



INSPIRING GROWTH



**Save Water.**  
**The World is in your hands.**



**Srikalahasthi Pipes Limited**  
25th Annual Report 2016-17

# Vision

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

# Content

2

Corporate Information

---

4

Directors' Report

---

13

Report on Corporate Governance

---

28

Management Discussion & Analysis

---

54

Independent Auditors' Report

---

56

Annexure to Auditors' Report

61

Balance Sheet

---

62

Statement of Profit and Loss

---

64

Cash Flow Statement

---

65

Notes to Financial Statements

---

108

Notice of Annual General Meeting

---



Shri G. Maruthi Rao,  
Chairman,  
DIN 0083950

Chairman



Shri Mayank Kejriwal,  
DIN 00065980

Managing Director



Shri S.Y. Rajagopalan,  
DIN 00067000



Shri R.K. Khanna,  
DIN 05180042



Smt S. Hemamalini,  
DIN 01947327



Shri Kartikeya Misra, IAS  
(Nominee of APIDC),  
DIN 06927486

Directors



Shri Gouri Shankar Rathi,  
DIN 00083992

Wholetime Director

# CORPORATE INFORMATION

## DIRECTORS

Shri G. Maruthi Rao, Chairman, DIN 0083950  
Shri Gouri Shankar Rathi, Whole-time Director, DIN 00083992  
Shri S.Y. Rajagopalan, DIN 00067000  
Shri R.K. Khanna, DIN 05180042  
Smt S. Hemamalini, DIN 01947327  
Shri Kartikeya Misra, IAS (Nominee of APIDC), DIN 06927486

## MANAGING DIRECTOR

Shri Mayank Kejriwal, DIN 00065980

## CHIEF OPERATING OFFICER

Shri V. Poyyamozhi

## CHIEF FINANCIAL OFFICER

Shri N. Sivalai Senthilnathan

## COMPANY SECRETARY

Shri K. Raghuram

## AUDITORS

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

## SOLICITORS

Khaitan & Co.

## BANKERS

Andhra Bank  
Bank Of India  
HDFC Bank Ltd  
ICICI Bank Ltd.  
Punjab National Bank  
Standard Chartered Bank  
Yes Bank Limited

## REGISTERED OFFICE & WORKS

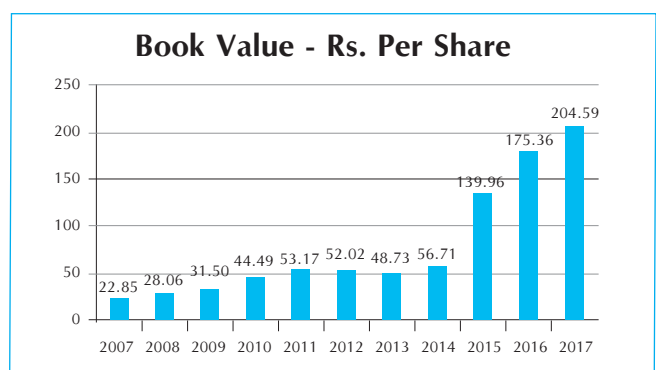
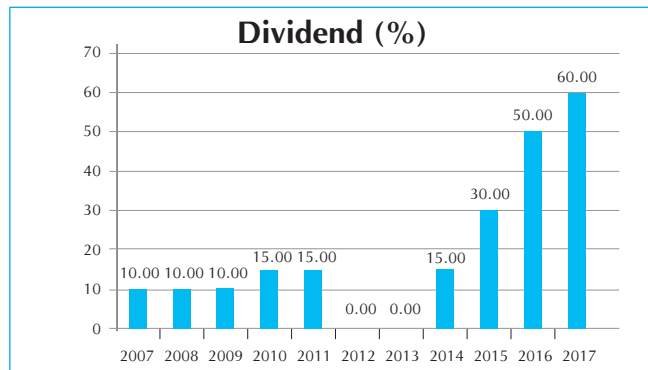
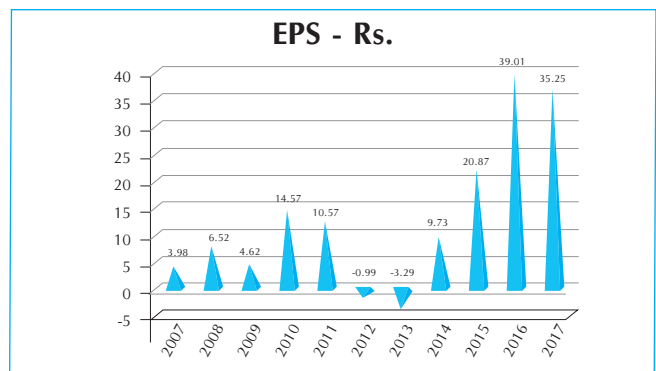
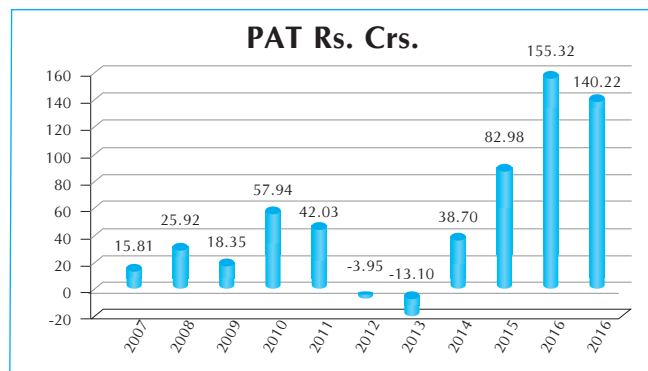
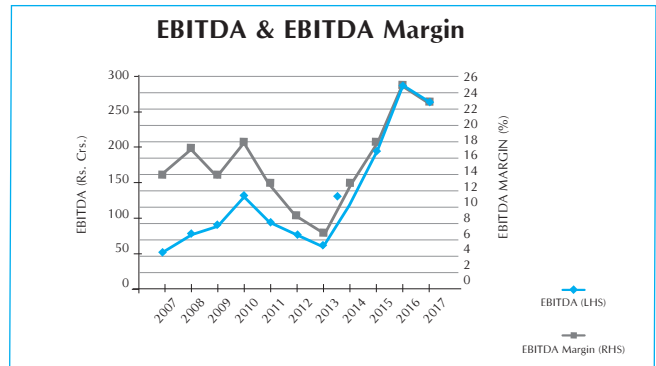
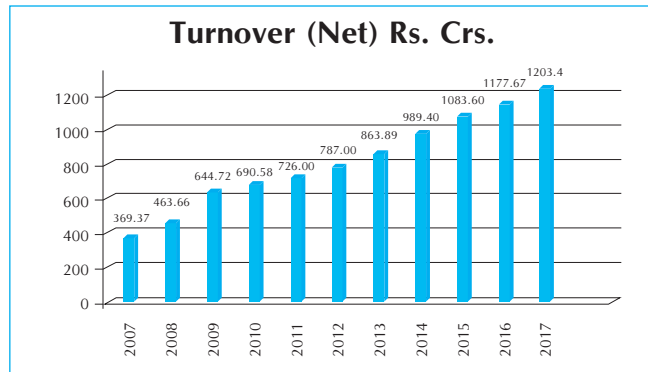
Rachagunneri-517 641  
Srikalahasthi Mandal  
Chittoor District  
Andhra Pradesh  
Website : [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com)  
E-mail : [companysecretary@srikalahasthipipes.com](mailto:companysecretary@srikalahasthipipes.com)  
CIN : L74999AP1991PLC013391

## SHARE TRANSFER AGENTS

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

PERFORMANCE INDICATORS

Particulars	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Turnover (Net)	Rs.Cr	369.37	463.66	644.72	690.58	726.00	787.00	863.89	989.40	1083.60	1145.61	1177.87
EBITDA	Rs.Cr	51.53	78.14	90.71	126.54	97.24	73.70	61.27	124.26	194.28	286.67	267.40
EBITDA Margin	%	13.95	16.85	14.07	18.32	13.39	9.36	7.09	12.56	17.92	25.02	22.70
PBT	Rs.Cr	21.64	40.01	28.22	87.98	55.83	-4.17	-21.33	41.42	119.42	209.51	191.22
PAT	Rs.Cr	15.81	25.92	18.35	57.94	42.03	-3.95	-13.10	38.70	82.98	155.32	140.22
EPS	Rs.	3.98	6.52	4.62	14.57	10.57	-0.99	-3.29	9.73	20.87	39.01	35.25
Dividend	%	10.00	10.00	10.00	15.00	15.00	0.00	0.00	15.00	30.00	50.00	60.00
Book Value	Rs.	22.85	28.06	31.50	44.49	53.17	52.02	48.73	56.71	139.96	175.36	204.59





## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 25th Annual Report of the Company together with the audited financial statements for the Financial Year ended 31st March, 2017.

