

NOTE BASED ON INVESTOR QUIRES RAISED IN 23RD ANNUAL GENERAL MEETING OF THE COMPANY HELD ON 28TH SEPTEMBER 2017.

GENERAL INTRODUCTION:

MAIN BUSINESS

The primary product of the company is cement roofing sheets and flat boards.

Company is also in business of Wind power generation. Most of the turnover (95%) comes from building material segment. Rest comes from windmill business.

Windmill segment

Current installed capacity is 21.6 mw of wind power. Two windmills with capacity of 1.6 mw in Tamilnadu were sold off recently.

Power generated is partly used for captive consumption and partly sold to discoms/ state electricity distribution companies.. The power purchase agreements stipulating rates are made for long term contract. Rates are governed by PPAs and government regulations for projects already commissioned as such there is no competition with alternative source of energy like solar. Various incentives like VER & CER are available in windmill business but the marketable value is not significant.

Diversification / alternate products

Company keeps developing and experimenting with other additional alternate products for example swachalaya, silbuild, ECOPRO etc.. These activities demonstrate the applications. However turnover has come from manufacture of cement sheet & boards.

Revenue from sale of swachalaya and such other product is not material in value. Development of alternate applications is a continuous process and we are committed to it.

EXPANSION AND TURNOVER

We expanded by way of installation of cement sheet plant at Vijaywada and conversion of Chinchwad plant for manufacture of non asbestos board in the recent past.

Expansion was intended to become competitive and gain logistic advantages. It was a business decision in the then prevailing circumstances. However the commensurate demand did not arise hence there was less capacity utilization.

Turnover declined from Rs 364 crore to Rs 262 crore in 2016-17 as there was decline in the industry as a whole. Your company too witnessed degrowth due to low volumes. Main reason was poor monsoon in earlier year, low steel prices, high input costs due to high Dollar rate. Demand in the west and south was more pronounced where our capacity is mainly concentrated. Besides there was decline in exports due to low oil prices. At the same time we have been quite selective in areas of sales i.e restricting ourselves to positive contributing areas.

As a result capacity utilization is less than 50% on almost similar lines as that of last year.

FUTURE VISION & GROWTH STRATEGY:

In India majority of poor in village still stay in thatched or tile roof. Conversion to good roofing takes place when he has disposable income in the hand. Disposable income largely depends on good crop which depends mainly on appropriate monsoon. When he makes up his mind to change the roof he looks for the roofing material which has qualities and is economic also. Cement sheets are sound proof, fire proof, rust proof, non-corrosive with life over 50 years and hence asbestos cement roofing sheet has been the most affordable material for years. During recent past the gap in the pricing of cement roofing sheet and alternate material roofing had narrowed down. Costing wise and tax wise the alternate material become hurdle in marketing of cement roofing sheet. The situation is changing because of rise in steel prices and once again asbestos cement roofing sheet is the most affordable material. As such the prospects are quite bright for cement sheet industry.

Our plant at chinchwad and kedgaon manufacture flat sheet containing asbestos and also without containing asbestos. The sheets find many applications in both interior and exterior

designs, like industrial, commercial, and residential construction spaces. It is marketed in urban and semi urban market and is exported also. We are focusing on our core area of corrugated sheet and cement boards.

GROWTH RATE

Current year monsoon has been good and we are looking forward for a good year ahead with a gradual consistent growth over the quarters.

GST

GST has proven beneficial for the company as cement sheet and alternate material sheet will have same tax rate. Earlier there were different tax rates and the rate applicable to ac sheet was not favorable.

Metal sheets were earlier chargeable to excise duty at 12.5% and vat at 5% totaling to 18.125% and ac sheet was chargeable to excise duty at 12.5% and vat upto 15% totaling to upto 29.375%. The difference between two rates was 11.25%. Under GST both the product are taxable at 18%.

RAW MATERIAL AVAILABILITY:

Raw material availability is not an area of concern with sufficient availability and very long and fruitful and also industry friendly relations with suppliers. Raw material was 56% to sales in 2016-17 vs 57% in the previous year.

SHAREHOLDER FRIENDLY:

Your company follows best corporate governance practices.

Company has always been sending annual reports both in physical and via email to all the shareholders in time and have done so this year too. Physical copies of annual report is sent by post and are prone to delays in transit. We suggest shareholders to opt to receive it by e-mail for prompt delivery. It will also help in company green initiative.

Shareholders are advised to register their e-mail ids with RTA (<http://www.sharexindia.com/>) to avoid postal delays. We publish maximum possible information in Annual report as required statutorily.

AGM minutes, register of directors, related parties transactions and shareholder are open for inspection.

FINANCIAL RESULTS:

The results of June 2017 have been already published and September results are expected shortly

RELATED PARTY TRANSACTIONS:

No related party transactions are entered other than disclosed in annual reports. Details of such transactions is given and available in respective annual report on page 66, 72 and 79 of 2014-15, 2015-16 and 2016-17 respectively the required information and companies act provisions have been duly complied with. Investors are requested to note that company do not have subsidiary company.

Your company has not made any purchases of machinery from related parties.

UNSECURED LOAN:

The company has unsecured loan/deposits accepted in response to the request of the company's bankers. Interest is paid within statutory limits and on competitive terms.

LAND- Freehold & Leasehold:

Information related to properties owned by the company is available in the balance sheet. Schedule 11. There is no lease rent being paid by the company in Mumbai.

Cost of the total land is :- free hold Rs. 649.69 lac
lease hold Rs. 437.47 lac
land area around 80 hec.

DEPRECIATION:

The accumulated depreciation amounts to Rs. 19462.91 lac. The depreciation is charged based on provisions of companies act

For asset wise break up please refer annual report page 77

INSURANCE:

Company's properties have been adequately covered against risk. It include building, plant, machinery including addition due to expansion and stocks.

BAD DEBTS

Bad debts written of were Rs 140.95 lacs as disclosed in Annual report.

HUMAN RESOURCE VISION:

Your company attaches highest value to the human assets. Currently company has no proposal for ESOP provision. In opinion of the management maintaining involved relationship is more important for retaining devoted employees. There is no separate category of temporary employees . Number of employees in the company for the financial year 2016-17 - 485 , 2015-16 - 838, 2014 -15 -642. The provident fund contribution at statutory rate is directly deposited with government EPF account. On cessation of employment gratuity is paid by the fund directly to the employee concerned.

Director remuneration to net profit 2016-17 – 38%

Information of ratio of median remuneration of directors is provided in annual report page 33.

DIRECTORS:

Details of each director available in respective annual reports.

Company follows expected legal compliance for composition of the board and appointment of auditors. Eminent personalities in the field of law, commerce, engineering, management and accounts are short listed with consultations of existing members on the board.

BRAND VALUATION:

No brand valuation has been made by the company.

IPO:

There was no IPO done by our company.

PENALTY:

Amount of Rs. 89678.16 /- was paid as penalty during the normal course of business for various business matters like technical differences in interpretation and minor delay in payments of water chargers.

OTHER VIEWS EXPRESSED:

Your company respects and has taken note of various views expressed by shareholders as to becoming admired employers, building human resources, appointing bigger audit firm etc.

CONTACT ADDRESS –

Directors can be reached on info@silworld.in. For investor queries too feel free to reach us on this e mail id besides cs@silworld.in