



SRIKALAHASTHI PIPES

Earnings Presentation | 9M/Q3-FY21

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 7.1 Bn as on 31st December, 2020.

Business Mix

- **DI Pipes** : Capacity – 300,000 TPA
- **Pig Iron** : Capacity - 275,000 TPA
- **Coke** : Capacity - 270,000 TPA
- **Cement** : 90,000 TPA
- **Power** : 2 Captive Power Plants with a total capacity of 14.5 MW

FY20 Financials

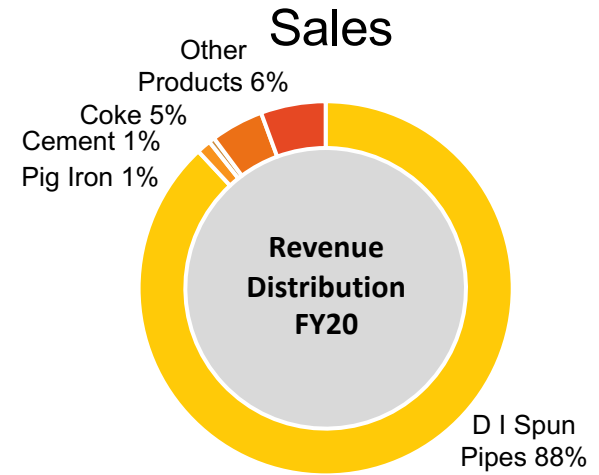
Total Income- **INR 17,266 Mn**
EBITDA - **INR 3,239 Mn**
EBITDA Margin – **18.76 %**
Net Profit - **INR 1,877 Mn**

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 13% 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
(41%)

9M/Q3-FY21 Key Financial & Operational Highlights

Q3-FY21 Financial Performance

INR 4,409 Mn Total Income*	INR 902 Mn EBITDA	20.46% EBITDA Margin
INR 468 Mn Total Income	10.61% EBITDA	INR 10.02/share EPS

9M-FY21 Financial Performance

INR 10,742 Mn Total Income*	INR 1,622 Mn EBITDA	15.10% EBITDA Margin
INR 639 Mn Total Income	5.95% EBITDA	INR 13.68/share EPS

Q3-FY21 Operational Performance

- The normalcy is restored and the plant has been operating at full capacity.
- The production of Ductile Iron Pipe during the quarter was marginally higher at 79,682 tonnes as against 78,403 tonnes in the corresponding quarter.
- The facilities for producing 1,200 mm dia pipes, commissioning of new annealing furnace and the revamping of Coke Oven Batteries 1 and 2 are completed.
- The ongoing expansion projects in respect of commissioning of new blast furnace and enhancing Ductile Iron Pipes Capacity are as per schedule.
- Regards to the merger of the company with Electrosteel Castings Limited, the company has received approvals for merger from Competition Commission of India and all other approvals are expected shortly.
- The company is having a comfortable order position in hand.
- During this Covid-19 situation, safe and hygienic water supply is most important for the Government. Considering the continued focus on implementation of Water Supply Projects and focus of Central and Governments for rural water supply and other Schemes to provide safe water for every household, the company is hopeful of reasonable growth of Ductile Iron Pipes industry.

Quarterly Profit & Loss Statement (Ind AS)

Particulars (INR Mn)	Q3-FY21	Q3-FY20	Y-o-Y	Q2-FY21	Q-o-Q
Total Income*	4,409	4,607	(4.3)%	4,137	6.6%
Expenditure	3,507	3,729	(6.0)%	3,555	(1.4)%
EBITDA	902	878	2.7%	582	55.0%
EBITDA margin (%)	20.46%	19.06%	140 Bps	14.07%	639 Bps
Depreciation	115	105	9.5%	115	NA
Finance Cost	121	122	(0.8)%	122	(0.8)%
PBT	666	651	2.3%	345	93.0%
Tax	198	(26)	NA	95	108.4%
PAT	468	677	(30.9)%	250	87.2%
PAT margin (%)	10.61%	14.70%	(409) Bps	6.04%	457 Bps
Other Comprehensive Income (net of Tax)	(1)	(1)	NA	(1)	NA
Total Comprehensive income	467	676	(30.9)%	249	87.6%
EPS (INR)	10.02	14.49	(30.8)%	5.35	87.3%

*Includes Other Income

Nine Month Profit & Loss Statement (Ind AS)

Particulars (INR Mn)	9M-FY21	9M-FY20	Y-o-Y
Total Income*	10,742	13,072	(17.8)%
Expenditure	9,120	10,713	(14.9)%
EBITDA	1,622	2,359	(31.2)%
EBITDA margin (%)	15.10%	18.05%	(295) Bps
Depreciation	345	307	12.4%
Finance Cost	370	327	13.1%
PBT	907	1,725	(47.4)%
Tax	268	356	(24.7)%
PAT	639	1,369	(53.3)%
PAT margin (%)	5.95%	10.47%	(452) Bps
Other Comprehensive Income (net of Tax)	(1)	(1)	NA
Total Comprehensive income	638	1,368	(53.4)%
EPS (INR)	13.68	29.33	(53.4)%

*Includes Other Income

Historical Profit & Loss Statement (Ind AS)