FINANCIAL RESULTS:	Rs. in Lakhs	
	2016-17	2015-16
Particulars		
Gross revenue from operations	<b>1,20,340.14</b>	1,17,767.07
Net revenue from operations	<b>1,17,786.66</b>	1,14,561.26
Other income	<b>3,046.91</b>	1,993.17
Total revenue	<b>1,23,387.05</b>	1,19,760.24
Earning Before Interest, Depreciation, Taxation & Amortisation (EBITDA)	<b>26,739.99</b>	28,667.12
Finance costs	<b>3,929.16</b>	4,249.61
Depreciation	<b>3,688.50</b>	3,466.77
Profit/(Loss) Before Taxation	<b>19,122.33</b>	20,950.74
Less: Tax including deferred tax	<b>5,099.12</b>	5,418.69
Profit/(Loss) After Taxation	<b>14,023.21</b>	15,532.06
Profit brought forward from previous year	<b>10,950.38</b>	2,797.09
Prior period adjustment – Taxation	---	---
Amount available for appropriation	<b>24,973.59</b>	18,343.28
Appropriations are made as under :		
-General reserve	<b>5,000.00</b>	5,000.00
-Proposed dividend including tax thereon	<b>2,874.33</b>	2,392.90
Balance carried forward to next year	<b>17,099.26</b>	10,950.38

### DIVIDEND:

Your Directors have recommended a dividend of Rs.6/- (60%) per equity share of Rs.10/- each for the financial year ended 31st March, 2017 (previous year Rs.5/- per share) amounting to Rs.2874.33 lakhs (including Rs.488.49 lakhs towards dividend tax). The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

**REVIEW OF OPERATIONS:**

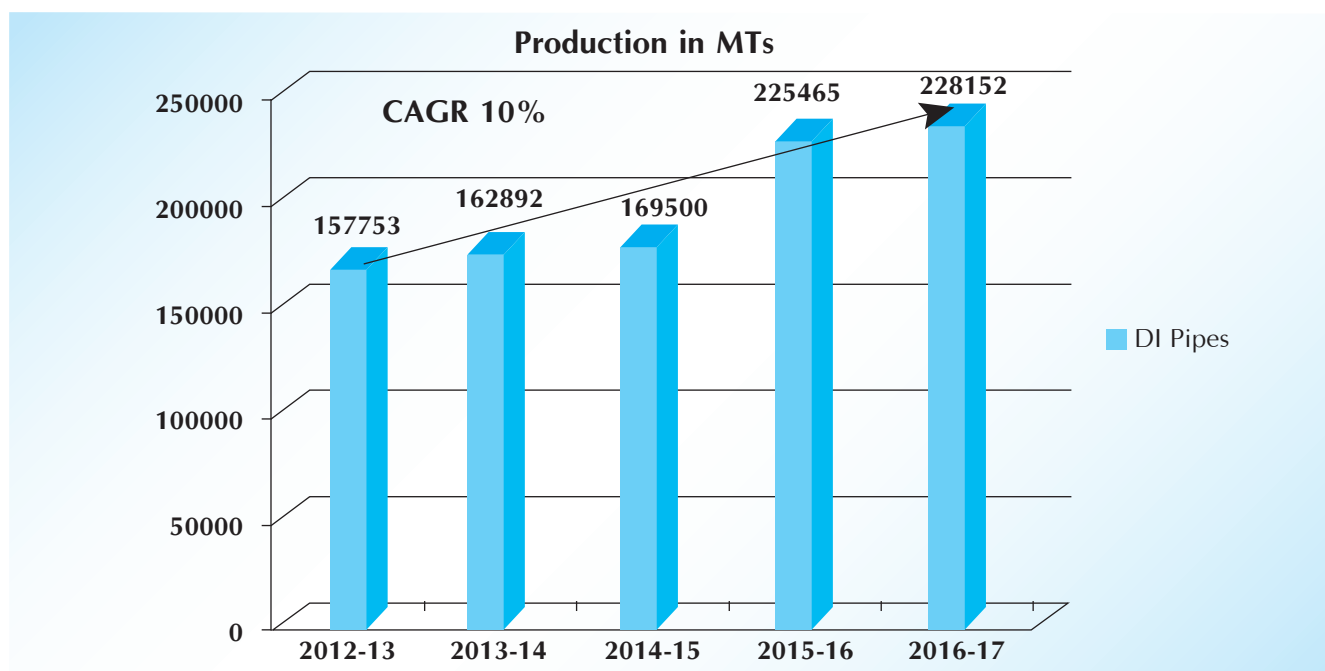
Your Directors are pleased to inform that the financial year 2016-17 has been better year than previous years in terms of completion of cost reduction and production enhancement facilities in Mini Blast Furnace (MBF) and Ductile Iron Pipe Plant (DIP). The installed capacity of the Ductile Iron Pipe Plant has been enhanced from 2,25,000 TPA to 3,00,000 TPA.

Your Directors have great pleasure in informing you that your Company has been responsible and instrumental in contributing towards water supply and infrastructure development in the country, which is the foremost priority of the Government. During the FY 2016-17, your company's Ductile Iron Pipes of about **5,500 KM** have been used across the country for transportation of potable water and sewerage under its brand name "**SRIPIPES**". The Company has almost completed execution of orders worth about Rs.1050 Crores of the prestigious Telangana Water Supply Project, which was bagged by the Company in December, 2015.

**Production at a glance:**

Product	2016-17	2015-16	% of Change
Ductile Iron Pipes (MT)	2,28,152	2,25,465	1.2
Liquid metal from MBF (MT)	2,38,806	2,59,120	-8.5*
LAM Coke (MT)	1,65,410	1,55,504	6.0
Cement (MT)	96,800	87,359	9.8

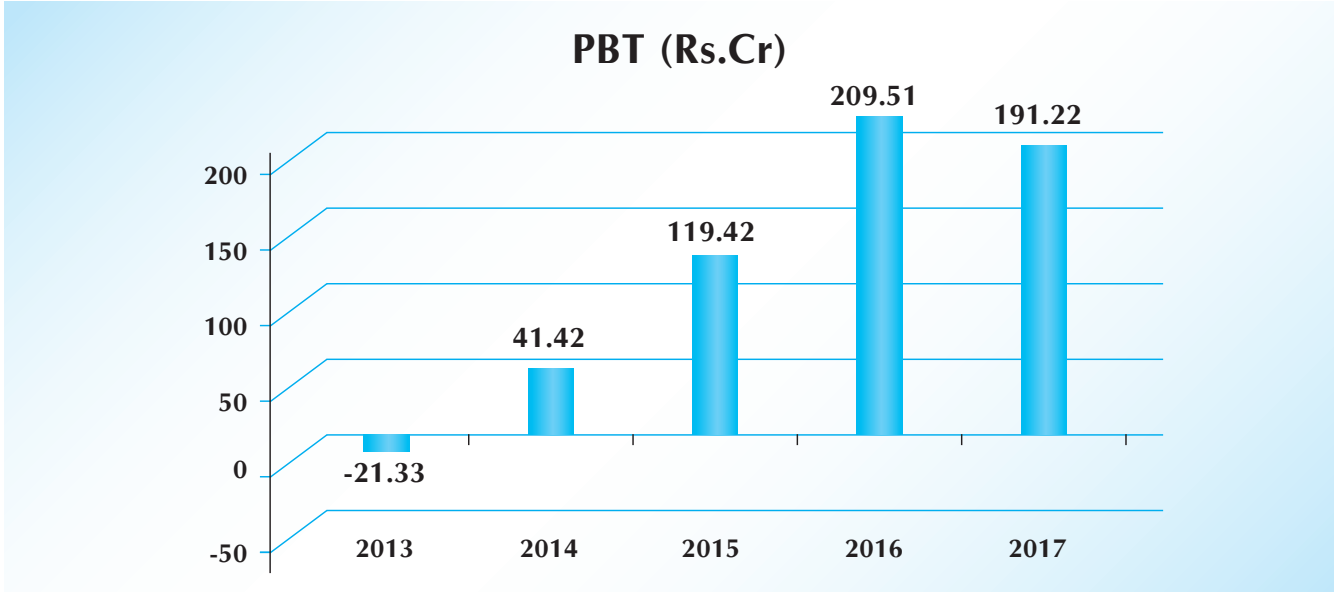
\* Planned shutdown of MBF for more than one month

**Growth rate of Ductile Iron Pipes production (2013 - 2017):**

During the year under review, your Company has taken a planned shutdown of Mini Blast Furnace (MBF) for a period of more than 30 days in August – September, 2016 to carry out complete relining along with installation of Stave Cooling System and Bell Less Top arrangement in the MBF. During this period, the Company has installed additional manufacturing facilities in Ductile Iron Pipe Plant (DIP) to augment the production and the DI Pipe Plant was operated through Induction Furnace. Post shutdown, the production of MBF and DIP got stabilized during 3rd quarter of the current financial year and in spite of loss of production on account of shutdown, the Company was able to achieve marginally higher production compared to the FY 2015-16.

Your Company delivered steady performance, in a rather challenging year, which has seen multifold increase in the prices of coking coal during the 4th quarter of the FY 2016-17 and partial rise in the prices of iron ore culminated together resulted in higher cost of production, whereby leading to slight dip in the pre-tax profit of your Company at Rs.191.22 Crores compared to Rs.209.51 Crores registered in the FY 2015-16.

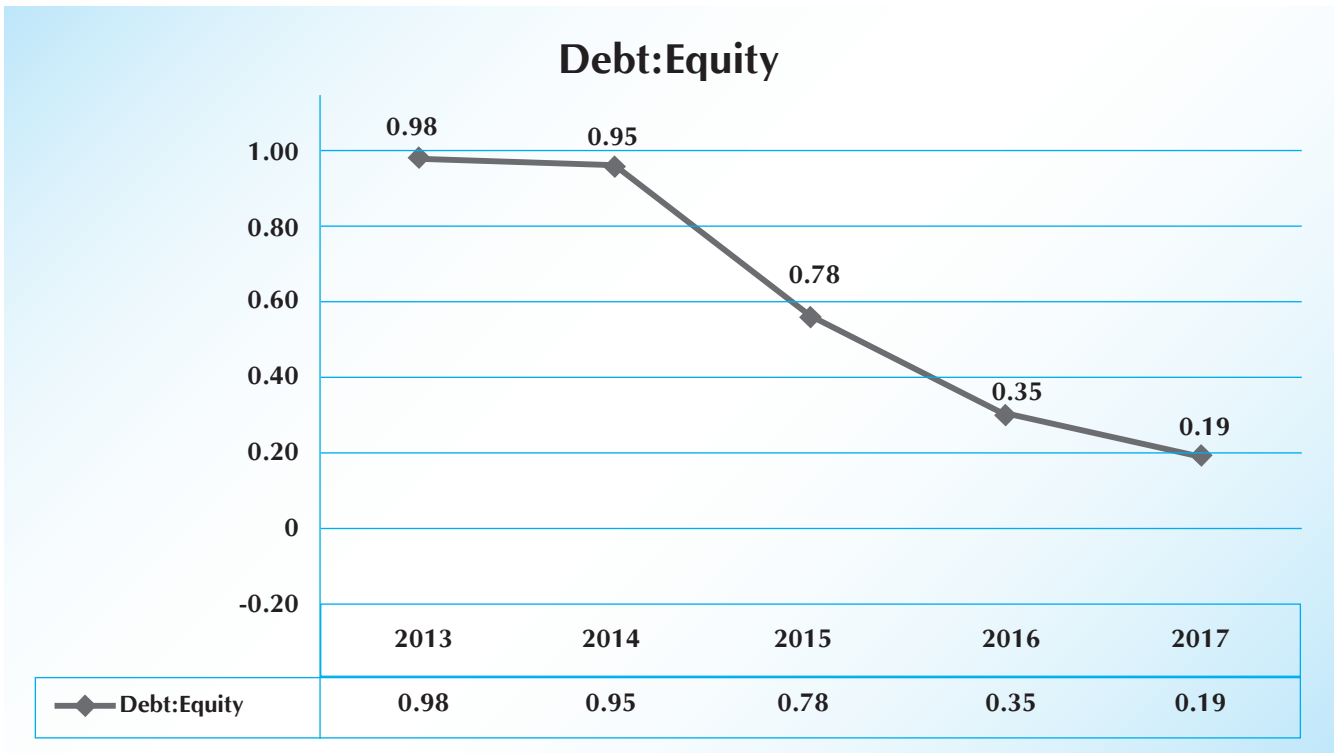
**Pre-tax Profit (2013 -2017):**



**Debt Equity Ratio 2013 – 2017:**

The sustained internal cash accruals improved the funds position of the Company resulting in lower utilization of working capital facilities, leading to reduced finance cost. The company is well positioned to fund its CAPEX for diversification and expansion programs.

