



27th September, 2017

SRIKALAHASTHI PIPES LIMITED
ANNUAL GENERAL MEETING
CHAIRMAN'S SPEECH

Dear Shareholders,

I have great pleasure in extending you all a warm welcome to the 25th Annual General Meeting of your Company.

During the year under review, your Company has taken a planned shutdown of Mini Blast Furnace (MBF) for a period of more than 30 days in August - September, 2016 to carry out complete relining along with installation of Stave Cooling System, Bell Less Top arrangement in the MBF and Pulverised Coal Injection (PCI) facility. During this period, the Company has also installed additional manufacturing facilities in Ductile Iron Pipe Plant (DIP), which includes new spinning machine and additional finishing line. This has resulted in increase in capacity from 2,25,000 TPA to 3,00,000 TPA

Your Company delivered steady performance, in a rather challenging year, which has seen multifold increase in the prices of coking coal during the 4th quarter of the FY 2016-17 and partial rise in the prices of iron ore culminated together resulted in higher cost of production, whereby leading to slight dip in the pre-tax profit of your Company at Rs.191.22 Crores compared to Rs.209.51 Crores registered in the FY 2015-16.



The Board of Directors of your Company, has recommended a dividend of 60% to the shareholders, which is the highest ever payout in the history of your Company.

Further, to be self-sufficient in meeting the coke and power requirements, the Company has taken up the project of installation of additional Coke Oven battery along with additional boiler in the Captive Power Plant at an investment of Rs.65 crores, which is moving ahead as per schedule and expected to be in place in this financial year. This investment will yield perennial benefit to the Company in terms of un-interrupted availability of Coke and power. This apart, post commissioning of dedicated Captive Oxygen Plant, which is expected to be in place during the next quarter of 2017 will be a move towards further cost reduction. As regards setting up of Ferro Alloys Unit, the Company has deferred this project, as it is not viable in the absence of power subsidy.

With the continued thrust given by the Central and State Governments for water infrastructure development and irrigation sector, the demand for Ductile Iron Pipes is expected to be robust. The Company is having a healthy order book position and with its increased capacity is hopeful of maintaining its growth.

Your Company has been giving major emphasis for environmental management systems and achieving continuous improvement in maintaining and ensuring highest level of environmental standards. The Company has undertaken various measures to address environmental issues across all the units of the plant. Effective re-use/recycling of solid waste generation across the plant stand as testimony for your Company's thrust and passion for enviro-friendly initiatives. This, apart green belt development in and around the Plant has been a continuous activity and receives utmost attention of the Management of your Company.



In your company, Human Resource Management (HRM) system has been structured in such a way that it motivates its employees, maximizes their performance, and encourages employee empowerment and the generation of innovative ideas and fair distribution of rewards. Cordial and harmonious industrial relations are maintained in the Company.

I take this opportunity, to express my gratitude to all the shareholders of the Company for their continued trust in the Board of Directors and the Management of the Company. On behalf of the Company, I would also like to thank - all our Vendors, Customers, Business Associates, Bankers, Auditors, Legal Advisors and communities - who have extended their support in the development and growth of your Company.

C H A I R M A N

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