

22 July 2016

**Tata Metaliks reports Financial Results for the first quarter ended June 30, 2016  
and announces commissioning of enhanced capacity of Ductile Iron Pipe Plant**

Tata Metaliks Limited (“TML”) today declared its Consolidated Financial Results for the first quarter (Q1FY’17) ended June 30, 2016. The Company recorded sales of 99,130 pig iron (including molten metal) and 39,639 tonnes of Ductile Iron (DI) pipes for the quarter. Consolidated turnover was Rs.333.20 crores for the quarter.

The expansion of the DI pipe plant capacity in Kharagpur has been completed and the new finishing line of the DI pipe plant was commissioned today by Mr. Koushik Chatterjee, Group Executive Director, Tata Steel and Chairman, Tata Metaliks Limited. The expansion of capacity to potentially 200,000 tonnes per annum will give 50% additional volume to TML’s value-added DI pipe business in the future.

Tata Metaliks Performance Highlights:

- Cast pipe production of DI pipes was almost at the same level as the last quarter despite adverse size-mix. Finished DI pipe production was 40,776 tonnes.
- 9% increase in sales price realisation of pig iron over previous quarter despite challenging market environment.
- EBITDA at Rs 61.10 crores is 28% higher as compared to Q1FY’16
- Profit Before Tax higher by 54% as compared to Q1FY’16

All figures in Rs crores unless specified

<b>FY’16</b>		<b>Q1FY’17</b>	<b>Q4FY’16</b>	<b>Q1FY’16</b>
423,299	Pig iron sales (t)	99,130	103,267	100,325
130,739	DI pipe sales (t)	39,639	48,147	28,925
217.14	EBIDTA	61.1	74.97	47.73
32.97	Depreciation	7.68	7.68	7.95
45.88	Finance costs	8.27	17.04	10.41
-	Exceptional items	-	-	-
138.29	PBT	45.15	50.25	29.37
112.27	PAT	34.44	38.46	27.43
44.39	Earnings per Share (Rs)	13.61	15.2	10.85

- Despite depressed market environment especially for the pig iron business, Tata Metaliks operations recorded strong performance in the quarter due to increased production of DI pipes.
- Demand for DI pipes remained stable during the quarter and this is likely to persist in the coming few quarters. However, downward trend in price of DI pipe in the domestic market is continuing due to lower price of input materials and stiff competition from manufacturers.
- The medium to longer-term outlook of DI pipes is encouraging with several states planning execution of mega water supply and sewage projects. Company is conscious of improving its order book position, keeping in mind the enhanced capacity of DI pipe plant.
- Pig iron business also performed better than last quarter in terms of higher price realisation from the market. However, there was no significant change in pig iron volume since the Company's focus is to expand more into value-added product, DI pipes.
- Outlook for Q2FY'17 for pig iron business appears to be challenging as the prices are falling while the coke prices are still high. Also, there are no signs of improvement in domestic or global demand of pig iron. However, some of the cost efficiency projects which are under implementation would be commissioned which would improve Company's cost structure.

### **Start of enhanced production of DI pipe plant**

Tata Metaliks today announced the start of enhanced production at 200,000 TPA of DI pipes at Kharagpur. The Company has added a Fifth casting machine and a third finishing line that will increase the volume of DI pipes by 50% on a fully ramped up capacity. The newly commissioned facility will enhance the volume of smaller diameter pipes which gives higher realisation in the market.

### **Managing Director's Comments**

Mr Sanjiv Paul, Managing Director of Tata Metaliks said: "Continuing on its best ever performance in FY'16, Tata Metaliks recorded sustained performance in Q1FY'17 despite extremely challenging market conditions. Successful commissioning of DI pipe plant's increased production capacity would significantly enhance its market share. As a result of this expansion, customer deliveries of higher value smaller sections of pipes would improve which would complement the world-class quality of "Tata Ductura" brand of DI pipes in the market place. The structural cost improvement projects of setting up a new coke plant, captive power plant and blast furnace modernization along with structural changes in the organisation in terms of integrated value chain from iron ore to DI pipes are currently underway in various stages. These projects are expected to improve the Company's competitive position in the future".

### **Disclaimer**

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