Your company continues to maintain a healthy debt equity ratio of 0.19:1.





**FUTURE PROSPECTS:**

During the year under review, your Company has successfully completed capital expenditure programme, which was initiated in the FY 2015-16 entailing an investment of Rs.100 Crores towards installation of Pulverized Coal Injection (PCI) and Bell Less Top equipment facilities in MBF, capacity expansion of DI Pipe Plant, which includes installation of new spinning machine and additional finishing line. These facilities are commissioned during 3rd / 4th quarter of the FY 2016-17, and the Company will be reaping the full benefits from the facilities in terms of increased production of liquid metal and DI Pipes coupled with reduction in coke consumption from the Financial Year 2017-18 onwards.

Further, to be self-sufficient in meeting the coke and power requirements, the Company has taken up the project of installation of additional Coke Oven battery along with additional boiler in the Captive Power Plant at an investment of Rs.65 crores, which is expected to be in place in this financial year. This investment will yield perennial benefit to the Company in terms of uninterrupted availability of Coke and power. This apart, post commissioning of dedicated Captive Oxygen Plant, the cost of production will come down further.

During the year under review there is a steep increase in the prices of Metallurgical Coal due to global demand and supply mismatch and other external factors. However, at present, the prices started declining, which will reduce the pressure on cost of production.

As regards setting up of Ferro Alloys Unit, as the Govt. of Andhra Pradesh has not extended power subsidy of Rs.1.50 per unit, the Company has deferred setting up of Ferro Alloys unit, as it is not viable to take up the Project in the absence of power subsidy. However, the Company is seriously pursuing with the Andhra Pradesh Government to reconsider extension of power subsidy to enable the Company to take up the Project.

Further, upcoming ambitious water supply projects, Amaravathi Capital Development Projects and infrastructure projects in 100 Smart Cities and 500 other Cities under AMRUT (Atal Mission for Rejuvenation and Urban Transformation) of Central Government and use of Ductile Iron Pipe in the non conventional sector like irrigation schemes etc., will ensure regular business and the company is hopeful of maintaining its growth.

**CREDIT RATING:**

CARE Limited maintained its rating for the Company's borrowing programmes with the rating as "CARE A+

(Single A Plus)" for long term bank facilities and A1+ (A One Plus)"for the short term facilities. These ratings indicate adequate degree of safety regarding timely servicing of financial obligations carrying very low credit risk and very strong degree of safety regarding timely payment of financial obligations and carries lowest credit risk. Further, Infomercs Valuation and Rating Pvt. Ltd. has rated "IVR AA/Stable Outlook (Pronounced IVR Double A with Stable Outlook)" for the long term borrowing programmes of the Company upto Rs.200 Crores.

**DIRECTORS/KEY MANAGERIAL PERSONNEL:**

Andhra Pradesh Industrial Development Corporation (APIDC), Hyderabad has withdrawn its nominee Shri Shamsher Singh Rawat, IAS with effect from 4th June, 2016 and nominated Shri B. Sreedhar, IAS on the Board of Directors of your Company with effect from 29th August, 2016 and on his resignation appointed Mr. Kartikeya Misra, IAS with effect from 1st December, 2016.

During the year under review Mr. A. R. Surana, Chief Financial Officer has resigned with effect from 19th September, 2016 and in his place Mr. N. Sivalai Senthilnathan has been appointed as Chief Financial Officer of the Company with effect from 1st December, 2016.

Your Directors place on record their appreciation for the active participation and valuable services rendered to the Company by Shri Shamsher Singh Rawat, IAS and Shri B.Sreedhar, IAS and Shri A. R. Surana in their respective capacities.

On expiry of the present term of Shri Mayank Kejriwal, Managing Director of the Company, upon the recommendation of Nomination and Remuneration Committee, the Board has approved his re-appointment for a period of five years commencing from 1st May, 2017, subject to approval of shareholders in the ensuing Annual General Meeting of the Company.

Shri G.S. Rathi retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The Company has received declarations from the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Listing Regulations, 2015.

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 strongly believes that Corporate Governance is creation and enhancing long-term sustainable value for the stakeholders through ethically driven business process. In your Company, Corporate governance is a value-based framework to manage the affairs of the Company in a fair and transparent manner. We consider it as our core responsibility to disclose timely and accurate information regarding our financials and performance.

Your Company complies with the Securities and Exchange Board of India (SEBI)'s guidelines on corporate governance. The Corporate governance report for the financial year 2016-17 and the auditors' Certificate on Corporate Governance as stipulated under regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are annexed vide Annexure I and forms part of this report.

#### **INTERNAL FINANCIAL CONTROLS & ADEQUACY:**

The Company has proper and adequate internal control systems in place to safeguard assets and protect against loss from any unauthorised use or disposition. The system authorises, records and reports transactions and ensures recorded data are reliable to prepare financial information and to maintain accountability of assets. The Company's internal controls are supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures.

The Company has developed a robust Internal Financial Controls framework by revisiting and refining process notes, flowcharts and control matrices across finance and other operating functions. The internal financial controls were also reviewed by an independent auditor and found to be adequate and operating effectively for ensuring accuracy and completeness of the accounting records. No reportable material weaknesses were observed.

The Audit committee of the Board of Directors, Statutory Auditors and the Business heads are periodically apprised of the internal audit findings and corrective actions taken. Internal Audit plays a key role in providing assurance on internal financial controls to the Board of Directors. Significant internal audit observations and the responses of the management are presented to the Audit committee of the Board for its suggestions followed by corrective actions.

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. The Company has a robust Management Information System, which is an integral part of the control mechanism.

#### **MANAGEMENT DISCUSSION AND ANALYSIS:**

Discussion on state of Company's affairs has been covered as part of the Management Discussion and Analysis (MDA). MDA for the year under review, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section vide Annexure II to this Report.

#### **RISK MANAGEMENT POLICY :**

The Company's robust risk management framework identifies and evaluates business risks and opportunities. The Company recognises that these risks need to be managed and mitigated to protect its stakeholders' interest, to achieve its business objectives and enable sustainable growth. The risk framework is aimed at effectively mitigating the operational risks in Company's various businesses through effective control measures. Risk management is implanted in our critical business activities, functions and processes. The risks are reviewed for the change in the nature and extent since the last assessment. It also provides easing measures for risks and future action plans. The elements of risk associated with the business that may likely to have a bearing on the performance of the Company and the focused initiatives taken by the Company for mitigation of risks are covered under Risks & Concern Section of Management Discussion & Analysis.

#### **NOMINATION & REMUNERATION POLICY:**

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Personnel and their remuneration. The Policy is available in the company's website at [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).

Company's Nomination and Remuneration Policy 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. The Committee shall guide the Board :

- a) In relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) In evaluating the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

- c) In formulating the criteria for determining qualifications, positive attributes and independence of a director.
- d) In recommending to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

#### **CORPORATE SOCIAL RESPONSIBILITY POLICY:**

The Board has adopted a Corporate Social Responsibility Policy (CSR Policy), in accordance with Schedule VII of the Companies Act, 2013 and a report on CSR activities/initiatives, which include the contents of the CSR Policy, composition of the Committee and other details as required to be provided in Annual Report on CSR in accordance with Section 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy), Rules, 2014 are disclosed as Annexure III to this Report.

During the FY 2016-17, the amount spent by the Company towards CSR initiatives is lower than the limits prescribed under Companies Act, 2013. To facilitate maximum benefit to the community, the CSR initiatives of the Company by and large involve setting the foundation of various programs at a small scale to learn from on-ground realities, getting feedback from community and then implement an enhanced sustainable model. For this reason, during the year, the Company's spend on the CSR activities has been less than the limits prescribed under Companies Act, 2013. With new initiatives that may be considered in future, going forward the Company will endeavour to spend on CSR activities in accordance with the prescribed limits.

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

The Company has in place Whistle Blower Policy, wherein the Employees/Directors/Stakeholders of the Company are free to report any unethical or improper activity, actual or suspected fraud or violation of the Company's Code of Conduct. This mechanism safeguards against victimization of employees, who report under the said mechanism. 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)

#### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company's Prevention of Sexual Harassment Policy is in line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints

Committee (ICC) was set up to redress complaints received regarding sexual harassment. During the year 2016-17, no complaints were received by the ICC.

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

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. Performance evaluation has been carried out as per the Nomination and Remuneration Policy.

While evaluating the performance of the Non- Executive Directors, the following parameters have been considered: (a) Attendance at meetings of the Board and Committees thereof, (b) Participation in Board and Committee meetings, (c) Contribution to strategic decision making, (d) Review of risk assessment and risk mitigation, (e) Review of financial statements, business performance. (f) Contribution to the enhancement of brand image of the Company. While evaluating the performance of the Managing Director and Whole-time Director, appropriate benchmarks set as per industry standards, were considered.

From the evaluations of the Board, it was observed that the Board and its committees are functioning efficiently and that the performance of every director continues to be effective and demonstrates the level of commitment expected by the Company.

#### **FAMILIARISATION PROGRAMME:**

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board Meetings, Committee Meetings and Independent Directors Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved.

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

The details of the number of Meetings of the Board held during the Financial Year 2016-17 are given in the Corporate Governance Report which forms part of this report.

