



**SRIKALAHASTHI PIPES LIMITED**

**Annual Report  
2014-2015**

# 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.

# Content

Corporate Information	1
Financial Highlights	2
Directors' Report	3
Annexures to Directors' Report	10
Report on Corporate Governance	25
Auditors Certificate on Corporate Governance	39
Management Discussion & Analysis	40
Risk Management	45
Independent Auditors' Report	47
Annexure to Independent Auditors' Report	49
Balance Sheet	52
Profit and Loss Account	53
Cash Flow Statement	54
Notes to Financial Statements	56
Notice of Annual General Meeting	77

# CORPORATE INFORMATION

## DIRECTORS

Shri G. Maruthi Rao, Chairman  
DIN 00083950  
Shri Gouri Shankar Rathi  
DIN 00083992  
Shri S.Y. Rajagopalan  
DIN 00067000  
Shri R.K. Khanna  
DIN 05180042  
Smt S. Hemamalini  
DIN 01947327  
Shri J.S. Venkateswara Prasad (Nominee of APIDC)  
DIN 00022780

## MANAGING DIRECTOR

Shri Mayank Kejriwal  
DIN 00065980

## CHIEF OPERATING OFFICER

Shri V. Poyyamozhi

## CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Shri Atosh R Surana

## AUDITORS

M/s. K.R. Bapuji & Co.,  
Hyderabad

## SOLICITORS

M/s. Khaitan & Co.

## BANKERS

ICICI Bank Limited  
HDFC Bank Limited  
IDBI Bank Limited  
Standard Chartered Bank  
Punjab National Bank  
Bank of India  
Andhra Bank  
Yes Bank Limited  
Indusind Bank Limited  
Kotak Mahindra Bank Limited

## REGISTERED OFFICE & WORKS

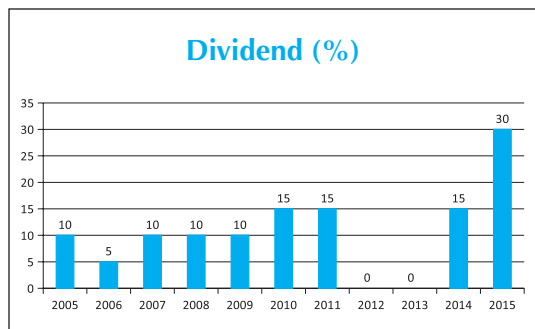
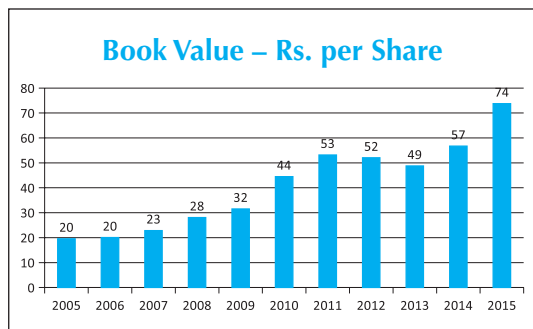
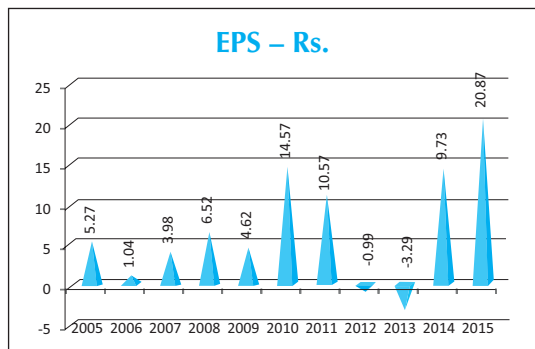
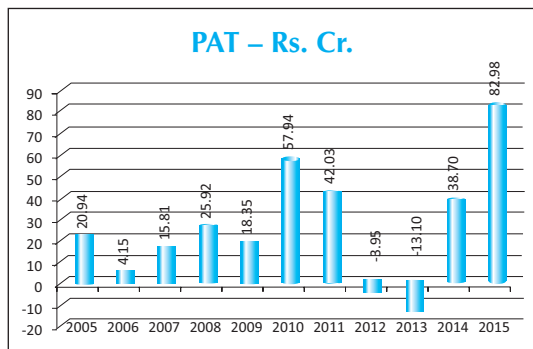
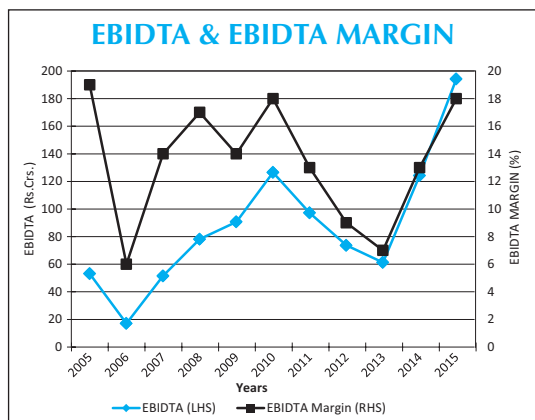
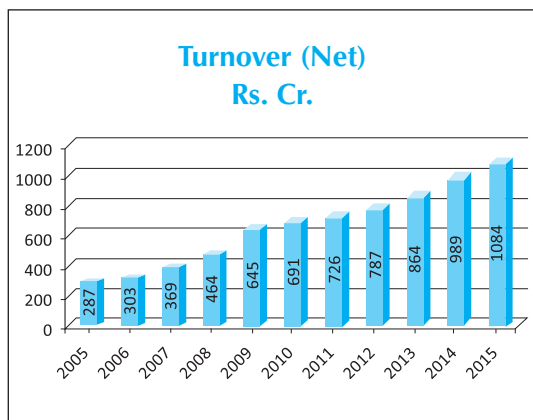
Rachagunneri-517 641  
Srikalahasthi Mandal  
Chittoor District  
Andhra Pradesh  
E-mail: [investors@srikalahasthipipes.com](mailto:investors@srikalahasthipipes.com)

## SHARE TRANSFER AGENTS

M/s. Karvy Computershare Private Limited (KCPL)  
Karvy Selenium Tower B, Plot No. 31 & 32  
Gachibowli, Financial District, Nanakramguda  
Serilingampally, Hyderabad-500 032.

## FINANCIAL HIGHLIGHTS

Parameters	Unit	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Turnover (Net)	Rs. Cr.	286.62	302.96	369.37	463.66	644.72	690.58	726.00	787.00	863.89	989.40	1083.60
EBIDTA	Rs. Cr.	53.15	17.08	51.53	78.14	90.71	126.54	97.24	73.70	61.27	124.26	194.28
EBIDTA Margin	%	19	6	14	17	14	18	13	9	7	13	18
PBT	Rs. Cr.	34.71	6.10	21.64	40.01	28.22	87.98	55.83	-4.17	-21.33	41.42	119.42
PAT	Rs. Cr.	20.94	4.15	15.81	25.92	18.35	57.94	42.03	-3.95	-13.10	38.70	82.98
EPS	Rs.	5.27	1.04	3.98	6.52	4.62	14.57	10.57	-0.99	-3.29	9.73	20.87
Dividend	%	10	5	10	10	10	15	15	-	-	15	30
Book Value	Rs.	19.57	20.04	22.85	28.06	31.50	44.49	53.17	52.02	48.73	56.71	73.76



# DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 23rd Annual Report and Audited Accounts of your Company for the year ended 31st March, 2015.

## FINANCIAL RESULTS:

Particulars	Rs. in Lakhs	Rs. in Lakhs
	2014-15	2013-14
Gross revenue from operations	<b>1,12,304.37</b>	1,03,715.95
Net revenue from operations	<b>1,08,355.08</b>	98,939.56
Other income	<b>866.03</b>	726.37
Total Revenue	<b>1,09,221.11</b>	99,665.93
Earning Before Interest, Depreciation, Taxation & Amortisation (EBITDA)	<b>19,427.99</b>	12,425.54
Finance Costs	<b>4,369.37</b>	5,489.61
Depreciation	<b>3,116.90</b>	2,794.28
Profit Before Taxation	<b>11,941.72</b>	4,141.65
Less: Tax including Deferred Tax	<b>3,643.60</b>	271.62
Profit After Taxation	<b>8,298.12</b>	3,870.03
Profit Brought Forward from Previous Year	<b>1,016.08</b>	(155.46)
Prior Period Adjustment – Taxation	<b>(81.36)</b>	(0.67)
Amount available for Appropriation	<b>9,232.83</b>	3,713.90
Appropriations are made as under:		
– General Reserve	<b>5,000.00</b>	2,000.00
– Proposed Dividend including tax thereon	<b>1,435.74</b>	697.82
Balance Carried Forward to Next Year	<b>2,797.09</b>	1,016.08

## DIVIDEND

Your Directors are pleased to recommend a dividend @ Rs. 3.00 per share on the equity shares of the Company for the year ended 31st March, 2015 (Previous year Rs. 1.50 per Share). If approved, the dividend will absorb Rs. 1,435.74 lakhs (including Rs. 242.85 lakhs towards dividend tax).

## REVIEW OF OPERATIONS

Your Directors are pleased to inform that the Company has achieved Gross operating revenue of Rs. 1,123.04 crores during the year under review as against Rs. 1,037.16 crores in the previous year, thus registering an increase of 8.29% in gross revenue.

The production of D.I. Pipes during the FY 2014-15 was higher at 1,69,500 MT as compared to 1,62,892 MT for the FY 2013-14.

The production of Mini Blast Furnace (MBF), producing liquid metal mainly for Ductile Iron Pipe Plant was higher during the FY 2014-15 by 10.18% at 2,18,206 MT compared to 1,98,036 MT for the FY 2013-14. The production of Low Ash Metallurgical Coke was higher in FY 2014-15 by 16.90% at 1,60,554 MT as against 1,37,339 MT in FY 2013-14. The power generation from 12 MW Waste Heat Recovery Based Captive Power Plant was also higher in FY 2014-15 by 4.20% at 919 lakh units as against 882 lakh units in the FY 2013-14. The production of Cement during the FY 2014-15

was higher by 27.26% at 85,770 MT compared to 67,396 MT in the previous year.

During the year under review, the company has successfully completed its capital expenditure programme of Rs. 100 Crs. to increase the production of Ductile Iron pipes by 50,000 TPA. The Company has also successfully commissioned and synchronized 132 KV sub-station, which has reduced power interruptions and substantially improved quality of power supplied from the grid, besides resulting in a marginal decrease in power tariff.

Company has undertaken cost reduction measures such as reduction of coke consumption, CRC scrap, HSD oil, effective utilization of sinter plant in terms of capacity and consumption ratio and reduction of power cost by increased captive power generation. Further, favourable trend in the prices of major raw materials viz. iron ore, coal helped the Company in sustaining overall reduction of the input cost during the year.

Besides the reduced cost of production and improved operational efficiency, the lower finance cost, the growth in the volume of the Ductile Iron Pipes coupled with improved sales realization increased the pre-tax profit of your Company to Rs. 119.42 Crs. in the FY 2014-15 as against Rs. 41.42 Crs reported in the FY 2013-14.

### **FUTURE PROSPECTS**

With the successful completion of capital expenditure program of Rs. 100 Crs. the company would start reaping the benefits of increased production from the current year. The company is exploring additional measure of cost reduction and value addition to remain competitive in the industry.

In spite of growing competition in the domestic market, your Company is maintaining a satisfactory order position for the FY 2015-16.

To be fully self sufficient in its power requirements, the company during FY 2015-16

is planning to increase the capacity of its coke oven plant thereby increasing its captive power generation from 12 MW to 18 MW.

Being the low cost producer of quality Ductile Iron Pipes in India, having excellent logistics and integrated facility coupled with cost control measures, rising demand of D.I. Pipes, both in domestic and export market, your company is optimistic of its bright future.

### **NAME CHANGE**

In order to reflect the core business of the Company i.e. manufacture and supply of D.I. Pipes in its name and the Company being situated at the Temple Town of Srikalahasthi, the Company has been renamed as Srikalahasthi Pipes Limited with effect from 29th September, 2014, as approved by the shareholders.

Consequent to change in name, the branding of company's products have been changed. Ductile Iron Pipes is branded as "Sripipes" and Cement is branded as "Srikalahasthi Gold Cement".

### **CREDIT RATING**

Your Company has been rated as "CARE A (Single A)" for long term bank facilities. This indicates adequate degree of safety regarding timely servicing of financial obligations and carry low credit risk. The rating assigned for short term facilities is "CARE A1 (A One)" and indicates having very strong degree of safety regarding timely payment of financial obligations and carries lowest risk.

### **DIRECTORS**

IDBI Bank Limited has withdrawn its nominee Shri A. Joseph Kumar from the Board of Directors of the Company with effect from 9th September, 2014.

Andhra Pradesh Industrial Development Corporation (APIIDC), Hyderabad has withdrawn its nominee Smt Anita Rajendra, IAS with effect from 16th October, 2014 and



nominated Shri J.S. Venkateswara Prasad, IAS on the Board of Directors of your Company with effect from 30th January, 2015.

Your Directors place on record their appreciation for the active participation and valuable services rendered to the Company by Shri A. Joseph Kumar and Smt. Anita Rajendra, IAS.

As recommended by the Nomination & Remuneration Committee, the Board of Directors has approved the appointment of Ms. S. Hemamalini as additional Director on the Board of Directors of the Company with effect from 17th March, 2015 and she will hold office up to the conclusion of ensuing Annual General Meeting.

Shri G.S. Rathi and Shri S.Y. Rajagopalan retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Pursuant to Section 149 and other applicable provisions of the Companies Act, 2013, your Directors are seeking appointment of Ms. S. Hemamalini as Independent Director for a term of five consecutive years from the conclusion of this Annual General Meeting.

Details of the proposal for appointment of Ms. S. Hemamalini are mentioned in the explanatory statement under Section 102 of the Companies Act, 2013 of the Notice of the Annual General Meeting.

The Company has received declarations from the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

## **CORPORATE GOVERNANCE**

Your Company is committed to maintain the highest standards of Corporate Governance

and adhere to the Corporate Governance requirements set out by SEBI. A report on Corporate Governance Practices, as stipulated under Clause 49 of the Listing Agreement, the Auditors' Certificate on compliance of mandatory requirements thereof form part of the Annual Report.

## **INTERNAL FINANCIAL CONTROLS & ADEQUACY**

The Company has developed a strong two tier internal control framework comprising entity level controls and process level controls. The entity level controls of the Company include elements such as code of conduct, whistle blower policy, management review & MIS and strong internal audit mechanism. The process level controls have been ensured by implementing appropriate checks and balances to ensure adherence to Company's policies and procedures, efficiency in operations and also reduce the risk of frauds.

Regular management oversight and rigorous periodic testing of internal controls makes the internal controls environment strong at the Company. The Audit Committee along with the Management oversees results of the internal audit and review implementation on a regular basis.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

Please refer to the Management Discussion and Analysis section appearing elsewhere in the Annual Report.

## **RISK MANAGEMENT POLICY**

The Company has in place a well defined Risk Management Policy, which ensures sustainable business growth with stability and promotes a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management and guides decisions on risk related issues. The elements

of risk associated with the business, which may likely to have a bearing on the performance of the Company and the focused initiatives taken by the Company for mitigation of risks is covered elsewhere under Risk Management Section in the Annual Report.

### **NOMINATION & REMUNERATION POLICY**

Company's Nomination and Remuneration Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement. The Committee shall guide the Board:

- a) In relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) In evaluating the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c) In formulating the criteria for determining qualifications positive attributes and independence of a Director.
- d) In recommending to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

### **WHISTLE BLOWER MECHANISM (POLICY)**

Section 177(9) of the Companies Act, 2013 read with its respective rules and Revised Clause 49 of the Listing Agreement provides for a mandatory requirement for all listed companies to establish a vigil mechanism called 'Whistle Blower Policy' for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

In view of the above, the Company has established a vigil mechanism for the directors and employees to report genuine concerns or grievances in such manner as may be prescribed and provide for adequate safeguards

against victimization of persons who use such mechanism and also make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

This Policy covers malpractices and events which have taken place / suspected to have taken place, misappropriation of monies, manipulations, negligence causing danger to public health and safety, misuse or abuse of authority, fraud or suspected fraud, violation of company rules, and other matters or activity by which the Company's interest is affected and formally reported by whistle blowers concerning its employees.

### **EVALUATION OF PERFORMANCE OF BOARD MEMBERS**

The Nomination & Remuneration Committee has carried out performance evaluation of the Board, its Committees and its individual Directors on an annual basis. To assist in this process an independent advisor may be used.

The Nomination & Remuneration Committee conducts an annual review of the role of the Board, assess the performance of the Board over the previous 12 months and examine ways of assisting the Board in performing its duties more effectively.

The review includes:

- a) Comparing the performance of the Board with the requirements of its Charter;
- b) Examination of the Board's interaction with management;
- c) The nature of information provided to the Board by management; and
- d) Management's performance in assisting the Board to meet its objectives.

A similar review is conducted for each Committee by the Board with the aim of assessing the performance of each Committee and identifying areas where improvements can be made.



Based upon the results of these evaluations, it was observed that the board and its committees are operating effectively and that the individual directors' performance continues to be effective and demonstrates the level of commitment expected by the Company.

## **EMPLOYEES**

Your Directors wish to place on record their appreciation for the committed services rendered by the employees of your Company at all levels during the year under review and for their co-operation in maintaining cordial relations.

The statement containing particulars of employees as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report. However, in terms of Section 136 of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is forming part of this report.

## **STATUTORY INFORMATION**

Information as per Companies (Accounts) Rules, 2014 related to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure-I attached hereto and forming part of this report.

## **OTHER INFORMATION**

Particulars of information forming part of the Board's Report pursuant to Section 134 of

the Companies Act, 2013 and relevant Rules thereof, not covered elsewhere in the report are given hereunder:

- 1) There are no qualifications, reservations or adverse remarks or disclaimer made by the Statutory Auditors in their report or by the practicing Company Secretary in the Secretarial Audit Report.
- 2) The Company has not given any guarantees or made any investments during the years, which would be covered by Section 186 of the Companies Act, 2013.
- 3) Discussion on state of Company's affairs has been covered as part of the Management Discussion and Analysis.
- 4) Particulars of the amounts proposed to be carried to reserves have been covered as part of the financial performance of the Company at the beginning of the Report.
- 5) There are no material changes or commitments occurring after 31st March, 2015, which may affect the financial position of the Company or may require disclosure.
- 6) During the year under review, there has been no change in the nature of business of the Company.
- 7) The Company did not have any subsidiaries, joint ventures and associates companies, which have ceased during the year.
- 8) The Company has not accepted deposits under Chapter V of the Companies Act, 2013.
- 9) The Company has not received any such orders from Regulators, Courts or Tribunals during the year, which may impact the going concern status or the Company's operations in future.
- 10) During the year under review, there were no cases filed pursuant to Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013.

## AUDITORS

The Shareholders of the Company in the Annual General Meeting held on 27th September 2014 had approved appointment of M/s. K.R. Bapuji & Co., Chartered Accountants as Statutory Auditors of the Company for the FY 2014-15 and authorized the Board of Directors to fix their remuneration.

Pursuant to Sections 139, 141 and 142 of the Companies Act, 2013 and relevant rules prescribed there under, the Company has received certificate from the Statutory Auditors to the effect, inter alia, that they are not disqualified for ratification of appointment under the provisions of applicable laws, the appointment is as per the terms and the limits prescribed under the Companies Act, 2013 and no proceedings against them or any of their partners are pending with respect to matter of professional conduct.

The Auditors have also confirmed that they have subjected themselves to Peer Review, a process of Institute of Chartered Accountants of India (ICAI) for evaluating the quality of audit and attestation services and that they hold a valid certificate issued by the Peer Review Board of the ICAI.

The Auditors' Report addressed to the shareholders of the Company, does not contain any qualification.

The Auditors, M/s. K.R. Bapuji & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment to hold office from the conclusion of the forthcoming Annual General Meeting till the conclusion of Twenty Fifth Annual General Meeting to be held in the year 2017, subject to ratification by shareholders at the ensuing Annual General Meeting.

## COST AUDITORS

The Company has appointed M/s. Narasimhamurthy & Co., Cost Accountants,

Hyderabad, as Cost Auditors and the Central Government has approved the appointment of M/s. Narasimhamurthy & Co., for conducting the audit of cost accounts maintained by the Company for the financial year 2014-15.

## SECRETARIAL AUDIT

The Company has appointed Mr. S. Chidambaram, Company Secretary in Practice, Hyderabad as Secretarial Auditor for conducting the Secretarial Audit of the Company for the financial year 2014-15 and the Secretarial Audit Report issued by the Auditors is attached hereto and forming part of this Report as Annexure V.

## GREEN INITIATIVE

The Ministry of Corporate Affairs has taken the Green Initiative in Corporate Governance by allowing paperless compliances by Companies through electronic mode.

Your Company supports the Green Initiative and has accordingly decided to send all communications to its shareholders to their respective e-mail IDs through electronic mode.

Your Company appeals to the shareholders, who are yet to register their E-mail addresses that you take necessary steps for registering the same so that you can also become a part of the initiative and contribute towards a Greener environment.

