



Srikalahasthi Pipes Ltd

An Electrosteel Group Company

May 2017

Private & Confidential



INSPIRING GROWTH

SRIKALAHASTHI PIPES

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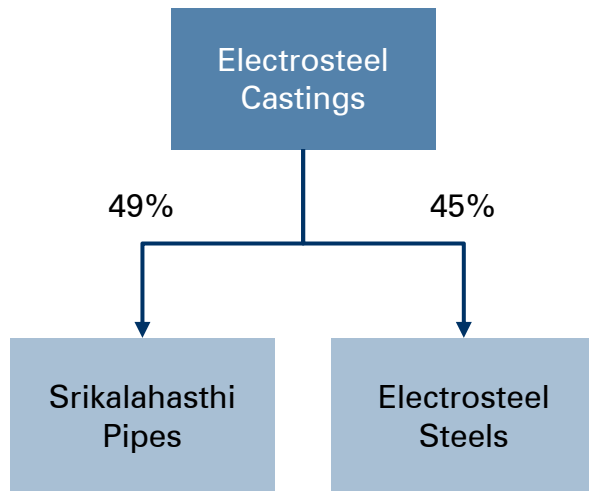
Annexures

Business Overview

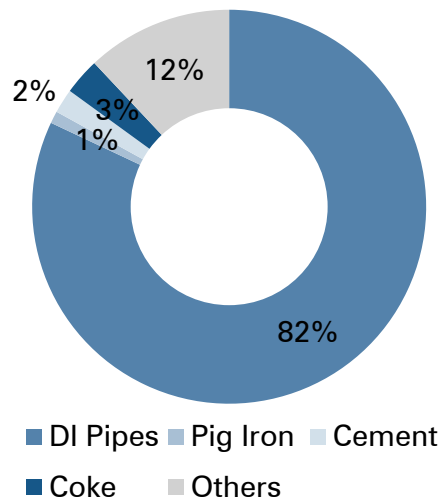
Business Overview

- One of the leading manufacturers of DI Pipes supplying to various Water Boards, PHED, Municipal Corporations, MES, Railways and Turnkey Contractors for Water Infrastructure Projects
- Associate company of Electrosteel Castings Limited, one of the leading companies providing techno-economic solutions for water supply and sewerage systems in India
- Established in 1991 as erstwhile Lanco Ferro Limited and subsequently the name was changed to Lanco Industries Limited (LIL)
- In 2002, Electrosteel Castings Limited acquired control of both LIL and Lanco Kalahasthi Castings Limited (LKCL); Subsequently, LKCL was merged in March 2003 and renamed as Srikalahasthi Pipes in 2014
- Owns a fully backward integrated manufacturing facilities located at Srikalahasthi, Chittoor District, Andhra Pradesh near the temple town of Tirupati spread over ~330 acres of land
- Strategic location of facility and availability of transport infrastructure ensure pricing competitiveness and enable efficient servicing of clients in Southern and Western India
- Key products manufactured include DI Pipes, Cement, Pig Iron and Coke

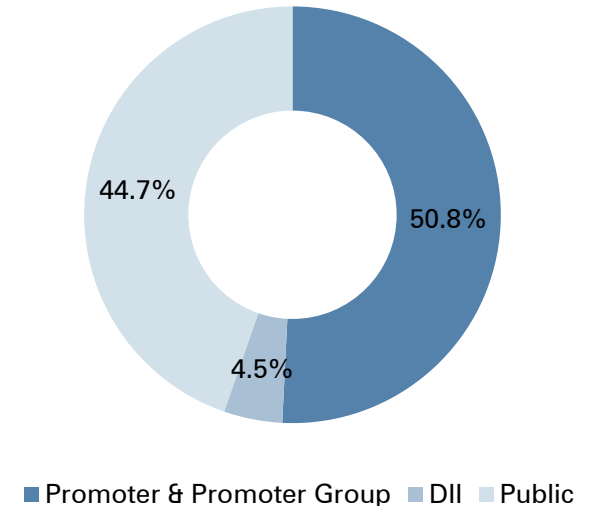
Electrosteel Group



Revenue Contribution FY17



Shareholding as on 31 March 2017



Source: Company data, BSE India website

Product Portfolio

Ductile Pipes (Core Product)



