



SRIKALAHASTHI PIPES LIMITED



Regd. Office & Works: Rachagunneri-517641, Srikalahasthi Mandal, Chittoor District, A.P.,
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www.srikalahasthipipes.com, CIN : L74999AP1991PLC013391

SPL/SECY/SE/2017-18

February 06, 2018

The Manager-Dept. of Corporate Services
BSE Ltd.


Regd. Off: Floor 25, P.J.Towers
Dalal Street
Mumbai – 400 001
Scrip Code : 513605

The Manager-Dept. of Corporate Services
The National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
Symbol : SRIPIPES

Dear Sir,

Sub: Analyst Meet/Conference call presentation.

Further to our letter dated 5th February, 2018 intimating the schedule of Conference Call with

THIRU S. S. SRI
Company Secretary
SRIKALAHASTHI PIPES LIMITED

S. S. Sri
Company Secretary – Finance
SRIKALAHASTHI PIPES LIMITED

Earnings Presentation
9M/Q3-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 18,667 Mn

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

FY17 Financials

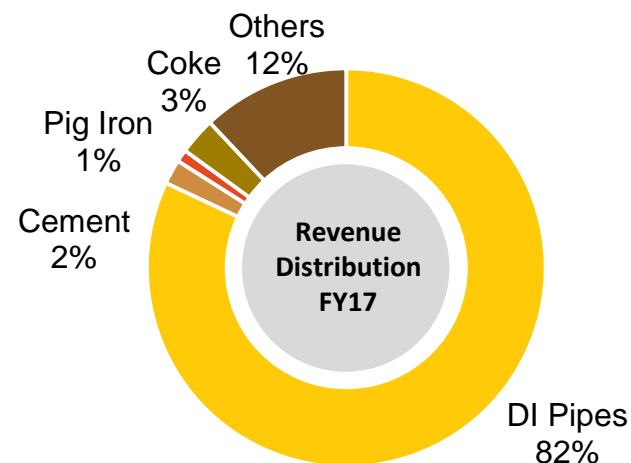
Total Income*- INR 12,339 Mn
EBITDA - INR 2,674 Mn
EBITDA Margin - 21.7 %
Net Profit - INR 1,402 Mn

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

- ❖ Srialahasthi Pipes Limited “SPL” was established in 1991 to manufacture Pig Iron.
- ❖ SPL’s plant is located at Rachagunneri, Srialahasthi, 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.

Srialahasthi
Pipes Ltd.(49%)

9M / Q3-FY18 Key Financial Highlights

❑ Q3-FY18 Financial Performance:

- Total Income: INR 3,985 Mn
- EBITDA: INR 720 Mn
- EBITDA Margin: 18.06 %
- PAT: INR 395 Mn
- PAT Margin: 9.91%
- EPS*: INR 9.85/equity share

❑ 9M-FY18 Financial Performance:

- Total Income: INR 11,908 Mn
- EBITDA: INR 2,137 Mn
- EBITDA Margin: 17.95%
- PAT: INR 1,131 Mn
- PAT Margin: 9.50 %
- EPS*: INR 28.35/equity share

*EPS for the 9M/Q3-FY18 have been calculated as per Ind-AS 33 on pro rata basis post QIP.

9M / Q3-FY18 Key Operational Highlights

- The Profit before tax for the quarter ended 31st December, 2017 is at Rs. 53.24 Crores as compared to Rs.52.98 Crores registered in the corresponding quarter ended 31st December, 2016.
- The Company has successfully raised Rs.250 crores through its Qualified Institutional Placement (QIP) in the month of December, 2017, which saw participation by some highly reputed institutional investors. The company has issued 69,34,812 equity shares of face value of Rs.10/- per equity share at Rs.360.50, including a premium of Rs.350.50 per share. He further informed that this is an important milestone in our corporate journey and the response to this QIP issue is a testimony to SPL's growth oriented financial performance and the confidence reposed by the investors in SPL's business model.
- Company's project for expansion of Coke Oven Plant and Captive Power Plant is in the advanced stage of completion and will be commissioned by first quarter of FY 2018-19, as planned.
- The volatility of Coal prices in global market is continuing, in addition, the prices of Iron Ore, Ferro Silicon, the main raw materials in the domestic market are volatile and have increased recently. However, with the continued thrust being given by the company for improving operational efficiencies, cost control, reduction in financial cost and appropriate changes in the marketing strategy, the company is hopeful of insulating its margins.
- Growing domestic demand for Ductile Iron Pipes in the country in general and upcoming ambitious water supply projects like Amaravathi Capital Development Projects and infrastructure projects in smart cities and cities under AMRUT in southern India will ensure regular business and the company is hopeful of maintaining its growth .
- The company's order book position continues to be comfortable.
- The company is also exploring possibilities for diversification in related industry and projects for future growth.

