INSPIRING GROWTH

SRIKALAHASTHI PIPES LIMITED

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PRESS RELEASE

The Board of Directors of Srikalahasthi Pipes Limited approved the audited financial results for FY 2016-17 at Chennai on 12th May, 2017.

The profit before tax for the year ended 31st March 2017 was Rs.191.22 crores somewhat lower from Rs.209.51 crores in the previous year ended 31st March 2016. The Profit after tax for the year ended 31st March 2017 is Rs.140.23 crores as against Rs.155.32 crores in the previous year ended 31st March 2016. The EBITDA % is marginally lower by 2%, from 24% in the financial year 2015-16 to 22 % in the current financial year.

During the year under review, the company had undertaken a planned shutdown over thirty days for relining of its Mini Blast Furnace, modernization and expansion of its present capacity of Ductile Iron Pipe Plant, besides induction of pulverizing coal injection system (PCI) to reduce the cost of production. In view of this planned shutdown, the turnover of the company for the year ended 31st March 2017 was only marginally higher at Rs.1203 crores as against Rs.1178 crores for the year ended 31st March 2016.

Loss of production due to planned shutdown during the year and steep increase in the prices of coking coal during the 4th quarter of the FY 2016-17 resulted in the marginal decrease in the profitability of the company for the current year. However, the prices of coking coal have now started declining gradually.

Mr. G S Rathi, Whole Time Director, informed that during the year under review, the company expanded its plant capacity from 225000 TPA to 300000 TPA at a cost of Rs.100 crores. Now that the plant is fully stabilized, the Company will start reaping the benefits of increased capacity from the FY 2017-18.

The Directors have recommended a dividend of Rs 6/- per share (60%) for the FY 2016-17 as against Rs.5/- per share (50%) paid in the previous year.

The continued emphasis of Central and State Governments on drinking water Programs across the country is likely to push demand for Ductile Iron Pipes required for laying of pipeline infrastructure for water supply. With the increased capacity of Ductile Iron Pipes, the Company is placed in a better position to cater to the additional demand in the domestic market. Further use of Ductile Iron Pipe in the non conventional sectors like irrigation schemes will further improve the business prospect and the company is hopeful of maintaining its growth.

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In order to cater to the business purposes, including prepayment of long term and short term debt, to fund the organic and inorganic growth, to meet working capital requirements of the Company and for general corporate purposes, the Board at its earlier meeting approved raising of funds upto Rs.250 crores or its equivalent in any foreign currency through Public or private placement by way of Qualified Institutions Placement (QIP) or through any other permissible mode. This would help the company to further reduce the finance costs of the company.

The capacity expansion at Coke Oven Plant and Captive Power plant at a cost of Rs.65 crores is progressing satisfactorily as per schedule.

Considering the growing demand for Ductile Iron Pipes, improved operational efficiency and ongoing cost reduction measures, the company is hopeful of maintaining its growth.

Chennai
12th May 2017

(G. S. Rathi)
Whole Time Director