



INSPIRING GROWTH
SRIKALAHASTHI PIPES

Earnings Presentation | Q4-FY20 / FY20 |

Overview

- Srialahasti 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, Srialahasti Mandal, Tirupati
- The company got Listed on BSE in 1994 and in NSE in 2007 and has a current market capitalization of approximately INR 5.2 Bn as on 31st March, 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

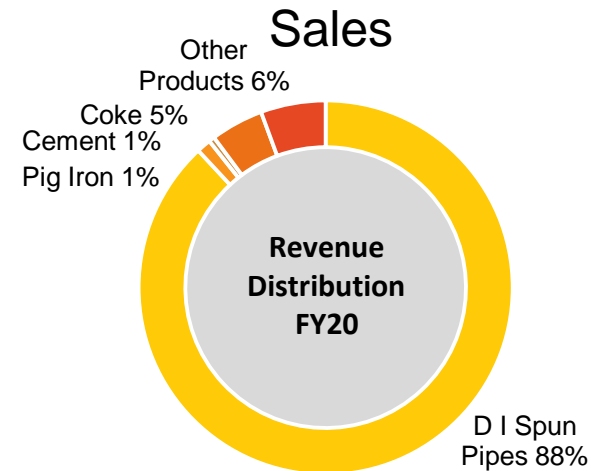
Total Income- **INR 17,266 Mn**
EBITDA - **INR 3,239 Mn**
EBITDA Margin – **18.76 %**
Net Profit - **INR 1,877 Mn**

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%)

Q4-FY20 Key Financial Highlights

☐ Q4-FY20 Financial Performance:

- **Total Income***: INR 4,194 Mn, decreased by 0.5% Y-o-Y
- **EBITDA**: INR 880 Mn, increased by 38.4% Y-o-Y
- **EBITDA Margin**: 20.98%, increased by 589 bps
- **PAT**: INR 507 Mn, increased by 41.6% Y-o-Y
- **PAT Margin**: 12.09%, increased by 359 bps
- **EPS**: 10.86, increased by 41.5%

☐ FY20 Financial Performance:

- **Total Income***: INR 17,266 Mn, increased by 7.3% Y-o-Y
- **EBITDA**: INR 3,239 Mn, increased by 36.4% Y-o-Y
- **EBITDA Margin**: 18.76%, increased by 400 bps
- **PAT**: INR 1,877 Mn, increased by 59.7%
- **PAT Margin**: 10.87%, increased by 357 bps
- **EPS**: 40.19, increased by 59.7% Y-o-Y

Q4-FY20 Key Operational Highlights



- Improved performance of the Company during the FY 2019-20 is mainly attributable to lower raw material cost, higher sales realization with an optimum product mix coupled with various cost reduction measures already implemented.
- Production and sales of DI Pipes for the year 2019-20 was 2,93,491 tonnes and 285,848 tonnes respectively. In spite of suspension of operations from 24th March, 2020, consequent to nationwide lockdown, the company could achieve almost 100% of its rated capacity of D I Pipes.
- Company had lost more than a month's production due to the suspension of the operation following nationwide lockdown declared by the Government of India. Though the production has restarted from 1st week of May, 2020, due to absenteeism, consequent to nationwide lockdown, the normal production is affected. The company is hopeful that normal production will be established from the 2nd quarter of the current year.
- As regards execution of projects, the Commissioning of Facilities like Cement Lining Machine VI, Sand Blasting System, Gasket Storage system and 15 MT Cranes in connection with project relating to capacity addition of DI Pipes have been completed.
- With respect to other projects, most of the machinery and equipment in connection with new MBF and DI Pipes expansion projects are to be imported. Owing to COVID-19 pandemic, already, there was a delay of about Six months in the execution of these projects.
- Further, due to increasing spread of COVID- 19 across the globe as well as in India, it is anticipated that the schedule of these projects may get further affected, due to delay in receipt of machinery, erection & commissioning, engineers visit due to VISA regulations / protocols, resulting in further delay in completion of these projects. The estimated completion schedule as on date is first quarter of 2021-22.
- In the terms of future outlook, the company is having comfortable order book for supply of Ductile Iron pipes. During this Covid-19 situation, safe and hygienic water supply is most important for the Government. Ductile Iron pipe is the safest and suitable for transportation of water not only in urban cities but also in rural India.
- The company is therefore hopeful that Central and State Government will continue to give priority and remain committed in respect of ongoing and future water supply, sewerage and irrigation projects in the country.

Quarterly Profit & Loss Statement (Ind AS)

Particulars (INR Mn)	Q4-FY20	Q4-FY19	Y-o-Y	Q3-FY20	Q-o-Q
Total Income*	4,194	4,216	(0.5)%	4,607	(9.0)%
Expenditure	3,314	3,580	(7.4)%	3,729	(11.1)%
EBITDA	880	636	38.4%	878	0.2%
EBITDA margin (%)	20.98%	15.09%	589 Bps	19.06%	192 Bps
Depreciation	105	92	14.1%	105	NA
Finance Cost	135	70	92.9%	122	10.7%
PBT	640	474	35.0%	651	(1.7)%
Tax	133	116	14.7%	(26)	NA
PAT	507	358	41.6%	677	(25.1)%
PAT margin (%)	12.09%	8.50%	359 Bps	14.70%	(261)Bps
Other Comprehensive Income (net of Tax)	-	(3)	NA	(1)	NA
Total Comprehensive income	507	355	42.8%	676	(25.0)%
EPS (INR)	10.86	7.67	41.5%	14.49	(25.1)%

