



T.T Swastik

WHERE QUALITY IS THE TRADITION

Swastik PIPE LTD

Investor presentation

September 2022

OUR VISION

We at TT Swastik believe in delivering sustainable high-quality steel products for a better tomorrow. Prioritizing our customers and growing together as a team is what we consider to be the key to success.

OUR MISSION

Our high-performance team is consistently working on building a long-term and healthy business relationship with our customers for mutual benefit and optimizing returns to our stakeholders.

We are Swastik Pipe Limited

- We command close to five decades of experience as pipes manufacturer with a diverse product mix and proximity to key markets of consumption.
- We have, over the years, invested in capacity and product development, which has enabled us to expand to multiple user industries - from commodity to specialised products.
- We cater to marquee customers across the public and private sectors in India and abroad.
- Founded by Late Shri DN Bansal in 1973, the company today is managed by a highly credible and experienced team led by our MD, Mr. Sandeep Bansal, a second-generation entrepreneur.
- We are now stepping into the next growth phase regarding products, presence and partners - thereby raising growth capital.

2 state of art
manufacturing
plants in UP &
Harayana

Marquee
certifications
include ISO
9001:2015, CE
Marking & UL
Approval

20000 MT
capacity per
month

Caters to diverse
applications
across Auto,
Water,
Infrastructure
sectors

110+
dealers

600 employees

**Mild Steel Pipes & Tubes Hollow
Sections ERW Black & Galvanised
Pipes Carbon Steel Pipes Cold Rolled
Steel Coils & Strips Cold Rolled
Sheets Swaged Tubular Poles Solar
Module Mounting Structure Crash
Guards (W & Tri Beams) Special
Black & Galvanised Steel Structure
For Railways & Other Sectors**

20%

Share of top
10 clients in
total sales

10%

Share of
private sector
in total sales

70%

Share of sales made
within 300 kms of the
manufacturing units

50%

Share of top
5 cities in
total sales

85%

Share of north
India in total
sales

KEY CLIENTS



PHE Srinagar

PHE Jammu

IPH Shimla

UPJJM

Credible Board of Directors & Management



Sandeep Bansal, Managing Director

Mr. Bansal is the promoter and the MD of the company. He graduated from Kirori Mal College and completed his MBA from Maastricht School of Management, Netherlands. The success of Colled Rolled Coils and Steel structure Division was his initiative. He commands more than 3 decades of experience in the company as a whole time director. He's responsible for the overall strategy and growth of the company.

DK Dhanda, Director - Commercial

Mr. Dhanda is a Whole Time Director of the Company. A B.Com degree holder by education, he commands close to four decades of experience. In his celebrated career, he has worked with reputed institutions across diverse industries such as Makerian Papers Limited (Oswal Group), Vallabh Steels Ltd, Chadha Papers Ltd, K.C. Group of Colleges, Ralson Castings Ltd etc. At Swastik, Mr. Dhanda manages production and operations across the manufacturing units.



Surinder Singh, Director - Finance

Mr. Singh is a Whole Time Director of the Company. A Graduate by education, Mr. Singh commands over four decades of experience, the majority of which was spent working with the Government of Punjab's industry department. He retired from there in 2012 and is responsible for the finance and accounts of the company.



Rajinder Kumar Anand, Independent Director

Mr. Anand commands over four decades of experience. He served IDBI Bank Ltd from the year 1977 to 2015 and retired as Branch Head. His presence on the Board brings independence to the functioning and working of the Company.



Vishal Dugar, Independent Director

Mr. Dugar holds an MBA degree from For school of management degree (ACBSP Accredited). He commands two and half decades of experience in the pipes and structural industry. He represented Indian Office for the biggest industrial house in Nepal and its steel export business in India. His presence on the Board brings independence to the functioning and working of the Company besides worldwide experience.



Sony Kumari, Independent Director

Ms. Kumari is a qualified Company Secretary and holds five years of experience in Corporate secretarial, legal, statutory compliances, corporate governance, IPR and allied matters.



Gulshan Rai, Chief Financial Officer

Mr. Rai is the CFO of the company. A qualified Chartered Accountant with more than three decades of experience, Mr. Rai joined the company after a long stint with Aarti Steels limited. At Swastik, he is responsible for Accounts, Finance, Taxation and Banking.

Banani Sikdar, CS & Compliance Officer

Ms, Sikdar is a qualified CS and commands more than two decades of experience with the company.