- Contributes ~82% of total revenue
- Pipes size ranges from 100mm to 1100mm diameter
- Manufacturing capacity of 300,000 TPA
- Key strengths include corrosion resistance and high tensile strength
- Being marketed under the brand name "SRIPIPES"

Application

- Transmission of raw and potable water
- Transmission of domestic and industrial effluents

Pig Iron



- An intermediate product in smelting iron ore; manufactured for captive consumption
- Surplus is sold to nearby steel companies and foundries
- Manufacturing capacity of 275,000 TPA

- Ideal for applications such as engine blocks, crankshafts, steel mills, pump housing , machine tools, etc.

Product Portfolio...

Srikalahasti Gold Cement



- Manufactures Portland Slag cement; Sells under brand name 'Srikalahasti Gold Cement'
- Capacity of 90,000 TPA
- Enables effective utilization of solid wastes like Slag, Coke Fines by converting the same into slag cement for civil applications
- Resistant to chemical attacks and restricts air cracks in building

Application

- For use in coastal areas to safeguard against chlorates and sulphates present in sea breeze

Coke



- Manufactures Low Ash Metallurgical Coke (LAMCOKE) in India with a manufacturing capacity of 225,000 TPA
- Due to use of advanced technology with Australian coking coal and blending procedures, SPL manufactures quality coke in India

Milestones/ History

2014-17	<ul style="list-style-type: none">• Capacity expanded in DI Pipes plant from 180,000 to 300,000 TPA• Installation of Pulverized Coal Injection (PCI) and Stave Cooling system in MBF for higher productivity and cost control
2012	<ul style="list-style-type: none">• Capacity of Coke oven Plant was enhanced from 150,000 TPA to 225,000 TPA• 500,000 TPA Sinter Plant successfully commissioned; Use of lump ore substituted with iron ore fines
2011	<ul style="list-style-type: none">• Project to use primarily treated sewerage water of Tirupati Municipal Corporation for Industrial production commissioned successfully
2010	<ul style="list-style-type: none">• Capacity of Mini Blast furnace for production of Liquid Metal / Pig iron enhanced from 150,000 TPA to 225,000 TPA
2009	<ul style="list-style-type: none">• Capacity of DI Pipe was increased from 120,000 TPA to 180,000 TPA
2006	<ul style="list-style-type: none">• Capacity of DI Pipes increased to 120,000 TPA• 12MW Waste Heat Recovery Based Co-Generating Captive Power Plant set up
2005	<ul style="list-style-type: none">• Coke Oven Plant with 150,000 TPA commissioned and commercial production was stabilized
2003	<ul style="list-style-type: none">• Capacity of MBF increased to 150,000 TPA and capacity of DI Pipes increased to 90,000 TPA
1994	<ul style="list-style-type: none">• Set up a Mini Blast Furnace with a capacity of 90,000 TPA

Experienced Management Team

Mayank Kejriwal <i>Managing Director</i>	<ul style="list-style-type: none">• Managing Director of Srikalahasthi Pipes; Joint Managing Director of Electrosteel Castings• Extensive experience in pipes manufacturing industry• Holds directorship in various limited companies
G. S. Rathi <i>Whole Time Director</i>	<ul style="list-style-type: none">• Law graduate and a qualified Company Secretary; Graduated from Bhagalpur University• Extensive experience in general administrative management and marketing
Ashutosh Agarwal <i>Head of Finance, Electrosteel Group</i>	<ul style="list-style-type: none">• Member of Institute of Chartered Accountants of India and the Institute of Cost and Works Accountants of India• Experience in the fields of Finance, Accounts, Costing, Taxes and other Commercial matters
Sivalai Senthilnathan <i>Chief Financial Officer</i>	<ul style="list-style-type: none">• Member of Institute of Chartered Accountants of India and Institute of Company Secretaries of India; Completed certificate courses in Certified Public Accounts, USA (CPA), Information System Audits and Control Association, USA (CISA)• Experience in financial reporting, financial planning and analysis, fund management, taxation, internal financial controls and company secretarial matters• Seasoned finance professional with experience in reputed companies
V. Poyyamozhi <i>Chief Operating Officer</i>	<ul style="list-style-type: none">• Qualified Bachelor of Engineering (Mechanical) and ICWA (Intermediate)• Extensive experience in steel industry• Prior experience with Bhilai steel plant; Served as Senior Vice President at JSW Steel Limited

