

6th September, 2019

SRIKALAHASTHI PIPES LIMITED
27TH ANNUAL GENERAL MEETING
CHAIRMAN'S SPEECH

Dear Shareholders,

It gives me great pleasure to welcome you to 27th Annual General Meeting of the Company. The Financial Statements and the Directors Report for the year ended 31st March, 2019 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.

I am happy to inform that during the FY 2018-19, your company has produced 2,98,514 MT of Ductile Iron Pipes, which is higher by 23,467 MT compared to the FY 2017-18, thus constituting an increase of about 9% over previous year. During the year under review, your Company has successfully installed fourth Coke Oven Battery for expansion of capacity of Coke Oven Plant in the first quarter of the Financial Year 2018-19. This project, besides opening up a new avenue for your Company in terms of sale of excess coke has also resulted in higher steam availability for captive power generation. This apart, the project of installation of additional boiler to facilitate higher power generation has been commissioned successfully in third quarter of the FY 2018-19.

During the year under review, revenue from Ductile Iron Pipes grew by about 6% to Rs.1,345 Crores from Rs.1,284 Crores in FY 2017-18. The EBITDA of the Company was Rs. 237.60 Crores and the profit before tax being Rs.160.05 Crores. The profitability of the Company was affected mainly on account of higher raw material cost especially Coking Coal, Iron Ore and depreciation of

rupee against dollar coupled with lower realization on account of execution of old orders on firm prices.

Your Company continues to maintain its track record of dividend 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, 2019.

The Ferro Alloys Project initiated by your Company as a measure of backward integration at a capital investment of about Rs.55 Crores, during the FY 2018-19 is going on full stream and first furnace is expected to be commissioned during the current month and the second furnace by December, 2019, whereby leading to self-sufficiency in meeting the captive requirement of Ferro Silicon, besides contributing for higher revenue generation through sale of excess quantity of Ferro Silicon and entire production of Silico Manganese in the domestic and export markets.

Considering the growing demand of Ductile Iron Pipes (DIP), the Company envisages to increase the capacity of its Ductile Iron Pipe plant from 3,00,000 MT to 5,00,000 MT per annum. To attain 500000 MT per annum hot metal production, it is proposed to install new Blast Furnace, additional Sinter Plant, higher Furnace Blowing System, additional Hot Blast Stove, Oxygen Enrichment and all auxiliaries along with higher furnace volume. Further in D.I.Pipe plant, additional facilities are planned viz. new hot metal handling and distribution system with converter, new induction furnaces in place of existing, additional casting machines, new annealing furnace, modification and shifting of existing finishing line, additional steam curing chamber, additional bitumen coating line and creating other required infrastructures.

The total investment to increase the present capacity from 3,00,000 to 5,00,000 MT per annum will be around Rs.400 crores. It is expected to commission the new Blast Furnace by the end of 2nd quarter of 2020 and commissioning of required facilities in Ductile Iron Pipe plant by end of March, 2021. The investment required will be met from available funds and internal accruals.

When it comes to the environment, the company has always been setting high standards through responsible environment management that makes life safer and easier for both its workers and the community as a whole. As part of its green initiative, your Company during the year has developed further green belt in and around its integrated plant.

The Company strongly believes that human capital is one of the key resources for the Company, which ensures business sustainability and continuous growth. The Company being cognizant of the importance of human resource, constantly works towards building a conducive and productive environment for all its employees. Ensuring high productivity, employee satisfaction and persistent motivation are the key focus areas of your Company.

As I conclude, on behalf of the Board, I thank you, our valued shareholders, for your continued support and goodwill that provide us the encouragement and motivation to take the Company to newer heights and make a greater contribution through our commitment to the water infrastructure development in the Country.



I would be failing in my duty if I do not thank our employees, Bankers, Central and State Governments and other stakeholders for their continued support.

Thank you all.

C H A I R M A N

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6th September, 2019