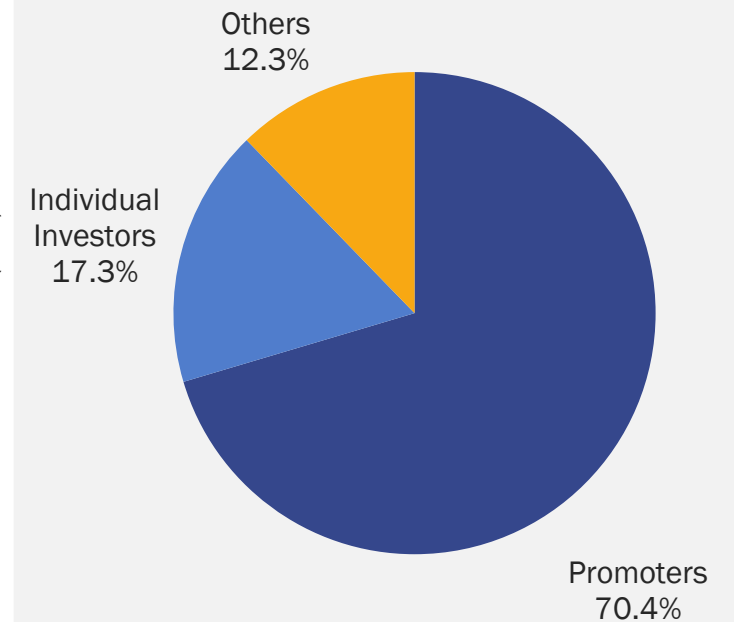


Stock Information | Declared Maiden Dividend in FY22



Stock Price Chart as on **02-Dec-2022**

Share Holding Pattern
(as on Sept '22)



THANK YOU



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