



RAMA STEEL TUBES LTD.

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

CIN : L27201DL1974PLC007114 | AN ISO 9001 : 2015 CO.

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info@ramasteel.com

www.ramasteel.com

Date: November 15, 2021

To

The Manager – Listing National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Symbol: RAMASTEEL	The Secretary BSE Limited, Corporate Relationship Dept., P. J. Towers, Dalal Street, Mumbai - 400 001. Scrip Code: 539309
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Dear Sir/Madam,

Sub: Earnings Update

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith Q2 FY22 – Earnings Update.

For Rama Steel Tubes Limited

K. Datta

(Kapil Datta)

Company Secretary & Compliance Officer

Email id: investors@ramasteel.com



Encl. As Above

RAMA STEEL TUBES LIMITED



RESILIENT TO GROW

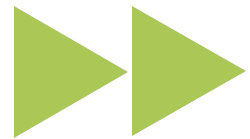
EARNINGS

PRESENTATION 2021

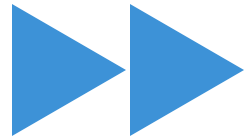
DISCLAIMER

Certain statements in this document may be forward looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Rama Steel Tubes Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

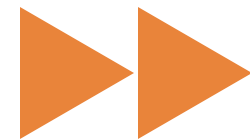
Q2 FY22 EARNINGS UPDATE



Revenue from Operations reported at **₹ 1929.92MN** for Q2 FY22 & **₹ 3312.89MN** for H1 FY 2022