## ANNEXURES TO THE BOARD'S REPORT

- i) Pursuant to Section 134 (3) (m) of the Companies Act, 2013, information relating to Conservation of Energy, Technology absorption and foreign exchange earnings and outgo is enclosed vide Annexure – I.
- ii) Pursuant to Section 134 (3) (a) of the Companies Act, 2013, the extract of the Annual Return as provided under sub section (3) of Section 92 of the Act in Form MGT-9 is enclosed vide Annexure – II.
- iii) Pursuant to Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8

- (2) of Companies (Accounts) Rules, 2014, particulars of contracts or arrangements with related parties in the prescribed Form AOC-2, forming part of Directors' Report is enclosed vide Annexure – III.
- iv) Pursuant to Section 135 (4) (a) of the Companies Act, 2013 read with Rule 8 (1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the annual report on CSR activities in the prescribed format, forming part of the Director's Report is enclosed vide Annexure – IV.
- v) Disclosure under Section 197 (12) read with Rule 5(1) of the Companies (Appointment and remuneration of managerial personnel) Rules, 2014 is enclosed vide Annexure – V.
- vi) Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and remuneration of managerial personnel) Rules, 2014, the Secretarial Audit Report is enclosed vide Annexure – VI.
- view of the state of affairs of the Company as at 31st March, 2015.
- iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the annual accounts have been prepared on a going concern basis.
- v) That sufficient internal financial controls have been laid down and such internal financial controls are adequate and were operating effectively; and
- vi) That proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems were adequate and operating effectively.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

The Board of Directors of the Company confirms:

- i) That in the preparation of annual accounts the applicable accounting standards have been followed and there has been no material departure.
- ii) That the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair

#### **ACKNOWLEDGEMENTS**

Your Directors take this opportunity to place on record their appreciation on dedication and commitment of employees at all levels, resulting in the successful performance of the Company during the year. Your Directors would also like to thank and express their gratitude for the support and co-operation received from employees of the Company, shareholders, customers, agents, suppliers, bankers, Government authorities and all the other business associates and the confidence reposed in its management.

For and on behalf of the Board of Directors

Place: Chennai  
Date : 30th April 2015

**G. Maruthi Rao**  
Chairman

## Annexure – ‘I’ to Directors’ Report

Information as per Section 134 (3) (m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and forming part of the Directors’ Report for the year ended 31st March, 2015.

### A. CONSERVATION OF ENERGY:

#### a) Energy Conservation Measures taken:

- Commissioning of 132 KV power sub-station resulted in improved quality of power and minimized transmission and distribution losses.
- Replaced low capacity blowers with higher capacity in MBF to reduce power consumption.
- Substitution of oil with MBF Steam in DIP Steam curing chamber to eliminate oil consumption.
- Replacement of old Induction Furnace with high efficiency Induction Furnace to reduce power consumption in Induction Furnace # 1.
- Replaced DC drives with high efficiency AC drives and motors in Zinc coating Machine to minimize power consumption.
- Eliminated 30 kw pump in cooling tower blow down water transfer by converting the system in to gravity flow to achieve energy conservation.
- Coke quenching system and fines screening system at COP has been modified to ensure energy conservation by 50%.

#### b) Additional investments & Proposals, if any, being implemented for reduction of consumption of energy:

- Installation of 400 KVA capacitor bank for LT transformer to further augment power factor of DIP.

- Installing VFDs for Coke Oven Battery III raft cooling blowers and cooling tower MCW pump at 12 MW CPP.
- Installing solar street lights in common areas for promoting renewable energy.
- Installing coal injection (PCI) and oxygen plants to minimize consumption of coke.
- Installation of fully automated steam curing chamber based on 100% steam.
- Installation of energy efficient drives and capacitors at appropriate locations to further improve energy efficiency.
- Energy conservation is a continuous activity and it is the constant endeavor of the company to bring in awareness and encourage the employees to conserve energy at every stage through Small Group Activities.

#### c) Benefits derived from the above initiatives (a) and (b):

Upon implementation of aforementioned energy conservation measures, consumption of energy in MBF, Coke oven plant and Cement Plant has reduced considerably, apart from significant reduction in oil consumption in DI Pipe Plant. With the implementation of proposed energy saving measures, the cost of energy is expected to come down further, besides resulting in reduced oil consumption.

### B. TECHNOLOGY ABSORPTION:

The Company has absorbed Chinese Technology for Spinning Machine and additional finishing line installed during the year.

### C. FOREIGN EXCHANGE EARNING AND OUTGO:

Foreign Exchange Earning and outgo (Rs. in Lakhs):	2014-15	2013-14
i) Foreign Exchange Earning	–	–
ii) Foreign Exchange Used	24,021.22	31,883.55

## Annexure – II to Directors’ Report

**Form No. MGT-9**

### EXTRACT OF ANNUAL RETURN

**as on the financial year ended on 31st March, 2015**

**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]**

#### **I. REGISTRATION AND OTHER DETAILS:**

- i) CIN: L74999AP1991PLC013391
- ii) Registration Date: 1st November, 1991
- iii) Name of the Company: Srikalahasthi Pipes Limited (Formerly Lanco Industries Limited)
- iv) Category / Sub-Category of the Company: Company limited by shares /  
Indian Non-Government Company
- v) Address of the Registered office and contact Details:  
Rachagunneri-517 641  
Srikalahasthi Mandal  
Chittoor District  
Andhra Pradesh  
Website: www.srikalahasthipipes.com  
Phone: 08578-286650-655  
Fax: 08578-286688
- vi) Whether listed company – Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent:  
M/s. Karvy Computershare Private Limited (KCPL), Karvy Selenium Tower B,  
Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda,  
Serilingampally, Hyderabad-500 032.  
Contact Person: Mr. P. Nageswara Rao

#### **II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name & Description of Main products/Services	NIC Code of the Product/ Service	% to total turnover of the Company
1.	Ductile Iron Pipes	24311	74%

#### **III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sl. No.	Name & Address of the Company	CIN/GIN	Holding/ Subsidiary/	% of shares held	Applicable Section
1.	Electrosteel Castings Limited	L27310OR1955PLC000310	Associate	48.54	2(6)

#### IV. SHAREHOLDING PATTERN (Equity share capital break up as percentage of total equity)

##### i) Category wise shareholding

Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. PROMOTER AND PROMOTER GROUP</b>									
1) INDIAN									
Individual /HUF	-	-	-	-	-	-	-	-	-
Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
Bodies Corporate	20193178	-	20193178	50.78	20193178	-	20193178	50.78	-
Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total A(1):</b>	<b>20193178</b>	<b>-</b>	<b>20193178</b>	<b>50.78</b>	<b>20193178</b>	<b>-</b>	<b>20193178</b>	<b>50.78</b>	<b>-</b>
FOREIGN									
Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total A(2):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total A=A(1)+A(2)</b>	<b>20193178</b>	<b>-</b>	<b>20193178</b>	<b>50.78</b>	<b>20193178</b>	<b>-</b>	<b>20193178</b>	<b>50.78</b>	<b>-</b>



<b>B. PUBLIC SHAREHOLDING</b>									
<b>B.1. INSTITUTIONS</b>									
Mutual Funds / UTI	–	3625	3625	0.01	–	3625	3625	0.01	–
Financial Institutions / Banks	14000	10225	24225	0.06	58938	10225	69163	0.17	0.11
Central Government / State Government(s)	243750	450	244200	0.61	243750	450	244200	0.61	–
Venture Capital Funds	–	–	–	–	–	–	–	–	–
Insurance Companies	–	–	–	–	–	–	–	–	–
Foreign Institutional Investors	–	9700	9700	0.02	417911	9700	427611	1.08	1.06
Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	–
<b>Sub-Total B(1):</b>	<b>257750</b>	<b>24000</b>	<b>281750</b>	<b>0.71</b>	<b>720599</b>	<b>24000</b>	<b>744599</b>	<b>1.87</b>	<b>1.16</b>
<b>B.2. NON-INSTITUTIONS</b>									
Bodies Corporate	1661447	218196	1879643	4.73	5846208	218196	6064404	15.25	10.52
Individuals									
i) Individuals holding nominal share capital upto Rs. 1 lakh	3948583	339417	4288000	10.78	5897395	319420	6216815	15.63	4.85
ii) Individuals holding nominal share capital in excess of Rs.1 lakh	5263790	6297823	11561613	29.08	5543028	37250	5580278	14.03	-15.05
Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	–
TRUSTS	–	–	–	–	–	–	–	–	–
NON RESIDENT INDIANS	1430363	98714	1529077	3.85	725162	98714	823876	2.07	-1.78
CLEARING MEMBERS	30334	–	30334	0.08	140445	–	140445	0.35	0.27
<b>Sub-Total B(2):</b>	<b>12334517</b>	<b>6954150</b>	<b>19288667</b>	<b>48.51</b>	<b>18152238</b>	<b>673580</b>	<b>18825818</b>	<b>47.34</b>	<b>-1.16</b>
<b>Total B=B(1)+B(2):</b>	<b>12592267</b>	<b>6978150</b>	<b>19570417</b>	<b>49.22</b>	<b>18872837</b>	<b>697580</b>	<b>19570417</b>	<b>49.22</b>	<b>–</b>
<b>Total (A+B):</b>	<b>32785445</b>	<b>6978150</b>	<b>39763595</b>	<b>100.00</b>	<b>39066015</b>	<b>697580</b>	<b>39763595</b>	<b>100.0</b>	<b>–</b>

<b>C. Shares held by custodians, against which Depository Receipts have been issued</b>									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL (A+B+C):</b>	<b>32785445</b>	<b>6978150</b>	<b>39763595</b>	<b>100.00</b>	<b>39066015</b>	<b>697580</b>	<b>39763595</b>	<b>100.0</b>	<b>-</b>

### ii) Shareholding of promoters & Promoter Group

Sl. No.	Shareholders name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in shareholding
		No. of shares	% of total shares	% of shares pledged/ encumbered	No. of shares	% of total shares	% of shares pledged/ encumbered	
1.	Electrosteel Castings Limited	19301218	48.54	-	19301218	48.54	-	-
2.	Murari Investment & Trading Co. Ltd	425015	1.07	-	425015	1.07	-	-
3.	Uttam Commercial Company Ltd.	224069	0.56	-	224069	0.56	-	-
4.	G.K. Investments Ltd.	164254	0.41	-	164254	0.41	-	-
5.	G.K. & Sons Private Ltd.	78622	0.20	-	78622	0.20	-	-

### iii) Change in promoters' Shareholding:

There is no change in the promoters' shareholding during the year.

### iv) Shareholding pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs & ADRs.):

Sl. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Change in Shareholding during the year		Shareholding at the end of the year	
		No. Shares	% of Total shares	No. Shares	% of Total shares	No. Shares	% of Total shares
1.	AVIS-TIE UP PRIVATE LIMITED	7200000	18.11	-3765000	-9.47	3435000	8.64
2.	DALMIA SEC. PVT.LTD.	2735000	6.88	-2735000	-6.88	-	-
3.	RAJEN CHANDRAKANT SHETH	1456670	3.66	-1456670	-3.66	-	-
4.	UPENDRANATH NIMMAGADDA	325674	0.82	-	-	325674	0.82
5.	ANDHRA PRADESH INDUSTRIAL DEVELOPMENT CORPORATION	243750	0.61	-	-	243750	0.61
6.	T V N CONSULTANTS LTD	200000	0.50	-	-	200000	0.50
7.	RAJA LAKSHMI LAGADAPATI	175670	0.44	-175670	-0.44	-	-
8.	LAGADAPATI RAJA GOPAL	175670	0.44	-175670	-0.44	-	-
9.	LAGADAPATI SRIDHAR	175670	0.44	-95445	-0.24	80225	0.20
10.	BHASKARA RAO GARLAPATI	175670	0.44	-150000	-0.38	25670	0.06

**v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name of the Director/ KMP	Opening Balance	Change in Shareholding during the year			Cumulative	Closing Balance as at
		as at 01.4.14	Date of dealing	Reasons for change	No. Shares & (%)	No. Shares & (%)	31.03.15
		No. Shares & (%)			No. Shares & (%)	No. Shares & (%)	No. Shares & (%)
1.	Mayank Kejriwal	–	–	–	–	–	–
2.	G. Maruthi Rao	–	–	–	–	–	–
3.	Gouri Shankar Rathi	–	30.09.14	Purchase	3200 (0.008)	3200 (0.008)	–
			10.10.14	Purchase	9000 (0.023)	12200 (0.03)	–
			23.10.14	Sale	3200 (0.008)	9000 (0.023)	–
			19.12.14	Purchase	2000 (0.005)	11000 (0.028)	–
			20.03.15	Purchase	4000 (0.010)	15000 (0.038)	15000 (0.038)
4.	S.Y. Rajagopalan	–	–	–	–	–	–
5.	R.K. Khanna	–	–	–	–	–	–
6.	S. Hemamalini	–	–	–	–	–	–
7.	J.S. Venkateswara Prasad	–	–	–	–	–	–
8.	Atosh R Surana	–	22.08.14	Purchase	1000 (0.0025)	1000 (0.0025)	–
			27.02.15	Sale	900 (0.0024)	100	100

**V. INDEBTEDNESS:**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment:**

Rs. Lacs

At the beginning of the Financial Year (FY)	Secured loans excl. deposits	Un-secured loans	Deposits	Total
Principal amount	45030.31	–	–	45030.31
Interest due but not paid	–	–	–	–
Interest accrued but not due	313.63	–	–	313.63
<b>Total</b>	<b>45343.94</b>	<b>–</b>	<b>–</b>	<b>45343.94</b>
<b>Changes during the FY</b>				
Addition	5546.92	–	–	5546.92
Deletion	7701.58	–	–	7701.58
<b>Net Change</b>	<b>(2156.66)</b>	<b>–</b>	<b>–</b>	<b>(2156.66)</b>
Principal amount	42863.77	–	–	42863.77
Interest due but not paid	–	–	–	–
Interest accrued but not due	323.51	–	–	323.51
<b>Total</b>	<b>43187.28</b>	<b>–</b>	<b>–</b>	<b>43187.28</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A) Remuneration to Shri Mayank Kejriwal, Managing Director:

Sl. No.	Particulars of remuneration	Amount (Rs.)
1.	Gross Salary (Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	–
	Value of perquisites U/S 172(2) of the Income Tax Act, 1961.	–
	Profits in lieu of salary U/S 17 (3) of the Income Tax Act, 1961	–
2.	Stock option	–
3.	Sweat Equity	–
4.	Commission	
	– As % of profit	5,30,00,000
	– Others (Specify)	–
5.	Other – Specify	–
	<b>Total (A)</b>	5,30,00,000
	Ceiling as per the Act	5,30,30,619

### B) Remuneration to other Directors:

Amount in Rs.

Sl. No.	Particulars of remuneration	Independent Directors				Total Amount
		G. Maruthi Rao	R.K. Khanna	A. Joseph Kumar	Anita Rajendra	
1.	Independent Directors					–
	• Fee for Attending Board & Committee Meetings	2,55,000	2,55,000	80,000	20,000	6,10,000
	• Commission	3,00,000	3,00,000	–	–	6,00,000
	• Other – Specify		–	–	–	–
	<b>Total (1)</b>	<b>5,55,000</b>	<b>5,55,000</b>	<b>80,000</b>	<b>20,000</b>	<b>12,10,000</b>
		<b>Other Non-Executive Directors</b>				
2.	Other Non-Executive Directors	G.S. Rathi	S.Y. Rajagopalan	–	–	
	• Fee for Attending Board & Committee Meetings	1,45,000	2,15,000	–	–	3,60,000
	• Commission	3,00,000	3,00,000	–	–	6,00,000
	• Other – Specify		–	–	–	–
	<b>Total (2)</b>	<b>4,45,000</b>	<b>5,15,000</b>	<b>–</b>	<b>–</b>	<b>9,60,000</b>
	<b>Total (B) = (1+2)</b>	<b>10,00,000</b>	<b>10,70,000</b>	<b>80,000</b>	<b>20,000</b>	<b>21,70,000</b>
	<b>Total Managerial Remuneration (A+B)</b>					5,51,70,000
	<b>Overall Ceiling as per the Act.</b>					6,57,37,411

**C) Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

Amounts in Rs.

Sl. No.	Particulars of remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1.	Gross Salary (Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	35,92,816	–	–
	Value of perquisites U/S 172(2) of the Income Tax Act, 1961	–	2,29,053	–	–
	Profits in lieu of salary U/S 17 (3) of the Income Tax Act, 1961	–		–	–
2.	Stock option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	– As % of profit	–	–	–	–
	– Others (Specify)	–	–	–	–
5.	Others – Specify	–	–	–	–
	<b>Total</b>	–	<b>38,21,869</b>	–	–
	Ceiling as per the Act	–	–	–	–

**VII. PENALTIES/PUNISHMENT/COMPUNDING OF OFFENCES:**

During the financial year, there is no instance of any penalty/punishment/compounding of offence under the Companies Act, 2013 against any Director, Key Managerial Person and other officers in default.

**G. Maruthi Rao**  
Chairman

## FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil
2. Details of material contracts or arrangement or transactions at arm's length basis:

Fig. in Rs. Lacs

Sl. No.	Name of the related party	Nature of Relationship	Nature of Transaction	Duration of the contract/ transaction	Value	Date of approval by the Board, if any	Amount paid as advance, if any
1.	Electrosteel Castings Limited	Associate Company	Sale of goods	01-04-14 to 30.06.14	1009.08	03.05.2014	–
2.	Electrosteel Castings Limited	Associate Company	Purchase of goods	01-04-14 to 30.06.14	474.67	03.05.2014	–
3.	Electrosteel Castings Limited	Associate Company	Purchase of goods	01-06-14 to 30.09.14	217.53	03.05.2014	–
4.	Electrosteel Castings Limited	Associate Company	Others (SAP License)	01-06-14 to 30.09.14	28.74	03.05.2014	–
5.	Electrosteel Castings Limited	Associate Company	Sale of goods	01-09-14 to 31.12.14	7232.27	03.05.2014	–
6.	Electrosteel Castings Limited	Associate Company	Purchase of goods	01-09-14 to 31.12.14	158.79	03.05.2014	–
7.	Electrosteel Castings Limited	Associate Company	Others (SAP License)	01-09-14 to 31.12.14	15.42	03.05.2014	–
8.	Electrosteel Castings Limited	Associate Company	Others (Reimb.of Exp.)	01-09-14 to 31.12.14	8.31	03.05.2014	–
9.	Electrosteel Castings Limited	Associate Company	Sale of goods	01-01-15 to 31.03.15	2021.16	03.05.2014	–
10.	Electrosteel Castings Limited	Associate Company	Others (Rent etc.,)	01-01-15 to 31.03.15	0.36	03.05.2014	–
11.	Electrosteel Castings Limited	Associate Company	Deposits repaid	01.04.14 to 30.09.15	2411.28		

**G. Maruthi Rao**  
Chairman



## Annexure – IV to Directors’ Report

### ANNUAL REPORT ON CSR INITIATIVES

**1. A brief outline of the Company’s CSR Policy, including overview of projects or programs proposed to be undertaken:**

“Srikalahasthi Pipes Limited (“SPL”) as a responsible corporate citizen recognizes and embraces its commitment to the communities in which it operates and it believes that private sector plays a vital role in creating a level playing field, driving innovation and building an environment that enhances education and entrepreneurship to foster economic growth. Our social investment strategy is based on our vision to help the society run better and improving people’s lives. In continuation to its peripheral development initiatives, the Company shall allocate annually 2% of its average net profits, if any, of the three preceding years for Corporate Social responsibility (CSR) activities to be undertaken as approved by its Board. Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company.

SPL’s CSR thrust shall be in the field of Health Care & Sanitation, Drinking Water, Education, Livelihood Enhancement, Environmental Sustainability & Rural development projects and animal welfare. It also undertakes programs to promote rural sports and culture, conservation of natural resources, skill development, Entrepreneurship building, and other community need based infrastructure projects / activities as stated in the schedule VII of the Companies Act 2013, directly, or indirectly through contributions to the corpus fund of the Charitable Trusts engaged in such activities. The detailed CSR Policy of the Company is available in the website of the Company [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com)

- 2. The composition of the CSR Committee:** The three member CSR Committee comprises of
- 1) Mr. G.S. Rathi, Non-Independent Non-executive Director – Chairman,
  - 2) Mr. G. Maruthi Rao, Non-executive Independent Director &
  - 3) Mr. R.K. Khanna, Non-executive Independent Director.
- 3. Average Net Profit after Tax of the company for last 3 financial years: Rs. 513.32 Lakhs**
- 4. Prescribed CSR expenditure (2% of this amount as in 3 above): Rs. 10.27 Lakhs**

**5. Details of CSR activities/projects undertaken during the year:**

- Total amount to be spent for the FY : Rs. 10.27 Lakhs
- Amount un-spent, if any : NIL
- Manner in which the amount spent during the financial year is detailed below:

**Fig. in INR**

1	2	3	4	5	6	7	8
Sl. No.	CSR Project or activity identified	Sector in which the project is covered	"Projects of programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken"	Amount outlay (Budget) project or programme wise	"Amount spent on the projects or programs sub-heads: (1) Direct expenditure on projects of program (2) overheads :"	Cumulative exp upto the reporting date	Amount spent direct or through implementing agency
1.	"Supply of DI Pipes/Other works for Srikalahasthi Municipality"	"Sanitation and Drinking Water support Projects"	Local Area – Chittoor Dist – Andhra Pradesh	698357	698357	698357	Direct
2.	School Bldg. Development, Teachers Stipends, etc	Promoting Education	Local Area – Chittoor Dist – Andhra Pradesh	134523	134523	134523	Direct
3.	Medical Camps for Locals	Promoting Health Care	Local Area – Chittoor Dist – Andhra Pradesh	36060	36060	36060	Direct
4.	Local Village development	Rural Development Project	Local Area – Chittoor Dist- Andhra Pradesh	217333	217333	217333	Direct
5.	Support for organizing local festival, etc.	Contribution to local cultural programs	Local Area – Chittoor Dist – Andhra Pradesh	154500	154500	154500	Direct
				1240773	1240773	1240773	

**6.** CSR Committee hereby certify that the implementation and monitoring of CSR Policy is in complinace with CSR objectives and Policy of the Company.

