



INSPIRING GROWTH
SRIKALAHASTHI PIPES

Earnings Presentation | Q4-FY18

Executive Summary

Overview

- Srikalahasthi Pipes Ltd. (SPL) was incorporated in 1991, the company entered into a strategic alliance with Electrosteel Group in 2002, India's leading DI Pipe manufacturer.
- The company has adopted its name from the area of its manufacturing facility, which is located in Rachagunneri, Srikalahasthi Mandal, Tirupati
- The company got Listed on BSE in 1994 and in NSE in 2007 and has a current market capitalization of approximately INR 15,018 Mn as on 31st March, 2018.

Business Mix

- **DI Pipes** : Capacity – 300,000 TPA
- **Pig Iron** : Capacity - 275,000 TPA
- **Coke** : Capacity - 225,000 TPA
- **Cement** : 90,000 TPA
- **Power** : 2 Captive Power Plants with a total capacity of 14.5 MW

FY18 Financials

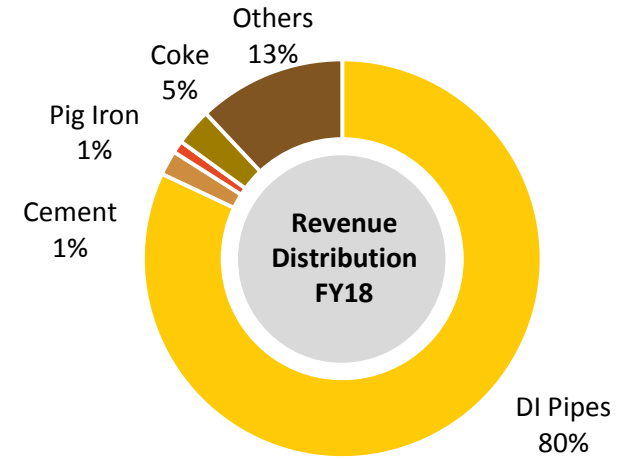
Total Income* - **INR 15,415 Mn**
EBITDA - **INR 2,792 Mn**
EBITDA Margin – **18.11 %**
Net Profit - **INR 1,474 Mn**

Clients

- SPL supplies DI pipes to various Water Boards, Municipal Corporations and Turnkey Contractors across the country for their Water Infrastructure Projects which are the thrust area of the Govt. of India.
- Some of the Marquee clients include: Larsen & Toubro, Nagarjuna Construction Corporation, Indian Hume Pipes Ltd, VA Tech Wabag Ltd, Sriram EPC Ltd etc.

Company Overview

- ❖ Srikalahasthi Pipes Limited “SPL” was established in 1991 to manufacture Pig Iron.
- ❖ SPL’s plant is located at Rachagunneri, Srikalahasthi, Chittoor District, Andhra Pradesh near Tirupati and its key products include DI Pipes, Coke, Pig Iron, Cement.
- ❖ SPL is categorized as Public Utility Services Company by Govt. of Andhra Pradesh
- ❖ The company has a fully backward integrated manufacturing facility which includes a sinter plant, coke oven plant, power plant and a Sewage Treatment facilities in the same complex spread over 330 acres, giving the company a significant competitive advantage.
- ❖ In March 2002, India’s leading DI Pipes manufacturer, Electrosteel Castings Ltd (ECL), entered into a strategic alliance with SPL.
- ❖ ECL is India’s largest and one of the few manufacturers in the world to make Ductile Iron (DI) Pipes, DI Fittings and CI Pipes, having its facilities in Khardah & Haldia in West Bengal and Elavur in Tamil Nadu.
- ❖ SPL is one of the top players in the DI pipe industry in India, and commands around 15% market share across India and around 70% in South which it primarily caters to.
- ❖ Together the Electrosteel group commands around 40% market share of the Indian DI Pipes Market.



Electrosteel Group Structure

Electrosteel Castings Ltd.

Srikalahasthi
Pipes Ltd.(43%)

Q4-FY18 Key Financial & Operational Highlights

❑ **Q4-FY18 Financial Performance:**

- Total Income: INR 3,507 Mn
- EBITDA: INR 655 Mn
- EBITDA Margin: 18.68 %
- PAT: INR 343 Mn
- PAT Margin: 9.78%
- EPS*: INR 7.41/equity share

- The Profit before tax for the quarter ended 31st March, 2018 is at INR 45.9 Cr as compared to INR 44.2 Cr registered in the corresponding quarter ended 31st March, 2017.
- The Project of installation of fourth coke oven battery along with additional boiler in the Captive Power Plant is in the advanced stage of completion and is expected to be in place during Q1-FY19.
- The Company's order book position continues to be comfortable and the Company is optimistic of maintaining its growth.

