



# SRIKALAHASTHI PIPES LIMITED

Regd. Office & Works: Rachagunneri-517641, Sri Kalahasthi Mandal, Chittoor District, A.P.,  
Ph.:08578 286650 to 55; Fax: 286657/88 E-mail : [companysecretary@srialahasthipipes.com](mailto:companysecretary@srialahasthipipes.com)  
Website : [www.srialahasthipipes.com](http://www.srialahasthipipes.com), CIN : L74999AP1991PLC013391



**SPL/SECY/SE/2020-21**

July 03, 2020

The Manager-Dept. of Corporate Services

**Bombay Stock Exchange Limited**

Regd. Off: Floor 25, P.J.Towers

Dalal Street

Mumbai – 400 001

Fax: 022 22723121/ 2272 2037

The Manager-Dept. of Corporate Services

**National Stock Exchange of India Ltd.**

Exchange Plaza, Bandra Kurla Complex, Bandra (E)

Mumbai – 400 051

Fax: 022-26598237/38

Dear Sir,

**Sub: Submission of Annual Report for the FY 2019-20.**

With reference to the above subject, we are herewith submitting Annual Report of the Company for the FY 2019-20 for your information and records.

This may be treated as compliance under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you,

Yours faithfully,

For **SRIKALAHASTHI PIPES LIMITED**

**G. KODANDAPANI**  
Company Secretary



INSPIRING GROWTH

**Srikalahasti Pipes Limited**  
**28th Annual Report 2019-20**



INSPIRING GROWTH

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## CORPORATE INFORMATION



### DIRECTORS

Mr R.K. Khanna, DIN 05180042  
 Mr Gouri Shankar Rathi, Whole-time Director, DIN 00083992  
 Mr T. Venkatesan, DIN 00124050  
 Mrs S. Hemamalini, DIN 01947327  
 Mr X.J.J. Abraham, DIN 01743445  
 Mrs Priya Manjari Todi, DIN 01863690  
 Mr Ashutosh Agarwal, DIN 00115092  
 Mr M. Satyanarayana (Nominee of APIDC), DIN 08604390

MANAGING DIRECTOR Mr Mayank Kejriwal, DIN 00065980

CHIEF FINANCIAL OFFICER Mr N. Sivalai Senthilnathan

COMPANY SECRETARY Mr G. Kodanda Pani

AUDITORS M/s. Lodha & Co.,

SOLICITORS Khaitan & Co.

BANKERS  
 ICICI Bank Ltd.  
 HDFC Bank Ltd.  
 IDBI Bank Ltd.  
 Axis Bank Limited  
 Punjab National Bank  
 Bank of India  
 Union Bank of India  
 Yes Bank Limited  
 Indusind Bank Limited

REGISTERED OFFICE & WORKS  
 Rachagunneri-517 641  
 Srikalahasthi Mandal  
 Chittoor District  
 Andhra Pradesh  
 Website : [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com)  
 E-mail : [companysecretary@srikalahasthipipes.com](mailto:companysecretary@srikalahasthipipes.com)  
 CIN : L74999AP1991PLC013391

SHARE TRANSFER AGENTS  
 Cameo Corporate Services Limited  
 #1, Club House Road,  
 Chennai 600 002  
 Ph:044-40020718(Direct)/28460390(Gen)  
 E-mail : [investor@cameoindia.com](mailto:investor@cameoindia.com)  
 Website:[www.cameoindia.com](http://www.cameoindia.com)

## 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.



## CORPORATE OVERVIEW

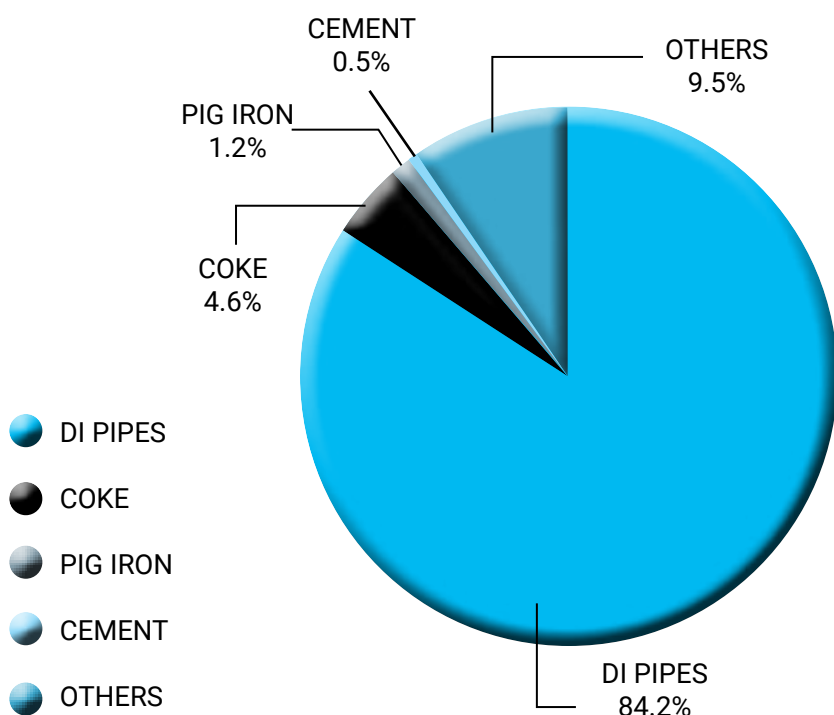
Srikalahasthi Pipes Ltd (SPL) is one of the leading players in the DI pipe industry in India and was established in 1991. SPL's plant is located at Rachagunneri, Srikalahasti, Chittoor District, Andhra Pradesh near Tirupati and its key products include DI Pipes, Pig Iron, Coke & and Cement. Srikalahasthi Pipes has a backward integrated manufacturing facility which includes a sinter plant, coke oven plant, power plant and a Sewage Treatment facilities in the same complex spread over 330 acres, giving the company a significant competitive advantage.

Srikalahasthi Pipes Limited (SPL) is an Associate Company of Pipes major Electrosteel Castings Limited (ECL), which is a five-decade old water infrastructure company providing techno- economic solutions for water supply and sewerage systems. ECL is India's largest and one of the few manufacturers in the world to make Ductile Iron (DI) Pipes, DI Fittings and CI Pipes, having its facilities in Khardah & Haldia in West Bengal and Elavur in Tamil Nadu.

The company supplies DI pipes to various Water Boards, Municipal Corporations and Turnkey Contractors across the country for their Water Infrastructure Projects which is the thrust area of the Govt of India. Some of our marquee clients are Larsen & Toubro, NCC Limited, Indian Hume Pipes Ltd, Megha Engineering & Infrastructures Ltd and Sriram EPC Ltd.

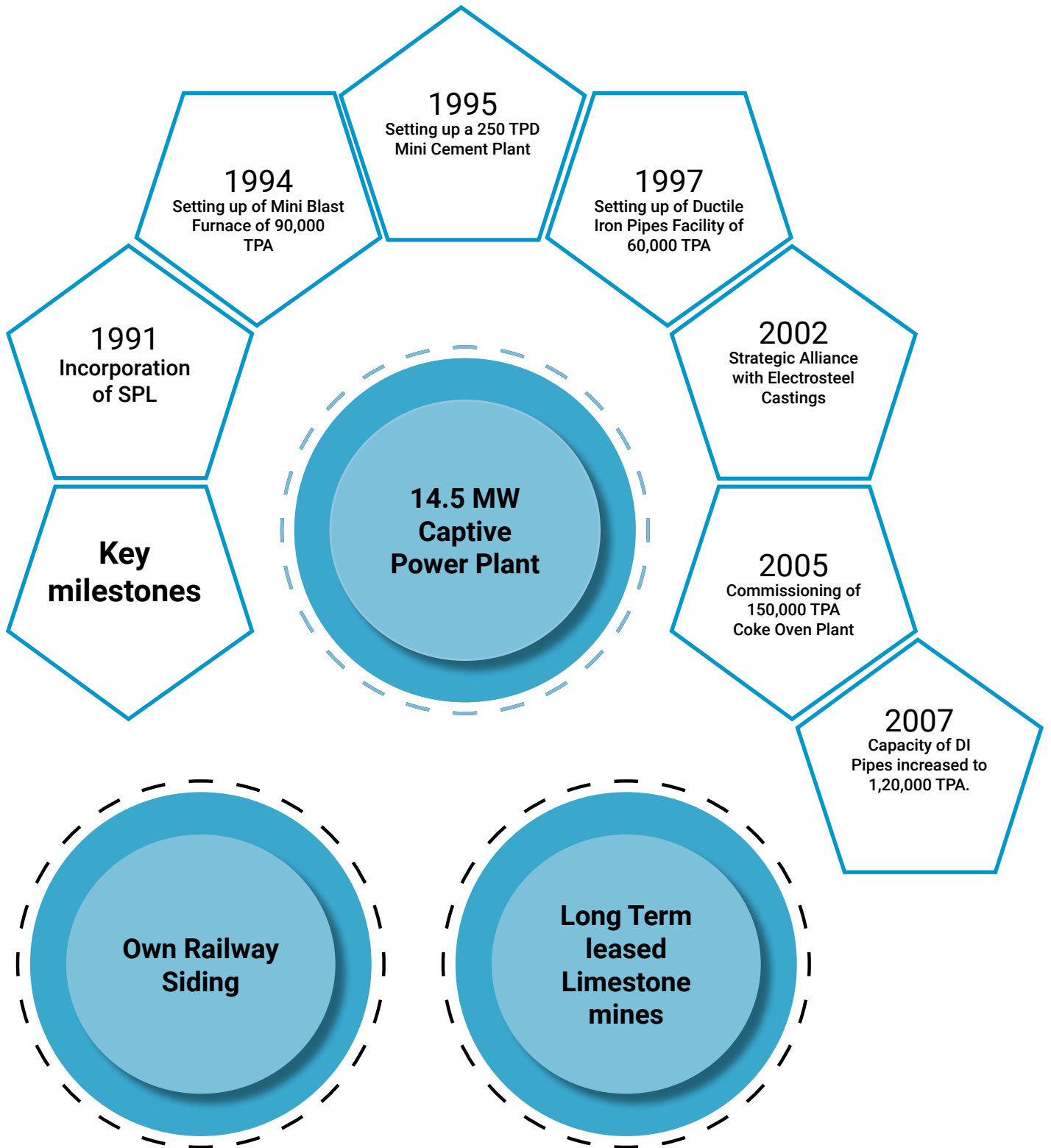
The impetus given by the Central Government in the Union Budget to various centrally sponsored schemes like National Rural Drinking Water Programme, Swatch Bharath, urban and rural development projects, augur well for the Ductile Iron Pipe industry in terms of boosting demand for DI Pipes in the medium to long term which helps us keep the order book stable.

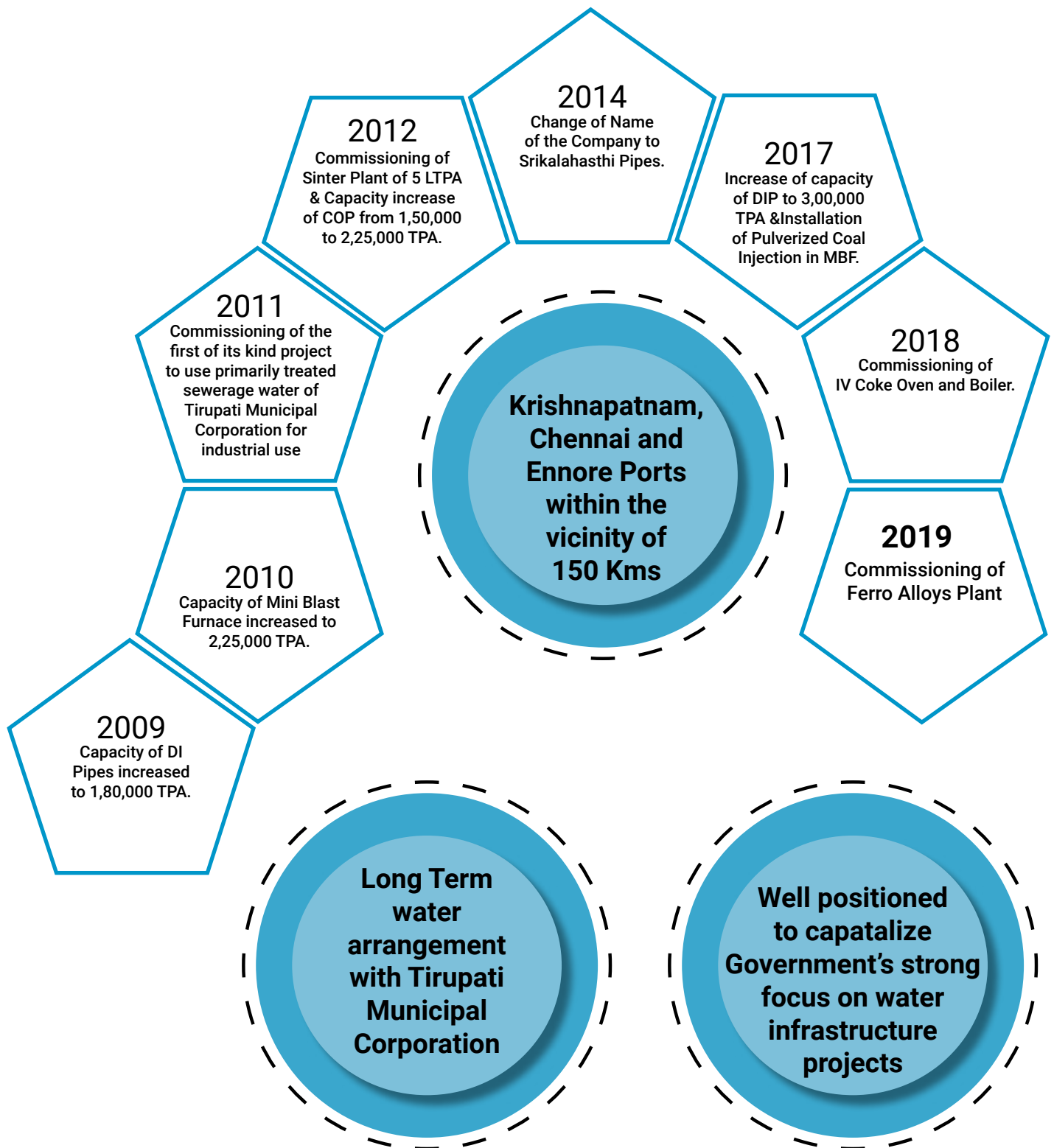
### Revenue Distribution FY 20 (%)



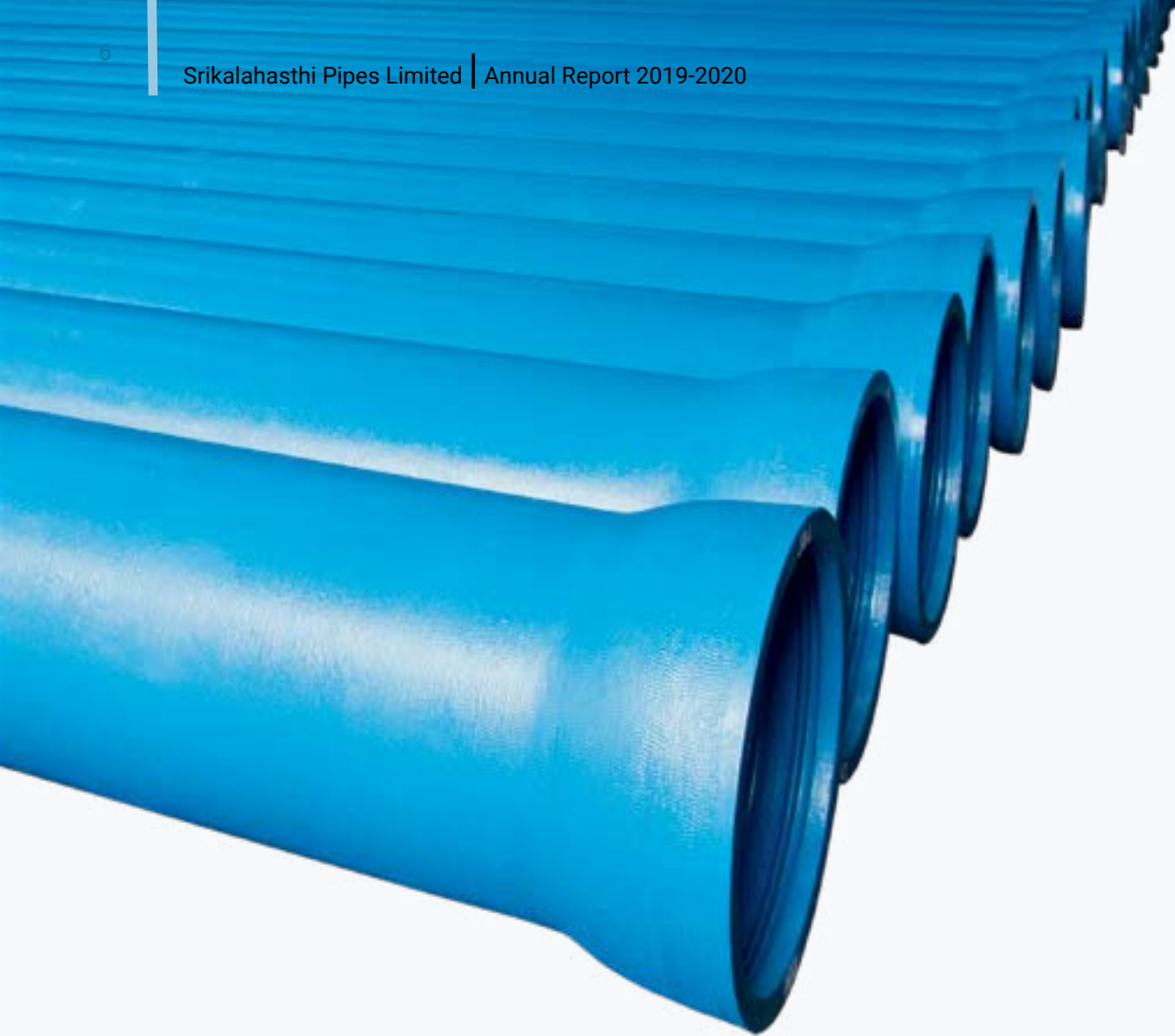
### Installed Capacity

CAPACITY	MTPA
DI Pipe	3,00,000
Pig Iron	2,75,000
Coke Oven Plant	2,70,000
Power	14.5 MW
Cement	90,000
Sinter Plant	5,00,000









## DUCTILE IRON PIPES

Ductile Iron (also known as Spheroidal Graphite Iron or Nodular Cast Iron) retains the corrosion resistance of Cast Iron but has more than double the tensile strength. The essential difference between Ductile and Cast Iron lies in the shape of the graphite in the microstructure of the metal. DI Pipes have external metallic zinc/epoxy/bituminous coating and internal cement mortar lining using large centrifugal force to provide excellent anti-corrosive properties. DI Pipes are used for transmission of raw & potable water, transmission of domestic & industrial effluents, fire fighting systems, piling ash-slurry handling Systems. SPL manufactures and markets DI Pipes under the brand name "SRIPIPES" and the product size ranges from 100 mm to 1,100 mm.

### Strengths:

**Higher Tensile Strength:** Is strong enough to withstand the most severe conditions, from high-pressure applications, to heavy earth and traffic loads, to unstable soil conditions.

**Corrosion Resistant:** It is resistant to corrosion in most soils, and typically requires only effective, economical polyethylene encasement in aggressive environments.

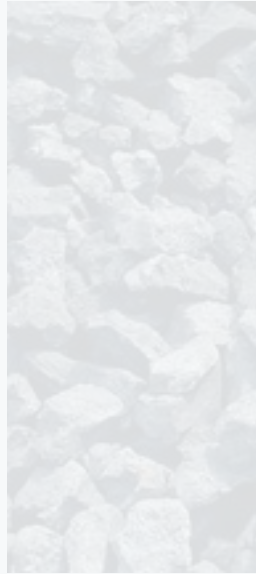
**Longer Service Life:** Projected service life is 70-90 Years.

**Flexible and Leak Tight Joints:** It has flexible push on joints which do not leak at high or low pressure.



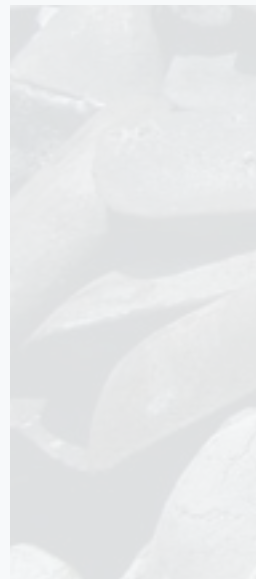
## COKE

Coke is a fuel with few impurities and a high carbon content, usually made from coal. SPL is one of the largest manufacturers of Low Ash Metallurgical coke (LAMCOKE) in the country. Superior technology, high quality Australian coking coal and outstanding blending help the company to produce one of the best quality cokes in the country. The company adapts different types of blending, which enhances the quality of the coke.



## PIG IRON

Srikalahasthi Pipes Limited (SPL) manufactures basic and foundry grade Pig Iron from the surplus liquid metal. SPL's Pig Iron is ideal for specialized applications such as engine blocks, crankshafts, steel mills, pump housing, machine tools, etc. The company caters to specific customer requirements of precision products manufacturers. The company is one of the low cost Pig iron manufacturers with almost total backward integration.



## CEMENT

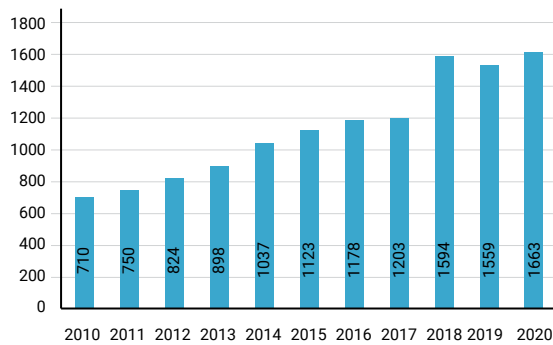
Srikalahasthi sells the cement manufactured under the name "SPL Gold". The company produces Portland slag cement conforming to BIS 455 of 2015. The cement is used extensively in coastal areas where it will safeguard against corrosion due to chlorates and sulphates which are present in the sea breeze.



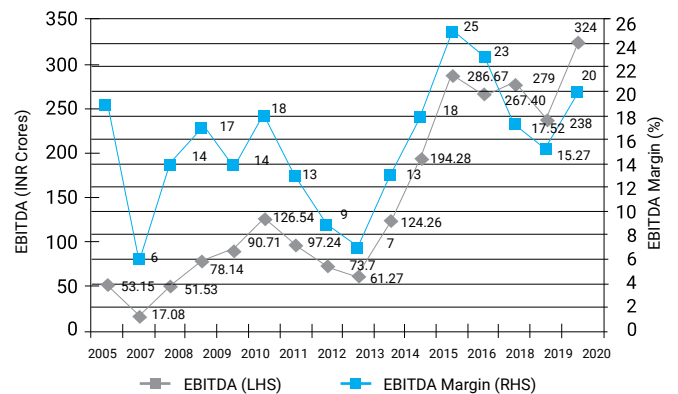
## PERFORMANCE HIGHLIGHTS

Particulars	Unit	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	Rs.Cr	710	750	824	898	1037	1123	1178	1203	1594	1559	1663
EBITDA	Rs.Cr	127	97	74	61	124	194	287	267	279	238	324
EBITDA Margin	%	18.32	13.39	9.36	7.09	12.56	17.92	24.34	22.23	17.52	15.27	19.48
PBT	Rs.Cr	88	56	-4	-21	41	119	210	191	201	160	236
PAT	Rs.Cr	58	42	-4	-13	39	83	155	140	147	117	188
EPS	Rs.	14.57	10.57	-0.99	-3.29	9.73	20.87	39.01	35.25	35.53	25.17	40.19
Dividend	%	15	15	0	0	15	30	50	60	60	60	70
Book Value	Rs./ Share	44.49	53.17	52.02	48.73	56.71	139.96	175.36	204.51	252.42	270.33	303.44

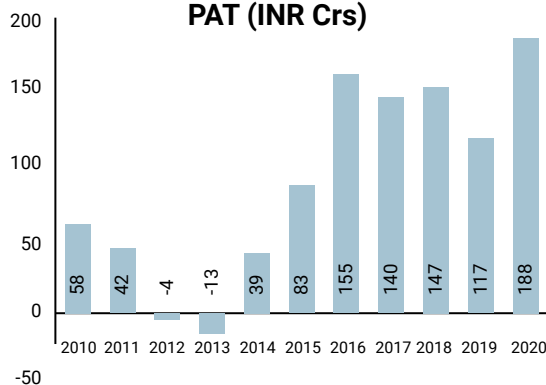
### Revenue (INR Crs)



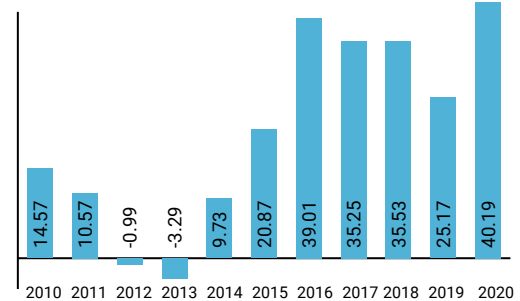
### EBITDA (INR Crs) & EBITDA Margin(%)



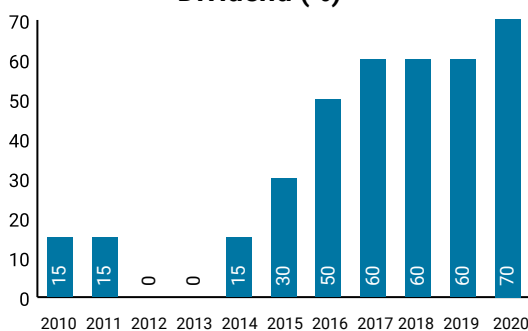
### PAT (INR Crs)



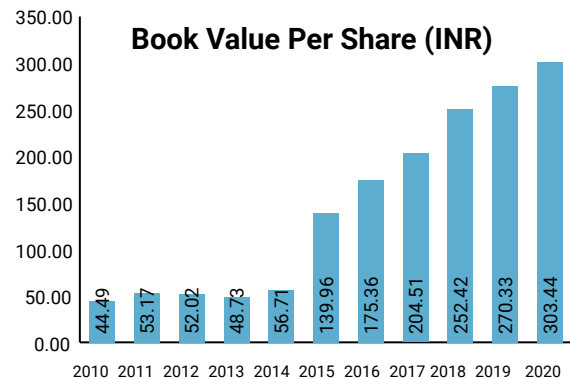
### EPS (INR)



### Dividend (%)



### Book Value Per Share (INR)





# directors' report

Dear Shareholders,

Your Directors take pleasure in presenting the 28th Annual Report on the business and operations of the Company together with the audited financial statements for the Financial Year ended 31st March, 2020.

## STATE OF COMPANY'S AFFAIRS:

FINANCIAL HIGHLIGHTS	Rs. in Lakhs	
	2019-20	2018-19
Particulars		
Revenue from operations	1,66,290.16	1,55,880.44
Other income	6,369.32	5,064.63
Total Revenue	1,72,659.48	1,60,945.07
Earnings Before Interest, Depreciation, Taxation & Amortisation (EBITDA)	32,388.92	23,759.83
Finance Costs	4,620.06	4,050.23
Depreciation	4,116.71	3,704.62
Profit/(Loss) Before Taxation	23,652.15	16,004.98
Less: Tax including Deferred Tax	4,884.53	4,251.25
Profit/(Loss) After Taxation	18,767.62	11,753.73

## DIVIDEND:

Your directors recommend payment of dividend of Rs. 7/- (70%) per equity share of Rs.10/- each for the financial year ended 31st March, 2020 (previous year Rs.6.00 per share) amounting to Rs.3,268.89 lakhs. The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

## RESERVES :

During the year under review, the Company proposes to transfer Rs.5,000 lakhs to the General Reserve

## SHARE CAPITAL

The paid up equity share capital of your Company as on 31 March 2020 was Rs.46.70 Crores. There was no fresh issue of capital during the year under review. The Company has neither issued shares with differential voting rights, sweat equity shares, nor has it granted any stock options.

## REVIEW OF OPERATIONS:

During the FY 2019-20, your company has produced 2,93,491 MT of Ductile Iron Pipes, which is marginally lower by 5,023 MT compared to the FY 2018-19, which is attributable to loss of production for 9 days during March,

2020, due to temporary suspension of operations, owing to nationwide lockdown declared by the Government to prevent the spread of COVID-19.

Your Company continues to play a constructive role in the nation building movement by contributing to water supply and infrastructure development in the country, which are the thrust areas of the Government. During the FY 2019-20, your company's Ductile Iron Pipes of about **7,300 KM** have been used for transportation of potable water and sewerage under its brand name "**SRIPIPES**" for various prestigious water projects across the country, thus increasing its market share further.

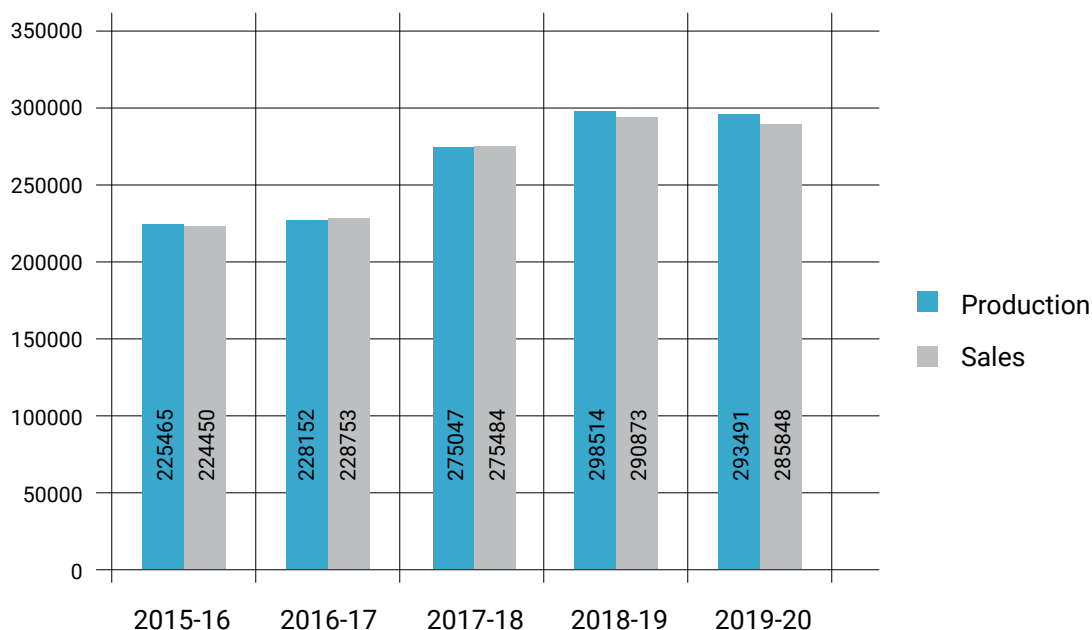
## Production at a glance:

Product	2019-20		2018-19		% of Change	
	Prod.	Sales *	Prod.	Sales *	Prod.	Sales
Ductile Iron Pipes (MT)	2,93,491	2,85,848	2,98,514	2,90,873	-1.68	-1.73
Liquid metal from MBF (MT)	2,99,477	2,98,326	2,88,215	2,87,915	3.91	3.62
LAM Coke (MT) \$	1,67,240	1,75,101	1,70,607	1,59,700	-1.97	9.64
Cement (MT)	60,654	60,719	77,394	76,496	-21.63	-20.62

\*Sales include captive consumption also.

\$ Company has changed weightment pattern from wet to dry basis. Accordingly, previous year's figures also changed in line with dry weightment pattern.

## Production/Sales of Ductile Iron Pipes (2016 - 2020):



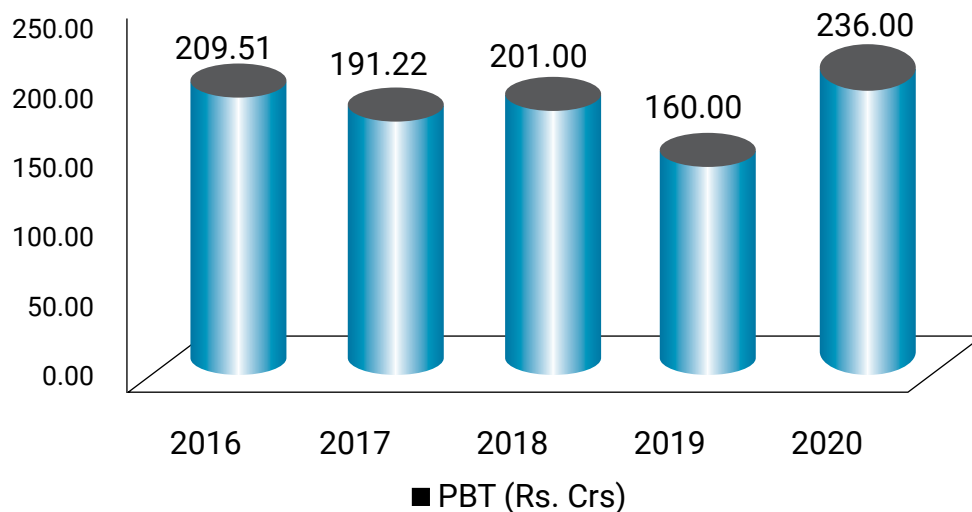


Due to pandemic COVID 19, the entire operations of your company as per the Government's directive were suspended w.e.f. 23rd March, 2020. The production of Ductile Iron Pipes for the year ended 31st March, 2020 would have crossed 3,00,000 MT, had the plant run for the entire month of March 2020 and would have achieved more than 100% of the capacity.

Your Company has successfully commenced commercial operations of Ferro Alloys Plant in the fourth quarter of the financial year, which marks completion of both the phases of Ferro Alloys project. With the commissioning of Ferro Alloys plant, the Company has become self-sufficient in meeting the captive requirement of Ferro Silicon and the surplus production is being sold in the domestic market.

During the year under review your Company has reported Profit Before Tax (PBT) of Rs. 236.52 Crores, which is higher by 47.79% compared to FY 2018-19. The improved performance of your Company is predominantly attributable to lower raw material cost, higher sales realization with an optimum product mix coupled with various cost reduction measures. Your Company has recorded a marginal growth of about 4% in revenue from Ductile Iron Pipes at Rs.1,396.22 Crores as compared to Rs.1,345.59 Crores achieved during the FY 2018-19. The EBITDA of the Company was also higher at Rs.323.89 Crores and the Profit After Tax (PAT) being Rs.187.67 Crores compared to Rs. 237.59 Crores and Rs.117.54 Crores achieved during the FY 2018-19 respectively.

#### Pre-tax Profit (2016 -2020):



#### FUTURE PROSPECTS:

The expansion plans as envisaged during the FY 2019-20 to install new MBF, additional Hot Blast Stoves, Raw material handling system, creating additional balancing facilities to increase production capacity of DI Pipes have been started by the Company.

Commissioning of Facilities like Cement Lining Machine VI, Sand Blasting System, Gasket Storage system and 15 MT Cranes in connection with projects relating to capacity addition of DI Pipes have been completed.

With respect to all other projects, your directors regret to state that most of the machinery and equipment in connection with new MBF and DI Pipes expansion projects are to be imported, owing to COVID-19 pandemic, already, there was a delay of about Six months in the execution of these projects. Further, due to increasing spread of COVID-19 across the globe as well as in India, it is

anticipated that the schedule of these projects may get affected, due to delay in receipt of machinery, erection & commissioning engineers visit due to VISA regulations/ protocols resulting in further delay in completion of these projects. The estimated completion schedule as on date is first quarter of 2021-22.

Your company has lost more than a month's production due to suspension of the operations following nationwide lockdown declared by the Government of India. Though, production has started from May, 2020, but due to absenteeism consequent to the nationwide lockdown, normal production is affected. Your company is hopeful that normal production will be established from the 2nd quarter of the current year.

The company is having comfortable order book for supply of Ductile Iron pipes. During this Covid-19 situation, safe and hygienic water supply is most important for the Government. Ductile Iron pipe is the safest and most

suitable pipe for transportation of water not only in urban cities but also in rural India. The company is hopeful that Central and State Government will continue to give priority and remain committed in respect of ongoing and future water supply, sewerage and irrigation projects in the country.

#### **COVID 19 STEPS TAKEN BY THE COMPANY:**

Your company stands by the society and community in times of despair. The entire employees of the company contributed their one-day salary towards Andhra Pradesh Chief Minister's COVID19 Relief Fund. Apart from the above, the company has distributed rice, wheat and other food items in eight villages nearby its plant. The company has also supplied face masks and sanitisers to these villages.

The company strictly follows all precautions and guidelines prescribed by the Government particularly towards adhering to safety measures in respect of its employees.

#### **CREDIT RATING:**

Considering the operational and financial performance of the Company, CARE Limited reaffirmed its rating for the Company's long term borrowing programmes with CARE AA- (Double A Minus) and CARE A1+ (A One Plus) for the short term bank facilities including Commercial Paper. While the rating CARE AA- indicates high degree of safety regarding timely servicing of financial obligations carrying very low credit risk, rating CARE A1+ indicates very strong degree of safety regarding timely payment of financial obligations carrying lowest credit risk.

Further, India Ratings & Research has assigned its rating for the Company's long term borrowing programmes and short term fund based working capital facilities with IND AA-/Stable and rating IND A1+ for the Company's non-fund based facilities and Commercial Paper. While rating AA- denotes high degree of safety regarding timely servicing of financial obligations carrying very low credit risk, rating A1+ denotes very strong degree of safety regarding timely payment of financial obligations carrying lowest credit risk.

#### **CHANGES IN DIRECTORS/KEY MANAGERIAL PERSONNEL:**

##### **Appointment of Independent Director:**

Upon the recommendation of Nomination and Remuneration Committee, the Board has approved the appointment of Mr X.J.J. Abraham as an additional independent director of the Company with effect from 6th

September, 2019 and he will hold office up to the conclusion of ensuing Annual General Meeting of the Company. Your Company has received a notice under Section 160 of the Companies Act, 2013 from a shareholder of the Company, signifying his intention to propose the name of Mr X.J.J. Abraham, for appointment as a Director of your Company in the Annual General Meeting. Brief profile of Mr. X.J.J. Abraham is given in the notice of the Annual General Meeting, for the perusal of the shareholders.

##### **Vacation of office of Nominee Director:**

Mr. Solomon Arokiaraj, IAS, Nominee Director of APIDC vacated his office as director pursuant to Section 167 (1) of the Companies Act, 2013 and consequently ceased to be a director of the Company with effect from 6th September, 2019.

##### **Appointment of Nominee Director:**

Andhra Pradesh Industrial Development Corporation (APIDC) has nominated Mr M. Satyanarayana as its Nominee Director on the Board of Directors of your Company with effect from 3rd February, 2020 in place of Mr. Solomon Arokiaraj, IAS.

##### **Resignation of Whole-time Director:**

During the year under review Mr V. Poyyamozhi, Whole-time Director has resigned from his directorship with effect from close of working hours of 3rd February, 2020 on personal grounds. Your Directors place on record their sincere appreciation for the active participation and valuable contributions rendered to the Company by Mr Poyyamozhi during his association with the Company.

##### **Re-appointment of director:**

Mrs. Priya Manjari Todi retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

The Company has received declarations from the Independent Directors 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 SEBI's Listing Regulations, 2015 as amended from time to time.