**Mayank Kejriwal**  
Managing Director

**G.S. Rathi**  
Chairman CSR Committee

## Annexure V to Directors' Report

### Disclosure under Section 197 (12) read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year

Name of Director	Ratio
Mr. Mayank Kejriwal	333.46
Mr. G. Maruthi Rao	3.50
Mr. G.S. Rathi	2.80
Mr. S.Y. Rajagopalan	3.24
Mr. R.K. Khanna	3.50

- Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year

Name of Director / KMP	Designation	%age increase
Mr. Mayank Kejriwal	Managing Director	307.69
Mr. G. Maruthi Rao	Non Executive Director	593.75
Mr. G.S. Rathi	Non Executive Director	345.00
Mr. S.Y. Rajagopalan	Non Executive Director	415.00
Mr. R.K. Khanna	Non Executive Director	208.33
Mr. A. Joseph Kumar	Non Executive Director	–
Ms. Anita Rajendra	Non Executive Director	–
Mr. A.R. Surana	CFO & Company Secretary	8%

- The percentage increase in the median remuneration of all employees in the financial year 2014 was 2.23%.
- Number of permanent employees on the rolls of company are 1390 as at 31st March, 2015.
- The Company's profit after tax for the year ended FY 2013-14 was Rs. 38.70 Crs. as against loss after tax of Rs. 13.10 Crs. for FY 2012-13. Considering the improved financial performance of the Company and also to compensate for the inflation rate, an average increment of 9.65% has been given in FY 2014-15 to the employees, which is in line with the industry.
- Further, remuneration to Managing Director, by way of commission as provided under section 197 and 198 of Companies Act 2013, has been increased from 3% to 5% of the Net Profits as approved by Shareholders in AGM held on 27th September 2014. With the improved profitability during the year 2014-15, the commission has been provided under section 197 & 198 read with Section V of Schedule V, which is 307.69% higher than FY 2013-14.

Considering the improved financial performance of the Company and also to compensate for the inflation rate, an increment of 8% has been given to the Company Secretary.

7. Variation in market capitalization and price to earning ratio is as under:

<b>Particulars</b>	<b>FY 2013 – 14</b>	<b>FY 2014 – 15</b>
<b>Market Capitalization</b>	<b>Rs. 84.50 Crs.</b>	<b>Rs. 581.10 Crs.</b>
<b>EPS</b>	<b>Rs. 9.73</b>	<b>Rs. 20.87</b>
<b>Price Earning Ratio</b>	<b>2.18</b>	<b>7.00</b>

No public offer has been made during last 5 years by the company, hence percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer is not applicable to the company.

Average percentile increase, to workmen was 14.40%, as against 9.65% to Staff and other managerial personnel remuneration.

The Commission to the directors of the company has been paid as approved u/s 197 and 198 of the Companies Act, 2013 which is dependent on the profitability of the Company.

Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable.

The remuneration is as per the remuneration policy of the company.

**G. Maruthi Rao**  
Chairman

## Annexure VI to Directors' Report

### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**Srikalahasthi Pipes Limited**  
(Formerly Lanco Industries Limited)

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Srikalahasthi Pipes Limited (formerly Lanco Industries Limited) (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided and declarations made by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended on 31st March, 2015 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi) Employees' State Insurance Act, 1948 and Employees' State Insurance (General) Regulations, 1950;
- vii) The Employees's Provident Funds and Miscellaneous Provisions Act, 1952 and The Employees' Provident Funds Scheme, 1952;
- viii) The Payment of Bonus Act, 1965 and the Payment of Bonus Rules, 1965;
- ix) The Contract Labour (Regulation and Abolition) Act, 1970 and the Contract Labour (Regulation and Abolition) Central Rules, 1971;
- x) Income Tax Act, 1961 and rules made thereunder;
- xi) Service Tax Act, 1994 and rules made thereunder;
- xii) A.P. Shops and Establishment Act, 1988;
- xiii) The Contract Labour (Regulation and Abolition) Act, 1970 and the Contract Labour (Regulation and Abolition) Central Rules, 1971;
- xiv) The Special Economic Zones Act, 2005 and rules made thereunder;
- i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.,

I further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period:

1. The name of the Company was changed from Lanco Industries Limited to Srikalahasthi Pipes Limited vide fresh certificate of incorporation dated 29.09.2014 issued by the Registrar of Companies, Andhra Pradesh.
2. The Company has filed some forms with MCA 21 with delay and has paid the additional fee as required under the Act.

I have also examined compliance with the applicable clauses of the following:

Place: Hyderabad  
Date : 30th April, 2015

**S. Chidambaram**  
Practicing Company Secretary  
FCS No. 3935  
C P No: 2286



# REPORT ON CORPORATE GOVERNANCE

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company firmly believes that Corporate governance is an ethically driven business process that is committed to values and conduct aimed at enhancing an organization's wealth generating capacity. This is ensured by taking ethical business decisions and conducting the business with a firm commitment to values, while meeting stakeholders' expectations. Good governance practices stem from the culture and mindset of the organization and the Company is committed to meet the aspirations of all our stakeholders and believes in adopting best corporate practices for ethical conduct of business.

It is well recognized that an effective Board of Directors is a pre-requisite for strong and effective corporate governance. Our Board and Committees thereof are formed as per requirement of Companies Act, 2013 read with listing agreement which oversees how the Management serves and protects the long-term interests of all our stakeholders.

The company is in full compliance with the requirements of Corporate Governance under Clause 49 of the Listing Agreement with the Indian Stock Exchanges, which cast upon the Board of Directors and the Audit Committee, onerous responsibilities to improve the Company's operating efficiencies, the risk management and internal control functions have been geared up to meet the progressive governance standards.

Pursuant to Section 204 of the Companies Act, 2013, M/s. S. Chidambaram, Practicing Company Secretary has audited the Secretarial records and documents of the Company in respect of compliance with the Companies Act, 2013, Listing Agreement with the Indian Stock Exchanges and the applicable regulations and guidelines issued by Securities and Exchange Board of India and other applicable statutes. A copy of the Secretarial Audit Report for the period under review is a part of the Annual Report.

### BOARD OF DIRECTORS

The Board of Directors along with its Committees consisting of seasoned professionals in diversified fields provide leadership and guidance to the Company's management as also direct, supervise and control the performance of the Company, besides advising on adoption of systems, best practices of management and oversight of compliance of various legal and other requirements.

### COMPOSITION OF BOARD

The Board currently comprises of Seven Directors as categorized below.

- One Executive Director
- Four Independent Non-Executive Directors, one of whom is Woman Director.
- Two Non-Independent Non-Executive Directors.

The composition of the Board of Directors and the position they hold in other public companies including private companies which are subsidiaries of public companies as on 31st March, 2015 unless otherwise stated are given in the following table:

Name of Director	Executive / Non-Executive / Independent	No. of Other* Directorships held	Other* Committee# positions held	
			As Chairman	As Member
Shri G. Maruthi Rao	Chairman – Non-executive-Independent	–	–	–
Shri Mayank Kejriwal	Managing Director-Executive	7	–	–
Shri R.K. Khanna	Non-Executive Independent	1	1	–
Shri Gouri Shankar Rathi	Non-executive	–	–	–
Shri S.Y. Rajagopalan	Non-Executive	1	–	–
Ms. S. Hemamalini (i)	Non-Executive-Independent	–	–	–
Shri A. Joseph Kumar (ii) (Nominee of IDBI Bank Limited)	Non- Executive-Independent	–	–	–
Smt. Anita Rajendra (iii) Nominee of APIDC (Equity Investor)	Non- Executive-Independent	–	–	–
Shri J.S. Venkateswara Prasad (iv) Nominee of APIDC (Equity Investor)	Non- Executive-Independent	–	–	–

(i) Ms.Hemamalini was appointed as Additional Director with effect from 17th March, 2015.

(ii) IDBI Bank Limited has withdrawn its nominee Shri A.Joseph Kumar with effect from 9th September, 2014.

(iii) APIDC has withdrawn its nominee Smt Anita Rajendra, IAS with effect from 16th October, 2014.

(iv) APIDC nominated Shri J.S. Venkateswara Prasad as its nominee in place of Smt. Anita Rajendra, IAS with effect from 30th January, 2015.

\* Excluding Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013.

# Only two Committees viz, Audit and Stakeholders' Relationship Committees have been considered for this purpose.

None of the Non-Executive Directors have any pecuniary relationship or transaction with the Company in their personal capacity.

### INFORMATION PLACED BEFORE THE BOARD

Necessary information as required under the relevant statutes and as per the Listing Agreement are placed before the Board, from time to time. The Board periodically reviews compliance reports of all applicable laws as well as steps taken by the Company to rectify instances of non-compliance, if any. Draft

Minutes are circulated amongst the members for their comments. The minutes of the meeting explicitly record dissenting opinions of the members, if any. The minutes of the proceedings of the Meeting are entered within thirty days of the conclusion of the meeting and thereafter signed by the Chairman.

## ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING

Five Board Meetings were held during the year 2014-15. The dates of the meetings are as follows:

3rd May, 2014, 28th July, 2014, 27th September, 2014, 31st October, 2014 and 30th January, 2015.

Agenda Papers along with explanatory statements were circulated to the Directors in advance for each of these meetings. All relevant information as recommended by the SEBI on Corporate Governance as well as items required under Clause 49 of the listing agreement were placed before the Board from time to time.

The following table highlights the attendance of each Director at the respective meetings during the year 2014-15:

Name of Director	Board Meetings		AGM
	Held	Attended	
Shri Mayank Kejriwal	5	4	NO
Shri G. Maruthi Rao	5	5	YES
Shri Gouri Shankar Rathi	5	5	YES
Srhi S.Y. Rajagopalan	5	5	YES
Shri R.K. Khanna	5	5	YES
Ms. S. Hemamalini (i)	5	0	NO
Shri A. Joseph Kumar (ii)	5	2	NO
Smt Anita Rajendra, IAS (iii)	5	1	NO
Shri J.S. Venkateswara Prasad, IAS (iv)	5	0	NO

(i) Ms. Hemamalini was appointed as Additional Director on 17th March, 2015.

(ii) IDBI Bank Limited has withdrawn its nominee with effect from 9th September, 2014.

(iii) APIDC has withdrawn its nominee Smt. Anita Rajendra, IAS with effect from 16th October, 2014.

(iv) APIDC nominated Shri J.S. Venkateswara Prasad as its nominee in place of Smt. Anita Rajendra, IAS with effect from 30th January, 2015.

## ORIENTATION AND TRAINING TO BOARD MEMBERS

The Board members are given formal orientation and training with respect to the Company's vision, strategic direction, core values including ethics, corporate governance practices, financial matters and business operations. The Directors are facilitated to get familiar with the Company's functions at the operational levels. Periodic presentations and information are made at the Board and Committee Meetings, on business and performance updates of the Company, business strategy and risks involved.

The Board members are also provided with necessary documents / brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices.

## INDEPENDENT DIRECTORS

In terms of the requirement of the Companies Act read with Listing Agreement, the shareholders of the Company in the Annual General Meeting held on 27th September, 2014 had approved appointment of the Independent Directors to hold office for a term upto five consecutive years. The Company had issued formal letter

of appointment to the Independent Directors which inter-alia explains the role, functions, duties and responsibilities expected from him/her as Director of the Company. The brief terms and conditions for their appointment as Independent Directors is available on Company's website [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com). The Board on the recommendation of Nomination and Remuneration Committee had adopted Code for Independent Directors as enumerated in Scheduled IV to the Act as criteria for performance evaluation of the Independent Directors.

As mandated under the Act and the Listing Agreement, a separate meeting of all the Independent Directors of the Company was held on 30th January, 2015 without the attendance of non-independent directors and members of the Management. The Independent directors in the meeting inter-alia discussed the following:

- a) Reviewed the performance of Non Independent Directors and the Board as a whole.
- b) Reviewed the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
- c) Assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to be effective and reasonably perform their duties.
- d) Scrutinized the performance of Management and monitored the reporting of performance.
- e) Ensured an adequate and functional vigil mechanism was in place.

Disclosure regarding Appointment/ Re-appointment of Directors:

The brief information required to be disclosed under this Section is provided in the Notice of the Annual General Meeting.

### **AUDIT COMMITTEE**

The Audit Committee of the Company is constituted in line with the Listing Agreement read with Section 177 of the Act and Rules made therein. The terms of reference of the Audit Committee includes the powers as laid down in Clause 49(III)( C) and role as stipulated in Clause 49(III) (D) read with Section 177 of the Act and rules made therein. The Audit Committee also reviews the information as per the requirement of Clause 49 (III) (E) of the Listing Agreement read with Section 177 of the Act. The Audit Committee presently comprises two Independent Non-Executive Directors and a non-independent non-executive Director.

The Audit Committee reviews the Company's financial reporting processes, its financial statements, the accounting and financial policies & practices, the efficacy of the internal control mechanisms and monitor the management of risk, policies adopted by the Company and ensure compliance with the regulating guidelines, reports furnished by the Internal and Statutory auditors and ensure that suitable follow ups are taken.

The Audit Committee during the year ended 31st March, 2015 had four meetings on 3rd May, 2014, 28th July, 2014, 31st October, 2014 and 30th January, 2015.

**The composition of the Audit Committee as on 31st March, 2015 and attendance during the year are as under:**

Sl. No.	Name of Directors	Position	Executive / Non-Executive / Independent	No. of meetings attended
1.	Shri R.K. Khanna	Chairman	Independent, Non-Executive	4
2.	Shri G. Maruthi Rao	Member	Independent, Non-Executive	4
3.	Shri A. Joseph Kumar #	Member	Independent, Non-Executive	2
4.	Shri S.Y. Rajagopalan*	Member	Independent, Non-Executive	2

# Shri A. Joseph Kumar resigned from the Membership of the Audit Committee with effect from 9th September, 2014.

\* Shri S.Y. Rajagopalan appointed to the Audit Committee with effect from 27th September, 2014.

The Audit Committee met on 30th April, 2015 for considering finalization of accounts for the year ended 31st March, 2015.

The Managing Director, Sr. General Manager – Finance & Company Secretary, Statutory Auditors and Internal Auditors are generally present in the Audit Committee meeting as invitees.

Company Secretary acts as the Secretary to the Audit Committee.

Shri R.K. Khanna, Chairman of the Audit Committee attended the last Annual General Meeting of the Company held on 27th September, 2014.

**NOMINATION & REMUNERATION COMMITTEE**

The Nomination & Remuneration Committee of Srikalahasthi Pipes Limited (“the Company”) was constituted on 3rd May, 2014 consisting of three Non-Executive Directors of which majority are Independent Directors. In order to align with the provisions of revised Clause 49 of the Listing Agreement, the Board at its meeting held on 27th September, 2014 reconstituted the Committee by appointing Mr.R.K.Khanna (Independent Director) as the Chairman of the Committee and the Board taken on record the Nomination and Remuneration Policy of the Company.

The composition of the Nomination & Remuneration Committee as on 31st March, 2015 and attendance during the year are as under:

Sl. No.	Name of Directors	Position	Executive / Non-Executive / Independent	No. of meetings attended
1.	Shri R.K. Khanna	Chairman	Independent, Non-Executive	2
2.	Shri G. Maruthi Rao	Member	Independent, Non-Executive	2
3.	Shri G.S. Rathi	Member	Non-Independent, Non-Executive	2

The Nomination and Remuneration Committee and the Policy are in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement.

The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

### REMUNERATION TO DIRECTORS

As recommended by Nomination & Remuneration Committee, the Board of Directors at its meeting held on 28th July, 2014 has approved increase in the remuneration payable by way of commission to the Managing Director from 3% to 5% of the net profits for the relevant financial year starting from the FY

2014-15, and payment of remuneration to non-executive Directors as may be decided by the Board every year not exceeding in aggregate 1% of the net profits of the Company for the relevant financial year starting from the FY 2014-15, which is within the overall limits prescribed under Sections 197 & 198 of the Companies Act, 2013.

Thus the Board at its meeting held on 30th April, 2015 approved remuneration to executive and non-executive directors as given in table hereunder. The total amounts with sitting fees for attending the meetings of the Board and its Committees paid to Executive and Non-executive directors is also given in the table below:

Name of the Director	Commission/ Remuneration (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Shri Mayank Kejriwal	5,30,00,000	–	5,30,00,000
Shri G. Maruthi Rao	3,00,000	2,55,000	5,55,000
Shri Gouri Shankar Rathi	3,00,000	1,45,000	4,45,000
Shri S.Y. Rajagopalan	3,00,000	2,15,000	5,15,000
Shri R.K. Khanna	3,00,000	2,55,000	5,55,000
Shri A. Joseph Kumar	–	80,000	80,000
Smt Anita Rajendra, IAS	–	20,000	20,000
<b>Total</b>	<b>5,42,00,000</b>	<b>9,70,000</b>	<b>5,51,70,000</b>

### CODE OF CONDUCT

Code of Conduct for the Directors and Senior Management of the Company has been amended, pursuant to revised Clause 49 of the Listing Agreement to incorporate the duties of Independent Directors as enumerated in Schedule IV of the Companies Act, 2013. This Code has been laid down with a view to promote good corporate governance, exemplary personal conduct, fair competition, Corporate Social Responsibility, Safety, Health & Environmental performance, transparency and compliance of laws and regulations and this Code is applicable to all the Directors and

Senior Managerial Personnel of the Company. This Code is also available on the website of the Company [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).

All the Board Members and senior management personnel have affirmed compliance with the Code on an annual basis and the declaration to the effect signed by the Managing Director is enclosed at the end of the Report.

### PREVENTION OF INSIDER TRADING CODE

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (as amended), the Board has approved the 'Code of Conduct for Prevention



of Insider Trading’ and authorized the Audit Committee to implement and monitor the various requirements as set out in the Code.

Shri Gouri Shankar Rathi	– Chairman
Shri S.Y. Rajagopalan	– Member
Shri R.K. Khanna	– Member

Pursuant to Clause 49 of the listing agreement, it is hereby affirmed that the ‘Code of Conduct for Prevention of Insider Trading’ approved by the Board has been complied with during the year by the senior management of the Company. This policy is posted on the website of the Company.

**WHISTLE BLOWER (MECHANISM) POLICY**

Pursuant to Clause 49 of the listing agreement, the Company has put in place the ‘Whistle Blower Policy’ duly approved by the Board. Further, it is hereby affirmed that the Company has not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and that the Company has provided protection to “Whistle Blowers” from unfair termination and other unfair or prejudicial employment practices. This policy is also posted on the website of the Company [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

The composition of Stakeholders Relationship Committee is as follows:

**THE COMMITTEE ADMINISTERED THE FOLLOWING**

- a) Redress Shareholders’ and Investors’ complaints relating to non-receipt of balance sheet, transfer of shares, non-receipt of dividends etc.
- b) Consolidate and sub-divide share certificate(s).
- c) Approve transmission and issue of duplicate/ fresh share certificate(s)

In accordance with Clause 49 para VIII(E) of the Listing Agreement of the Stock Exchanges, the Board has delegated powers of share transfers to M/s.Karvy Computershare Private Limited (KCPL), Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032. KCPL reviews share transfers every fortnight. All transfers, complaints, and other matters relating to shares are discussed at the board meeting every quarter.

- d) Details of queries / complaints received and resolved during the year 2014-15:

The total number of complaints received and resolved during the year was:

Nature of Complaints	Opening	Received During the year	Resolved	Pending Resolution
Non-Receipt of Dividend Warrants	Nil	5	5	Nil
Non-Receipt of Securities	Nil	7	7	Nil
Non-Receipt of Annual Reports	Nil	5	5	Nil
Non-Receipt of fresh/new Shares	Nil	–	–	Nil
<b>Total</b>	Nil	17	17	Nil



As confirmed by M/s Karvy Computershare Private Ltd (RTA of the Company) the complaints are generally attended within 15 days from the date of receipt.

e) Details of un-claimed shares:

Pursuant to Clause 5A of the listing agreement, three reminders were sent to shareholders, at their registered address in respect of Shares lying un-claimed with the Company. The Company is in the process of opening of De-mat Suspense account and transferring all un-claimed shares to such account. As and when such shareholder(s) approach the Company, the Company will credit his/their shares lying in De-mat Suspense account to his/ their demat account(s) or issue share certificate, as the case may be, after proper verification. Shareholders who have not claimed such Share Certificates can write to the Company at its Registered Office or to the Registrar for doing further needful.

**COMPLIANCE OFFICER**

Shri A.R. Surana, Company Secretary, Rachagunneri-517641, Srikalahasthi Mandal, Chittoor District, AP., Ph: 08578-286650-55, Fax: 08578-286657, E-mail: arsurana@srikalahasthipipes.com and investors@srikalahasthipipes.com.

**CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

The CSR Committee was constituted in terms of the requirement of Section 135 of the Companies Act 2013. The terms of reference of the Committee inter-alia are as follows:

- a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of Companies Act, 2013 as amended from time to time, excluding the activities undertaken in pursuance of normal course of business of the Company;
- b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c) monitor the Corporate Social Responsibility Policy of the company from time to time.
- d) Institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities to be undertaken by the Company, from time to time.

The CSR Policy of the Company is available on the Company's website [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).