Particulars (INR Mn)	FY18	FY19	FY20	9M-FY21
Total Income*	16,314	16,095	17,266	10,742
Expenditure	13,521	13,720	14,027	9,120
EBITDA	2,793	2,375	3,239	1,622
EBITDA margin (%)	17.12%	14.76%	18.76%	15.10%
Depreciation	354	370	412	345
Finance Cost	430	405	462	370
PBT	2,009	1,600	2,365	907
Tax	535	425	488	268
PAT	1,474	1,175	1,877	639
PAT margin (%)	9.04%	7.30%	10.87%	5.95%
Other Comprehensive Income (net of Tax)	2	(1)	(2)	(1)
Total Comprehensive income	1,476	1,174	1,875	638
EPS (INR)	35.53[^]	25.17	40.19	13.68

*Includes Other Income

[^]EPS for the FY18 have been calculated as per Ind-AS 33 on pro rata basis post QIP

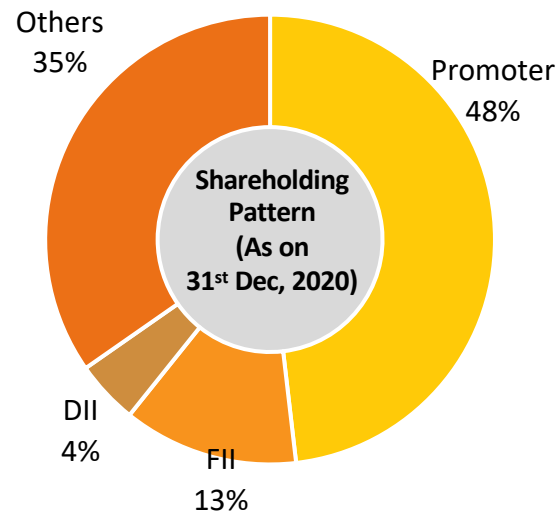
Historical Balance Sheet (Ind AS)

ASSETS (INR Mn)	FY19	FY20	H1-FY21
Non - Current Assets			
Property, Plant and Equipment	8,579	9,266	9,046
Capital Work-In-Progress	241	404	1,159
Intangible Assets	6	5	4
Financial Assets			
a. Loans	76	105	111
b. Other Financial Assets	10	1	1
Other Non-Current Assets	48	65	113
Total Non-Current Assets	8,960	9,846	10,434
Current Assets			
Inventories	3,527	3,328	2,699
Financial Assets			
a. Investments	-	-	2,137
b. Trade Receivables	3,055	5,417	2,919
c. Cash & Cash Equivalents	2,572	80	371
d. Bank Balances other than (c.)	2,056	3,550	4,011
e. Loans	661	489	392
f. Other Financial Assets	243	306	256
g. Current Tax Assets	47	39	56
Other Current Assets	728	716	864
Total Current Assets	12,889	13,925	13,705
Total Assets	21,849	23,771	24,139

EQUITY & LIABILITY (INR Mn)	FY19	FY20	H1-FY21
Equity			
Equity Share Capital	467	467	467
Other Equity	12,157	13,694	13,538
Total Equity	12,624	14,161	14,005
Non-Current Liabilities			
a. Financial Liabilities			
i. Borrowings	1,639	1,181	1,229
ii. Lease Liabilities	-	195	196
b. Provisions	55	77	82
c. Deferred Tax Liability (Net)	1,432	1,327	1,313
d. Other Non-Current Liabilities	42	40	38
Total Non-Current Liabilities	3,168	2,820	2,858
Current Liabilities			
Financial Liabilities			
a. Borrowings	1,872	3,712	3,776
b. Trade Payables	3,172	2,101	2,347
c. Other Financial Liabilities	510	539	634
Other Liabilities	430	378	442
Provisions	73	60	77
Total Current Liabilities	6,057	6,790	7,276
Total Liabilities	9,225	9,609	10,134
Total Equities & Liabilities	21,849	23,771	24,139

Capital Market Information

Share Price Data as on 31st December, 2020



Price Data (As of 31st December, 2020)

	INR
Face Value	10.0
Market Price	152.9
52 Week H/L	234.2/90.35
Market Cap (INR Mn)	7,140.2
Equity Shares Outstanding (Mn)	46.7
1 Year Avg. Trading Volume ('000)	212.9
1 Year Avg. Net Turnover ('000)	35.3

Key Financial Ratios (As of 31st March, 2020)

Net worth (INR Mn)	14,162
Net Debt to Equity (x)	0.34
ROE (%)	13.25
RoCE (%)	12.80

Disclaimer

Valorem Advisors Disclaimer:

Valorem Advisors is an Independent Investor Relations Management Service company. This Presentation has been prepared by Valorem Advisors based on information and data which the Company considers reliable, but Valorem Advisors and the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded. Valorem Advisors also hereby certifies that the directors or employees of Valorem Advisors do not own any stock in personal or company capacity of the Company under review

For further information please contact our Investor Relations Representative:



Mr. Anuj Sonpal

Valorem Advisors

Tel: +91-22-49039500

Email: spl@valoremadvisors.com

THANK YOU



INSPIRING GROWTH

SRIKALAHASTHI PIPES