Quarterly Financial Statement (Ind AS)

Particulars (INR Mn)	Q3-FY18	Q3-FY17	Y-o-Y	Q2-FY18	Q-o-Q
Total Income*	3,985	3,012	32.3%	3,456	15.3%
Expenditure	3,265	2,271	43.7%	2,744	18.9%
EBITDA	720	741	(2.8)%	712	1.2%
EBITDA margin	18.06%	24.60%	(654) Bps	20.60%	(254) Bps
Depreciation	89	90	(1.1)%	93	(4.3)%
Finance Cost	99	121	(18.1)%	104	(4.8)%
PBT	532	530	0.3%	515	3.4%
Tax	137	129	6.2%	143	(4.2)%
PAT	395	401	(1.5)%	372	6.3%
PAT margin	9.91%	13.31%	(340) Bps	10.76%	(85) Bps
Other Comprehensive Income (net of Tax)	0	(1)	NA	(1)	NA
Total Comprehensive income	395	400	(1.25)%	371	6.5%
EPS*	9.85	10.06	(2.1)%	9.34	5.5%

*EPS for the 9M/Q3-FY18 have been calculated as per Ind-AS 33 on pro rata basis post QIP.

9M Financial Statement (Ind AS)

Particulars (INR Mn)	9M-FY18	9M-FY17	Y-o-Y
Total Income*	11,908	7,894	50.8%
Expenditure	9,771	5,827	67.7%
EBITDA	2,137	2,067	3.4%
EBITDA margin	17.95%	26.18%	(823)Bps
Depreciation	270	280	(3.6)%
Finance Cost	317	316	0.3%
PBT	1,550	1,471	5.4%
Tax	419	381	10.0%
PAT	1,131	1,090	3.8%
PAT margin	9.50%	13.81%	(431) Bps
Other Comprehensive Income (Net of Tax)	(1)	(2)	NA
Total Comprehensive income	1,130	1,088	3.9%
EPS*	28.35	27.37	3.6%

*EPS for the 9M/Q3-FY18 have been calculated as per Ind-AS 33 on pro rata basis post QIP.

Profit & Loss Statement (Ind AS)

Particulars (INR Mn)	FY16	FY17	9M-FY18
Total Income*	11,976	12,339	11,908
Expenditure	9,109	9,665	9,771
EBITDA	2,867	2,674	2,137
EBITDA margin	23.94%	21.67%	17.95%
Depreciation	347	369	270
Finance Cost	425	393	317
PBT	2,095	1,912	1,550
Tax	542	510	419
PAT	1,553	1,402	1,131
PAT margin	12.97%	11.36%	9.50%
Other Comprehensive Income (Net of Tax)	-2	0	(1)
Total Comprehensive income	1,551	1,402	1,130
EPS	39.01	35.25	28.35