**The composition of the Corporate Social Responsibility Committee as on 31st March, 2015 is as under:**

Sl. No.	Name of Directors	Position	Executive / Non-Executive / Independent
1.	Shri G.S. Rathi	Chairman	Non-Independent, Non-Executive
2.	Shri G. Maruthi Rao	Member	Independent, Non-Executive
3.	Shri R.K. Khanna	Member	Independent, Non-Executive

## GENERAL BODY MEETINGS

a) Location and time for last three Annual General Meetings:

Date	Venue	Time
27.08.2012	Rachagunneri Village, Srikalahasthi Mandal, A.P.	11.30 A.M.
26.08.2013	Rachagunneri Village, Srikalahasthi Mandal, A.P.	11.30 A.M.
27.09.2014	Rachagunneri Village, Srikalahasthi Mandal, A.P.	11.30 A.M.

b) Special Resolutions passed in the last three Annual General Meetings:

Date of AGM	Details of Special Resolutions passed by members with requisite majority
27.08.2012	No Special Resolution passed.
26.08.2013	No Special Resolution passed.
27.09.2014	<ul style="list-style-type: none"> <li>• To approve change of name of the Company.</li> <li>• To approve the payment of remuneration to non-executive Directors.</li> <li>• To approve increase in the payment of remuneration to Managing Director.</li> </ul>

c) Postal Ballot

The Company has conducted two Postal Ballots during the FY 2014-15 seeking the consent of the shareholders to transact certain special business by passing the resolutions through postal ballot / e-voting (as options to the members). The Company has appointed Mr. S. Chidambaram,

Practicing Company Secretary as Scrutinizer to conduct the postal ballot and duly complied with the procedure as postal ballot as prescribed under Section 110 of the Companies Act read with Rule 22 of the Companies (Management & Administration) Rules, 2014. Details of Special Resolutions passed through Postal Ballot along with voting pattern is given in the table below:

Duration of Postal Ballot	Details of Special Resolutions passed	% of votes in favour on votes polled
04.08.14 to 04.09.14	• Approval for borrowing powers of the Company under section 180(1)(c) of the Companies Act, 2013	99.96
	• Approval of limits for mortgage/creation of charge on the assets of the Company under Section 180 (1) (a) of the Companies Act, 2013:	99.95
05.12.14 to 05.01.15	• Special Resolution under Section 13 of the Companies Act, 2013 for alteration of main Object Clause of the Memorandum of Association of the Company.	99.99
	• Special Resolution under Section 14 of the Companies Act, 2013 for adoption of new set of Articles of Association of the Company in substitution of the existing Articles of Association of the Company	99.99

## DISCLOSURES

- The Company has generally complied with all the mandatory requirements as specified in the revised Clause 49 to the extent these apply and extend to the Company.
- Transactions with the related parties are disclosed in Note 34 of Notes on Accounts in Annual Report.
- No materially significant related party transactions were made that may have potential conflict with the interests of the Company at large.
- The Managing Director has given declaration to the Board that he has no personal interest in any material, commercial and financial transactions that may have any potential conflict with the interest of the Company at large.
- There were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter relating to Capital Market during the last three years.

- The CEO (Managing Director) and the CFO have furnished a Certificate to the Board for the year ended 31st March, 2015 in compliance with the revised Clause 49.IX of the Listing Agreement(s) as amended.

## MEANS OF COMMUNICATION

Information like quarterly / half yearly / annual financial results and official press releases that have been announced from time to time is hosted on the Company's website [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com) and has also been submitted to the Stock Exchanges to enable them to publish on their websites and communicate to their members. The quarterly / half-yearly / annual financial results are published in English and vernacular daily news papers. The Company is electronically filing specific documents / statements on the BSE's listing website [www.listing.bseindia.com](http://www.listing.bseindia.com) and NSE's Neaps website [www.connect2nse.com](http://www.connect2nse.com).

Further, Management Discussion and Analysis is covered in the Directors' Report to the Shareholders, which forms a part of the Annual Report.

## GENERAL SHAREHOLDERS' INFORMATION

The following information would be useful to our shareholders:

Sl. No	Information	
1.	Annual General Meeting	
	– Date and Time	24th August, 2015 at 11.30 AM
	– Venue	At Registered Office: Rachagunneri Village-517641, Srikalahasthi Mandal, AP.
2.	Financial Calendar	Tentative Schedule
	Financial Reporting for the Quarter ended June 30, 2015	End July, 2015.
	Financial Reporting for the Quarter ended September 30, 2015	End October, 2015.
	Financial Reporting for the Quarter ended December 31, 2015	End January, 2016.
	Financial Reporting for the Quarter ended March 31, 2016	End April, 2016.

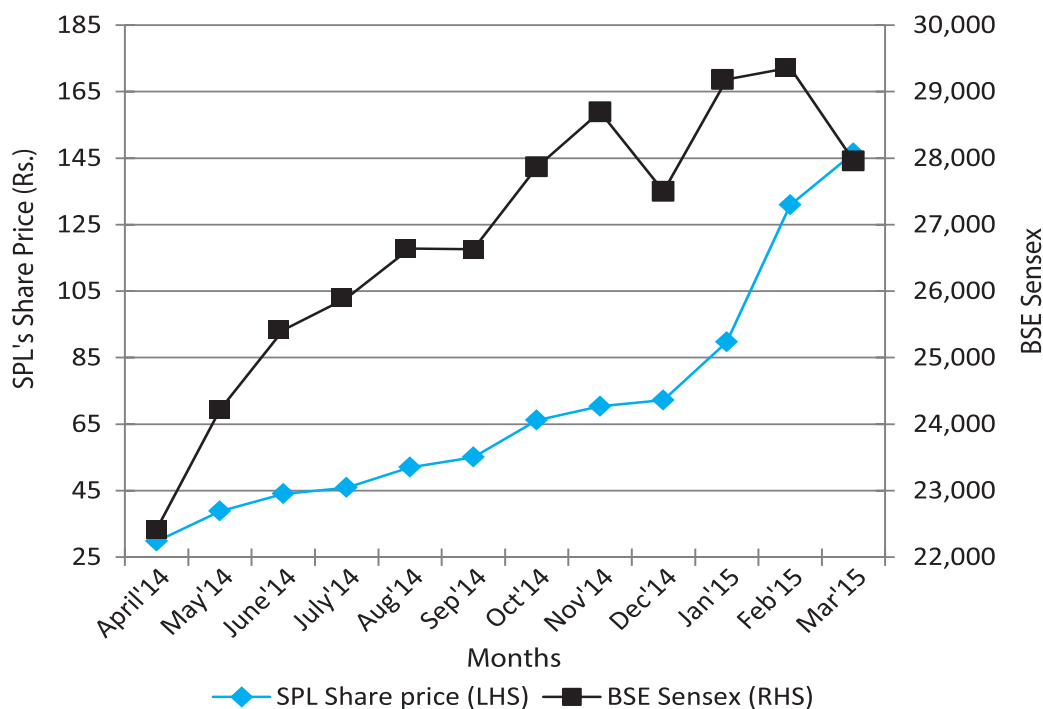
	Annual General Meeting for the year ending March 31, 2016.	End August, 2016.
3.	Book Closure Date (Both days inclusive)	18th August, 2015 to 24th August, 2015.
4.	Dividend payment date	28th August, 2015
5.	Listing Details:	
	– Equity Shares	Listed at Bombay Stock Exchange Ltd (BSE) & National Stock Exchange of India Ltd. (NSE)
6.	Stock Code (BSE & NSE)	513605 & SRIPIPES
7.	Demat ISIN Number for NSDL & CDSL	
	– Equity Shares	INE943C01027
8.	Corporate Identity Number	L74999AP1991PLC013391

### STOCK MARKET DATA

Month	Bombay Stock Exchange			National Stock Exchange		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
Apr-14	30.90	25.00	419984	30.80	25.00	684518
May-14	38.80	32.00	4048096	38.80	31.95	7504121
Jun-14	48.50	39.55	4319003	48.60	39.50	7456108
Jul-14	45.90	38.30	858043	45.90	38.35	1718998
Aug-14	52.70	46.85	2411391	52.80	46.95	6199505
Sep-14	59.20	51.85	1245624	59.20	51.80	3691402
Oct-14	66.45	51.30	1614097	66.40	51.30	4601065
Nov-14	81.55	69.15	3198899	81.60	69.10	8002090
Dec-14	73.50	67.90	1199934	73.50	67.70	2590895
Jan-15	91.50	72.90	2151787	91.50	72.90	4890247
Feb-15	132.40	102.30	4124226	132.70	102.35	9860267
Mar-15	168.90	118.00	3304136	169.40	118.30	8566425

Share Price Performance of Srikalahasthi Pipes Ltd in comparison to BSE Sensex

**SPL's Share Price in comparison to BSE Sensex**



**REGISTRAR & SHARE TRANSFER AGENTS**

M/s. Karvy Computershare Private Limited (KCPL), Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad-500 032.

**SHARE TRANSFER SYSTEM**

The turnaround time for completion of transfer of shares in physical form is generally 15 days from the date of receipt, if the documents are clear in all respects.

**DIVIDEND HISTORY FOR THE LAST 5 YEARS IS AS UNDER**

Financial Year	Dividend Rate (%)	Amount including Dividend Tax (Rs. Lakhs)
2009-10	15	697.82
2010-11	15	693.21
2011-12	–	–
2012-13	–	–
2013-14	15	697.82

### DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2015

Sl. No.	Category		Number of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
	From	To				
1.	1	5000	18396	86.98	2230698	5.61
2.	5001	10000	1269	6.01	1062383	2.68
3.	10001	20000	646	3.06	1017727	2.56
4.	20001	30000	233	1.10	607455	1.54
5.	30001	40000	116	0.54	419310	1.04
6.	40001	50000	124	0.58	590711	1.48
7.	50001	100000	169	0.80	1327076	3.34
8.	100001	And above	198	0.93	32508235	81.75
		<b>Total</b>	<b>21151</b>	<b>100.00</b>	<b>39763595</b>	<b>100.00</b>

### CATEGORIES OF SHAREHOLDING AS ON 31ST MARCH, 2015

Sl. No.	Category	No. of shares held	Percentage of shareholding
<b>A.</b>	<b>PROMOTERS HOLDING</b>		
<b>1.</b>	<b>Promoters</b>		
	a) Indian Promoters		
	i) Electrosteel Castings Limited	19301218	48.54
	ii) Others	891960	2.24
	b) Foreign Promoters	–	–
<b>2.</b>	<b>Persons Acting in Concert</b>	–	–
	<b>Sub-Total</b>	<b>20193178</b>	<b>50.78</b>
<b>B.</b>	<b>NON-PROMOTERS HOLDING</b>		
<b>3.</b>	<b>Institutional Investors</b>		
	a) Mutual Funds and UTI	3625	0.01
	b) Banks, Financial Institutions, Insurance Companies (Central / State Gov. Institutions / Non-government Institutions)	313363	0.79
	c) FIIs	427611	1.07
	<b>Sub-Total</b>	<b>744599</b>	<b>1.87</b>
<b>4.</b>	<b>Others</b>		
	a) Private Corporate Bodies	6064404	15.25
	b) Indian Public	11797093	29.68
	c) NRIs / OCBs	823876	2.07
	d) Any other (Clearing Members)	140445	0.35
	<b>Sub-Total</b>	<b>18825818</b>	<b>47.35</b>
	<b>GRAND TOTAL</b>	<b>39763595</b>	<b>100.00</b>

## **DEMATERIALIZATION OF SHARES AND LIQUIDITY:**

Since the Company has entered into an agreement with both the depositories namely NSDL and CDSL for dematerialization of its Shares, the Shareholders of the Company have the choice to dematerialize their shares and keep them in dematerialized form with any depository participant. About 98.25% of total equity share capital is held in dematerialized form with NSDL & CDSL as on 31st March, 2015.

## **OUTSTANDING CONVERTIBLE INSTRUMENTS**

As on 31.3.2015, there are no outstanding convertible instruments.

## **REGISTERED OFFICE & WORKS**

Rachagunneri-517641, Srikalahasthi Mandal, Chittoor District, A.P., India., Ph. No: 08578-286650-655 (6 Lines)

## **MEMBERS CAN CONTACT US AT OUR REGISTERED OFFICE**

As stated above.

## **STATUS OF NON-MANDATORY REQUIREMENTS**

- i) Audit Qualifications:

There are no qualifications or adverse remarks in the Auditor's Report which require any clarification / explanation. The notes to accounts forming part of the financial statements are self explanatory and needs no further explanation.

- ii) Other Items:

The non-mandatory requirements viz., Shareholder Rights and other matters as mentioned in Annexure XIII to the Listing Agreement are implemented by the Company to the extent deemed necessary by the Board.

## **RECONCILIATION OF SHARE CAPITAL AUDIT**

As stipulated by Securities and Exchange Board of India (SEBI), a qualified practicing Company Secretary carries out the Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to Stock Exchanges and is also placed before the Board of Directors. No discrepancies were noticed during these audits.

## **Declaration by the Managing Director under Clause 49(II)(E) (2) of the Listing Agreement**

This is to certify that:

- 1) In pursuance of the provisions of Clause 49 (II) (E) of the Listing Agreement, a Code of Conduct has been laid down by the Company for all the Board Members and the Senior Management Personnel of the Company.
- 2) The said Code of Conduct is also uploaded on the website of the Company at [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).
- 3) All Board Members and Senior Management Personnel have affirmed having complied with the said Code of Conduct, during the year ended 31st March, 2015.

For **Sri Kalahasthi Pipes Limited**

Place: Chennai  
Date : 30th April, 2015

**Mayank Kejriwal**  
Managing Director



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
**Srikalahasthi Pipes Limited**

We have examined the compliance of conditions of Corporate Governance by Srikalahasthi Pipes Limited ('the Company') for the year ended on 31st March, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate

Governance as stipulated. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **K.R. BAPUJI & Co.**  
Chartered Accountants  
Firm Registration Number: 000395S

**Dheeraj Agarwal**  
Partner  
Membership Number: 219788

Place: Chennai  
Date : 30th April, 2015

# MANAGEMENT DISCUSSION & ANALYSIS

## OVERVIEW

Srikalahasthi Pipes Limited (Formerly known as Lanco Industries Limited) ventured its base in the Temple Town of Srikalahasthi as a small beginning and the following are the major MILESTONES since inception.

**1991** – Incorporation of Srikalahasthi Pipes Limited.

**1994** – Setting up of Mini Blast Furnace of 1,50,000 TPA.

**1995** – Setting up a 250 TPD Mini Cement Plant.

**1997** – Setting up of Ductile Iron Pipes Facility of 60,000 TPA.

**2002** – Strategic Alliance with Electrosteel Casting Limited.

**2003** – Capacity of DI Pipes increased from 60,000 TPA to 90,000 TPA.

**2005** – Commissioning of 150,000 TPA coke oven plant.

**2005** – Setting up of Captive Power Plant of 12 MW by using the waste heat recovered from the coke oven plant.

**2006** – Capacity of DI Pipes increased from 90,000 TPA to 1,20,000 TPA.

**2009** – Capacity of DI Pipes increased from 1,20,000 TPA to 1,50,000 TPA.

**2010** – Capacity of Mini Blast Furnace increased from 1,50,000 TPA to 2,25,000 TPA.

**2011** – Commissioning of the first of its kind project to use primarily treated sewerage water of Tirupati Municipal Corporation for industrial purpose.

**2012** – Commissioning of Sinter Plant to substitute usage of lump ore with iron ore fines

to a larger extent and enhancement of capacity of Coke Oven Plant.

**2014** – Name of the Company has been changed from Lanco Industries Limited to “Srikalahasthi Pipes Limited”.

**2015** – Capacity of DI Pipes and MBF, increased to 2,25,000 TPA and 2,75,000 TPA, respectively. Commissioning of 132 KVA sub-station for quality and uninterrupted power supply with reduction in tariff.

## VALUE ADDITION

It has been the constant endeavour of the Company to add value in every facet of its operations, so as to facilitate continuous improvement and achieve highest level of operational efficiency. During the year under review, the Company has replaced its outdated spinning machine with high productive machine, which resulted in improved productivity. Further, replacement of old Induction Furnace with high efficiency Induction Furnace at DI Pipe Plant together with replacement of low capacity blowers with higher capacity in MBF has lead to significant reduction in power consumption.

## THE YEAR IN RETROSPECT (FY 2014-15 VS. FY 2013-14)

### Key Annual Highlights:

#### Highest ever Gross Revenue:

Rs. 1123.04 Crs up by 8.29% year on year on account of enhanced volumes.

#### Highest ever EBITDA:

Rs. 184.18 Crs. up 56.36% year on year on account of improved margins.

#### Highest ever Profit After Tax (PAT):

Rs. 82.98 Crs. which is 114.42% higher than the previous year.

Product	Production (MT)		Despatches (MT)	
	2014-15	2013-14	2014-15	2013-14
Molten Metal/Pig Iron*	<b>2,18,206</b>	1,98,036	<b>2,16,848</b>	1,98,470
D.I.Pipes	<b>1,69,500</b>	1,62,892	<b>1,70,653</b>	1,61,456
Cement**	<b>85,770</b>	67,396	<b>86,823</b>	67,649

\* Despatches include 1,89,215 MT (Previous year 1,80,018 MT) used for captive consumption.

\*\* Despatches include 17,924 MT (Previous year 17,429 MT) used for captive consumption.

1,60,554 MT coke was produced in the Coke Oven Plant during FY 2014-15 vis-à-vis 1,37,339 MT in FY 2013-14. (Captive Consumption 1,34,627 MT in FY 2014-15 vis-à-vis 1,14,675 MT in FY 2013-14)

The 12 MW Waste Heat Recovery Based Co-Generating Captive Power Plant of the Company generated 919 lakh units of power in FY 2014-15, compared to 882 lakh units in the previous year.

The gross operating revenue of the Company increased to Rs. 1,123.04 Crs. in FY 2014-15 from Rs. 1,037.16 Crs. in FY 2013-14 registering an increase of 8.29%. The cost reduction measures initiated by the Company during the year under review have resulted in reduced coke consumption in MBF and CRC Scrap & HSD oil in DIP. Effective utilization of capacity and consumption ratio in Sinter Plant and reduction of power cost by increasing captive power generation in Captive Power Plant helped the Company in sustaining overall reduction in input cost during the year.

Besides reduced cost of production and improved operational efficiency, the lower finance cost, the growth in the volume of the Ductile Iron Pipes coupled with improved sales realization improved the pre-tax profit of the Company to Rs. 119.42 Crs. in the FY 2014-15 as against Rs. 41.42 Crs reported in the FY 2013-14.

## INDUSTRY OUTLOOK

The importance of tap water in the developing countries is increasing day by day. People

have started realizing the necessity of safe water, as 80% diseases are attributed to water and sanitation conditions. Currently, India, a developing country, ranks low on access to clean drinking water and sanitation. The government of India and states are in the process of finalizing ambitious water supply projects, both for drinking and sewerage. Government of India have allotted over rupees one lakh crores for its implementation on priority through Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and Smart Cities Mission. In addition, there are other state specific major projects viz., Telangana Water Grid, Water Supply Schemes for new capital City of Amaravati in AP, etc. The emphasis of water supply and sanitation is expected to continue for many years to come and the estimated demand for the D.I. Pipes is expected to grow at a CAGR of around 15%. The prospects of D.I. Pipe industry are bright because of its superiority over other pipes and it being the preferred choice of designers for water and sanitation sectors.

## BUSINESS

### Raw materials Management

Effective utilization of sinter plant capacity, maintaining economic ratio of lump ore and fines, timely procurement of iron ore / coal at competitive prices in the market, resulted in reduced cost of raw materials.

### Quality

The Company's focus on Total Quality is demonstrated in its stringent quality controls

while procurement of raw materials, in standard production processes at each stage of its operations and ultimately on the speed at which the product reaches the customer. The Company is consistently committed to create value for all its stakeholders by continuously improving the effectiveness of Quality System and Process through innovations and creativity by involving all our employees.

Understanding customer requirements and supplying products as per their requirements is ensured with the help of Quality Assurance and Quality Control groups. Across the entire business chain of supplies, operations and marketing, appropriate quality assurance systems are in place to ensure correctness at each step of the cycle and ISO 9001-2008 Certification, Kite Mark license as approved by BSI, UK are testimony to this. ISO 14001 Certification of the Company assures our commitment towards the environment and for providing a safe workplace for our employees.

For ensuring quality at every step, the production processes are constantly monitored and controlled to ensure that the finished products are as per customer's requirements. The plant has well equipped laboratories with a battery of modern equipment such Spectrometers, Corrosion Testing facilities, all types of Hardness testers, Surface Roughness tester etc,. Well documented procedures ensure correctness in testing and certification of the products.

Company consistently strives to produce and deliver products as per customers' expectations besides conforming to national/international standards, while remaining focused on enhancing the knowledge and skills of employees for effective implementation of Quality Management System (QMS).

### **Safety, Health & Environment**

Occupational health, safety and environmental protection are the adopted motto of the

Company. Achieving highest standards in these areas remains a priority objective for the Company. Internal and external audits have been institutionalized and are conducted on a continuous basis to ensure compliance to various industry norms and benchmarks. All work practices, procedures and production endeavours compliance with the highest Health, Safety and Environment standards as per the Industry norms, Government and relevant statutory bodies. All the products that SPL make conform strictly to the respective product-making procedures, laws, statutes and standards governing their production.

The company has well-established in-house infrastructure, manpower pool, documented standard operating procedure and other administrative machineries to implement the given policies in the area of safe and sustainable production of goods & services of the company. The HSE (Health, Safety & Environment) department of company, along with apex management, acts as the nodal department to execute and oversee policies pertaining to safe, healthy and environment friendly operations and compliance with sustainability parameters as mandated and desired.

The Company has always ensured that it protects and cares for the environment. The Company has an integrated Health, Safety & Environment (HSE) Policy. The company continually strives to mitigate the environmental impact that may arise from its business activities such as effluent & solid waste management, environment monitoring and reporting, up-gradation and sustenance of environment management systems. Some notable HSE practices are – Regular HSE internal audit, Fire safety measures, regular fire mock drill, health awareness program, Personal Protective Equipment, implementation of Environment Management Systems (EMS), Occupational Health Safety (OHS), near miss reporting, Governance, Risk management and Compliance reporting. The

Company has a robust process of internal audit and management review for HSE management system and regularly reviews its HSE policy and maps risks and ensures highest level of Safety, Health & Environmental standards.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Company is fully engaged in ensuring equitable and sustainable growth of society in and around the area of its operations. The Company has CSR interventions that are based on social, environmental, and economic considerations.

The CSR Policy focuses on addressing critical social, environmental and economic needs of the marginalized/underprivileged sections of the society, besides encompassing initiatives to conserve, sustain and renew the environment, to encourage sustainable socio-economic development of the community and to improve the quality of life of the people living in the areas in which it operates.