The board of directors of your company confirms that plans are in place for orderly succession for appointment to the board of directors and senior Management and they are reviewed every year.

**CORPORATE GOVERNANCE:**

Your Company ensures to evolve and follow the corporate governance guidelines and best practices to enhance long term shareholder value. Your Company considers it an inherent responsibility to disclose timely and accurate information regarding its operations as well as governance of the Company. A separate section on Corporate Governance forms a part of the Directors' Report at Annexure I to this Report.

A separate section on Corporate Governance and the certificate from the Practicing Company Secretary confirming compliance of Corporate Governance norms as stipulated in Regulation 34 read along with Schedule V of the SEBI Listing Regulations, form part of this Report at Annexure I.

**INTERNAL FINANCIAL CONTROLS & ADEQUACY:**

The Company has an adequate system of internal controls in place. It has documented policies and procedures covering all financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, and protecting assets from unauthorized use or losses, compliances with regulations. The Company has continued its efforts to align all its processes and controls with global best practices.

The controls, based on the prevailing business conditions and processes have been tested during the year and no reportable material weakness in the design or effectiveness was observed. The framework on Internal Financial Controls over Financial Reporting has been reviewed by the internal and external auditors.

The Company's internal financial controls were operating effectively based on the internal control criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal control over financial reporting issued by the Institute of Chartered Accountants of India.

The Audit committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements wherever needed to strengthen the same.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

In terms of the provisions of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), discussion on state of Company's affairs has been covered as part of the Management

Discussion and Analysis (MDA) in a separate section vide Annexure II to this Report.

**RISK MANAGEMENT POLICY:**

The Company has a robust risk management framework comprising risk governing structure and defined risk management processes. The Company's Risk Management framework protects and adds value to the organization and its stakeholders with the objective to establish a risk intelligence framework for managing objectively expected risk exposures so as to maintain financial stability of your Company. The major risks identified by the functions are systematically addressed through mitigating actions on a continuous basis. The risks are evaluated, quantified & prioritized and mitigation plans are reviewed & monitored at various stages. The major risks connected with the business, their likely bearing on the performance of the Company and their mitigation are covered under Risks and Concerns Section of the Management Discussion and Analysis.

**NOMINATION & REMUNERATION POLICY:**

The Board has adopted a Nomination and Remuneration Policy recommended by Nomination and Remuneration Committee in terms of the provisions of Section 178 of the Act. The Nomination and Remuneration Policy is available at the company's website [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).

The Nomination and Remuneration Committee of the Company is in compliance with the provisions of Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and the terms of reference to the Committee include :-

- To guide the Board in relation to appointment, retention and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on remuneration payable to the Directors and Key Managerial Personnel.
- Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Devise a policy on Board diversity.

**Criteria for making payments to non-executive directors:**

The aggregate remuneration/commission payable to all the Non-executive directors will be recommended by the



Nomination and Remuneration Committee (NRC) to the Board based on Company's performance, profits and any other significant qualitative parameters as may be decided by the Board.

The NRC will recommend to the Board, the quantum of remuneration/commission for each Director based upon individual contributions of directors and their active involvement and participation in strategic decision making. Based on the recommendation of the NRC, the Board will consider payment of remuneration/commission to each of the non-executive director every year, for its approval, which shall be within the overall limits prescribed under the Companies Act, 2013.

#### **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:**

Your Company understands its social responsibility and remain focussed to support those from the socially and economically backward groups and remain focussed to improve the quality of life of the various communities. In this process, your Company has identified several corporate social responsibility initiatives relating to Social Empowerment & Welfare, Village development, Health Care, Education and animal welfare during the year and initiated various activities in neighbouring villages around plant locations.

The Board has adopted a Corporate Social Responsibility Policy (CSR Policy), in accordance with Schedule VII of the Companies Act, 2013. The Annual Report on CSR activities as required under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 read with section 134(3) and 135(2) of the Companies Act, 2013 is at Annexure III to this Report.

During the FY 2019-20, the Company has spent Rs.342.58 lakhs as against Rs.347.62 lakhs to have been spent, towards various CSR activities which are covered in detail in the Report on CSR, which forms part of this report, leaving a shortfall of Rs.5.04 lakhs. During the year under review, the Company's spend on CSR activities is slightly lower, as funds earmarked for certain projects, could not be spent completely towards the intended projects. Since the unspent amount of Rs.5.04 Lakhs is earmarked for the ongoing project of animal welfare and protection as well as towards expenditure related to combat COVID-19 pandemic, this amount is not required to be transferred to Prime Ministers National Relief Fund and instead will be carried forward to the next financial year for spending towards the intended ongoing projects of animal welfare & protection and also towards combating COVID-19 during the FY 2020-21.

Your Company continues to stay focussed on initiatives that would auger well for the overall development of the communities and make a difference in the quality of living of the underprivileged.

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

The Company has a vigil mechanism named Whistle Blower Policy / Vigil Mechanism wherein Employees/Directors/Stakeholders of the Company are free to report any unethical improper activity, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides for adequate safeguard against victimization of employees who avail the mechanism and also provides direct access to the Chairman of the Audit Committee. During the year under review, the Company has not received any complaints under the said mechanism. The Whistle Blower Policy of the Company has been displayed on the Company's website at [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com)

#### **PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE POLICY:**

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made there-under, your Company has constituted Internal Complaints Committee (ICC). While maintaining the highest governance norms, the Company has zero tolerance for sexual harassment at workplace. During the year 2019-20, the Company has not received any complaint of sexual harassment.

#### **BOARD EVALUATION:**

The Board of Directors carry out an annual evaluation of its performance, and the performance of its Committees as well as individual Directors. The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning etc.,

The criteria for the performance evaluation of the Board of Directors includes aspects such as its composition and structure, and the effectiveness of its processes, information flow and functioning. The criteria for the performance evaluation of individual Directors includes aspects, such as the Director's contribution to the Board of Directors and Committee meetings, including preparation on the issues to be discussed as well as meaningful and constructive contribution and inputs during meetings. In addition, the Chairperson is evaluated on the key aspects of his/her role.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings etc. The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc.

In a separate meeting of independent directors, performance of non-independent directors, performance of the Board as a whole, performance of the Committee(s) of the Board and performance of the Chairman was evaluated, taking into account the views of other directors. Performance evaluation of independent directors was done by the entire Board, excluding the independent director being evaluated.

#### **FAMILIARISATION PROGRAMME:**

All the Board members of the Company are afforded every opportunity to familiarize themselves with the Company, its management, its operations and industry perspective on a regular basis. They are made to interact with senior management personnel and proactively provided with relevant news, views and updates on the Company and sector. All the information/documents sought by them is/are also shared with them for enabling a good understanding of the Company, its various operations and the industry.

The Company organised a Plant visit for independent directors along with Senior Management team in September, 2019 to apprise the directors on the detailed operational aspects. The Directors were apprised on key aspects of operations and market trend and the Company's performance and its future projects.

The details of programmes for familiarisation for Independent Directors are posted on the website of the Company at [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).

#### **NUMBER OF MEETINGS OF THE BOARD:**

The details of the number of Meetings of the Board held during the Financial Year 2019-20 are given in the Corporate Governance Report which forms part of this report.

#### **RELATED PARTY TRANSACTIONS:**

All related party transactions (RPTs) entered into by the

Company with its related parties during the year under review were on arms' length basis and in the ordinary course of business and did not attract provisions of section 188 of the Companies Act, 2013 and were also not material transactions under regulation 23 of the SEBI Listing Regulations, 2015. During the year 2019-20, as required under section 177 of the Companies Act, 2013 and regulation 23 of the SEBI Listing Regulations, 2015, all RPTs were placed before Audit Committee for its approval.

A statement showing the disclosure of transactions with related parties as required by IndAs 24 is given separately in this Annual Report under notes to financial statements. There were no material transactions entered into with related parties, during the year under review, which may have had any potential conflict with the interests of the Company.

No Related Party Transactions (RPTs) were entered into by the Company during the financial year, which attracted the provisions of section 188 of the Companies Act, 2013. There being no 'material' related party transactions as defined under regulation 23 of SEBI Listing Regulations, 2015, there are no details to be disclosed in Form AOC-2 in that regard.

The Company has formulated a policy on "Related Party Transactions" and the process of dealing with such transactions, which are in line with the provisions of the Companies Act, 2013 and SEBI LODR. The same is available on the website of the Company [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).

#### **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:**

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 vide Annexure IV.

**QUALIFIED INSTITUTIONS PLACEMENT:**

Your Company has successfully raised Rs.250 crores through its Qualified Institutional Placement (QIP) in the month of December, 2017, in order to cater to the business purposes, including repayment of long term and short term debt, to fund the organic and inorganic growth of the Company, to meet working capital requirements of the Company and for general corporate purposes. Your Company has utilized entire proceeds raised through QIP for the intended purposes as envisaged in the offer document. Utilization of QIP proceeds during the FY 2019-20 in compliance of SEBI's LODR Regulations, 2015 is given below.

**Utilization of QIP Proceeds**

Rs. Lakhs

Particulars	As on Mar-19	During FY 2019-20	Total
Amount received from QIP Issue	-	-	25,000
Less:			
Payment of HDFC Term Loan & ICICI ECB	5,214	-	5,214
Capex	2,936	1,423	4,359
Exp of QIP	559	-	559
Working Capital Requirement	11,686	3,182	14,868
Fixed Deposits lying in Banks	4,605	-	-
<b>Total</b>	<b>25,000</b>	<b>4,605</b>	<b>25,000</b>

**Energy conservation, technology absorption and foreign exchange earnings and outgo:**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in Annexure V and forms part of this report.

**Extract of Annual Return:**

As per the requirements of Section 92(3) of the Companies Act, 2013 and Rules framed thereunder, the extract of the annual return for FY 2019-20 is given in Annexure VII in the prescribed Form No. MGT-9, which is part of this report.

**OTHER DISCLOSURES:**

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, as per its policy, has granted loans to employees aggregating Rs.39.16 lakhs during the year ended 31st March, 2020.
3. Particulars of Loans or investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statement provided in this Annual Report. These loans are primarily granted for

effective utilization of surplus funds available with the Company.

4. There are no material changes or commitments occurring after 31st March, 2020, which may affect the financial position of the Company or may require disclosure.
5. During the year under review, there has been no change in the nature of business of the Company.
6. The Company did not have any subsidiaries, joint ventures and associate companies, which have ceased during the year.
7. The Company has not accepted deposits under Chapter V of the Companies Act, 2013.
8. 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.
9. The Company is in compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors (SS - 1) and General Meetings (SS - 2).

**STATUTORY AUDITORS:**

M/s. Lodha & Co., Chartered Accountants (Firm Reg. No. 301051E), were appointed as Statutory Auditors of the Company for a term of five years (subject to ratification by shareholders at every AGM, if required, under the prevailing law at that time) to hold office from the conclusion of 25th Annual General Meeting held in 2017 till the conclusion of 30th Annual General Meeting of the Company to be held in 2022.

The requirement to place the matter relating to appointment of the Auditors for ratification by the members at every Annual General Meeting is done away with vide notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs. Accordingly, no resolution is proposed for ratification of appointment of the Auditors, who were appointed in the Annual General Meeting held on 27th September, 2017. Further, the Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

#### **COST AUDITORS:**

In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board of Directors of your Company have on the recommendation of the Audit Committee, appointed M/s. Narasimhamurthy & Co., Cost Accountants, Hyderabad as Cost Auditors, to conduct the cost audit of your Company for the financial year ending 31st March, 2021, at a remuneration as mentioned in the Notice convening the Annual General Meeting. As required under the Act, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a resolution seeking Member's ratification for the remuneration payable to Cost Auditors forms part of the Notice of the ensuing Annual General Meeting. The Cost Audit Report of the Company for the Financial Year ended 31 March, 2019 was filed in XBRL mode with the Ministry of Corporate Affairs within the stipulated due date.

#### **SECRETARIAL AUDITORS:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules thereunder, Mr. S. Chidambaram, Company Secretary in Practice was appointed to conduct the secretarial audit of the Company for the FY 2019-20. The secretarial audit report confirming compliance by Practising Company Secretary to the applicable provisions of the Companies Act, 2013, SEBI LODR Regulations, 2015 and other applicable laws is appended at Annexure VI to this report and it does not contain any qualification, reservation or adverse remark.

#### **INTERNAL AUDITORS:**

In line with the provisions of Section 138 of the Companies Act, 2013, M/s. Chaturvedi & Co, Chennai were appointed by the Board as Internal Auditors of the Company for the FY 2019-20. The Audit Committee defines the scope of internal audit from time to time and also reviews the observations of internal auditors and the action taken report submitted by the management on the observations

at its meeting held every quarter and also suggests the management the improvements required in the systems followed by the Company.

#### **GREEN INITIATIVE:**

In support of "Green Initiative" taken by the Ministry of Corporate Affairs ("MCA") in the Corporate Governance" by allowing service of documents by a Company to its Members through electronic mode, the Company will continue to send various communications and documents like notice calling general meetings, audited financial statements, directors' report, auditor's report etc., in electronic form, to the email address provided by the Members to the Depositories or to the Company.

Your Company impresses upon its shareholders to contribute to this green initiative in full measure by registering their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participant. Members who hold shares in physical form are requested to take necessary steps for registering the same so that they can also become a part of the initiative and contribute to the Green Movement.

#### **ANNEXURES TO THE BOARD'S REPORT:**

1. Corporate Governance Report is enclosed vide Annexure – I.
2. Pursuant to Regulation 34 of Listing Regulations 2015, Management Discussion and Analysis Report is enclosed vide Annexure – II.
3. 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 – III.
4. 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 – IV.
5. 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 – V.
6. 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.
7. As per the requirements of Section 92(3) of the Companies Act, 2013 and Rules framed thereunder, the extract of the annual return for the FY 2019-20 is enclosed vide Annexure VII.

8. Pursuant to Regulation 34 of Listing Regulations, 2015, Business Responsibility Report is enclosed vide Annexure VIII.

#### **DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms that:

- i) In the preparation of annual accounts, the applicable accounting standards have been followed and there has been no material departure.
- ii) 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 view of the state of affairs of the Company as at 31st March, 2020 and of the profit of the Company for the financial year ended 31st March, 2020.
- iii) 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) The annual accounts have been prepared on a going concern basis.
- v) Sufficient internal financial controls have been laid down and such internal financial controls are adequate and were operating effectively, and
- vi) Proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and operating effectively.

#### **ACKNOWLEDGEMENTS:**

Your Directors wish to convey their appreciation to all of the Company's employees for their contribution towards the Company's performance. Your Directors would also like to thank the shareholders, employee unions, customers, dealers, suppliers, bankers, Governments and all other business associates for their continuous support to the Company and their confidence in its management on behalf of the Board.

Your Directors also wish to place on record their appreciation for the valuable support received by your Company from Banks, Govt. Authorities, Customers, Auditors and other stakeholders. The Board thanks the employees at all levels for the dedication, commitment and hard work put in by them for Company's achievements. Your Directors are grateful to the Shareholders/ Stakeholders for their confidence and faith reposed in the management of the Company.

Your Directors also place on record their sincere appreciation for the valuable guidance received from Mr Mayank Kejriwal, Managing Director and for his constructive contribution in shaping the progressive growth of your Company.

For and on behalf of the Board of Directors

R.K. Khanna  
Chairman

Dated: 1st June, 2020





# report on corporate governance

## Annexure I to Directors' Report

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company is committed to the adaption and implementation of good corporate governance practices and its adherence at all times as mandated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by establishing procedures and systems. Periodic review of the procedures and systems are done in order to ensure that Company's governance practices reflect the culture of the trusteeship deeply ingrained in our value system.

In line with this philosophy, the Company always strives for excellence through adoption of best governance and disclosure practices. The Company, as a continuous process, strengthens the quality of disclosures, on the Board composition and its functioning, remunerations paid and level of compliance with various Corporate Governance requirements.

### BOARD OF DIRECTORS:

In keeping with the commitment to the principle of integrity and transparency in business operations for good corporate governance, the Company's policy is to have an appropriate mix of executive, non-executive and independent directors to maintain the independence of the Board and to separate the Board functions of governance and management.

The composition of the Board of your Company is in conformity with Regulation 17 of SEBI (LODR), Regulations, 2015. The number of Independent Directors is more than

one-third of the total number of Directors on the Board of your Company, with Chairman of the Board being an independent director.

The Board provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations. The Board, as part of its functioning, annually reviews its role and also evaluates the performance of the Directors and the Committees of the Board.

The Board of Directors of your Company are seasoned professionals drawn from diverse fields, possessing requisite qualifications and experience in general corporate management, finance, economics, and other allied fields which enable them to contribute effectively to your Company and enhance the quality of Board's decision making process.

The Independent Directors annually provide a certificate of independence in accordance with the applicable laws which is taken on record by the Board. All the Directors have made necessary disclosures regarding their directorships as required under Section 184 of the Act and on the Committee positions held by them in other companies. The appointment of the Managing Director and Whole-Time Director, including the tenure and terms of remuneration are also approved by the members at the first meeting after the said appointment.

All Board members are encouraged to meet and interact with the management. Board members are invited at key meetings of senior management for strategic guidance and advice.

### Composition of Board:

The Board currently comprises of Nine Directors as categorized below.

Category	No. of Directors
Executive	2
Non-executive Independent (Includes 1 Woman Director)	4
Non-executive Non-independent	2
Nominee Director	1
<b>Total</b>	<b>9</b>

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, 2020 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
Mr R. K. Khanna	Chairman – Non-executive- Independent	-	-	-
Mr Mayank Kejriwal	Managing Director-Executive	7	-	1
Mr Gouri Shankar Rathi	Whole-Time Executive Director	-	-	-
Mrs. S. Hemamalini	Non-Executive-Independent	-	-	-
Mr T. Venkatesan	Non-Executive- Independent	4	-	-
Mr X.J.J. Abraham	Non-Executive- Independent	2	-	-
Mrs. Priya Manjari Todi	Non-Executive – Non-Independent	-	-	-
Mr Ashutosh Agarwal	Non-Executive – Non-Independent	-	-	-
Mr M. Satyanarayana (ii)	Non- Executive- Nominee Director	-	-	-

(i) APIDC nominated Mr M Satyanarayana as its nominee in place of Mr Solomon Arokiaraj, IAS with effect from 3rd February, 2020.

\* 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, other than those disclosed under related party transactions elsewhere in the Annual Report.

Details of directorships held in other listed entities by the directors:

Name of Director	Name of listed entity	Category
Mr Mayank Kejriwal	Electrosteel Castings Limited	Executive Director
Mr T. Venkatesan	Dalmia Bharat Sugar Industries Limited	Non-Executive Independent Director

### Confirmation regarding independent directors :

The Board of Directors has reviewed the declarations received from the Independent Directors 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 SEBI's Listing Regulations, 2015 as amended from time to time. The independent directors have also confirmed that they are not aware of any circumstance or situation, which could impair or impact their ability to discharge duties with an objective independent judgement and without any external influence. The Board is of the opinion that the independent directors fulfill the conditions specified in the Companies Act and Listing Regulations, 2015 and are independent of the management.

### Skills/expertise/competence of the board of directors:

The Board has identified the following skill set with reference to its Business and Industry which are available with the Board:

Area	Skills/Expertise/Competence	Director passing the skills
Business Operations	Expertise in marketing management and business development. Understanding of business dynamics across various geographical markets, industry verticals. Financial management and banking.	Mr G.S. Rathi Mr Mayank Kejriwal
Strategy and Planning	Ability to think strategically identify and critically assess strategic opportunities and threats. Develop effective strategies in the context of the strategic objectives of the Company, relevant policies and priorities.  Experience in guiding and leading management teams to make timely and strategic decisions.	Mr Mayank Kejriwal Mrs Priya Manjari Todi
Sales and Marketing	Experience in developing strategies to grow sales and improve market share building and enhancing brand reputation.	Mr G.S. Rathi Mr. R.K. Khanna
Governance & Risk Management	Experience in the application of Corporate Governance principles. Ability to identify key risks to the Company in a wide range of areas.  Exposure in developing governance practices, serving the best interests of all stakeholders.	Mr G.S. Rathi Mr Ashutosh Agarwal
Financial expertise	Financial educational background, experience and exposure to financial management, expertise in low cost fund mobilization, fund raising and Mergers & Acquisitions.	Mr Ashutosh Agarwal Mr T. Venkatesan Mr G.S. Rathi
Human Resources Management, Learning & Development, General Management	Policies related to HR for attraction and retention of talents, succession planning, engaging with trade unions, skill development, learning and development, etc., Business strategy and General Management	Mr X.J.J. Abraham Mrs S. Hemamalini Mr G.S. Rathi
Governmental Policies/Incentive Schemes, General Management	Exposure to procedures and process involved in various Governmental Policies and Schemes	Mr M. Satyanarayana

#### Certificate on Directors non-disqualification :

None of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority. A Certificate to this effect, issued by the Practicing Company Secretary is annexed to this Report.

#### BOARD PROCEDURES AND INFORMATION PLACED BEFORE THE BOARD:

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are supported by comprehensive background information to enable the Board to take informed decisions. Agenda papers are generally circulated at least seven



days prior to the Board meeting. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is tabled at the meeting with specific reference to this effect in the agenda.

In addition to matters required to be placed before the Board, for its review / information under the Listing Regulations 2015 and other statutes, the following are also tabled for the Board's periodic review / information:- External Audit Management Reports (through the Audit Committee), Status of safety and legal compliance, Risk management systems and processes, Significant court judgement or order passing strictures, if any, on the conduct of the Company, which could negatively impact the Company's image. Product liability claims of a substantial nature, if any. Default, if any, in payment of dues to any major creditor. Write-offs / disposals (fixed assets, inventories, receivables, advances etc.), significant development in Human Resources / Industrial Relations. Material non-compliance of any regulatory or listing requirements.

The Company Secretary records minutes of proceedings of each Board and Committee meetings. Draft minutes are circulated to Board/ Committee members within 15 days from the meeting for their comments. Directors communicate their comments (if any) in writing on the draft minutes within seven days from the date of circulation. The minutes are entered in the minutes book within 30 days from the conclusion of the meeting and signed by the Chairman at the subsequent meeting. Important decisions taken at Board/ Committee meetings are communicated promptly to the concerned departments/divisions for implementation.

With a view to leveraging technology and moving towards the system of paperless meetings for the preservation of environment, the Company has adopted the practice of conducting paperless meetings. The directors of the Company receive the agenda and other related papers of Board and its Committee meetings in electronic form, which will be accessed through their respective iPads during the course of meeting.

Apart from Board members and the Company Secretary, the Board and Committee meetings are also attended by the Chief Financial Officer and wherever required by the heads of various corporate functions.

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

During the year 2019-20, five Board Meetings were held and the dates of the meetings are as follows:

8th May, 2019, 22nd July, 2019, 6th September, 2019, 31st October, 2019 and 3rd February, 2020.

The following table highlights the attendance of each Director at the respective meetings during the year 2019-20:

Name of Director	Board Meetings		AGM
	Held	Attended	
Mr R. K. Khanna	5	5	YES
Mr Mayank Kejriwal	5	4	NO
Mr Gouri Shankar Rathi	5	5	YES
Mr V. Poyyamozi (i)	5	5	YES
Mrs. S. Hemamalini	5	4	NO
Mr T Venkatesan	5	4	YES
Mr X.J.J. Abraham	3	3	YES
Mrs. Priya Manjari Todi	5	4	NO
Mr Ashutosh Agarwal	5	5	YES
Mr Solomon Arokia Raj (ii)	2	0	NA
Mr M. Satyanarayana (iii)	1	1	NA

- (i) Resigned from the directorship w.e.f. close of working hours of 3rd February, 2020.
- (ii) Ceased to be Nominee Director of the Company w.e.f. 6th September, 2020.
- (iii) Appointed as Nominee Director by APIDC w.e.f. 3rd February, 2020 in place of Mr Solomon Arokiaraj.

#### **Familiarisation Programme for Independent Directors:**

The Company believes that a Board, which is well familiarised with the Company and its affairs, can contribute effectively to discharge its role in a manner that fulfils stakeholders' aspirations and societal expectations. In pursuit of this, the Directors of the Company are updated on changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislations & economic environment and on matters affecting the Company, to enable them to take well informed and timely decisions. Visits to Company's facilities are also organised for the Directors. Details of Familiarisation programme imparted for Independent Directors are placed at the website of the Company [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).

#### **Meeting of Independent Directors :**

The Independent Directors of your Company met on 6th September, 2019 without the presence of Non-Independent Directors and members of the management. The meeting was conducted in an informal and flexible manner to enable the Independent Directors to, inter alia, discuss matters pertaining to review of performance of Non- Independent Directors and the Board as a whole. They also reviewed the performance of the Chairman of the Company after taking into account the views of

the Executive and Non-Executive Directors. They also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The Independent Directors expressed satisfaction on the overall performance of the Directors and the Board as a whole.

#### 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 comprises of three Non- Executive and Independent Directors. Mr T. Venkatesan is the Chairman of the Audit Committee. The Members possess adequate knowledge on Accounts, Audit, Finance, Costing etc. The composition of the Audit Committee meets the requirements as per Section 177 of the Companies Act, 2013 and Regulation 18(1) of the SEBI (LODR), Regulations 2015.

The Audit Committee acts as a link between the management, the statutory and the internal auditors and the Board of Directors and oversees the financial reporting process. The Committee is governed by terms of reference, which are in line with the regulatory requirements mandated by the Companies Act, 2013 and Listing Regulations.

#### The role of the Committee includes the following:

- a) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

- b) To recommend the appointment, remuneration, terms of appointment and removal of Statutory Auditors.  
 c) To recommend the appointment, remuneration of Cost Auditors.  
 d) To approve transactions of the Company with related parties, including modifications thereto.  
 e) To review and monitor the Statutory Auditors' independence and performance, and effectiveness of the audit process.  
 f) To evaluate the Company's internal financial controls and risk management systems;  
 g) To review with the management the Annual financial statements and Auditors' Report thereon before submission to the Board for approval.  
 h) To review quarterly financial statements before submission to the Board for approval.  
 i) To review Management discussion and analysis of financial condition and results of operations.  
 j) To review adequacy of internal financial control systems and the Company's statement on the same prior to endorsement by the Board, such review to be done in consultation with the management, Statutory and Internal Auditors;  
 k) To review Reports of Internal Audit and discussion with Internal Auditors on any significant findings and follow-up thereon.  
 l) To review the functioning of Whistle Blower mechanism in the Company.

Apart from the above, the role and powers of the Audit Committee are as laid down under Regulation 18(3) and Part C of Schedule II of the SEBI (LODR Regulations) and Section 177 of the Companies Act, 2013.

The Audit Committee during the year ended 31st March, 2020 had four meetings i.e. on 8th May, 2019, 22nd July, 2019, 31st October, 2019 and 3rd February, 2020.

Consequent to change in directors, the Audit Committee has been reconstituted with effect from 6th September, 2019.

#### The composition of the Audit Committee as on 31st March, 2020 and attendance during the year are as under:

Sl. No.	Name of Directors	Position	Executive / Non-Executive / Independent	No. of meetings attended
1	Mr T. Venkatesan	Chairman	Independent, Non-Executive	3
2	Mr R. K. Khanna	Member	Independent, Non-Executive	4
3	Mrs S. Hemamalini (i)	Member	Independent, Non-Executive	2
4	Mr X.J.J. Abraham (ii)	Member	Independent, Non-Executive	2

(i) Ceased to be Member of the Committee w.e.f. 6th September, 2019

(ii) Inducted in to the Committee as a Member w.e.f. 6th September, 2019.

The Audit Committee met on 1st June, 2020 for considering finalization of accounts for the year ended 31st March, 2020.

Mr. G. Kodanda Pani Sr.Dy.General Manager (Finance) & Company Secretary acts as the Secretary to the Audit Committee. The Managing Director, the Whole-time Director, Statutory Auditors and Internal Auditors, Key Managerial Personnel and Senior Executives attend the meetings to answer the queries raised by the Committee. The Internal Auditor reports directly to the Audit Committee.

Mr T. Venkatesan, Chairman of the Audit Committee had attended the last Annual General Meeting of the Company held on 6th September, 2019 to answer the queries of shareholders.

#### NOMINATION & REMUNERATION COMMITTEE:

The Nomination & Remuneration Committee comprises of two Non-Executive Independent Directors and one Non-Executive Non-Independent Director.

#### The composition of the Nomination & Remuneration Committee as on 31st March, 2020 and attendance during the year are as under:

Sl.No.	Name of Directors	Position	Executive / Non-Executive / Independent	No. of meetings attended
1	Mr T. Venkatesan	Chairman	Independent, Non-Executive	4
2	Mr R.K.Khanna	Member	Independent, Non-Executive	4
5	Mr Ashutosh Agarwal	Member	Non-Independent, Non-Executive	4

The Nomination and Remuneration Committee met four times during the year on 8th May, 2019, 22nd July, 2019 and 6th September, 2019 and 3rd February, 2020. The necessary quorum was present at all the meetings. Mr T. Venkatesan, Chairman of the Nomination and Remuneration Committee had attended the last Annual General Meeting of the Company held on 6th September, 2019 to answer the queries of shareholders. The criteria for nomination of Directors, KMP, Senior Management Personnel and their remuneration including criteria for promotion is described in Nomination and Remuneration Policy of the Company which can be accessed at the website of the Company [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).

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 Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The terms of reference of the Committee inter-alia include the following:

- Identify persons who are qualified to become directors and who may be appointed in senior management and recommend to the Board their appointment and removal.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Carry out evaluation of every director's performance.
- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Devise a policy on Board diversity.

#### Remuneration to Directors

The Board of directors decides remuneration payable to executive and non-executive directors. Besides sitting fees of Rs.45,000 per meeting of the Board, Audit Committee and Rs.20,000 per meeting of other Committees thereof, the Company also pays commission to the non-executive directors. For the FY 2019-20, the Board, based on the recommendation of Nomination and Remuneration Committee has approved a commission of Rs.115,00,000 to the non-executive directors, which is within the overall limits prescribed under Sections 197 & 198 of the Companies Act, 2013.

Having regard to the recommendation of the Nomination and Remuneration Committee, the Board at its meeting held on 1st June, 2020 approved remuneration to executive and non-executive directors as given in table hereunder. The commission and sitting fees for attending the meetings of the Board and its Committees paid to Non-executive directors are also given in the table below :-

Name of the Director	Commission/ Remuneration (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr R.K.Khanna	6,00,000	5,45,000	11,45,000
Mr Mayank Kejriwal	11,90,00,000	---	11,90,00,000
Mr Gouri Shankar Rathi	2,08,64,597	---	2,08,64,597
Mr V. Poyyamozhi	1,25,74,602	---	1,25,74,602
Mrs S.Hemamalini	6,00,000	3,10,000	9,10,000
Mr T. Venkatesan	6,00,000	3,95,000	9,95,000
Mr X.J.J. Abraham	6,00,000	2,25,000	8,25,000
Mrs Priya Manjari Todi	85,00,000	2,00,000	87,00,000
Mr Ashutosh Agarwal	6,00,000	3,85,000	9,85,000
APIDC	---	45,000	45,000
Total	16,39,39,199	21,05,000	16,60,44,199

**Notes :**

1. There were no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company during the Financial Year ended 31.3.2020, other than those disclosed under related party transactions elsewhere in the Annual Report.
2. No stock options have been granted to any Director of the Company.
3. Mr V. Poyyamozi ceased to be director of the Company with effect from close of working hours of 3rd February, 2020.

**Criteria for making payments to non-executive directors:**

The aggregate remuneration/commission payable to all the Non-executive directors will be recommended by the Nomination and Remuneration Committee (NRC) to the Board based on Company's performance, profits and any other significant qualitative parameters as may be decided by the Board.

The NRC will recommend to the Board, the quantum of remuneration/commission for each Director based upon individual contributions of directors and their active involvement and participation in strategic decision making. Based on the recommendation of the NRC, the Board will consider payment of remuneration/commission to each of the non-executive director every year, for its approval, which shall be within the overall limits prescribed under the Companies Act, 2013.

**Performance Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, 2015, the Directors have carried out annual performance evaluation of the Board as a whole, Independent Directors, Non Executive Directors, Executive Directors, Committee and Chairman of the Board.

The evaluation framework focused on various aspects of the Board and Committees such as review of timely information from management etc. Also, the performance of individual directors was divided into Executive, Non Executive and Independent Directors and based on the parameters such as contribution, attendance, decision making, action oriented approach, technical knowledge etc.

The performance evaluation of Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed its satisfaction over its own performance, performance of its Committees and all the Directors individually.

**Subsidiaries:**

The Company has no subsidiary.

**Details of Equity Shares of the Company held by Non-Executive Directors as on 31st March, 2020:**

Name of the Non-Executive Director	No. of shares
Mr R. K. Khanna	Nil
Mrs S. Hemamalini	Nil
Mr T. Venkatesan	Nil
Mr X.J.J. Abraham	Nil
Mrs Priya Manjari Todi	Nil
Mr Ashutosh Agarwal	10500
Mr M. Satyanarayana, Nominee Director of APIDC	Nil

**Management Discussion & Analysis:**

Management Discussion & Analysis forms part of the Directors' Report

**CEO/CFO Certification:**

The CEO (Managing Director) and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17 read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Managing Director and the Chief Financial Officer also give quarterly certification on financial results, while placing the financial results before the Board in terms of Regulation 33(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Code of Conduct:**

The Company's Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors and Senior Management employees of the Company. The Code gives guidance and support needed for ethical conduct of business and compliance of law. The Code is available on the Company's website [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).

All Directors and Senior Management personnel have affirmed compliance with the new Code for 2019-20. A declaration to this effect signed by the Managing Director is given in this Annual Report.

**Prevention of Insider Trading Code:**

The Company has adopted a Comprehensive Code of Conduct for Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information in the securities of the Company to its Directors, Promoters, Key Managerial Personnel and Designated Persons. This Code lays down guidelines for procedure to be followed and disclosures to be made by insiders while trading in securities of the Company. It also includes practices and procedures for Fair Disclosure of Unpublished Price Sensitive Information.

The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Designated Persons and their immediate relatives while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed and other certain situations.

Pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, all Board members have confirmed compliance with the Code. The Code of Conduct to Regulate, Monitor & Report Trading by Insiders as per the SEBI (Prohibition of Insider Trading) Regulation 2015 is available in the Company's website [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).

### Whistle Blower (Mechanism) Policy:

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal and unethical behaviour. The Company has a Vigil Mechanism and Whistle Blower Policy in line with Section 177 of the Companies Act, 2013 and Regulation 22 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015. Under this Policy, employees are free to report violations of applicable laws and regulations and Code of Conduct. The Whistle Blower may send the

complaint to the Chairman of the Audit Committee.

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. During the year under review, the Company has not received any complaints under the said mechanism. The Whistle Blower Policy of the Company has been displayed on the Company's website at [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).

### STAKEHOLDERS RELATIONSHIP COMMITTEE :

The Company has constituted Stakeholders' Relationship Committee. The composition and terms of reference of the Stakeholders' Relationship Committee are in accordance with the provisions of Section 178 (5) of the Companies Act, 2013.

Consequent to change in directors, the Stakeholders' Relationship Committee has been reconstituted with effect from 6th September, 2019. The composition of Stakeholders' Relationship Committee and the attendance during the FY 2019-20 are as under.

Sl. No.	Name of Directors	Position	Executive / Non-Executive / Independent	No. of Meetings attended
1	Mr Ashutosh Agarwal	Chairman	Non-independent Non-Executive	4
2	Mr G.S. Rathi	Member	Executive	4
3	Mrs S. Hemamalini (1)	Member	Independent Non-Executive	2
4	Mr R.K. Khanna (2)	Chairman	Independent, Non-Executive	2

(1) Inducted into the Committee w.e.f. 6th September, 2019.

(2) Ceased to be Member of the Committee w.e.f. 6th September, 2019.

The Stakeholders Relationship Committee's constitution and terms of reference are in compliance with provisions of the Companies Act, 2013 and Regulation 20 and Part D of Schedule VI of the SEBI (LODR Regulations). The Committee shall deal with various matters relating to redressal of shareholders and investor grievances, such as transfer and transmission of shares, issue of duplicate shares, non-receipt of dividend/notices/Annual Reports, etc. In addition, the Committee looks into other issues including status of dematerialisation of shares, systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

### The terms of reference of the Committee are as follows:

1. To specifically look into the redressal of grievances of shareholders, debenture holders and other security holders;
2. To consider and resolve the grievances of the security

holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.; and

3. To review the status of unclaimed dividend and shares transferred to IEPF Authority.
4. To act in terms of any consequent statutory modification(s)/ amendment(s)/revision(s) to any of the applicable provisions to the said Committee.
5. To review adherence to the service standards adopted in respect of various services being rendered by the Registrar & Share Transfer Agent (RTA).
6. To Review the measures taken for effective exercise of voting rights by shareholders.
7. To Review various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.



In accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has delegated powers of share transfers to its Registrar & Transfer Agent M/s.Cameo Corporate Services Limited (CCSL). CCSL reviews share transfers every fortnight. All transfers, complaints, and other matters relating to shares are discussed at the Committee / board meeting every quarter

#### a.Details of queries/ complaints received and resolved during the year 2019-20:

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	22	22	Nil
Non-Receipt of Share Certificates	Nil	7	7	Nil
Non-Receipt of Annual Reports	Nil	2	2	Nil
Demat Request	Nil	1	1	Nil
<b>Total</b>	<b>Nil</b>	<b>32</b>	<b>32</b>	<b>Nil</b>

As confirmed by M/s Cameo Corporate Services Limited (RTA of the Company) the complaints are generally attended within 15 days from the date of receipt.

#### b. Transfer of amounts to Investor Education and Protection Fund (IEPF) :

As the Company has not declared any dividend for the FY 2010-11 there is no unclaimed dividend due to be transferred during the FY 2019-20 to Investor Education and Protection Fund of the Central Government, pursuant to Section 124 of the Companies Act, 2013.

In compliance with Section 124 of the Companies Act, 2015, the un-claimed dividend for the financial years 2012-13 and 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
2012-13	Nil	-	-
2013-14	1.50	27.09.2014	26.10.2021
2014-15	3.00	24.08.2015	23.09.2022
2015-16	5.00	29.08.2016	28.09.2023
2016-17	6.00	27.09.2017	26.10.2024

2017-18	6.00	19.09.2018	18.10.2025
2018-19	6.00	06.09.2019	05.09.2026

#### c. Transfer of un-claimed shares to IEPF Authority :

Pursuant to provisions of Section 124 and Section 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer And Refunds) Rules, 2016, as amended from time to time, ("the Rules" / "IEPF Rules") the company is required to transfer the equity shares in respect of which dividends have not been claimed for the last 7 years by any shareholder to the IEPF Authority. Accordingly, the unclaimed shares of concerned shareholders whose shares are liable to be transferred to IEPF Authority have been transferred by the Company to IEPF Demat Suspense Account. The details of such unclaimed shares which have been transferred to the IEPF Authority is available on the website of the Company [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).

#### d. Details of un-claimed Suspense account :

As on 31 March 2020, there are no shares lying in the unclaimed suspense account.

#### COMPLIANCE OFFICER/ NODAL OFFICER FOR IEPF:

G.KodandaPani, Company Secretary, Rachagunneri-517641, Srikalahasthi Mandal, Chittoor District, AP, Ph: 08578-286650-55, Fax: 08578-286657, E-mail: [companysecretary@srikalahasthipipes.com](mailto:companysecretary@srikalahasthipipes.com).

#### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

The Company has constituted Corporate Social Responsibility Committee. The composition and terms of reference of the Corporate Social Responsibility (CSR) Committee are in accordance with the provisions of Section 135 of the Companies Act, 2013. The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of CSR Policy. The CSR policy of the Company is disclosed on the Company's Website [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).

The terms of reference of the CSR Committee broadly comprises:

- To formulate and recommend to the Board, a CSR Policy in terms of Schedule VII of the Companies Act, 2013;
- To recommend the amount of expenditure to be incurred on the CSR activities;
- To monitor the CSR Policy of the Company from time to time; and
- To act in terms of any consequent statutory modification(s)/ amendment(s)/revision(s) to any of the applicable provisions.

The composition of the Corporate Social Responsibility Committee and the attendance during the FY 2019-20 are as under.

Sl. No.	Name of Directors	Position	Executive / Non-Executive / Independent	No. of Meetings attended
1	Mr G.S. Rathi	Chairman	Non-Independent, Executive	1
2	Mr R.K. Khanna	Member	Independent, Non-Executive	1
3	Mrs Priyamanjari Todi	Member	Non-Independent – Non-Executive	1

## GENERAL MEETINGS

(a) Location and time of last three Annual General Meetings:

Date	Venue	Time
27.09.2017	Registered Office, Rachagunneri Village, Srikalahasthi Mandal, AP.	11.30 A.M.
19.09.2018	Registered Office, Rachagunneri Village, Srikalahasthi Mandal, AP.	11.30 A.M.
06.09.2019	Registered Office, Rachagunneri Village, Srikalahasthi Mandal, AP.	12.00 Noon

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

Date of AGM	Details of Special Resolutions passed by members with requisite majority
27.09.2017	Nil
19.09.2018	Nil
06.09.2019	<ol style="list-style-type: none"> <li>Approval of re-appointment of Mr R.K. Khanna (DIN 05180042) as an Independent Director for the 2nd term of five years.</li> <li>Approval of re-appointment of Mr G.S. Rathi (DIN:00083992) as a Whole-time Director of the Company for a period of five years with effect from 1st July, 2020.</li> </ol>

(c) Postal Ballot

No Special Resolution requiring Postal Ballot was passed in the last Annual General Meeting and no Special Resolution requiring Postal Ballot is being proposed at the ensuing Annual General Meeting.

## DISCLOSURES

- Pursuant to Clause 13 of Schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), the Company has specifically complied with the Corporate Governance requirements as specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of LODR, in addition to general compliance with all the mandatory requirements as specified in LODR.
- All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 during the Financial Year were in the ordinary course of business and on arm's length basis. These transactions with the related parties are disclosed in Note 45 of Notes to the Financial Statements.
- None of the transactions with Related Parties was in conflict with the interest of the Company. All the transactions are in the normal course of business and have no potential conflict with the interest of the Company at large and or carried out on an arm's length basis or fair value. The Company has developed a policy on dealing with Related Party Transactions and also on dealing with materiality of related party transactions, which is uploaded on the website of the Company at [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).
- 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.
- No penalties or strictures were imposed on the Company for non-compliance by Stock Exchange /

SEBI or any authority on any matter related to capital markets during the last 3 years.

- The CEO (Managing Director) and the CFO have furnished a Certificate to the Board for the year ended 31st March, 2020 in compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.
- Disclosure of Accounting Treatment: In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant Accounting Policies which are consistently applied are set out in the Notes to the Financial Statements.
- Risk Management: Board periodically reviews the compliance of all laws, regulations and various risks affecting the Company. Various Risk Management Systems adopted to mitigate the risks are also reviewed by the Board. Risk Management Policy approved by the Board can be accessed at the website of the Company [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).
- Recommendation of Committees of the Board: During the FY 2019-20, there were no instances wherein the Board had not accepted recommendations of any of its Committees, which was mandatorily required.
- Total fees for all services paid by Company on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the statutory auditor is a part: The total fees paid by the Company for all services to the Statutory Auditor for the Financial Year 2019-20 was Rs.17.85 lakhs (Excluding out of pocket expenses).
- No fee was paid by the Company for the Financial Year 2019-20 to the network firm/entity of which the Statutory Auditor was a part.
- Fee paid for the Financial Year 2019-20 by any subsidiary of the Company to the Statutory Auditor and entities in the network firm/network entity of which the statutory auditor is a part : Not Applicable as the Company has no subsidiary.
- The Auditors' Report does not contain any qualification, reservation or adverse remark.
- The details of utilization of funds raised through Qualified Institutions Placement is provided in the Directors Report.
- The policy on dealing with related party transactions is available in the website of the Company at [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).
- During the FY 2019-20, there were no complaints in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act,

2013.

- The company has put in place succession plan for appointment to the Board and to senior management.
- The Company complies with all applicable secretarial standards.

#### MEANS OF COMMUNICATION:

The Company publishes vital information about the Company and its performance, including quarterly results, official news releases and communication to investors and analysts on its website: [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com) regularly for the benefit of all its stakeholders. During the year, the quarterly, half-yearly and annual results of the Company's performance have been published in leading newspapers, such as Business Line (all editions) and Surya (Tirupati). News releases, official news and media releases are sent to the stock exchanges as and when issued / released

#### Website:

The Company's website [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com) contains a separate dedicated section 'Investors' where shareholders information is available. The information such as press releases, notice of Board meeting, outcome of Board meeting, revision in credit rating and the basic information about the Company, as called for in terms of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are uploaded on the website. The Company's Annual Report is also uploaded on the website in a user-friendly and downloadable form.

#### Presentations to Institutional Investors/Analysts :

Presentations are made to institutional investors and financial analysts on the quarterly financial results of the Company. These presentations are also uploaded on the Company's website [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com) and are sent to stock exchanges. The schedule of meetings with institutional investors/ financial analysts are intimated in advance to the stock exchanges and disclosed on the company's website. Further, the investors and analysts are provided with detailed explanations on the financials of the Company by the senior members of Finance team.

#### Stock Exchanges :

NSE Electronic Application Processing System (NEAPS), the NEAPS and BSE's Listing Centre are web-based applications designed by NSE and BSE respectively to facilitate corporate filings by the listed Companies. All periodical compliance filings like shareholding pattern, Corporate Governance Report, financial results, media releases etc. are filed electronically in the respective web-based portals of the exchanges where the shares of the Company are listed.



**Shareholders:**

Annual Report containing, inter alia, Audited Financial Statements, Board's Report, Independent Auditor's Report and other important information, is circulated to members and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report.

**GENERAL SHAREHOLDERS' INFORMATION:**

The following information would be useful to our shareholders:

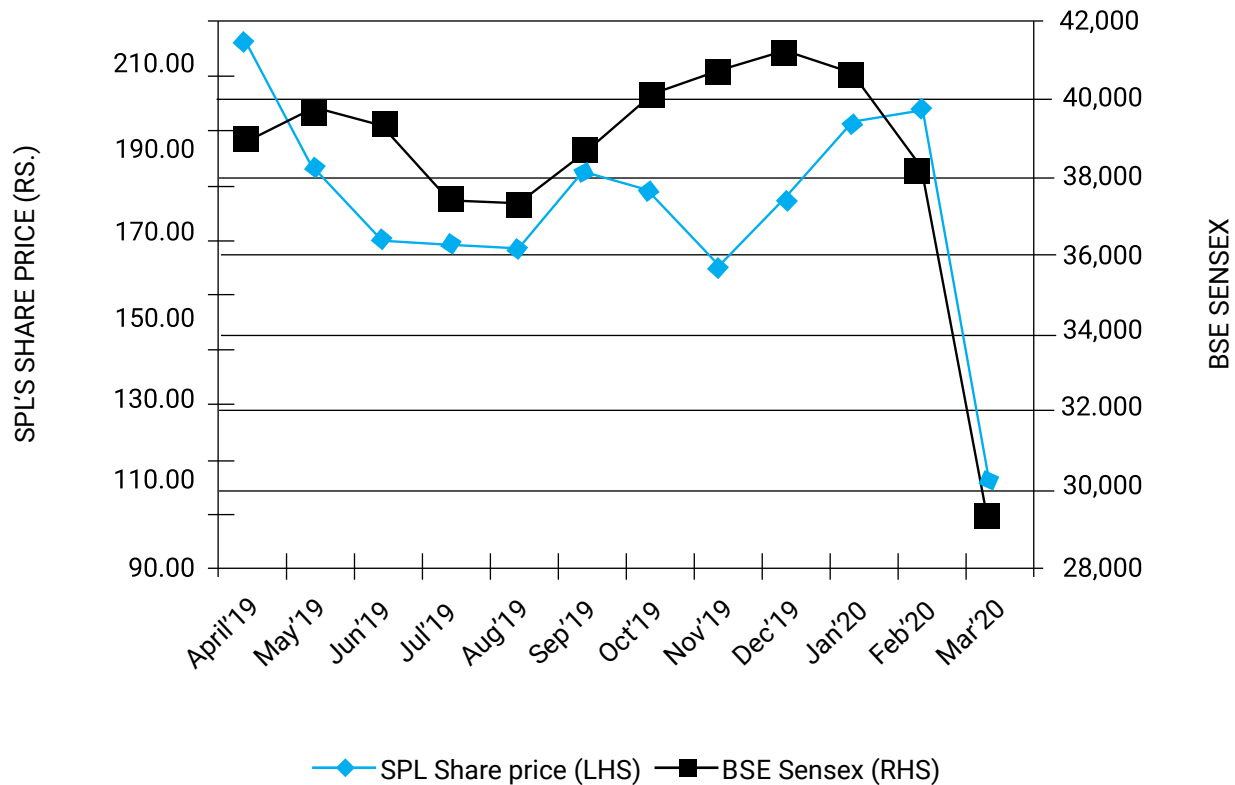
Sl. No	Information	
1	Annual General Meeting	27th July, 2020
	- Date and Time	11.30 AM
	- Venue	At Registered Office: Rachagunneri Village-517641, Srikalahasthi Mandal, AP.
2	Financial Calendar Financial Reporting for the Quarter ended June 30, 2020 Financial Reporting for the Quarter ended September 30, 2020 Financial Reporting for the Quarter ended December 31, 2020 Financial Reporting for the Quarter ended March 31, 2021 Annual General Meeting for the year ending March 31, 2021.	Tentative Schedule End July, 2020. End October, 2020. End January, 2021. End April, 2021. End August, 2021.
3	Book Closure Date (Both days inclusive)	21st July, 2020 to 27th July, 2020
4	Dividend payment date	31st July, 2020
5	Listing Details: - Equity Shares	Listed at BSE Limited & National Stock Exchange of India Ltd. (NSE)
6	Stock Code/Symbol (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-19	249.25	216.25	118535	249.95	216.85	1226959
May-19	211.70	175.60	164616	212.80	175.35	1763814
Jun-19	184.90	164.70	471922	184.60	164.45	752063
Jul-19	198.25	167.15	313934	198.55	167.70	2416607
Aug-19	172.85	160.30	91015	172.70	160.00	1164728
Sep-19	193.10	161.35	102610	192.55	161.65	933713
Oct-19	185.60	165.45	75346	184.85	166.50	1975295
Nov-19	180.00	161.80	72269	179.70	161.50	868934
Dec-19	178.35	139.75	96960	178.15	140.05	1552329
Jan-20	207.20	176.20	450153	207.25	176.30	5735554
Feb-20	228.85	192.00	538125	229.20	192.75	5188400
Mar-20	196.40	100.80	333079	196.45	100.50	4384214

## Stock Market Data:

Month	Bombay Stock Exchange			National Stock Exchange		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
Apr-19	249.25	216.25	118535	249.95	216.85	1226959
May-19	211.70	175.60	164616	212.80	175.35	1763814
Jun-19	184.90	164.70	471922	184.60	164.45	752063
Jul-19	198.25	167.15	313934	198.55	167.70	2416607
Aug-19	172.85	160.30	91015	172.70	160.00	1164728
Sep-19	193.10	161.35	102610	192.55	161.65	933713
Oct-19	185.60	165.45	75346	184.85	166.50	1975295
Nov-19	180.00	161.80	72269	179.70	161.50	868934
Dec-19	178.35	139.75	96960	178.15	140.05	1552329
Jan-20	207.20	176.20	450153	207.25	176.30	5735554
Feb-20	228.85	192.00	538125	229.20	192.75	5188400
Mar-20	196.40	100.80	333079	196.45	100.50	4384214

**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:**

Hitherto M/s.Kfin Technologies Pvt Ltd, Hyderabad was acting as the Registrar and Transfer Agents (RTA) of the Company and for administrative convenience, the Company has shifted its registry services to Cameo Corporate Services Limited, Chennai w.e.f. 6th March, 2020. The correspondence address of the new RTA is Cameo Corporate Services Limited#1, Club House Road, Chennai 600 002 Ph: 044-40020718 (Direct) / 28460390 (Gen) [www.cameoindia.com](http://www.cameoindia.com)

**Share Transfer System:**

Share transfers are processed and share certificates duly endorsed are delivered within a period of 15 days from the date of receipt, subject to documents being valid and complete in all respects. Share transfers are approved weekly. The Company obtains from a Practising Company Secretary half-yearly certificate regarding compliance with the share transfer formalities as required under Regulation 40 (9) of Listing Regulations, 2015 and also files a copy of said certificate with Stock Exchanges as stipulated in the said regulation.

**Dividend History for the last 5 years is as under:**

Financial Year	Dividend Rate (%)	Amount including Dividend Distribution Tax (Rs. Lakhs)
2014-15	30	1435.74
2015-16	50	2392.90
2016-17	60	2874.33
2017-18	60	3393.26
2018-19	60	3395.07

## Distribution of Shareholding as on March 31, 2020:

Sl No.	Category		Number of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
	From	To				
1	1	5000	32325	98.63	8025800	17.19
2	5001	10000	238	0.74	1765149	3.78
3	10001	20000	105	0.32	1470125	3.15
4	20001	30000	38	0.12	925570	1.98
5	30001	40000	21	0.06	725433	1.55
6	40001	50000	5	0.01	235238	0.50
7	50001	100000	18	0.05	1237646	2.65
8	100001	And above	24	0.07	32313446	69.20
		<b>Total</b>	<b>32774</b>	<b>100.00</b>	<b>46698407</b>	<b>100.00</b>

## Categories of Shareholding as on 31st March, 2020 :

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	41.33
	ii) Others (Promoter's Group Companies)	3182295	6.81
	b) Foreign Promoters	-	-
<b>2</b>	<b>Any other</b>	-	-
	<b>Sub-Total</b>	<b>22483513</b>	<b>48.15</b>
<b>B</b>	<b>NON-PROMOTERS HOLDING</b>		
<b>3</b>	<b>Institutional Investors</b>		
	a) Mutual Funds	4467824	9.57
	b) Banks, Financial Institutions, Insurance Companies (Central / State Gov. Institutions / Non-government Institutions)	339754	0.73
	c) FIIs/FPIs	2333534	5.00
	<b>Sub-Total</b>	<b>7141112</b>	<b>15.30</b>
<b>4</b>	<b>Others</b>		
	a) Private Corporate Bodies	2225401	4.77
	b) Indian Public	13118260	28.10
	c) NRIs	607381	1.30
	d) Any other (Clearing Members, NBFCs, Trusts, AIFs)	934210	2.00
	e) IEPF	188530	0.40
	<b>Sub-Total</b>	<b>17073782</b>	<b>36.48</b>
	<b>GRAND TOTAL</b>	<b>46698407</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 99.12% of total equity share capital is held in dematerialized form with NSDL & CDSL as on 31st March, 2020.

**Outstanding convertible Instruments:**

As on 31.3.2020, there are no outstanding convertible instrument.

**Registered Office & Works:**

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

Members can contact us at our Registered Office as per the details given 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 the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 will be implemented by the Company when required and/or deemed necessary by the Board.

**Reconciliation of Share Capital Audit:**

As stipulated by SEBI, a qualified Practising Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchange where the Company's shares are listed. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

**Declaration by the Managing Director as per the provisions of SEBI  
(Listing Obligations and Disclosure Requirements) regulations 2015**

**To  
The Members of  
Srikalahasthi Pipes Limited**

This is to certify that:

- 1) In pursuance of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 2020.

**For Srikalahasthi Pipes Limited**

Place: Kolkata  
Date: 1st June, 2020

**Mayank Kejriwal**  
Managing Director

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Members of  
SRIKALAHASTHI PIPES LIMITED  
Rachgunneri Village, Srikalahasthi Mandal,  
Chittoor Dist. Andhra Pradesh - 517641

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Srikalahasthi Pipes Limited having CIN L74999AP1991PLC013391 and having registered office at Rachgunneri Village, Srikalahasthi Mandal, Chittoor Dist. Andhra Pradesh - 517641 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sl.No.	Name of Directors	Designation	DIN	Date of appointment in Company
1	Mayank Kejriwal	Managing Director	00065980	30/04/2007
2	Gouri Shankar Rathi	Whole-time Director	00083992	08/06/2005
3	Ashutosh Agarwal	Non-executive Director- Non-independent Director	00115092	30/07/2018
4	Venkatesan	Non-executive Independent Director	00124050	31/01/2019
5	Xavier Jerome Joseph Abraham	Non-executive Independent Director	01743445	06/09/2019
6	Priya Manjari Todi	Non-executive Director- Non-independent Director	01863690	31/01/2018
7	Subramaniam Hemamalini	Non-executive Independent Director	01947327	17/03/2015
8	Rajkumar Khanna	Non-executive Independent Director	05180042	09/02/2013
9	Satyanarayana Mavireddy	Non-executive – Nominee Director	08604390	03/02/2020

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 28-05-2020  
Place: Hyderabad

S. CHIDAMBARAM  
Practicing Company Secretary  
Membership No.: FCS 3935  
CP No.: 2286

**Certificate on Compliance with the conditions of Corporate Governance under Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To  
The Members of  
Srikalahasthi Pipes Limited

I have examined the compliance of conditions of corporate governance by Srikalahasthi Pipes Limited (The Company) for the financial year ended March 31, 2020, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from April 1, 2019 to March 31, 2020.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to review the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In my opinion and to the best of our information and according to the explanations given to me, I certify that the Company has complied with the conditions of corporate governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I 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.

Date: 30.05.2020  
Place: Hyderabad

S. CHIDAMBARAM  
Practicing Company Secretary  
CP No.: 2286  
UDIN NO: F003935B000302046



# management discussion & analysis

## Annexure II to Directors' Report

### SPL - OVERVIEW :

Srikalahasthi Pipes Limited – SPL is one of the leading manufacturers of Ductile Iron Pipes (DI Pipes) having the manufacturing facility in Rachagunneri village on Tirupati – Srikalahasthi Road, Srikalahasthi Mandal, Chittoor Dist. Andhra Pradesh. The integrated facility comprises of Backward and Forward integration units in a centralized complex spread over 350 acres. The Company's D.I. pipes are supplied to various Water Boards, Municipal Corporations, Irrigation Departments, Railways and Turnkey Contractors across the country for their Water Infrastructure Projects which are the thrust area of the

Government of India. The Company also manufactures Low Ash Metallurgical Coke, Pig Iron and Cement and all these products are used for captive consumption and surplus is sold in the market. The Company operates predominantly in a single reportable segment viz., Ductile Iron Pipes

By virtue of core business of manufacture and supply of DI Pipes for the Water Infrastructure Projects across the country, the Company is categorized as Public Utility Services Industry engaged in Water Infrastructure Development in the Country.

### Operational Performance:

Product	Production (MT)		Sales (MT)	
	2019-20	2018-19	2019-20	2018-19
Molten Metal/Pig Iron @	2,99,477	2,88,215	2,98,326	2,87,915
D.I.Pipes	2,93,491	2,98,514	2,85,848	2,90,873
Lam Coke #	1,67,240	1,70,607	1,75,101	1,59,700
Cement \$	60,654	77,394	60,719	76,496
Power (Lakh Units)^	902	953	902	953

@ Sales include 2,89,705 MT (Previous year 2,86,616 MT) used for captive consumption.

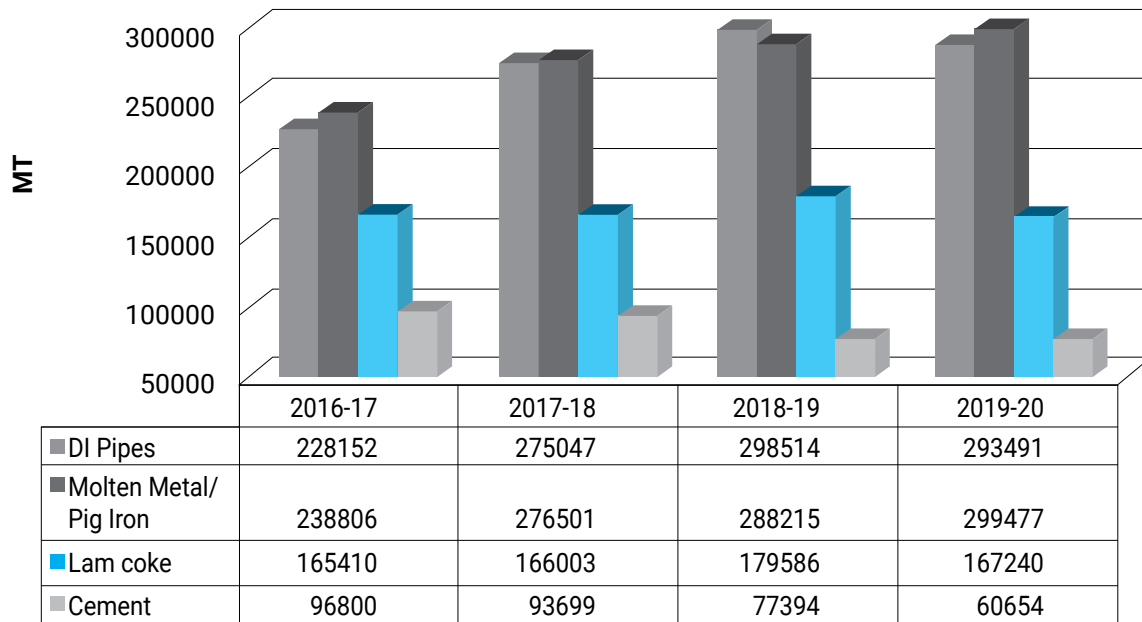
# Sales include 1,43,456 MT (Previous year 1,38,807 MT) used for captive consumption.

\$ Sales include 35,802 MT (Previous year 34,465 MT) used for captive consumption.

^ Captive Consumption

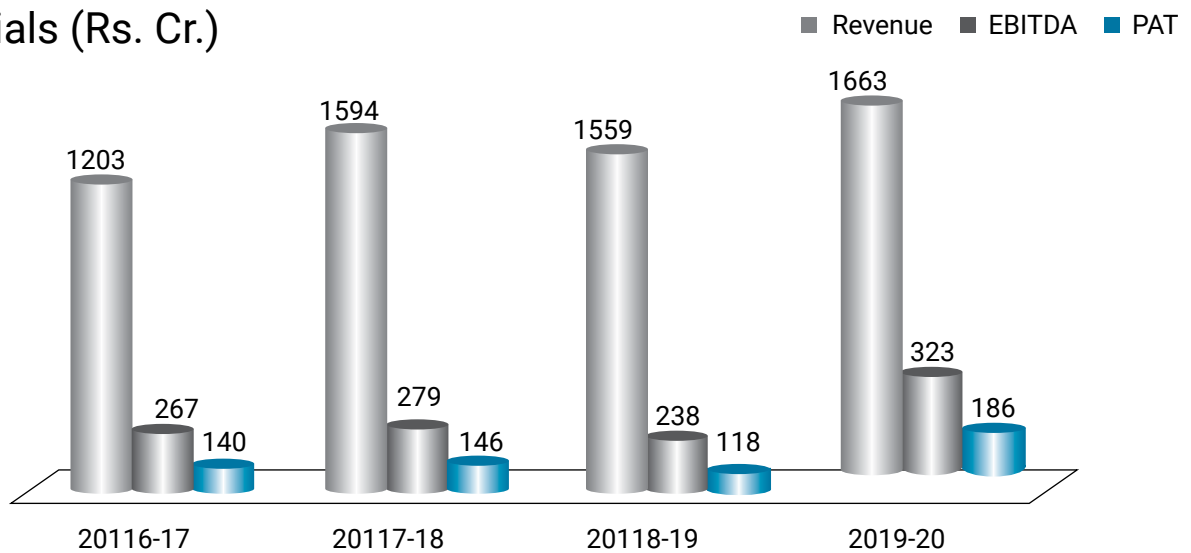


## Production Performance 2016-17 – 2019-2020



## Financial Performance :

### Financials (Rs. Cr.)



**Details of Sales Mix:**

Rs. In Crores

Revenue from sale of product	2019-20	2018-19
Ductile Iron Pipes	1398.92	1345.59
Pig Iron	20.60	3.87
Cement	8.31	12.27
Ferro Silicon	4.35	---
Coke	75.97	57.38
Other products	154.75	139.68

**Details of Key Financial Ratios:**

Operating Profit Margin witnessed a growth from 15% in the FY 2018-19 to 19% in the FY 2019-20 and Net Profit Margin increased from 7.5% in the FY 2018-19 to 11.3% in the FY 2019-20.

**Inventory Turnover:**

	FY 2019-20	FY 2018-19
Avg. Inventory (Rs. Cr)	351.0	315.0
Avg. Turnover (Rs. Cr)	128.0	122.0
Ratio	2.73	2.58

**Net Worth:**

Rs. In Crores

	FY 2019-20	FY 2018-19
Share Capital	46.70	46.70
Other Equity	1370.33	1215.69
Net worth	1417.03	1262.39

**Total Debts:**

Rs. In Crores

Debt outstanding as at	31.03.2020	31.03.2019
Term Loans	137.60	163.93
Current Maturities of Long Term Debts	46.21	34.10
Working Capital Loans	242.68	152.08
Total Debts	426.41	350.11

**Debt Equity Ratio:**

	31.03.2020	31.03.2019
Debt (Rs. Cr)	183.81	198.03
Equity (Rs. Cr)	1417.03	1310.16
Debt: Equity	0.13:1.0	0.15:1.0

**Indian Economy:**

It is known fact that after the economic liberalization in the nineties, the Indian economy has been growing at an enviable rate. A steady growth in Gross Domestic Product (GDP) has been witnessed for more than two decades. This sustained economic growth has led to rapid urbanization all over India. As a result, villages are turning into towns, towns into cities and cities into megacities.

**Demand for Potable Water Supply**

Water, the basic essential need of life, is likely to pose the

greatest challenge on account of an increased demand with population rise and economic development, and shrinking supplies due to over-exploitation and pollution. The ever growing demand for safe water supply and disposal is fueling an increasing demand for pipes.

**Demand for Water for Industries and Irrigation**

Rapid economic development is bringing in more industries and with more industrialization the demand for Industrial water supply is also growing. Growth is also witnessed in the real estate and service industry which in turn further add to water demand.

India has a seasonal pattern of rainfall with 50% of precipitation falling in just 15 days. Over 90% of river flows for just four months. To ensure food security, this calls for regular irrigation of vast area of land to sustain agricultural activity. Traditionally irrigation in India has been mainly canal based. But due to ever increasing issues being faced for land acquisition and also to minimize transmission loss due to percolation and evaporation, there is growing acceptance of piped irrigation systems in the country. Whereas, many states have already switched over to Piped Irrigation System, other states are trying with model schemes, before going in big way. This has opened huge scope for use of pipes in the irrigation sector in the last few years and the same is expected to grow, as more and more states taste the benefits of Piped Irrigation System.

### Demand for DI Pipes

Water and sewerage infrastructure development in Indian urban, sub-urban and rural sector continues to fuel the growth acceleration for the domestic DI Pipe Industry. With only around 31% of India's population currently urbanized, along with high population density, India's urbanization trends have scope to significantly accelerate and likely to be around 40% by 2030. Further, the country faces immense problem of drinking water supplies and has poor transmission and distribution networks for water. In addition there is fast growing demand from Irrigation sector, as discussed above. To cater these growing needs, the Indian pipe market is growing at the rate of ~10% every year for more than a decade now. The preference for use of DI Pipes is gaining new grounds, due to ever increasing need for conservation. DI Pipes, due to its popularity as 'Leak proof- Fit and Forget Pipe' very well fits into meeting this requirement.

### Effect of COVID-19 on DI pipe Industry

At present almost the entire humankind is in the grip of a COVID-19 pandemic which has drastically altered the way we live, behave and do business and this happened within a very short time span catching us unguarded. Like many other countries, India with its 1.3 billion people was under a prolonged lockdown, which is probably the largest ever cessation of normal human activity in the history of mankind.

It has disrupted industrial and business activities and like many other industry sector, the iron and steel sector is also affected for the time being. However it is expected that it is a passing phase and industry will bounce back once this temporary phase is over. The following facts will indicate the effect of COVID-19 pandemic on the DI pipe Industry.

a) **Overall Economic condition** - The world economy is

now facing a down turn due to the pandemic. However considering the demographic spread, so far India has done better than many of the western counterpart to largely contain the rapid spread of the pandemic. With the lockdown gradually being relaxed in India, it is expected that industrial and business activities will restart very soon and the economy is expected to look up again.

b) **The Workforce** - India is fortunate to have one of the youngest work-forces in the world who are better suited to endure the effect of the pandemic. So, as the business activities are restarting, India will be comparatively quicker to regain the growth rate.

c) **The Industry Sector** - COVID 19 has varied effect on various Industry sector. Certain sectors are badly affected and some are not. The water supply sector caters to a fundamental and non-negotiable need- i.e. drinking water and sanitation. So in this sector, the decrease in demand may not be significant, but actual sourcing will be subdued to an extent due to diversion of funds for COVID 19 related activities.

d) **More Funding for the infrastructure sector** - GOI has already announced a series of economic measure to boost up the economy. The stimulus package amounting to Rs. 20 Lakh Crores has been announced. Major enhancement in spending is expected in the infrastructure sector, which also includes water supply.

e) **The Jal Jeevan Mission (JJM)** - The government has already initiated the Jal Jeevan Mission last year and expected to spend 3.5 lakh Crores in 5 years with a declared intention to bring piped water to every Indian house hold. A dedicated Ministry of Jal Shakti has been created for this purpose. Based on feed back from various state govt departments. It is expected that the spending on this mission will continue as planned. The minister for Jal Shakti, has given a very positive signal as late as May, 2020 that despite challenges posed by COVID 19 pandemic, the target of providing piped water to all household by 2024 is going on schedule. Considering that currently only ~18% of india's households have piped connections, this mission provides great potential for pipe industry and hence DI Pipes.

f) It is also learnt from the discussions with concerned govt officials that execution of Water Supply schemes under NRDWP and AMRUT will continue without interruption. Further, there are various projects funded by External agencies. These projects will also be executed as planned.

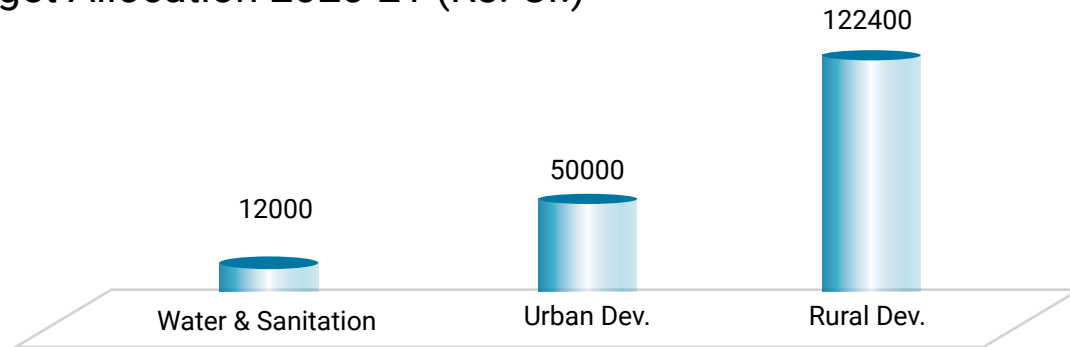
g) **Raw material supply** - The Mining sector comes under

essential services and largely remained unaffected. So no specific disruption of raw material availability or pricing is foreseen. So no appreciable effect on cost of production is expected.

All the above indicate that though the pandemic has some immediate effect on the Industry as a whole, it is a passing phase and the Industry and overall effect on DI Pipe industry will not be significant.

#### Estimated spend towards drinking water and sanitation, Rural and Urban Development Projects & Schemes :

### Budget Allocation 2020-21 (Rs. Cr.)



Source: Ministry of drinking water & sanitation, Urban and Rural development.

#### Raw materials Management:

The Company strongly believes that effective and efficient functioning of the material management has direct bearing on the total performance of the organization. The Company's Material Management function is operated on an integrated basis and is focused on material forecasting, planning, and inventory control. With coordinated efforts on planning, controlling, organizing procurement of bulk raw materials like coal and iron ore on long term contract/spot market at competitive prices, the cost of raw materials as well as inventory carrying cost has been considerably reduced. Further efficient operation of Sinter plant coupled with maintaining cost-effective ratio of sinter and lump ore helped the Company in achieving considerable reduction in the cost of raw materials.

#### Quality Management System (QMS):

The Quality Control and Quality Assurance Team plays a pivotal role in understanding customer requirement and supplying products as per their requirements. Across the entire business chain of supplies, operations and marketing appropriate quality assurance systems are in place to ensure correctness of each stage of the cycle. The ISO 9001:2015 certification and the Kite Mark license issued by British Standards Institute, UK for the Ductile Iron Pipes manufactured by the Company are the testimony for the Company's commitment for the adherence to the quality standards.

For ensuring quality at every stage of operations, 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 latest quality control and testing equipments. The Company has well documented Standard Operating Procedures (SOPs) and process controls for every stage of operation and the Quality Assurance Team ensures strict adherence to the SOPs to ensure achieving industrial quality benchmarks.

#### Safety, Health & Environment (SHE) :

At SPL, safety, health and environment are accorded the highest importance and considered an integral part of the business. The company has put in place a well established system for safety management supported with well defined Safety Policy that incorporates standard operating procedures, instructions, safe methods of work and work permit system.

The Company, in order to strengthen its safety standards further at a cultural level, continuously exposes its employees to behavioural safety education, training and practices. The emphasis of this initiative is to continuously strengthen the safety culture in the organization through a process reliant on behaviour-based safety observation.

The concept of reporting Safety Observations by cross functional teams is proving very effective in identification of unsafe conditions and acts across the integrated facility of the Company. Such safety observations identified by the cross functional teams will be followed up by the

teams along with safety department and ensure that the corrective and preventive measures are implemented with respect to the safety observations made by the cross functional teams.

The safety department regularly conducts audits in all plants with an objective to identify strengths and weaknesses of the current system, identify risks of personal injury, and promote employee participation and morale. The scope of the audit also includes proper and safe use of equipment and PPEs by employees.

As a part of safety governance mechanism, the Company has dedicated committees and various functional teams to ensure safety and implementation of our safety standards. The Safety, committee meets periodically and reviews the safety performance every quarter. Training and awareness across the organisation continues to be considered as a key element of Safety Strategy. Aspects such as Safety Management Fundamentals, Incident Investigations, Contractor Safety Management are considered in training programmes for the employees as part of induction programme and also as refreshers to existing employees.

As regards environment management, the Company is always committed to ensure adherence to the mandatory standards by putting in place a robust Environmental Management Systems and Standard Operating Procedures. The Company actively benchmarks its environmental performance between its own Plants as well as peers and adopts best practices across Plant locations for maximum impact. The Company continued to drive a number of initiatives to reduce its environmental footprints.

Some of the noteworthy initiatives undertaken during the year are:

- Installed 12 Nos. continuous online stack emission monitors around the plant, apart from existing 17 Nos. to monitor and control stack emission, with real time data being linked to the servers of Central Pollution Control Board as well as State Pollution Control Board.
- In Coke Oven Plant, 12400 m<sup>2</sup> Coal storage yard with drain has been concreted to control the ground loss during handling and to collect coal wash during rainy season.
- Roof top rain water harvesting pit 2 Nos (25KL each) established to recharge rain water into the ground.

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

SPL strongly believes that sustainable community development is essential for harmony between the community and the industry. It endeavors to make a

positive contribution to the underprivileged communities by supporting a varied range of socio-economic, educational and health initiatives, besides contributing for animal welfare. Further, the Company is determined to integrate its business values and operations to meet the expectations of all its stakeholders.

The Company understands its social responsibility and continues to advance its policies on corporate activities in social, environmental and ethical aspects by being responsive to its key stakeholders. The Company aims to support the socially economically backward groups and under privileged and marginalized sections of the society in providing support and assistance in improving the quality of life of people in the community. The Company continues to maintain sustainable growth together with society by carrying out activities based on the chosen pillars of Corporate Social Responsibility.

#### **INFORMATION TECHNOLOGY (IT):**

SPL recognizes the fact that self-reliance in technology is a pre-requisite for growth, especially in the context of globalization and expanding operations. The Company continues to leverage Information Technology (IT) as a key enabler of its strategy, business growth and competitiveness.

The Company is continuously focused on developing a business strategy with an IT component that is aligned with business objectives and is supported by sound business justification, which enables the organization to improve performance, increase productivity, and serve customers more effectively. IT provides employees, customers, suppliers, dealers and business partners with best in class technology solutions.

During the FY 2019-20, the IT function of the Company has successfully undertaken the following initiatives to further enhance overall organizational efficiency.

- Successful implementation of SAP HANA across the organization.
- Integration of auto E-Waybill system to SAP facilitating expeditious e-way bill generation.
- Implementation of e-mail security system for scanning of all the external mails as part of cyber security measures.

#### **HUMAN RESOURCES MANAGEMENT:**

The Company considers its human capital a critical factor to its success. In line with the Company's philosophy of continuously harnessing employee potential and developing them to become more capable professionals and future

leaders, the Company has been continuously focussing on developing a more effective and comprehensive strategy to address the key aspects of Human Resource Management.

SPL is highly committed to acquiring the best talent from the industry and nurturing & developing human assets to enhance its own function. It is vital that the selection procedure of the human assets should be such that the Company is in a position to select the best talent required for varied functions of the organization. In accordance with the objectives of the organization, the HR function of the Company is focused on creating a pool of skilled and capable employees through continuous learning and development initiatives.

The dedicated L&D function of the Company endeavours to provide on an average 2-3 days of training per employee on an annual basis. The training programme is conducted based upon the training needs identified. The participants are nominated for both in-house and external training. The L&D Department will plan for and execute the training initiatives on functional as well as behavioural / management training in close co-ordination with functional heads.

The new mentoring concept is under implementation across the organization. Mentoring refers to a developmental relationship where a more experienced person (the mentor) helps and guides a young and inexperienced pool of persons (the mentees) to better their professional career. Mentoring goes beyond the normal boss-subordinate relationship as it also involves sharing of professional skills, expertise and experience with the mentee. This initiative will do a world of good in developing interpersonal relationships and knowledge sharing.

The Company believes that with diversity and inclusion at workplace, it can leverage the multiplicity of skill sets in all its operations. The reward and recognition schemes of the Company continue to be instrumental in encouraging creativity and innovation among all levels of employees across the organization.

#### **RISKS/CONCERNS & MITIGATION:**

Risk management is an integral part of the Company's operations. The Risk Management Policy of the Company facilitates identification and analysis of various internal and external risks, their implication on the business and mitigation measures. All the risks are regularly reviewed and focused approach is undertaken to mitigate the risks to curtail its impact on the operations of the Company. The major risks and suggested mitigation measures are described as under.

#### **Raw material Risk :**

Any steep increase in the price of major raw materials like coking coal, iron ore etc., or their shortage or unavailability can adversely impact the Company's profitability and operations.