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

As per the provisions of Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has established a Policy on

materiality of Related Party Transactions and on dealing with Related Party Transactions. The Policy on Related Party Transactions as approved by the Board of Directors is available on the website of the Company at [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).

All contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business. All Related Party Transactions are placed before the Audit Committee for review. Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of transactions entered by the Company with the related parties referred to in Section 188(1) of the Companies Act, 2013 are given by way of Annexure IV to this report. Related Party disclosures as per Ind AS-24 have been provided in Note-42 to the financial statements.

#### **PARTICULARS OF EMPLOYEES:**

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 V.

#### **ISSUE OF FURTHER SECURITIES:**

In order to cater to the business purposes, including but not limited to 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, the Board at its meeting held on 29th April, 2017 has approved the proposal for raising funds upto Rs.250 Crores or its equivalent in any foreign currency through Public or private placement by way of Qualified Institutions Placement (QIP) or through any other permissible mode.

#### **STATUTORY INFORMATION:**

Information as per Companies (Accounts) Rules, 2014 related to conservation of energy, technology

absorption, foreign exchange earnings and outgo are given in Annexure - VI attached hereto and forms part of this report.

#### **OTHER INFORMATION:**

Particulars of information forming part of the Board's Report pursuant to Section 134 of the Companies Act, 2013 and relevant Rules thereof, not covered elsewhere in the report due to non applicability 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.13.52 lakhs during the year ended 31st March, 2017.
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. Particulars of the amounts proposed to be carried to reserves have been covered as part of the financial performance of the Company at the beginning of the Report.
5. There are no material changes or commitments occurring after 31st March, 2017, which may affect the financial position of the Company or may require disclosure.
6. During the year under review, there has been no change in the nature of business of the Company.
7. The Company did not have any subsidiaries, joint ventures and associates companies, which have ceased during the year.
8. The Company has not accepted deposits under Chapter V of the Companies Act, 2013.
9. The Company has not received any such orders from Regulators, Courts or Tribunals during the year, which may impact the going concern status or the Company's operations in future.

#### **STATUTORY AUDITORS:**

At the 24th Annual General Meeting held on 29th August, 2016 M/s. K R Bapuji & Co., Chartered Accountants (Firm Registration No: 000395S), Hyderabad were appointed as Statutory Auditors of the Company to hold office till the conclusion of the 25th Annual General Meeting to be held in the year 2017. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Pursuant to the provisions of the Companies Act, 2013, the existing Auditors can continue to be the Auditors of the Company only till the conclusion of the ensuing 25th Annual General Meeting. The Board of Directors, on the recommendation of the Audit Committee has appointed M/s. Lodha & Co., Chartered Accountants (Firm Reg. No. 301051E) as Statutory Auditors of the Company for a term of five years from the conclusion of 25th Annual General Meeting till the conclusion of 30th Annual General Meeting of the Company to be held in the FY 2022-23. In this regard, the Company has received a certificate from the auditors to the effect that if they are appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013. Appointment of M/s. Lodha & Co., Chartered Accountants (Firm Reg. No. 301051E) as Statutory Auditors of the Company will be placed before the members for their approval in the ensuing Annual General Meeting of the Company and thereafter every year for ratification till conclusion of their term.

#### **COST AUDITORS:**

The Board of Directors, on the recommendation of Audit Committee, has appointed M/s. Narasimhamurthy & Co., Cost Accountants, Hyderabad as Cost Auditors to audit the cost accounts of the Company for the Financial Year 2016-17. As required under the Companies Act, 2013, a resolution seeking Member's approval for the remuneration payable to the Cost Auditors forms part of the Notice convening the Annual General Meeting. The Cost Audit report for the Financial Year 2015-16 was filed with the Ministry of Corporate Affairs within in the stipulated due date.

#### **SECRETARIAL AUDITORS:**

The Board has appointed Mr. S. Chidambaram, Company Secretary in Practice, Hyderabad to conduct Secretarial Audit for the Financial Year 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 is provided at Annexure VII to this report. The Secretarial Audit Report is self explanatory and does not contain any qualification, reservation or adverse remark.

#### **GREEN INITIATIVE:**

In order to maintain the planet Earth evergreen, the Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies. Accordingly, as per the Company's "GO GREEN" initiative, the Company shall send intimations and documents, including Notice of General Meetings and Annual Report of the Company, in electronic form to Email ID of the shareholders registered with Company, instead of physical mode.

Shareholders who are yet to register their E-mail addresses are requested to take necessary steps for registering the same so that they can also become a part of the initiative and contribute towards a Greener environment. However physical copies can be sent upon a request made to the Company.

#### **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. Pursuant to Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8 (2) of Companies (Accounts) Rules, 2014, particulars of contracts or arrangements with related parties in the prescribed Form AOC-2, forming part of Directors' Report is enclosed vide Annexure – IV.
5. Disclosure under Section 197 (12) read with Rule 5(1) of the Companies (Appointment and remuneration of managerial personnel) Rules, 2014 is enclosed vide Annexure – V.
6. 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 – VI.
7. 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 – VII.
8. Pursuant to Section 134 (3) (a) of the Companies Act, 2013, the extract of the Annual Return as provided under sub section (3) of Section 92 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, 2017.

- 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 that such systems were adequate and operating effectively.

**ACKNOWLEDGEMENTS:**

Your Directors would like to express their sincere appreciation for the commitment displayed by all executives, staff and workers of the Company resulting in the successful performance of the Company during the year. The Board also takes this opportunity to express its gratitude for the continued co-operation and support received from its valued shareholders. The Directors also express their special thanks to Shri Mayank Kejriwal, Managing Director, for his untiring efforts for the progress of the Company.

**For and on behalf of the Board of Directors**

Place: Chennai.  
Date: 12th May, 2017

G.Maruthi Rao  
Chairman  
DIN 00083950



## Report on Corporate Governance

Annexure I to Directors' Report

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company believes that it is imperative to adopt transparent Accounting Policies, appropriate disclosure norms, best Board Practices and consistent benchmark standards of Corporate Conduct towards its stakeholders.

The Company has consistently aimed at developing and internalising such policies and implementing best-in-class actions that make it a good model for Corporate Governance. The Company has adopted practices mandated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 under Corporate Governance and has established procedures and systems to fully comply with it. The procedure and systems are reviewed periodically to ensure continued relevance, effectiveness and responsiveness to the needs of the Stakeholders.

Through the Governance mechanism in the Company, the Board along with its Committees undertakes its fiduciary responsibilities to all its stakeholders by ensuring transparency, fair play and independence in its decision making. The Code of Conduct laid down by the Company articulates the values, ethics and business principles and serves as a guide to the Company, its directors and employees.

The Company is in full compliance with the requirements of Corporate Governance under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI Listing Regulations").

### BOARD OF DIRECTORS:

The Board of Directors along with its Committees provide leadership and guidance to the Company's management and also direct, supervise and control the performance of the Company. All the Independent Directors have confirmed that they meet the 'independence' criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act. 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.

#### Composition of Board:

The Board currently comprises of Seven Directors as categorized below:

Category	No. of Directors
Executive	2
Non-executive Independent (Includes 1 Woman Director)	3
Non-executive Non-independent	1
Nominee Director	1
<b>Total</b>	<b>7</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, 2017 unless otherwise stated are given in the following table:-

Name of Director	Executive / Non-Executive / Independent	No. of Other* Directorships held	Other* Committee# positions held	
			As Chairman	As Member
Shri G. Maruthi Rao	Chairman - Non-Executive-Independent	-	-	-
Shri Mayank Kejriwal	Managing Director-Executive	7	-	2
Shri R. K. Khanna	Non-Executive-Independent	1	1	-
Shri Gouri Shankar Rathi	Whole-Time Executive Director	-	-	-
Shri S. Y. Rajagopalan	Non-Executive Non-Independent	1	-	-
Ms. S. Hemamalini	Non-Executive-Independent	-	-	-
Shri Shamsher Singh Rawat, IAS (i) Nominee of APIDC (Equity Investor)	Non- Executive-Nominee Director	-	-	-
Shri B.Sreedhar, IAS (i) Nominee of APIDC (Equity Investor)	Non- Executive-Nominee Director	-	-	-
Shri Kartikeya Misra, IAS (ii) Nominee of APIDC (Equity Investor)	Non- Executive-Nominee Director	7	-	-

- (i) APIDC nominated Shri B. Sreedhar, IAS as its nominee in place of Shri Shamsher Singh Rawat, IAS with effect from 29th August, 2016.
- (ii) APIDC nominated Shri Kartikeya Misra, IAS as its nominee in place of Shri B. Sreedhar, IAS with effect from 1st December, 2016.

\* 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.

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

Every year minimum four board meetings are held and additional board meetings are convened, if required to address the Company's specific needs. In case of business exigencies or urgency of matters, resolutions are passed by circulation. The meetings are usually held at the Company's marketing office in Chennai as well as at the Registered Office. The Company's Profit Centre heads / Heads of Service Departments are invited for the Board Meeting particularly with regard to matters

requiring discussion/approval/decision at Board/Board Committee meetings.

The Board of Directors is presented with detailed notes, along with the agenda papers, well in advance of the meeting. All material information is incorporated in the agenda for facilitating focused and effective discussions at the meeting. Where it is not practical to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary items on the agenda are permitted. The Board periodically reviews compliance reports of applicable laws prepared and placed before it by the Management.

Among others, information supplied to the Board includes - Annual operating plans of businesses and any updates thereof; Capital budgets and any updates thereof; Quarterly results for the Company, Minutes of the meetings of the Audit Committee, other Committees of the Board, the information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary; Show cause, demand, prosecution notices and penalty notices, which are materially important, Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company, any issue,



which involves possible public or product liability claims of substantial nature, including any judgment or order, making of loans and investment of surplus funds; General notices of interests of Directors, Constitution/ Reconstitution of Board Committee, Appointment, remuneration and resignation of Directors, Dividend declaration, Significant changes in accounting policies and internal controls, any significant development

on human resources / industrial relations front like signing of wage agreement, Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material, Annual financial results of the Company, Auditors' Report and the Report of the Board of Directors, and Compliance Certificates for all the laws as applicable to the Company.

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

Four Board Meetings were held during the year 2016-17. The dates of the meetings are as follows:

9th May, 2016, 29th August, 2016, 1st December, 2016 and 4th February, 2017.