*Includes Other Income

Financial Statement (Ind AS)

Particulars (INR Mn)	FY20	FY19	Y-o-Y
Total Income*	17,266	16,095	7.3%
Expenditure	14,027	13,720	2.2%
EBITDA	3,239	2,375	36.4%
EBITDA margin (%)	18.76%	14.76%	400 Bps
Depreciation	412	370	11.4%
Finance Cost	462	405	14.1%
PBT	2,365	1,600	47.8%
Tax	488	425	14.8%
PAT	1,877	1,175	59.7%
PAT margin (%)	10.87%	7.30%	357 Bps
Other Comprehensive Income (net of Tax)	(2)	(1)	NA
Total Comprehensive income	1,875	1,174	59.7%
EPS (INR)	40.19	25.17	59.7%

*Includes Other Income

Historical Profit & Loss Statement (Ind AS)

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

*Includes Other Income

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

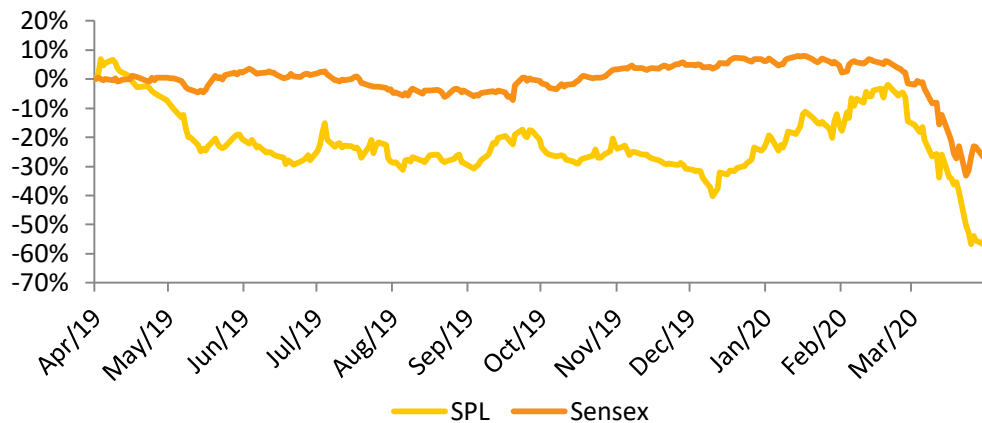
Balance Sheet (Ind AS)

ASSETS (INR Mn)	FY19	FY20
Non - Current Assets		
Property, Plant and Equipment	8,579	9,266
Capital Work-In-Progress	241	404
Intangible Assets	6	5
Financial Assets		
a. Loans	76	79
b. Other Financial Assets	10	1
Other Non-Current Assets	48	65
Total Non-Current Assets	8,960	9,820
Current Assets		
Inventories	3,527	3,328
Financial Assets		
a. Investments	-	-
b. Trade Receivables	3,055	5,417
c. Cash & Cash Equivalents	2,572	80
d. Bank Balances other than (c.)	2,056	3,550
e. Loans	661	514
f. Other Financial Assets	243	306
g. Current Tax Assets	47	39
Other Current Assets	728	717
Total Current Assets	12,889	13,951
Total Assets	21,849	23,771

EQUITY & LIABILITY (INR Mn)	FY19	FY20
Equity		
Equity Share Capital	467	467
Other Equity	12,157	13,694
Total Equity	12,624	14,161
Non-Current Liabilities		
a. Financial Liabilities		
i. Borrowings	1,639	1,181
ii. Lease Liabilities	-	195
b. Provisions	55	77
c. Deferred Tax Liability (Net)	1,432	1,327
d. Other Non-Current Liabilities	42	40
Total Non-Current Liabilities	3,168	2,820
Current Liabilities		
Financial Liabilities		
a. Borrowings	1,872	3,712
b. Trade Payables	3,172	2,101
c. Other Financial Liabilities	510	539
Other Liabilities	430	378
Provisions	73	60
Total Current Liabilities	6,057	6,790
Total Liabilities	9,225	9,609
Total Equities & Liabilities	21,849	23,771

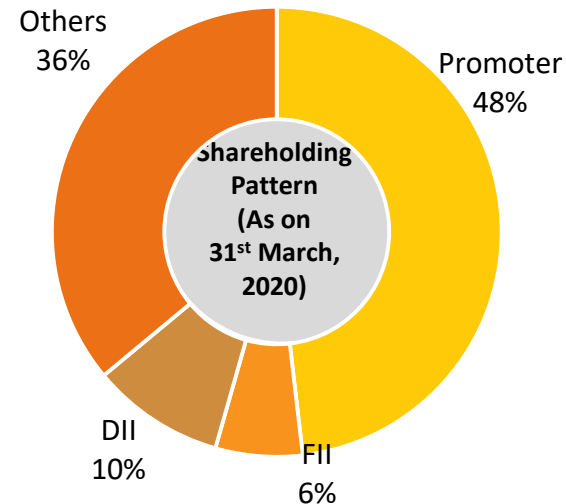
Capital Market Information

Share Price Data as on 31st March, 2020



Price Data (As of 31st March, 2020)

	INR
Face Value	10.0
Market Price	110.85
52 Week H/L	260.95/90.35
Market Cap (INR Mn)	5,176.5
Equity Shares Outstanding (Mn)	46.7
1 Year Avg. Trading Volume ('000)	121.0
1 Year Avg. Net Turnover ('000)	22.6



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

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