Strong Market Position | Robust Manufacturing Facility

Well Positioned To Capitalise On Growth In DI Pipe Industry

Key Drivers

Atal Mission for Rejuvenation and Urban Transformation (AMRUT)

Swachh Bharat Abhiyan

Smart Cities

Toilets for All

National Rural Drinking Water Programme and
Telangana Drinking Water Supply Project

- DI Pipe Industry poised for high growth in demand

Robust Credentials

- Strong execution track record, large scale government projects for water infrastructure being implemented;
- Long operational history; and
- Amongst market leaders in industry with significant entry barriers

Affiliated to Strong Promoter Brand Name

- Brand equity generated from “Electrosteel” band name, by our association with the promoter company Electrosteel Casting

Well Established Trademarks

“SRIPIPES”



“Srikalahasthi Gold Cement”

- Well positioned to capitalise on growth in DI Pipes Industry

Robust Manufacturing Infrastructure

Fully backward integrated manufacturing facility

- Includes 500,000 TPA sinter plant, coke oven plant, power plant and sewage treatment facility; Spread over ~330 acres complex
- Focus on forward and backward integration leading to lower input costs and lower power costs

Ductile Iron Pipe Plant : 300,000 TPA



MBF: 275,000 TPA*



Coke Oven Plant: 225,000 TPA*



2 Power Plants: 12 MW and 2.5 MW*



Mini Cement : 90,000 TPA*



Location



* For captive consumption as raw material or input to DI Pipes manufacturing

Source: Company data

Robust Manufacturing Infrastructure...

Fully backward integrated facility; Strategically located and well positioned for expansion

Vicinity to Port	<ul style="list-style-type: none"> • Vicinity to Krishnapatnam, Chennai and Ennore Ports (<150 Km) for import of Coking Coal from Australia • Dedicated leased plot at Krishnapatnam port to store imported coal
Availability of Railway Siding	<ul style="list-style-type: none"> • Electrified railway siding available for transport of raw materials such as iron ore, pig iron and coal and to dispatch finished products
Limestone Mines	<ul style="list-style-type: none"> • Long term lease for three limestone mines - Tippalur, T.V. Palle and Kazipet in Kadapa district
Water Supply Arrangements with TMC	<ul style="list-style-type: none"> • Long term agreement (25 Years) with Tirupati Municipal Corporation (TMC) for supply of sewage water for industrial use
Power Supply	<ul style="list-style-type: none"> • Owns two captive power plants of 12 MW and 2.5 MW capacity • Connected to 132 KV grid with APSPDCL; Can draw additional power for expansion
Material Handling Capabilities	<ul style="list-style-type: none"> • Internal transport handling division equipped with tippers, pay loaders, JCBs, Hydra Cranes, Coles Cranes, Fork lifts • Garage and maintenance shop
Coking Coal	<ul style="list-style-type: none"> • Contracts for required quantities of coking Coal from Australia, which is converted to Coke and used in Mini Blast Furnace

Focus on Reduce, Reuse and Recycle

- MBF slag converted to cement and bricks for civil constructions
- Captive Power Plants;
 - ✓ 12 MW power plant operated with waste heat recovered from Coke Oven Plant
 - ✓ 2.5 MW captive power plant for MBF, run on the BF gas
- Company has laid pipeline and set up sewage water treatment plant for usage of Tirupati Municipality's sewage water

Recognised as the "Best Industry practicing Cleaner Production Technologies and Climate Change Mitigation Measures" by APPCB