The Company controls such risk through dynamic sourcing strategy including constant review of market conditions and effective procurement planning in line with demand supply conditions. Besides this initiative, the Company has raw material pass-through clauses in some of its contracts to protect itself from input price volatility.

#### **Funding Risk :**

The Company's scale of investments in its expansionary projects entails large quantum of capital. Inability of the Company to source low cost funds and control debt levels may impact profitability.

With efficient financial planning and funding of expansion projects with a judicious mix of internal and external funds, the Company has maintained a reasonably healthy debt equity ratio. This apart, Company's consistent performance coupled with good credit rating ensures mobilization of funds from banks and financial institutions at a cheaper cost.

#### **Competitors Risk:**

In increasingly domestic market, the company may fall victim to competition resulting in reduced order book position leading to thinner profitability. The Company's constant thrust to maintain consistent quality, the ability to cater to the market driven product mix coupled with healthy brand image and efficient marketing strategy reduces the risk of competition and protects the market share of the Company.

#### **Environmental Risk :**

By virtue of its manufacturing process, the Company is exposed to the risk of environment pollution and if due care is not taken and proper attention is not drawn on environmental management, the Company may be bound to face objection from statutory bodies.

The Company's constant drive on implementation of effective environmental management systems, which include proper disposal of wastes and hazardous material, sticking to stringent self benchmarking norms through close monitoring of emission levels across all locations and ensuring regular compliance with various environmental legislations and best practices reduce the risk of environmental pollution.



**Receivables Risk :**

The Company by virtue of extending credit to its customers, being turnkey contractors and Government Bodies is exposed to credit risk in terms of non realization of book debts and delayed recovery of receivables thereby posing unexpected cash flow issues.

The effective credit risk management practices of the Company, which include regular evaluation of credibility of the customers, frequent review of credit limits of the customers and fixing/tightening credit limits in accordance with the financial strength and track record of the customers and securing major quantum of supplies with letters of credits and bank guarantees wherever necessary, will minimize the risk of receivables to a greater extent.

**Foreign currency Risk:**

The foreign exchange risk of the Company mainly arises on import of raw materials, machinery and exposure to External Commercial Borrowings.

The Company continuously monitors its foreign exchange exposure and hedges its foreign exchange risk exposure to the extent considered necessary through forward contracts and option structures.

**Human resources Risk:**

The Company, being manpower centric, the inability to attract and retain skilled manpower may pose threat for the efficient operation of its units.

With continuous focus on initiatives such as employee skilling, career development, engagement, motivation and appropriate recognition of performance ensure employee retention, minimizing the risk of people exodus.

As a part of the Company's strategic risk management processes, the risks faced by the Company and the corresponding risk mitigation plans deployed are being revisited at periodic intervals and the Company is on track in respect of its risk mitigation plans.

**INTERNAL CONTROLS:**

The Company has an adequate system of internal controls in place. It has documented policies and procedures covering

all financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, and protecting assets from unauthorized use or losses, compliances with regulations. The Company has continued its efforts to align all its processes and controls with global best practices.

The Audit Committee comprising of independent directors regularly reviews the audit plans, significant audit findings, adequacy of internal controls, compliance with accounting standards as well as reasons for changes in accounting policies and practices, if any. State-of-the-art Enterprise Resource Planning connect the Company's different locations for efficient and seamless information exchange. Detailed business plans for each segment, investment strategies, year-on-year reviews, annual financial and operating plans and monthly monitoring are part of the established practices for all operating and service functions of the Company.

**OUTLOOK:**

The company is having comfortable order book for supply of Ductile Iron pipes. During this Covid-19 situation, safe and hygienic water supply is most important for the Government. Ductile Iron pipe is the safest and most suitable pipe for transportation of water not only in urban cities but also in rural India. The company is hopeful that Central and State Governments will continue to give priority and remain committed in respect of ongoing and future water supply, sewerage and irrigation projects in the country.

**CAUTIONARY STATEMENT:**

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward looking within the meaning of applicable Securities Laws and Regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in Government Regulations, Tax Laws, Economic Developments within the country and other factors such as exchange rate fluctuations, interest and other costs.

**Annexure III to Directors' Report****ANNUAL REPORT ON CSR INITIATIVES TO BE INCLUDED IN THE BOARD REPORT  
BY QUALIFYING COMPANIES****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 Livelihood enhancement, Animal welfare, Health Care & Sanitation, Drinking Water, Education, Environmental Sustainability and Rural development projects. It will also undertake 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 schedule VII of the Companies Act 2013. SPL shall undertake CSR activities 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 Executive Director - Chairman,
- 2) Mr.R.K.Khanna, Non-executive Independent Director
- 3) Mrs. Priya Manjari Todi, Non-Executive Non-independent Director.

**3. Average Net Profit after Tax of the company for last 3 financial years : Rs.17,380.86 Lakhs****4. Prescribed CSR expenditure (2% of the amount as in 3 above) : Rs.347.62 Lakhs**

(Contd.)

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

- Total amount to be spent for the FY : Rs.347.62 Lakhs
- Amount un-spent, if any : Rs.5.04 Lakhs
- Manner in which the amount spent during the financial year is detailed below :-

Fig. in INR

1	2	3	4	5	6	7	8
S.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	Organizing Medical camps in nearby villages and contribution for medical relief/assistance	Medical and Health care - Rural Development	Local Area - Chittoor Dist- Andhra Pradesh Kolkata - West Bengal	51,56,613.00	51,56,613.00	51,56,613.00	Direct
2	School/College Building Development, Infrastructure facilities, Educational assistance, etc.	Promoting Education	Local Area - Chittoor Dist- Andhra Pradesh Chennai - Tamil Nadu	11,11,046.00	11,11,046.00	11,11,046.00	Direct
3	Local Village development - Skill development - Women empowerment.	Rural Development Project	Local Area - Chittoor Dist- Andhra Pradesh	2,99,696.00	2,99,696.00	2,99,696.00	Direct
4	Contribution for war widows/dependents	Measures for the benefit of armed forces/war widows.	New Delhi	2,50,000.00	2,50,000.00	2,50,000.00	Direct
5	Development of Temples for protection of heritage and art and organizing local cultural festivals etc..	Protection of heritage, art and culture	Local Area - Chittoor Dist- Andhra Pradesh	3,46,000.00	3,46,000.00	3,46,000.00	Direct
6	Contribution to animal shelters and rehabilitation center.	Animal Welfare/Rural Development Project	Local Area - Chittoor Dist- Andhra Pradesh/ Jalore - Rajasthan	2,75,05,596.00	2,70,01,596.00	2,70,01,596.00	Direct
7	Exp. Incurred towards fighting COVID-19 pandemic	Medical and Health care - Rural Development	Local Area - Chittoor Dist- Andhra Pradesh	93,273.00	93,273.00	93,273.00	Direct
				<b>3,47,62,224.00</b>	<b>3,42,58,224.00</b>	<b>3,42,58,224.00</b>	

- Reasons for not spending the prescribed amount of CSR are given in the Directors' Report.
- CSR Committee hereby certify that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

**Mayank Kejriwal**  
Managing Director

**G.S.RATHI**  
Chairman CSR Committee

## Annexure – IV to Directors' Report

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

1. Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2019-20:

Name of Director	Ratio
Mr R.K.Khanna	4.26
Mr Mayank Kejriwal	442.85
Mr G.S.Rathi	77.65
Mr V. Poyyamozhi	46.80
Mrs S.Hemamalini	3.39
Mr T. Venkatesan	3.70
Mr X.J.J. Abraham	3.07
Mrs Priya Manjari Todi	32.38
Mr Ashutosh Agarwal	3.67

2. Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2019-20:

Name of Director / KMP	Designation	% of increase / decrease
Mr. R.K. Khanna	Non Executive- Independent Director	-5.37
Mr. Mayank Kejriwal	Managing Director	50.63
Mr. G.S. Rathi	Whole-time Director	3.68
Mr. V. Poyyamozhi (a)	Whole-time Director	-9.81
Mrs. S. Hemamalini	Non Executive- Independent Director	23.81
Mr. T. Venkatesan (b)	Non Executive- Independent Director	54.26
Mr. X.J.J. Abraham (c)	Non Executive- Independent Director	---
Mrs. Priya Manjari Todi	Non-executive - Non-Independent Director	28.51
Mr. Ashutosh Agarwal (d)	Non-executive - Non-Independent Director	19.39
Mr. N. Sivalai Senthilnathan	Chief Financial Officer	7.74
Mr. G. Kodanda Pani	Company Secretary	18.90

**Notes :**

- Ceased to be director due to resignation with effect from 3rd February, 2020. As he was employed for the part of the year during FY 2019-20, percentage of increase/decrease is not comparable.
  - Percentage of increase is not comparable, as he was director for the part of the year during FY 2018-19.
  - Appointed as director during the FY 2019-20. Hence percentage of increase is not given.
  - Percentage of increase is not comparable as he was director for the part of year during FY 2018-19.
3. The percentage increase in the median remuneration of employees in the financial year 2019-20 was 9.60%.
4. Number of permanent employees on the rolls of company are 1338 as on 31st March, 2020.
5. Relation between average increase in remuneration and Company's performance:  
The Company's profit before tax for the financial year 2019-20 was Rs.236.52 Crs as against Rs.160.01 Crs for FY 2018-19. The increase in the median remuneration in the FY 2019-20 is 9.60%. The increase in median remuneration is based on performance based increments and prevailing market trend. The remuneration of managerial personnel is linked to profit as per the relevant provisions of the Companies Act, 2013.

6. Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:

The average remuneration of Key Managerial Personnel in the FY 2019-20 increased by 32.80%, which included the profit linked commission to Managing Director and Whole-time Directors. The profit before tax in the FY 2019-20 increased by about 47.78% and the remuneration of the Key Managerial Personnel as a percentage of profit before tax is 6.9%.

7. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average % increase in salaries (median remuneration) of employees, other than managerial personnel in the Financial Year i.e. 2019-20 was around 9.60% and the percentage increase in the managerial remuneration for the said Financial Year was 32.80%. The increase in the remuneration of other than managerial personnel was due to performance based annual increments of the employees and prevailing market trend. The remuneration and profit related commission of managerial personnel is linked to profit as per the provisions of the Companies Act, 2013.

8. Variation in market capitalization and price to earnings ratio is as under:

Particulars	FY 2018 – 19	FY 2019 – 20
Market Capitalization #	Rs.1069.63 Cr	Rs.516.25 Cr
EPS	Rs.25.17	40.19
Price Earnings Ratio	9.18	2.74

# Market capitalization shown above is based on the closing share price of the Company traded on BSE as on the last trading day of respective financial years.

9. 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.

10. 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.

11. 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

12. The remuneration paid for directors, key managerial personnel and other employees is as per the Nomination and Remuneration Policy of the Company.

## Annexure – V to Directors' Report

**Information under Section 134(3)(m) of the Act read with Rule 8 of The Companies (Accounts) Rules 2014 and forming part of the Directors' Report:**

### A. CONSERVATION OF ENERGY:

The Company continued its efforts to improve energy usage efficiencies. Various key parameters like specific energy consumption, energy cost are continuously tracked to monitor alignment with the Company's overall sustainability approach. The Company has a process to identify and evaluate energy risks and opportunities, taking into account techno-commercial feasibility and other aspects. Accordingly, phased implementation of energy conservation initiatives are carried out and innovative ways and new technologies are constantly explored for energy conservation and cost reduction. Some of the energy conservation initiatives taken during the FY 2019-20 and proposed to be taken are given below:

#### a) Steps taken for energy conservation:

1. Battery No. - 3 of Coke Oven Plant is revamped to optimise the energy efficiency.
2. Total 3500 m2 coal yard flooring completed in COP to arrest ground losses of coal.
3. One Block of Battery no. – 2 of Coke Oven Plant revamped to optimise the energy efficiency.
4. By arresting compressed air leakages in MBF, power consumption has been reduced.
5. Partial reduction of damper control in MBF during night times in summer season and two blower operation during rainy season resulted in power saving.
6. Installed power capacitors in MBF and conventional lighting have been replaced with LED lights across the complex to improve power factor and energy efficiency.
7. In mould shop, interlocking system provided between various equipment's to avoid the idle running and to save the energy.
8. In DIP, Automation completed in spinning machine 5,6,7 & 8 to optimise the efficiency.
9. In DIP, installed 20 numbers of digital energy meters for identification and monitoring of energy conservation.
10. Closing of induction furnace top cover lid during heating cycle to avoid heat loss through opening.
11. In DIP, air compressor KP-18 has been replaced with energy efficient compressor to minimize energy loss.

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

1. Installation of Energy efficient furnaces, in place of 2nd & 3rd induction furnaces.
2. Installation of new Annealing furnace – 3 for effective utilization of Blast Furnace gas.
3. Enhancement of smaller dia converter from 2.5 tons to 4.0 tons to optimize the efficiency.
4. Conversion of Spinning machine from 1100 dia to 1200 dia pipe to optimize the efficiency.
5. Modification of Finishing line-4 to optimize the efficiency.
6. Installation of additional turbine for effective utilization of steam generation from Boiler No.4.
7. Expansion of sewage treatment plant for further ground water conservation.
8. Installation of variable frequency drives (VFD's) for various applications like spinning machine-3 mould drive, Magnesium deducting blowers, Zinc coating, de-dusting blowers and cranes in DIP to facilitate further power reduction.
9. Installation of new charging cum pusher car in COP to optimize the efficiency.
10. Construction of new quenching tower in COP to minimize the coke burning losses.
11. Construction of additional 11 ovens in Battery-1 of COP and boiler-1 modification to optimize the efficiency.
12. Revamping of COP battery No.1&2 to optimise the efficiency.
13. To carry out concreting of additional coal yard in COP to arrest further ground losses of coal/Coke.
14. Installation of variable frequency drives(VFD's) for various application in MBF like CPP ID fan and MBF CA fan.
15. Addition of 4th Kalugin shaft less stove to optimize the fuel efficiency.

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

Above initiatives resulted in reduction of specific overall power consumption per ton of Ductile Iron Pipes by 2% compared to 2018-19, apart from other benefits viz. water and energy conservation and minimization of environmental hazards.

### B. Foreign Exchange Earning & Outgo

(Rs. Crores)

Particulars	2019-20	2018-19
Foreign Exchange Earning	9.89	5.84
Foreign Exchange Outgo	549.80	587.01



## Annexure – VI to Directors' Report

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

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

To,  
The Members,  
Srikalahasthi Pipes Limited  
Rachgunneri Village, Srikalahasthi Mandal,  
Chittoor Dist. - 517641 AP

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Srikalahasthi Pipes 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, 2020 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, 2020 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) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

As per the information and explanation given to us there are no specific Acts or regulations applicable to the Company for the type of business carried out during the financial Year ended 31st March 2020.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;

**Annexure – VI to Directors' Report**

(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

Signature:  
**S. Chidambaram**  
 Practicing Company Secretary  
 FCS No. 3935  
 C P No: 2286  
 UDIN No: F003935B000292278

Place: Hyderabad  
 Date: 28.05.2020

To  
 The Members,  
 Srikalahasthi Pipes Limited, Rachgunneri Village,  
 Srikalahasthi Mandal, Chittoor Dist. - 517641 AP.

**My Secretarial Audit Report of even date is to be read along with this letter.**

- 1 The maintenance of Secretarial records is the responsibility of the Management of the Company. Further, the Company is also responsible for devising proper systems and process to ensure the compliance of the various statutory requirements and Governance systems.
- 2 It is the responsibility of the Management of the Company to ensure that the systems and process devised for operating effectively and efficiently.
- 3 My responsibility is to express an opinion on these secretarial records based on my audit.
- 4 I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices followed provide a reasonable basis for my opinion.
- 5 Wherever required, I have obtained the Management representations about the compliance of laws, rules and regulations and happening of events etc.
- 6 The Compliance of the provisions of other applicable laws, rules and regulations is the responsibility of the management. My examination was limited to the verification of procedure on test basis.
- 7 The secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Signature:  
**S. Chidambaram**  
 Practicing Company Secretary  
 FCS No. 3935  
 C P No: 2286  
 UDIN No: F003935B000292278

Place: Hyderabad  
 Date: 28.05.2020

**Annexure – VII to Directors' Report****Form No. MGT-9****EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 31st March, 2020**

[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
- 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 :  
Cameo Corporate Services Limited  
#1, Club House Road, Chennai 600 002  
Ph: 044-40020718 (Direct) / 28460390 (Gen).  
Contact Person : Ms R. Komala, Sr.Manager

**II. PRINCIPAL BUSINESS ACTIVITES 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	84%

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

S.No.	Name & Address of the Company	CIN/GIN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	---	---	---	---	---

## Annexure – VII to Directors' Report

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

## i) Category wise shareholding

Sl.No.	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
<b>(A) SHAREHOLDING OF PROMOTER AND PROMOTER GROUP</b>										
<b>(1) INDIAN</b>										
(a)	Individual /HUF	0	0	0	0.0000	0	0	0	0.0000	0.0000
(b)	Central Government/ State Government(s)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Bodies Corporate	22259106	0	22259106	47.6656	22483513	0	22483513	48.1462	0.4805
(d)	Financial Institutions / Banks	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(1) :</b>	<b>22259106</b>	<b>0</b>	<b>22259106</b>	<b>47.6656</b>	<b>22483513</b>	<b>0</b>	<b>22483513</b>	<b>48.1462</b>	<b>0.4805</b>
<b>(2) FOREIGN</b>										
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(b)	Bodies Corporate	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Institutions	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Qualified Foreign Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e)	Any Others									
	<b>Sub-Total A(2) :</b>									
	<b>Total A=A(1)+A(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>
	<b>TOTAL SHARE HOLDING OF PROMOTER AND PROMOTER GROUP (A) = (A) (1)+(A)(2)</b>	<b>22259106</b>	<b>0</b>	<b>22259106</b>	<b>47.6656</b>	<b>22483513</b>	<b>0</b>	<b>22483513</b>	<b>48.1462</b>	<b>0.4805</b>
<b>(B) PUBLIC SHAREHOLDING</b>										
<b>(1) INSTITUTIONS</b>										
(a)	Mutual Funds / UTI	6641658	0	6641658	14.2224	4467824	0	4467824	9.5674	-4.6550
(b)	Financial Institutions / Banks	57164	0	57164	0.1224	96004	0	96004	0.2055	0.0831

## Annexure – VII to Directors' Report

Sl.No.	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(c)	Central Government / State Government(s)	243750	0	243750	0.5219	243750	0	243750	0.5219	0.0000
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.0000	0	0	0	0.0000	0.0000
(f)	Foreign Institutional Investors	0	0	0	0.0000	0	0	0	0.0000	0.0000
(g)	Foreign Venture Capital Investors	0	0	0	0.0000	0	0	0	0.0000	0.0000
(h)	Qualified Foreign Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
(i)	Any Others									
	Alternate Investment Funds	269318	0	269318	0.5767	491476	0	491476	1.0524	0.4757
	Foreign Portfolio Investor (Corporate) Category I	0	0	0	0.0000	871608	0	871608	1.8664	1.8664
	Foreign Portfolio Investor (Corporate) Category II	443850	0	443850	0.9504	1461926	0	1461926	3.1305	2.1801
		<b>713168</b>	<b>0</b>	<b>713168</b>	<b>1.5271</b>	<b>2825010</b>	<b>0</b>	<b>2825010</b>	<b>6.0494</b>	<b>4.5222</b>
	Sub-Total B(1) :	<b>7655740</b>	<b>0</b>	<b>7655740</b>	<b>16.3940</b>	<b>7632588</b>	<b>0</b>	<b>7632588</b>	<b>16.3444</b>	<b>-0.0495</b>
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	2819024	204875	3023899	6.4753	2020526	204875	2225401	4.7654	-1.7099
(b)	Individuals									
	(i) Individual share holding nominal share capital upto Rs.1 lakh	7542741	157226	7699967	16.4887	8056952	154056	8211008	17.5830	1.0943
	(ii) Individual Shareholders Holding Nominal Share Capital In Excess Of Rs. 1 Lakh	4512363	0	4512363	9.6627	4155826	0	4155826	8.8992	-0.7634
(c)	Qualified Foreign Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
<b>(d) Any others</b>										
	Clearing Members	143413	0	143413	0.3071	429484	0	429484	0.9196	0.6125

## Annexure – VII to Directors' Report

	Hindu Undivided Families	646225	0	646225	1.3838	751426	0	751426	1.6091	0.2252
	IEPF	188805	0	188805	0.4043	188530	0	188530	0.4037	-0.0005
	Non Resident Indians	485989	76850	562839	1.2052	554828	52553	607381	1.3006	0.0953
	Trusts	6050	0	6050	0.0129	13250	0	13250	0.0283	0.0154
		<b>1470482</b>	<b>76850</b>	<b>1547332</b>	<b>3.3134</b>	<b>1937518</b>	<b>52553</b>	<b>1990071</b>	<b>4.2615</b>	<b>0.9480</b>
	<b>SUB - TOTAL (B)(2)</b>	<b>16344610</b>	<b>438951</b>	<b>16783561</b>	<b>35.9403</b>	<b>16170822</b>	<b>411484</b>	<b>16582306</b>	<b>35.5093</b>	<b>-0.4309</b>
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>24000350</b>	<b>438951</b>	<b>24439301</b>	<b>52.3343</b>	<b>23803410</b>	<b>411484</b>	<b>24214894</b>	<b>51.8537</b>	<b>-0.4805</b>
	<b>Total (A+B) :</b>	<b>46259456</b>	<b>438951</b>	<b>46698407</b>	<b>100.0000</b>	<b>46286923</b>	<b>411484</b>	<b>46698407</b>	<b>100.0000</b>	<b>0.0000</b>

## (C) Shares held by custodians, against which Depository Receipts have been issued

(1)	Promoter and Promoter Group	0	0	0	0.0000	0	0	0	0.0000	0.0000
(2)	Public	0	0	0	0.0000	0	0	0	0.0000	0.0000
	<b>Total Custodian (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>
	<b>GRAND TOTAL (A+B+C)</b>	<b>46259456</b>	<b>438951</b>	<b>46698407</b>	<b>100.0000</b>	<b>46286923</b>	<b>411484</b>	<b>46698407</b>	<b>100.0000</b>	<b>0.0000</b>

## ii. Shareholding of promoters &amp; Promoter Group

Sl. No.	Shareholders name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	Electrosteel Castings Limited	12296315	26.3313	0.0000	12296315	26.3313	0.0000	0.0000
	Having Same Pan							
1	Electrosteel Castings Limited	7004903	15.0003	0.0000	7004903	15.0003	15.0003	0.0000
2	Murari Investment & Trading Company Ltd.	1008485	2.1595	0.0000	1060385	2.2707	0.0000	0.1111
3	G.K.investments Ltd.	909358	1.9472	0.0000	966258	2.0691	0.0000	0.1218
4	G. K. & Sons Private Ltd	607129	1.3001	0.0000	607129	1.3001	0.0000	0.0000
5	Uttam Commercial Company Ltd.	432916	0.9270	0.0000	548523	1.1746	0.0000	0.2475



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## iii. Deatail of change in Promoters' Shareholding :

Sl. No.	Shareholding at the beginning of the Year			Cumulative Shareholding during the Year	
	Name of the Share Holder	No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	ELECTROSTEEL CASTINGS LIMITED				
	At the beginning of the year 30-Mar-2019	12296315	26.3313	12296315	26.3313
	At the end of the Year 31-Mar-2020	12296315	26.3313	12296315	26.3313
	HAVING SAME PAN				
1	ELECTROSTEEL CASTINGS LIMITED				
	At the beginning of the year 30-Mar-2019	7004903	15.0003	7004903	15.0003
	At the end of the Year 31-Mar-2020	7004903	15.0003	7004903	15.0003
2	MURARI INVESTMENT & TRADING COMPANY LTD.				
	At the beginning of the year 30-Mar-2019	1008485	2.1595	1008485	2.1595
	Purchase 05-Apr-2019	51900	0.1111	1060385	2.2707
	At the end of the Year 31-Mar-2020	1060385	2.2707	1060385	2.2707
3	G.K.INVESTMENTS LTD.				
	At the beginning of the year 30-Mar-2019	909358	1.9472	909358	1.9472
	Purchase 05-Apr-2019	1900	0.0040	911258	1.9513
	Purchase 28-Jun-2019	24000	0.0513	935258	2.0027
	Purchase 13-Dec-2019	26000	0.0556	961258	2.0584
	Purchase 20-Mar-2020	5000	0.0107	966258	2.0691
	At the end of the Year 31-Mar-2020	966258	2.0691	966258	2.0691
4	G. K. & SONS PRIVATE LTD				
	At the beginning of the year 30-Mar-2019	607129	1.3001	607129	1.3001
	At the end of the Year 31-Mar-2020	607129	1.3001	607129	1.3001
5	UTTAM COMMERCIAL COMPANY LTD.				
	At the beginning of the year 30-Mar-2019	432916	0.9270	432916	0.9270
	Purchase 13-Dec-2019	13660	0.0292	446576	0.9562
	Purchase 20-Dec-2019	91697	0.1963	538273	1.1526
	Purchase 27-Dec-2019	250	0.0005	538523	1.1531
	Purchase 20-Mar-2020	10000	0.0214	548523	1.1746
	At the end of the Year 31-Mar-2020	548523	1.1746	548523	1.1746

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

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCESMALL JT1 : CAP FUND				

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	At the beginning of the year 30-Mar-2019	1764152	3.7777	1764152	3.7777
	Purchase 28-Jun-2019	635	0.0013	1764787	3.7791
	Purchase 12-Jul-2019	50000	0.1070	1814787	3.8861
	Purchase 31-Dec-2019	46000	0.0985	1860787	3.9846
	At the end of the Year 31-Mar-2020	1860787	3.9846	1860787	3.9846
	HAVING SAME PAN				
1	RELIANCE CAPITAL TRUSTEE CO LTD-A/C				
	RELIANCE CAPITAL \$				
	JT1 : AL BUILDER FUND 4 SR C				
	At the beginning of the year 30-Mar-2019	138696	0.2970	138696	0.2970
	At the end of the Year 31-Mar-2020	138696	0.2970	138696	0.2970
2	DSP SMALL CAP FUND				
	At the beginning of the year 30-Mar-2019	1066889	2.2846	1066889	2.2846
	At the end of the Year 31-Mar-2020	1066889	2.2846	1066889	2.2846
	HAVING SAME PAN				
2	DSP EQUITY & BOND FUND \$				
	At the beginning of the year 30-Mar-2019	832177	1.7820	832177	1.7820
	Sale 12-Apr-2019	-102659	0.2198	729518	1.5621
	Sale 26-Apr-2019	-6258	0.0134	723260	1.5487
	Sale 03-May-2019	-4086	0.0087	719174	1.5400
	Sale 10-May-2019	-24502	0.0524	694672	1.4875
	Sale 24-May-2019	-40992	0.0877	653680	1.3997
	Sale 31-May-2019	-423415	0.9067	230265	0.4930
	Sale 07-Jun-2019	-648	0.0013	229617	0.4917
	Sale 14-Jun-2019	-173317	0.3711	56300	0.1205
	Sale 21-Jun-2019	-435	0.0009	55865	0.1196
	Sale 28-Jun-2019	-55865	0.1196	0	0.0000
	At the end of the Year 31-Mar-2020	0	0.0000	0	0.0000
	HAVING SAME PAN				
2	DSP TAX SAVER FUND				
	At the beginning of the year 30-Mar-2019	779476	1.6691	779476	1.6691
	Purchase 12-Apr-2019	80000	0.1713	859476	1.8404
	Purchase 19-Apr-2019	30000	0.0642	889476	1.9047
	At the end of the Year 31-Mar-2020	889476	1.9047	889476	1.9047
	HAVING SAME PAN				
2	DSP EQUITY FUND \$				
	At the beginning of the year 30-Mar-2019	554784	1.1880	554784	1.1880
	Sale 12-Apr-2019	-68440	0.1465	486344	1.0414
	Sale 26-Apr-2019	-4173	0.0089	482171	1.0325
	Sale 03-May-2019	-2723	0.0058	479448	1.0266
	Sale 10-May-2019	-16335	0.0349	463113	0.9917
	Sale 24-May-2019	-27328	0.0585	435785	0.9331

	Sale 31-May-2019	-282276	0.6044	153509	0.3287
	Sale 07-Jun-2019	-431	0.0009	153078	0.3278
	Sale 14-Jun-2019	-115545	0.2474	37533	0.0803
	Sale 21-Jun-2019	-290	0.0006	37243	0.0797
	Sale 28-Jun-2019	-37243	0.0797	0	0.0000
	At the end of the Year 31-Mar-2020	0	0.0000	0	0.0000
	HAVING SAME PAN				
2	DSP INDIA T.I.G.E.R. FUND \$				
	At the beginning of the year 30-Mar-2019	349514	0.7484	349514	0.7484
	Sale 17-Jan-2020	-349514	0.7484	0	0.0000
	At the end of the Year 31-Mar-2020	0	0.0000	0	0.0000
3	ANIL KUMAR GOEL				
	At the beginning of the year 30-Mar-2019	992000	2.1242	992000	2.1242
	Purchase 06-Dec-2019	1000	0.0021	993000	2.1264
	Purchase 13-Dec-2019	2000	0.0042	995000	2.1306
	Sale 27-Mar-2020	-210127	0.4499	784873	1.6807
	At the end of the Year 31-Mar-2020	784873	1.6807	784873	1.6807
4	HSBC SMALL CAP EQUITY FUND				
	At the beginning of the year 30-Mar-2019	660000	1.4133	660000	1.4133
	Sale 18-Oct-2019	-28545	0.0611	631455	1.3521
	Sale 25-Oct-2019	-29158	0.0624	602297	1.2897
	Sale 08-Nov-2019	-89736	0.1921	512561	1.0975
	Sale 06-Dec-2019	-12561	0.0268	500000	1.0707
	Sale 20-Dec-2019	-35000	0.0749	465000	0.9957
	Sale 27-Dec-2019	-23804	0.0509	441196	0.9447
	At the end of the Year 31-Mar-2020	441196	0.9447	441196	0.9447
	HAVING SAME PAN				
4	HSBC INFRASTRUCTURE EQUITY FUND \$				
	At the beginning of the year 30-Mar-2019	295970	0.6337	295970	0.6337
	Sale 05-Apr-2019	-10000	0.0214	285970	0.6123
	Sale 19-Jul-2019	-27990	0.0599	257980	0.5524
	Sale 26-Jul-2019	-75000	0.1606	182980	0.3918
	Sale 16-Aug-2019	-10000	0.0214	172980	0.3704
	Sale 23-Aug-2019	-25000	0.0535	147980	0.3168
	Sale 18-Oct-2019	-11000	0.0235	136980	0.2933
	Sale 25-Oct-2019	-38200	0.0818	98780	0.2115
	Sale 31-Jan-2020	-28000	0.0599	70780	0.1515
	At the end of the Year 31-Mar-2020	70780	0.1515	70780	0.1515
	HAVING SAME PAN				
4	HSBC MULTICAP EQUITY FUND \$				
	At the beginning of the year 30-Mar-2019	200000	0.4282	200000	0.4282
	Sale 02-Aug-2019	-65000	0.1391	135000	0.2890
	Sale 09-Aug-2019	-1166	0.0024	133834	0.2865
	Sale 16-Aug-2019	-18261	0.0391	115573	0.2474

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	Sale 23-Aug-2019	-32689	0.0700	82884	0.1774
	Sale 30-Aug-2019	-82884	0.1774	0	0.0000
	At the end of the Year 31-Mar-2020	0	0.0000	0	0.0000
5	NIMMAGADDA UPENDRANATH \$				
	At the beginning of the year 30-Mar-2019	447946	0.9592	447946	0.9592
	Sale 21-Feb-2020	-447946	0.9592	0	0.0000
	At the end of the Year 31-Mar-2020	0	0.0000	0	0.0000
6	FORESIGHT REALTORS PRIVATE LIMITED \$				
	At the beginning of the year 30-Mar-2019	408800	0.8754	408800	0.8754
	Sale 18-Oct-2019	-81747	0.1750	327053	0.7003
	Sale 20-Mar-2020	-75000	0.1606	252053	0.5397
	Sale 31-Mar-2020	-252053	0.5397	0	0.0000
	At the end of the Year 31-Mar-2020	0	0.0000	0	0.0000
7	DOLLY KHANNA \$				
	At the beginning of the year 30-Mar-2019	346536	0.7420	346536	0.7420
	Purchase 12-Apr-2019	8000	0.0171	354536	0.7592
	Sale 19-Apr-2019	-5000	0.0107	349536	0.7484
	Sale 26-Apr-2019	-8000	0.0171	341536	0.7313
	Sale 03-May-2019	-5000	0.0107	336536	0.7206
	Sale 10-May-2019	-15500	0.0331	321036	0.6874
	Sale 17-May-2019	-15500	0.0331	305536	0.6542
	Sale 24-May-2019	-8000	0.0171	297536	0.6371
	Sale 31-May-2019	-10000	0.0214	287536	0.6157
	Sale 07-Jun-2019	-22358	0.0478	265178	0.5678
	Sale 14-Jun-2019	-13500	0.0289	251678	0.5389
	Sale 21-Jun-2019	-6142	0.0131	245536	0.5257
	Sale 28-Jun-2019	-4000	0.0085	241536	0.5172
	Purchase 05-Jul-2019	3000	0.0064	244536	0.5236
	Purchase 12-Jul-2019	8000	0.0171	252536	0.5407
	Sale 19-Jul-2019	-4000	0.0085	248536	0.5322
	Sale 26-Jul-2019	-2820	0.0060	245716	0.5261
	Purchase 02-Aug-2019	2820	0.0060	248536	0.5322
	Sale 09-Aug-2019	-4000	0.0085	244536	0.5236
	Sale 23-Aug-2019	-5000	0.0107	239536	0.5129
	Sale 30-Aug-2019	-8000	0.0171	231536	0.4958
	Sale 06-Sep-2019	-14500	0.0310	217036	0.4647
	Sale 27-Sep-2019	-9000	0.0192	208036	0.4454
	Sale 04-Oct-2019	-3395	0.0072	204641	0.4382
	Sale 11-Oct-2019	-10000	0.0214	194641	0.4168
	Sale 18-Oct-2019	-5000	0.0107	189641	0.4060
	Sale 25-Oct-2019	-4000	0.0085	185641	0.3975
	Sale 01-Nov-2019	-2000	0.0042	183641	0.3932
	Sale 08-Nov-2019	-18500	0.0396	165141	0.3536
	Sale 15-Nov-2019	-18000	0.0385	147141	0.3150
	Sale 22-Nov-2019	-28000	0.0599	119141	0.2551

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	Sale 29-Nov-2019	-10000	0.0214	109141	0.2337
	Sale 06-Dec-2019	-23000	0.0492	86141	0.1844
	Sale 13-Dec-2019	-31000	0.0663	55141	0.1180
	Sale 20-Dec-2019	-12000	0.0256	43141	0.0923
	Purchase 27-Dec-2019	2000	0.0042	45141	0.0966
	Purchase 10-Jan-2020	9000	0.0192	54141	0.1159
	Purchase 17-Jan-2020	2000	0.0042	56141	0.1202
	Purchase 07-Feb-2020	6000	0.0128	62141	0.1330
	Purchase 14-Feb-2020	14000	0.0299	76141	0.1630
	Sale 13-Mar-2020	-2000	0.0042	74141	0.1587
	At the end of the Year 31-Mar-2020	74141	0.1587	74141	0.1587
8	ANDHRA PRADESH INDUSTRIAL DEVELOPMENT CORPORATION JT1 : LIMITED				
	At the beginning of the year 30-Mar-2019	243750	0.5219	243750	0.5219
	At the end of the Year 31-Mar-2020	243750	0.5219	243750	0.5219
9	PERFECT FINVEST PRIVATE LIMITED \$				
	At the beginning of the year 30-Mar-2019	239000	0.5117	239000	0.5117
	Sale 26-Jul-2019	-15500	0.0331	223500	0.4786
	Sale 02-Aug-2019	-74500	0.1595	149000	0.3190
	Sale 13-Mar-2020	-149000	0.3190	0	0.0000
	At the end of the Year 31-Mar-2020	0	0.0000	0	0.0000
10	T V N CONSULTANTS LTD				
	At the beginning of the year 30-Mar-2019	200000	0.4282	200000	0.4282
	At the end of the Year 31-Mar-2020	200000	0.4282	200000	0.4282
	NEW TOP 10 AS ON (31-Mar-2020)				
11	BELGRAVE INVESTMENT FUND #				
	At the beginning of the year 30-Mar-2019	0	0.0000	0	0.0000
	Purchase 31-May-2019	125000	0.2676	125000	0.2676
	Purchase 14-Jun-2019	152000	0.3254	277000	0.5931
	Purchase 21-Jun-2019	98000	0.2098	375000	0.8030
	Purchase 26-Jul-2019	100000	0.2141	475000	1.0171
	Purchase 02-Aug-2019	125000	0.2676	600000	1.2848
	Purchase 18-Oct-2019	83500	0.1788	683500	1.4636
	Purchase 25-Oct-2019	500	0.0010	684000	1.4647
	Purchase 07-Feb-2020	106000	0.2269	790000	1.6917
	Purchase 13-Mar-2020	149000	0.3190	939000	2.0107
	Purchase 20-Mar-2020	221498	0.4743	1160498	2.4850
	Purchase 27-Mar-2020	282478	0.6048	1442976	3.0899
	At the end of the Year 31-Mar-2020	1442976	3.0899	1442976	3.0899
12	MAYANK KEJRIWAL #				
	At the beginning of the year 30-Mar-2019	0	0.0000	0	0.0000

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	Purchase 28-Jun-2019	50000	0.1070	50000	0.1070
	Purchase 13-Dec-2019	16000	0.0342	66000	0.1413
	Purchase 20-Dec-2019	27171	0.0581	93171	0.1995
	Purchase 27-Dec-2019	124998	0.2676	218169	0.4671
	Purchase 31-Dec-2019	41486	0.0888	259655	0.5560
	Purchase 03-Jan-2020	31612	0.0676	291267	0.6237
	Purchase 20-Mar-2020	52848	0.1131	344115	0.7368
	Purchase 27-Mar-2020	159786	0.3421	503901	1.0790
	Purchase 31-Mar-2020	51500	0.1102	555401	1.1893
	At the end of the Year 31-Mar-2020	555401	1.1893	555401	1.1893
13	UNIFI AIF 2				
	At the beginning of the year 30-Mar-2019	197000	0.4218	197000	0.4218
	Purchase 10-Jan-2020	50081	0.1072	247081	0.5290
	Purchase 24-Jan-2020	50000	0.1070	297081	0.6361
	Purchase 07-Feb-2020	11021	0.0236	308102	0.6597
	Purchase 13-Mar-2020	32000	0.0685	340102	0.7282
	Purchase 20-Mar-2020	41656	0.0892	381758	0.8174
	At the end of the Year 31-Mar-2020	381758	0.8174	381758	0.8174
14	TRANS SCAN SEC PVT. LTD. #				
	At the beginning of the year 30-Mar-2019	0	0.0000	0	0.0000
	Purchase 26-Jul-2019	49000	0.1049	49000	0.1049
	Sale 02-Aug-2019	-49000	0.1049	0	0.0000
	Purchase 20-Sep-2019	1000	0.0021	1000	0.0021
	Sale 27-Sep-2019	-1000	0.0021	0	0.0000
	Purchase 18-Oct-2019	311	0.0006	311	0.0006
	Sale 25-Oct-2019	-311	0.0006	0	0.0000
	Purchase 03-Jan-2020	2000	0.0042	2000	0.0042
	Sale 10-Jan-2020	-2000	0.0042	0	0.0000
	Purchase 17-Jan-2020	66137	0.1416	66137	0.1416
	Sale 24-Jan-2020	-66137	0.1416	0	0.0000
	Purchase 21-Feb-2020	100	0.0002	100	0.0002
	Sale 28-Feb-2020	-100	0.0002	0	0.0000
	Purchase 20-Mar-2020	35000	0.0749	35000	0.0749
	Sale 27-Mar-2020	-35000	0.0749	0	0.0000
	Purchase 31-Mar-2020	252053	0.5397	252053	0.5397
	At the end of the Year 31-Mar-2020	252053	0.5397	252053	0.5397

The Company is listed and 99.12% of shareholding is in dematerialized form. The net positions (Increase/decreased) provided above is based on the weekend positions as received from the Depositories.

