

SRIKALAHASTHI PIPES LIMITED

FAMILIARISATION PROGRAM FOR DIRECTORS ABOUT THE COMPANY

1. Object

This programme has been designed to familiarize the Directors of Srikalahasthi Pipes Limited (SPL) about their roles, rights, responsibilities in SPL.

2. About the Company:

Vision

We aim to be world class, committed to customer satisfaction and to encourage the spirit of leadership amongst our dedicated team by creating a healthy environment for continuous growth, profit and prosperity.

Mission

We are in the business of manufacturing pipes for conveying safe drinking water and other fluids for domestic and overseas markets

We will maintain our dominant position in the domestic pipe market and enhance our presence in the overseas market by setting up multi-locational units as per business potential.

For sustained growth we intend to venture into related businesses in the area of

- Suitable horizontal and vertical integration projects.
- Turnkey projects.
- Engineering & consultancy
- Build-own-operate-transfer projects and diversify into new areas of business including infrastructure related projects.

We will achieve the above through:

- Continuous technological up-gradation & absorption of new technology.
- Effective team based working.

- Continuous training & human resources development.
- Developing ancillary units.
- Cost competitiveness.

I. OVERVIEW :

Srikalahasthi Pipes Limited (Formerly Lanco Industries Limited) a 20 year old company, is one of the leading manufacturers of **Ductile Iron Pipes** located near Srikalahasthi, in Andhra Pradesh. SPL is an associate Company of India's pioneering DI Pipe manufacturer M/s. Electrosteel Castings Limited (ECL). In March 2002, ECL entered into a strategic alliance with SPL and Lanco Kalahasthi Castings Limited (LKCL) by acquiring 46.43 and 48.89 percent stake in the companies respectively. In addition to technological support, ECL also infused fresh funds into SPL by way of equity participation and re-modeled the financial structure, thus reducing interest costs

In 2003, LKCL got merged with SPL (with effect from 1st April, 2003) to take advantage of the close synergy in the business model of the two companies, since a large part of Pig Iron in liquid form is consumed by LKCL for manufacture of pipes.

From 2003, SPL has transformed its cores business into manufacture and supply of Ductile Iron Pipes, which is used in potable water and sewerage projects.

The Company is engaged in the manufacture of Pig Iron, Ductile Iron Pipes (D. I. Pipe), Cement, LAM Coke, Power and Sinter. The D I Pipe, Cement and Pig Iron are sold in the market whereas Power, Sinter and major portion of liquid metal are consumed captively.

The company's main product D. I. Pipe is supplied to Public Utility Services like Water Boards, PHED, Municipal Corporations, MES, Railways and across the country for drinking water and sewerage infrastructure Projects which is the thrust area of the Govt. of India. Considering logistics and proximity of the manufacturing facility, the Company is the main supplier of D. I. Pipes in Southern States also having strong presence in Western India also. The company is categorized as Public Utility Service Company and accredited with ISO 9001, ISO 14001 and BSi Kite Mark Certifications.

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II. INFRASTRUCTURE & SOURCE OF MAJOR RAW MATERIALS :

1. **Proximity** : SPL having proximity to two major State Capitals i.e. Chennai (140 Kms), Bangalore (250 Kms) and closely located near Tirupati Airport (25 Kms) and Krishnapatnam Port (100 Kms) & Chennai Port (140 Kms).
2. **Own Railway Siding** : SPL has its own electrified railway siding to accommodate two full rakes of 60 wagons at a time and the siding is being utilized for bringing iron ore from Hospet, Coal from Chennai/Krishnapatnam Ports and for despatch of pig iron and cement occasionally through railway wagons.
3. **Leased Plot at Krishnapatnam Port** : A dedicated plot is taken on lease basis at Krishnapatnam Port to accommodated the coal imported from Australia.
4. **Water arrangement:** SPL has put up a 24 KM pipe line from the STP station of Tirupati Municipal Corporation to its unit to utilize 5,000 cum. Meter of sewerage water for industrial applications after carrying out further treatment.
5. **Electricity** : SPL's unit is connected with 132 KV power for 15,000 KVA and having scope for drawing electricity upto 30,000 KVA for future expansions, if any.
6. **Transport Division** : SPL has got its own transport division with more than 60 equipments like tippers, pay loaders, JCBs, Hydra Cranes, Coles Cranes, Fork lifts etc., with sufficient garage/ maintenance shop stuffed with appropriate manpower. This is to carter to the day to day handling of various materials in all the Divisions.