FY18 Key Financial & Operational Highlights

□ **FY18 Financial Performance:**

- Total Income: INR 15,415 Mn
- EBITDA: INR 2,792 Mn
- EBITDA Margin: 18.11%
- PAT: INR 1,474 Mn
- PAT Margin: 9.56%
- EPS*: INR 35.53/equity share

- We have proposed to invest of INR 70 Cr via CAPEX towards installation of additional Annealing Furnace, establishing 1200 mm dia production facilities and other balancing infrastructure in Ductile Iron Pipe Plant, which facilitates cost reduction, besides flexibility in the size mix which in turn will lead to better sales realization and improved capacity utilization. This project would be funded out of internal accruals and the proceeds of the QIP Issue. It is planned to commission this by Q2-FY20.
- As a measure of cost reduction initiatives and as part of backward integration to achieve self-reliance in sourcing major and critical raw / essential materials, the company is contemplating to take up Ferro Alloys project at a capital outlay of INR 55 Cr to produce Ferro Silicon and Silicon Manganese while production of 50% of the Ferro Silicon will be consumed internally and the balance quantity of Ferro Silicon and entire quantity of Silicon Manganese shall be sold in domestic and export markets. This additional facility would help the company in achieving higher revenues, in addition to maintaining lower cost of production. This facility will be commissioned by Q2-FY20.
- Considering Government's continuous focus on infrastructural projects in the country, huge investments in water infrastructure development, use of Ductile Iron Pipes in sewerage and irrigation projects, the demand for Ductile Iron Pipes in the domestic market is expected to be growing.

Quarterly Profit & Loss Statement (Ind AS)

Particulars (INR Mn)	Q4-FY18	Q4-FY17	Y-o-Y	Q3-FY18	Q-o-Q
Total Income	3,507	4,445	(21.1)%	3,985	(12.0)%
Expenditure	2,852	3,838	(25.7)%	3,265	(12.6)%
EBITDA	655	607	7.91%	720	(9.1)%
EBITDA margin	18.68%	13.66%	502 Bps	18.06%	62 Bps
Depreciation	84	88	(4.56)%	89	(5.6)%
Finance Cost	112	77	45%	99	13.1%
PBT	459	442	3.85%	532	(13.8)%
Tax	116	130	(10.8)%	137	(15.3)%
PAT	343	312	9.9%	395	(13.3)%
PAT margin	9.78%	7.02%	276 Bps	9.91%	(13) Bps
Other Comprehensive Income (net of Tax)	3	1	200.0%	0	NA
Total Comprehensive income	346	313	10.5%	395	(12.5)%
EPS*	7.41	7.88	(6.0)%	9.85	(24.8)%

*EPS for the FY18/Q4-FY18 have been calculated as per Ind-AS 33 on pro rata basis post QIP.

Yearly Profit & Loss Statement(Ind AS)

Particulars (INR Mn)	FY18	FY17	Y-o-Y
Total Income	15,415	12,339	24.9%
Expenditure	12,623	9,665	30.6%
EBITDA	2,792	2,674	4.4%
EBITDA margin	18.11%	21.67%	(356) Bps
Depreciation	354	369	(4.1)%
Finance Cost	429	393	9.2%
PBT	2,009	1,912	5.1%
Tax	535	510	4.9%
PAT	1,474	1,402	5.1%
PAT margin	9.56%	11.36%	(180) Bps
Other Comprehensive Income (Net of Tax)	2	0	NA
Total Comprehensive income	1,476	1,402	5.3%
EPS*	35.53	35.25	0.8%

* **EPS for the FY18/Q4-FY18 have been calculated as per Ind-AS 33 on pro rata basis post QIP.

Historical Profit & Loss Statement (Ind AS)

Particulars (INR Mn)	FY16	FY17	FY18
Total Income	11,976	12,339	15,415
Expenditure	9,109	9,665	12,623
EBITDA	2,867	2,674	2,792
EBITDA margin	23.94%	21.67%	18.11%
Depreciation	347	369	354
Finance Cost	425	393	429
PBT	2,095	1,912	2,009
Tax	542	510	535
PAT	1,553	1,402	1,474
PAT margin	12.97%	11.36%	9.56%
Other Comprehensive Income (Net of Tax)	(2)	0	2
Total Comprehensive income	1,551	1,402	1,476
EPS*	39.01	35.25	35.53

