



19th September, 2018

SRIKALAHASTHI PIPES LIMITED
26TH ANNUAL GENERAL MEETING
CHAIRMAN'S SPEECH

Dear Shareholders,

It gives me great pleasure to welcome you to 26th Annual General Meeting of the Company. The Financial Statements and the Directors Report for the year ended 31st March, 2018 have been with you for some time and I am sure it would have given you a clear picture of the working of the Company in the year under review as well as the future prospects of your Company.

The FY 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 most of other raw materials. However, with improved volumes and the continued thrust given for improving operational efficiencies and cost control, your Company was successful in insulating its margins. Your Company 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 is at 2,75,484 MT, up by about 20% vis-a-vis FY 2016-17.

During the year under review, your Company reported INR 1505.98 Crores as revenue from operations, INR 279.26 Crores as EBITDA and profit after tax of INR 147.34 Crores.

Your Company has consistent track record of dividend payment and I am glad to inform you that your Directors have recommended a dividend of Rs.6.0 (60%) per equity share of Rs.10/- each for the financial year ended 31st March, 2018.



The Company's project for installation of additional Coke Oven battery for expansion of capacity was successfully commissioned during May, 2018. This project, besides opening up a new avenue for your Company in terms of sale of excess coke will also lead to higher captive power generation and reduces dependency on grid power to a greater extent.

As a further measure of cost reduction initiatives and as part of backward integration, your Company has envisaged an investment of Rs.55 Crores for setting up 2 Nos. 9 MVA furnaces to produce Ferro Silicon and Silicon Manganese to meet captive requirement as well as for sale in domestic and export markets, which would help your Company in increasing its revenues. As regards implementation of this project, pre-project start-up activities are under progress and the execution is expected to commence in the current quarter of this FY and this facility is expected to be commissioned by second quarter of FY 2019-20.

Given the Government's focus on infrastructural projects in the country, huge investments in water infrastructure development, improving sanitation coverage across the country and increasing number of housing units, your Company's order book position continues to be comfortable and your Company is optimistic of maintaining its growth. Your company continues to emphasis on improving operational efficiencies, cost reduction and appropriate changes in the marketing strategy and hopeful of protecting its bottom-line, despite high volatility in the prices of inputs.

Your Company has always ensured that it protects and cares for the environment and continually strives to mitigate the environmental impact that may arise from its activities such as effluent and solid waste management.



As part of its green initiative, your Company during the year has developed further green belt in and around its integrated plant.

The employees of your Company have been the backbone of sustained improvement in the performance of your Company over the period. Your Company believes that continuous development of its human resources fosters competitive advantage. It has been the prime focus of the Management to keep high the morale and motivation of all levels of employees of your Company.

On behalf of the Board of Directors, I take this opportunity, to thank you for your unstinted support and the faith reposed in the Company's management. I also express my gratitude to all our Vendors, Customers, Business Associates, Bankers, Auditors, Legal Advisors and communities - who have extended their support in the growth of your Company.

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