SRIKALAHASTHI PIPES LIMITED

INSPIRING GROWTH

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PRESS RELEASE

The Board of Directors of Srikalahasthi Pipes Limited approved the audited financial results for the quarter and year ended 31st March, 2018 at Chennai on 28th April, 2018.

The profit before tax for the year ended 31st March 2018 was Rs.200.93 crores, marginally higher from Rs.191.22 crores in the previous year ended 31t March 2017. The Profit after tax for the year ended 31st March 2018 is Rs.147.62 crores crores as against Rs.140.23 crores in the previous year ended 31st March 2017. EBITDA for the FY 2017-18 is marginally higher by 4.5% at Rs.279.26 Crores as compared to Rs.267.40 Crores achieved in the previous year.

The Company has maintained a dividend of Rs.6.00 per share (60%) for the FY 2017-18 as in the previous year. In terms of the QIP issue, the dividend would also be paid to the new shareholders pari pasu in all respects.

During the year under review, consistent with increase in capacity, the Company has achieved higher Ductile Iron Pipes production of 2,75,047 MT, an increase of about 20.55% compared to the FY 2016-17 The capacity utilization for entire year was 92%.

Mr. G S Rathi, Whole Time Director of the Company informed that the financial year 2017-18 was a challenging year for the Company in terms of volatility in the global coal prices throughout the year, besides increase in the prices of iron ore, ferro silicon and almost all other raw materials and GST issues. However, with increased volume and the continued thrust given for improving operational efficiencies, cost reduction measures and reduction in net finance cost, the Company was successful in insulating its margins and demonstrated a relatively better performance, in spite of the challenges thrown by global and domestic raw material markets. The sales volume achieved during the year was at 2,75,484 MT, up by about 20% vis-a-vis FY 2016-17, thereby increasing the market share particularly in southern and western states.

Mr. Rathi further informed that 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 Board after re-evaluating the viability of the Ferro alloys project, has approved a CAPEX of Rs.55 Crores for setting up 2 Nos. 9 MVA furnaces to produce Ferro Silicon and Silico 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 second quarter of FY2019-20.

Continuation Sheet ......

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The Board of Directors further approved a CAPEX of Rs. 70 Cores 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 will lead to better sales realization and improved capacity utilization. These projects would be funded out of internal accruals and the proceeds of the QIP Issue. It is planned to commission these projects by quarter II of fiscal 2019-20.

As regards the Project of installation of fourth coke oven battery along with additional boiler in the Captive Power Plant taken up by the Company during the year under review, Mr. Rathi informed that it is in the advanced stage of completion and is expected to be in place by end June, 2018.

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. The Company's order book position continues to be comfortable and the Company is optimistic of maintaining its growth.

Chennai
28th April, 2018

G. S. Rathi
Whole Time Director