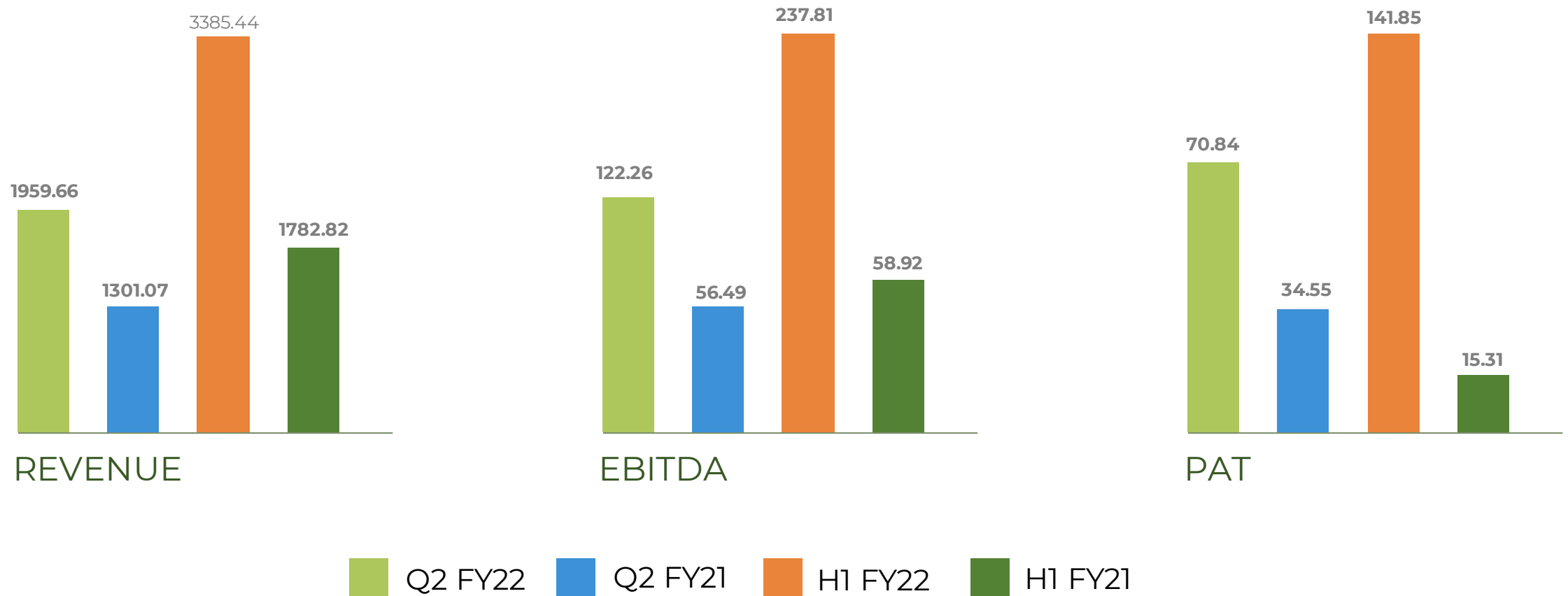


EBITDA stands at **₹ 122.27MN** in Q2 FY22 & **₹ 237.81 MN** for H1 FY 2022



PAT at **₹ 70.84 MN** in Q2 and **₹ 141.85 MN** for H1 FY22

KEY PERFORMANCE INDICATORS



CONSOLIDATED P/L

Particulars (INR MN)	Q2 FY22	Q2 FY21	% +/-	Q1 FY22
Revenue from Operations	1,929.92	1,299.01		1,382.96
Other Income	29.73	2.06		42.82
Total Revenue	1,959.65	1,301.07	50.62	1,425.78
Total Expenses	1,837.39	1,274.41		1,342.59
EBITDA	122.26	56.49	116.43	115.55
EBITDA Margin (%)	6.33%	4.35%		8.36%
Depreciation	10.80	8.33		9.82
Finance Cost	24.96	21.50		22.54
Share of profits from Associates and JVs	-0.43	6.77		5.61
PBT with Exceptional Item	86.07	33.43	157.46	88.80
Exceptional Items	-	-		-
PBT	86.07	33.43	157.46	88.80
Current Tax	17.31	0.91		16.58
Earlier Years	-	-		-
Deferred Tax	-2.08	-2.03		1.24
Tax	15.23	-1.12		17.82
PAT	70.84	34.55	105.07	70.98
Other comprehensive profit / loss	-1.15	0.65		-0.74
Net PAT	69.71	35.20	98.04	70.24
PAT Margin %	3.67 %	2.66%		5.13%
Diluted EPS	4.15	2.10		4.18

CONSOLIDATED P/L

FINANCIAL PERFORMANCE COMPARISON – Q2 FY22 V/S Q2 FY21

- Revenue from operations increased by 48.57% from ₹ 1299 MN in Q2 FY21 to ₹ 1930MN in Q2FY22, mainly due to better product mix and increased demand. Exports stood at ₹ 142.51MN representing 7.38% of the total sales in this quarter
- EBITDA increased by 116.43% from ₹ 56.49MN in Q2 FY21 to ₹ 122.26MN in Q2 FY22, driven by better product mix and increased efficiencies.
- EBITDA margins have increased and reported at 6.33% in Q2 FY22 via-a-vis 4.35 % in Q2 FY21.
- Net Profit stood at ₹ 70.84MN in Q2 FY22, compared to ₹ 34.55MN in Q2 FY21.

Consolidate Diluted EPS for Q2 FY22 is Rs. 4.15 per share (of the face value of Rs. 5 Each) as compared to Rs. 2.10 per share in Q2 FY21

Particulars (INR MN)	H1 FY22	H1 FY21
Revenue from Operations	3,312.89	1,773.48
Other Income	72.55	9.34
Total Revenue	3,385.43	1,782.82
Total Expenses	3,215.74	1781.34
EBITDA	237.81	58.92
EBITDA Margin (%)	7.18%	3.32%
Depreciation	20.62	16.40
Finance Cost	47.50	41.04
Share of profits from Associates and JVs	5.19	10.62
PBT with Exceptional Item	174.88	12.10
Exceptional Items	-	-
PBT	174.88	12.10
Current Tax	33.86	0.91
Earlier Years	-	-
Deferred Tax	-0.84	-4.12
Tax	33.02	-3.21
PAT	141.85	15.31
Other comprehensive profit / loss	-1.89	0.66
Net PAT	139.96	15.97
PAT Margin %	4.28 %	0.86%
Diluted EPS	8.33	0.96