(\$) Ceased to be in the list of top 10 shareholders as on 31.03.2020. The details are provided above as the shareholder was one of the top 10 shareholders during the FY 2019-20.

(#) Not in the list of top 10 shareholders as on 01.04.2019. The details are provided above, as the shareholder was one of the top 10 shareholders as on 31.03.2020.



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## v. Shareholding of Directors and Key Managerial Personnel :

Sl. No.	Name of the Director/KMP	Opening Bal. as at 01.4.19	Change in Shareholding during the year			Cumulative	Closing Bal. as at 31.03.20
		No. Shares & (%)	Date of dealing	Reasons for change	No. Shares & (%)	No. Shares & (%)	No. Shares & (%)
1	R.K.Khanna	-	-	-	-	-	-
2	Mayank Kejriwal	-	28.06.2019, 13.12.2019 20.12.2019 27.12.2019 31.12.2019 03.01.2020 20.03.2020 27.03.2020 31.03.2020	Market Purchase	50000 (0.1070) 16000 (0.0342) 27171 (0.0581) 124998 (0.2676) 41486 (0.0888) 31612 (0.0676) 52848 (0.1131) 159786 (0.3421) 51500 (0.1102)	50000 (0.1070) 66000 (0.1413) 93171 (0.1995) 218169 (0.4671) 259655 (0.5560) 291267 (0.6237) 344115 (0.7368) 503901 (1.0790) 555401 (1.1893)	555401 (1.19)
3	Gouri Shankar Rathi	-	24.05.2019 28.06.2019 09.08.2019 13.12.2019	Market Purchase	8194 (0.0175) 10000 (0.0214) 5000 (0.0107) 2000 (0.0042)	8194 (0.0175) 18194 (0.0390) 23194 (0.0497) 25194 (0.0539)	25194 (0.054)
4	V. Poyyamozi (i)	-	-	-	-	-	-
5	S.Hemamalini	-	-	-	-	-	-
6	T. Venkatesan	-	-	-	-	-	-
7	X.J.J. Abraham	-	-	-	-	-	-
8	Priya Manjari Todi	-	-	-	-	-	-
9	Ashutosh Agarwal	7500 (0.016)	31.03.2020	Market Purchase	3000 (0.006)	10500 (0.22)	10500 (0.22)
10	Solomon Arokia Raj (ii)	-	-	-	-	-	-
11	M. Satyanarayana	-	-	-	-	-	-
12	N. Sivalai Senthilnathan	-	04.10.19 22.11.19 13.12.19 20.12.19 27.03.20	Market purchase	500 500 137 48 500	500 1000 1137 1185 1685	1685 (0.0036)
13	G. Kodandapani	1228 (0.0026)	29.06.19 05.07.19 12.07.19 16.08.20 13.12.19 13.03.20 20.03.20 27.03.20 31.03.20	Market purchase	205 45 303 300 500 400 200 200 200	1433 1478 1781 2081 2581 2981 3181 3381 3581	3581 (0.0077)

(i) Ceased to be director with effect from 3rd February, 2020

(ii) Ceased to be director with effect from 6th September, 2019

## Annexure – VII to Directors' Report

## V. INDEBTEDNESS :

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

Rs. Lacs

At the beginning of the FY	Secured loans excl. deposits	Un-secured loans	Deposits	Total
Principal amount	35011.95	3511.76	---	38523.71
Interest due but not paid	---	---	---	---
Interest accrued but not due	345.36	---	---	345.36
<b>Total</b>	<b>35357.31</b>	<b>3511.76</b>	<b>---</b>	<b>38869.07</b>
<b>Changes during the FY :</b>				
Addition	7636.81	9060.13	---	17450.16
Deletion	112.53	---	---	23102.89
<b>Net Change</b>	<b>7524.28</b>	<b>9060.13</b>	<b>---</b>	<b>-5652.73</b>
<b>At the end of the FY</b>				
Principal amount	42648.76	12571.89	---	55220.65
Interest due but not paid	---	---	---	---
Interest accrued but not due	232.83	---	---	232.83
<b>Total</b>	<b>42881.59</b>	<b>12571.89</b>	<b>---</b>	<b>55453.48</b>

## VI. Remuneration of Directors and Key Managerial Personnel:

## A) Remuneration to Managing Director, Whole-time Directors

Amount in Rs.

Sl. No.	Particulars of remuneration	Name of MD/WTD/Manager			
		Mayank Kejriwal, MD	G.S. Rathi, WTD	V.Poyyamozi WTD	Total
1	Gross Salary (Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	---	1,68,07,494	1,04,31,042	<b>2,72,38,536</b>
	Value of perquisites U/S 17(2) of the Income Tax Act, 1961.	---	2,02,314	3,75,056	<b>5,77,370</b>
	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)	11,90,00,000 ---	30,00,000 ---	12,50,000 ---	<b>12,32,50,000</b> ---
5	Others (Gratuity & PF)	---	8,54,789	5,18,504	<b>13,73,293</b>
	<b>Total (A)</b>	<b>11,90,00,000</b>	<b>2,08,64,597</b>	<b>1,25,74,602</b>	<b>15,24,39,199</b>
	Ceiling as per the Act	22,93,64,182 (Being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

## Annexure – VII to Directors' Report

## B) Remuneration to other Directors :

Amount in Rs.

Sl. No.	Particulars of remuneration						Total Amount
1	Independent Directors	R.K. Khanna	T.Venkatesan	S.Hema-malini	X.J.J.Abraham	APIDC Inst. Nominee	
	Fee for Attending Board & Committee Meetings	5,45,000	3,95,000	3,10,000	2,25,000	45,000	15,20,000
	Commission	6,00,000	6,00,000	6,00,000	6,00,000	---	24,00,000
	Other - Specify	---	---	---	---	---	---
	<b>Total (1)</b>	<b>11,45,000</b>	<b>9,95,000</b>	<b>9,10,000</b>	<b>8,25,000</b>	<b>45,000</b>	<b>39,20,000</b>
2	Other Non-Executive Directors	Priya Manjari Todi	Ashutosh Agarwal	---	---	---	---
	Fee for Attending Board & Committee Meetings	2,00,000	3,85,000	---	---	---	5,85,000
	Commission	85,00,000	6,00,000	---	---	---	91,00,000
	Other - Specify	---	---	---	---	---	---
	<b>Total (2)</b>	<b>87,00,000</b>	<b>9,85,000</b>	---	---	---	<b>96,85,000</b>
	<b>Total (B) = (1+2)</b>			---	---	---	<b>1,36,05,000</b>
	<b>Total Managerial Remuneration (A+B)</b>						<b>16,60,44,199</b>
	Overall Ceiling as per the Act.	25,00,27,622 (Being 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)					

## D. Remuneration to Key Managerial Personnel other than MD/Manager/WTD :

Amount in Rs.

Sl. No.	Particulars of remuneration	Key Managerial personnel		Total
		G. Kodanda Pani Company Secretary	N. Sivalai Senthilnathan Chief Financial Officer	
1	Gross Salary (Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961)	27,28,966	64,95,706	92,24,672
	Value of perquisites U/S 17(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 Others (Specify)	---	---	---
5	Others – Specify (PF & Gratuity)	1,28,484	3,68,748	4,97,232
	<b>Total</b>	<b>28,57,450</b>	<b>68,64,454</b>	<b>97,21,904</b>

## 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 Personnel and other Officers in default.

## Annexure - VIII to Directors' Report

## SRICALAHASTHI PIPES LIMITED

## Business Responsibility Report

## About SPL:

Srikalahasthi Pipes Limited – SPL is one of the leading manufacturers of Ductile Iron Pipes (DI Pipes) having the manufacturing facility in Rachagunneri village on Tirupati – Srikalahasthi Road, Srikalahasthi Mandal, Chittoor Dist. Andhra Pradesh. The integrated facility comprises of Backward and Forward integration units in a centralized complex spread over 350 acres. The Company's D.I. pipes are supplied to various Water Boards, Municipal Corporations, Irrigation Departments, Railways and Turnkey Contractors across the country for their Water Infrastructure Projects which are the thrust area of the Govt. of India and most of the State Governments. The Company also manufactures Low Ash Metallurgical Coke, Pig Iron, Ferro Silicon and Cement and all these products are used for captive consumption and surplus is sold in the market. The Company operates predominantly in a single reportable segment viz. Ductile Iron Pipes

By virtue of core business of manufacture and supply of DI Pipes for the Water Infrastructure Projects across the country, the Company is categorized as Public Utility Services Industry engaged in Water Infrastructure Development in the Country.

## About Business Responsibility Report:

The Securities and Exchange Board of India (SEBI) as per SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendments) Regulations, 2019 has mandated the inclusion of a "Business Responsibility Report" (BRR) as part of Company's Annual Report for top 1000 listed entities based on market capitalization at the Bombay Stock Exchange Ltd. (BSE) and the National Stock Exchange of India Ltd. (NSE). The reporting framework is based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)' released by the Ministry of Corporate Affairs, Government of India, which contains 9 Principles and Core Elements for each of those 9 Principles. Following is the 1st Business Responsibility Report of the Company which is based on the format suggested by SEBI.

## Section A : General Information about the Company

1. Corporate Identity Number (CIN) of the Company	:	L74999AP1991PLC013391	
2. Name of the Company	:	Srikalahasthi Pipes Limited	
3. Registered Address	:	Rachagunneri – 517641, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh.	
4. Website:	:	www.srikalahasthipipes.com	
5. Email id:	:	companysecretary@srikalahasthipipes.com	
6. Financial Year reported:	:	2019-20	
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	:	<b>Sector</b>	<b>NIC Code of the product/ service</b>
		1. Tubes and Pipes	24311
		2. Lam Coke	19101
		3. Ferro Alloys	24104
		4. Cement	23942

## Annexure - VIII Business Responsibility Report

8. List three key products/services that the Company manufactures/ provides (as in balance sheet)	<ul style="list-style-type: none"> <li>- Ductile Iron Pipes</li> <li>- LAM Coke</li> <li>- Ferro Silicon</li> <li>- Cement</li> </ul>
9. Total number of locations where business activity is undertaken by the Company	
i) Number of International Locations:	: Nil
ii) Number of National Locations	: SPL has integrated manufacturing facility in only one Location i.e. Rachagunneri Village, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh  SPL's Marketing Regional Offices are situated at Mumbai, Chennai, Bangalore, Hyderabad, Trivandrum
10. Markets served by the Company Local/State/ National/ International	: SPL's products are sold to both in national and international markets. SPL predominantly serves to domestic market and more particularly to southern and western markets in India.

## Section B : Financial Details of the Company

1. Paid up Capital (INR)	: 46.70 Crores
2. Total Turnover (INR)	: Rs.1663 Crores
3. Total profit after taxes (INR)	: Rs.186 Crores
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) calculated in accordance with Companies Act, 2013	: 2% of PAT for FY 2019-20
5. List of activities in which expenditure in 4 above has been incurred:	<ul style="list-style-type: none"> <li>• Promoting Education</li> <li>• Animal welfare and protection</li> <li>• Medical Aid</li> <li>• Rural Development</li> </ul>

## Section C : Other Details

1. Does the Company have any Subsidiary Company/Companies?	: No
2. Do the Subsidiary Company/Companies participate in the BR initiatives of the parent Company ? If yes, then indicate the number of such subsidiary Company(s)	: NA
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company ? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	: No

## Annexure - VIII Business Responsibility Report

## 1. Details of Director/Directors responsible for implementation of the BR policy/policies

Mr. Gouri Shankar Rathi, Whole-time Director (DIN: 00083992) is responsible for overseeing the implementation of BR Policy and the Strategic Business Heads are responsible for implementing the principles as stated in the Policy.

## 2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

S. N.	Questions	Principle 1	Principle 2	Principle 3	Principle 4	Principle 5	Principle 6	Principle 7	Principle 8	Principle 9
		Ethics, transparency & Sustainability, accountability	Sustainability in life-cycle of products	Employee well-being	Stakeholder engagement	Promotion of human rights	Environmental protection	Responsible public policy advocacy	Inclusive growth	Customer value
1	Do you have a policy/policies for	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
2	Has the policy been developed in consultation with relevant Stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
3	Does the policy conform to any national/ international standards? If yes, specify.	NA	NA	NA	NA	NA	Yes ISO 14001 (Environment Management System) The policies are in line with the best practices followed in the industry	NA	NA	Yes ISO 9001:2015
4	Has the policy been approved by the Board?	NA	NA	NA	Yes Board of Directors	Yes	NA	NA	Yes Board of Directors	NA
5	Does the Company have a specified Committee of the Board/ Director/Official to oversee the implementation of the policy?	NA	NA	Yes	Yes	Yes	Yes	NA	Yes	Yes
6	Indicate the link for the policy to be viewed online #	Links provided separately below this table.								



## Annexure - VIII Business Responsibility Report

S. N.	Questions	Principle 1	Principle 2	Principle 3	Principle 4	Principle 5	Principle 6	Principle 7	Principle 8	Principle 9
		Ethics, transparency & Sustainability, accountability	Sustainability in life-cycle of products	Employee well-being	Stakeholder engagement	Promotion of human rights	Environmental protection	Responsible public policy advocacy	Inclusive growth	Customer value
7	Has the policy been communicated to the relevant internal and external stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
8	Does the Company have an in-house structure to implement the policy?	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
10	Has the Company carried out Independent audit/evaluation of the working of this policy by an internal or external agency?	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes

Web links of the various Policies of the Company are given below:

CSR Policy: <https://www.srikalahasthipipes.com/static-files/pdf/policies/CSR%20Policy.SPL.pdf>

Code of Conduct for Director & Sr. Management: <https://www.srikalahasthipipes.com/static-files/pdf/code-of-conduct/Code%20of%20Directors.pdf>

Code of Conduct for Prevention of Insider Trading : <https://www.srikalahasthipipes.com/static-files/pdf/code-of-conduct-for-insiders/code-of-conduct-insiders.pdf>

Environmental Policy : <https://www.srikalahasthipipes.com/static-files/pdf/policies/Annexure%20-%203%20-%20EMS%20Policy.pdf>

Safety Policy: <https://www.srikalahasthipipes.com/static-files/pdf/policies/Annexure%20-%204%20-%20OHS%20Policy.pdf>

Quality Policy: <https://www.srikalahasthipipes.com/static-files/pdf/policies/Annexure%20-%202%20-%20QMS%20Policy.pdf>

## Annexure - VIII Business Responsibility Report

### 2A If answer to S. No. 1 against any principle is 'No', please explain why :

Tick upto 2 options)

S.No.	Question	Principle 7 : Responsible public policy advocacy
1.	The Company has not understood the Principles	
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	
3.	The company does not have financial or manpower resources available for the task	
4.	It is planned to be done within next 6 months	
5.	It is planned to be done within the next 1 year	
6.	Any other reason (please specify)	SPL is a member of Confederation of Indian Industry, AP Chambers of Commerce and Industry and other industrial and trade bodies. We actively participate in these forums on issues and policy matters that impact the interest of our stakeholders. We prefer to be a part of the broader policy development process through making representations to different Forums of Industry & Commerce, giving our comments and seeking their intervention on the proposed amendments in the relevant legislations and being a part of discussions with the representatives of the relevant authorities in open forums. Hence, we do not feel such a policy is necessary for us.

### Section E : Principle-wise performance:

#### Principle 1

#### 1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Working with integrity and fairness in organisational and business dealings is of utmost importance to all in SPL. As a responsible organization, SPL does its business with utmost integrity. We have the following policies in place which form the foundation of our Company's commitment towards ethical conduct at all levels:

**Code of Conduct :** SPL has its Code of Conduct which is applicable to all the employees of the Company including its directors. This Code does not extend to the suppliers/contractors/NGOs etc. It is a must for every employee in all of the business units/ subsidiaries to follow the values enshrined in the Code of Conduct in their day to day activities. All employees have to read and understand this Code and abide by it.

**Whistle-Blower Policy :** This Policy is applicable to the Directors of the Company or a person who is in direct or indirect employment with the company who makes a protected disclosure under this policy. This Policy provides a platform to these stakeholders for making any communication made in good faith that discloses or demonstrates evidence of any fraud or unethical activity within the company and had provisions to ensure protection of the whistleblower against victimization for the disclosures made by him/her.

#### 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the Management?

During the reporting period, no complaint was received under the provisions of Whistle Blower Policy.

#### Principle 2 :

#### 1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- DI pipes are manufactured and supplied for transporting and supply safe drinking water to the society. The joint is designed to have flexibility and leak proof. The material used for coating and rubber gaskets are tested by WRAS -UK for fitness comparability with potable water .
- DI pipes internally lined with High Alumina Cement which prevent sulphate attack while handling sewage water and industrial effluent. Thus ensure no leach of medium and contaminate the land.
- DI pipe is non hazardous product which is recyclable and re-usable after its service life in the metal industries.

## Annexure - VIII Business Responsibility Report

**2. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Yes, the company has procedures in place to evaluate sustainability of suppliers which are reviewed periodically. The raw and other essential materials purchased are stringently specified and no compromise is permissible on specifications.

**3. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Yes, the Company sources packing materials, river sand and has awarded contracts like canteen, employee transport, housekeeping and other repairs and maintenance through local sources. As we deal in bulk raw materials, consumables and spares, our purchases are mostly from organised sector. However, we do buy some engineering items from small producers and we help them improve their product quality by improving their engineering skills. We also hire contractors from the areas neighbouring our plant and improve their capability by imparting training in various fields like safety, hazard handling, compliances etc.

**4. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).**

Yes. The details of quantum of recycling of by-products and wastes are given below.

**A: By products**

- 1) 50% of Blast furnace slag is being recycled to produce Portland slag cement in cement plant.
- 2) 100% Blast furnace gas is used as fuel in place of oil in Annealing Furnace and also for power generation.
- 3) 100% waste heat from coke oven is used for power generation.

**B: Wastes**

- 1) 100% Iron ore fines recycled in Sinter plant to produce sinter.
- 2) 100% Blast furnace flue dust is recycled in Sinter plant.
- 3) 100% Magnesium oxide powder recycled in Sinter plant.
- 4) 100% Pipe and Runner scrap are reused for pipe making in DI Pipes Plant.
- 5) 5% Cement slurry is reused for in-house brick making.
- 6) 50% waste oil/used oil are reused in Coke oven Plant.

### Principle 3

**1. Please indicate the total number employees.**

Permanent employees - 1338

**2. Please indicate the total number of employees hired on temporary/contractual/casual basis.**

Temporary/contractual/casual basis - 2553

**3. Please indicate the number of permanent women employees - 06**

**4. Please indicate the number of permanent employees with disabilities - Nil**

**5. Do you have an employee association that is recognized by Management?**

Yes. There are two Workmen Unions recognized by the Management.

**6. What percentage of your permanent employees is Members of this recognized employee association?**

About 60 – 70% of the workmen are members in both the unions put together.

**7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year**

S.No.	Category	No. of complaints filed during the Financial Year	No. of complaints pending as at end of the Financial Year
1.	Child labour/forced labour/involuntary labour	0	0
2.	Sexual harassment	0	0
3.	Discriminatory employment	0	0

## Annexure - VIII Business Responsibility Report

### 8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?

a. Permanent Employees	Safety – 100%, Skill up gradation training – 83%
b. Permanent Women Employees	Safety – 100%, Skill up gradation training – 78%
c. Casual/Temporary/Contractual Employees	Safety – 100%, Skill up gradation training - NIL
d. Employees with Disabilities	NA

#### Principle 4

##### 1. Has the company mapped its internal and external stakeholders? Yes/No

Yes, the Company has mapped its internal and external stakeholders. We recognise employees, communities surrounding our operations, business associates (network of suppliers and dealers), customers, shareholders, lenders, bankers and regulatory authorities as our key stakeholders.

##### 2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes, the Company has identified disadvantaged, vulnerable & marginalized stakeholders from the local community and has also engaged them for their socio-economic development through various CSR and Affirmative Action interventions. Local communities have been engaged under the CSR framework to work on good quality teaching-learning opportunities, skill development and livelihood initiatives.

##### 3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Yes, the Company, in partnership with the communities, has taken many initiatives under Affirmative Action and CSR focused upon Education, Skill and Livelihood development of the local community. In addition, recruitment of the equally qualified people from the local community is also encouraged. To minimize the Business' environmental impact on the community, greenbelt is being developed by the Company in and around its facilities and also surrounding villages are being encouraged to develop greenery by providing them with saplings.

#### Principle 5

##### 1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures /Suppliers / Contractors /NGOs/Others?

The Company has the Code of Conduct and Whistleblower Policy which covers issues related to human rights. We do not deal with any supplier/contractor if they are in violation of human rights and we do not employ any person below the age of eighteen. We also prohibit the use of forced or compulsory labour at all our units and discourage the same with our business associates.

The said policies discourage violation of Company's business ethics and values and provide a fair and transparent mechanism for reporting any such violation. This policy also provides direct access to the Chairman of the Audit Committee in appropriate and exceptional cases. The system is designed to ensure confidentiality and protect the complainant from being victimized. False allegations are also dealt with disciplinary action in accordance with the Policy.

##### 2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No complaint was received pertaining to human rights violation during the past financial year.

#### Principle 6

##### 1. Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/Suppliers/ Contractors / NGOs/others.

The Safety, health and environment policy of the company covers all its Business verticals and it applies to the contractors working for the company by way of incorporating the safety health and environment compliances in the agreement and in certain cases cover the interest of transporters, contractors etc.,

##### 2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes, the company is complying with the guidelines/norms notified by Central and State Pollution Control Board's Power is being sourced from own Captive Power Plants based on waste heat recovery boilers (14.5 MW capacity), leading to reduction of carbon foot prints of our operations, thereby significantly reducing the Company's dependence on grid power.

## Annexure - VIII Business Responsibility Report

### 3. Does the company identify and assess potential environmental risks? Y/N

Yes, The company has a well defined on site and off site emergency plans in place for dealing with any environmental risks, which is audited and inspected periodically by appropriate agencies. The Company is certified in ISO 14001 (environmental management Systems). Under this standard, we have identified & assessed environmental aspect & its impact for all the major activities being performed at the site. We also conduct Environmental impact assessment (EIA) from time to time.

### 4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

In the past, the company had an approved CDM project Carbon Emission Reduction. This helped in reduction of carbon emissions . But even after the CDM project got over, the company has not allowed emission of Coke Oven Plant.

### 5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes, apart from sourcing of energy through waste gases, the company has taken initiative in converting most of its lighting to energy efficient LED lights, usage of energy efficient motors, transformers etc. for various drives. The company also recycles its process waste and convert the same into cement bricks and the slag generated from the Blast Furnace is used in making slag cement. The Company uses primarily treated sewerage water of Tirupati Municipal Corporation for its various industrial process applications after further treatment, thereby conserving the use of ground water, thus protecting water belt.

### 6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, the company complies with all the Central Pollution Control Board /State Pollution Control Board norms of emission and waste generation.

### 7. No. of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

On 3.9.19, the Company has received notice from CPCB to suspend the operation of Vertical Shaft Kiln in cement plant due to emission of SO<sub>2</sub> exceeding the standard limit prescribed by CPCB. Consequently, the operation of Vertical Shaft Kiln was stopped. The Company has submitted its action plan and compliance status on 23.9.19, 25.9.19, 03.10.19, 14.10.19 and on 26.10.19. The CPCB vide its letter dated 27.12.19, has revoked its suspension order and permitted to operate the Vertical Shaft Kiln and directed to submit the performance report within 60 days.

The Company has been producing cement by procuring Clinker from the market and hence it has no plans to operate vertical shaft kiln for the time being. Hence the Company in response to the revocation order dated 27.12.2019 of CPCB submitted a letter to CPCB on 04.02.2020 reporting as on date compliance and non operation of vertical shaft Kiln. The Company shall submit the Vertical Shaft Kiln performance report to CPCB within 60days after resuming the operation of Kiln.

## Principle 7

### 1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Confederation of Indian Industry

Ductile Iron Pipe Manufacturers Association

Federation of AP Chambers of Commerce & Industry.

Employers Federation of Southern India

### 2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Yes

## Principle 8

### 1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes, for the inclusive growth and equitable development of the local community, based upon the need assessment, the Company under CSR, has taken initiatives focused upon Education, Vocational Skill, and Rural Development.

### 2. Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?

Programmes pertaining to Principle 8 are developed and executed partly through in-house team and partly through external agencies.

## Annexure - VIII Business Responsibility Report

### 3. Have you done any impact assessment of your initiative?

Yes.

### 4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

For FY 2019-20, the Company's CSR obligation was Rs. 3.48 crores and the CSR spend was Rs.3.43 crores on initiatives pertaining to promotion of education, rural development, animal welfare and medical aid.

### 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Yes. As based upon the need assessment, the Company undertakes all its CSR interventions in partnership with the local community, therefore, the community not only actively engage and partner with but also take the ownership of the projects from its planning, implementation and post implementation sustainability of the social assets created.

#### Principle 9:

### 1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.

There were two customer complaints received during the FY 2019-20 and both have been resolved to the satisfaction of the customers. There were no complaints/consumer cases pending at the end of the year.

### 2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

NA

### 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No.

### 4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Customer satisfaction is regularly monitored based on "Customer feedback" provided periodically by the customers.



## Auditor's Report

### INDEPENDENT AUDITORS' REPORT

To the Members of Srikalahasthi Pipes Limited  
Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of Srikalahasthi Pipes Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss (including other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes for the year ended on that date (hereinafter referred to as "financial statements").

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, of the state of affairs of the Company as at March 31, 2020, and profit, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards

on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have considered the matters described below to be the Key Audit Matters for incorporation in our Report.

Key Audit Matter	Addressing the key audit matter
<p><b>Verification of Inventory and Valuation thereof</b></p> <p>The total inventory of the Company amounting to Rs. 33,283.87 lakhs (as on March 31, 2020) forms about 14.00% of the total assets of the Company.</p> <p>This includes bulk materials such as coal, coke, iron ore etc, which are susceptible to handling loss, moisture loss/gain, spillage etc. and determination of the same requires estimation based on experience and technical expertise. Also, the physical verification of the inventories could not be carried out and/or observed by us due to lockdown restrictions at the year end.</p>	<p>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of determination of year-end inventory and valuation thereof include the following:</p> <ul style="list-style-type: none"> <li>• The company has procedure of physical verification of inventories at regular interval by an independent professional which was carried out till December 2019;</li> <li>• The Company carried out the physical verification on May 20, 2020. The services of independent firm of chartered accountant has been entrusted for observing/ participation in verification;</li> <li>• We have reviewed the credentials, technical and other expertise of the professional firms deployed for carrying out and observing the verification;</li> <li>• We reviewed the report submitted by external agency and obtained reasons/explanation for variations observed by them with respect to book stock;</li> </ul>

	<ul style="list-style-type: none"> <li>• We have applied alternative methods of verification for arriving at Inventories as at the year-end by applying roll back principles and carrying out relevant adjustments for receipt and issues. Materiality for variations, discrepancies after considering the reasonable allowance for volumetric measurement were duly adjusted with respect to subsequent movements and discrepancies and adjustments pursuant to last such verification carried out.</li> <li>• While necessary review and other corroborative evidences were obtained and verified, professional expert's report and conclusions drawn by them on the matter;</li> <li>• We have verified the adjustments made for receipt and consumption to arrive at the physical stock as on March 31, 2020; and</li> <li>• We examined the valuation process/methodology and checks being performed at multiple levels to ensure that the valuation is consistent with and as per the policy followed in this respect.</li> </ul>
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### **Information Other than the Standalone Financial Statements and Auditors' Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Management Discussion and Analysis Report but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of the Management and those charged with governance for the Standalone 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 Standalone financial statements that give a true and fair view of the state of affairs (financial position), Profit or Loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management

either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude

that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matters**

The outbreak of COVID-19 as stated in Note no. 6 of the financial results dealing with evaluation of Impact of

COVID-19 on current and non-current assets as well as the future performance of the Company which has caused disruption in operation and physical verification and other year end exercises, for which alternative audit procedures as required in terms of standards on auditing has been applied to obtain sufficient audit evidence on the matter. Our opinion is not modified in respect of the matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. Further to our comments in the annexure referred to in the paragraph above, 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 purposes 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, the Statement of Profit and Loss (including Other Comprehensive Income), and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid Standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act; and
- f) Regarding adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal control with reference to financial statements.
3. 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 no. 38 to the Standalone financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note no. 37(d) to the Standalone financial statements; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
4. With respect to the reporting under section 197(16) of the Act to be included in the Auditors' Report, In our opinion and according to the information and explanations given to us, the remuneration (including sitting fees) paid by the Company to its Directors during the current year is in accordance with the provisions of section 197 of the Act and is not in excess of the limit laid down therein.

For Lodha & Co,  
Chartered Accountants  
Firm's ICAI Registration No.:301051E

R. P. Singh  
Partner  
Membership No: 52438  
UDIN: 20052438AAAAV5985

Place: Kolkata  
Date: June 01, 2020

**ANNEXURE "A" TO THE AUDITORS' REPORT OF EVEN DATE:**

- i) a. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- b. The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to this program, certain fixed assets which were required could not be fully verified as per the programme amidst lockdown due to COVID-19 pandemic, however certain assets added during the year has been physically verified along with the Internal Auditor. According to the information and explanation given to us, no material discrepancies were noticed on such verifications. As explained such verifications will be resumed as per the phased programme in due course of time.
- c. According to the information and explanations given to us, the records examined by us and confirmation/representation received from charge holders, we report that, the title deeds, comprising all the immovable properties of land and building which are freehold, are held in the name of the Company.
- ii) As informed, the inventories of the Company except for materials in transit and those lying in depot have been physically verified by the management during the year. In our opinion and according to the information and explanations given to us, the frequency of such verification is reasonable. As the Company's inventory of raw materials comprises mostly of bulk materials such as coal, coke, iron ore, etc. requiring technical expertise for quantification, the Company has hired an independent agency for the physical verification of the stock of these materials. The year-end verification could not be carried out due to lock-down amidst COVID-19 pandemic. The Inventories as on that date have been arrived at by rolling back the receipts and issues with respect to verification carried out on a subsequent date in presence and supervision of an Independent firm of chartered accountant, entrusted with such responsibility. The discrepancies noted during the year have been properly dealt with in the books of the account.
- iii) The Company has not granted any loans secured or unsecured to companies, firms or parties covered in the register maintained under Section 189 of the Act. Accordingly, clause 3 (iii) of the Order is not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided any guarantees/securities to parties covered under Section 185 and 186 of the Act. Accordingly, clause 3 (iv) of the Order is not applicable to the Company.
- v) The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2020 from public covered under Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder and therefore the provisions of clause 3(v) of the Order is not applicable to the company
- vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- vii) a. According to the information and explanations given to us, during the year and read with Note no. 42(a)(ii) regarding Hon'ble Supreme Court judgement on liabilities towards Provident Fund, pending determination of amount if any payable in this respect, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Goods and Service Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues as applicable to it.
- b. According to the information and explanations given to us, the details of disputed dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax, and Cess, if any, as at March 31, 2020, are as follows

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act' 1944	Service Tax	300.84	2006-2007 To 2015-2016	Commissioner (Appeals)
The Central Excise Act' 1944	Excise Duty	3.76 8.25	2015-2016 2007-2008	Commissioner (Appeals)
Central Goods and Services Tax Act, 2017	CGST	35.97	Transitional Credit	Commissioner (Appeals)
Central Sales Tax	Sales Tax	151.60	2000-2001 2010-2011	High Court
		2.75	2012-2013	Appellate Deputy Commissioner
		399.23	2003-2004 2004-2005 2005-2006	Sales Tax Appellate Tribunal
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	440.98	2013-2014 2014-2015	Appellate Deputy Commissioner
		393.91	1999-2000 2000-2001 2003-2004	Sales Tax Appellate Tribunal
		10.59	2004-2005	High Court
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	-	2012-2013 2014-2015	Appellate Deputy Commissioner
		189.81	2005-2006 2007-2008 2011-2012 2013-2014	Sales Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	37.72	2003-2004 2004-2005	High Court

- viii) In our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- ix) In our opinion and according to the information and explanations given to us, the company did not raise any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year.
- x) During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such cases by the management.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) The Company is not a Nidhi company and hence reporting under paragraph 3(xii) of the Order is not applicable to the Company.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Financial statements as



required by the applicable accounting standards.

xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3 (xiv) of the Order is not applicable to the Company.

xv) According to the information and explanations given to us and as represented to us by the management and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place: Kolkata.  
Date: June 01, 2020

For Lodha & Co,  
Chartered Accountants  
Firm's ICAI Registration No.:301051E

R. P. Singh  
Partner  
Membership No: 52438  
UDIN: 20052438AAAAAV5985

## ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

**(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

### **Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of Srikalahasthi Pipes Limited ("the Company") as at March 31, 2020 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls:**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy

and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of

internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

#### **Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition

of the company's assets that could have a material effect on the Standalone financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting:**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Kolkata.  
Date: June 01, 2020

For Lodha & Co,  
Chartered Accountants  
Firm's ICAI Registration No.:301051E

R. P. Singh  
Partner  
Membership No: 52438  
UDIN: 20052438AAAAV5985

## BALANCE SHEET AS AT MARCH 31, 2020

Rs. in Lakhs

Particulars	Note No.	31st March 2020	31st March 2019
<b>ASSETS</b>			
<b>1 Non-Current Assets</b>			
a. Property, Plant and Equipment	5	92,659.23	85,787.00
b. Capital Work-In-Progress	41	4,037.04	2,407.09
c. Other Intangible Assets	6	51.39	64.72
d. Financial Assets			
(i) Loans	7	788.49	763.66
(ii) Other Financial Assets	8	13.53	99.97
e. Other Non Current Assets	9	652.86	475.44
<b>Total Non-Current Assets</b>		<b>98,202.54</b>	<b>89,597.88</b>
<b>2 Current Assets</b>			
a. Inventories	10	33,283.87	35,267.97
b. Financial Assets			
(i) Trade Receivables	11	54,172.63	30,548.02
(ii) Cash and Cash Equivalents	12	804.13	25,723.19
(iii) Bank Balances Other than (iii) above	13	35,496.04	20,557.98
(iv) Loans	14	5,143.31	6,608.63
(v) Other Financial Assets	15	3,057.17	2,435.17
c. Current Tax Assets	16	385.72	476.28
d. Other Current Assets	17	7,163.56	7,279.30
<b>Total Current Assets</b>		<b>1,39,506.43</b>	<b>1,28,896.54</b>
<b>Total Assets</b>		<b>2,37,708.97</b>	<b>2,18,494.42</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
a. Equity Share Capital	18	4,669.84	4,669.84
b. Other Equity	19	1,36,945.09	1,21,569.19
<b>Total Equity</b>		<b>1,41,614.93</b>	<b>1,26,239.03</b>
<b>2 Liabilities</b>			
<b>Non-Current Liabilities</b>			
a. Financial Liabilities			
(i) Borrowings	20	11,810.72	16,393.17
(ii) Lease Liabilities	46	1,948.91	-
b. Provisions	21	768.84	547.39
c. Deferred Tax Liabilities (Net)	22	13,271.43	14,318.23
d. Other Non Current Liabilities			
(i) Deferred Income	26.1	397.44	423.08
<b>Total Non-Current Liabilities</b>		<b>28,197.34</b>	<b>31,681.87</b>
<b>Current Liabilities</b>			
<b>a . Financial Liabilities</b>			
(i) Borrowings	23	37,121.43	18,720.11
(ii) Trade Payables	24		
Total Outstanding dues to Micro Enterprises and Small Enterprises		44.86	40.11
Total Outstanding dues of Creditors Other than Micro Enterprises and Small Enterprises		20,960.33	31,684.21
(iii) Other Financial Liabilities	25	5,394.78	5,097.10
b. Other Current Liabilities	26	3,776.45	4,297.74
c. Provisions	21	598.85	734.25
<b>Total Current Liabilities</b>		<b>67,896.70</b>	<b>60,573.52</b>
<b>Total Liabilities</b>		<b>96,094.04</b>	<b>92,255.39</b>
<b>Total Equity and Liabilities</b>		<b>2,37,708.97</b>	<b>2,18,494.42</b>

Significant Accounting Policies and other accompanying Notes (1-51) form an integral part of the Financial Statements

As per our report of even date  
For Lodha & Co,  
Chartered Accountants  
Firm Registration No. 301051E

For and on behalf of the Board

R. K. Khanna  
Chairman  
DIN: 05180042

G. S. Rathi  
Whole Time Director  
DIN: 00083992

R. P. Singh  
Partner  
Membership No. 52438

Place: Kolkata.  
Date: June 01, 2020

N. Sivalai Senthilnathan  
Chief Financial Officer

G. Kodanda Pani  
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020**

Rs. in Lakhs

Particulars	Note No.	31st March 2020	31st March 2019
I Revenue from operations	27	1,66,290.16	1,55,880.44
II Other Income	28	6,369.32	5,064.63
III <b>Total Income</b>		<b>1,72,659.48</b>	<b>1,60,945.07</b>
<b>IV EXPENSES</b>			
Cost of materials consumed	29	82,720.34	85,022.36
Purchase of Stock-in-Trade	30	6,493.91	5,453.80
Changes in inventories of finished goods, Stock-in-Trade and work-in progress	31	(3,673.64)	(2,644.89)
Employee Benefit Expenses	32	8,724.17	7,878.14
Finance costs	33	4,620.06	4,050.23
Depreciation and Amortisation Expense	34	4,116.70	3,704.62
Other Expenses	35	46,005.77	41,475.83
<b>Total expenses</b>		<b>1,49,007.31</b>	<b>1,44,940.09</b>
V <b>Profit before tax (III-IV)</b>		<b>23,652.17</b>	<b>16,004.98</b>
VI <b>Tax expense:</b>	36		
(1) Current tax		(5,926.65)	(3,399.29)
(2) Deferred tax		1,042.11	(851.96)
<b>Total tax expense</b>		<b>(4,884.54)</b>	<b>(4,251.25)</b>
VII <b>Profit for the year (V - VI)</b>		<b>18,767.63</b>	<b>11,753.73</b>
<b>VIII Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans		(18.63)	(24.01)
Income tax relating to items that will not be reclassified to Profit and Loss	36.1	4.69	8.40
Other Comprehensive Income for the year (net of tax)		<b>(13.94)</b>	<b>(15.61)</b>
Total Comprehensive Income for the year		<b>18,753.69</b>	<b>11,738.12</b>
<b>IX Earnings Per Equity Share (EPS) of Rs. 10 each</b>			
Basic and Diluted EPS (in Rs.)	47	<b>40.19</b>	25.17

Significant Accounting Policies and other accompanying Notes (1-51) form an integral part of Financial Statements

As per our report of even date  
For Lodha & Co,  
Chartered Accountants  
Firm Registration No. 301051E