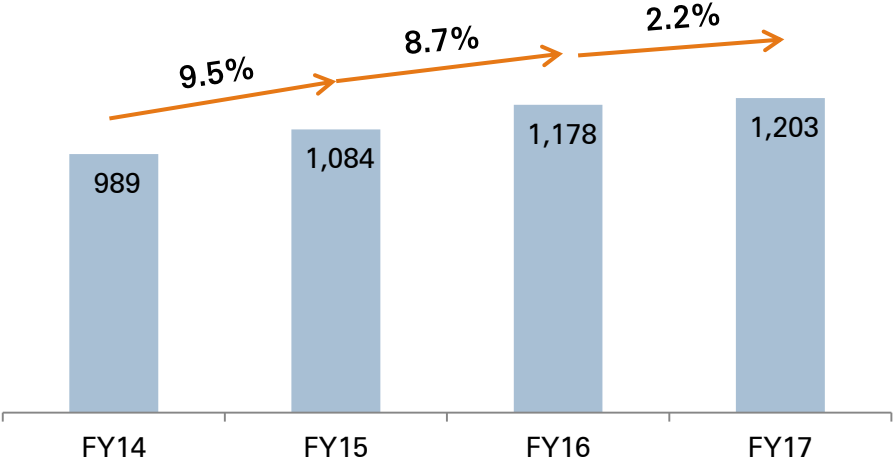
Emphasis on Quality

ISO 9001 Quality Management Systems; ISO 14001 Environment Management Systems; and BSI Kite Mark for Products

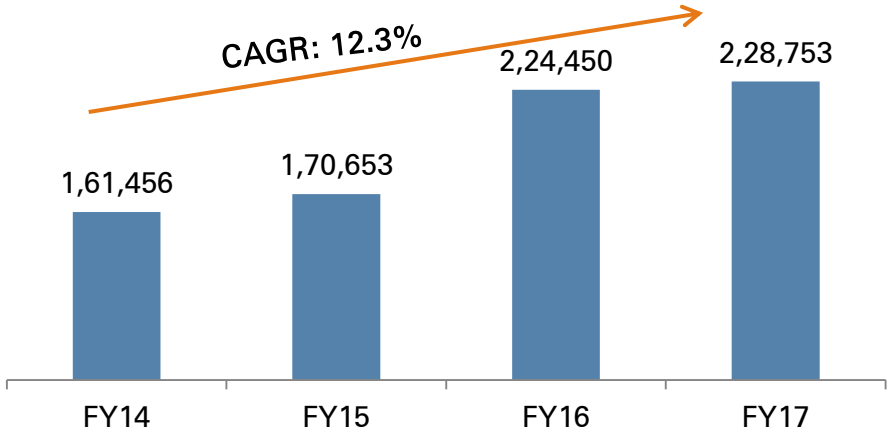
Strong Financials with High Growth and Robust Margins

Strong Financials with High Growth and Robust Margins

Consistent Revenue Growth (Rs Cr)

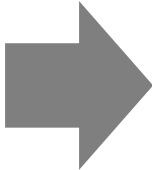
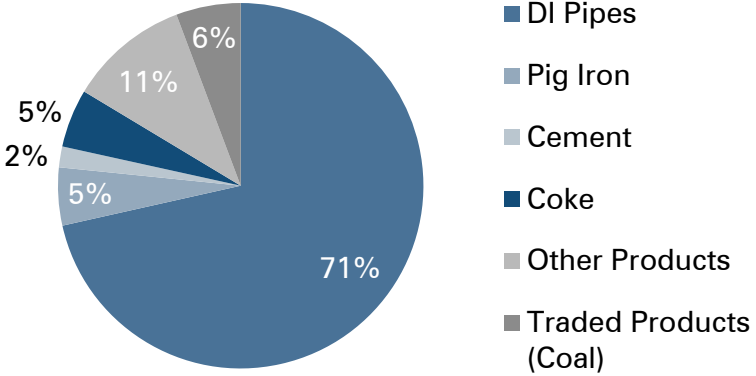


Increasing Sales Volume (MT)

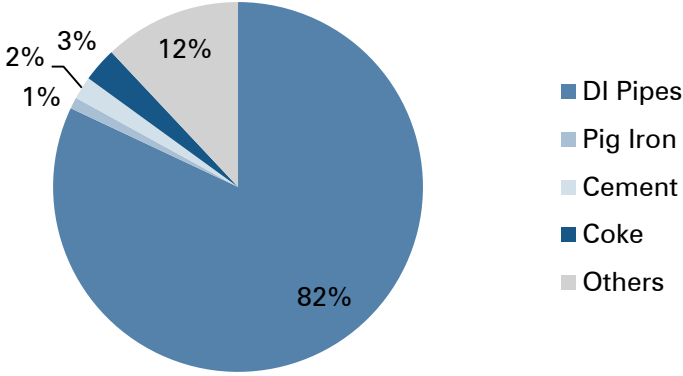


Revenue Mix (Increased Share from Core Product)