7. **Land : SPL** has got a land bank of around 300 acres out of which around 100 acres is available for expansions.

III. **PROFILE OF INTEGRATED FACILITY**

1. **Coke Oven Plant :** SPL has got three Batteries each with 34 ovens and having a capacity of 1,75,00 TPA coke of Blast Furnace grade. SPL has entered into long term contract for coal supplies from Australian mines.
2. **12 MW power Plant :** SPL has Captive Power Plant of 12 MW, which is based on waste heat recovery of Coke Oven Plant and no other fuel is used in generation of power.
3. **Mini Blast Furnace :** SPL has 250 cubic meter MBF with a capacity of 2,75,000 TPA liquid metal equipped with Hot Blast Stoves and Sinter plant. The Company is increasing its MBF capacity to 350 cubic meter, which will give 1000 TPD liquid metal. Out of this, around 750 TPD liquid metal will be used for manufacture of D I Pipes and balance 250 TPD is available for the new foundry.

MBF has a 2.5 MW Captive Power Plant, which is run through BF gas generated from MBF.

4. **Mini Cement Plant :** SPL has a Mini Cement Plant at a capacity of 1,00,000 TPA Around 15% of the production is utilized internally for cement mortar lining of DI Pipes in the DI Pipe plant. Major quantity of slag cement (PSC) is sold in Chennai/AP/Bangalore market through dealers' network.
5. **Ductile Iron Pipe Plant :** The core business of SPL is manufacture and supply of DI Pipes. All other infrastructure mentioned above are backward/supportive integration for manufacturing DI Pipes. The capacity of DI pipe plant is 3,00,000 Liquid metal from MBF is the major raw material and power generation from 12 MW CPP is mainly utilized in DI Plant.

IV. **Major Accreditations**

- ISO 9001 Quality Management Systems
- ISO 14001 Environment Management Systems
- BSI Kite Mark

V. **Associate Companies**

- **Electrosteel Castings Limited (ECL)** : ECL has over five decades of experience in the infrastructure industry particularly in Water Supply, Water Treatment, Sanitation and sewerage systems. ECL is India's largest and is one of the few manufacturers in the world to manufacture DI Pipes. At present, ECL is producing DI Spun Pipes, DI Fittings, , Pig Iron & Low Ash Metallurgical Coke (LAMC) at its three manufacturing facilities at Khardah (West Bengal), Elavur (Tamil Nadu) & Haldia (West Bengal). ECL is also involved in execution of turnkey projects as an EPC contractor in the water and wastewater infrastructure projects including sourcing, treatment and distribution. It produces world class DI Pipes and its products have been very well accepted by both international and domestic markets

VI. **Board and its Committees**

The Board of Directors of the Company consists of the following eminent personalities & professionals.

| | |
|--------------------------|---|
| Chairman | Mr. R.K.Khanna |
| Managing Director | Mr. Mayank Kejriwal |
| Directors | Mr. Gouri Shankar Rathi, WTD Mr. V.Poyyamozi, WTD Mr. Ashutosh Agarwal Ms. Priya Manjari Todi Ms.S.Hemamalini Mr. T. Venkatesan Mr. Solomon Arokiaraj, Nominee Director |

The Board has established certain Committees to assist in the execution of its responsibilities, and has delegated some of its responsibilities to the Committees. The Committees assist the Board by focusing on their specific activities, fulfilling their roles and responsibilities, reporting to the Board on decisions and actions taken, and making any necessary recommendations.

VII. **The Committees of the Board, their roles and membership are as follows:**

i. **Audit Committee**

Pursuant to Section 292A of the Companies Act, 1956, the Audit Committee was constituted. The Committee is entrusted with the powers and role specifically laid out to comply with the requirements of Clause 49 of the Listing Agreements with the Stock Exchanges in India and the spirit of Corporate Governance.