#### The following table highlights the attendance of each Director at the respective meetings during the year 2016-17:

Name of Director	Board Meetings		AGM
	Held	Attended	
Shri Mayank Kejriwal	4	4	YES
Shri G Maruthi Rao	4	3	YES
Shri Gouri Shankar Rathi	4	4	YES
Srhi S. Y. Rajagopalan	4	4	YES
Shri R. K. Khanna	4	4	YES
Ms. S. Hemamalini	4	2	NO
Shri Shamsher Singh Rawat, IAS (i)	4	0	NA
Shri B. Sreedhar, IAS (i)	4	0	NO
Shri Kartikeya Misra, IAS (ii)	4	0	NA

- (i) APIDC nominated Shri B. Sreedhar, IAS as its nominee in place of Shri Shamsher Singh Rawat, IAS with effect from 29th August, 2016.
- (ii) APIDC nominated Shri Kartikeya Misra, IAS as its nominee in place of Shri B. Sreedhar, IAS with effect from 1st December, 2016.

#### Familiarisation Programme for Independent Directors:

In terms of Clause 25 (7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall familiarize the independent directors with the affairs of the Company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company. The Directors get an opportunity to visit Company's plants, where plant heads appraise them of the operational and sustainability aspects of the plants to enable them to have full understanding on the operations of the Company. Presentations are made to the Board on safety, health and environment and sustainability

issue, risk management, company policies, changes in the regulatory environment applicable to the corporate sector and to the industry in which it operates. Quarterly presentations on operations made to the Board include information on business performance, operations, market share, financial parameters, working capital management, fund flows, senior management change, major litigation, compliances, regulatory scenario, Press Releases etc.

When a new Independent Director comes on to the Board of the Company, a meeting is arranged with the Chairperson, Managing Director and Chief Financial Officer to discuss the functioning of the Board and the nature of the operation of the Company's business activities. New Independent Directors are provided with copy of latest Annual Report, Code of Conduct of the Company and Code of Conduct for Prevention of Insider Trading, Schedule of upcoming Board and Committee Meetings. A detailed Appointment Letter incorporating the role, duties and responsibilities, remuneration and performance evaluation process, insurance cover, Code

of Conduct and obligations on disclosures, are issued for the acceptance of the Independent Directors.

Familiarisation programme for Independent Directors is placed at the website of the Company [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).

### Independent Directors Meeting:

During the year under review, the Independent Directors met on 4th February, 2017, inter alia, to discuss:

- Evaluation of performance of Non-Independent Directors and the Board as a whole.
- Evaluation of performance of the Chairman of the Company, taking into account the view of the Executive and Non-Executive Directors.
- Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.
- Evaluation of the performance of the Management and its reporting mechanism.
- Evaluation of the functioning of the vigil mechanism which is in place.

### Disclosure regarding Appointment/Re-appointment of Directors:

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

### AUDIT COMMITTEE:

The Audit Committee of the Board of Directors comprises two Independent Non-Executive Directors and a non-independent non-executive Director. All the members of the Audit Committee possess accounting, economic, legal and financial management expertise. The composition of the Audit Committee and the terms of reference comply with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee assists the

Board in discharging of its responsibility to oversee the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting statements, the appointment, independence, performance and remuneration of the Statutory Auditors, Cost Auditors and the Internal Auditors of the Company.

Broad terms of reference of the Audit Committee include:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Review and monitor the auditor's independence and performance and effectiveness of audit process;
- Examination of the financial statement and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.

The Audit Committee also reviews the following information as and when required:

- Management Discussion & Analysis of financial condition and results of operations.
- Statement of significant Related Party Transactions (as defined by the Audit Committee).
- Management letters / letters of internal control weaknesses, if any, issued by the Statutory Auditors.
- Internal audit reports.

The Audit Committee during the year ended 31st March, 2017 had four meetings i.e. on 9th May, 2016, 29th August, 2016, 1st December, 2016 and 4th February, 2017.

### The composition of the Audit Committee as on 31st March, 2017 and attendance during the year are as under:

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

The Audit Committee met on 12th May, 2017 for considering finalization of accounts for the year ended 31st March, 2017.

Mr. K. Raghuram, Asst. General Manager (Finance) & Company Secretary, acts as the Secretary to the Audit Committee. The Managing Director, Statutory Auditors and Internal Auditors, Key Managerial Personnel and Senior Executives attend the meetings to answer the queries raised by the Committee.

Shri R.K. Khanna, Chairman of the Audit Committee

attended the last Annual General Meeting of the Company held on 29th August, 2016.

#### **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, 2017 and attendance during the year are as under:

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

The Nomination and Remuneration Committee met 3 times during the year on 9th May, 2016, 29th August, 2016 and 1st December, 2016. The necessary quorum was present at all the meetings. The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company.

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.

Broad terms of reference of Nomination and Remuneration Committee include:

- Identify persons who are qualified to be Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- 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 (KMP) and employees one level below the KMP.

While formulating the said Policy the Committee ensured that:-

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- Remuneration to Director, Key Managerial Personnel and employees one level below the KMP involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

#### **Remuneration to Directors**

Remuneration paid to Executive and non-executive directors of the Company as recommended by Nomination & Remuneration Committee 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 12th May, 2017 approved remuneration to executive and non-executive directors as given in table hereunder. The total amounts with sitting fees for attending the meetings of the Board and its Committees paid to Executive and Non-executive directors are also given in the table below:-

Name of the Director	Commission/Remuneration (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Shri Mayank Kejriwal	8,10,00,000	-	8,10,00,000
Shri G Maruthi Rao	4,00,000	3,10,000	7,10,000
Shri Gouri Shankar Rathi	1,50,33,217	-	1,50,33,217
Shri S.Y.Rajagopalan	4,00,000	5,00,000	9,00,000
Shri R.K.Khanna	4,00,000	5,20,000	9,20,000
Smt S.Hemamalini	4,00,000	90,000	4,90,000
<b>Total</b>	<b>9,76,33,217</b>	<b>14,20,000</b>	<b>9,90,53,217</b>

**Notes:**

1. There were no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company during the Financial Year ended 31.3.2017.
2. No stock options have been granted to any Director of the Company.

**Performance Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has carried out the annual evaluation of its own performance, performance of the Directors individually as well as the evaluation of working of its Committees.

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.

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).

**Subsidiaries:**

The Company has no subsidiary.

**Details of Equity Shares of the Company held by Non-Executive Directors as on 31st March, 2017:**

Name of the Non-Executive Director	No. of shares
Shri G. Maruthi Rao	Nil
Shri S. Y. Rajagopalan	Nil
Shri R. K. Khanna	Nil
Smt. S. Hemamalini	Nil
Shri Kartikeya Misra, IAS	Nil

**Management:**

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 has adopted a Code of Conduct (the Code) for Directors and Senior Management of the Company. The Code has been circulated to all the members of the Board and Senior Management and the same is available on the Company's website at [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com). The Board members and Senior Management personnel have affirmed their compliance

with the code. A declaration to this effect signed by the Managing Director of the Company is part of this Report.

#### Prevention of Insider Trading Code:

The Company has formulated a comprehensive Code of Conduct for Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information to its Directors, Promoters, Key Managerial Personnel and Designated Persons, which is in line with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company's shares by the Promoters, Directors and the designated employees 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. The Board is responsible for the implementation of the Code.

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) Regulations, 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 or unethical behaviour. The Company has put in place a Whistle Blower Policy and has established the necessary Vigil Mechanism for employees and Directors to report concerns about unethical behaviour. The Whistle Blower Policy complies with the requirements of Vigil Mechanism as stipulated under Section 177(9) of the Companies Act, 2013. The policy comprehensively provides an opportunity for an employee and Director to report the

instances of unethical behaviour, actual or suspected fraud or any violation of the Code of Conduct and/ or laws applicable to the Company and seek redressal.

Further, it is hereby affirmed that the Company has not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and that the Company has provided protection to "Whistle Blowers" from unfair termination and other unfair or prejudicial employment practices. This policy is also posted on the website of the Company [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com).

#### STAKEHOLDERS RELATIONSHIP COMMITTEE :

The composition of Stakeholders Relationship Committee is as follows:

Shri R.K.Khanna	- Chairman
Shri S.Y.Rajagopalan	- Member
Shri G.S.Rathi	- Member

#### The terms of reference of the committee:

To specifically look into the redressal of grievances of shareholders, to consider and resolve the grievances related to transfer of shares, non-receipt of annual reports, non-receipt of declared dividends; and to act in terms of any consequent statutory modification(s)/ amendment(s)/revision(s) to any of the applicable provisions to the said Committee.

In accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has delegated powers of share transfers to M/s. Karvy Computershare Private Limited (KCPL), Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032. KCPL reviews share transfers every fortnight. All transfers, complaints, and other matters relating to shares are discussed at the Committee / board meeting every quarter.

#### a. Details of queries/ complaints received and resolved during the year 2016-17:

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	21	21	Nil
Non-Receipt of Share Certificates	Nil	8	8	Nil
Non-Receipt of Annual Reports	Nil	2	2	Nil
Total	Nil	31	31	Nil

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

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

Pursuant to Section 205A of the Companies Act, 1956, the following amount of dividend pertaining to FY 2008-09, lying un-claimed by the shareholders was transferred to Investor Education and Protection Fund of the Central Government.

FY 2008-09	Rs.3,93,315
------------	-------------

In compliance with Section 124 of the Companies Act, 2015, the un-claimed dividend for the financial years 2009-10 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
2009-10	1.50	25.08.2010	24.09.2017
2010-11	1.50	25.08.2011	24.09.2018
2011-12	Nil	-	-
2012-13	Nil	-	-
2013-14	1.50	27.09.2014	26.10.2021
2014-15	3.00	24.08.2015	23.09.2022
2015-16	5.00	29.08.2016	28.08.2023

**c. Details of un-claimed De-mat Suspense account:-**

- a. i) Aggregate No. of shareholders as on 01.04.2016 – 783
- ii) Outstanding shares as on 01.04.2016 - 62803
- b. No. of shareholders approached for transfer of shares – 4
- c. No. of shareholders to whom shares were transferred – 4
- d. i) Aggregate No. of shareholders as on 31.03.2017 – 779
- ii) Outstanding shares as on 31.03.2017 – 62328

The voting rights of the above shares shall remain frozen till the rightful owner of such shares claims the shares.