CONSOLIDATED P/L

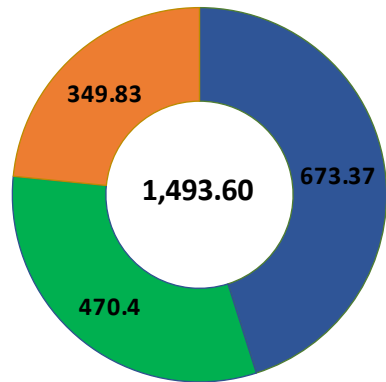
CONSOLIDATED P/L

FINANCIAL PERFORMANCE COMPARISON – H1 FY22 V/S H1 FY21

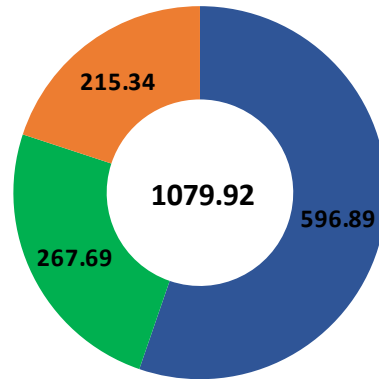
- Revenue from operations increased by 86.81% from ₹. 1773.48 MN in H1 FY21 to ₹. 3312.89MN in H1 FY22. Exports stood at ₹. 215.41MN representing 6.50% of the total sales till end of H1.
- The EBITDA increase by 303.62% from ₹. 58.92 MN in H1 FY21 to ₹. 237.81MN in H1 FY22 and a gain in the EBITDA margins from 3.32% in H1 FY21 to 7.18 % in H1 FY22 mainly driven by better product mix, increased cost efficiencies etc
- Net profit stood at ₹. 141.85 MN in H1 FY22, compared to ₹. 15.31MN in H1 FY21 recoded a growth of 826.32%
- Total Fixed Asset grew by 15.29% from ₹. 502.06 MN in H1 FY21 to ₹. 578.83 MN in H1 FY22
- Current Asset stood at ₹. 2234.07 MN in H1 FY22, compared to ₹. 1,460.78 MN in H1 FY21
- Long term borrowing stood at ₹. 300.22MN in H1 FY22, compared to ₹. 217.19 MN in H1 FY21 and Short term borrowing at ₹. 739.54MN in H1 FY22, compared to ₹. 547.44 MN in H1 FY21
- Finance Cost increased by 15.71 % from ₹. 41.05 MN in H1 FY21 to ₹. 47.50MN in H1 FY22 on account of increase in the long term & short-term borrowing

DOMESTIC GEOGRAPHICAL REVENUE BREAKUP

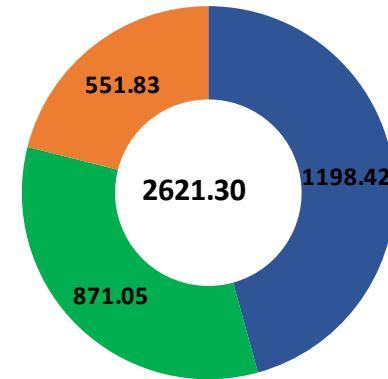
Q2FY22



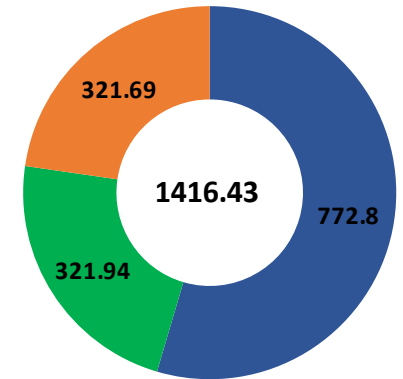
Q2FY21



H1 FY22



H1 FY21

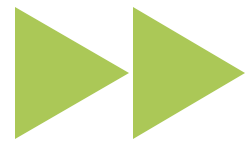


 South

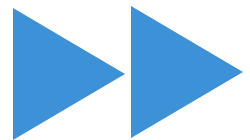
 West

 North

CAPEX UPDATE



The company is in process of modernization of plant at Sahibabad, UP first phase of which is expected to be completed by this fiscal year 22.



Company is planning to set up a Cold Rolling Mill and Strip Galvanizing Plant. The Planned Capex for backward integration for FY 22& FY 23 is ₹ 250MN

BUSINESS UPDATE

Appointment of Key Personnel- RSTL has appointed talented experienced leadership team during Q2 FY 22. The appointment of Mr. Rajeev Kohli as CEO, Mr. Rakesh Chaturvedi as President-Commercial & Mr. Vineet Goel as Vice president – Sales & Marketing is in tune with the company's goal of modernization and professional up-scale. The Company expects to benefit immensely from the rich industry experience and leadership of these personnel.