Resurgent financial performance

Particulars	Mar 31, 2019	Mar 31, 2020	Mar 31, 2021	Mar 31, 2022
Revenue (Rs. crore)	727.56	658.07	523.85	612.19
EBITDA (Rs. crore)	34.62	39.30	33.47	29.28
PAT (Rs. crore)	4.68	-13.89	1.49	20.41
Net Cash from operating activities (Rs. crore)	-22.67	35.56	25.08	47.19

Cruising along the growth expressway

Particulars	FY20	FY21	FY22
CA	25,566	25,729	26,347
CL	19,450	17,328	16,186
WC	6,115	8,401	10,160
Current Ratio	1.31	1.48	1.63
D/E Ratio	2.48	2.42	0.81
Debt Service Coverage Ratio	0.06	0.15	0.26
ROE	-17%	2%	14%
ROCE	7%	17%	14%
Inventory Turnover Ratio	7.10	6.46	8.77
Trade Receivables Turnover Ratio	5.31	3.52	4.16
Trade Payables Turnover Ratio	12.42	9.48	8.93
Net Capital Turnover Ratio	8.21	6.42	4.30
Working Capital Turnover Ratio	9.95	7.25	5.99
Net Profit Margin	-2.1%	0.3%	3.4%

**The industry is expanding
at a rapid pace**



Industry outlook

Particulars	Unit	Size
Market Size	USD billion	129.2
Market Volume	Kilo tons	174723.2
Volume forecast	Kilotons	265731.4
Revenue forecast	USD billion	231.1
Revenue CAGR (2020-2027)	%	6.2

Key sectors for India's steel demand

Particulars	Steel Demand (%)
Construction	61
Capital Goods	10
Automobiles	9
Intermediate	7
Railways	7
Consumer Durables	6

- Investment cycles globally back-on-track post pandemic, leading to surging demand in steel
- Huge untapped rural demand in the country
- High focus on Make in India and infrastructure development driving government's policies thereby enriching the demand landscape further

We are poised for the next level of growth

- **Deleveraging**
- **Capacity utilisation**
- **Value added products**
- **Pan India play**



Deleveraging to boost profitability

- The company has a highly reputed brand in the industry and commands a premium over peers owing to the quality
- The company's financial performance is adversely impacted owing to the aftermath of the COVID-era disruptions leading to high debt
- The high-interest cost and debt servicing charges have impacted profitability and working capital availability and, thereby, sales
- The company has monetised one of its fixed assets to reduce the debt, leading to an impending upturn in the company's financials
- Rs. 47.18 crore Cash Flow from Operation, which is 7.75% of Turnover
- Rs. 40 crore Infusion of Equity by Promoter @ Rs. 85 and Long term Debt paid off recently
- Rs. 62 crore Short-term debt paid off
- Interest amount reducing every year/ restructuring of loan already done

Rs. 114 crore

Total debt as on March 31, 2022

Rs. 44 crore

Long term debt reduced in FY2021-22

~70%

Reduction achieved in short term borrowing within two years

1.54

Debt Service Coverage Ratio as on March 31, 2022 vs. 0.42 on March 31, 2020

IPO Proceeds to significantly boost working capital turnover

Capacity utilisation to expand margins

- Capex infusion in plant and machinery every year
- Two state-of-the-art manufacturing units in Haryana and Uttar Pradesh
- Total manufacturing capacity of 20,000 MT per month
- The company's units are certified ISO 9001:2015 and CE marking & UL approval
- Equipped with the latest machines and sophisticated testing equipment
- Proximity to the key raw material procurement centres
 - Longstanding relations with credible suppliers, including SAIL, Tata Steel and Hindustan Zinc

8.77

Inventory
Coverage Ratio as
on March 31, 2022

**Working capital
availability** to
significantly boost
capacity utilisation

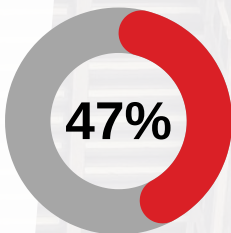
Rs. 6,665 per ton
cash realisation /
Rs. 86,000 per ton
sales realisation

~70%

raw materials
acquired within
300 kms of the
unit

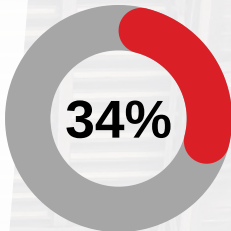
Growing focus on value-added products

- The company is expanding its focus on value-added products and government projects
- Has been a preferred partner to State Governments of Jammu, Kashmir and HP for the National Jal Jeevan Mission
- Now producing value-added products such as structural for solar poles, special structures for Railways, Road crash barriers and exports
- The company got RDSO approval from Railway for Overhead Electrification (OHE) and expected to get orders from the Indian Railways
- Has an in-built research and development division which works on newer applications and industrial uses for its products
- The company aims at value-added products being 33% of its total sales by 2025 - which will translate into considerable realisations