R. P. Singh  
Partner  
Membership No. 52438  
Place: Kolkata.  
Date: June 01, 2020

For and on behalf of the Board

R. K. Khanna  
Chairman  
DIN: 05180042

G. S. Rathi  
Whole Time Director  
DIN: 00083992

N. Sivalai Senthilnathan  
Chief Financial Officer

G. Kodanda Pani  
Company Secretary

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

### A. Equity Share Capital

Rs. in Lakhs

As at March 31, 2019	4669.84
Movement during the year	-
Balance at the end of March 31, 2020	4,669.84

### B. Other Equity March 31, 2020

Balance as at March 31, 2019	23,940.81	42,500.00	55,128.38	1,21,569.19
Profit for the year	-	-	18,767.63	18,767.63
Other Comprehensive Income for the year	-	-	(13.94)	(13.94)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>18,753.69</b>	<b>18,753.69</b>
Transfer from/to Retained Earning	-	5,000.00	(5,000.00)	-
Dividend @ Rs.6 Per Equity Share (including corporate dividend tax)	-	-	(3,377.79)	(3,377.79)
<b>Balance as at March 31, 2020</b>	<b>23,940.81</b>	<b>47,500.00</b>	<b>65,504.28</b>	<b>1,36,945.09</b>

### As at March 31, 2019

Balance as at March 31, 2018	23,940.81	37,500.00	51,768.05	1,13,208.86
Profit for the year	-	-	11,753.73	11,753.73
Other Comprehensive Income for the year	-	-	(15.61)	(15.61)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>11,738.12</b>	<b>11,738.12</b>
Transfer from/to Retained Earning	-	5,000.00	(5,000.00)	-
Dividend @ Rs.6 Per Equity Share (including corporate dividend tax)	-	-	(3,377.79)	(3,377.79)
<b>Balance as of March 31, 2019</b>	<b>23,940.81</b>	<b>42,500.00</b>	<b>55,128.38</b>	<b>1,21,569.19</b>

Refer Note no. 19 for nature and purpose of reserves

Significant Accounting Policies and other accompanying Notes (1-51) form an integral part of Financial Statements

As per our report of even date  
For Lodha & Co,  
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For and on behalf of the Board

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DIN: 05180042

G. S. Rathi  
Whole Time Director  
DIN: 00083992

R. P. Singh  
Partner  
Membership No. 52438

Place: Kolkata.  
Date: June 01, 2020

N. Sivalai Senthilnathan  
Chief Financial Officer

G. Kodanda Pani  
Company Secretary

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

Rs. in Lakhs

Particulars	For the Year ended March 31, 2020		For the Year ended March 31, 2019	
<b>A. Cash Flow from operating activities</b>				
Net Profit Before Tax		23,652.17		16,004.98
Adjustment for non cash and other items:				
Finance Cost	4,620.06		4,050.23	
Depreciation and Amortisation Expense	4,116.70		3,704.62	
Gain on sale of property, plant and equipment (net)	(2.17)		(16.96)	
Deffered Income	(136.30)		(209.72)	
Interest Income on loans, deposits, overdue debts etc.	(5,384.31)		(3,410.18)	
Provision for Obsolete and Non-Moving Stores and Spares	-		13.00	
Impairment Allowances for doubtful debts	-		5.72	
Provision/ Liabilities no longer required written back	-		(8.97)	
Impairment Allowances for doubtful debts no longer required written back	-		(93.75)	
Bad debts	-		61.83	
Net gain/(loss) on redemption of current investments	(79.96)	3,134.02	(338.37)	3,757.45
<b>Operating Profit before Working Capital changes</b>		<b>26,786.19</b>		<b>19,762.43</b>
Adjustments for :				
(Increase) / decrease in Loans, Other Financial and Non-Financial Assets	(137.57)		(176.58)	
(Increase) / decrease in Trade Receivables	(22,667.60)		3,068.31	
(Increase) / decrease in Inventories	1,984.10		(14,368.68)	
Increase / (decrease) in Other non-financial Liabilities and provisions	(1,281.59)		414.79	
(Increase) / decrease in Other current Financial Assets and Non-Financial Assets	(464.21)		(6,263.83)	
Increase / (decrease) in Trade Payables and other financial Liabilities	(10,840.97)	<b>(33,407.84)</b>	24,897.31	<b>7,571.32</b>
<b>Cash Generated from Operations</b>		<b>(6,621.64)</b>		<b>27,333.75</b>
Direct Taxes Paid (Net)		(5,836.09)		(3,482.81)
<b>Cash from Operating Activities (A)</b>		<b>(12,457.74)</b>		<b>23,850.94</b>
<b>B. Cash Flow from Investing Activities</b>				
Purchase of Property, Plant and Equipment and movement in Capital Work in Progress	(10,583.79)		(5,504.95)	
Sale of Property, Plant and Equipment	3.08		82.50	
Interest Received	4,708.11		3,103.60	
(Increase) / decrease in Bank Balances other than Cash and cash equivalents	(14,899.44)		(20,275.49)	
(Purchase)/ Sale of Current Investments (Net)	79.96		21,684.65	
(Increase) / decrease in Inter-Corporate Deposits	1,695.00		(4,350.00)	
<b>Net Cash Flow From Investing Activities (B)</b>		<b>(18,997.08)</b>		<b>(5,259.69)</b>
<b>C. Cash Flow from Financing Activities</b>				
Long Term Borrowings-Receipts/(Repayments)[Net]	(3,591.43)		13,397.31	
Short Term Borrowings-Receipts/(Repayments)[Net]	18,401.32		(19,067.11)	
Interest Paid	(4,732.59)		(4,033.16)	
Payment of Lease Liability	(178.62)		-	
Dividends (including corporate dividend tax)	(3,362.92)		(3,358.05)	
<b>Net Cash Flow From Financing Activities (C)</b>		<b>6,535.76</b>		<b>(13,061.01)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents(A+B+C)		<b>(24,919.06)</b>		<b>5,530.24</b>
Cash and Cash Equivalent as at Beginning of Year		<b>25,723.19</b>		<b>20,192.95</b>
<b>Cash and Cash Equivalent as at End of the Year</b>		<b>804.13</b>		<b>25,723.19</b>
<b>Notes</b>				
1 Components of Cash and Cash Equivalents				
Cash On Hand		3.63		1.39
Balances with Banks				
In Current Account		800.50		13,221.80
In Deposit Account		-		12,500.00
		<b>804.13</b>		<b>25,723.19</b>

**Notes:**

2 The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in the Indian Accounting Standard (IND AS) 7 on Statement of Cash Flows.

**3 Change in Company's liabilities arising from financing activities:**

	As at March 31, 2019	Cash flows*	Non-Cash Flows	As at March 31, 2020
Non-current borrowings [Refer Note no. 20]	16,393.17	(181.00)	(4,401.45)	11,810.72
Current maturities of long term debt [Refer Note no. 25]	3,410.43	(3,410.43)	4,401.45	4,401.45
Short Term borrowings [Refer Note no. 23]	18,720.11	18,401.32	-	37,121.43
Lease Liability	-	(178.62)	2,347.14	2,168.52
Interest accrued but not due on borrowings [Refer Note no. 25]	345.36	(345.36)	232.83	232.83

\*Includes cash flows on account of both principal and interest.

Significant Accounting Policies and other accompanying Notes (1-51) form an integral part of Financial Statements

As per our report of even date  
For Lodha & Co,  
Chartered Accountants  
Firm Registration No. 301051E

For and on behalf of the Board

R. K. Khanna  
Chairman  
DIN: 05180042

G. S. Rathi  
Whole Time Director  
DIN: 00083992

R. P. Singh  
Partner

Membership No. 52438  
Place: Kolkata.  
Date: June 01, 2020

N. Sivalai Senthilnathan  
Chief Financial Officer

G. Kodanda Pani  
Company Secretary



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### 1. CORPORATE INFORMATION

Srikalahasthi Pipes Limited ('SPL' or 'the Company'), is a public limited company in India having its registered office at Rachagunneri, Srikalahasthi Mandal, Chittoor district in the state of Andhra Pradesh, India engaged in the manufacture and supply of Ductile Iron Pipe as its core business and in the process produces and supplies Pig Iron and Cement. It also produces Low Ash Metallurgical Coke, Sinter and Power for captive consumption in its integrated complex. During the year, the Company has successfully implemented the Ferro Silicon Project as a part of further backward integration. The company predominantly caters to the needs of Water Infrastructure Development. The company's shares are listed on the National Stock Exchange Limited (NSE) and the BSE Limited.

### 2. STATEMENT OF COMPLIANCE AND RECENT PRONOUNCEMENTS

#### 2.1 Statement of Compliance

The financial statement have been prepared in accordance with Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 ("the Act"). The Company has complied with Ind AS issued, notified and made effective till the date of authorisation of the financial statements.

Accounting Policies have been consistently applied except where a newly issued Indian Accounting Standard is initially adopted or a revision to an existing Indian Accounting Standard requires a change in the accounting policy hitherto in use.

#### 2.2 Application of new and revised Standards

##### a) Ind AS 116, Leases

Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to its leasehold assets under modified retrospective approach with cumulative effect of initial recognition being given effect to on the date of application. Consequently, such assets have been recognised as "Right of Use" and have been amortised over the term of lease. Further, finance cost in respect of lease liability has been measured and considered in these financial statements. Previously charge on account of this was recognised as lease rent in terms of the agreement. This however does not have any material impact on the Profit/Loss and Earning Per Share for the year.

##### b) Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, 'Income Taxes'

Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, 'Income Taxes' have also been revised with effect from the said date. Revision in these standard also do not have any material impact on the financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### A. BASIS OF PREPARATION

The Financial Statements have been prepared under the historical cost convention on accrual basis excepting certain financial instruments that are measured in terms of relevant Ind AS at fair values/ amortized costs at the end of each reporting period and certain class of Property, Plant and Equipment which on the date of transition have been fair valued to be considered as deemed costs.

Historical cost convention is generally based on the fair value of the

consideration given in exchange for goods and services.

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Ind AS-1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013. Having regard to the nature of business being carried out by the Company, the Company has determined its operating cycle as twelve months for the purpose of current and non-current classification.

The functional currency of the Company is determined as the currency of the primary economic environment in which it operates. Accordingly, these financial statements are presented in Indian Rupees and all values are rounded off to the nearest two decimal lakhs except otherwise stated.

#### Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed for such measurement:

- a) Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) Level 2 : inputs other than quoted prices included within level 1 that are observable either directly or indirectly for the asset or liability.
- c) Level 3 : inputs for the asset or liability which are not based on observable market data.

The company has an established control framework with respect to the measurement of fair values. This includes a finance team headed by Chief Financial Officer who has overall responsibility for overseeing all significant fair value measurements who regularly reviews significant unobservable inputs, valuation adjustments and fair value hierarchy under which the valuation should be classified.

#### B. PROPERTY, PLANT AND EQUIPMENT (PPE)

Property, Plant and Equipment are stated at cost of acquisition, construction and subsequent improvements thereto less accumulated depreciation and impairment losses, if any. For this purpose cost include deemed cost on the date of transition and comprises purchase price of assets or its construction cost including duties and taxes (net of cenvat availed), inward freight and other expenses related to acquisition or installation and adjustment for exchange differences wherever applicable and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended for its use. For major projects, interest and other costs incurred on / related to borrowings attributable to such projects or fixed assets during construction period and related developmental expenses are capitalized.

Parts of an item of PPE having different useful lives and material value and subsequent expenditure on PPE arising on account of capital improvement or other factors are accounted for as separate components.

The cost of replacing part of an item of PPE is recognised in the

carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement when incurred. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

The company's lease assets comprising of Land, Building and Plant and Machinery has been separately shown under PPE as Right of Use (ROU) Assets.

Capital Work-in-progress includes developmental expenses, equipments to be installed, construction and erection materials etc. Such costs are added to related PPE and are classified to the appropriate categories when completed and ready for intended use.

### C. LEASES

The Company's lease asset classes primarily consist of leases for office space, transit houses, Plant and Equipments etc. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options considered for arriving at ROU and lease liability when it is reasonably certain that they will be exercised.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment, whether it will exercise an extension or a termination option.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

### D. DEPRECIATION AND AMORTISATION

Depreciation on PPE except otherwise stated, is provided as per Schedule II of the Companies Act, 2013 on straight line method over the estimated useful lives. Certain Plant and Machinery have been considered Continuous Process Plant on the basis of technical assessment. Depreciation on upgradation of Property, Plant and Equipment is provided over the remaining useful life of the entire component.

Depreciation on PPE commences when the assets are ready for their intended use. Based on above, the estimated useful lives of assets for the current period are as follows:

Category	Useful life (Years)
<b>Buildings</b>	
- Non-Factory Building	
• RCC Frame Structure	60
• Other than RCC Frame Structure	30
• Fences, wells, tube wells	5
• Others (including temporary structure, etc)	3
- Factory Building	30
<b>Roads</b>	
- Carpeted Roads-RCC	10
- Non-Carpeted Roads	3
<b>Plant and machinery</b>	
- Continuous Process Plant	25
- Sinter Plant, Blast Furnace, and Coke Oven	20
- Power Distribution Plant	35
- Power Generation unit	40
- Others	3-15
<b>Computer equipment</b>	
- Servers and networks	6
- Others	3
Furniture and fixtures, Electrical Installation and Laboratory Equipments	10
Office equipment	5
Vehicles - Motor cycles, scooters and other mopeds	8

Major Furnace relining costs capitalised as Plant and Machinery are depreciated over a period of 6 years (average expected life)

Right-of-use assets (ROU) are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

### E. INTANGIBLE ASSETS

Intangible assets are stated at cost of acquisition/deemed cost on transition date, comprising of purchase price inclusive of duties and taxes less accumulated amount of amortization and impairment losses. Such assets, are amortized over the useful life using straight line method and assessed for impairment whenever there is an indication of the same.

Accordingly, cost of computer software packages (ERP and others) has been allocated / amortized over the useful life using straight line method over a period of 3 years.

Amortisation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

## F. DERECOGNITION OF TANGIBLE AND INTANGIBLE ASSETS

An item of PPE/Intangible Assets is de-recognised upon disposal or when no future economic benefits are expected to arise from its use or disposal. Gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

## G. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

Tangible, Intangible assets and ROU Assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of assets is determined. An impairment loss is recognized in the statement of profit and loss, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the higher of assets' fair value less cost to disposal and its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate.

Impairment losses recognized earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognized in the Statement of Profit and Loss. In such cases the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years that reflects current market assessments of the time value of money and the risk specific to the asset.

## H. FINANCIAL ASSETS AND LIABILITIES

Financial assets and financial liabilities (financial instruments) are recognized when Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of Profit and Loss.

The financial assets and financial liabilities are classified as current if they are expected to be realized or settled within operating cycle of the company or otherwise these are classified as noncurrent.

The classification of financial instruments whether to be measured at Amortized Cost, at Fair Value Through Profit and Loss (FVTPL) or at Fair Value Through Other Comprehensive Income (FVTOCI) depends on the objective and contractual terms to which they relate. Classification of financial instruments is determined on initial recognition.

### (i) Cash and cash equivalents

All highly liquid financial instruments, which are readily convertible into determinable amounts of cash and which are subject to an insignificant risk of change in value and are having original maturities of three months or less from the date of purchase, are considered as cash equivalents. Cash and cash equivalents includes balances with banks which are unrestricted for withdrawal and usage.

### (ii) Financial Assets and Financial Liabilities measured at amortized cost

Financial Assets held within a business whose objective is to hold

these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost.

The above Financial Assets and Financial Liabilities subsequent to initial recognition are measured at amortized cost using Effective Interest Rate (EIR) method.

The effective interest rate is the rate that discounts estimated future cash payments or receipts (including all fees, transaction costs and other premiums or discounts) through the expected life of the Financial Asset or Financial Liability to the gross carrying amount of the financial asset or to the amortised cost of financial liability.

### (iii) Financial Asset at Fair Value through Other Comprehensive Income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized directly in other comprehensive income.

(iv) For the purpose of para (ii) and (iii) above, principal is the fair value of the financial asset at initial recognition and interest consists of consideration for the time value of money and associated credit risk.

### (v) Financial Assets or Liabilities at Fair value through profit or loss

Financial Instruments which do not meet the criteria of amortized cost or fair value through other comprehensive income are classified as Fair Value through Profit or loss. These are recognized at fair value and changes therein are recognized in the statement of profit and loss.

### (vi) Derivatives and Hedge Accounting

The company enters into derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates in respect of financial instruments and forecasted cash flows denominated in certain foreign currencies. The Company uses hedging instruments which provide principles on the use of such financial derivatives consistent with the risk management strategy of the Company. The hedge instruments are designated and documented as hedges and effectiveness of hedge instruments is assessed and measured at inception and on an ongoing basis to reduce the risk associated with the exposure being hedged.

Any derivative that is either not designated as a hedge, or is so designated but is ineffective as per Ind AS 109 "Financial Instruments", is categorized as a financial asset/liability, at fair value through profit or loss. Transaction costs attributable to the same are also recognized in statement of profit and loss. Changes in the fair value of the derivative hedging instrument designated as a fair value hedge are recognized in the statement of profit and loss.

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity as cash flow hedging reserve to the extent that the hedge is effective.

Hedging instrument which no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity remains therein till that time and thereafter to the extent hedge accounting

being discontinued is recognised in Statement of Profit and Loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the statement of profit and loss.

#### (vii) Impairment of financial assets

A financial asset is assessed for impairment at each reporting date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

The company measures the loss allowance for financial assets at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

In case of trade receivables or contract assets that result in relation to revenue from contracts with customers, the company measures the loss allowance at an amount equal to lifetime expected credit losses.

#### (viii) De-recognition of financial instruments

The Company derecognizes a financial asset or a group of financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset, the difference between the assets's carrying amount and the sum of the consideration received and receivable are recognized in statement of profit and loss.

On derecognition of assets measured at FVTOCI the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to statement of profit and loss as a reclassification adjustment.

Financial liabilities are derecognized if the Company's obligations specified in the contract expire or are discharged or cancelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in statement of profit and loss.

### I. INVENTORIES

- (i) Inventories are valued at lower of the cost or net realizable value. Cost of inventories is ascertained on 'weighted average' basis. Materials and her supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- (ii) Cost in respect of raw materials and stores and spares includes expenses incidental to procurement of the same. Cost in ct of finished goods and those under progress represents raw material cost plus costs of conversion, comprising labor costs and an attributable proportion of manufacturing overheads based on normal levels of activity.
- (iii) Cost in respect of work in progress represents cost incurred up to the stage of completion.
- (iv) By-Products are valued at net realizable value.

### J. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transactions. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates. Non-monetary

items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transactions during the year are recognized as income or expense in the profit and loss account except in respect of non-current liabilities existing as on April 1, 2015 (i.e. transition date) related to Property, Plant and Equipment, in which case these are adjusted to the cost of respective PPE. Foreign exchange gain/loss to the extent considered as an adjustment to Interest Cost are considered as part of borrowing cost.

### K. EQUITY SHARE CAPITAL

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as Securities Premium.

Costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

### L. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a legal or constructive obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are not recognized for future operating losses. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Contingent liabilities is not recognized and are disclosed by way of notes to the financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or when there is a present obligation is not recognised where it is either not probable that an outflow of resources will be required to settle the same or a reliable estimate of the amount payable in this respect cannot be made.

Contingent Assets are not recognised but disclosed in the financial statements by way of notes to accounts when an inflow of economic benefits is probable.

### M. EMPLOYEE BENEFITS

Employee benefits are accrued in the year in which services are rendered by the employees. Short term employee benefits are recognized as an expense in the statement of profit and loss for the year in which the related service is rendered.

Contribution to defined contribution plans such as Provident Fund etc., is being made in accordance with statute and are recognised as and when incurred.

Contribution to defined benefit plans consisting of contribution to gratuity are determined at close of the year at present value of the amount payable using actuarial valuation techniques. Actuarial gain and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income.

Other long term employee benefits consisting of Leave Encashment are determined at close of the year at present value of the amount payable using actuarial valuation techniques. The changes in the amount payable including actuarial gain/loss are recognised in the Statement of profit and loss.



**N. REVENUE****Revenue from Sale of Product**

Revenue from Sales is recognised when control of the products has been transferred and/or the products are delivered to the customers. Delivery occurs when the product has been shipped or delivered to the specific location as the case may be and control has been transferred and either the customer has accepted the product in accordance with the contract or the company has objective evidence that all criteria for acceptance has been satisfied.

The Company provides warranties for defects, replacement etc. that existed at the time of sale based on historical trend and records.

**Sale of Services**

Revenue from Sales of Services has been recognized when the outcome of services can be estimated reliably and it is probable that the economic benefits associated with rendering of services will flow to the Company, and the amount of revenue can be measured reliably.

**Interest, Dividend and Claims**

Dividend income is recognized when the right to receive payment is established. Interest has been accounted using effective interest rate method. Insurance claims/ other claims are accounted as and when admitted / settled.

**Export Benefits**

Export incentives are accounted for in the year of export if the entitlements and realisability thereof can be estimated with reasonable accuracy and conditions precedent to claim is fulfilled.

**O. BORROWING COST**

Borrowing cost comprises of interest and other costs incurred in connection with the borrowing of the funds. All borrowing costs are recognized in the statement of profit and loss using the effective interest method except to the extent attributable to qualifying Property Plant Equipment (PPE) which are capitalized to the cost of the related assets. A qualifying PPE is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing cost also includes exchange differences to the extent considered as an adjustment to the borrowing costs.

**P. RESEARCH AND DEVELOPMENT**

Research and development cost (other than cost of Property, Plant and Equipment acquired) are charged as an expense in the year in which they are incurred.

**Q. GOVERNMENT GRANTS**

Government grants are recognized on systematic basis when there is reasonable certainty of realization of the same. Revenue grants including subsidy/rebates are credited to statement of profit and loss Account under "Other Income" or deducted from the related expenses for the period to which these are related. Grants which are meant for purchase, construction or otherwise to acquire non-current assets are recognized as Deferred Income and disclosed under non-current Liabilities and transferred to statement of profit and loss on a systematic basis over the useful life of the respective asset. Grants relating to non-depreciable assets are transferred to statement of profit and loss over the periods that bear the cost of meeting the obligations related to such grants.

**R. TAXES ON INCOME**

Income tax expense representing the sum of current tax expenses and the net charge of the deferred taxes is recognized in the income

statement except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current income tax is provided on the taxable income and recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences with respect to carryforward of unused tax credits and any unused tax losses/depreciation to the extent that it is probable that taxable profits will be available against which these can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets include Minimum Alternative Tax (MAT) measured in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability and such benefits can be measured reliably and it is probable that the future economic benefit associated with asset will be realized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

**S. EARNINGS PER SHARE**

Basic earnings per share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**T. SEGMENT REPORTING**

Operating segments are identified and reported taking into account the different risk and return, organisation structure and the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Segment manager who allocates resources and assess the operating activities, financial results, forecasts, or plans for the segment.

**4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS**

The preparation of the financial statements in conformity with measurement principle of Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in

circumstances surrounding the estimates. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized and, if material, their effects are disclosed in the notes to the financial statements.

Application of accounting policies that require significant areas of estimation, uncertainty and critical judgments and the use of assumptions in the financial statements have been disclosed below. The key assumptions concerning the future and other key sources of estimation/assumptions at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities and related revenue impact within the next financial year are discussed below:

**a. Depreciation/amortization and impairment loss against property, plant and equipment / intangible assets.**

Property, plant and equipment, ROU Assets and Intangible Assets are depreciated/ amortized on straight-line basis over the estimated useful lives (or lease term if shorter) taking into account the estimated residual value, wherever applicable.

The company reviews its carrying value of its Tangible and Intangible Assets whenever there is objective evidence that the assets are impaired. The required level of impairment losses to be made is estimated by reference to the estimated value in use or recoverable amount. In such situation Assets' recoverable amount is estimated which is higher of asset's or cash generating units (CGU) fair value less cost of disposal and its value in use. In assessing value in use the estimated future cash flows are discounted using pre-tax discount rate which reflect the current assessment of time value of money. In determining fair value less cost of disposal, recent market realisations are considered or otherwise in absence of such transactions appropriate valuations are adopted. The Company reviews the estimated useful lives and residual life of the assets regularly in order to determine the amount of depreciation / amortization and also amount of impairment expense to be recorded and/or to be reversed during any reporting period. Subsequent reassessment or review may result in change of estimates in future periods.

**b. Arrangement contain leases and classification of leases**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any option to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such

as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the company's operations taking into account among other things, the location of the underlying asset and the availability of suitable alternatives. The lease terms and impact thereof are reassessed in each year to ensure that the lease term reflects the current economic circumstances.

**c. Impairment loss on trade receivables**

The Company evaluates whether there is any objective evidence that trade receivables are impaired and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Company bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the trade receivables and historical write-off experience.

**d. Defined Benefit Obligations (DBO)**

Critical estimate of the DBO involves a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate, anticipation of future salary increases etc. as estimated by Independent Actuary appointed for this purpose. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**e. Provisions and Contingencies**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change.

Management uses in-house and external legal professional to make judgment for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations/ against the Company as it is not possible to predict the outcome of pending matters with accuracy.

The carrying amounts of provisions and liabilities and estimation for contingencies are reviewed regularly and revised to taking into account changing facts and circumstances.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

5 Property, Plant and Equipment  
As at March 31, 2020:

(Rs. in Lakhs)

Particulars	Land Freehold	ROU Land Leasehold	Factory Buildings	Non Factory Buildings	ROU Non Factory Buildings	Plant & Machinery	ROU Plant & Machinery	Electrical Installations	Office Equipment	Furniture & Fixtures	Vehicles	TOTAL
<b>Gross carrying amount</b>												
As at March 31, 2019	34,489.24	-	6,757.53	1,422.99	-	55,556.23	-	644.37	298.12	44.73	351.46	99,564.67
Additions		109.26	626.49	246.54	145.44	7,430.94	2,159.86	44.94	5.70	127.45	65.16	10,961.78
Deletions	-	-	-	-	-	-	-	-	0.24	0.14	15.95	16.33
<b>As at March 31, 2020</b>	<b>34,489.24</b>	<b>109.26</b>	<b>7,384.02</b>	<b>1,669.53</b>	<b>145.44</b>	<b>62,987.17</b>	<b>2,159.86</b>	<b>689.31</b>	<b>303.58</b>	<b>172.04</b>	<b>400.67</b>	<b>1,10,510.12</b>
<b>Accumulated Depreciation</b>												
As at March 31, 2019	-	-	1,083.31	420.44	-	11,546.89	-	398.90	164.67	20.48	142.99	13,777.68
Depreciation charged during the year	-	3.69	289.04	96.25	83.87	3,348.09	172.79	19.81	31.24	3.77	40.08	4,088.63
Deduction/Adjustment	-	-	-	-	-	-	-	-	0.23	0.05	15.14	15.42
<b>As at March 31, 2020</b>	<b>-</b>	<b>3.69</b>	<b>1,372.35</b>	<b>516.69</b>	<b>83.87</b>	<b>14,894.98</b>	<b>172.79</b>	<b>418.71</b>	<b>195.68</b>	<b>24.20</b>	<b>167.93</b>	<b>17,850.89</b>
<b>Net Carrying Amounts as at March 31, 2020</b>	<b>34,489.24</b>	<b>105.57</b>	<b>6,011.67</b>	<b>1,152.84</b>	<b>61.57</b>	<b>48,092.19</b>	<b>1,987.07</b>	<b>270.60</b>	<b>107.90</b>	<b>147.84</b>	<b>232.74</b>	<b>92,659.23</b>

## As at March 31, 2019:

Particulars	Land Freehold	ROU Land Leasehold	Factory Buildings	Non Factory Buildings	ROU Non Factory Buildings	Plant & Machinery	ROU Plant & Machinery	Electrical Installations	Office Equipment	Furniture & Fixtures	Vehicles	TOTAL
<b>Gross carrying amount</b>												
As at March 31, 2018	34,034.87	-	6,575.86	1,104.93	-	51,179.65	-	635.60	258.04	43.63	340.00	94,172.58
Additions	454.37	-	181.67	318.06	-	4,938.63	-	8.77	40.08	1.10	11.46	5,954.14
Deletions	-	-	-	-	-	562.05	-	-	-	-	-	562.05
<b>As at March 31, 2019</b>	<b>34,489.24</b>	<b>-</b>	<b>6,757.53</b>	<b>1,422.99</b>	<b>-</b>	<b>55,556.23</b>	<b>-</b>	<b>644.37</b>	<b>298.12</b>	<b>44.73</b>	<b>351.46</b>	<b>99,564.67</b>
<b>Accumulated Depreciation</b>												
As at March 31, 2018	-	-	800.05	307.46	-	8,868.79	-	371.76	130.25	15.59	104.23	10,598.13
Depreciation charged during the year	-	-	283.26	112.98	-	3,174.61	-	27.14	34.42	4.89	38.76	3,676.06
Deduction/Adjustment	-	-	-	-	-	496.52	-	-	-	-	-	496.52
<b>As at March 31, 2019</b>	<b>-</b>	<b>-</b>	<b>1,083.31</b>	<b>420.44</b>	<b>-</b>	<b>11,546.89</b>	<b>-</b>	<b>398.90</b>	<b>164.67</b>	<b>20.48</b>	<b>142.99</b>	<b>13,777.67</b>
<b>Net Carrying Amounts as at March 31, 2019</b>	<b>34,489.24</b>	<b>-</b>	<b>5,674.22</b>	<b>1,002.55</b>	<b>-</b>	<b>44,009.34</b>	<b>-</b>	<b>245.47</b>	<b>133.45</b>	<b>24.25</b>	<b>208.47</b>	<b>85,787.00</b>

5.1 The Gross Block includes certain Property, Plant and Equipment i.e. freehold land which have been valued by an Independent valuer appointed in this respect and considered as "deemed cost" resulting in appreciation of Rs. 32,176.37 lakhs as on 1st April, 2015 (i.e. transition date) in accordance with the provisions of Ind AS 101 "First-time adoption of Indian Accounting Standards".

5.2 Refer Note no. 44 dealing with adjustments carried out with respect to Exchange Fluctuation in the cost of Plant and Machinery.5.3 Refer Note no. 20 to financial statements in respect of charge created against borrowings

5.4 Government assistance in the form of the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme amounting to Rs. 294.74 lakhs on purchase of property/plant and equipment has been added to Plant and Equipments with corresponding credit to Deferred Income (Refer Note no.26.1(b).5.5 "ROU Land Leasehold, "ROU Non- Factory Buildings" and "ROU Plant and Equipment" relates to building premises and equipments respectively taken on lease and recognised as "Right of Use" in terms of Ind AS116 on implementation with effect from April 01, 2019.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****6 Intangible Assets:****As at March 31, 2020**

(Rs. in Lakhs)

Details	Computer Software
<b>Gross Block</b>	
As at March 31, 2019	192.66
Additions	14.74
Deduction/Adjustment	-
<b>As at March 31, 2020</b>	<b>207.40</b>
Accumulated Amortisation	
As at March 31, 2019	127.94
Charge during the year	28.07
Deduction/Adjustment	-
<b>As at March 31, 2020</b>	<b>156.01</b>
<b>Net Carrying Amounts as at 31 Mar 2020</b>	<b>51.39</b>

**As at March 31, 2019**

Details	Computer Software
Gross Block	
As at March 31, 2018	174.37
Additions	18.29
Deduction/Adjustment	-
<b>As at March 31, 2019</b>	<b>192.66</b>
Accumulated Amortisation	
As at March 31, 2018	99.38
Charge during the year	28.56
Deduction/Adjustment	-
<b>As at March 31, 2019</b>	<b>127.94</b>
<b>Net Carrying Amounts as at March 31, 2019</b>	<b>64.72</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### 7. LOANS

Rs. in Lakhs

Particulars	Refer Note no.	As at March 31, 2020	As at March 31, 2019
Security Deposits			
Unsecured - considered good		788.49	763.66
Unsecured Credit Impaired		5.72	5.72
Less : Impairment Allowance for doubtful		(5.72)	(5.72)
<b>Total</b>		<b>788.49</b>	<b>763.66</b>

#### 7.1 MOVEMENT OF IMPAIRMENT ALLOWANCES FOR DOUBTFUL DEPOSITS

Balance at the beginning of the year		5.72	-
Recognised during the year		-	5.72
Reversal during the year		-	-
Balance at the end of the year		5.72	5.72

### 8 OTHER FINANCIAL ASSETS

Margin Money with banks	13.1	0.97	24.67
Security Deposit/EMD to Customers	15.2	12.56	75.30
<b>Total</b>		<b>13.53</b>	<b>99.97</b>

### 9 OTHER NON-CURRENT ASSETS

Capital Advances		638.32	391.61
Prepaid Expenses		14.54	19.53
Leasehold Prepayments	9.1	-	64.30
<b>Total</b>		<b>652.86</b>	<b>475.44</b>

**9.1 During the year, Leasehold prepayment has been treated as "ROU Land Leasehold" as stated in Note no. 5.5**

### 10 INVENTORIES

(Valued at lower of Cost or Net Realisable Value)			
Raw Materials		19,401.31	25,216.53
Process Stock		1,483.67	929.27
Finished Goods		5,649.22	1,984.93
Finished Goods in transit		844.09	1,389.14
Stores & Spares		5,905.58	5,761.10
Less: Provision for Obsolete and Non-Moving Stores and Spares	10.2	-	(13.00)
<b>Total</b>		<b>33,283.87</b>	<b>35,267.97</b>

**10.1 Refer Note no. 23.1 to financial statements in respect of charge created against borrowings**

#### 10.2 Movement of Provision for Obsolete and Non-Moving Stores and Spares

Balance at the beginning of the year		13.00	-
Recognised during the year		-	13.00
Reversal during the year		(13.00)	-
Balance at the end of the year		-	13.00

**10.3 Stores and Spares stock includes stock of DI Pipe Mould amounting to Rs. 1,765.32 lakhs (March 31, 2019: Rs. 1,606.35 lakhs) being charged to consumption based on production.**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****11 TRADE RECEIVABLES**

Rs. in Lakhs

Particulars	Refer Note no.	As at March 31, 2020	As at March 31, 2019
(Unsecured)			
- Considered good	11.2	54,172.63	30,548.02
<b>Total</b>		<b>54,172.63</b>	<b>30,548.02</b>

**11.1 Refer Note no. 23.1 to financial statements in respect of charge created against borrowings****11.2 AGE OF TRADE RECEIVABLES:**

Within the credit period (actuals)		34,321.03	21,069.33
0 - 90 days		14,559.04	7,909.10
91 - 180 days		318.97	1,095.55
More than 180 days past due		4,973.59	474.04
<b>Total</b>		<b>54,172.63</b>	<b>30,548.02</b>

The average credit period on sales of goods is 45 – 90 days. In case of delay, interest, wherever applicable, is charged.

**12 CASH AND CASH EQUIVALENTS**

Balances with Banks			
-in Current Account		800.50	13,221.80
-In Fixed Deposit with original maturity of less than 3 months	12.1 and 12.2	-	12,500.00
Cash on Hand		3.63	1.39
<b>Total</b>		<b>804.13</b>	<b>25,723.19</b>

**12.1 Includes Nil (March 31, 2019: Rs. 2,500.00 lakhs) out of QIP proceeds pending utilisation thereof in terms of the issue (Refer Note no. 48).**

**12.2 Includes Nil (March 31, 2019: Rs. 10,000.00 lakhs) out of Term Loan proceeds pending utilisation thereof in terms of the intended use.**

**13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**

Balances with Banks			
- In Unpaid Dividend		90.34	75.42
- In Fixed Deposit with original maturity of more than 3 months	13.2	33,500.00	20,000.00
- In Margin Money	13.1	1,905.70	482.56
<b>Total</b>		<b>35,496.04</b>	<b>20,557.98</b>

**13.1 Margin Fixed Deposits with banks includes Fixed Deposit of Rs. 1,906.67 lakhs (March 31, 2019: Rs. 507.23 Lakhs) including Rs. 0.97 lakhs (March 31, 2019: Rs. 24.67 lakhs) disclosed under other non-current financial assets and lodged with banks against guarantee issued by them.**

**13.2 Includes Nil (March 31, 2019: Rs. 2,105.03 lakhs) out of QIP proceeds pending utilisation thereof in terms of the issue (Refer Note no. 48).**

**14 LOANS**

Unsecured			
- Considered good			
Inter Corporate Loans	14.2	4,655.00	6,350.00
Loans and Advances to employees		30.80	27.47
Other Deposits	14.1	457.51	231.16
<b>Total</b>		<b>5,143.31</b>	<b>6,608.63</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Rs. in Lakhs

### 14.1 Disclosure of Loans and Advances as per Regulation 34(3) of the Securities and Exchange Board of India ( Listing Obligation and Disclosure Requirements) are as follows:

Particulars of Advances	Amount Outstanding at the year end March 31, 2020	Maximum Amount Outstanding during the year ended March 31, 2020	Amount Outstanding at the year end March 31, 2019	Maximum Amount Outstanding during the year ended March 31, 2019
Loans and advances in the nature of loans to Companies in which directors are interested				
Amit Trexim Private Limited	3.00	3.00	3.00	3.00
Global Exports Limited	-	15.00	15.00	15.00
All the above advances have been given for general corporate purposes.				

### 14.2 Disclosure of Inter Corporate Loans (other than above) as per Sec 186(4) of the Companies Act 2013 are as follows

Particulars of Loan given	Rate of Interest	Amount Outstanding at the year end March 31, 2020	Maximum Amount Outstanding during the year ended March 31, 2020	Amount Outstanding at the year end March 31, 2019	Maximum Amount Outstanding during the year ended March 31, 2019
Tetron Capital Limited	10%	-	2,000.00	2,000.00	3,000.00
Rashmi Properties and Investmets Limited	10%	-	3,000.00	3,000.00	3,000.00
Sanghai Commercial & Credits (P) Limited	10%	4,655.00	8,580.00	1,350.00	15,000.00
<b>Total</b>		<b>4,650.00</b>	<b>13,580.00</b>	<b>6,350.00</b>	<b>21,000.00</b>

#### 14.2.1 All the above Inter Corporate Loans have been given for general corporate purposes.

### 15 OTHER FINANCIAL ASSETS

Particulars	Refer Note no.	As at March 31, 2020	As at March 31, 2019
Security Deposit/EMD to Customers	15.2	1,118.92	337.38
Sales Tax Subsidy Receivable		1,202.49	1202.49
Sales Tax Deposits	15.1	396.81	396.81
Derivative Assets at Fair Value through Profit and Loss	37(d)	164.26	-
Interest Receivable	-	1,174.69	498.49
<b>Total</b>		<b>3,057.17</b>	<b>2,435.17</b>

#### 15.1 Represents deposits made against disputed demand with Sales Tax Authorities (Refer Note no. 38(b)(i))

#### 15.2 Represents deposits lying with customers in terms of agreement/order with/from customers

### 16 CURRENT TAX ASSETS (NET)

Particulars		As at March 31, 2020	As at March 31, 2019
Advance Tax (Net of Provision for Tax of Rs. 24,062.63 Lakhs)		385.72	3,790.65
(March 31, 2019: Rs. 18,135.99 Lakhs)	<b>Total</b>	<b>385.72</b>	<b>3,790.65</b>

### 17 OTHER CURRENT ASSETS

Particulars	Refer Note no.	As at March 31, 2020	As at March 31, 2019
Balance with Government Authorities		474.20	-
Advance for supply of goods and services			
- Related Parties	17.1	2,274.52	4,816.18
- Others		4,138.24	2,178.40
Prepaid Expenses		252.27	244.50
Leasehold land payment	17.2	-	3.12
MEIS Licences		24.33	37.10
<b>Total</b>		<b>7,163.56</b>	<b>7,279.30</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Rs. in Lakhs

**17.1 Represents Interest bearing advances****17.2 During the year, Leasehold prepayment has been treated as "ROU Land Leasehold" as stated in Note no. 5.5****18 EQUITY SHARE CAPITAL**

Particulars	Refer Note no.	As at March 31, 2020		As at March 31, 2019	
		No. of Shares	Amount	No. of Shares	Amount
<b>Authorised:</b>					
Equity Shares of Rs.10/- each		530.00	5,300.00	530.00	5,300.00
<b>Issued, Subscribed and Fully Paid</b>					
Equity Shares of Rs.10/- each		466.98	4,669.84	466.98	4,669.84
<b>Total</b>		<b>466.98</b>	<b>4,669.84</b>	<b>466.98</b>	<b>4,669.84</b>

**18.1 There is no movement in Equity Share Capital during the year ended March 31, 2020.****18.2 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. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts in proportion to the number of equity shares held by them.