Receipt of New order amounting to Rs. 429 MN- RSTL has received order amounting to Rs 429 MN from UPPCL (Lucknow), Jal Shakti Vibhaag (Himachal Pradesh), NPCL (Noida) and BSES (New Delhi). This order has contributed significantly to our existing order book of Rs. 1000 MN.

MANAGEMENT COMMENTS

Commenting on the performance of Q2 FY22, **Mr. Richi Bansal, Executive Director**, Rama Steel Tubes Limited, said:

“We are pleased to state that the re-opening of the economy post the 2nd nationwide lockdown, has bought in huge demand for the steel pipes and tubes industry. The announcement of huge government projects like Jal Shakti Abhyaan in the infrastructure sector & various public sector projects has boosted demand for our products significantly. We are also in process of entering into certain niche segments like supply of steel pipes and tubes to City Gas Distribution and Solar Energy power generation units. We plan to dedicate at-least 30% of our production capacity ~86,000 MT; to cater to the demand of the Government sector in the coming years, which is having an EBITA margin of 9%-10%, thereby significantly improving our overall margins. We have a strong order book in hand and are sold out on basis of current production.



MANAGEMENT COMMENTS



On the expansion front, we are in process of modernization of our plant located at Sahibabad, Uttar Pradesh with a major goal of de-bottlenecking operations; which will result in increasing our yield per tonne of finished products. The 1st phase of this modernization is expected to be completed by this fiscal year 22. Our efforts of backward integration at our plant in Anantpur District, Andhra Pradesh wherein we are in process of Cold rolling and Galvanizing Steel Sheets will lead to an in-house raw material support of 15,000 MT in the upcoming years. Further to this, we are in process of adding 10 SKU's to our repertoire on a monthly basis, projecting a total of 700 SKU's being produced in period of 2 years. This will strengthen our relationships with distributors by offering a complete range of products and make RSTL one of the leading suppliers of Steel Pipes and Tubes in the forthcoming years.

One of the major challenges faced by us, is the threat of increasing Steel prices affecting our margins. Q2 has experienced a rise per Tonne of steel, and this upward trend in input prices continues in Q3 of FY22 also. RSTL are protected by the fact that majority of our contracts are supported by a price variation clause and thus any increase in raw material prices is passed on to the customer. Moreover, our recent efforts at backward integration are expected to reduce dependency on external raw material suppliers.

MANAGEMENT GUIDANCE FOR FY22

- Management expects the topline to **grow in absolute terms by 40 % and PAT by 120 %**, owing to better growth in volumes due to demand surge for their products, higher export contribution, addition of higher product margins and tapping greater market share
- Management expects to add 10 new SKUs every month which will enable higher market share and penetration.
- Management expects that absolute **EBITDA will expand by 85-90 % Y-o-Y, margin accretion of ~100 bps** mainly attributable to better product mix, increased cost efficiencies, volume expansion and additional capacities.
- The **exports contribution will increase by ~40% in FY22** due to penetration into newer geographies and higher demand from existing foreign customers.
- RSTL is witnessing a milestone change in their business processes and has initiated some major capex exercises for building additional capacities, modernization of capacities.
- In addition RSTL is also beginning the process of backward integration for manufacturing cold rolled and galvanized coated products which will give the largest advantage to the business and superlative financial performances

“ABOUT RAMA STEEL TUBES”

Rama Steel Tubes Limited (RSTL) is a pioneer and leading manufacturer in the steel tube industry. RSTL has been continuously striving to improve its performance by increasing sales, share of value-added products, innovating new products and aggressive cost optimization on a continual basis. **RSTL products range includes MS ERW black pipes from 15mm to 200mm diameter pipes** confirming to IS: 1239, IS:1161, IS:3589, IS:3601, & IS:4270 and G.I. Pipes from 15mm to 150mm NB in light, medium and heavy sizes. RSTL has **20% exports rate**, with a global presence in more than **16 Countries**. RSTL has a subsidiary in UAE and a step-down subsidiary in Nigeria which has strengthened the company's presence in global markets. RSTL has the world's latest technology, plant and machinery, which also includes sophisticated testing equipment. **RSTL has 4 state-of-art manufacturing capabilities located at Sahibabad (U.P.), Khopoli (Maharashtra) and Anantpur (Andhra Pradesh)** and has got strong distributor network spread across India.

THANK YOU

For further information on the Company, please visit:

www.ramasteel.com

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