**COMPLIANCE OFFICER:**

K.Raghuram, Company Secretary,  
Rachagunneri - 517641,  
Srikalahasthi Mandal, Chittoor District, AP.,  
Ph: 08578-286650-55, Fax: 08578-286657,  
E-mail: companysecretary@srikalahasthipipes.com.

**CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

The CSR Committee constituted by the Company is in line with the provisions of Section 135 of the Companies Act 2013.

The terms of reference of the CSR Committee broadly comprises:

- To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy (including amendments to the policy from time to time based on regulatory changes) indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made there under.
- To recommend the amount of expenditure to be incurred on the CSR activities.
- To monitor the implementation of the CSR Policy of the Company from time to time.
- To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities to be undertaken by the Company from time to time.

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

**The composition of the Corporate Social Responsibility Committee as on 31st March, 2017 is as under:**

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

## GENERAL BODY MEETINGS

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

Date	Venue	Time
27.09.2014	Rachagunneri Village, Srikalahasthi Mandal, AP.	11.30 A.M.
24.08.2015	Rachagunneri Village, Srikalahasthi Mandal, AP.	11.30 A.M.
29.08.2016	Rachagunneri Village, Srikalahasthi Mandal, AP.	11.30 A.M.

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

Date of AGM	Details of Special Resolutions passed by members with requisite majority
27.09.2014	<ul style="list-style-type: none"> <li>To approve change of name of the Company.</li> <li>To approve the payment of remuneration to non-executive directors.</li> <li>To approve increase in the payment of remuneration to Managing Director.</li> </ul>
24.8.2015	<ul style="list-style-type: none"> <li>To approve the Related Party Transactions to be entered into with Electrosteel Castings Limited</li> <li>To Approve the appointment of Shri G S Rathi as whole time director liable to retire by rotation for a period of 5 years</li> </ul>
29.08.2016	Nil

(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 42 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 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, 2017 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. 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).

**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 contains a separate dedicated section titled "Investors". The basic information about the Company, as called for in terms of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided on the Company's website: [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com) and the same is updated from time to time.

**Presentations to Institutional Investors/Analysts :**

Detailed presentations are made to Institutional Investors and Financial Analysts on the quarterly financial results

of the Company and 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's Electronic Application Processing System (NEAPS) and BSE's listing compliance are web-based applications designed by NSE and BSE respectively to facilitate corporate filings by the listed Companies. All periodical compliance filings, like the 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	
	- Date and Time	: 27th September, 2017 at 11.30 AM
	- Venue	: At Registered Office: Rachagunneri Village-517641, SrikalahasthiMandal, AP.
2	Financial Calendar	Tentative Schedule
	Financial Reporting for the Quarter ended June 30, 2017	: End July, 2017.
	Financial Reporting for the Quarter ended September 30, 2017	: End October, 2017.
	Financial Reporting for the Quarter ended December 31, 2017	: End January, 2018.
	Financial Reporting for the Quarter ended March 31, 2018	: End April, 2018.
	Annual General Meeting for the year ending March 31, 2018.	: End August, 2018.
3	Book Closure Date (Both days inclusive)	: 21st September, 2017 to 27th September, 2017.
4	Dividend payment date	: 30th September, 2017
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

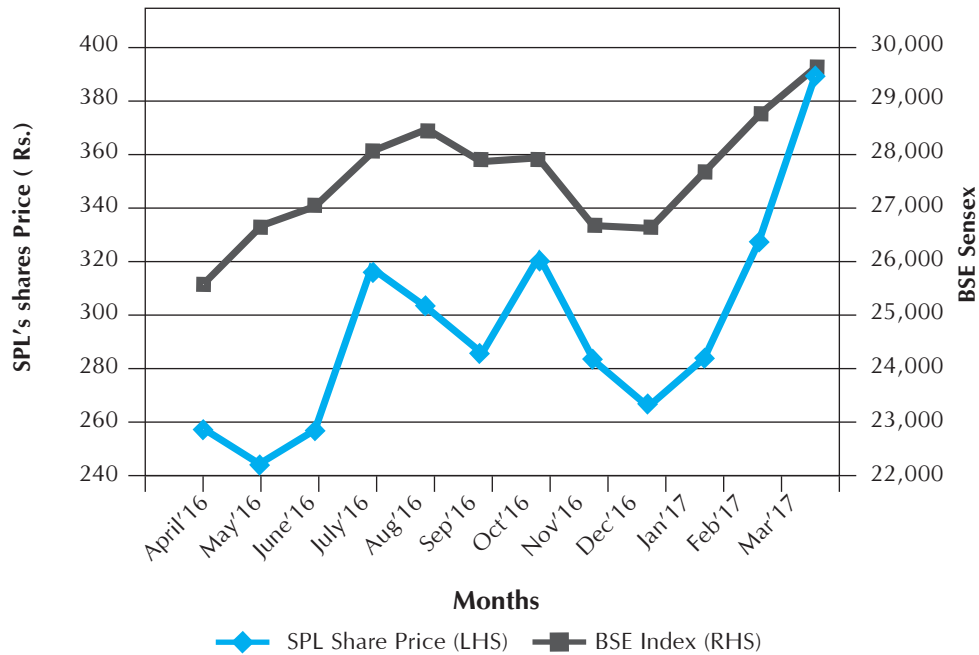


Stock Market Data

Month	Bombay Stock Exchange			National Stock Exchange		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
Apr-16	268.70	225.20	524752	268.45	225.25	1935846
May-16	268.10	227.75	752353	268.35	227.80	3290880
Jun-16	258.55	238.50	477444	258.75	239.00	1828453
Jul-16	341.50	258.75	1430036	341.20	258.05	5974685
Aug-16	332.60	303.25	1063944	333.15	303.30	4423527
Sep-16	304.30	275.70	493144	304.90	278.20	1998412
Oct-16	334.90	297.30	851272	335.00	299.20	3252457
Nov-16	318.25	254.15	411724	317.60	253.85	1614625
Dec-16	277.20	247.55	288670	278.20	247.25	1168592
Jan-17	292.40	265.50	252601	292.15	265.10	1189772
Feb-17	328.30	291.25	439031	328.25	291.50	2086359
Mar-17	392.20	321.60	506171	392.35	320.90	2086267

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

SPL's Share Price in comparison to BSE Sensex



Data of closing share price of the Company and closing Index as on the last trading day of the respective month has been considered for the purpose of the graph.

**Registrar & Share Transfer Agents:**

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

**Share Transfer System:**

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 Tax (Rs. Lakhs)
2011-12	-	-
2012-13	-	-
2013-14	15	697.82
2014-15	30	1435.74
2015-16	50	2392.90

**Distribution of Shareholding as on March 31, 2017:**

Sl No.	Category		Number of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
	From	To				
1	1	5000	25460	89.46	2561411	6.44
2	5001	10000	1369	4.81	1110918	2.79
3	10001	20000	713	2.50	1090882	2.74
4	20001	30000	272	0.96	699994	1.76
5	30001	40000	129	0.45	468975	1.18
6	40001	50000	112	0.40	529303	1.33
7	50001	100000	188	0.66	1432516	3.60
8	100001	And above	217	0.76	31869596	80.16
		<b>Total</b>	<b>28460</b>	<b>100.00</b>	<b>39763595</b>	<b>100.00</b>

## Categories of Shareholding as on 31st March, 2017:

Sl. No.	Category	No. of shares held	Percentage of shareholding
<b>A.</b>	<b>PROMOTERS HOLDING</b>		
<b>1</b>	<b>Promoters</b>		
	a) Indian Promoters		
	i) Electrosteel Castings Limited	19301218	48.54
	ii) Others	891960	2.24
	b) Foreign Promoters	0	0
2	<b>Persons Acting in Concert</b>	0	0
	<b>Sub-Total</b>	20193178	50.78
<b>B.</b>	<b>NON-PROMOTERS HOLDING</b>		
3	<b>Institutional Investors</b>		
	a) Mutual Funds and UTI	479147	1.20
	b) Banks, Financial Institutions, Insurance Companies (Central / State Gov. Institutions / Non-government Institutions)	325259	0.82
	c) FIs	1385191	3.48
	<b>Sub-Total</b>	<b>2189597</b>	<b>5.50</b>
4	<b>Others</b>		
	a) Private Corporate Bodies	4337386	10.91
	b) Indian Public	12491869	31.42
	c) NRIs / OCBs	475705	1.20
	d) Any other (Clearing Members)	75860	0.19
	<b>Sub-Total</b>	17380820	43.72
	<b>GRAND TOTAL</b>	<b>39763595</b>	<b>100.00</b>

**Dematerialization of Shares and Liquidity:**

Since the Company has entered into an agreement with both the depositories namely NSDL and CDSL for dematerialization of its Shares, the Shareholders of the Company have the choice to dematerialize their shares and keep them in dematerialized form with any depository participant. About 98.39% of total equity share capital is held in dematerialized form with NSDL & CDSL as on 31st March, 2017.

**Outstanding convertible Instruments:**

As on 31.3.2017, there are no outstanding convertible instruments.

**Registered Office & Works:**

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

Members can contact us at our Registered Office:  
As stated above.

**Status of Non-Mandatory requirements:**

## i) Audit Qualifications:

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

## ii) Other Items:

The non-mandatory requirements viz., Shareholder Rights and other matters as mentioned in 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 Exchanges 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, 2017.

For Srikalahasthi Pipes Limited

Place: Kolkata  
Date: 10th May, 2017

Mayank Kejriwal  
Managing Director  
DIN: 00065980

**INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE****TO  
THE MEMBERS OF SRIKALAHASTHI PIPES LIMITED**

1. This certificate is issued in accordance with the terms of our engagement with Srikalahasthi Pipes Limited ('the Company').
2. We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

**MANAGEMENTS' RESPONSIBILITY**

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

**AUDITOR'S RESPONSIBILITY**

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**OPINION**

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For K. R. BAPUJI & Co.  
Chartered Accountants  
(Firm's Registration No. 000395S)

P. R. SATISH  
(Partner)  
(Membership No. 219432)

Place: Chennai  
Date: May 12, 2017



## Annexure II to Directors' Report

**OVERVIEW :**

Srikalahasthi Pipes Limited ventured its base in the Temple Town of Srikalahasthi as a small beginning and the following are the major MILESTONES since inception.