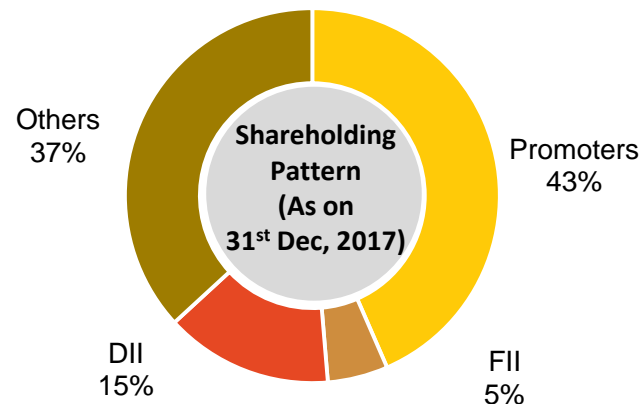
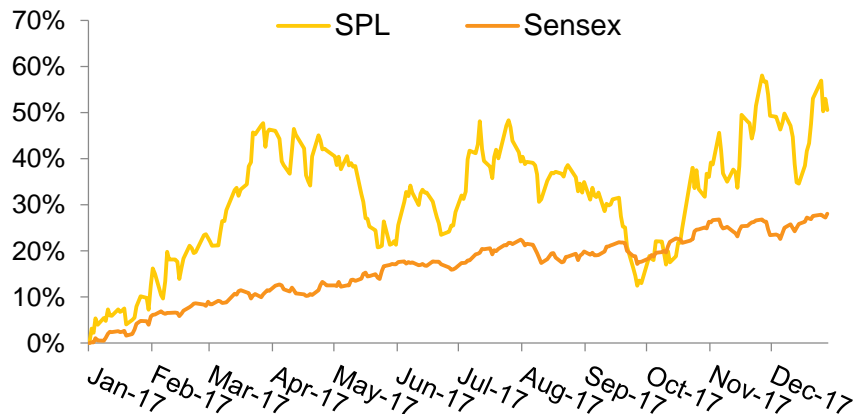
*EPS for the 9M/Q3-FY18 have been calculated as per Ind-AS 33 on pro rata basis post QIP.

Balance Sheet (Ind AS)

ASSETS (INR Mn)	FY16	FY17	H1-FY18
Non - Current Assets			
Property, Plant and Equipment	7,984	9,084	8,354
Capital Work-In-Progress	194	57	159
Intangible Assets	7	9	8
Financial Assets			
a. Other Financial Assets	39	56	64
Other Non-Current Assets	59	13	21
Total Non-Current Assets	8,283	9,219	8,606
Current Assets			
Inventories	1,189	2,134	2,682
Financial Assets			
a. Investments	1,473	1,526	2,026
b. Trade Receivables	2,076	1,433	2,873
c. Cash & Cash Equivalents	211	543	6
d. Bank Balances other than (c.)	4	12	251
e. Loans	61	232	210
f. Other Financial Assets	19	8	1
Other Current Assets	494	462	839
Total Current Assets	5,527	6,350	8,888
Total Assets	13,810	15,569	17,494

EQUITY & LIABILITY (INR Mn)	FY16	FY17	H1-FY18
Equity			
Equity Share Capital	398	398	398
Other Equity	6,575	7,737	8,186
Total Equity	6,973	8,135	8,584
Non-Current Liabilities			
Financial Liabilities			
a. Borrowings	1,090	639	513
b. Other Financial Liabilities	124	26	26
Provisions	47	55	69
Deferred Tax Liability (Net)	1,136	1,253	1,294
Other Non-Current Liabilities	-	-	48
Total Non-Current Liabilities	2,397	1,973	1,950
Current Liabilities			
Financial Liabilities			
a. Borrowings	2,925	3,872	4,752
b. Trade Payables	515	710	1,065
c. Other Financial Liabilities	872	722	751
Other Liabilities	61	98	35
Provisions	67	59	357
Total Current Liabilities	4,440	5,461	6,960
Total Liabilities	6,837	7,434	8,910
Total Equities & Liabilities	13,810	15,569	17,494

Capital Market Information



Price Data (As of 31st December, 2017)

INR

Face Value	10
Market Price	399.75
52 Week H/L	435.0/262.5
Market Cap (INR Mn)	18,667
Equity Shares Outstanding (Mn)	46.70
1 Year Avg. Trading Volume ('000)	161.7

Key Financial Ratios (As of 31st March, 2017)

Networth (INR Mn)	8,135
Net Debt to Equity (x)	0.3
ROE (%)	17.2
RoCE (%)	17.5

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THANK YOU