Through this policy, we align our CSR strategy with the Company's vision and goals. We adopt an approach that integrates the solutions to these problems into the strategies of the company to benefit the communities at large and create social and environmental impact. CSR governance structure is headed by the Board Level CSR committee. It is responsible for the CSR projects undertaken by the Company and reports to the Board of Directors.

### **INFORMATION TECHNOLOGY**

The Company firmly believes that Information Technology(IT) has a crucial role to play for ensuring smooth functioning of all the business processes and instrumental in fulfilling operational as well as functional needs of the organization.

It has been the constant endeavour of the Company to make efficient use of IT applications to meet its operational and

functional requirements and continue to excel further in achieving the organization's goals. The company's IT facilitates process improvements, helps in faster and cheaper communication, besides, data & network security.

On the back of effective utilization of SAP R3 ERP solutions, the Company has been able to garner techno-economic advantages leading to improved operational efficiency, besides various intangible benefits. While Business Intelligence Module has ensured effective MIS and decision support system, the implementation of Vendor Portal Solution has enhanced association with the business partners of the Company. Process improvements have been undertaken for weighbridge automation to ensure accuracy and perfection in weighment readings.

### **HUMAN RESOURCES**

Understanding, that Skill up-gradation is a very vital component for driving excellence, through its Human Resource pool, SPL has branded the spectrum of its training activities which nurtures the energy leaders of tomorrow.

Your company believes that continuous development of its human resource fosters engagement and drives competitive advantage. On continues basis, training is imparted in all dimensions – Technical as well as non-technical and Managerial that is relevant to the Industry.

Keeping high morale and motivation of our esteemed workforce continues to be the prime focus of your company. And towards this, your company is providing them comprehensive & inclusive employee welfare benefits suitably revising the terms of engagements thereby keeping benefits abreast with changing business environment and changing times.

Continuing its best maintained tradition of pursuing operations & field/office activities through best of Industrial Relations this year also your company did exceedingly well and reported "no" man-days loss due to internal



industrial actions. Some of the in-built employer employee relationship mechanism has helped your company in maintaining the harmony throughout the organisation.

It has been the constant endeavour of the Company to give major emphasis on employee participation in continuous improvement and operational excellence involving all levels of employees through Kaizens and formation of Small Group Activities.

### **RISKS AND CONCERN**

This has been dealt with separately in the Annual Report under "Risk Management".

### **INTERNAL CONTROL SYSTEM AND ITS ADEQUACY**

The top management monitors and reviews the activities of company on continuous basis. A set of standardized procedures and guidelines have been issued for all the facets of activities to ensure that best practices are adopted even up to ground level. Performance of every business unit is monitored by the respective executives for suitable corrective measures, if any, in time.

Your Company has dedicated Internal Audit (IA) group which carries out audits in-house. At the same time, periodic audits are carried out by the Internal Auditors of the Company appointed by the Audit Committee, which carries out audit as per the scope suggested by the Committee. The Audit Committee of the Board oversees the functioning of Internal Audit and control systems. The process of procurement, payment, tendering, risk management, safe remittance, fraud prevention, control self-assessment (internal controls) and various other processes are covered by well documented policies.

All transactions in the company are carried out on SAP R/3 ERP based business portal. Proper and adequate system of internal control exists to ensure that all aspects are safeguarded and protected against loss from unauthorized use or disposition and that each transaction

is authorized, recorded and reported. The System further ensures that financial and other records are fact-based and reliable for preparing the financial statements. The Company has developed a comprehensive Compliance Management System to ensure timely compliances with different regulations and accounting standards.

### **OPPORTUNITIES & THREATS**

Priority attention from Central and State Govt. sponsored programmes and allocation of sizeable budget for development of water supply and sanitation infrastructure augur well for the Company in expanding its order book in the medium term. However, intense competition in the domestic market may impact the bottom-line of the Company.

### **OUTLOOK**

With the successful completion of capital expenditure program, your company would start reaping the benefits of increased production from the current year. The company is exploring additional measure of cost reduction and value addition to remain competitive in the industry.

Being the low cost producer of quality Ductile Iron Pipes in India, having excellent logistics and integrated facility coupled with cost control measures, rising demand of D.I. Pipes, both in domestic and export market, your company is optimistic of its bright future.

### **CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis and Directors Report describing the Company's strengths, strategies, projections and estimates, are forward-looking statements and progressive within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental factors. Readers are cautioned not to place undue reliance on the forward looking statements.

## RISK MANAGEMENT

The company is continuously focused on assessing the risks related to its business and committed to adopt much stronger risk management practices to ensure effective risk mitigation. The Company's risk management is in line with the requirements of amended Clause 49 of the Listing Agreement.

### RAW MATERIAL RISK AND PRICE VOLATILITY

Availability of critical raw materials in a volatile price environment for its inputs is a business reality. It would be a challenge to procure material at the most optimum price, while ensuring the continuity of supply for uninterrupted production. Moreover, the fluctuating currency exchange rates shall affect the global sourcing scenario and strategy.

The Company has always embraced backward Integration as a key element of its risk mitigation strategy to prevent disruption in its supply chain and input prices. Besides, Company sources its major raw materials through long terms contracts, whereby the risk of price volatility is minimized.

### COMPETITOR RISK

Increased competition in the domestic market may have an adverse impact over the order position and affect the profitability of the Company. To negate this risk, the Company is continuously focused on maintaining consistent quality of its product and optimization of available resources to remain competitive in the market, besides expanding its foot prints in exports market.

### ENVIRONMENT RISK

The Company's businesses involve processes and actions that are potentially hazardous if not executed with due care and attention. The Company's businesses are subject to numerous laws, regulations and contractual commitments

relating to health, safety and environment. The failure to comply with these could result in the assessment of civil and/or criminal penalties, the suspension of permits or operations and lawsuits by third parties.

To mitigate this risk, continuous efforts are being taken to ensure workplace safety. To meet environmental standards, dust and other emission levels are monitored to ensure that they stay within permissible limits. The Company continues to invest to improve energy efficiency and to reduce CO2 emissions. In addition, the Company has appropriate policies in place for such matters that are supported by structured systems, controls and technology. The operations ensure the issue of proper health and safety gear and the consequential potential risks are dealt carefully.

### INDUSTRIAL RISK

The Company's growth trajectory and quest for efficient operations places significant demands on its manpower resources. Its ability to attract, train and retain personnel with skills that enable it to keep pace with growing demands and evolving industry needs is a challenging task. Most of the Company's employees other than staff and executives are members of labour unions. Though the Company has an impeccable record of harmonious relations with the workers and their representatives, it can nevertheless experience labour unrest in the future

To minimize this risk, the Company's robust Human Resource Management System that ensure attracting talent at all levels, provide a fundamental and strong training and development platform that nurture cross-functional and leadership strength. Effective HR policies and practices further strengthen the human asset through a combination of compensation policies that reward



performance career building. The Company has a progressive measure/mechanism of fixing and paying wages to labour through consultative and inclusive process.

#### **FOREIGN EXCHANGE RISK**

By virtue of overseas procurement of essential inputs and exposure to External Commercial Borrowings, fluctuation in the exchange rate between the US Dollar and Indian Rupee, may also adversely affect the financial condition of the Company.

To mitigate currency risks, the Company follows a prudent risk management policy, including hedging mechanisms, to protect cash flow.

#### **RECEIVABLES RISK**

As the Company's major customers being Govt. Bodies like Water Boards, Municipal Corporations etc., it is likely to offer extended credits and by virtue of this, it is exposed to payment risk.

The Company constantly reviews its debtors and takes appropriate steps for timely recovery of dues from its customers., besides covering majority of supplies through LC and Bank Guarantee. Further, the stringent criteria adopted by the Company for evaluating the creditworthiness of its customers help the Company to minimize the risk of delayed payment and non-realization of receivables.

# INDEPENDENT AUDITORS' REPORT

To the Members of  
**Srikalahasthi Pipes Limited**

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of SRIKALAHASTHI PIPES LIMITED ("the Company") which comprise the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of

the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in

conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2015;
- ii) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

- 1) As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2) As required by Section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the

Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- e) on the basis of written representations received from the directors as on 31st March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2015 from being appointed as a director in terms of Section 164(2) of the Act; and
- f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 to the financial statements;
  - ii) the Company has made provision, as required under the applicable law and accounting standards, for material foreseeable losses, if any, on long-term contracts and the Company is not required to make provision for losses on derivative contracts – Refer Note 37 to the financial statements;
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **K.R. Bapuji & Co.**  
Chartered Accountants  
Firm Registration Number: 000395S

**Dheeraj Agarwal**  
Partner  
Membership Number: 219788

Place : Chennai  
Date : 30th April 2015

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

**Referred to in Paragraph 1 under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date to the members of Srikalahasthi Pipes Limited for the year ended 31st March, 2015.**

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, the fixed assets have been physically verified by the management during the year as per a detailed program drawn for the said purpose, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. In our opinion, the periodicity and procedures of such physical verification is reasonable having regard to the size of the Company and nature of its assets.
- ii) a) As explained to us, the management has conducted physical verification of inventories during the year at reasonable intervals, except the materials in transit/ materials lying with third parties.
- b) The procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and nature of its business.
- c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- v) The Company has not accepted any deposits from the public.
- vi) We have broadly reviewed the cost records maintained by the Company relating to its products for which maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- vii) a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, wealth-tax, service-tax, duty of customs, duty of excise, cess and other material statutory dues as applicable to it, with the appropriate authorities and there were no undisputed statutory dues outstanding as at 31st March, 2015 for a period exceeding six months from the date they became payable.

- b) According to the information and explanations given to us, there are no dues of Wealth tax, Service tax and Cess which have not been deposited on account of any dispute and the following are the details of dues of Sales tax, Income tax and Excise duty that have not been deposited on account of disputed matters pending before appropriate authorities as at 31st March, 2015:

Name of the Statute	Nature of Dues	Amount (In Rs. Lakhs)	Period to which the amount relates	Forum where the dispute is pending
APGST Act, 1957	Sales Tax	67.52*	1999-00	Sales Tax Appellate Tribunal
-do-	-do-	40.51*	1999-00	-do-
-do-	-do-	194.70*	2002-03	-do-
-do-	-do-	10.59	1999-00	High Court of Andhra Pradesh
APVAT Act, 2005	Interest on tax	22.46*	2012-13	ADC(CT)
-do-	VAT	27.70	2005-06 & 2006-07	ADC(CT)
-do-	VAT	19.37	2012-13	ADC(CT)
Central Sales Tax Act, 1956	Sales Tax	158.71*	2000-01	Sales Tax Appellate Tribunal
-do-	-do-	41.60	2000-01	High Court of Andhra Pradesh
-do-	-do-	202.99	2003-04	Sales Tax Appellate Tribunal
-do-	-do-	196.24	2004-05	-do-
Income Tax Act, 1961	Income Tax	10.87*	2003-04	High Court of Andhra Pradesh Court
-do-	-do-	1.85	2004-05	-do-
Central Excise Act, 1944	Central Excise & Interest	174.75	2007-08 & 2008-09	CESTAT, Bangalore
Service tax under Finance Act, 1994	Service tax	47.47	2012-13	Commissioner – Appeals

\*Stay of collection granted for the demands.

- c) According to the information and explanations given to us, the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made there under has been transferred to such fund within time.
- viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has no borrowings from financial institutions or by way of debentures.
- x) According to the information and explanations given to us, the Company

has not given any guarantees for loans taken by others from banks or financial institutions.

xi) In our opinion and according to the information and explanations given to us, on overall basis, the term loans have been

applied for the purposes for which they were obtained.

xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

Place: Chennai  
Date : 30th April 2015

For **K.R. Bapuji & Co.**  
Chartered Accountants  
Firm Registration Number: 000395S

**Dheeraj Agarwal**  
Partner  
Membership Number: 219788

**BALANCE SHEET AS AT 31ST MARCH 2015**

	<b>Note No.</b>	<b>31st March '15 (Rs. in Lakhs)</b>	<b>31st March '14 (Rs. in Lakhs)</b>
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
a) Share capital	2	<b>3,976.36</b>	3,976.36
b) Reserves and surplus	3	<b>25,353.06</b>	18,572.05
		<b>29,329.42</b>	22,548.41
<b>2. Non-current liabilities</b>			
a) Long-term borrowings	4	<b>17,996.72</b>	17,462.43
b) D eferred tax liabilities (Net)	5	<b>6,547.31</b>	3,041.84
c) Other long-term liabilities	6	<b>1,311.93</b>	4,946.64
d) Long-term provisions	7	<b>393.00</b>	290.64
		<b>26,248.96</b>	25,741.55
<b>3. Current liabilities</b>			
a) Short-term borrowings	8	<b>19,866.30</b>	23,557.34
b) Trade payables	9	<b>10,240.40</b>	19,570.17
c) Other current liabilities	10	<b>9,664.70</b>	9,451.62
d) Short-term provisions	11	<b>1,769.12</b>	945.72
		<b>41,540.52</b>	53,524.85
		<b>97,118.90</b>	1,01,814.81
<b>B. ASSETS</b>			
<b>1. Non-current assets</b>			
a) Fixed assets	12		
i) Tangible assets		<b>48,635.54</b>	43,470.03
ii) Intangible assets		<b>94.32</b>	75.42
iii) Capital work-in-progress		<b>888.94</b>	2,004.23
		<b>49,618.80</b>	45,549.68
b) Long-term loans and advances	13	<b>561.43</b>	5,586.22
		<b>50,180.23</b>	51,135.90
<b>2. Current assets</b>			
a) Investment		—	—
b) Inventories	14	<b>13,459.24</b>	23,675.14
c) Trade receivables	15	<b>18,604.67</b>	14,800.88
d) Cash and Bank Balances	16	<b>5,924.52</b>	5,735.02
e) Short-term loans and advances	17	<b>3,921.31</b>	2,651.99
f) Other Current assets	18	<b>5,028.93</b>	3,815.88
		<b>46,938.67</b>	50,678.91
<b>Significant Accounting Policies &amp; Notes on Accounts</b>	1	<b>97,118.90</b>	1,01,814.81

As per our report attached  
For **K.R. Bapuji & Co.**  
Chartered Accountants  
Firm Registration No. 0003955

**Dheeraj Agarwal**  
Partner  
Membership No. 219788  
Place: Chennai  
Date : 30th April, 2015

For and on behalf of the Board

**R.K. Khanna**  
Director

**Mayank Kejriwal**  
Managing Director

**A.R. Surana**  
CFO & Company Secretary



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015**

	<b>Note No.</b>	<b>31st March '15 (Rs. in Lakhs)</b>	<b>31st March '14 (Rs. in Lakhs)</b>
<b>1. Revenue from operations (Gross)</b>	19	<b>1,12,304.37</b>	1,03,715.95
Less: Excise Duty		<b>3,949.29</b>	4,776.39
Revenue from operations (net)		<b>1,08,355.08</b>	98,939.56
<b>2. Other Income</b>	20	<b>866.03</b>	726.37
<b>3. Total revenue (1+2)</b>		<b>1,09,221.11</b>	99,665.93
<b>4. Expenses</b>			
a) Cost of materials consumed	21	<b>53,204.25</b>	54,436.78
b) Purchases of traded goods	22	<b>5,338.72</b>	5,503.70
c) Changes in inventories of finished goods & work-in-progress	23	<b>1,034.98</b>	(1,440.22)
d) Employee benefits expense	24	<b>4,844.94</b>	4,436.27
e) Finance costs	25	<b>4,369.37</b>	5,489.61
f) Depreciation and amortisation expense	12	<b>3,116.90</b>	2,794.28
g) Other expenses	26	<b>25,370.23</b>	24,303.86
<b>Total expenses</b>		<b>97,279.39</b>	95,524.28
<b>5. Profit / (Loss) before tax (3 - 4)</b>		<b>11,941.72</b>	4,141.65
<b>6. Tax expenses:</b>			
a) Current tax		<b>(2,546.59)</b>	(902.49)
– MAT Credit		<b>2,408.46</b>	902.49
b) Deferred tax		<b>(3,505.47)</b>	(271.62)
<b>7. Profit / (Loss) for the year (5 - 6)</b>		<b>8,298.12</b>	3,870.03
<b>Earnings per share (of Rs 10/- each):</b>			
a) Basic		<b>20.87</b>	9.73
b) Diluted		<b>20.87</b>	9.73
<b>Significant Accounting Policies &amp; Notes on Accounts</b>	<b>1</b>		

As per our report attached  
For **K.R. Bapuji & Co.**  
Chartered Accountants  
Firm Registration No. 000395S

**Dheeraj Agarwal**  
Partner  
Membership No. 219788

Place: Chennai  
Date : 30th April, 2015

For and on behalf of the Board

**R.K. Khanna**  
Director

**Mayank Kejriwal**  
Managing Director

**A.R. Surana**  
CFO & Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015**

	31st March 2015 (Rs. in Lakhs)	31st March 2014 (Rs. in Lakhs)
<b>A. Cash Flow from operating activities</b>		
Net Profit Before Tax	11,941.72	4,141.65
Adjustments for:		
Interest & Financial Charges	4,369.37	5,489.61
Depreciation/Amortisation	3,116.90	2,794.28
(Profit) / Loss on Sale of Fixed Assets	141.75	1.97
(Profit) / Loss on sale of Investments	(46.58)	–
<b>Operating Profit before working Capital changes</b>	<b>19,523.16</b>	<b>12,427.51</b>
Adjustments for:		
(Increase)/ decrease in Long term Loans & Advances	5,024.79	933.98
(Increase)/ decrease in short Term Loans & Advances	(1,269.32)	(1,266.74)
(Increase)/ decrease in Other Current assets	(3,673.69)	(1,411.27)
(Increase)/decrease in Trade & Other Receivables	(3,803.80)	(2,858.17)
(Increase)/decrease in Inventories	10,215.90	(2,849.04)
Increase/(decrease) in Long term liabilities & provisions	(3,532.35)	(2,312.96)
Increase/(decrease) in current liabilities	(9,041.11)	11,099.49
	<b>(6,079.58)</b>	<b>1,335.29</b>
<b>Cash Generated from Operations</b>	<b>13,443.58</b>	<b>13,762.80</b>
Direct Taxes Paid	2,400.00	750.00
Prior period adjustment -Taxation	(81.36)	(0.67)
<b>Cash from Operating Activities (A)</b>	<b>15,762.22</b>	<b>14,512.13</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(7,483.11)	2,510.13
Sale of Fixed Assets	155.34	3.21
Income on Investments	46.58	–
<b>Net Cash Flow From Investing Activities (B)</b>	<b>(7,281.19)</b>	<b>(2,506.92)</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015**

	31st March 2015 (Rs. in Lakhs)	31st March 2014 (Rs. in Lakhs)
<b>C. Cash Flow from Financing Activities</b>		
Long Term Borrowings-Receipts/(Repayments)[Net]	534.29	2,396.85
Short Term Borrowings-Receipts/(Repayments)[Net]	(3,691.04)	(4,113.48)
Interest Paid	(4,359.49)	(5,446.24)
Dividend Paid	(596.45)	-
Tax on Dividend	(101.37)	-
<b>Net Cash flow from Financing Activities (C)</b>	<b>(8,214.04)</b>	<b>(7,162.87)</b>
<b>Net Increase/(Decrease) in cash &amp; Cash Equivalents(A+B+C)</b>	<b>266.99</b>	<b>4,842.34</b>
<b>Cash &amp; Cash Equivalent as at Beginning of Year</b>	<b>5,274.00</b>	<b>431.66</b>
<b>Cash &amp; Cash Equivalent as at End of the Year (Refer Note 16.1)</b>	<b><u>5,540.99</u></b>	<b><u>5,274.00</u></b>
 Components of Cash & Cash Equivalents		
Cash On Hand	1.48	1.78
Balances with Banks		
In Current Account	5,517.10	5,252.90
In Unpaid Dividend	22.41	19.32
	<b><u>5,540.99</u></b>	<b><u>5,274.00</u></b>

- Notes: 1. Comparative figures have been regrouped wherever necessary.  
2. The Cash Flow Statement has been prepared under indirect method as set out in the Accounting Statdard-3 on "Cash Flow Statements" notified by Companies Accounting Standards Rules, 2006 (as amended).

As per our report attached  
For **K.R. Bapuji & Co.**  
Chartered Accountants  
Firm Registration No. 000395S

**Dheeraj Agarwal**  
Partner  
Membership No. 219788

Place: Chennai  
Date : 30th April 2015

For and on behalf of the Board

**R.K. Khanna**  
Director

**Mayank Kejriwal**  
Managing Director

**A.R. Surana**  
CFO & Company Secretary

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### Corporate Information

Srikalahasthi Pipes Limited, incorporated under the Companies Act in the year 1991, is engaged in the manufacture and supply of Ductile Iron Pipe as its core business with its domicile presence in the State of Andhra Pradesh, India. The Company's name was earlier Lanco Industries Limited and the name was changed with effect from 29th September, 2014 to its present name. The company is a leading Public Utility Services company predominantly catering to the needs of Water Infrastructure Development. The company also produces Low Ash Metallurgical Coke, Sinter and Power for captive consumption in its integrated complex. It also manufactures and supply Pig Iron and Cement, in the process. The Company's shares are listed on the National Stock Exchange Limited and the Bombay Stock Exchange Limited and the shares are traded regularly.

### 1. Significant Accounting Policies

#### A) Basis of Preparation

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in India (GAAP) under the historical cost convention on the accrual basis except as disclosed in the notes and materially comply with the mandatory Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 read together with Companies Rules, 2014, and guidelines issued by the Securities and Exchange Board of India (SEBI) and the Institute of Chartered Accountants of India except to the extent disclosed in the following notes. The accounting policies adopted in preparation of financial statements are consistent with those of previous year except for change in accounting policy initially adopted or a revision to the existing accounting policy that requires a change as against the one hitherto in use.