- 1991 – Incorporation of the Company.
- 1994 – Setting up of Mini Blast Furnace of 1,50,000 TPA.
- 1995– Setting up of 250 TPD Mini Cement Plant.
- 1997 – Setting up of Ductile Iron Pipes Facility of 60,000 TPA.
- 2002 – Strategic Alliance with Electrosteel Castings Limited.
- 2003 – Capacity of DI Pipes increased from 60,000 TPA to 90,000 TPA.
- 2005 – Commissioning of 150,000 TPA coke oven plant.
- 2005 – Setting up of Captive Power Plant of 12 MW by using the waste heat recovered from the coke oven plant.
- 2006 – Capacity of DI Pipes increased from 90,000 TPA to 1,20,000 TPA.
- 2009 – Capacity of DI Pipes increased from 1,20,000 TPA to 1,50,000 TPA.
- 2010 – Capacity of Mini Blast Furnace increased from 1,50,000 TPA to 2,25,000 TPA.
- 2011 – Commissioning of the first of its kind project to use primarily treated sewerage water of Tirupati Municipal Corporation for industrial purpose.
- 2012 – Commissioning of Sinter Plant of 5 Lakh MT to substitute usage of lump ore with iron ore fines to a larger extent. Enhancement of capacity of Coke Oven Plant from 1,50,000 TPA to 2,25,000 TPA.
- 2014 – Name of the Company has been changed from Lanco Industries Limited to “Srikalahasthi Pipes Limited”.
- 2015 – Capacity of DI Pipes and MBF, increased to 2,25,000 TPA and 2,75,000 TPA, respectively. Commissioning of 132 KVA sub-station for quality and uninterrupted power supply with reduction in tariff.
- 2016 – Initiated capacity expansion program of DI Pipes Plant from 2,25,000 TPA to 3,00,000 TPA, installation of Pulverized Coal Injection (PCI), Stave Cooling system in Mini Blast Furnace (MBF) for higher productivity and cost control.
- 2017 – Capacity of DI Pipes increased to 3,00,000 TPA – Successful commissioning of Pulverized Coal Injection (PCI) at MBF to reduce coke consumption.

## Operational Performance:

Product	Production (MT)		Despatches (MT)	
	2016-17	2015-16	2016-17	2015-16
Molten Metal/Pig Iron @	2,38,806*	2,59,120	2,35,902	2,60,723
D.I.Pipes	2,28,152	2,25,465	2,28,778	2,24,450
Lam Coke #	1,65,410	1,55,504	1,55,541	1,59,915
Cement \$	96,800	87,359	96,856	87,421
Power (Lakh Units)^	906	911	-	-

\* Planned shutdown of MBF

@ Despatches include 2,35,538 MT (Previous year 2,43,793 MT) used for captive consumption.

# Despatches include 1,38,837 MT (Previous year 1,49,982 MT) used for captive consumption.

\$ Despatches include 24,827 MT (Previous year 15,399 MT) used for captive consumption.

^ Captive Consumption.

## Operational Performance - Graphic Representation :

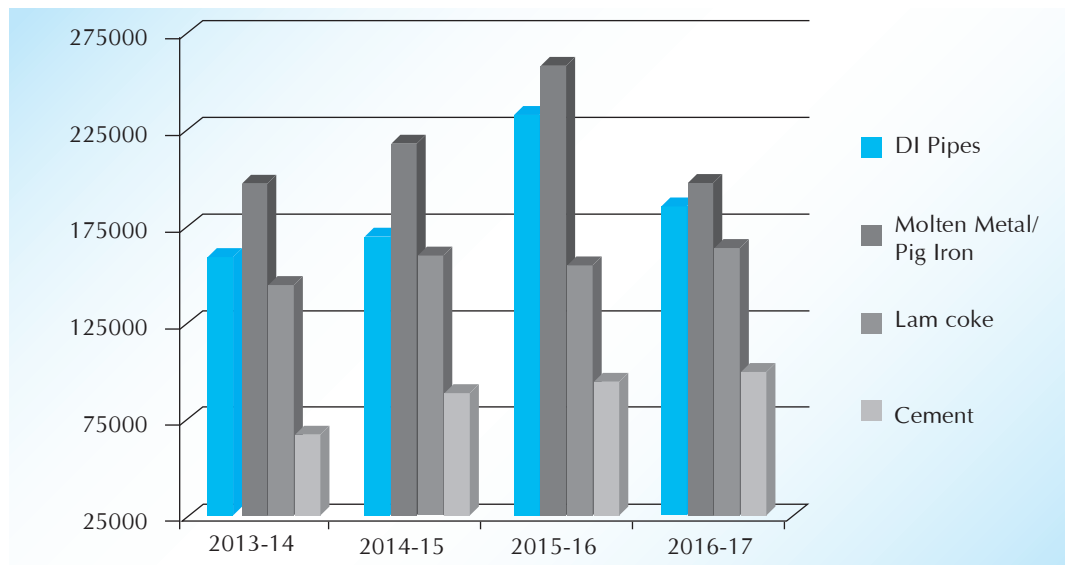


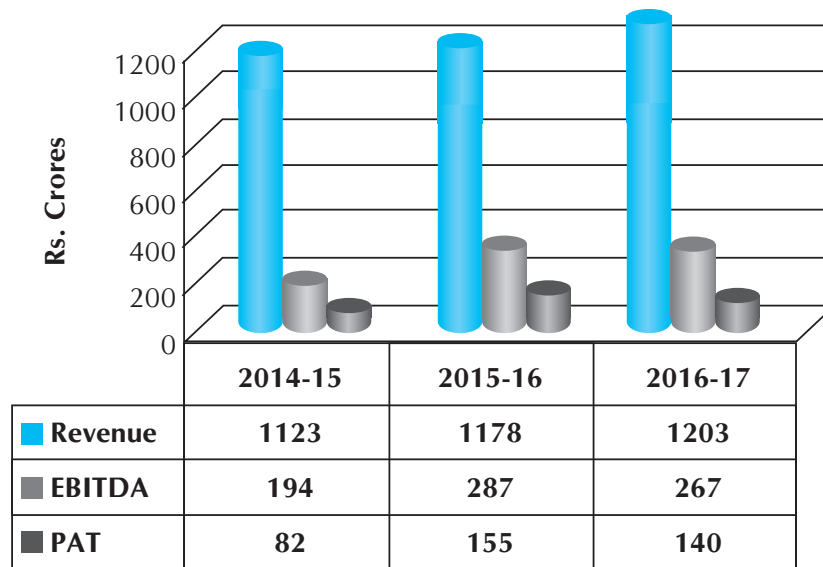
Fig. in MTs.

Year	DI Pipes	Molten Metal/ Pig Iron	Lam coke	Cement
2013-14	162892	198036	137339	67396
2014-15	169500	218206	160554	85770
2015-16	225465	259120	155504	87359
2016-17	228152	238806	165410	96800

During the year under review, the Company has successfully completed capital expenditure programme, which was initiated in the FY 2015-16 entailing an investment of Rs.100 Crores towards installation of Pulverized Coal Injection (PCI) and Bell Less Top equipment facilities in MBF, capacity expansion of DI Pipe Plant, which includes installation of new spinning machine and additional finishing line. These facilities are commissioned during second half of the FY 2016-17, and the Company will be reaping the full benefits from the facilities in terms of increased production of liquid metal and DI Pipes coupled with reduction in coke consumption from the Financial Year 2017-18.

The Company has been able to maintain the volumes of Ductile Iron Pipes during the year under review on par with FY 2015-16, in spite of loss of production on account of more than 30 days planned shutdown of the Mini Blast Furnace for relining. However, multifold increase in the prices of coking coal during the 3rd quarter of the FY 2016-17 and partial rise in the prices of iron ore have resulted in higher cost of production, whereby leading to marginal reduction in the profitability at Rs.191.22 Crores compared to Rs.209.51 Crores registered in the FY 2015-16.

## FINANCIALS



## NET WORTH:

Rs. In Crores

Items	FY 2014-15	FY 2015-16	FY 2016-17
Share Capital	39.76	39.76	39.76
Other Equity	516.76	657.54	773.77
Net worth	556.52	697.30	813.53

## Total Debts:

Rs. In Crores

Debt outstanding as at	31.03.2016	31.03.2017
Term Loans	109.02	63.87
Current Maturities of Long Term Debts	43.13	36.04
Working Capital Loans	292.50	387.23
<b>Total Debts</b>	<b>444.65</b>	<b>487.14</b>

## INDUSTRY OUTLOOK :

Global Industry Analysis and Forecast reveals that India, with its rapid urbanization and rise in living standards, is budding market. According to forecast, by 2050, India is expected to add more than 400 million urban dwellers. With more people staying in cities and towns, the water and waste water system will lead to an increase in demand for DI pipes to transport water and waste water.

There are huge private sector opportunities in the Indian water market. Capital expenditure in the water and waste water sector is expected to touch US \$9.1 billion in 2018.

The Indian government, sensing the opportunities, had proposed hefty outlay of budget for water and waste

water infrastructure going forward. Growth in India is coming in several ways like Municipal and industrial waste water treatment, a high priority in recent government policies, and water reuse.

India lagged in water infrastructure and sewerage development with only about 35% of the total population having access to improved sanitation. In rural areas, where about 65% of India's population lives, only about 25% has coverage for sanitation.

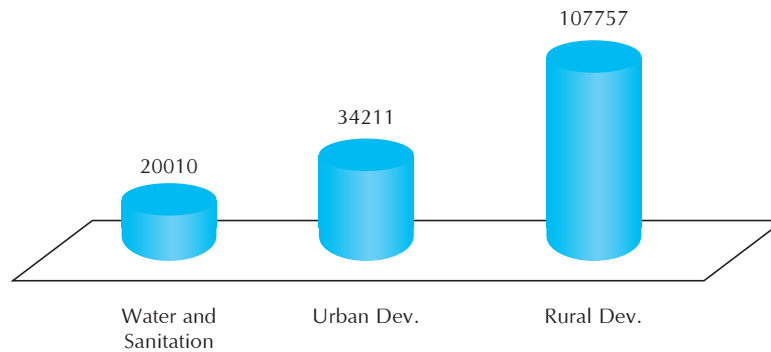
This apart, push given by the Central Government to improve access of quality drinking water and sanitation for the rural and urban habitants and the continued thrust on water and waste water infrastructure development Schemes/Projects through its flagship programmes like National Rural Drinking Water 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.