**18.2 Shareholders holding more than 5% shares in the company**

Particulars		As at March 31, 2020		As at March 31, 2019	
		No. of Shares in Lakhs	% holding	No. of Shares in Lakhs	% holding
M/s.Electrosteel Castings Ltd		193.01	41.33	193.01	41.33
M/s. DSP Equity & Bond Fund		10.67	2.28	33.29	7.13

**19 OTHER EQUITY**

Particulars	Refer Note no.	As at March 31, 2020	As at March 31, 2019
<b>(a) Securities Premium</b>	19.1(a)		
As per last Balance Sheet		23,940.81	23,940.81
<b>(b) General Reserve</b>	19.1(b)		
As per last Balance Sheet		42,500.00	37,500.00
Transfer from/to Retained Earning		5,000.00	5,000.00
		<b>47,500.00</b>	<b>42,500.00</b>
<b>(c) Retained Earnings</b>	19.1(c)		
As per last Balance Sheet		55,128.38	51,768.05
Profit for the year		18,767.63	11,753.73
Other Comprehensive Income for the year		(13.94)	(15.61)
Transfer from/to Retained Earning		(5,000.00)	(5,000.00)
Dividends @ Rs. 6 per Equity share (including corporate dividend tax)		(3,377.79)	(3,377.79)
<b>Total</b>		<b>1,36,945.09</b>	<b>1,21,569.19</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### 19.1 Nature of reserves

#### a) Securities Premium

Securities Premium represents the amount received in excess of par value of securities and is available for utilisation as specified under Section 52 of Companies Act, 2013

#### b) General Reserve

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by transferring from one component to another and is not an item of Other Comprehensive Income, items included in the general reserve will not be reclassified subsequently to Statement of Profit and Loss.

#### c) Retained Earnings

Retained Earnings generally represent the undistributed profits /amount of accumulated earnings of the Company. This includes Rs. 2,48,85.21 lakhs (net of taxes) represented by change in carrying amount of an PPE being measured at Fair Value and considered as deemed cost as on the date of transition to Ind AS and Other Comprehensive Income of Rs.(106.79 lakhs) (March 31, 2019: Rs.(92.85 lakhs)) relating to re-measurement of defined benefit plans which cannot be reclassified to Statement of Profit and Loss. The amount reported above are not distributable in entirety.

**19.2** Subsequent to the balance sheet date, the Board of Directors has recommended a dividend of Rs. 7/- per share to be paid on fully paid equity shares in respect of the financial year ended March 31, 2020. This equity dividend is subject to approval by shareholders at the ensuing Annual General Meeting and has not been included as a liability in these financial statements. The total estimated equity dividend to be paid is Rs. 3,268.69 lakhs.

Rs. in Lakhs

### 20 Borrowings

Particulars	Refer Note no.	As at March 31, 2020		As at March 31, 2019	
		Non Current	Current	Non Current	Current
<b>Secured</b>	20.2				
<b>From Banks</b>					
Rupee Term loans	20.1 (a) and (b)	11,810.72	3,500.00	15,577.13	1,750.00
External Commercial Borrowing	20.1 (c)	-	901.45	816.04	1,660.43
		11,810.72	4,401.45	16,393.17	3,410.43
Less: Amount shown under current Financial liabilities	25	-	4,401.45	-	3,410.43
<b>Total</b>		<b>11,810.72</b>	<b>-</b>	<b>16,393.17</b>	<b>-</b>

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

- a Rupee Term Loan outstanding as on March 31, 2020 Rs.6,750 Lakhs (March 31, 2019: Rs.7,500 Lakhs) is repayable in 18 equal Quarterly instalment of Rs. 375.00 Lakhs each from June 2020 and carries an Interest at MCLR-1Y+0.85 (i.e. 9.00% p.a. presently) payable monthly.
- b Rupee Term Loan outstanding as on March 31, 2020 Rs. 9,000 Lakhs (March 31, 2019: Rs.10,000 Lakhs) is repayable in 18 equal Quarterly instalment of Rs. 500.00 Lakhs each from July 2020 and carries an Interest at MCLR-1Y+0.96 (i.e. 9.11% p.a. presently) payable monthly.
- c External Commercial Borrowings outstanding as on March 31, 2020 Rs. 901.45 Lakhs (Equivalent US\$ 11.92 Lakhs) (March 31, 2019 Rs.2,476.47 lakhs (Equivalent US\$ 35.92 lakhs)) is repayable in last installment of US\$ 11,91,600 and carries an interest at LIBOR plus 4.3% p.a payable half yearly.
- d The outstanding balances as disclosed above are based on Amortised cost in accordance with Ind AS 109 "Financial Instruments".

#### 20.2 Nature of security :

The above Loans are secured by way of first pari-passu charge on the Movable and Immovable Property, Plant and Equipment of the company, both present and future.

**21 PROVISIONS**

Rs. in Lakhs

Particulars	Refer Note no.	As at March 31, 2020		As at March 31, 2019	
		Non Current	Current	Non Current	Current
<b>For Employee Benefits</b> - Unavailed Leave, Gratuity, Bonus, etc.,	42	768.84	598.85	547.39	734.25
<b>Total</b>		768.84	598.85	547.39	734.25

**22 DEFERRED TAX LIABILITIES (NET):**

Particulars	As at March 31, 2019	Recognised in Profit or Loss	Recognised in other comprehensive income	Recognised in Securities Premium/ Other adjustments	As at March 31, 2020
<b>Deferred tax liabilities / assets in relation to:</b>					
<b>Deferred tax Liabilities:</b>					
Timing Difference w.r.t Property, Plant and Equipment	15,972.61	(2,330.30)	-	-	13,642.31
Lease Liability	-	25.59	-	-	25.59
Fair Valuation of Derivative Instrument through Profit and Loss and Others	2.78	38.56	-	-	41.34
<b>Total Deferred tax Liabilities</b>	<b>15,975.39</b>	<b>(2,266.15)</b>	<b>-</b>	<b>-</b>	<b>13,709.24</b>
<b>Deferred tax Assets:</b>					
MAT Credit entitlement	909.62	(909.62)	-	-	-
Share Issue Expenses	125.65	(67.99)	4.69	-	62.35
Defined benefit obligation/Employee Benefits and others	621.89	(246.43)	-	-	375.46
<b>Total Deferred tax Assets</b>	<b>1,657.16</b>	<b>(1,224.04)</b>	<b>4.69</b>	<b>-</b>	<b>437.81</b>
<b>Deferred tax liabilities (net)</b>	<b>14,318.23</b>	<b>(1,042.11)</b>	<b>(4.69)</b>	<b>-</b>	<b>13,271.43</b>

Particulars	As at March 31, 2018	Recognised in Profit or Loss	Recognised in other comprehensive income	Recognised in Securities Premium/ Other adjustments	As at March 31, 2019
<b>Deferred tax liabilities / assets in relation to:</b>					
<b>Deferred tax Liabilities:</b>					
Timing Difference w.r.t Property, Plant and Equipment	15,448.18	524.43	-	-	15,972.61
Lease Liability	-	-	-	-	-
Fair Valuation of Derivative Instrument through Profit and Loss and Others	163.80	(161.02)	-	-	2.78
<b>Total Deferred tax Liabilities</b>	<b>15,611.98</b>	<b>363.41</b>	<b>-</b>	<b>-</b>	<b>15,975.39</b>
<b>Deferred tax Assets:</b>					
MAT Credit entitlement	1,725.26	(664.80)	-	(150.84)	909.62
Share Issue Expenses	154.83	(37.58)	8.40	-	125.65
Defined benefit obligation / Employee Benefits and others	408.06	213.83	-	-	621.89
<b>Total Deferred tax Assets</b>	<b>2,288.15</b>	<b>(488.55)</b>	<b>8.40</b>	<b>(150.84)</b>	<b>1,657.16</b>
<b>Deferred tax liabilities (net)</b>	<b>13,323.83</b>	<b>851.96</b>	<b>(8.40)</b>	<b>150.84</b>	<b>14,318.23</b>

**23 BORROWINGS**

Particulars	Refer Note no.	As at March 31, 2020	As at March 31, 2019
<b>Secured</b>			
Working Capital facilities from Banks			
Rupee Loan	23.1	24,549.54	15,208.35
<b>Unsecured</b>			
Bills Discounted with Banks	23.2	12,571.89	3,511.76
<b>Total</b>		<b>37,121.43</b>	<b>18,720.11</b>



### 23.1 Nature of Security and rate of interest

Loan repayable on demand being Working Capital facilities from banks (both fund based and non-fund based) are secured by first pari passu charge by way of hypothecation of raw materials, semi finished goods, finished goods, consumables, stores and spares, book debts, both present and future.

**23.2** The Company has discounted trade receivables on recourse basis. Accordingly, the monies received on this account are shown as borrowings as the trade receivable to that extent even though earmarked against the same do not meet the de-recognition criteria. This bills are discounted at around 8.50% and are repayable within 180 days.

### 24 TRADE PAYABLES

Rs. in Lakhs

Particulars	Refer Note no.	As at March 31, 2020	As at March 31, 2019
<b>Payable for Goods and Services</b>			
Due to Micro and Small Enterprises	40	44.86	40.11
Due to Others	24.1	20,960.33	31,684.21
<b>Total</b>		<b>21,005.19</b>	<b>31,724.32</b>

**24.1** Includes Import Acceptances of Rs. 8,269.32 lakhs (March 31, 2019: Rs. 21,585.02 lakhs) carrying interest @ applicable LIBOR plus 40 bps p.a. to 75 bps p.a. Such acceptances are repayable not later than 180 days. These are secured against hypothecation of assets for non-fund based facilities being part of working capital facilities as per Note no. 23.1 above.

### 25 OTHER FINANCIAL LIABILITIES

Particulars	Refer Note no.	As at March 31, 2020	As at March 31, 2019
Current maturities of long-term borrowings- Secured	20	4,401.45	3,410.43
Interest accrued but not due on Loans	-	232.83	345.36
Unpaid dividends		90.34	75.42
<b>Other payables</b>			
- Creditors for capital goods	-	136.26	281.42
- Lease Liability	46	219.61	-
- Retention Money		244.32	136.19
- Derivative Instrument Liability at fair value through profit and loss (net)	37(d)	-	754.30
- Others i.e. Deduction from Salary and Commission to Directors	-	69.97	93.98
<b>Total</b>		<b>5,394.78</b>	<b>5,097.10</b>

### 26 OTHER CURRENT LIABILITIES

Particulars	Refer Note no.	As at March 31, 2020	As at March 31, 2019
Statutory Payables- PF, ESI, Service Tax, TDS, GST etc.		1,280.17	2,647.81
Advance from Customers		2,206.57	1,249.56
Deferred Income	26.1	25.64	136.30
Others i.e. ED on Power		264.07	264.07
<b>Total</b>		<b>3,776.45</b>	<b>4,297.74</b>

## Notes to Financial Statements for the Year Ended March 31, 2020

### 26.1 Deferred Income Comprises of Government Grants/Assistance in form of:

Rs. in Lakhs

Particulars	Opening (Including Non-Current Portion)	Recognised during the year	Transferred to Statement of Profit and Loss	Closing (Including Non-Current Portion)
a) Financial Assistance under Industrial Development Fund (IIDF) towards Capital expenditure incurred for manufacturing DI Pipes to be used for transportation of Waste water and for installation of treatment plant for recycling the sewage water for industrial requirement of Tirupathi Municipal Corporation as specified in Industrial Investment Promotion Policy 2005-2010 and 2010-2015. The assistance capitalised as cost of PPE with corresponding credit to deferred income has been transferred to Statement of Profit and Loss proportionately based on useful lives of respective property, plant and equipment	448.72	-	25.64	423.08
b) Duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme on purchase of property, plant and equipment accounted for as government grant. Income from such grant is estimated on the basis of fulfilment of related export obligations.	110.66	-	110.66	-

### 27 REVENUE FROM OPERATIONS

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Sale of Manufactured Products</b>			
- DI Spun Pipes		1,39,560.09	1,34,558.97
- Pig Iron		2,060.46	387.33
- Cement		831.36	1,227.56
- Ferro Silicon		434.76	-
- Coke		7,597.25	5,738.16
- Other Products		8,839.12	8,232.32
<b>Sale of Traded Products</b>			
- Coal /DI Spun Pipes		6,921.08	5,679.53
<b>Other Operating Income</b>			
- Export Incentive		46.04	56.57
<b>Total</b>		<b>1,66,290.16</b>	<b>1,55,880.44</b>

### 27.1 Disaggregate Revenue

The break up with respect to type of revenue stream of the Company are as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
	Government		Non-Government	
<b>Within India</b>				
- DI Spun Pipes	13,104.67	13,367.30	1,25,458.02	1,20,068.32
- Pig Iron	-	-	2,060.46	387.33
- Cement	-	-	831.36	1,227.56
- Ferro Silicon	-	-	434.76	-
- Coke	-	-	7,597.25	5,738.16
- Other Products	-	-	8,839.12	8,232.32
<b>Outside India</b>				
- DI Spun Pipes	-	-	997.40	1,123.35

**28 OTHER INCOME**

Rs. in Lakhs

Particulars	Refer Note no.	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income On loans, deposits, overdue debts etc. measured at amortised cost		5,384.31	3,410.18
Rent received		5.39	5.24
Net Gain/(Loss) on redemption of Current Investment		79.96	338.37
Profit/(Loss) on sale of property, plant and equipment (net)		2.17	16.96
Net Gain/(Loss) on foreign exchange fluctuation		-	581.21
Net Gain/(Loss) on Derivative Instrument on fair valuation through profit and loss		710.36	-
Liabilities no longer required written back		-	8.97
Impairment Allowances for doubtful debts no longer required written back		-	93.75
Income from Government Grants	26.1	136.30	209.72
Miscellaneous Income		50.83	400.23
<b>Total</b>		<b>6,369.32</b>	<b>5,064.63</b>

**29 COST OF MATERIALS CONSUMED**

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Cooking Coal / Coke		45,016.52	44,435.40
Iron Ore / Iron Ore Fines		16,977.51	18,403.77
CRC / MS Scrap		5,740.18	5,444.08
Others		14,986.13	16,739.11
<b>Total</b>		<b>82,720.34</b>	<b>85,022.36</b>

**30 PURCHASES OF STOCK-IN-TRADE**

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Coal / DI Spun Pipes		6,493.91	5,453.80
<b>Total</b>		<b>6,493.91</b>	<b>5,453.80</b>

**31 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK IN PROGRESS**

Particulars	For the Year Ended March 31, 2020		For the Year Ended March 31, 2019	
<b>Opening Stock</b>				
Process Stock	929.27		802.75	
Finished Goods	3,374.07	<b>4,303.34</b>	855.70	<b>1,658.45</b>
<b>Closing Stock</b>				
Process Stock	1,483.67		929.27	
Finished Goods	6,493.31	7,976.98	3,374.07	4,303.34
<b>Total</b>		<b>(3,673.64)</b>		<b>(2,644.89)</b>

**32 EMPLOYEE BENEFIT EXPENSE**

Particulars		For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Salaries and Wages		7,774.12	6,900.76
Contribution to Provident and Other Fund		395.70	364.27
Staff Welfare Expenses		554.35	613.11
<b>Total</b>		<b>8,724.17</b>	<b>7,878.14</b>

## Notes to Financial Statements for the Year Ended March 31, 2020

## 33 FINANCE COST

Rs. in Lakhs

Particulars		For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Interest Expenses on financial liabilities not measured at FVTPL		4,146.33	3,198.52
Other Borrowing Cost (i.e. LC chares, Supplier's Credit, Guarantee Commission, Swap etc.)		473.73	382.56
Net (Gain) / Loss on foreign currency transactions and translation		-	469.15
<b>Total</b>		<b>4,620.06</b>	<b>4,050.23</b>

## 34 DEPRECIATION AND AMORTISATION

Particulars	Refer Note no.	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Depreciaton on Tangible Assets	5	4,088.63	3,676.06
Amortisation of Intangible Assets	6	28.07	28.56
<b>Total</b>		<b>4,116.70</b>	<b>3,704.62</b>

## 35 OTHER EXPENSES

Particulars		For the Year Ended March 31, 2020		For the Year Ended March 31, 2019
Consumption of Stores, Spares & Consumables		13,971.78		13,778.49
Power & Fuel		6,750.99		6,632.33
Packing and Forwarding charges		12,141.66		10,230.54
Rent		20.53		127.57
Rates & Taxes		193.78		171.88
Insurance		302.52		182.24
Repairs & Maintenance :				
- Plant & Machinery		1,055.19		1,170.98
- Buildings		124.86		135.03
- Others		0.81		0.92
Handling & Transport charges		5,040.96		4,691.96
Directors' Sitting Fee and Commision		136.05		113.50
Professional and consultancy		992.12		601.70
Commission to Selling Agents		1,385.00		1,233.58
Impairment Allowances for doubtful debts & Advances		5.37		5.72
Net (gain)/Loss on Derivative Instrument on fair valuation through profit and loss		-		1,144.96
Net (gain)/Loss on Foreign Exchange Fluctuation		1,985.01		-
Auditors' Remuneration :				
- Audit fee		10.00		10.00
- Tax Audit		-		3.00
- Certification fee		7.85		7.25
- Out of Pocket Expenses		2.06		1.59
Bad debts	-	-	79.56	-
Less:- Transferred from Impairment Allowances for doubtful debts	-	-	17.73	61.83
Charity and Donations		608.35		105.51
Contribution to CSR Activites		342.58		369.09
Miscellaneous Expenses		928.30		696.16
<b>Total</b>		<b>46,005.77</b>		<b>41,475.83</b>

**36 TAX EXPENSE**

Rs. in Lakhs

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
<b>Current tax</b>		
In respect of the current year	5,926.65	3,314.37
In respect of prior years		84.92
	<b>5,926.65</b>	<b>3,399.29</b>
<b>Deferred tax</b>		
In respect of the current year	(1,042.11)	851.96
<b>Total tax expense recognised in the current year</b>	<b>4,884.54</b>	<b>4,251.25</b>

The Company has during the year exercised the option for paying income tax at concessional rates subject to the provisions/conditions as permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, Deferred Tax Liabilities (net) recognised earlier as at March 31, 2019 has been re-measured and the estimate for tax expense comprising of both current and deferred tax for the year ended March 31, 2020 have been revised. Consequential impact in this respect has been given effect to in this year and thereby tax expense for the year is lower by Rs. 2,310.82 lakhs.

**Reconciliation of Income Tax expense for the year with accounting profit is as follows:**

Taxable Income differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Details in this respect are as follows:

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
<b>Profit before tax</b>	<b>23,652.17</b>	16,004.98
Income tax expense calculated at 25.17% (March 31, 2019: 34.94%)	5,953.25	5,592.14
Less : Effect of Income Tax Amendment Act		
On Re-measurement of Deferred Tax	(2,200.58)	-
On reversal of MAT Credit	909.62	-
Effect of Deduction U/s 80IA	-	(1,676.19)
Add : Effect of expenses that are not deductible in determining taxable profit		
CSR Expenditure, Donation etc.	239.10	128.96
In respect of prior years	-	84.92
Others	(16.85)	121.42
<b>Total</b>	<b>4,884.54</b>	<b>4,251.25</b>

The tax rate used for reconciliations above is the corporate tax rate of 22% plus applicable surcharge and cess etc. payable by corporate entities in India on taxable profits under the Indian tax laws.

**36.1 INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME**

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	4.69	8.40
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	4.69	8.40
Items that may be reclassified to profit or loss	-	-

## Notes to Financial Statements for the Year Ended March 31, 2020

### 37. FINANCIAL INSTRUMENTS

a) The accounting classification of each category of financial instruments, their carrying amount and fair values as follows:

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Financial Assets (Current and Non-Current)</b>		
<b>At Amortised cost:</b>		
• Security and Other Deposits	1,774.29	1,804.31
• Trade receivables	54,172.63	30,548.02
• Cash and Bank balances	894.47	13,298.61
• Fixed Deposits and Margin Money with Banks	35,406.67	33,007.23
• Inter-Corporate Deposits	4,655.00	6,350.00
• Interest Receivable	1,174.69	498.49
• Other Financial Assets	1,233.29	1,229.96
<b>Fair Value through Profit and Loss Account</b>		
• Derivative- not designated as hedging instruments: - - Forward, Swap and Options	164.26	-
<b>Financial Liabilities (Current and Non-Current)</b>		
<b>At Amortised cost:</b>		
• Long Term Borrowings- Floating Rate	16,212.17	19,803.60
• Short Term Borrowings- Floating Rate	24,549.54	15,208.35
• Bills Discounted with banks	12,571.89	3,511.76
• Lease Liabilities	2,168.52	-
• Trade payables	21,005.19	31,724.32
• Interest accrued but not due	232.83	345.36
• Other financial Liabilities	540.89	587.01
<b>Fair Value through Profit and Loss Account</b>		
• Derivative - not designated as hedging instruments: - Forward, Swap and Options	-	754.30

### b) FAIR VALUATION TECHNIQUES:

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

1. The fair value of cash and cash equivalents, current trade receivables and payables, current financial liabilities and assets and borrowings approximate their carrying amount largely due to the short-term nature of these instruments. The management considers that the carrying amounts of financial assets and financial liabilities recognised at cost in the financial statements approximate their fair values.
2. The Company's long-term debt has been contracted at floating rates of interest. Fair value of variable interest rate borrowings approximates their carrying value subject to adjustments made for transaction cost. In respect of fixed interest rate borrowings, fair value is determined by using discount rates that reflects the present borrowing rate of the company.
3. The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc. The said valuation has been carried out by the counter party with whom the contract has been entered with. Management has evaluated the credit and non-performance risks associated with the counterparties and found them to be insignificant and not requiring any credit adjustments.

**c) FAIR VALUE HIERARCHY**

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2020:

Rs. in Lakhs

Particulars	As at March 31, 2020 (*)	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
<b>Financial Assets</b>				
- Derivative - not designated as hedging instruments - Forward, Swap and Options	164.26 (-)	- -	164.26 (-)	- -
- Security and Other Deposits	788.49 (763.66)	- -	788.49 (763.66)	- -
-Inter-Corporate Deposits	4,655.00 (6,350.00)	- -	4,655.00 (6,350.00)	- -
-Fixed Deposits and Margin Money	35,406.67 (33,007.23)	- -	35,406.67 (33,007.23)	- -
<b>Financial Liabilities</b>				
-Long Term Borrowings- Floating Rate	16,212.17 (19,803.60)	- -	16,212.17 (19,803.60)	- -
-Derivative - not designated as hedging instruments - Forward, Swap and Options	(754.30)	-	(754.30)	-
-Lease Liability	2,168.52 (-)	- -	2,168.52 (-)	- -
-Bills Discounted with banks	12,571.89 (3,511.76)	- -	12,571.89 (3,511.76)	- -

(\*) Figures in round brackets indicate figures as on March 31, 2019.

During the year ended March 31, 2020 and March 31, 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

The Inputs used in fair valuation measurement are as follows:

Fair valuation of Financial assets and liabilities not within the operating cycle of the company is amortised based on cost of fund borrowed by the company.

Financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. In respect of derivative financial instruments, the inputs used for forward contracts are Forward foreign currency exchange rates and Interest rates to discount future cash flow.

Financial instruments are valued based on quoted price for similar assets and liabilities in active market or similar inputs that are directly or indirectly observable in the market place.

**d) DERIVATIVES FINANCIAL ASSETS AND LIABILITIES:**

The Company follows established risk management policies, including the use of derivatives to hedge its exposure to foreign currency fluctuations on foreign currency assets / liabilities. The counter party in these derivative instruments is a bank and the Company considers the risks of non-performance by the counterparty as non-material.



## Notes to Financial Statements for the Year Ended March 31, 2020

i) The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

	Category	Currency	As at March 31, 2020		As at March 31, 2019		Underlying Purpose
			No. of Deals	Amount US\$ in lakhs	No. of Deals	Amount US\$ in lakhs	
1	Forward	USD/INR	10	72.37	7	172.63	Supplier Credit
2	Option	USD/INR	3	63.05	5	187.36	Supplier Credit
3	Interest Rate Swap	USD	3	8.61	1	35.93	External commercial Borrowings

ii) Unhedged Foreign Currency exposures are as follows: -

(Rs. in lakhs)

Nature	Currency	Amount in Foreign Currency	
		As at March 31, 2020	As at March 31, 2019
Trade Payables	USD	0.36	-
Trade Payables	GBP	0.13	-
Trade Payables	EURO	1.46	0.47
External Commercial Borrowings and Interest	USD	12.29	36.75
Trade Receivables	SGD	11.56	11.53

The table below analyses the derivative financial instruments into relevant maturity groups based on the remaining period as of the balance sheet date:

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Not later than one month	63.47	(402.33)
Later than one month and not later than three months	100.22	(357.35)
Later than three months and not later than one year	0.57	(14.17)
Later than one year	-	19.55

### e) SALE OF FINANCIAL ASSETS

In the normal course of business, the Company transfers its bills receivable to banks. Under the terms of the arrangements, the Company surrenders control over the financial assets and transfer is without recourse. Accordingly, such transfers are recorded as sale of financial assets. Gains and losses on sale of financial assets without recourse are recorded at the time of sale based on the carrying value of the financial assets. In certain cases, transfer of financial assets may be with recourse. Under arrangements with recourse, the Company is obligated to repurchase the uncollected financial assets, subject to limits specified in the agreement with the banks. Accordingly, in such cases the amounts received are recorded as borrowings in the statement of financial position and cash flows from financing activities.

The carrying value of trade receivables not de-recognised along with the associated liabilities is as below:

(Rs. in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying value of Asset transferred	Carrying value of associated liabilities	Carrying value of Asset transferred	Carrying value of associated liabilities
Trade receivables	12,571.89	12,571.89	3,511.76	3,511.76

## Notes to Financial Statements for the Year Ended March 31, 2020

### f) FINANCIAL RISK MANAGEMENT

The company's activities exposed it to a variety of financial risks. The key financial risks include Market risk, Credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors review and approves policy for managing these risks. The risks are governed by appropriate policies and procedures and accordingly financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. This however does not take into account the possible effect of prevailing pandemic due to outbreak of COVID-19 being based on future development and currently not determinable as dealt with in Note no. 49.

#### MARKET RISK

Market risk is the risk or uncertainty arising from possible market price movements resulting in variation in the fair value of future cash flows of a financial instrument. The major components of Market risks are currency risk, interest rate risk and price risk. Financial instruments affected by market risk include trade receivables, borrowings, investments and trade and other payables.

#### Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's foreign currency denominated borrowing and trade and other payables.

The Company has adopted a comprehensive risk management review system wherein it actively hedges its foreign exchange exposures within defined parameters through use of hedging instruments such as forward contracts, options and swaps. The Company periodically reviews its risk management initiatives and also takes experts advice on regular basis on hedging strategy.

The carrying amount of the various exposure to foreign currency at the end of the reporting period are as follows:

(Rs. In lakhs)

Particulars	As at March 31, 2020 ( )			
	USD	EURO	GBP	SGD
External Commercial borrowings	901.45 (2,476.47)	-	-	-
Suppliers Credit/ Buyer's Credit	8,269.32 (21,582.02)	-	-	-
Interest accrued but not due	60.48 (143.04)	-	-	-
Vendors	27.53 (1,063.70)	120.91 (36.65)	12.38 (-)	-
<b>Total liabilities</b>	<b>9258.78</b> <b>(25,265.23)</b>	<b>120.91</b> <b>(36.55)</b>	<b>12.38</b> <b>(-)</b>	-
<b>Trade Receivable</b>	- (-)	- (-)	- (-)	<b>612.25</b> <b>(588.29)</b>

( ) Figures in round brackets indicate figures as on March 31, 2019.

Derivative financial assets and liabilities dealing with outstanding derivative contracts and unhedged foreign currency exposure have been detailed in Para (d) above. Unhedged foreign currency exposure is primarily on account of long term foreign currency borrowings for which hedge cover is taken as per the policy followed by the company depending upon the remaining period of maturity of the installments falling due for payment.

With all variable constant, the sensitivity analysis resulting in profit or loss arising mainly from unhedged portion of USD denominated payables are as follows:

## Notes to Financial Statements for the Year Ended March 31, 2020

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Payables:</b>		
Weakening of INR by 5%	47.88	127.06

A 5% strengthening of INR would have an equal and opposite effect on the Company's financial statements.

### Interest rate risk

The company's exposure in market risk relating to change in interest rate primarily arises from floating rate borrowing with banks and financial institutions. Borrowings at fixed interest rate exposes the company to the fair value interest rate risk. The Company has entered into interest rate swap contracts in respect of certain foreign currency borrowings whereby interest at an agreed rate are to be applied on agreed upon principal amount. As of March 31, 2020, substantially all of the Company borrowings were subject to floating interest rates, which are reset at short intervals.

Further there are deposits with banks which are for short term period are exposed to interest rate risk, falling due for renewal. These deposits are however generally for trade purposes as such do not cause material implication.

With all other variables held constant, the following table demonstrates the impact of the borrowing cost on floating rate portion of loans and borrowings and excluding loans on which interest rate swaps are taken.

(Rs. in lakhs)

Nature of Borrowing	Rate of interest (%)	For the year ended March 31, 2020	For the year ended March 31, 2019
Rupee Loan	Increase by 50 basis point	81.06	86.64

A decrease in 0.50 basis point in Rupee Loan would have an equal and opposite effect on the Company's financial statements.

### Other Price Risk

The company's current investments which are fair valued through profit and loss are not material. Accordingly, other price risk of the financial instrument to which the company is exposed is not expected to be material.

### CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables). The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Major water infrastructure projects are Government funded or foreign aided and the risk involved in payment of default is minimum with respect to these customers. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends and ageing of accounts receivable. Individual risk limits are set accordingly and the company obtains necessary security including letter of credits and / or bank guarantee to mitigate its credit risk.

The carrying amount of respective financial assets recognised in the financial statements, (net of impairment losses) represents the Company's maximum exposure to credit risk. The concentration of credit risk is limited due to the customer base being largely backed by the government order and commitment. Of the trade receivables balance at the end of the year, one customer is having outstanding balance of Rs. 23,945.00 lakhs (March 31, 2019: Rs. 8,382.66 lakhs) which accounts for more than 10% of the accounts receivable as at March 31, 2020 and having more than 10% of revenue for the year ended March 31, 2020.

The Company establishes an allowance for impairment that represents its estimate of losses in respect of trade and other receivables. Receivables are reviewed/evaluated periodically by the management and appropriate provisions are made to the extent recovery there against has been considered to be remote.

## Notes to Financial Statements for the Year Ended March 31, 2020

The Company's current investments are valued with respect to market quotation on the reporting date. These investments are diversified across various sectors and are periodically reviewed and managed in accordance with the company's policy and risk objective.

### Financial assets that are neither past due nor impaired

Cash and cash equivalents, investment and deposits with banks are neither past due nor impaired. Cash and cash equivalents with banks are held with reputed and credit worthy banking institutions.

### Financial assets that are past due but not impaired

Trade receivables amounts which are past due at the end of the reporting period, no credit losses there against are expected to arise.

## LIQUIDITY RISK

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's objective is to maintain optimum level of liquidity to meet its cash and collateral requirements at all times. The company relies on internal accruals and borrowings to meet its fund requirement. The current committed line of credit are sufficient to meet its short to medium term fund requirement.

### Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows as at balance sheet date.

### Interest rate and currency of borrowings

Particulars	Floating Rate Borrowings (Rs. in lakhs)	Weighted Average Interest Rate
INR	52,432.15 (36,047.24)	9.28%
USD	901.45 (2,476.47)	6.22%

### Maturity Analysis of Financial Liabilities:

Rs. In lakhs

Particulars	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	> 1 Year	Total
Borrowings INR	39,860.26	6,349.54	19,950.00	1,750.00	11,810.72	39,860.26
Bills Discounted	12,571.89	-	12,571.89	-	-	12,571.89
Borrowings USD	901.45	-	901.45	-	-	901.45
Interest accrued but not due	232.83	-	232.83	-	-	232.83
Lease Liabilities	2,168.52	-	109.81	109.80	1,948.91	2,168.52
Other Financial liabilities	540.89	470.92	69.97	-	-	540.89
Trade Payables	21,005.19	12,735.87	8,269.32	-	-	21,005.19
<b>Total</b>	<b>77,281.03</b>	<b>19,556.33</b>	<b>42,105.27</b>	<b>1,859.80</b>	<b>13,759.63</b>	<b>77,281.03</b>

## Notes to Financial Statements for the Year Ended March 31, 2020

The Company has current financial assets which will be realized in ordinary course of business. The Company ensures that it has sufficient cash on demand to meet expected operational expenses.

The Company relies on mix of borrowings and operating cash flows to meet its need for funds and ensures that it does not breach any financial covenants stipulated by the lender.

### Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholder value. The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders. The Company is focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

The gearing ratios are as follows:

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings	53,333.60	38,523.71
Less Cash and Cash Equivalents	804.13	25,723.19
Net Debt	52,529.47	12,800.52
Equity	1,41,694.13	1,26,239.03
Equity and Net Debt	1,96,223.60	1,39,039.55
Gearing Ratio	0.27	0.09

The company also manages its capital to meet financial covenants, if any attached to the borrowings. Non-compliances may result in levy of higher rate of interest on loans charged by the lenders. At present the company has generally complied with the financial covenants of the borrowings during the reported period.

### 38. Contingent Liabilities not provided for in respect of:

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Guarantees given by banks on behalf of the Company.	603.06	603.06
b) Various show cause notices/ demands issued/ raised, which in the opinion of the management are not tenable and are pending with various forums / authorities:		
i) Central Goods & Services Tax Act	35.97	-
ii) Sales Tax	1,985.46	1,985.46
iii) Excise, Custom Duty & Service Tax	312.85	412.51
iv) Forest Development Fee (Note 3 below)	-	-
v) Income Tax	37.72	37.72

#### Note:

- The Company's pending litigations comprises of claim against the company and proceedings pending with Taxation/ Statutory/ Government Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, and disclosed contingent liabilities, where applicable, in its financial statements. The company does not expect the outcome of these proceedings to have a material impact on its financial position. Future cash outflows, if any, in respect of (b) above is dependent upon the outcome of judgments / decisions.
- The Company has other disputes concerning direct and indirect taxes in appeals other than as disclosed above and certain litigations in respect of land. Based on the facts of each dispute / litigation and opinion of the management including the advice of legal advisors and also considering that the cases have already been decided in favour of the Company, even though the respective departments have preferred a further appeal to higher authorities against the said orders, these have not been disclosed as contingent liabilities as the outcome of the said disputes / litigations is not expected to have adverse material impact that would affect the financial position or operations of the Company.

### Notes to Financial Statements for the Year Ended March 31, 2020

- 3) The matter related to Forest Department fee has been decided in favour of the company by the Hon'ble High Court of Karnataka. However, the Government of Karnataka has filed a Special Leave Petition before the Hon'ble Supreme Court and the matter is pending thereof.

#### 39. Commitments:

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	4,036.63	3,414.26
b) Export obligation under EPCG Scheme	-	663.97
c) Derivative Contracts	-	-
Forward Contract Outstanding in USD	1,919.02	12,749.99
Option in USD	83.05	
Cash Flow Hedge	3.31	
Interest Rate Swap	8.61	

40. Disclosure of Trade Payables as required under section 22 of "Micro, Small and Medium Enterprises Development Act, 2006" based on the confirmation and information available with the company regarding the status of the suppliers.

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Principal amount remaining unpaid but not due as at year end	44.86	40.11
Interest amount remaining unpaid but not due as at year end	Nil	Nil
Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	Nil	Nil
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
Interest accrued and remaining unpaid as at year end	Nil	Nil
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

41. Capital work in progress includes Rs. 3,991.94 Lakhs (March 31, 2019: Rs. 2,976.39 lakhs), in respect of plant and equipment and other facilities to be installed and following development expenditure incurred during construction which will be allocated to respective Property, Plant and Equipment (PPE) consequently on completion thereof. The details of Development Expenditure are as follows:

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
As per last Balance Sheet	115.39	-
Interest and Finance Charges	290.05	447.63
Less:		
Interest Income on Fixed Deposit	(166.55)	(332.24)
Capitalised with Property, Plant and Equipment	(283.99)	-
<b>Total Development Expenditure</b>	<b>45.10</b>	<b>115.39</b>

## Notes to Financial Statements for the Year Ended March 31, 2020

### 42. Post Retirement Employee Benefits

The disclosures required under Ind AS 19 "Employee Benefits", are given below

#### a) Defined Contribution Plan

(i) Contribution to Defined Contribution Plan, recognized for the year are as under:

Particulars	For the year ending March 31, 2020	For the year ending March 31, 2019
Employer's Contribution to Provident Fund	151.82	139.55
Employer's Contribution to Pension Fund	141.06	133.47

(ii) The Hon'ble Supreme Court had passed a decision on February 28, 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. There are interpretative aspects relating to judgement including effective date of application. The company based on legal advice is awaiting further clarification on the matter. Pending this and consequential amendment in the relevant Act and/or circulars etc. from relevant authority the amount payable if any in this respect even presently not determinable and is not expected to be material and as such will be given effect to as and when ascertained.