#### B) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the Balance Sheet date and the reported amounts of income and expenses during the year.

Contingencies are recorded when it is probable that a liability will be incurred and the amounts can reasonably be estimated. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

#### C) Fixed Assets and Depreciation:

##### 1) Tangible Assets:

##### i) Gross Block:

- a) Fixed Assets are stated at cost of acquisition inclusive of inland freight, duties, taxes and incidental expenses related to acquisition with due adjustments for Cenvat / VAT credits.
- b) Capital Work-in-progress includes Machinery to be installed, Construction & Erection Materials, and unallocated preoperative expenses etc.

##### ii) Depreciation:

- a) Leasehold land is amortized on straight-line method over the period of the lease.
- b) Depreciation is provided on fixed assets used during the year under Straight Line Method at the rates specified in the Schedule II of the Companies Act, 2013. In respect of plant and Machinery at MBF, Sinter Plant and Coke Oven Plant which are continuous process plants, the company has estimated the useful life of its assets based on a technical study and its internal assessment and estimates the useful lives of these assets as 20 years. In respect of

these assets, depreciation is provided on the straight Line method over the residual useful lives of the assets.

- c) From accounting year commencing on or after 1.4.2011, the company adjusts exchange difference arising on translation / settlement of long-term foreign currency monetary items by reinstating the liabilities as at balance sheet date pertaining to acquisition of a depreciable asset to the cost of the asset and depreciates the same at the applicable rate in respect of such asset.

## 2) Intangible Assets:

Intangible assets are stated at cost of acquisition less accumulated amortization. This includes computer software packages (ERP and others). Amortization is done on straight line basis at the rates specified in the Schedule II of the Companies Act, 2013.

## 3) Impairment of assets:

The Company assesses at each balance sheet date whether there is any indication of that an asset may be impaired. In such cases, the recoverable amount of the asset is estimated. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit/division to which the said asset belongs. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced accordingly and the value so reduced is treated as impairment loss and is recognized in the statement of profit and loss. If at any balance sheet date there is an indication that the previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is stated at the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognized.

## D) Revenue Recognition:

All expenses and income to the extent considered payable and receivable respectively unless specifically stated to be otherwise are accounted for on mercantile basis.

## E) Sales:

Sales include excise duty, wherever applicable and rebate, discounts, claims, expenses incurred on consignment sales etc. are excluded there from. Sales on consignment and expenses there against are being accounted for based on account sales from the respective consignee.

## F) Investments:

Long Term Investments are stated at cost less permanent diminution, if any, in value. Current Investments are carried at lower of cost or fair value.

## G) Inventories:

- i) Inventories are valued at lower of the cost or net realizable value. Cost in respect of raw materials, Stores and Spares have been calculated on weighted average basis, which includes expenses incidental to procurement of the same.
- a) By-Products are valued at net realizable value.
- b) Cost in respect of finished goods includes manufacturing expenses, factory and administrative overheads and excise duty.
- c) Cost in respect of work in progress represents, cost incurred upto the stage of completion.

## H) Foreign Currency Transactions:

Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of the transaction. Foreign currency assets and liabilities are retranslated at exchange rates prevailing at the reporting date.

The loss or gain thereon and also on exchange differences on settlement of the foreign currency transactions during the year are adjusted to the Statement of Profit and Loss. The difference between the forward rate and exchange rate at the date of transaction is recognized as income or expense over the life of the contracts. For accounting period commencing from 1.4.2011, the exchange differences arising on long term foreign currency monetary items related to acquisition of fixed assets are capitalized and depreciated at the applicable rate in respect of such asset. For this purpose, the company treats a foreign monetary item as long term foreign currency monetary item if it has a term of more than 12 months at the date of its origination.

Exchange differences arising with respect to forward contracts other than those entered into, to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are recognized in the period in which they arise and the difference between the forwards rate and exchange rate at the date of transaction is recognized as revenue / expense over the life of the contract. In respect of derivative contracts (other than forward contracts dealt as above) premium paid, gains /losses on settlement and losses on restatement are recognized in statement of profit and loss except in case they relate to acquisition or construction of fixed assets, in which case they are adjusted to the cost of fixed assets/ capital work in progress.

#### **I) Retirement Benefits:**

i) **Provident & Family Pension Fund:** In accordance with the provisions of the Employee Provident Funds and Miscellaneous Provisions Act, 1952, eligible employees of the company are entitled to receive benefits with respect to provident fund, a defined contribution plan, in which

both the company and employee contribute monthly to Provident Fund Scheme, by the Central Government at a determined rate and the Company's contribution is charged off to the Statement of Profit and Loss.

ii) **Leave Encashment Benefits:** Leave encashment benefits payable to employees while in service, retirement and death while in service or on termination of employment with respect to accumulated leaves outstanding at the year-end are accounted for on basis of actuarial valuation at the balance sheet date. The present value of such obligation is determined by the projected unit credit method as at the balance sheet date through which the obligations are settled. The resultant actuarial gain or loss on change in present value of defined benefit obligation or change in return of the plan assets is recognized as an income or expense in the Statement of Profit and Loss.

iii) **Gratuity:** Contributions under the scheme for defined benefit under the Payment of Gratuity Act, 1972, is determined on the basis of actuarial valuation and are funded to Life Insurance Corporation of India and recognized as year's expenditure

#### **J) Miscellaneous Expenses:**

Preliminary Expenses and expenditure in connection with issue of shares are being written off over a period of ten years or earlier.

#### **K) Borrowing Costs:**

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

In accordance with Accounting Standard 16 Borrowing cost includes interest, amortization of ancillary cost incurred with the arrangement of borrowing and exchange differences arising from foreign currency borrowing to the extent they are regarded as an adjustment to the interest cost.

**L) Contingent Liabilities:**

Contingent liabilities are generally not provided for and are disclosed by way of notes to the accounts.

**M) Segment Reporting:**

The accounting policies adopted for segment reporting are in line with the accounting policies adopted in financial statements.

**N) Export Benefits:**

Export benefits arising on account of entitlement for duty free imports are accounted for through import of materials. Such benefits under Duty Entitlement Pass

Books (DEPB) are accounted for on accrual basis.

**O) Government Grants & Other Claims:**

Revenue grants including subsidy/rebates, refunds, claims etc. are credited to Statement of Profit and Loss under 'Other Income' or deducted from the related expenses. Grants relating to fixed assets are credited to Capital Reserve Account or adjusted in the cost of such assets as the case may be, as and when the ultimate realizability of such grants etc. are established/ realized.

**P) Income Tax:**

Provision for Tax is made for both current and deferred taxes. Current tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in subsequent periods are recognized using tax rates and tax laws, which have been enacted or substantively enacted.



## 2. Share Capital

	31st March 15		31st March 14	
	No. of Shares in Lakhs	Rs. in Lakhs	No. of Shares in Lakhs	Rs. in Lakhs
<b>Authorized Shares</b>				
Equity Shares of Rs. 10/- each	<u>530.00</u>	<u>5,300.00</u>	<u>530.00</u>	<u>5,300.00</u>
<b>Issued, Subscribed and Paid up Shares</b>				
Equity Shares of Rs. 10/- each	<u>397.63</u>	<u>3,976.36</u>	<u>397.63</u>	<u>3,976.36</u>
<b>Total</b>	<u>397.63</u>	<u>3,976.36</u>	<u>397.63</u>	<u>3,976.36</u>
<b>Reconciliation of Shares outstanding at the beginning and at the end of the reporting period</b>				
Opening number of Shares Outstanding	<u>397.63</u>	<u>3,976.36</u>	<u>397.63</u>	<u>3,976.36</u>
Closing number of Shares Outstanding	<u>397.63</u>	<u>3,976.36</u>	<u>397.63</u>	<u>3,976.36</u>

### Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share.

A dividend of 30% has been recognized as distribution to equity shareholders for the year ended 31.03.2015 (31st March 2014:15%)

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Details of shareholders holding more than 5% shares in the company**

Particulars	31st March 15		31st March 14	
	No. of Shares in Lakhs	% holding	No. of Shares in Lakhs	% holding
Equity shares with voting rights				
M/s. Electrosteel Castings Ltd	<b>193.01</b>	<b>48.54</b>	193.01	48.54
M/s. Avis-Tie Up Private Limited	<b>34.35</b>	<b>8.64</b>	72.00	18.11
M/s. Dalmia Securities Private Limited	–	–	27.35	6.88

**3. Reserves and Surplus**

	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
a) Capital Reserve				
Opening Balance		<b>55.97</b>		55.97
b) General Reserve				
Opening Balance	<b>17,500.00</b>		15,500.00	
Add: Transfer from Statement of profit & Loss	<b>5,000.00</b>		<u>2,000.00</u>	
Closing Balance		<b>22,500.00</b>		17,500.00
c) Surplus				
Opening Balance	<b>1,016.07</b>		(155.46)	
(Less): Prior period Adjustment – Taxation	<b>(81.36)</b>		(0.67)	
Add: Profit during the year	<b>8,298.12</b>		3,870.03	
(Less): Transfer to General Reserve	<b>(5,000.00)</b>		(2,000.00)	
(Less): Proposed equity dividend amount per share Rs. 3.00 (Previous year Rs. 1.50 )	<b>(1,192.89)</b>		(596.45)	
(Less): Tax on dividend	<b>(242.85)</b>		<u>(101.37)</u>	
Closing Balance		<b>2,797.09</b>		<u>1,016.08</u>
<b>Total</b>		<b>25,353.06</b>		<u>18,572.05</u>

	31st March 15		31st March 14	
	Rs. in lakhs		Rs. in lakhs	
<b>4. Long Term Borrowings</b>	<b>Non</b>	<b>Current</b>	<b>Non</b>	<b>Current</b>
<b>Secured – from Banks</b>	<b>Current</b>		<b>Current</b>	
Rupee Term loans	<b>8,125.00</b>	<b>1,937.50</b>	5,062.50	1,312.50
External Commercial Borrowing	<b>9,871.72</b>	<b>3,063.25</b>	12,399.93	2,636.76
<b>Unsecured</b>				
Sales tax Deferment	–	–	–	61.28
	<b>17,996.72</b>	<b>5,000.75</b>	17,462.43	4,010.54
Less: Amount shown under other current liabilities (Note No 10)	–	<b>5,000.75</b>	–	4,010.54
<b>Total</b>	<b>17,996.72</b>	<b>–</b>	<b>17,462.43</b>	<b>–</b>

#### **Terms of Repayment and rate of interest:**

- Rupee Term Loan of Rs. 4687.50 Lakhs is repayable in 15 Quarterly instalments of Rs. 312.50 lakhs each starting from 30/06/2015 and it carries an interest @ 11% p.a. payable monthly.
- Rupee Term Loan of Rs. 375.00 Lakhs repayable in 4 Quarterly instalments of Rs. 93.75 lakhs each and it carries an interest @ 13.50% p.a. payable monthly.
- Rupee Term Loan of Rs. 5000 Lakhs (Drawn Rs. 4000 lakhs) repayable in 8 Quarterly instalments of Rs. 156.25 lakhs each starting from 1/12/15 to 1/9/17 and 12 Quarterly instalments of Rs. 312.50 Lakhs from 1/12/17 to 1/9/20, it carries an interest @ 11.45% p.a. payable monthly.
- Rupee Term Loan of Rs. 2500 Lakhs (Drawn Rs.1000 lakhs) repayable in 8 Quarterly instalments of Rs. 78.125 lakhs each starting from 30/9/16 to 30/6/18 and 12 Quarterly instalments of Rs. 156.25 Lakhs from 30/9/18 to 30/6/21, it carries an interest @ 12.25% p.a. payable monthly.
- Foreign Currency loan of Rs. 8247.47 Lakhs (US\$ 131.976 Lakhs) is repayable in 11 half yearly instalments of US\$ 12,00,600 in September and March and carries an interest at LIBOR plus 4.6262% p.a. payable half yearly.
- Foreign Currency loan of Rs. 4687.50 Lakhs (US\$ 75 Lakhs) is repayable in 5 half yearly instalments of US\$ 10 lakhs on 22/5/2015, US\$ 15 lakhs each on 22/11/2015, 22/5/2016, 22/11/2016 and US\$ 20 lakhs on 22/5/2017 and carries an interest at LIBOR plus 3.7239% p.a. payable half yearly

#### **Nature of security:**

Rupee term loan of Rs. 8687.50 lakhs is secured by way of first pari-passu charge on the movable & immovable Fixed Assets of the company and subservient charge of raw materials, semi finished goods and finished goods, consumables, stores and spares, book debts, both present and future.

Rupee term loans of Rs. 1375 lakhs and Foreign Currency loans from Banks are secured by way of first pari-passu charge on the movable & immovable Fixed Assets of the company both present and future.

	<b>31st March '15</b> (Rs. in Lakhs)	31st March '14 (Rs. in Lakhs)
<b>5. Deferred tax liabilities (Net)</b>		
Deferred Tax Liability		
Fixed Asset – Impact of Difference between tax depreciation and depreciation charged in the financial statement	<u>7,284.90</u>	<u>5,314.83</u>
<b>Gross Deferred Tax Liability</b>	<u>7,284.90</u>	<u>5,314.83</u>
Deferred Tax Asset		
Impact of Expenditure charged to statement of Profit & Loss but allowed only on actual payment for tax purpose	183.86	193.61
Provision for Doubtful debts and advances	553.73	573.96
Unabsorbed Depreciation carried forward	–	1,505.42
<b>Gross Deferred Tax Asset</b>	<u>737.59</u>	<u>2,272.99</u>
Net Deferred Tax Liability	<u>6,547.31</u>	<u>3,041.84</u>
<b>6. Other Long term Liabilities</b>		
Other Payables	1,242.88	1,242.88
Advances from related party	–	3,632.62
Deposits from Customers	69.05	71.14
<b>Total</b>	<u>1,311.93</u>	<u>4,946.64</u>
<b>7. Long Term Provisions</b>		
For Employe Benefits (Refer Note No - 31)		
– Unavailed Leave	393.00	290.64
<b>Total</b>	<u>393.00</u>	<u>290.64</u>
<b>8. Short Term Borrowings - from Banks</b>		
Secured		
Working Capital Loans - from Banks		
Rupee Loan	6,669.62	13,417.50
Foreign Currency Loan	13,196.68	10,139.84
<b>Total</b>	<u>19,866.30</u>	<u>23,557.34</u>

**Nature of Security and rate of interest**

Working Capital facilities availed from banks are secured by hypothecation of raw materials, semi finished goods and finished goods, consumables, stores and spares, book debts, both present and future of the company and rank pari-passu among themselves and the rate of interest ranges from 10% to 13.5% p.a and are payable on demand.

	<b>31st March '15</b> <b>(Rs. in Lakhs)</b>	31st March '14 (Rs. in Lakhs)
<b>9. Trade payables</b>		
Trade payables	<u>10,240.40</u>	<u>19,570.17</u>
<b>Total</b>	<u>10,240.40</u>	<u>19,570.17</u>
(Refer Note No. 34 for amount due to related parties)		
<b>10. Other Current Liabilities</b>		
Current maturities of long-term borrowings (Refer Note No 4)	<b>5,000.75</b>	4,010.54
Interest accrued but not due on borrowings	<b>323.51</b>	313.63
Unpaid dividends	<b>22.41</b>	19.32
Others		
– Creditors for capital goods	<b>1,045.69</b>	2,217.26
– Statutory Dues	<b>640.15</b>	292.14
– Provision for Taxation (Net of Advance Tax)	<b>101.70</b>	152.49
– Amount due to Employees and Others	<b>407.72</b>	322.22
– Advance from Customers	<b>834.75</b>	809.04
– Retention Money	<b>172.59</b>	160.49
– Outstanding Expenses	<u>1,115.43</u>	<u>1,154.49</u>
<b>Total</b>	<u>9,664.70</u>	<u>9,451.62</u>
<b>11. Short Term Provisions</b>		
Proposed Dividend	<b>1,192.89</b>	596.45
Tax on dividend	<b>242.85</b>	101.37
Employee Benefits	<u>333.38</u>	<u>247.91</u>
<b>Total</b>	<u>1,769.12</u>	<u>945.73</u>

## 12. Fixed Assets

### i) Tangible Assets

Rs. in Lakhs

S.No.	DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		Cost as on 01-Apr-14	Additions	Deletions	Cost as on 31-Mar-15	Upto 31-Mar-14	For the year	Adjustments	Upto 31-Mar-15	As on 31-Mar-15	As on 31-Mar-14
1.	a) Land	1,483.78	0.58	72.96	1,411.40	-	-	-	-	1,411.40	1,483.78
	b) Leasehold Land	93.67	-	-	93.67	10.65	3.13	-	13.78	79.89	83.02
2.	a) Factory Building	6,850.62	1,285.05	129.65	8,006.02	2,254.31	240.69	68.94	2,426.06	5,579.96	4,596.31
	b) Non Factory Building	1,342.46	72.96	-	1,415.42	185.46	230.26	-	415.72	999.70	1,157.00
3.	Plant & Machinery	49,425.13	7,018.75	373.52	56,070.36	14,706.26	1,844.97	244.07	16,307.16	39,763.20	34,718.87
4.	Electrical Installation	2,665.29	48.98	375.80	2,338.47	1,640.36	522.80	346.87	1,816.29	522.18	1,024.93
5.	Office Equipment	506.75	67.09	-	573.84	276.59	180.77	-	457.36	116.48	230.16
6.	Furniture	174.04	1.81	-	175.85	130.43	15.51	-	145.94	29.91	43.61
7.	Vehicle	601.66	34.32	18.09	617.89	469.31	28.81	13.05	485.07	132.82	132.35
	<b>TOTAL</b>	<b>63,143.40</b>	<b>8,529.54</b>	<b>970.02</b>	<b>70,702.92</b>	<b>19,673.37</b>	<b>3,066.94</b>	<b>672.93</b>	<b>22,067.38</b>	<b>48,635.54</b>	<b>43,470.03</b>
	Previous Year figures	60,964.32	2,190.75	11.67	63,143.40	16,934.62	2,745.24	6.49	19,673.37	43,470.03	44,029.70

### ii) Intangible Assets

S.No.	DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		Cost as on 01-Apr-14	Additions	Deletions	Cost as on 31-Mar-15	Upto 31-Mar-14	For the year	Adjustments	Upto 31-Mar-15	As on 31-Mar-14	
1.	Computer Software	319.35	68.86	-	388.21	243.93	49.96	-	293.89	94.32	75.42
	Previous Year figures	302.57	16.78	-	319.35	194.89	49.04	-	243.93	75.42	107.68

	31st March '15 (Rs. in Lakhs)	31st March '14 (Rs. in Lakhs)
<b>13. Long Term Loans and Advances (Unsecured)</b>		
<b>13.1 Capital Advances</b>		
– Considered good	181.45	59.91
<b>13.2 Security Deposits</b>		
– Considered good	379.98	5,526.31
– Doubtful	–	1,045.73
	<u>379.98</u>	<u>6,572.04</u>
Less: Provision for Doubtful security deposits	–	1,045.73
	<u>379.98</u>	<u>5,526.31</u>
<b>Total</b>	<u>561.43</u>	<u>5,586.22</u>
<b>14. Inventories (Valued at lower of Cost and Net Realisable Value)</b>		
Raw Materials	7,113.57	16,311.47
Work-in-Process	1,058.56	1,558.34
Finished Goods	1,271.19	1,806.39
Stores & Spares	4,015.92	3,998.94
	<u>13,459.24</u>	<u>23,675.14</u>
<b>Total</b>		
<b>15. Trade Receivables (Unsecured)</b>		
Exceeding Six Months		
– Considered good	841.52	1,042.12
– Doubtful	843.49	642.88
	<u>1,685.01</u>	<u>1,685.00</u>
Less: Provision for doubtful Receivables	843.49	642.88
	<u>841.52</u>	<u>1,042.12</u>
– Other Receivables considered good (Refer Note No. 34 for amount due from related parties)	17,763.15	13,758.76
	<u>18,604.67</u>	<u>14,800.88</u>
<b>Total</b>		
<b>16. Cash and Bank Balances</b>		
<b>16.1 Cash and Cash Equivalents</b>		
Cash on Hand	1.48	1.78
Balances with Banks		
in Current Account	5,517.10	5,252.90
in Unpaid Dividend	22.41	19.32
	<u>5,540.99</u>	<u>5,274.00</u>



	<b>31st March '15</b> (Rs. in Lakhs)	31st March '14 (Rs. in Lakhs)
<b>16.2 Others</b>		
Margin Money	380.21	377.60
Deposit with bank with 3 – 12 months maturity	3.32	64.31
Deposit with bank more than 12 months maturity	–	19.11
<b>Total</b>	<u>5,924.52</u>	<u>5,735.02</u>
Deposits with banks include fixed deposit of Rs. Nil Lakhs (Previous Year Rs. 83.42 Lakhs) lodged with Government departments and customers.		
<b>17. Short Term Loans and Advances (Unsecured)</b>		
– Considered good	3,921.31	2,651.99
– Doubtful	756.53	–
	<u>4,677.84</u>	<u>2,651.99</u>
Less: Provision for Doubtful Security Deposits	756.53	–
<b>Total</b>	<u>3,921.31</u>	<u>2651.99</u>
<b>18. Other Current Assets</b>		
Balance with Government Authorities	966.86	1,449.80
Tax Refunds Receivable	280.16	858.77
MAT Credit Entitlement	3,311.25	902.79
Interest Receivable	125.26	131.54
Prepaid Expenses	345.40	472.98
<b>Total</b>	<u>5,028.93</u>	<u>3,815.88</u>
<b>19. Revenue from operations</b>		
19.1 Sale of Manufactured Products		
– D I Spun Pipes	83,286.26	73,991.46
– Pig Iron	7,732.15	5,299.13
– Cement	2,668.30	1,908.84
– Coke	3,840.12	5,346.29
– Other Products	9,389.36	11,031.53
19.2 Sale of Traded Products		
– Coal	5,388.18	5,920.81
19.3 Other Operating Revenue		
– Sales Tax Subsidy	–	217.89
<b>Total</b>	<u>1,12,304.37</u>	<u>1,03,715.95</u>
(Refer Note No.34 for sales to related parties)		
<b>20. Other Income</b>		
Interest Income	626.52	706.54
Rent received	3.85	2.31
Net Gain on Sale of Investments	46.58	–
Miscellaneous Income	189.08	17.52
<b>Total</b>	<u>866.03</u>	<u>726.37</u>