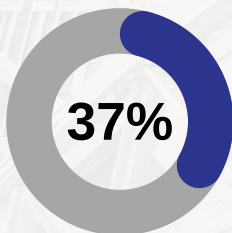


share in 2022

Pipes segment

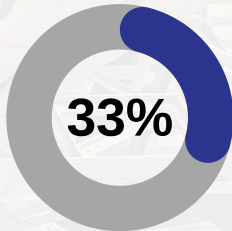


share in 2025

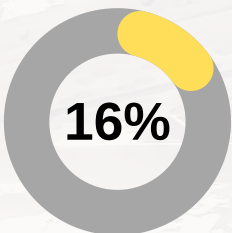


share in 2022

CR/ HRPO segment

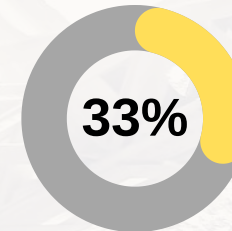


share in 2025



share in 2022

Value added products



share in 2025

Pan India play

- Presently, 30% of the company's sales account for direct to dealers while 50% are direct to corporates and OEMs
- With the free flow of working capital and a growing focus on value-added products, the company will aim at higher direct-to-corporate and export revenues.
- At the same time, the company is looking to derisk its dependence on northern India by doubling its current dealership base of 110+ by 2025
- At the same time, the company would also invest in brand recall to drive higher regional sales across the country
- Recognized by the Ministry of Commerce & Industry as a One Star Export House
- The company is planning to go for green energy generation through solar rooftop panels in the near future for additional cost optimisation in both the plants

Rs. 110+
Total dealers in
India

2X
Expected dealer
growth by 2025

Rs. 300 cr.
Order book as on
August 31, 2022 in
addition to running
orders

**Post-IPO, we will be
among top 5 homegrown
galvanised steel pipes and
structurals companies in
the country**

INVESTMENT RATIONALE

- Increased Capacity Utilisation will enhance financial performance drastically
- Healthy Cash inflow from Operations and continuous repayments of debt
- Continual Capex in Plant and Machinery for modernisation
- The industry parameter of valuation is approx. Rs. 25,000 per ton of Installed Capacity
- 50-year-old Brand and strong dealers/distributor network
- Healthy Per ton Cash realisation and
- Recent Fund infusion by promoters and monetisation of immovable assets

ISSUE DETAILS

Number of shares	62,52,000
Price Range (Rs.)	97-100
Issue Size (Rs. Cr.)	62.52
Issue Type	Book Building
Reservation for HNI	50%
Reservation for Retails	50%
Issue Date	29-09-2022 to 03-10-2022
Market Maker	S S Corporate Securities Limited
Market Maker's Portion	314400 Shares
Lead Manager	Corporate Capital Ventures P. Limited
Registrar	Skyline Financial Services P. Limited

PEER GROUP COMPARISON

(Rs.)

Name of Company	Capacity (In MTPA)	Market Cap (In Cr)	Mkt Cap (In Cr) / Capacity (In MTPA)	Sales (In Cr)	ROE	ROCE	P/E Ratio	EPS	BVPS
APL Apollo	26,00,000	26,405	1,01,558	13,063	28.2%	34.7%	51.1	22.3	90.5
Rama Steel	2,64,000	991	37,538	768	24.1%	20.8%	40.8	3.3	15.1
Hi-Tech Pipes	5,80,000	750	12,931	1,879	17.6%	15.7%	20.9	32.9	211.0
Hariom Pipes	2,63,832	701	26,570	431	35.3%	28.7%	23.3	18.8	59.0
Venus Pipes & Tubes	10,800	1,020	9,44,444	387	37.6%	36.3%	16.3	20.8	84.4
Good Luck India	3,14,000	1,281	40,796	2,613	17.7%	16.0%	15.7	28.9	179.0
Swastik Pipes	2,40,000	232	9,679	609	14.4%	14.4%	11.38	14.2	83.5

- Among the companies listed above, we see that APL Apollo and Hariom Pipes is valued at significantly higher P/E multiples
- With a higher expansion plan of Swastik Pipe, it is expected to surpass Rama Steel and Hariom Pipes in the near future
- Company with strong financials and higher scope of expansion and growth from here.



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SAFE HARBOUR STATEMENT

This Release / Communication, except for the historical information, may contain statements, including the words or phrases such as expects, anticipates, intends, will, would, undertakes, aims, estimates, contemplates, seeks to, objective, goal, projects, should' and similar expressions or variations of these expressions or negatives of these terms indicating future performance or results, financial or otherwise, which are forward-looking statements. These forward-looking statements are based on certain expectations, assumptions, anticipated developments and other factors which are not limited to risk and uncertainties regarding fluctuations in earnings, market growth, intense competition and the pricing environment in the market, consumption level, ability to maintain and manage key customer relationship and supply chain sources and those factors which may affect our ability to implement business strategies successfully, namely changes in regulatory environments, political instability, change in international oil prices and input costs and new or changed priorities of the trade. The Company, therefore, cannot guarantee that the forward-looking statements made herein shall be realised. The Company, based on changes stated above, may alter, amend, modify or make necessary corrective changes in any manner to any such forward-looking statement contained herein or make written or oral forward-looking statements as may be required from time to time based on subsequent developments and events. The Company does not undertake any obligation to update forward-looking statements that may be made from time to time by or on behalf of the Company to reflect the events or circumstances after the date hereof.