FY14



FY17

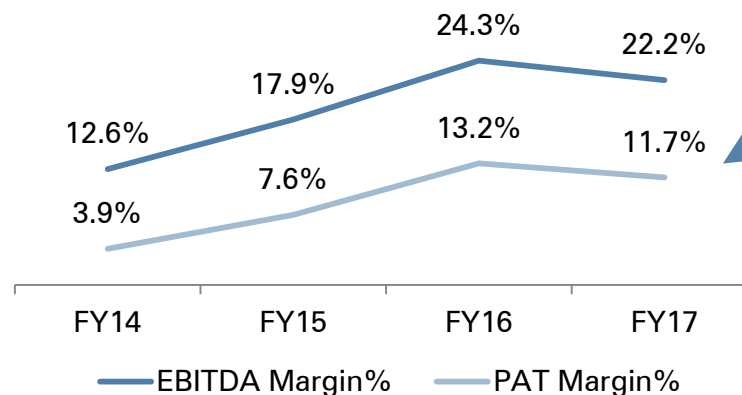
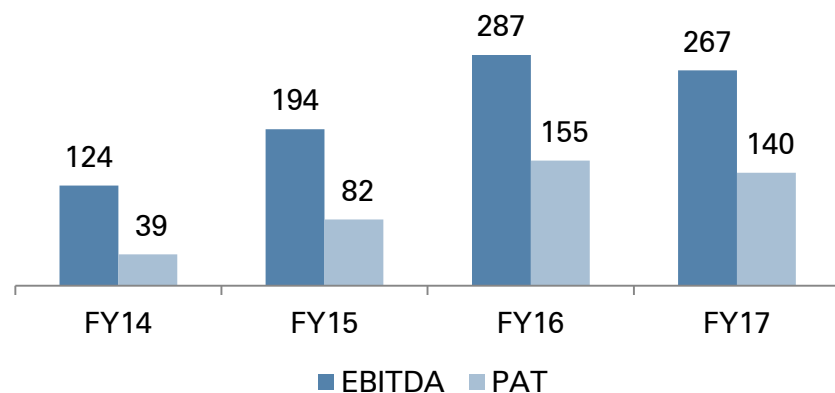


Source: Company Filings

Superior Operational Performance

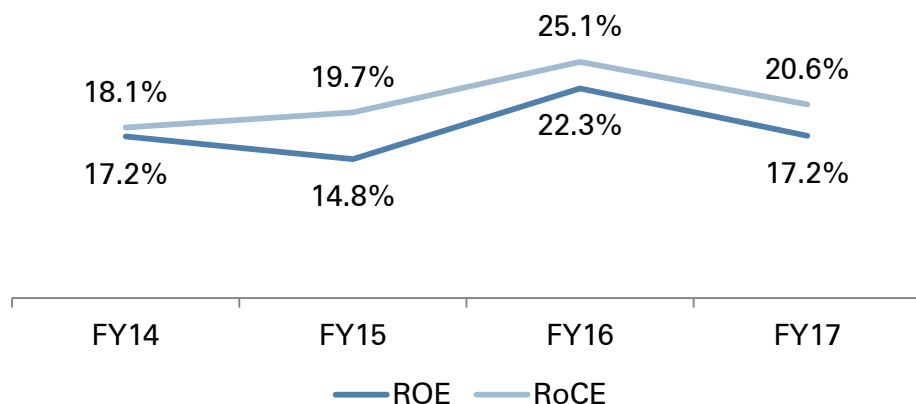
Strong Growth in EBITDA and PAT Margins from Operational Excellence

Rs Cr



Sudden spurt in price of Coking Coal in Q4FY17; Planned shut down of plant for ~1 month in FY17

Robust Return Ratios



ROE & ROCE calculated taking Year-end Network & Capital Employed

Source: Company Filings

Note: Considered FY15, FY16 and FY17 in Ind- AS format
 Considered ROCE = EBITDA/(Gross Debt + Shareholder's Fund)

Thank you

Annexures

Manufacturing Process