	31st March '15 (Rs. in Lakhs)	31st March '14 (Rs. in Lakhs)
<b>21. Cost of materials consumed</b>		
Coking Coal / Coke	24,749.57	26,784.31
Iron Ore / iron Ore Fines	17,836.58	14,498.78
CRC / MS Scrap	2,617.11	4,818.26
Others	8,000.99	8,335.43
<b>Total</b>	<u>53,204.25</u>	<u>54,436.78</u>
<b>22. Purchases of Traded goods</b>		
Coal	5,338.72	5,503.70
<b>Total</b>	<u>5,338.72</u>	<u>5,503.70</u>
<b>23. Changes in inventories of Finished goods and work in process</b>		
Opening Stock		
Work in process	1,558.34	1,000.80
Finished Goods	1,806.39	923.71
Closing Stock		
Work in process	1,058.56	1,558.34
Finished Goods	1,271.19	3,364.73
<b>Total</b>	<u>1,034.98</u>	<u>(1,440.22)</u>
<b>Details of Inventory</b>		
<b>Work in process</b>		
D.I. Pipes	501.61	707.11
Scrap	316.92	372.52
Others	240.03	478.71
Total	<u>1,058.56</u>	<u>1,558.34</u>
<b>Finished Goods and By-Products</b>		
D.I. Pipes	711.59	1,109.07
Pig Iron	332.98	70.28
Others	226.62	627.04
Total	<u>1,271.19</u>	<u>1,806.39</u>
<b>24. Employee Benefit Expense</b>		
Salaries, Wages, Bonus and Other Benefits	4,029.10	3,632.62
Contribution to Provident and Other Fund	270.32	243.23
Employees Welfare	545.52	560.42
<b>Total</b>	<u>4,844.94</u>	<u>4,436.27</u>

(Refer Note No. 30 for amount Capitalised)

	31st March '15 (Rs. in Lakhs)	31st March '14 (Rs. in Lakhs)
<b>25. Finance Cost</b>		
Interest Expenses	3,694.63	4,934.95
Other Finance Cost	414.77	703.65
Loss/(Gain) on Exchange difference to the extent considered as finance cost	<u>259.97</u>	<u>(148.99)</u>
<b>Total</b>	<b><u>4,369.37</u></b>	<b><u>5,489.61</u></b>
(Refer Note No. 30 for amount Capitalised)		
<b>26. Other Expenses</b>		
Power & Fuel	4,217.42	5,410.33
Consumption of Stores, Spares & Consumables	12,268.01	11,456.61
Handling & Transport charges	3,259.11	2,871.55
Directors' Remuneration	551.70	137.62
Rent	82.88	78.99
Professional and consultancy	232.82	205.09
Rates & Taxes (including Wealth Tax Rs. 0.63 Lakhs, Previous year 0.42 lakhs)	126.49	194.71
Insurance	129.77	133.08
Freight, Packing, Forwarding & LD Charges	676.95	837.43
Commission to Selling Agents	1,161.38	980.16
Loss on sale/discard of fixed Assets (net)	141.75	1.97
Repairs & Maintenance:		
– Plant & Machinery	1,149.03	809.19
– Buildings	209.10	147.17
– Others	2.76	1.17
Provision for doubtful receivables & advances	539.93	506.33
Auditors' Remuneration:		
– Audit fee	4.25	3.50
– Tax Audit	1.75	1.50
– Certification fee	2.56	2.41
– Out of Pocket Expenses	1.19	0.84
Bad debts written off	332.79	129.29
Less: Transferred from Bad Debts Provision	<u>332.79</u>	<u>129.29</u>
Donations	35.15	0.87
Contribution to CSR Activites	12.40	–
Miscellaneous Expenses	<u>563.83</u>	<u>523.34</u>
<b>Total</b>	<b><u>25,370.23</u></b>	<b><u>24,303.86</u></b>

**27. Contingent Liabilities not provided for:**

	<b>2014-15 Rs. in Lakhs</b>	2013-14 Rs. in Lakhs
a) Guarantees given by banks on behalf of the Company.	<b>839.63</b>	927.31
b) Bills discounted with banks	<b>9890.39</b>	2874.28
c) Outstanding Letter of Credits	<b>5426.10</b>	455.69
d) Various demands raised, which in the opinion of the management are not tenable and are pending with various forums / authorities:		
i) Sales Tax	<b>1347.08</b>	1514.66
ii) Excise, Custom Duty & Service Tax	<b>230.47</b>	183.00
iii) Income Tax	<b>37.72</b>	37.72

The Company has no litigations, other than the tax disputes in appeals as disclosed above. Based on the facts of each case and opinion of the management including that of advice of the tax advisors, it believes that the outcome of the said appeals will not result in material tax demands that would affect the financial position or operations of the Company.

**27.1 Commitments not provided for:**

	<b>2014-15 Rs. in lakhs</b>	<b>2013-14 Rs. in lakhs</b>
Estimated amount of Capital contracts not provided for	<b>709.61</b>	1405.63
Export Obligations to be fulfilled	<b>1927.00</b>	Nil

**28.** In the opinion of the Management, Current Assets and Loans & Advances have the value at which these are stated in the Balance Sheet, if, realized in the ordinary course of business, unless otherwise stated and adequate provisions for all known liabilities have been made and are not in excess of the amount reasonably required.

**29.** Disclosure of Trade Payables under Current/Non-Current liabilities is based on the information available with the company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" (the Act). There are no delays in payment made to such suppliers and there is no overdue amount outstanding as at the Balance Sheet date. Based on the above the relevant disclosure u/s 22 of Act are as follows:

	<b>Rs. in Lakhs</b>
Principal amount outstanding at the end of the year	Nil
Interest amount due at the end of the year	Nil
Interest Paid to suppliers	Nil

**30. A)** Pursuant to the Companies (Accounting Standards) Amendment Rules, 2011 vide GSR 914(E) dated 29th December, 2011, the Company has exercised the option of adjusting the cost of assets, for the exchange differences arising on long term foreign currency monetary items, in respect of accounting periods commencing from 1st April, 2011, which were hitherto recognized as income or expenses in the period in which they arose. As a result, such exchange differences so far as they relate to the acquisition of depreciable capital assets have been adjusted with the cost of such assets, to be depreciated over the balance useful life of the respective assets. Consequently, the Fixed Assets – Rs. 692.66 lakhs (Previous year Rs. 1692.29 lakhs) and Capital work-in-progress Nil (Previous year Rs. 104.30 lakhs) is higher and charge to the Statement of Profit and Loss is lower to that extent.

**B)** During the year the company has capitalized the following interest during construction and Pre-operative expenses, allocating them to respective Fixed Assets, consequently the expenses disclosed under the respective heads are net of amounts capitalized by the company:

Particulars	2014-15 Rs. in Lakhs		2013-14 Rs. in Lakhs	
	Fixed Assets	Capital work in Progress	Fixed Assets	Capital work in Progress
Interest and Finance Charges	<b>348.80</b>	<b>59.06</b>	109.22	19.17
Salaries, Wages, Gratuity & other Benefits	<b>78.87</b>	<b>18.93</b>	10.80	1.20

**C)** With effect from 1st April, 2014, the company revised the estimated useful value of certain of its assets based on a technical study and evaluation of the useful life of the assets conducted in this regard and Management assessment thereof. Consequent to it, current years depreciation amount also include the amount of depreciation determined based on such evaluation and re-assessment of useful life less residual value as on 1st April 2014.

Due to the said revision of estimated useful life of certain assets the charge of depreciation for the year is higher by Rs. 117.35 lakhs for the assets existing as at April 1, 2014 as compared to the depreciation based on previously adopted method of evaluation of lives of assets.

31. The disclosures required under Accounting Standard 15 “Employee Benefits” notified in the Companies (Accounting Standards) Rules 2006, are given below:

	31.3.2015 Rs. in Lakhs		31.3.2014 Rs. in Lakhs	
<b>Defined Contribution Plan:</b>				
Employers Contribution to Provident Fund	212.73		188.76	
	<b>Benefits</b>		<b>Benefits</b>	
	<b>Gratuity (Funded)</b>	<b>Leave (Unfunded)</b>	Gratuity (Funded)	Leave (Unfunded)
<b>Present Value of Obligations:</b>				
Balance as at the beginning of the year	498.39	393.00	431.78	293.35
Service Cost	60.47	73.87	54.76	54.84
Interest Cost	39.87	34.59	34.54	21.93
Benefits Paid	-17.18	-20.84	-27.27	-31.48
Actuarial (Gain)/Loss	3.37	32.92	4.58	54.36
Balance as at the closing of the year	584.92	513.54	498.39	393.00
<b>Fair Value of Plan Assets:</b>				
Balance as at the beginning of the year	508.68	–	419.10	–
Expected Return of Plan Assets	46.12	–	39.41	–
Actuarial (Gain)/Loss	–	–	–	–
Contributions	24.80	20.84	77.44	31.48
Benefits Paid	-17.18	-20.84	-27.27	-31.48
Balance as at the closing of the year	562.42	0	508.68	0
<b>Reconciliation of fair value of assets and obligations:</b>				
Fair Value of Plan Assets	562.42	–	508.68	–
Present Value of Obligations	584.92	513.54	498.39	393.00
Amount recognized in Balance Sheet	22.50	513.54	-10.29	393.00
<b>Expenses recognized during the year:</b>				
Current Service Cost	60.47	73.87	54.76	54.84
Interest Cost	39.87	34.59	34.54	21.93
Expected Return of Plan Assets	-46.12	–	-39.41	–
Actuarial (Gain)/Loss	3.37	32.92	4.58	54.36
Net Cost	57.59	141.38	54.47	131.13
<b>Investment Details:</b>				
Funds Managed by the Insurer	100%	0%	100%	0%
Others	0%	0%	0%	0%
Total	100%	0%	100%	0%
<b>Actuarial Assumptions:</b>				
Mortality Table (LIC)	1994-96 (ultimate)	2006-08 (ultimate)	1994-96 (ultimate)	2006-08 (ultimate)
Discount Rate (per annum)	8%	9%	8%	9%
Expected Return of Plan Assets (per annum)	8.75%	0%	8.75%	0%
Rate of escalation in salary (per annum)	7%	10%	7%	10%

32. Balances of Sundry Debtors/Creditors are subject to confirmation and reconciliation, if any.

**33. Segment Reporting:**

The Company's main business is manufacturing and selling pipes. In addition, the Company is also manufacturing & selling Cement and producing Pig Iron and LAM Coke for captive use, which does not qualify as a reportable segment as per Accounting Standard –17 on segment reporting issued by the Institute of Chartered Accountants of India. Accordingly, in the opinion of the management, Pipes is the only reportable segment.

**34. Disclosure of Related Parties/Related Party Transactions:**

Name of the Related Parties with whom transactions were carried out during the year and description of relationship:

**a. Associate Company:**

M/s. Electrosteel Castings Limited

**b. Key Management Personnel & their relatives (KMP):**

Shri Mayank Kejriwal, Managing Director

Shri Atosh R Surana, Chief Financial Officer & Company Secretary

**c. Enterprise where other directors have significant influence or control:**

1) Lanco Infratech Limited\* (applicable to the extent of previous years figures)

**Disclosure of Related Party Transactions (Rs. in Lakhs):**

Sl. No.	Nature of Transaction	Year	Associate Company	Key Management Personnel	Enterprise where other Directors have control
1.	Sale of goods	<b>2014-15</b>	<b>10262.51</b>	–	–
		2013-14	6051.38	–	7.99
2.	Trade Receivables	<b>2014-15</b>	<b>3633.93</b>	–	–
		2013-14	620.52	–	–
3.	Purchases	<b>2014-15</b>	<b>850.99</b>	–	–
		2013-14	3077.27	–	–
4.	Trade Payables	<b>2014-15</b>	–	–	–
		2013-14	–	–	–
5.	Rent Paid	<b>2014-15</b>	<b>0.36</b>	–	–
		2013-14	–	–	–
6.	Reimbursement of Exp Paid	<b>2014-15</b>	<b>52.47</b>	–	–
		2013-14	16.69	–	–
7.	Reimbursement of Exp received	<b>2014-15</b>	–	–	–
		2013-14	1.22	–	–
8.	Rent Received	<b>2014-15</b>	–	–	–
		2013-14	0.09	–	–
9.	Remuneration	<b>2014-15</b>	–	<b>568.22</b>	–
		2013-14	–	130.00	–
10.	Deposit received & Outstanding	<b>2014-15</b>	–	–	–
		2013-14	3632.62	–	–

\*Shri L. Madhusudan Rao, Shri L. Sridhar and Shri G. Bhaskara Rao, Directors of the Company are interested in Lanco Infratech Ltd.



35. As stipulated in AS-28, the Company assessed potential generation of economic benefits from its business units and is of the view that assets employed in continuing business are capable of generating adequate returns over their useful lives in the usual course of business, there is no indication to the contrary and accordingly, the management is of the view that no impairment provision is called for in these accounts.
36. The Company has operating lease arrangement for office accommodation etc. with tenure extending upto one year. Expenditure incurred on account of rent during the year amounting to Rs. 82.88 Lakhs (Previous year Rs. 57.84 Lakhs) is recognized in the Statement of Profit and Loss.
37. a) Category wise outstanding derivatives contracts entered for hedging as on 31st March 2015:

Sl. No.	Category	Currency	Current Year		Previous Year		Underlying Purpose
			No. of Deals	Amount US\$ in lakhs	No. of Deals	Amount US\$ in lakhs	
1.	Forward	USD/INR	7	137.51	14	216.06	Buyers Credit and Imports
2.	Option	USD/INR	6	128.33	7	190.25	Buyers Credit and Imports
3.	Swap	USD	6	240.90	6	250.90	Interest

**b) Un-hedged foreign Currency Exposures as on 31st March 2015:**

Sl. No.	Nature	Currency	Current Year US\$ in Lakhs	Previous Year US\$ in Lakhs
1.	Imports	USD	44.05	43.11
2.	Buyers Credit & Interest	USD	2.17	0.64
3.	External Commercial Borrowing & Interest	USD	211.52	256.72

As per the hedging policy of the Company, all foreign currency exposures that are due in the next 12 months are fully hedged. In respect of external commercial borrowings which relates to acquisition of depreciable capital assets, the exchange differences will be adjusted with the cost of such assets as per the Policy of the Company [Refer Note No. 30(A)] and the Management believes that the same will not have any material adverse affect on the financial position or operations of the Company. Hence no provision is required for material losses on derivative contracts.

**38. Value of Imported & Indigenous Raw Materials, Spare Parts, Components Consumed:**

	2014-15		2013-14	
	Rs. in Lakhs	%	Rs. in Lakhs	%
Imported	28137.90	42.98	28021.71	42.53
Indigenous	37334.36	57.02	37871.68	57.47
Total	65472.26	100.00	65893.39	100.00

### 39. CIF Value of Imports:

	<b>2014-15</b> Rs. in Lakhs	2013-14 Rs. in Lakhs
Raw Materials	<b>18486.86</b>	31354.37
Stores & Spares	<b>1691.99</b>	3729.18
Capital Goods	<b>1327.07</b>	51.20

### 40. Expenditure in Foreign Currency:

	<b>2014-15</b> Rs. in Lakhs	2013-14 Rs. in Lakhs
a) Interest & Finance Charges	<b>962.19</b>	1117.32
b) Traveling Expenses	<b>2.24</b>	0.93
c) Legal & Professional Charges	<b>11.25</b>	8.85
d) Payment of Dividend on Equity Shares		
– No. of Non Resident Shareholders	<b>15</b>	–
– No. of Shares Held	<b>86,252</b>	–
– Dividend	<b>1.29</b>	–

**41.** Disclosure of loans and advances as per the requirement of Clause 32 of the listing agreement with the Stock Exchanges in India.

- i) The Company does not have any subsidiary and has not given any loans and advances in the nature of loans to its associates.
- ii) Interest free loans as per general rules of the Company have been given to its employees. Aggregate amount of such advances and loans outstanding at the year end is Rs. 14.93 lakhs (Previous year Rs. 14.43 lakhs).

### 42. Earnings Per Share (EPS):

<b>Particulars</b>	<b>For the</b> <b>year ended</b> <b>31.03.2015</b>	For the year ended 31.03.2014
Net profit for basic earnings per share as per Statement of Profit and Loss (Rs. Lakhs)	<b>8298.12</b>	3870.02
Less: Adjustments for the purpose of diluted earnings per share	<b>Nil</b>	Nil
Net profit for diluted earnings per shares: Weighted average number of equity shares for basic EPS and diluted EPS (Face value Rs. 10 per share)		
i) for Basic EPS	<b>3,97,63,595</b>	3,97,63,595
ii) for Diluted EPS	<b>3,97,63,595</b>	3,97,63,595
Earnings per Share:		
i) Basic EPS (Rs.)	<b>20.87</b>	9.73
ii) Diluted EPS (Rs.)	<b>20.87</b>	9.73

### 43. Previous year figures

The Previous Year's Figures have been re-grouped / re-arranged wherever necessary.

As per our report attached  
For **K.R. Bapuji & Co.**  
Chartered Accountants  
Firm Registration No. 000395S

**Dheeraj Agarwal**  
Partner  
Membership No. 219788

Place: Chennai  
Date : 30th April 2015

For and on behalf of the Board

**R.K. Khanna**  
Director

**Mayank Kejriwal**  
Managing Director

**A.R. Surana**  
CFO & Company Secretary

# SRICALAHASTHI PIPES LIMITED

(Formerly Lanco Industries Limited)

Regd. Office: Rachagunneri-517641, Srikalahasthi Mandal, Chittoor District, A.P. India

Website: www.srikalahasthipipes.com, CIN: L74999AP1991PLC013391

## NOTICE

**NOTICE** is hereby given that Twenty Third Annual General Meeting of Srikalahasthi Pipes Limited will be held at the Registered Office of the Company at Rachagunneri, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh on Monday, the 24th day of August, 2015 at 11.30 A.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2015 and Profit & Loss Account for the year ended as on that date, together with the Auditors' Report and Directors' Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of Shri G.S. Rathi (DIN: 00083992 ) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.Y. Rajagopalan (00067000) who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors and fix their remuneration and for this purpose to consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"Resolved that pursuant to Section 139 of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time and pursuant to the recommendations of the Audit Committee , M/s. K.R. Bapuji & Co., Chartered Accountants (Registration No. 000395S), Hyderabad be and are hereby

re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of twenty fifth Annual General Meeting of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM held after this AGM) at a remuneration to be decided mutually between the Board of Directors and the Auditors including reimbursement of out of pocket expenses".

### SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to the provisions of Section 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Ms.S.Hemamalini (DIN : 01947327) who has been appointed by the Board of directors with effect from 17th March, 2015 and who holds office up the date of ensuing AGM and in respect of whom the Company has received a Notice in writing from a member proposing her candidature for office of Director, be and is hereby appointed as a non-executive and Independent Director of the Company, to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings

of the Board and/or Committees and profit related commission in terms of applicable provisions of the Companies Act, 2013, as determined by the Board from time to time.”

“RESOLVED FURTHER THAT Ms. S. Hemamalini shall not be considered as a director liable to retire by rotation unless she is disqualified to be an independent director before the expiry of five years in terms of Section 152 of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all the acts, deeds and things as may be necessary to give effect to this resolution.”

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) of enactment thereof, for the time being in force, M/s. Narasimhamurthy & Co., a firm of Cost Accountants appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending March, 31, 2016 at a remuneration of Rs. 1,25,000 (Rs. One Lac Twenty Five Thousand only) plus service tax and reimbursement of out of pocket expenses at actual.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution”

8. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to section 188 and any other applicable provisions of the Companies Act, 2013 and any other applicable rules and regulations prescribed thereto and Clause 49 of the Listing Agreement with Stock Exchanges, including any statutory modifications or re-enactment thereof for the time being in force) and subject to all applicable approvals, permissions and such conditions as may be prescribed by any of the concerned authority(ies) while granting such approvals, which may be agreed to by the Board of Directors (hereinafter referred to as the ‘Board’ which term shall be deemed to include any Committee which the Board may have constituted or herein after constitute to exercise its powers including the powers conferred by this resolution), consent of the Company be and is hereby accorded, for entering into related party transactions with Electrosteel Castings Ltd (Associate Company) as given below, and such other transactions as required in connection to efficiently carry out the operations of the Company even when such transaction value exceeds the prescribed limits as specified in Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014, for the period 1st April, 2015 till 30th September, 2016.

- A) Purchases & Services to be received (Limit of Rs. 100 crores per annum for the period 1st April 2015 till 30th September, 2016)
- a) Purchase of D.I.z Pipes & Fitting, Coal / Coke of different varieties including coal rejects, midlinks etc.
- b) Iron-ore and other raw materials or ancillary items for the business of the Company.
- c) Rent agreements for hiring of space of any type in connection with the business of the Company (not exceeding in aggregate of Rs.

- 5 crore within the aggregate limit given in (A) above)
- d) All types of services to be received in connection with the business of the Company.
- B) Sales/ Services to be rendered (Limit of Rs. 125 Crores per annum for the period 1st April 2015 till 30th September, 2016)
- a) Sale of D.I. Pipes & Fittings, Pig Iron, Coal/ Coke, MS Scrap or any other goods.
- b) Conversion of coal into coke
- c) All other types of services to be rendered in connection with the business of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take such steps as may be necessary and to do all such acts, deeds and things that may be necessary, proper or expedient for the purpose of giving effect to this Resolution."

9. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Sections 149, 152, 196 and 197 of the Companies Act, 2013 and Schedule V read together with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s), re-enactment thereof for the time being in force) approval of the Company be and is hereby accorded for the appointment of Mr. Gouri Shankar Rathi (DIN: 00083992 ) as a Wholetime Director of the Company for a period of (5) five years liable to retire by rotation, with effect from 1st July, 2015 on the remuneration and terms and conditions as set out in the explanatory statement annexed to this notice.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all the acts, deeds and things as may be necessary to give effect to this resolution."

By Order of the Board  
For **Srikalahasthi Pipes Limited**

**A.R. Surana**  
Chief Financial Officer &  
Company Secretary

Place : Chennai  
Dated: 25th July, 2015

**Notes:**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote, instead of himself / herself. The proxy, so appointed, need not be a member of the company. In order to be effective, the proxy form(s) duly completed and signed should reach the registered office of the company at least 48 hours before the commencement of the meeting. A person shall not act as a proxy for more than 50 members and holding in aggregate not more than ten percent of the

total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.

2. The explanatory statement, pursuant to Section 102 of the Companies Act, 2013 in respect of the special business as set out in the Notice and intimation required to be furnished as per Clause 49 of the Listing Agreement are annexed hereto.

3. The register of members and the Share Transfer Books of the Company shall remain closed from 18th August, 2015 to 24th August, 2015 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend for the FY 2014-15. The cut-off date for determining voting rights for e-voting on resolutions that will be listed for Annual General Meeting will be 17th August, 2015.
  4. Dividend in respect of equity shares for the financial year ended 31st March, 2015, as recommended by the Board, if approved by the members will be paid within a period of 30 days from the date of declaration of dividend to the beneficial owners of shares whose names appear in the Register of members of the Company as on the closing of business hours on 17th August, 2015 as per the downloads furnished to the Company by Depositories for this purpose.
  5. Members are requested to furnish their Bank Account details, change of address etc., to the Registrar and Share Transfer Agents in respect of shares held in physical form. If the shares are held in electronic form, then the said particulars should be furnished to their respective Depository Participants (DPs).
  6. Members desirous of getting any information in respect of the Accounts of the Company are requested to send their queries in writing to the Company at the Registered Office so as to reach at least 7 days before the date of the meeting so that the required information can be made available at the meeting. Members/Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the meeting as also the Attendance Slip duly filled in for attending the meeting.
  7. a) Members holding the shares in electronic mode may please note that their dividend would be paid through National Electronic Clearing System (NECS) or Electronic Clearing Services (ECS) at the available RBI locations. The dividend would be credited to their bank account as per the mandate given by the members to their DPs. In the absence of availability of NECS/ECS facility, the dividend would be paid through warrants and the Bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable Regulations.
  - b) Members are requested to send their Bank Account particulars (viz. Account No., Name & Branch of the Bank and the MICR Code) to their DPs in case the shares are held in electronic mode or to the Registrar and Share Transfer Agents in case the shares are held in physical mode for printing on dividend warrant to ensure that there is no fraudulent encashment of the warrants.
  8. Equity Shares of the Company fall under the category of compulsory de-mat trading by all investors. Considering the advantages of scripless trading, shareholders are requested to consider dematerialization of their shareholding so as to avoid inconvenience.
- Members who have not received their dividend paid by the Company in respect of earlier years are requested to check with the Company's Registrar & Transfer Agent—Karvy Computer Share Pvt. Ltd. Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad-500 032. Members are requested to note that in terms of Section 124 (2) of the Companies Act, 2013, dividend declared by the Company, for earlier years, which remain unclaimed for a period of 7 years from the date when it first became due for payment will be transferred by the Company to a fund called "Investor Education and Protection Fund" (IEPF), set up by the Central Government.



Accordingly, the unpaid/unclaimed dividend for the financial years 2007-08 onwards will become transferable at the end of seven years from the respective dates of transfer of such amount to the unclaimed dividend accounts of the Company to IEPF and thereafter, no claim shall be entertained in respect of the dividend transferred to the Fund. The details of unclaimed dividend transferable to the said Fund are given below:

Year	Dividend per share (Rs.)	Date of declaration	Proposed date of transfer to IEPF account
2007-08	1.00	27.08.2008	26.09.2015
2008-09	1.00	28.08.2009	27.09.2016
2009-10	1.50	25.08.2010	24.09.2017
2010-11	1.50	25.08.2011	24.09.2018
2011-12	Nil	–	–
2012-13	Nil	–	–
2013-14	1.50	27.09.2014	27.10.2021

Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim(s) by surrendering the un-encashed warrants immediately to the Company/Registrar.

9. Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with Companies) Rules, 2012, the Company will provide/host the required details of unclaimed amounts referred under Section 124 (2) of the Companies Act, 2013 on its website and also in the website of the Ministry of Corporate Affairs (MCA) in the relevant form every year.
10. Electronic copy of the Annual Report and the Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance slip and Proxy Form are being sent to all the members whose

email IDs are registered with the Company for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the above documents are being sent in the permitted mode.

11. Members may also note that the Annual Report and the Notice of the Annual General Meeting will also be available on the Company's website [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com) for their download. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same by post free of cost.
12. Members are requested to affix their signatures at the space provided on the Attendance Slip annexed to Proxy Form and handover the Slip at the entrance of the meeting hall. Corporate members are requested to send a duly certified copy of the Board Resolution/ Power of attorney authorizing their representatives to attend and vote at the Annual General Meeting.
13. Members are requested to give us their valuable suggestions for improvement of our investor services.
14. Voting through electronic means : Pursuant to Section 108 of the Companies Act, 2013, read with the Companies (Management & Administration) Amendment Rules, 2015 of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Monday, 17th August, 2015 are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting period will commence at 9.00 a.m. on Friday, 21st August, 2015 and will end at 5.00 p.m. on

Sunday, 23rd August, 2015. The Company has appointed Mr. S. Chidambaram, Practicing Company Secretary, to act as the Scrutinizer, to scrutinize the remote e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting may refer to the detailed procedure given hereinafter.

**Procedure for remote e-voting:**

I. The Company has engaged the services of Karvy Computershare Private Limited (Karvy) for facilitating remote e-voting for AGM. The instructions for remote e-voting are as under:

- a) In case of Members receiving an e-mail from Karvy:
  - i) Launch an internet browser and open <https://evoting.karvy.com>.
  - ii) Enter the login credentials (i.e. User ID and password). The Event No.+Folio No. or DP ID- Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
  - iii) After entering the above details Click on – Login.
  - iv) Password change menu will appear. Change the Password with a new Password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.) The system will also prompt you to update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that

you take utmost care to keep your password confidential. You need to login again with the new credentials.

- v) On successful login, the system will prompt you to select the E-Voting Event
  - (vi) Select the EVENT of Srikalahasthi Pipes Limited and click on – Submit .
  - (vii) Now you are ready for e-voting as ‘Cast Vote’ page opens.
  - viii) Cast your vote by selecting appropriate option and click on ‘Submit’. Click on ‘OK’ when prompted.
  - ix) Upon confirmation, the message ‘Vote cast successfully’ will be displayed.
  - x) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - xi) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at [schid285@gmail.com](mailto:schid285@gmail.com). They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format “Corporate Name\_EVENT NO.”
- b) In case of Shareholders receiving physical copy of the Notice of AGM and Attendance Slip.
  - i) INITIAL PASSWORD IS PROVIDED, AS FOLLOWS, AT THE BOTTOM OF THE ATTENDANCE SLIP.

EVEN (E-Voting Event Number)	USER ID	PASSWORD
–	–	–

- ii) Please follow all steps from Sr. No. (i) to Sr. No. (xi) under I (a) above, to cast vote.
- II. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of Karvy's e-voting website <https://evoting.karvy.com>.
- III. If you are already registered with Karvy for e-voting then you can use your existing User ID and Password for casting vote.
- IV. The voting rights shall be as per the number of equity share held by the Member(s) as on Monday, 17th August, 2015. Members are eligible to cast vote electronically only if they are holding shares as on that date.
- V. The Companies (Management and Administration) Amendment Rules, 2015 provides that the electronic voting period shall close at 5.00 p.m. on the date preceding the date of AGM. Accordingly, the voting period shall commence at 9.00 a.m. on Friday, 21st August, 2015 and will end at 5.00 p.m. on Sunday, 23rd August, 2015. The e-voting module shall be disabled by Karvy at 5.00 p.m. on the same day.
- VI. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.
- VII. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
- VIII. Members who have acquired shares after the despatch of the Annual Report and before the book closure may obtain the user ID by approaching the Company for issuance of the User ID and Password for exercising their right to vote by electronic means.
- a) If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : MYEPWD <space> Event number+Folio No. or DP ID Client ID to 9212993399
- Example for NSDL : MYEPWD <SPACE>  
IN12345612345678
- Example for CDSL : MYEPWD <SPACE>  
1402345612345678
- Example for Physical: MYEPWD <SPACE>  
XXX1234567
- b) If e-mail or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- c) Member may call Karvy's toll free number 1-800-3454-001.
- d) Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com).
- IX. The results shall be declared on or after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company and shall be sent to Stock Exchanges where the shares of the Company are listed.

By Order of the Board  
For **Srikalahasthi Pipes Limited**

**A.R. Surana**  
Chief Financial Officer &  
Company Secretary

Place : Chennai  
Dated: 25th July, 2015

## ANNEXURE TO THE NOTICE

### (EXPLANATORY STATEMENT PURSUANT TO SECTIONS 102 OF THE COMPANIES ACT, 2013)

#### Item No. 6

Ms. S. Hemamalini was appointed as additional director vide resolution by circulation on 17th March, 2015 in terms of Section 161 of the Companies Act, 2013 read with Clause 93 of the Articles of Association of the Company, who holds office of the director up to the date of ensuing Annual General Meeting of the Company. Keeping in view of the experience and expertise of Ms.S.Hemamalini, it is proposed to appoint her as non-executive independent director (ID) for a term of five consecutive years, in compliance with the provisions of Companies Act, 2013.

In terms of Clause 49 (IV) (G) of the Listing Agreement with the Stock Exchanges, a brief profile of Ms.S.Hemamalini, who is proposed to be appointed as Director in this meeting for a term of five years in terms of the applicable provisions of the Act, 2013, nature of her expertise in specific functional areas, other directorships and committee membership are provided at the end of the Notice.

Ms. S. Hemamalini satisfies the criteria and other attributes for appointment as independent director (ID) as per the requirements of the Companies Act, 2013 and, being eligible, offer herself for appointment, for a term of five consecutive years from the conclusion of the AGM.

The Company has received a declaration from Ms. S. Hemamalini that she meets with the criteria of independence as prescribed both under sub-section (6) of section 149 of the Companies Act, 2013 and under clause 49 of the listing agreement.

Both the Nomination and Remuneration Committee and the Board were of the opinion, after evaluation of her performance and other attributes, that her continued association would be of immense benefit to the Company

and it is desirable to avail her services as independent director for the said term of five consecutive years. She fulfills the terms and conditions specified under the Act, 2013 and rules made there under for the appointment as ID by the shareholders and is independent of the management. She is entitled to receive remuneration by way of fees and reimbursement of expenses for participation in the meetings of the Board and / or Committees and profit related commission in terms of Section 197 and other applicable provisions of the Companies Act, 2013, as determined by the Board from time to time, within the overall limits specified under the Companies Act, 2013.

Notice has been received from a member of the Company under Section 160 of the Companies Act, 2013 along with requisite deposit amount signifying the intention to propose the candidature of Ms. S. Hemamalini and to move the resolution set out in item No.6 in the Notice to be approved by the shareholders, by way of Ordinary Resolution.

Copy of draft letter of appointment of Ms. S. Hemamalini as an Independent Director setting out terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during 10:00 A.M. to 3:00 P.M. on all working days till the date of AGM.

Accordingly, the Board recommends the resolution in relation to appointment of Ms. S.Hemamalini an Independent Director, for approval by the shareholders of the Company.

None of the Directors or key managerial personnel of the Company or their relatives except Ms. S. Hemamalini for her appointment as Independent Director is concerned or interested, financially or otherwise in the resolution as set out in Item No.6 of the Notice.

### Item No. 7

The Board of Directors, on the recommendation of Audit Committee, has approved the appointment and remuneration of M/s. Narasimhamurthy & Co., a firm of Cost Accountants as Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016 at a remuneration of Rs. 1,25,000 (Rs. One Lac Twenty Five Thousand only) plus Service Tax and reimbursement of out of pockets expenses at actual.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read together with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an ordinary resolution as set out in Item No. 7 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending March 31, 2016.

The Board of Directors of the Company, therefore, recommends passing of the resolution as set out in Item No. 7 of the Notice above by way of ordinary resolution.

None of the Directors or key managerial personnel of the Company or their relatives is concerned or interested, financially or otherwise in the resolution as set out in Item No. 7 of the Notice.

### Item No. 8

Pursuant to Section 188 of the Companies Act, 2013 and the rules made thereunder, every Company having paid up Share Capital of Rs. 10 Crores or more or transactions exceeding certain value requires the approval of Shareholders in General Meeting for making any of the following transactions with the Related Party of the Company:

1. Sale, purchase or supply of any goods or materials;

2. Selling or otherwise disposing of, or buying, property of any kind;
3. Leasing of property of any kind;
4. Availing or rendering of any services;
5. Appointment of any agent for purchase or sale of goods, materials, services or property;
6. Such related party's appointment to any office or place of profit in the Company; its subsidiary company or associate company; and
7. Underwriting the subscription of any securities or derivatives thereof, of the Company.

Further as per revised Clause-49 of the Listing Agreement (w.e.f 01.10.2014), all material Related Party Transactions shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.

The transaction with a related party shall be considered material even if the transaction / transactions to be entered are at arms length when entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of company as per the last audited financial statements of the company.

Purchase / Sale of Materials with related parties: The procurement of bulk materials viz. coking coal, coke and other materials, sale of finished goods and other items and supply / receiving of various services are negotiated together with Electrosteel Castings Ltd. (Associate Company). Based on requirement, these materials are procured in bulk and then purchased / sold between the group companies as per their requirements. These transactions take place in the ordinary course of business on arm's length basis and are essential for efficiently carrying out the operations of the Company.



Approval is required from the Shareholders for the following Contracts/transactions to be entered into with Electrosteel Castings Ltd.

A) Purchases & Services to be received (Limit of Rs.100 Crs. for the period 1st April 2015 till 30th September, 2016)

- a) Purchase of DI Pipes, Coal / Coke of different varieties including coal rejects, midlinks etc.
- b) Iron-ore and other raw materials or ancillary items for the business of the Company.
- c) Rent agreements for hiring of space of any type in connection with the business of the Company (not exceeding in aggregate of Rs. 5 crore within the aggregate limit given in (A) above)
- d) All types of services to be received in connection with the business of the Company.

B) Sales/ Services to be rendered (Limit of Rs. 125 Crores for the period 1st April 2015 till 30th September, 2016)

- a) Sale of DI Pipes & Fittings, Pig Iron, Coal/ Coke, MS Scrap or any other goods.
- b) Conversion of coal into coke
- c) All other types of services to be rendered in connection with the business of the Company.

The nature of the transaction that are likely to be entered pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 read with Section 188 of the Companies Act, 2013 are as under:-

- 1) Name of the Related Party: Electrosteel Castings Ltd.
- 2) Name of the Director or Key Managerial Personnel who is related:- Mr. Mayank Kejriwal, Managing Director
- 3) Nature of relationship: - Mr. Mayank Kejriwal along with his relatives holds more than 2% of ECL.

4) Nature, Material Terms, Monetary Value and particulars of the contract or arrangement:

All transactions proposed will be in ordinary course of business. It is proposed to execute all transactions at arms length except in exceptional cases where comparisons are not available in order to justify the arms-length price, the same shall be at the negotiated price to be mutually agreed from time to time.

5) Any other information relevant or important for the members to take a decision on the proposed resolution- None.

The aforesaid proposed contract/transactions were approved by the Audit Committee in its meeting held on 30th April, 2015 and recommend by the Board of Directors of the Company to the shareholders for their approval.

Members are hereby informed pursuant to second proviso of Section 188 (1) of the Act as well as the listing agreement, no member of the Company shall vote on the special resolution at Item No. 8, if such member is a related party in respect of the said business.

None of the Directors or Key Managerial Personnel including their relatives is concerned or interested, financially or otherwise, in the said resolution.

The Board of Directors of the Company, therefore, recommends passing of the resolution as set out in Item No.8 of the Notice above by way of special resolution.

#### **Item No. 9**

Mr. G.S. Rathi, aged 65 years, a Non-executive Director of the Company would retire by rotation in terms of Section 152 of the Companies Act, 2013, and he is eligible for reappointment. The Board of Directors has appointed Mr. G.S.Rathi as a Whole-time Director of the Company for a period of 5 years effective from 1.7.2015 on the terms and conditions as set out below,

subject to the approval of the shareholders of the Company. As Mr. G.S. Rathi would be attaining the age of seventy during his tenure of five years, so a Special Resolution is being passed.

Mr. G.S. Rathi is a Gold Medalist of Bhagalpur University, Bihar, Law graduate and a qualified Company Secretary. He was the Executive Director of Electrosteel Castings Limited (ECL) looking after the working of Elavur Unit of Electrosteel, besides marketing and sales of ECL in Southern and Western Regions of India. He has expertise in general administrative management and Marketing and actively involved in the day to day operations of the Company. He earlier worked as Vice President- cum- Company Secretary of Vidula Chemicals & Manufacturing Industries, a Birla Group Company during 1980 to 1986 and implemented a Greenfield Chemical Project near Kolkata. He holds 15000 shares of the Company in joint name with his spouse.

Both the Nomination and Remuneration Committee and the Board were of the opinion, after evaluation of his performance and other attributes, that his full time association would be of immense benefit to the Company and it is desirable to avail his services as a whole-time director for a term of five consecutive years.

Proposed Remuneration of Mr. G.S. Rathi:  
(From 1st July, 2015 to 30th June, 2020)

- i) Salary: Rs. 3,30,000 per month in the grade of 3,30,000-25,000-4,30,000.
- ii) Special Allowance: Rs. 6,14,500 per month in the grade of 6,14,500-10,000-6,54,500
- iii) Perquisites and Amenities:
  - a) Reimbursement of electricity charges at actual.
  - b) Medical Benefits: Reimbursement of expenses for self and family in accordance with the rules specified by the company.

- c) Leave: As per applicable Staff Rules of the Company
- d) Housing: Furnished residential accommodation (or House Rent Allowance in lieu thereof not exceeding 60% of the salary)
- e) Club Fees: Fees of a maximum of two clubs excluding admission & life membership fees
- f) Car and Telephone: Provision of a car for use on Company's business and telephone at residence. These will not be considered as perquisites. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.
- g) Personal Accident & Term Insurance Premium: Not to exceed Rs. 10,000 per annum.
- h) Mediclaim Policy: Mediclaim Policy to be taken as per applicable Staff Rules of the Company.
- i) Encashment of Leave: In accordance with the Company's Rules and Regulations.
- j) Contribution to Retiral Benefit Funds: Company's contribution to Provident Fund as applicable to other employees. Gratuity in accordance with the Gratuity Fund Rules.
- k) Leave Travel Concession: Return passage for Mr. Rathi and his family in accordance with the Rules specified by the Company.
- l) Minimum Remuneration: In the event of absence or inadequacy of profits of the Company in any financial year, Mr. Rathi will be entitled to receive such minimum remuneration as is permissible under Section II of Part II of Schedule V to the Companies Act, 2013.

For the purpose of calculation of such monetary value, the perquisites shall be valued as per



Income Tax Rules, wherever applicable and in the absence thereof, at cost.

For the purpose of eligibility of perquisites “family” means the spouse, the dependent children and dependant parents of the Whole-time Director.

Mr. G.S. Rathi does not hold directorship in any other Company.

The Board of Directors of the Company, therefore, recommends passing of the resolution as set out in Item No.9 of the Notice above by way of special resolution.

Except Mr. G.S. Rathi, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution as set out in item No. 9 of the Notice.

By Order of the Board  
For **Srikalahasthi Pipes Limited**

**A.R. Surana**  
Chief Financial Officer &  
Company Secretary

Place : Chennai  
Dated : 25th July, 2015

### Intimation required to be furnished as per Clause 49 of the Listing Agreement:

As required under the listing agreement, the particulars of Directors who are proposed to be appointed / re-appointed are given below:

Name of Director(s)	Shri G.S. Rathi	Shri S.Y. Rajagopalan	Ms. S. Hemamalini
Date of Birth	9th January, 1950	21st November, 1934	14th December, 1969
Date of earlier appointment	8th June, 2005	7th May, 2011	17th March, 2015
Qualifications	B.Com., (Hons.), FCS, LLB	FCA	Graduate in Management from Madras University.
Special Expertise	Expertise in Administrative and General Management.	Expertise in Financial Management & Corporate and related laws.	Expertise in Business Management & International Trade and Customs.
Directorship in other Public Limited Companies.	–	Electrosteel Castings Limited.	–
Membership in other Board Committees:			
1) Audit Committee	–	–	–
2) Remuneration Committee	–	Electrosteel Castings Limited.	–
3) Stakeholders’ Relationship Committee	–	–	–



Aerial view of the Water Treatment Plant where Tirupati Municipal Sewage Water conveyed through pipelines is treated for Industrial use, an initiative first of its kind in the State to conserve ground water



Villagers Waiting at the Medical Camp organized by the Company



---

Regd. Office & Works

Rachagunneri-517 641, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh

CIN: L74999AP1991PLC013391 | Website: [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com)