



RAMA STEEL TUBES LTD.

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

CIN : L27201DL1974PLC007114 | AN ISO 9001 : 2015 CO.

Regd. Office : B-5, 3rd Floor, Main Road, Ghazipur, New Delhi (India) - 110096

+ (91)-(11)-43446600 | info@ramasteel.com | www.ramasteel.com

Date: August 16, 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 Q1 FY22 – Earnings Update.

For Rama Steel Tubes Limited


(Kapil Datta)

Company Secretary & Compliance Officer
Email id: investors@ramasteel.com



Encl. As Above

Q1 FY22 – Earnings Update

Revenue from Operations reported at ₹ 1382.9 mn  by 191.4%

EBITDA stands at ₹ 115.58 mn  by 4617.5%

PAT stands at ₹ 71 mn as compared to ₹ (19.2) mn in Q1 FY21

New Delhi, 16th August, 2021: *Rama Steel Tubes Limited (RSTL)*, One of the leading manufactures of Steel Pipes & Tubes and G.I. Pipes in India, in its board meeting held on 14th August 2021 has inter-alia considered and approved the Unaudited Financial Results of the Company for the First Quarter Ended on 30th June 2021 as one of its agenda.

A. Financial Statement Highlights:

Particulars (INR MN)	Q1 FY22	Q4 FY21	Q1 FY21
Revenue from Operations	1382.9	1391.6	474.5
Other Income	42.8	45.2	7.3
Total Revenue	1425.8	1436.8	481.75
Total Expenses	1342.6	1338.8	506.9
EBITDA	115.58	121.6	2.45
EBITDA Margin (%)	8.36%	8.74%	0.52%
Depreciation	9.82	5.8	8.1
Finance Cost	22.5	17.7	19.5
Share of profits from Associates and JVs	5.6	0.36	3.86
PBT with Exceptional Item	88.8	98.3	-21.3
Exceptional Items	-	-	-
PBT	88.8	98.3	-21.3
Current Tax	16.6	21.4	-
Earlier Years	-	-	-
Deferred Tax	1.24	-1.41	-2.1
Tax	17.8	20	-2.1
PAT	71	78.3	-19.2
Other comprehensive profit / loss	-0.74	-0.2	0.02
Net PAT	70.3	78.1	-19.2
PAT Margin %	5.13%	5.62%	-4.05%
Diluted EPS	4.18	4.65	-1.14

Financial Performance Comparison – Q1 FY22 v/s Q1 FY21

- Revenue from operations **increased by 191.4% from ₹ 474.5 Mn in Q1 FY21 to ₹ 1382.9 Mn in Q1FY22** mainly led by demand surge for all our products and better price realizations.
- Total sales volumes increased by **107%** to 20,029.60 Metric tons as compared to 9698.05 Metric tons in Q1FY21; as we see a demand surge across our product segments
- EBITDA **increased by 4617.5% from ₹ 2.45 Mn in Q1 FY21 to ₹ 115.58 Mn in Q1 FY22**
- EBITDA margins have increased and reported at 8.36% in Q1 FY22 versus 0.52% in Q1 FY21, same quarter previous year witnessed a national lockdown for almost 40 days and following consequences of uncertainties in the pandemic period
- Net Profit stood at **₹ 71 mn in Q1 FY22, compared to ₹ -19.2 mn in Q1 FY21.**
- Consolidate Diluted EPS for **Q1 FY22 is Rs. 4.18 per share** (of the face value of Rs. 5 Each) as compared to **Rs. -1.14 per share in Q1 FY21.**

Business Updates

- Addition of Capacities**- RSTL is in the process of increasing in capacities at the Lepakshi Plant from 36000 MTPA to 72000 MTPA. This addition of capacities will be completed by October, 2021 and commercial operations shall commence around same time. This additional capacity will be manufacturing different size of products from the additional capacity and these are high value-added products which will enable in margin expansion going forward.
- Upgradation**- Sahibabad plant is under revamping and modernization, keeping pace with changing times, major part of the modernization will be implemented in this fiscal only. This will give enhance operating efficiencies and quantum of the plant again adding to margin accretion with the increased efficiency and production.
- New Highly Experienced Professionals hired**- RSTL has recently hired some highly experienced professionals from various large-scale companies for heading some key business functions. These professionals not only bring knowledge, experience and technical expertise with them but also well-defined network. This will help RSTL to have a focused and organized approach for heading some important divisions of the company.
- Focus on Exports**- Company has presence in 16 countries where it exports Building related material and steel allied products. RSTL expects its export contribution to grow by ~40% in FY22 attributable to the surge in demand from countries like Ethiopia, Nigeria, South Africa and European countries.

Management Comments

Commenting on the performance of Q1 FY22, **Mr. Naresh Kumar Bansal, Chairman & Managing Director**, Rama Steel Tubes Limited, said

“Over past 2 years, we have reworked business, operating and manufacturing strategies, we have taken up expansion and modernization exercises beginning from this fiscal. Despite of a national lockdown and facing the most challenging times RSTL is witnessing a rapid surge in demand across the country. Now we are confident that these efforts will definitely take RSTL to newer heights and enable us to a higher market share. With new and highly experienced professionals in the team, we will have a focused approach for leading our key business functions for operational and cost efficiencies, acquiring newer customers and tap higher market share.

Q1 FY22 witnessed 2nd nationwide lockdown which resulted in deceleration of economic activity and various logistic issues. In spite of these hurdles, we were able to post better nos. Total Revenues has increased by 195.96% from ₹481.75 mn in Q1 FY21 to ₹1425.78 mn in Q1 FY22 mainly due to demand surge for all our products and better price realizations. EBITDA and PAT margins also expanded by 4627.62% and 469.19% respectively Q-o-Q mainly due to product mix strategy, better price realizations and effective cost management practices.

We are confident that with all strategies in place, initiate growth trajectories and we will continue to undertake similar endeavors to increase the long-term value of all our fellow stakeholders.”

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 SKU's every month** which will enable higher market share and penetration
- Management expects that absolute **EBITDA will expand by 85 % 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 Limited

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** conforming 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.

For further information on the Company, please visit www.ramasteel.com

Kapil Datta (Company Secretary)
Rama Steel Tubes Limited
Email: investors@ramasteel.com
Contact: +91-11-43446600

Krunal Shah/ Vinayak Shirodkar
Captive IR Strategic Advisors Pvt Ltd
Email: Krunal@cap-ir.com/Vinayak@cap-ir.com
Contact: +91 98922 88895

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