



RAMA STEEL TUBES LTD.

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

CIN : L27201DL1974PLC007114 | AN ISO 9001 : 2015 CO.

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Date: November 12, 2022

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: Media Release

We are enclosing herewith Media Release, pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For Rama Steel Tubes Limited


(Arpit Suri)
Company Secretary & Compliance Officer
Email id: investors@ramasteel.com

Encl. As Above

PRESS RELEASE

Rama Steel Tubes Ltd. Announces Results

Q2FY2023 consolidated performance overview compared with Q2 FY2022

- Total revenue of INR 3500.79 MN for Q2 FY23 showing robust growth of 78.64% as against INR 1959.66 MN in Q2FY22
- Total Sales Volume of 48,774.67 MT for Q2 FY23 showing impressive growth of 82.89% as against 26,668.58 MT in Q2FY22
- EBIDTA stood INR 109.96 MN in Q2FY23 against INR 121.84 MN in Q2FY22
- PAT Margin (including OCI) stood INR 55.72 MN in Q2FY23 against INR 69.71 MN in Q2FY22

H1FY2023 consolidated performance overview compared with H1 FY2022

- Total revenue of INR 5937.01 MN for H1 FY23 showing robust growth of 75.37% as against INR 3385.44 MN in H1FY22
- Total Sales Volume of 78,608.63 MT for H1 FY23 showing impressive growth of 68.33% as against 46,698.18 MT in H1FY22
- EBIDTA stood INR 209.14 MN in H1FY23 against INR 242.99 MN in H1FY22
- PAT Margin (including OCI) stood INR 104.32 MN in H1FY23 against INR 139.96 MN in H1FY22

Business Update

- RSTL has initiated a massive capacity expansion of additional **30,000 MT** at Khopoli Plant, Maharashtra. The expansion is expected to be completed by the end of 2nd Quarter of FY23 and commercial production is expected to begin in 3rd quarter of FY23. Rama Steel Tubes Industries Limited (stepdown subsidiary of RSTL) has commenced the setting up of a new facility in Nigeria, South Africa having an installed capacity of **20,000 MT**. The total capital outlay for this expansion will be **Rs.200 MN** and will be funded through the internal accruals. The new facility is expected to be fully functional in 3rd quarter of FY23.



- On 14th February, 2022, The Board of directors have approved a scheme of Amalgamation of Lepakshi Tubes Private Ltd, a wholly owned subsidiary of RSTL with the latter company under sections 230-232 of The Companies Act,2013. This merger has been proposed to bring about operational synergies and cost savings to both the companies.
- During the period under review the following transaction were held in the Company:
 1. Sub-division of Equity Shares of the Company from FV ₹ 5/- each to FV ₹ 1/- each w.e.f 25th August, 2022.
 2. A.) Acquisition of 51% stake in M/s Ashoka Infrasteel, a partnership firm from its partners by allotment of fresh Equity Shares 3455135 (After Sub Division) of FV ₹ 1/- each at a price of ₹78/- each (including premium) against 49% on a preferential basis on 31st August, 2022 and for remaining 2% company has made cash consideration. As a result M/s Ashoka Infrasteel, a partnership firm has become the subsidiary of Rama Steel Tubes Limited, thus financials of M/s Ashoka Infrasteel for the period from September 01, 2022 till September 30, 2022 have been considered in the consolidated financials considering minority interest (Non-controlling Interest).

B.) Acquisition of 50% shareholdings in M/s Hagar Mega Mart Private Limited by allotment of fresh Equity Shares of 641030 (After Sub-Division) of FV ₹ 1/- each at a price of ₹ 78/- each (including premium) on a preferential basis on 31st August, 2022. As a result, M/s Hagar Mega Mart Private Limited has become the associate of Rama Steel Tubes Limited, thus our share in Net Profit /(Loss) including OCI of Associate for the period September 01,2022 till September 30, 2022 have been considered in the consolidated financials.
 3. Allotment of 31,65,000 Equity Shares on 23rd September, 2022 in lieu of Convertible Warrants allotted on preferential basis to promoter and non-promoter group on 10th June, 2022.

Commenting on performance

“We have reported a strong H1 FY23 with the growth in Revenue from operations being 75.37% and growth in sales volume of 68.33% on Y-o-Y basis. There is growth in demand of our products having the highest level of quality and our ability to cater the needs of all our customers on timely basis.

The announcement of huge government projects like UPPCL, 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 25% of our production capacity 300000 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. From the facility, in the process of being set up, in Nigeria, we have already signed purchase agreement of 15,000 MT p.a. for supply of specialty steel from Huihai Group Ltd, Hong Kong. The potential market size for Specialty Steel in Nigeria is ~50,000 MTPA and we are happy to cater almost 1/3rd of the total market size.



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 Q3 of the Fiscal Year 2023. 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 50,000 MT in the upcoming years. With the expansion of Khopoli plant by ~30,000 MT and the setting up of facility in Nigeria by our stepdown subsidiary, we expect our total capacity to increase to 300000 MT by end of FY23. Further to this, we are in process of adding 10 SKUs to our repertoire on a monthly basis, projecting a total of 700 SKUs 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.

Moreover, our recent efforts at backward integration are expected to reduce dependency on external raw material suppliers. Further, even in such a difficult market, we were able to procure large orders and expect to procure more of such orders.”

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

