

RAMA STEEL TUBES LIMITED



RESILIENT TO GROW

EARNINGS

PRESENTATION for Q3 & 9M FY22

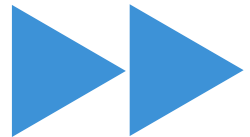
DISCLAIMER

*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.*

Q3 FY22 EARNINGS UPDATE



Revenue from Operations reported at ₹ **1849.81MN** for Q3 FY22 & ₹ **5162.70MN** for 9M FY22



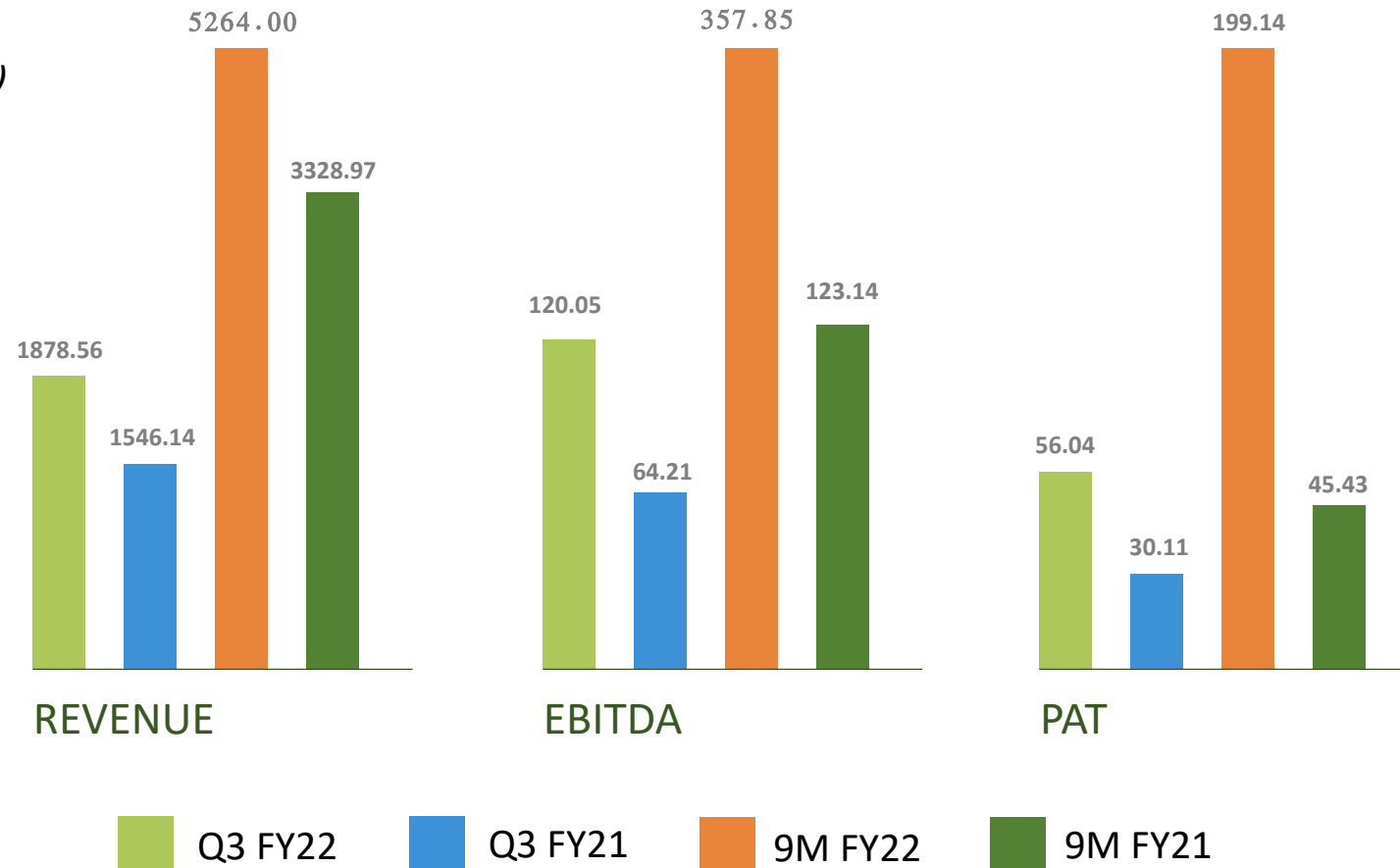
EBITDA stands at ₹ **120.05MN** in Q3 FY22 & ₹ **357.85MN** for 9M FY22



PAT at ₹ **56.04MN** in Q3 and ₹ **199.14MN** for 9M FY22

KEY PERFORMANCE INDICATORS

(All figures quoted herein are in INR million)



CONSOLIDATED P/L

Particulars (INR MN)	Q3 FY22	Q3 FY21	% +/-	Q2 FY22
Revenue from Operations	1849.81	1539.27		1929.92
Other Income	28.75	6.87		29.73
Total Revenue	1878.56	1546.14	21.50	1959.66
Total Expenses	1758.52	1481.93		1837.39
EBITDA	120.05	64.21	86.96	122.27
EBITDA Margin (%)	6.39%	4.15%		6.24%
Depreciation	11.30	12.46		10.80
Finance Cost	28.92	18.22		24.96
Share of profits from Associates and JVs	0.93	3.05		-0.43
PBT with Exceptional Item	80.76	36.59	120.72	86.07
Exceptional Items	-	-		-
PBT	80.76	36.59	120.72	86.07
Current Tax	19.36	6.45		17.31
Earlier Years	-	-		-
Deferred Tax	5.36	0.02		-2.08
Tax	24.71	6.48		15.22
PAT	56.04	30.11	86.12	70.85
Other comprehensive profit / loss	4.06	-3.10		-1.14
Net PAT	60.1	27.01	122.51	69.71
PAT Margin %	3.20%	1.75%		3.56%
Diluted EPS	3.58	1.61		4.15