Terms of reference

The Audit Committee reviews the adequacy of internal controls, reliability of financial statements, the Company's financial reporting process, accounting and financial policies and practices, monitors the risk management, reviews policies adopted by the Company and ensures compliance with regulatory guidelines, reviews reports furnished by the internal and statutory auditors and ensures that suitable corrective and follow-up actions are taken. The terms of reference of the Audit Committee are in line with requirements of Clause 49 of the Listing Agreement, as well as the Companies Act, 2013. The Audit Committee also reviews such matters as considered appropriate by it or referred to it by the Board.

ii. **Nomination & Remuneration Committee**

In compliance with Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has constituted Nomination & Remuneration Committee on 3rd May, 2014

Terms of reference

The role of Nomination and Remuneration Committee is to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the Directors, KMP and other employees, devise policy on Board diversity, identify persons who are qualified to become directors and who may be appointed in senior management and recommend to the Board their appointment and removal.

iii. **Stakeholders Relationship Committee**

In compliance with Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has constituted Stakeholders Relationship Committee on 3rd May, 2014.

Terms of reference

The role of Stakeholders Relationship Committee is to consider and resolve the grievances of shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year.

iv. Corporate Social Responsibility Committee

In compliance with Section 135 of the Companies Act, 2013, the Board has constituted Corporate Social Responsibility Committee on 3rd May, 2014.

Terms of reference

The Corporate Social Responsibility Committee undertake the activities as mentioned in schedule VII of the Companies Act, 2013. The Company regards social, economic and environmental responsibilities as integral parts of the business. As part of its policy for corporate social responsibility, the Company undertakes a range of activities to improve living conditions of people in the neighborhood of all its plants.

Few examples are:

- Development, repair, renovation and extension of classrooms of local institutions.
- Rewarding good and bright students from local areas.
- Financial assistance to local organizations to pursue sports.
- Health care of local inhabitants through support provided to primary care hospitals set up by the company and financial assistance for medical treatment.
- Organize sports activities involving local schools and clubs at district level with an aim to promote sports activities in the area.
- Giving opportunities to local unemployed youth to develop entrepreneurship by allowing local supply, through small contracts.
- Animal welfare.

vi. Internal Complaints Committee

The Internal Complaints Committee was constituted on 3rd May, 2014. The same has been formed in terms of the "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Bill, 2012. This committee was formulated to provide protection against sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto.

VIII. Guidelines of professional conduct:

Being a Director of the Company, you shall:

- uphold ethical standards of integrity and probity;
- act objectively and constructively while exercising his duties;
- exercise his responsibilities in a bona fide manner in the interest of the company;
- devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its

- decision making;
- not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- Refrain from any action that would lead to loss of his independence;
- where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- Assist the company in implementing the best corporate governance practices.

IX. **Role and functions:**

Being a Director of the Company, you shall:

- help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
 - bring an objective view in the evaluation of the performance of board and management;
 - scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
 - satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
 - safeguard the interests of all stakeholders, particularly the minority shareholders;
 - balance the conflicting interest of the stakeholders;
 - determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

X. **Duties:**

Being a Director of the Company, you shall:

- undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- Strive to attend the general meetings of the company;
- where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;

- keep themselves well informed about the company and the external environment in which it operates;
- not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

Policy and Code

The following information is made available on the Company's website www.srikalahasthipipes.com

- a. Memorandum & Articles of Association.
- b. Last year's Annual Report, including Accounts and Corporate Governance Report.
- c. Unaudited Financial Results of previous quarter.
- d. Code of Conduct for the Board of Directors and Senior Management Executives of the Company as per Clause 49 of the Listing Agreement
- e. Code for Prohibition of Insider Trading in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015
- f. Nomination and remuneration Policy
- g. Corporate Social Responsibility Policy
- h. Related Party Policy
- i. Whistle Blower Policy
- j. Prevention and redressal of Sexual Harassment of Women at workplace Policy
- k. Quality Policy
- l. Environment Policy
- m. Safety Policy