#### b) Defined Benefit Plans

The employee's gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Changes in present value of defined benefit obligations</b>		
Liability at the beginning of the year	1,184.40	1,015.20
Interest Cost	78.39	77.66
Current Service Cost	97.29	94.63
Actuarial (gain) / loss on obligations	24.86	25.60
Benefits paid	(80.25)	(28.69)
<b>Liability at the end of the year</b>	<b>1,304.69</b>	<b>1,184.40</b>
<b>Changes in the Fair Value of Plan Asset</b>		
Fair value of Plan Assets at the beginning of the year	1,115.70	1,057.92
Expected Return on Plan Assets	77.07	81.12
Contributions by the Company	99.19	3.76
Benefits paid	(80.25)	(28.69)
Actuarial gain / (loss) on Plan Assets	6.23	1.59
<b>Fair value of Plan Assets at the end of the year</b>	<b>1,217.94</b>	<b>1,115.70</b>
<b>Actual return on Plan Asset</b>		
Expected return on Plan assets	77.08	81.12
Actuarial gain / (loss) on Plan Assets	6.23	1.59
<b>Actual Return on Plan Assets</b>	<b>83.31</b>	<b>82.71</b>



## Notes to Financial Statements for the Year Ended March 31, 2020

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Amount Recognized in Balance Sheet</b>		
Liability at the end of the year	1,304.69	1,184.40
Fair value of Plan Assets at the end of the year	1,217.94	1,115.70
<b>Net Liability/ (Asset)</b>	<b>86.75</b>	<b>68.70</b>
<b>Components of Defined Benefit Cost</b>		
Current Service Cost	97.29	94.63
Interest Cost	78.39	77.66
Expected Return on Plan Assets	(77.07)	(81.12)
<b>Total Defined Benefit Cost recognised in Profit and Loss</b>	<b>98.61</b>	<b>91.17</b>
<b>Remeasurements recognised in Other Comprehensive Income</b>		
Remeasurements - Due to Financial Assumptions	(90.88)	(310.17)
Remeasurements - Due to Experience Adjustments	115.74	143.80
Remeasurements- Return on Assets	(6.23)	(1.59)
Remeasurements - Due to Demographic Assumptions	-	191.97
<b>Remeasurements recognised in Other Comprehensive Income</b>	<b>18.63</b>	<b>24.01</b>
<b>Balance Sheet Reconciliation</b>		
Opening Net Liability	68.70	(42.72)
Expenses as above	117.24	115.18
Employers Contribution	(99.19)	(3.76)
<b>Amount Recognized in Balance Sheet</b>	<b>86.75</b>	<b>68.70</b>
<b>Percentage allocation of plan assets in respect of fund managed by insurer is as follows:</b>		
<b>Fund managed by Insurer</b>	<b>100.00%</b>	<b>100.00%</b>

The Principal actuarial assumptions as at the Balance Sheet date are set out as below:

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Summary of Financial Assumptions</b>		
Discount Rate	6.85%	7.76%
Future Salary Increase	6.00%	10.00%
Salary Escalation- After Five Years	6.00%	6.00%
Expected Return on Plan Assets	6.85%	7.76%
<b>Summary of Demographic Assumptions</b>		
Mortality Rate [as % of IALM (2006-08) (Mod.) Ult. Mortality Table]	100.00%	100.00%
Disability Table (as % of above mortality rate)	5.00%	5.00%
Withdrawal Rate	5.00%	5.00%
Retirement Age	60 years	60 years
Average Future Service	40.99	40.76
Weighted Average Duration	13.41	14.55

### Compensated absences

The obligation for compensated absences is determined in the same manner as gratuity and is recognised in the Statement of Profit and Loss. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged and sick leaves of the employees of the Company as at March 31, 2020 is given below:

## Notes to Financial Statements for the Year Ended March 31, 2020

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Privileged Leave	653.22	587.62
Sick Leave	144.01	143.26

**Notes:**

- i) Assumptions relating to future salary increases, attrition, interest rate for discount and overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.

**Recognised in Other Comprehensive Income**

Rs. in Lakhs

Particulars	Gratuity
<b>Remeasurement - Actuarial loss/(gain)</b>	
For the year ended March 31, 2020	18.64
For the year ended March 31, 2019	24.01

**Risk analysis**

The Company is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefit plans and, management's estimation of the impact of these risks are as follows:

**a. Investment risk**

The Gratuity plan is funded with LIC, accordingly the company does not have any liberty to manage the fund. The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

**b. Interest risk**

A decrease in the interest rate on plan assets will increase the plan liability.

**c. Longevity risk / Life expectancy**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability

**d. Salary growth risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

Rs. in Lakhs

**Sensitivity Analysis**

Particulars	Change in Assumption	Effect in Gratuity Obligation
<b>For the year ended March 31, 2020</b>		
Discount Rate	+1%	(102.30)
	-1%	118.04
Salary Growth Rate	+1%	117.22
	-1%	(103.23)
Withdrawal Rate	+1%	1.13
	-1%	(1.14)
<b>For the year ended March 31, 2019</b>		
Discount Rate	+1%	(93.93)
	-1%	104.00
Salary Growth Rate	+1%	102.09
	-1%	(93.93)
Withdrawal Rate	+1%	0.53
	-1%	(4.99)

## Notes to Financial Statements for the Year Ended March 31, 2020

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the Balance Sheet.

History of experience adjustments is as follows:

Rs. in Lakhs

Particulars	Gratuity
<b>For the year ended March 31, 2020</b>	
Plan Liabilities - (loss)/gain	(24.86)
Plan Assets - (loss)/gain	6.22
<b>For the year ended March 31, 2019</b>	
Plan Liabilities - (loss)/gain	(25.60)
Plan Assets - (loss)/gain	1.59

Estimate of expected benefit payments (In absolute terms i.e. undiscounted)

Particulars	Gratuity
April 01, 2020 to March 31, 2021	75.47
April 01, 2021 to March 31, 2022	82.53
April 01, 2022 to March 31, 2023	76.21
April 01, 2023 to March 31, 2024	59.68
April 01, 2024 to March 31, 2025	98.00
April 01, 2025 onwards	2,265.16

Average No. of employees:

Particulars	As at March 31, 2020	As at March 31, 2019
Average no. of people employed	1,349	1,327

### 3. Segment Reporting:

The Company operates mainly in one business segment viz. Pipes being primary segment and all other activities revolve around the main activity.

44. The company opted for continuing accounting policy of capitalizing the exchange difference arising on reporting of long-term foreign currency monetary items in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards". Accordingly, during the year ended March 31, 2020 the net exchange difference loss of Rs. 161.53 lakhs (March 31, 2019: Rs. 262.16 lakhs gain) on foreign currency loans have been adjusted in the carrying amount of fixed assets. The un-amortised balance in this respect is Rs. 901.45 lakhs (March 31, 2019: Rs. 2,476.47 lakhs) stands included under cost of respective plant and machinery.

45. **Related party disclosure as identified by the management in accordance with the Ind AS 24 on 'Related Party Disclosures' are as follows:**

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

#### a. Key Management Personnel & their relatives (KMP):

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>i. Shri. Raj Kumar Khanna, Chairman</li> <li>ii. Shri. Mayank Kejriwal, Managing Director</li> <li>iii. Shri. G. S. Rathi, Whole Time Director</li> <li>iv. Shri. V. Poyyamozhi, Whole Time Director<br/>(Ceased to be a director<br/>w.e.f. February 03, 2020)</li> <li>v. Smt. S. Hemamalini, Director</li> <li>vi. Smt. Priya Manjari Todi, Director</li> <li>vii. Shri T. Venkatesan, Director</li> </ul> | <ul style="list-style-type: none"> <li>viii. Shri Ashutosh Agarwal, Director</li> <li>ix. Shri XJJ Abraham, Independent Director</li> <li>x. Shri. Solomon Arokia Raj, Director<br/>(Ceased to be a director<br/>w.e.f. September 06, 2019)</li> <li>xi. Shri M. Satyanarayana, Nominee Director</li> <li>xii. Shri N. Sivalai Senthilnathan, CFO</li> <li>xiii. Smt. Madhu Agarwal, Relative of Director</li> <li>xiv. Shri. Ashutosh Agarwal HUF, Director is Karta</li> </ul> |
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## Notes to Financial Statements for the Year Ended March 31, 2020

## b. Enterprise where KMP and/or Close member of the family have significant influence or control

i. Electrosteel Castings Limited      ii. Amit Trexim Private Limited      iii. Global Exports Limited

Rs. in Lakhs

DESCRIPTION	KMP ( )	Enterprise where KMP and/or Close member of the family have significant influence or control ( )	Outstanding As at 31st March 2020	Outstanding As at 31st March 2019
<b>Sales:</b>				
Electrosteel Castings limited	-	12,794.13	3,651.18	1,468.54
	-	(10,730.54)		
<b>Purchases:</b>				
Electrosteel Castings limited	-	1,856.43		-
	-	(284.19)		
<b>Remuneration/Commission/Sitting Fees</b>				
Shri. R K Khanna	11.45	-	6.00	6.00
	(12.10)	-		
Shri. Mayank Kejriwal	1,190.00	-	1,190.00	790.00
	(790.00)	-		
Shri. G. S. Rathi	208.65	-	30.00	30
	(201.23)	-		
Shri. V Poyyamozhi	125.74	-		15
	(139.41)	-		
Smt. S. Hemamalini	9.10	-	6	6
	(7.35)	-		
Smt. Priya Manjari Todi	87.00	-	85	65
	(67.00)	-		
Shri T. Venkatesan	9.95	-	6.00	-
	(6.45)	-		
Shri Ashutosh Agarwal	9.85	-	6.00	6.00
	(8.25)	-		
Shri M. Satyanarayana	0.45	-		
	-	-		
Shri. XJJ Abraham	8.25	-	6.00	-
	-	-		
Shri. G. Maruti Rao	-	-		-
	(5.3)	-		
Shri. S Y Rajagopalan	-	-		-
	(6.35)	-		
Shri N. Sivalai Senthilnathan	68.65	-		-
	(64.07)	-		
<b>Professional Services</b>				
Shri. R K Khanna	56.64	-		-
	(39.24)	-		
Shri Ashutosh Agarwal	15.00	-		-
	(15.00)	-		
Smt. Madhu Agarwal	15.00	-		-
	(15.00)	-		
<b>Rent paid:</b>				
Amit Trexim Private Limited	-	7.19		-
	-	(6.79)		
Global Exports Limited	-	25.11		-
	-	(23.36)		
<b>Reimbursement of Expenses:</b>				
Electrosteel Castings Limited	-	-		-
	-	(12.02)		
<b>Interest received/receivable</b>				
Electrosteel Castings Limited	-	380.46		-
	-	(230.13)		

## Notes to Financial Statements for the Year Ended March 31, 2020

### b. Enterprise where KMP and/or Close member of the family have significant influence or control

- i. Electrosteel Castings Limited      ii. Amit Trexim Private Limited      iii. Global Exports Limited

(Rs. in lakhs)

DESCRIPTION	KMP ( )	Enterprise where KMP and/or Close member of the family have significant influence or control ( )	Outstanding As at 31st March 2020	Outstanding As at 31st March 2019
<b>Advances against Supply</b>				
Electrosteel Castings Limited	2,500.00	-	2,274.52	4,816.84
	(5,000.00)	-		
<b>Security Deposits</b>				
Amit Trexim Private Limited	-	-	3.0	
Global Exports Limited	-	-	15.00	15.00

( ) figures in round bracket indicate figures as on March 31, 2019

The remuneration of directors and other member of key management personnel during the year was as follows:

(Rs. in lakhs)

Period	For the year ended March 31, 2020	For the year ended March 31, 2019
Short-term employee benefits	1,677.80	1,244.09
Post-employment benefits	12.24	18.69
Other long-term benefits	-	-

#### Note:

- The above related party information is as identified by the management and relied upon by the auditor.
- All transactions from related parties are made in ordinary course of business. For the year ended March 31 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by reviewing the financial position of the related party and the market in which the related party operates.
- In respect of above parties, there is no provision for doubtful debts as on March 31, 2020 and no amount has been written back or written off during the year in respect of debts due from/ to them.
- Post-Employee benefits and other long-term employee benefits have been disclosed/paid on retirement/resignation of services but does not include provision made on actuarial basis as the same is available for all the employees together.

#### 46. DISCLOSURE AS PER IND AS 116

- (i) Following are the changes in the carrying value of right of use assets (ROU) recognised with effect from April 01, 2019 as per modified retrospective approach:

(Rs. in lakhs)

Particulars	Land	Buildings	Plant and Equipments	Total
As at April 1, 2019	41.84	36.95	2,159.86	2,238.65
Reclassification of Leasehold prepayments (current and non-current assets)	67.42	-	-	67.42
Addition	-	108.49	-	108.49
Deletion	-	-	-	-
Depreciation	3.69	83.87	172.79	260.35
<b>As at March 31, 2020</b>	<b>105.57</b>	<b>61.57</b>	<b>1,987.07</b>	<b>2,154.21</b>

## Notes to Financial Statements for the Year Ended March 31, 2020

(ii) The following is the break-up of current and non-current lease liabilities:

(Rs. in lakhs)

Particulars	As at March 31, 2020
Current lease liabilities	1,948.91
Non-current lease liabilities	219.61
<b>Total</b>	<b>2,168.52</b>

(iii) The following is the movement in lease liabilities:

Particulars	As at March 31, 2020
As at April 01, 2019	2,238.65
Additions	108.49
Finance cost accrued during the period	183.94
Deletions	-
Payment of lease liabilities	362.56
<b>As at March 31, 2020</b>	<b>2,168.52</b>

(iv) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis

Particulars	As at March 31, 2020
Not later than one year	291.76
Later than one year and not more than five years	1,167.04
Later than five years	2,127.31

(v) Further to above, the Company has certain operating lease arrangements for office, transit houses, etc. on short-term leases. Expenditure incurred on account of rental payments under such leases during the year and recognized in the Profit and Loss account amounts to Rs. 20.53 lakhs.

47. Earnings Per Share (EPS):

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net profit after taxes as per Statement of Profit and Loss (Rs. in lakhs)	18,767.63	11,753.73
Weighted average number of equity shares for basic EPS and diluted EPS (Face value Rs.10/- per equity share)	4,66,98,407	4,66,98,407
<b>Earnings Per Share:</b> Basic and Diluted EPS (in Rs.)	40.19	25.17

48. The Company had allotted on December 28, 2017, 6,934,812 equity shares of Rs. 10.00 each at a premium of Rs. 350.50 per share amounting to Rs. 25,000.00 lakh pursuant to a Qualified Institutions Placement (QIP) under Securities Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

## Notes to Financial Statements for the Year Ended March 31, 2020

The details of utilization of such proceeds are enumerated below:

(Rs. In lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Opening Balance</b>	<b>4,605.03</b>	<b>21,848.07</b>
Amount received against QIP Issue	-	-
<b>Amount available</b>	<b>4,605.03</b>	<b>21,848.07</b>
Less: Utilisation		
Share Issue expenses (adjusted against Securities Premium account in terms of Section 52 of Companies Act, 2013)	-	-
Capital expenditure including capital advances	<b>1,423.18</b>	<b>1,372.59</b>
Repayment of Long Term Debt		<b>4,183.60</b>
Working Capital and General Corporate Purposes	<b>3,181.85</b>	<b>11,686.85</b>
<b>Amount kept with Banks in Fixed Deposits and with Mutual funds</b>	<b>-</b>	<b>4,605.03</b>

49. Consequent to the outbreak of COVID-19, which has been declared as a pandemic by World Health Organisation (WHO), Government of India has declared a lock down effective from March 24, 2020. The Company's operation have been affected due to loss of more than a month's production due to the suspension of the operation, disruption in supply chain and non-availability of personnel during lock down. Though the production has started in the first week of May 2020, due to absenteeism, consequent to nationwide lockdown, the normal production is still affected. The Company has considered internal and external information while finalising various estimates and taking assumptions in relation to its financial statement captions upto the date of approval of the financial statements by the Board of Directors and no material impact on the financial results inter-alia including the carrying value of various current and non-current assets are expected to arise. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID-19 situation evolves in India and globally. The Company will continue to closely monitor and any variation due to the changes in situations will be taken into consideration, if necessary, as and when it crystallizes.

50. Previous year figures have been re-grouped / re-arranged wherever necessary.

51. These financial statements have been approved by the Board of Directors of the Company on June 01, 2020, for issue to the shareholders for their adoption.

As per our report of even date

For Lodha & Co,  
Chartered Accountants  
Firm Registration No. 301051E

R. P. Singh  
Partner  
Membership No. 52438

Place: Kolkata.  
Date: Jun 01, 2020.

**For and on behalf of the Board**

R. K. Khanna  
Director  
DIN: 05180042

G. S. Rathi  
Whole Time Director  
DIN: 00083992

N. Sivalai Senthilnathan  
Chief Financial Officer

G. Kodanda Pani  
Company Secretary



## SRIKALAHASTHI PIPES LIMITED

Regd. Office: Rachagunneri – 517641, Srikalahasthi Mandal, Chittoor District, A.P. India  
Phone: 08578-286650-55, Website : www.srikalahasthipipes.com, E-mail : companysecretary@srikalahasthipipes.com  
CIN : L74999AP1991PLC013391

### NOTICE

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of Srikalahasthi Pipes Limited will be held on Monday the 27th day of July, 2020 at 11.30 AM through Video Conferencing/Other Audio Visual Means (OAVM) to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Financial Statements including Balance Sheet as at 31st March, 2020 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 Ms Priya Manjari Todi (DIN 01863690), who retires by rotation and being eligible, offers herself for re-appointment.

#### SPECIAL BUSINESS :

##### 4. Ratification of Cost Auditors' Remuneration

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 and the Rules made thereunder, as amended from time to time, the Company hereby ratifies the remuneration of Rs.1,60,000 plus applicable taxes and out of pocket expenses at actual payable to 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 31st March, 2021.

"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"

##### 5. To approve appointment of Mr X.J.J. Abraham (DIN: 01743445) as a Director of the Company:

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

"RESOLVED THAT subject to the provisions of Section 152, 161 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) Mr X.J.J. Abraham (DIN: 01743445) who has been appointed by the Board of directors as Additional Director of the Company and who holds office as such up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

"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."

##### 6. To approve appointment of Mr X.J.J. Abraham (DIN: 01743445) as Independent Director of the Company for a term of five years:

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr X.J.J. Abraham (DIN: 01743445), a non-executive Director of the Company, who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, and who has submitted a declaration that he

meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company to hold office for five years with effect from 6th September, 2019 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013, 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 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 approve re-appointment of Mrs S. Hemamalini (DIN 01947327) as Independent Director for the 2nd term of five years:**

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs S. Hemamalini (DIN 01947327), a non-executive Director of the Company, who is eligible for reappointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, and who has submitted a declaration that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company to hold office for a 2nd term of five consecutive years with effect from 25th August, 2020 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013 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 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.”

**8. To approve remuneration/commission payable to Mrs Priya Manjari Todi (DIN: 01863690) for the FY 2019-20:**

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

“RESOLVED THAT, in accordance with the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the remuneration/commission of Rs.85,00,000 payable to Mrs Priya Manjari Todi, Non-executive director for the FY 2019-20 be and is hereby approved.

“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.”

**9. Approval of appointment of Mr R.K. Khanna (DIN: 05180042), Non-executive independent director, to an office/ Place of Profit in the Company and approval of payment of consultancy fees:**

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 188(1)(f) and other applicable provisions, if any of the Companies Act, 2013, read with the Rules made thereunder, (including any statutory modification(s) or reenactment thereof for the time being in force) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 and as recommended and approved by the Audit Committee, Nomination & Remuneration Committee and the Board of Directors, consent of the Company be and is hereby accorded for the approval of the Professional Consultancy Services availed from Mr. R.K. Khanna, (DIN:05180042), Non-executive independent director (a “related party” holding office and a place of profit under Section 188(1)(f) of the Companies Act, 2013 for the period from 1st April, 2020 to 31st March, 2021 at a professional consultancy fee of Rs.4,00,000 (Rupees Four Lakhs only) per month.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) and / or Company Secretary of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

**10. Approval for increasing the borrowing powers under Section 180 (1) (c) of the Companies Act, 2013:**

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT in supersession of all the earlier resolutions passed in this regard and subject to the provisions of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereto including any statutory modifications or re-enactments thereof, the consent of the shareholders of the Company be and is hereby accorded to the Board of Directors to borrow money, as and when required, from, including without limitation, any Bank and/or other Financial Institution and/or foreign lender and/or any body corporate/ entity/entities and/or authority/authorities, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding a sum of Rs. 1500 crores (Rupees Thousand Five Hundred Crores only), notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves.”

“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.”

**11. Creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under Section 180 (1) (a) of the Companies Act, 2013:**

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT in supersession of all the earlier resolutions passed in this regard authorizing the Board to mortgage/create charge on the assets of the Company and pursuant to the provisions of Section 180(1)(a) and all other applicable provisions of the Companies Act, 2013, and the Rules made thereunder, including any statutory modification(s) thereto or re-enactment(s) thereof, for the time being in force, and in accordance with the Articles of Association of the Company, and subject to such other approvals, consents, sanctions and permissions, as may be necessary, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to pledge, mortgage, hypothecate and/or charge all or any part of the movable or immovable, tangible and/or intangible properties of the Company, both present and future and the whole or part of the undertaking of the Company of every nature and kind whatsoever and/or creating a floating charge in all or any movable or immovable, tangible and/or intangible properties of the Company and the whole of the undertaking of the Company to or in favour of banks, financial institutions and any other lenders or debenture trustees to secure the amount borrowed by the Company or any third party from time to time for the due payment of the principal and/or together with interest, charges, costs, expenses and all other monies payable by the Company in respect of such borrowings provided that the aggregate indebtedness secured by the assets of the Company does not exceed Rs. 1500 Crores (Rupees One Thousand Five Hundred Crores) at any point of time

“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

G. Kodanda Pani  
Company Secretary

Dated: 1st June, 2020

**Notes:**

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as “Circulars”), physical attendance of the Members to the AGM venue is not required and annual general meeting (AGM) will be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. 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 Regulation 36 of the Listing Regulations are annexed hereto.
6. In compliance with the Circulars issued by Ministry of Corporate Affairs, the Annual Report for the FY 2019-20, the Notice of the AGM and instructions for e-voting are being sent only through electronic mode to those members whose email addresses are registered with the Company / depository participant(s).
7. Members may also note that the Notice of the 28th AGM and the Annual Report 2019-20 will also be made available on the Company's website at [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com), websites of the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited, at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively.
8. The register of members and the Share Transfer Books of the Company shall remain closed from 21st July, 2020 to 27th July, 2020 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend for the FY 2019-20. The cut-off date for determining voting rights for e-voting on resolutions that will be listed for Annual General Meeting will be 20th July, 2020.
9. Dividend in respect of equity shares for the financial year ended 31st March, 2020, 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 20th July, 2020 as per the information furnished to the Company by Depositories for this purpose.
10. 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).
11. 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 and the warrants will be sent out to their registered addresses once the postal facility is available.  
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.
12. Members may note that the Income Tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company after April 01, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct applicable tax at source (TDS) at the time of making the payment of dividend. In order to enable the Company to determine the appropriate TDS rate as applicable, members will be required to submit certain documents in accordance with the provisions of the IT Act. However, no tax shall be deducted on the dividend payable to a resident individual if the total dividend to be received by them during Financial Year 2020-21 does not exceed Rs. 5,000 and also in cases where members provide Form 15G / Form 15H (applicable to individuals aged 60 years or more) subject to conditions specified in the IT Act.
13. 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 – Cameo Corporate Services Limited #1, Club House Road, Chennai 600 002 Ph: 044-40020718 (Direct) / 28460390 (Gen). 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 2012-13 and onwards, if any, 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
2012-13	Nil	-	-
2013-14	1.50	27.09.2014	26.10.2021
2014-15	3.00	24.08.2015	23.09.2022
2015-16	5.00	29.08.2016	28.09.2023
2016-17	6.00	27.09.2017	26.10.2024
2017-18	6.00	19.09.2018	18.10.2025
2018-19	6.00	06.09.2019	05.09.2026

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.

14. 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.
15. 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 10 days before the date of the meeting so that the required information can be made available.
16. Since the AGM will be held through VC in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.
17. Members are requested to give us their valuable suggestions for improvement of our investor services.
18. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
19. Members who have cast their votes by remote e-voting prior to the AGM may participate in the AGM through VC but shall not be entitled to cast their votes again. However, the facility for voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting shall be eligible to vote through the e-voting system during the AGM. The manner of voting remotely by members holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the instructions for e-voting section which forms part of this Notice.
20. Any person who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [companysecretary@srikalahasthipipes.com](mailto:companysecretary@srikalahasthipipes.com) or at [investor@cameoindia.com](mailto:investor@cameoindia.com). However, if he / she is already registered with CDSL for remote e-voting then he / she can use his / her existing user ID and password for casting the vote.
21. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
22. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
23. The Board has appointed Mr S. Chidambaram, Practicing Company Secretary as the Scrutinizer to scrutinize the remote e-voting and the voting through e-voting system during the AGM in a fair and transparent manner. The Scrutinizer will submit his report to the Company after the completion of the scrutiny of the e-voting (votes casted during the AGM and votes casted through remote e-voting), not later than 48 hours from the conclusion of the AGM. The result declared along with the Scrutinizer's report shall be communicated to the stock exchanges and will also be displayed on the Company's website [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).

**THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:**

- (i) The voting period begins on 24th July, 2020 at 9.00 AM IST and ends on 26th July, 2020 at 5.00 PM IST. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20th July, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

<b>For Shareholders holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is communicated in the e-mail sent by the Company.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v)</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.



- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company at [companysecretary@srikalahasthipipes.com](mailto:companysecretary@srikalahasthipipes.com) or RTA at [investor@cameoindia.com](mailto:investor@cameoindia.com)
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company at [companysecretary@srikalahasthipipes.com](mailto:companysecretary@srikalahasthipipes.com) or RTA at [investor@cameoindia.com](mailto:investor@cameoindia.com)
3. The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further, shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [companysecretary@srikalahasthipipes.com](mailto:companysecretary@srikalahasthipipes.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance at least 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [companysecretary@srikalahasthipipes.com](mailto:companysecretary@srikalahasthipipes.com). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM/EGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**(xx) Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.



- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; schid285@gmail.com and companysecretary@srikalahasthipipes.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.
- All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.

### ANNEXURE TO THE NOTICE

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

##### Item No.4:

The Board of Directors, on the recommendation of Audit Committee, has approved the appointment 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, 2021 at a remuneration of Rs.1,60,000 (Rs. One Lakh Sixty Thousand only) plus applicable taxes 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. 4 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending March 31, 2021.

The Board of Directors of the Company, therefore, recommends passing of the resolution as set out in Item No.4 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.4 of the Notice.

##### Item No.5:

Based on the recommendation of the Nomination & Remuneration Committee, Mr X.J.J. Abraham was appointed as an Additional Director on the Board of the Company with effect from 6th September, 2019 to hold office upto the date of this Annual General Meeting.

Mr X.J.J. Abraham has done his Bachelor of Arts from Delhi University and full time Post Graduate Programme in Human Resources Management from Madras University. He served on the Board of Studies for REC – MBA Programme and was also the Chairman of Selection Committee of REC, Trichy MBA Programme. He also served as a director on the Board of Lanco Industries Limited for about three years. He has about 15 years experience in the large Banking, Engineering and Paper industries. He is currently the Managing Director of Lobo Management Consultants Pvt Limited and Excellers Management Services Pvt Limited.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 (the “Act”) along with the amount of requisite deposit from a Member signifying his intention to propose the appointment of Mr X.J.J. Abraham as a Director of the Company.

Both the Nomination and Remuneration Committee and the Board were of the opinion, after evaluation of his qualifications, experience and other attributes, that his induction on the Board would be of immense benefit to the Company and it is desirable to avail his services as a director to strengthen the management of the Company.

The Board of Directors of the Company, therefore, recommends passing of the resolution as set out in Item No.5 of the Notice above by way of ordinary resolution.

Except Mr X.J.J. Abraham none of the Directors or key managerial personnel of the Company or their relatives, except to the extent of shareholding in the Company, if any, is concerned or interested, financially or otherwise in the resolution as set out in Item No.5 of the Notice.

##### Item No.6:

The Board of Directors, based on the recommendation of the Nomination & Remuneration Committee appointed Mr X.J.J. Abraham as Independent Director on the Board of the Company with effect from 6th September, 2019 to hold office for a period of five consecutive years. The Nomination and Remuneration Committee and the Board of Directors consider that, given the background and experience of Mr X.J.J. Abraham, it would be beneficial to the Company to avail his services as an Independent Director. The Board of Directors, therefore has recommended appointment of Mr X.J.J. Abraham as an Independent Director with effect form 6th September, 2019, for a term of five consecutive years.

Mr X.J.J. Abraham has done his Bachelor of Arts from Delhi University and full time Post Graduate Programme in Human Resources Management from Madras University. He served on the Board of Studies for REC – MBA Programme and was also the Chairman of Selection Committee of REC, Trichy MBA Programme. He also served as a director on the Board of Lanco Industries Limited for about three years. He has about 15 years experience in the large Banking, Engineering and Paper industries. He is currently the Managing Director of Lobo Management Consultants Pvt Limited and Excellers Management Services Pvt Limited.

A Declaration has been received from X.J.J. Abraham that he meets the criteria of Independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of the Listing Regulations 2015. In the opinion of the Board, Mr Abraham fulfils the conditions specified in the Act, the Rules thereunder and the Listing Regulations, 2015 for appointment as an Independent Director and that he is independent of the management of the Company. In addition to sitting fees for attending the meetings of the Board and its Committees, Mr Abraham would be entitled to remuneration by way of commission as may be determined by the Board. As Mr. X.J.J. Abraham would be attaining the age of seventy five during his tenure of five years, consent of the Members by way of Special Resolution is required for the appointment of Mr Abraham in terms SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 as amended from time to time.

In terms of Regulation 36 of the Listing Regulations 2015, a brief profile of Mr X.J.J. Abraham, who is proposed to be appointed as independent director in this meeting for a term of five years in terms of the applicable provisions of the Act, 2013, nature of his expertise in specific functional areas, other directorships and committee membership are at the end of the explanatory statement.

Copy of draft letter of appointment of Mr Abraham setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company up to the date of Annual General Meeting of the Company.

The Board of Directors of the Company, therefore, recommends passing of the resolution as set out in Item No.6 of the Notice above by way of a special resolution.

Except Mr X.J.J. Abraham, none of the other directors or key managerial personnel of the Company or their relatives, except to the extent of their shareholding in the Company, if any, is concerned or interested, financially or otherwise in the resolution as set out in Item No.6 of the Notice.

#### **Item No.7:**

The Members at the Annual General Meeting held on 25th August, 2015 approved the appointment of Mrs S. Hemamalini as an Independent Director of the Company for a period of five years with effect from the said date. Mrs Hemamalini will complete her present term on 24th August, 2020. The Board of Directors of the Company ('the Board') at the meeting held on 1st June, 2020, on the recommendation of the Nomination & Remuneration Committee, approved re-appointment of Mrs S. Hemamalini as independent director for a 2nd term of five years with effect from 25th August, 2020 and recommended the same for the approval of the shareholders, in terms of Section 149 read with Schedule IV of the Companies Act, 2013 ('the Act'), and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015'), or any amendment thereto or modification thereof.

Mrs Hemamalini has done her MBA – Marketing from Madras University and passed Customs House Agent Exam conducted by the Govt. of India as per Customs Act, 1965 and Conservation of Foreign Exchange and Prevention of Smuggling Act. She was earlier associated with Tata Shipping, Gokak and Kothari Industrial Corporation and was heading Customer Service, International Trade & Textiles Departments respectively. She is the founder and CEO of Live Connections, a multi-crore recruitment and search firm based at Chennai having its foot prints in four countries with five branches.

The Board is of the view that the continued association of Mrs Hemamalini would benefit the Company, given the knowledge, experience, performance and the valuable contributions made during her tenure. A Declaration has been received from Mrs Hemamalini that she meets the criteria of Independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of the Listing Regulations 2015. In the opinion of the Board, Mrs Hemamalini fulfils the conditions specified in the Act, the Rules thereunder and the Listing Regulations 2015 for re-appointment as an Independent Director and that she is independent of the management of the Company. In addition to sitting fees for attending the meetings of the Board and its Committees, Mrs Hemamalini would be entitled to remuneration by way of commission as may be determined by the Board. Consent of the Members by way of Special Resolution is required for re-appointment of Mrs S. Hemamalini, in terms of Section 149 of the Act.

Requisite Notice under Section 160 of the Act proposing the re-appointment of Mrs S. Hemamalini has been received by the Company, and consent has been filed by her pursuant to Section 152 of the Act.

In terms of Regulation 36 of the Listing Regulations 2015, a brief profile of Mrs Hemamalini who is proposed to be appointed as independent director in this meeting for the 2nd 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 at the end of the explanatory statement.

Copy of draft letter of appointment of Mrs S. Hemamalini setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

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 special resolution.

Except Mrs S. Hemamalini, none of the other directors or key managerial personnel of the Company or their relatives, except to the extent of their shareholding in the Company, if any, is concerned or interested, financially or otherwise in the resolution as set out in Item No.7 of the Notice.

#### **Item No.8:**

The Board, based on the recommendation of Nomination and Remuneration Committee has approved payment of commission/remuneration of Rs.85,00,000 to Mrs Priya Manjari Todi for the FY 2019-20, taking into account her enlarged role in providing guidance to the management of the Company and considering her active participation in the strategic decision making of the Company.

In terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is required every year, if the remuneration payable to a single Non-Executive Director in that year exceeds 50% of the aggregate remuneration payable to all the Non-Executive Directors taken together. Approval of members is therefore sought for the remuneration payable to Mrs Priya Manjari Todi for the FY 2019-20.

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.

Except Mrs Priya Manjari Todi and Mr Mayank Kejriwal Managing Director, being her father, none of the other directors or key managerial personnel of the Company or their relatives, except to the extent of their shareholding in the Company, if any, is concerned or interested, financially or otherwise in the resolution as set out in Item No.8 of the Notice.

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

With a view to getting benefit of the rich experience and expertise of Mr. R.K. Khanna in the marketing and business development fronts, the Board at its meeting held on 1st June, 2020 based on the recommendation of the Nomination & Remuneration Committee and the approval of the Audit Committee, approved the Consultancy Service Contract for one year i.e. from 1st April, 2020 till 31st March, 2021, at a monthly remuneration of Rs. 4,00,000, subject to the approval of the Shareholders. Mr R.K. Khanna apart from holding the office of Non-Executive Director, at the request of the Company and as approved by the Board of Directors has also been acting as a Consultant – Business Development & Marketing with effect from 1st April, 2020. His consultancy period shall be extendable on yearly basis, subject to the recommendation of Nomination and Remuneration Committee and the approval of Audit Committee and the Board of Directors.

In terms of Section 188(1)(f) of the Companies Act, 2013, the appointment of a Director or a relative of director to an Office or Place of Profit in a company drawing a monthly remuneration/fees exceeding Rs.2,50,000 also requires approval of the Shareholders of the Company. Approval of members is therefore sought for the appointment of Mr R.K. Khanna to a "Place of Profit" in the Company and the fees payable to him.

The Consultancy Agreement of Mr. R.K. Khanna is available for inspection at the Registered Office of the Company up to the date of the Annual General Meeting.

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 R.K. Khanna none of the other directors or key managerial personnel of the Company or their relatives, except to the extent of their shareholding in the Company, if any, is concerned or interested, financially or otherwise in the resolution as set out in Item No.9 of the Notice.

#### **Item Nos. 10 & 11:**

The members of the Company through postal ballot notice dated 3rd May, 2014 had approved by way of a Special Resolution under Section 180(1)(c) of the Companies Act, 2013, borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs.1000 Crores (Rupees Thousand Crores only).

Keeping in view existing and future financial requirements to support its business operations, the Company may from time to time, raise finance from various Banks and/or Financial Institutions and/ or any other lending institutions and/or Bodies Corporate as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in ordinary course of business) may exceed the aggregate of the paid-up capital and free reserves of the Company. Hence it is proposed to increase the maximum borrowing limits from Rs. 1000 crores to Rs. 1500 Crores.

The Board of Directors of a Company shall not, except with the consent of members of the Company by Special Resolution borrow money together with the money already borrowed, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), exceeding the aggregate of the paid up capital and its free reserves as per the provisions of Section 180(1)(c) of the Companies Act, 2013 ("the Act") and its rules thereunder.

Further, the borrowings of the Company are in general required to be secured by suitable mortgage or charge on all or any of the movable or immovable properties of the Company, in such form, manner and ranking as may be determined by the Board of Directors

or any of its authorised Committee of the Company from time to time, in consultation with the lender(s).

Pursuant to Section 180 (1) (a) of the Companies Act, 2013, the Board of Directors of a Company shall not pledge/mortgage/hypothecate/charge all or any part of the movable/immovable properties of the Company both present and future and the whole or part of the undertaking of the Company, except with the consent of members of the Company by Special Resolution for which authorisation is also proposed to be increased from Rs.1000 crores to Rs.1500 Crores in line with borrowing powers of the Board as approved under Section 180 (1) (c) of the Companies Act, 2013.

It is therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013, as set out at Item No. 10 and Item No. 11 of the Notice, to enable the Board of Directors to borrow money up to Rs. 1500 Crores (Rupees One Thousand Five Hundred Crores) to meet the financial requirements to support the business operations of the Company and also to secure the borrowings of the Company by mortgage / pledge/hypothecate/charge on any of the movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company.

The Board of Directors of the Company, therefore, recommends passing of the resolution as set out in Item Nos 10 & 11 of the Notice above by way of special resolution.

None of the Directors and the Key Managerial Personnel of the Company and their respective relatives except to the extent of their shareholding in the Company, if any, is concerned or interested, financially or otherwise in the resolution as set out in Item Nos. 10 & 11 of the Notice.

By Order of the Board  
For Srikalahasthi Pipes Limited

G. Kodanda Pani  
Company Secretary

Dated 1st June, 2020

**Intimation required to be furnished as per Regulation 36 of the Listing Regulations, 2015:**

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

Name of Director(s)	Mrs Priya Manjari Todi (1)	Mr X.J.J. Abraham (2)	Mrs S. Hemamalini (3)
Date of Birth	29th November, 1980	25th June, 1947	14th December, 1969
DIN	01863690	01743445	01947327
Date of appointment	31st January, 2018	6th September, 2019	25th August, 2015
Qualifications	B.Com (Hons.) Bachelor in Information Technology from Manipal University.	Bachelor of Arts from Delhi University and full time Post Graduate Programme in Human Resources Management from Madras University.	Graduate in Management from Madras University. and passed Customs House Agent Exam conducted by the Govt. of India.
Brief Profile	Ms Priya Manjari belongs to a reputable business/industrial family and her father, Mr. Mayank Kejriwal is the Joint Managing Director of Electrosteel Castings Ltd, the pioneer of D.I. Pipe manufacturing in India. She is the promoter of Joolz Creations Pvt. Ltd. – a precious and semiprecious jewelry manufacturing firm and has 15 years experience in the field. Presently she is working in Electrosteel Castings Ltd and has considerable exposure in various fields of day to day operations of manufacturing, purchase, marketing and export.	Mr. Abraham had served on the Board of Studies for REC – MBA Programme and was also the Chairman of Selection Committee of REC, Trichy MBA Programme. He also served as a director on the Board of Lanco Industries Limited for about three years. He has about 15 years experience in the large Banking, Engineering and Paper industries. He is currently the Managing Director of Lobo Management Consultants Pvt Limited and Excellers Management Services Pvt Limited.	Mrs S. Hemamalini was earlier associated with Tata Shipping, Gokak and Kothari Industrial Corporation and was heading Customer Service, International Trade & Textiles Departments respectively. She is the founder and CEO of Live Connections, a multi-crore recruitment and search firm based at Chennai having its foot prints in four countries with five branches.
Directorship in other Public Limited Companies.	-	-	-
Shareholding	-	-	-
Membership in other Board Committees :			
1) Audit Committee	-	---	---
2) Nomination & Remuneration Committee	-	--	--
3) Stakeholders' Relationship Committee	-	--	--





Newly Commissioned Ferro Alloys Plant



Our Director Ms. Priya Manjari Todi distributing best employee award



# CELEBRATING MILESTONES THROUGH MASTERPIECES



It all began when we asked for participation, and entries just started pouring in! Having selected our best artists, we gave them themes to paint under the able guidance of a professional artist. What followed were these beautiful expressions of art and creativity on our pipes.

We have given these art installations pride of place at our establishments, where they will be preserved for posterity. These pieces of art stand testimony to the pioneering spirit that makes us who we are.

**#technologythatcares**



**A**t Electrosteel, we are celebrating 25 years of pioneering Ductile Iron Pipes in India.

To celebrate our glorious journey, we initiated the "Inspiration Canvas" - an art project that uses our pipes as a canvas to depict our values of Trust, Innovation, Responsibility, Purity and Expanding Boundaries.



INSPIRING GROWTH

**Srikalahasthi Pipes Limited**

Regd. Office & Works

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