FINANCIAL PERFORMANCE COMPARISON – Q3 FY22 V/S Q2 FY21

- Revenue from operations has increased by 20.17% from ₹1539.27 MN in Q3 FY21 to ₹ 1849.81 MN in Q3 FY22, mainly due to better product mix and increased demand. Exports stood at Rs.42.37 MN representing 2.29% of the total sales in this quarter.
- EBITDA increased by 86.96% from ₹64.21 MN in Q3 FY21 to ₹120.05 MN in Q3 FY22, driven by better product mix and increased efficiencies.
- EBITDA margins have increased and reported at 6.39% in Q3 FY22 via-a-vis 4.15% in Q3 FY21.
- Net Profit stood at ₹60.10 MN in Q3 FY22, compared to ₹27.01 MN in Q3 FY21.
- Consolidate Diluted EPS for Q3 FY22 is Rs.3.58 per share (of the face value of Rs. 5 Each) as compared to Rs.1.61 per share in Q3 FY21

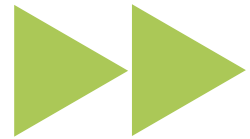
CONSOLIDATED P/L

Particulars (INR MN)	9M FY22	9M FY21	% +/-
Revenue from Operations	5162.70	3312.75	
Other Income	101.30	16.22	
Total Revenue	5264.00	3328.97	58.13
Total Expenses	4906.15	3205.83	
EBITDA	357.85	123.14	190.60
EBITDA Margin (%)	6.80%	3.70%	
Depreciation	31.92	28.86	
Finance Cost	76.42	59.27	
Share of profits from Associates and JVs	6.12	13.68	
PBT with Exceptional Item	255.62	48.69	424.99
Exceptional Items	-	-	
PBT	255.62	48.69	424.99
Current Tax	53.22	7.36	
Earlier Years	-	-	
Deferred Tax	3.26	-4.10	
Tax	56.49	3.26	
PAT	199.14	45.43	338.34
Other comprehensive profit / loss	2.17	-2.43	
Net PAT	201.31	43.00	368.16
PAT Margin %	3.82%	1.29%	
Diluted EPS	11.99	2.56	

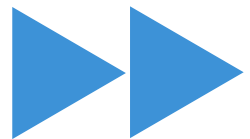
FINANCIAL PERFORMANCE COMPARISON – 9M FY22 V/S 9M FY21

- Revenue from operations increased by 55.84 % from Rs.3312.75 MN in 9M FY21 to Rs.5162.70 MN in 9M FY22. Exports stood at Rs.253.79 MN representing 4.92% of the total sales till end of 9M FY22.
- The EBITDA increased by 190.60% from Rs.123.14 MN in 9M FY21 to Rs.357.85 MN in 9M FY22 and a gain in the EBITDA margins from 3.70% in 9M FY21 to 6.80% in 9M FY22 mainly driven by better product mix, increased cost efficiencies etc.
- Net profit stood at Rs.201.31 MN in 9M FY22, compared to Rs.43.00 MN in 9M FY21 recoding a growth of 368.16%
- Finance Cost increased by 28.94% from Rs.76.42 MN in 9M FY21 to Rs.59.27 MN in 9M FY22 on account of increase in the long term & short-term borrowing

CAPEX UPDATE



RSTL is in the process of modernization of plant at Sahibabad, UP the first phase of which is expected to be completed in this quarter i.e. Q4 FY22.



RSTL is planning to set up a Cold Rolling Mill and Strip Galvanizing Plant, the total capacity for this plan would be 200,000 MTPA to be setup phase wise at different locations of RSTL, planned capex for backward integration is estimated to be Rs.250 MN and would be executed in forthcoming 2 years i.e. FY23 & FY24

BUSINESS UPDATE

RSTL successfully procures orders from UPPCL for supply of **2500** electric poles to the tune of **580 MT** aggregating to total **Rs.43.3 MN including the previous contracts.**

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 Quarter 4 of FY22 and commercial production is expected to begin in first half of FY23. The total capacity of Khopoli unit post the completion of this expansion will be **162,000 MT.**

Brickwork Ratings (BWR) has upgraded the long-term rating to BWR BBB with a Stable outlook and short-term rating to BWR A3+ for the bank loan facilities of Rama Steel Tubes Ltd.

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 a mix of internal accruals and partially through debt. The new facility is expected to be fully functional in first half of FY23.

MANAGEMENT COMMENTS



Commenting on the performance of Q3 FY22, **Mr. Richi Bansal, Executive Director, Rama Steel Tubes Limited**, said:

“We have reported a strong Q3 with the **growth in Revenue from operations being 20%** and **growth in EBITDA margins of 86.96%** 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.

Owing to such an excellent quarter, the board of directors have considered and recommended declaration of interim dividend of Rs.0.50/share (10% of the Face Value), and the board is also optimistic about declaring final dividend for the FY22.

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 300,000 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. 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 speciality steel from Huihai Group Ltd, Hong Kong. The potential market size for Speciality 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 the Fiscal Year 2022. 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 300,000 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.”

The present economic scenario and strong demand in the sector we expect that this financial year will set precedents and we are confident to execute our business strategies and deliver results as guided by us.”

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 in the process of raising funds to the tune of **~Rs.1,500 mn** for the purpose of capacities expansion/addition, backward integration, and upgradation/modernization of capacities.
- 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.

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

THANK YOU

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