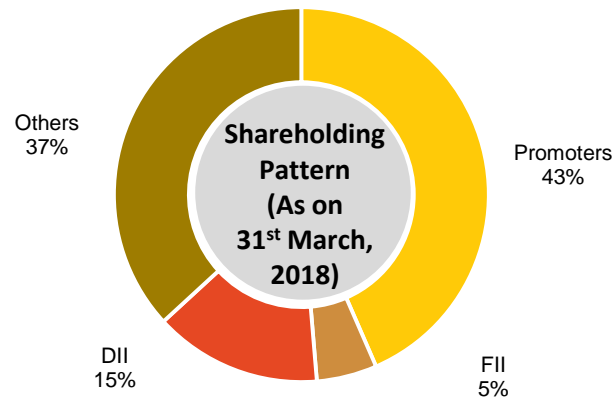
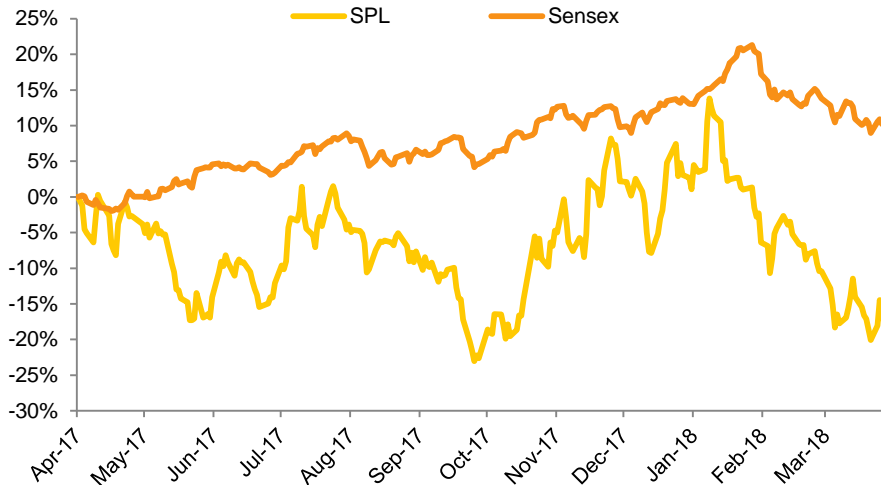
*EPS for the FY18/Q4-FY18 have been calculated as per Ind-AS 33 on pro rata basis post QIP.

Balance Sheet (Ind AS)

ASSETS (INR Mn)	FY16	FY17	FY18
Non - Current Assets			
Property, Plant and Equipment	7,984	9,084	8,358
Capital Work-In-Progress	194	57	298
Intangible Assets	7	9	7
Financial Assets			
a. Other Financial Assets	39	56	66
b. Other Non-Current Assets	59	13	20
Total Non-Current Assets	8,283	9,219	8,749
Current Assets			
Inventories	1,189	2,134	2,091
Financial Assets			
a. Investments	1,473	1,526	2,135
b. Trade Receivables	2,076	1,433	2,533
c. Cash & Cash Equivalents	211	543	2,021
d. Bank Balances other than (c.)	4	12	27
e. Loans	61	232	235
f. Other Financial Assets	19	8	40
Other Current Assets	494	462	389
Total Current Assets	5,527	6,350	9,471
Total Assets	13,810	15,569	18,220

EQUITY & LIABILITY (INR Mn)	FY16	FY17	FY18
Equity			
Equity Share Capital	398	398	467
Other Equity	6,575	7,737	11,321
Total Equity	6,973	8,135	11,788
Non-Current Liabilities			
Financial Liabilities			
a. Borrowings	1,090	639	384
b. Provisions	47	15	16
c. Deferred Tax Liability (Net)	1,136	1,253	1,332
d. Other Non-Current Liabilities	-	-	48
Total Non-Current Liabilities	2,397	1,907	1,780
Current Liabilities			
Financial Liabilities			
a. Borrowings	2,925	3,872	2,974
b. Trade Payables	515	853	957
c. Other Financial Liabilities	872	504	352
Other Liabilities	61	199	269
Provisions	67	99	100
Total Current Liabilities	4,440	5,527	4,652
Total Liabilities	6,837	7,434	6,432
Total Equities & Liabilities	13,810	15,569	18,220

Capital Market Information



Price Data (As of 31st March, 2018)

	INR
Face Value	10
Market Price	321.6
52 Week H/L	448.85/296.50
Market Cap (INR Mn)	15,018.2
Equity Shares Outstanding (Mn)	46.70
1 Year Avg. Trading Volume ('000)	181.1

Key Financial Ratios (As of 31st March, 2018)

Networth (INR Mn)	11,788
Net Debt to Equity (x)	(0.1)
ROE (%)	12.5
RoCE (%)	16.1

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For further information please contact our Investor Relations Representative:



Mr. Anuj Sonpal

Valorem Advisors

Tel: +91-22-49039500

Email: info@valoremadvisors.com

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