#### Allocation in Union Budget for drinking water and sanitation, Rural and Urban Development Projects & Schemes:

#### Budget Allocation 2017-18 (Rs.Crs.)



#### Raw materials Management:

Raw material management is critical to the overall performance of any manufacturing entity. The Company believes that raw material situation in terms of efficient management and effective planning determines the activity level, turnover and the bottom-line of the Company. Coal and Iron ore prices see large scale volatility, which makes sourcing and keeping costs under control a significant challenge for the Company. Company's consistent focus and strategy to diversify raw materials sourcing has provided the desired result in terms of meeting its raw materials requirement without compromising on quality and production. The Company's material function is organized and operated on an integrated basis and is responsible for material forecasting, planning, inventory control, scrap disposal. At SPL, efforts to secure raw materials of the right quality level at the most competitive price, vendor development, material substitution has been a regular activity of the Procurement function to secure the materials needed for the operations and minimize disruptions to production. Optimal utilization of sinter plant capacity, maintaining economic ratio of lump ore and fines, judicious procurement of bulk raw materials like iron ore / coal at competitive prices have been the focus areas of the Company.

#### Quality Management System (QMS):

At SPL the quest for excellence in quality and total customer satisfaction have been the top priorities. The production systems and quality of the products have been established in conformance with international standards. QMS is diligently followed throughout the production units. Having definite quality objectives, continual improvement projects, conducting regular corrective actions and preventive action sessions have helped to achieve improvements in the system. Internal

audits for individual departments, management review meetings, awareness programmes for employees, collection and review of customer feedback and customer meet programmes are other steps to conform to quality standards. Your Company is committed to consistently deliver enhanced value to its customers through continual improvement of products and systems by way of innovation.

#### Safety, Health & Environment:

The Company places utmost importance on ensuring safety of its employees, visitors to its premises and the communities it operates in. Safety is a vital area of management, being part of your Company's strategic framework. Your Company has been achieving continuous improvement in safety performance through a combination of systems and processes as well as co-operation and support of all employees. Each and every safety incident at the sites is recorded and investigated and substantiated with corrective and preventive action. One of the key enablers for your Company's vision of Zero Injury and Zero Incident operation is the ability to learn from incidents across the units, preventing repetition of incidents. Safety receives the highest attention from all levels of management. All official events in the Company begin with a safety briefing. Top management regularly uses Safety moments as a technique to share personal safety learning with team members. All Safety Committee members personally lead a Safety sub-committee. Performance of the sub-committees led by Safety Committee members is periodically reviewed by a Central Safety, Health and Environment sub-committee, which is chaired by the COO. This provides strong cross functional support and senior level guidance for safety team. The Safety Observation tool launched two years ago has been uncompromisingly implemented across all the units and it is working effectively in improving risk perception of

employees and bringing change in behaviour patterns and elimination of unsafe acts since these have been found to be the root cause of majority of safety incidents.

It has been the constant endeavour of the Company to develop process that enable energy conservation, solid waste utilization, water conservation and reduce overall harmful impact on the environment. The Company has undertaken various measures to address environmental issues across all the units of the plant. Online continuous emission monitoring and ambient air quality monitoring stations have been installed for monitoring and controlling stack emissions and ambient air quality. Internal roads to the extent of about 250 meters have been concreted to minimise dust pollution. 250 KLD RO plant has been installed to treat effluent water and the treated water is being used for process. The Company closely monitors and ensures pollution control compliance norms.

#### **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 wide range of socio-economic, educational, livelihood enhancement and health initiatives. Also, it is committed to integrate its business values and operations to meet the expectations of all its stakeholders and ensures that the society benefits from its presence by proactively responding to their needs.

We believe in giving back to the society in some measure what we have gained from it. We are therefore committed to address issues relating to child welfare, women empowerment, rural sanitation, health & hygiene and skill education, environment protection on sustainable basis for society as a whole. We would like to further scale-up our CSR activities through the initiatives aimed at improving the lives of economically-deprived children, women reside in the proximity of the Company's manufacturing location. We propose to empower them to effectively participate in social and economic opportunities. This will enable them to become an integral part of the mainstream growth and development. We would strive to achieve total inclusiveness by encouraging people from all sections of the community to benefit from our CSR initiatives.

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

At SPL, IT continues to support business operations and drive competitive advantage for your Company, through enterprise wide SAP platform. Your Company has also actively engaged with the external environment

to understand the technology readiness for the GST era and implications of GST and is hopeful of migrating to GST well on time. Your Company continues to drive resilience through targeted remediation of high risk IT components, including hardware, databases, operating systems and applications. Alongside the investment in technology, your Company is also improving its service management processes to prevent any defects in the IT environment and to enable faster resolution of any such incidents with minimum business interruption.

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

SPL attributes its success to its people and is proud to have a talented pool with varied skill sets in Engineering, Management, Finance, HR and other domains. The seasoned senior management team coupled with the enthused young workforce has helped to create a vibrant and collaborative environment at the organization. A multi-split approach in organization development is in place to attract, retain and develop people. The Company believes in infusing the right talent across the organizational hierarchy. The Company continues to focus on-the-job trainings, competency building, reward and retention programmes. Competencies and performance management of employees are enhanced through various learning and training programmes. The Company conducts various relation building activities outside of routine job responsibilities with an objective to improve employees' motivation and to reinforce employer and employees trusting relationship. An exclusive L&D Team has been set up, which continuously focuses on developing and strengthening capabilities for all employees in the Company.

The reward and recognition mechanism continues to evolve at SPL to encourage innovation at work. The idea is to strengthen a culture of creativity and innovation through the use of various mechanisms to reward and recognize employees. The Performance Excellence Puraskar launched recently has been instrumental in encouraging employees to excel in their areas of function. The best performers in each Department are awarded with "Performance Excellence Puraskar".

#### **RISK MANAGEMENT:**

SPL's Risk Management Policy is formulated in such a way that the Company can respond swiftly to the risks and implement necessary mitigation measures. A prudent risk management framework has been developed and a cautious approach is undertaken to identify and analyse internal and external risks and minimise their impact on operations. The Company's Risk Evaluation Process include periodic identification of risks that may likely to impact its business, rating of risks based on its impact and frequency, implementation

of risk mitigation plans and regular monitoring of the same. The Company has identified risks in the areas of Raw material procurement, Marketing & delivery, Environmental, Receivables, Foreign exchange and Human resources.

**Raw material prices:** The rising prices of coal and iron ore may put pressure on the cost of production. The Company continuously monitors the market trend and evaluates the sourcing strategy of coal and iron ore to keep the procurement cost under control. Further a number of cost control measures are initiated on a continuous basis to reduce consumption through process modifications to minimize the impact of increase in the prices of major raw materials.

**Marketing:** As the domestic DI Pipes market is intensely competitive with the entry of more new players, the Company is exposed to competitors risk. To mitigate this risk, the Company continuously assesses the market's requirement and evaluates its marketing strategy and alters the sales plan in tune with market requirement. The Company has addressed the concern of not being able to adequately meet the increasing market demand by adding Spinning Machine and Finishing Line. The Company's continuous thrust on quality improvement and product enhancement initiatives has established the brand image of its product and the Company by virtue of having its strong presence in the Southern markets, is insulated from the risk of competition.

**Environmental Risk:** By virtue of its inherent manufacturing process, the Company is exposed to risk of environmental impairment. The Company is determined to minimize the impact of its operations on the environment through focused emphasis on containing emissions, effluents by installing various pollution control equipment/devices, effective disposal and reuse of wastes, resource conservation and implementation of various eco friendly initiatives on a sustainable basis. Besides above, as part of its sustainable development initiatives, the Company in addition to developing green belt in and around the plant premises, has been promoting plantation of saplings in the near by villages to ensure cleaner environment all around.

**Receivables Risk:** The Company, by virtue of offering credit to its customers, as a Policy, it is open to risk of receivables. To counter this risk, the Company typically conducts an analysis of client creditworthiness and short-term liquidity and particular attention is paid on the scrutiny of payment history, financial statements, and general economic conditions of the customers. Further, most of the sales are covered under BGs and LCs to ensure timely receivables, thus minimizing the risk of default.

**Foreign currency:** With significant foreign currency liabilities in terms of External Commercial Borrowings, import of coke and procurement of capital equipment, the Company is exposed to global currency fluctuations. To offset this risk, the Company has prudent Foreign Exchange Policy in place and appropriate measures including entering forward cover / options contracts are taken to minimize the risks on account of volatility in foreign currency.

**Human resources:** Company's quest for efficient operations calls for talent acquisition and retention to keep pace with growing demands and evolving industry needs. The Company is open to the risk of exodus of skilled manpower. To defy this risk, the Company continuously emphasizes on the best practices for effective talent management and it is embedded as an organizational function. Periodic reviews in the critical areas of the operations are conducted for mapping the skill gaps and the gaps are adequately addressed with appropriate skill development training. The Company has implemented attractive human resource management practices to retain talented work force and it always ensures to keep trained people in buffer for handling critical operations to cater to the requirement, in case of sudden migration.

In addition to the aforementioned risk mitigation initiatives, the Company refines its Risk Management Policy from time to time to align it with the current business environment. A comprehensive framework has been developed to identify, monitor and mitigate various risk elements in accordance with the risk management process.

#### INTERNAL CONTROLS AND ITS ADEQUACY:

Your Company has an elaborate Risk Management procedure. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis. The foundation of Internal Financial Controls (IFC) lies in the policies and procedures adopted by the Management, corporate strategies, and annual business planning process, management reviews, management system certifications and the risk management framework. The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Internal Auditors. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

**OPPORTUNITIES & THREATS:**

Demand for Ductile Iron Pipes has been growing consistently over the last five years. With the priority being given by the Central Government for the improved drinking water supply and sanitation coverage, active consideration of inter linking of rivers programme by the Central Government for raising the irrigation potential and power generation across the country, the demand for Ductile Iron Pipes is expected to grow further in the medium to longer term.

However, in view of higher market potential, it is likely that capacity addition, by way of increasing capacities by the existing players and entry of new players may take place in the domestic DI Pipe industry, which may intensify the competition and result in lower sales realizations, if the demand doesn't go up as anticipated.

**OUTLOOK:**

The Company has already started getting the benefits out of CAPEX Programme of Rs.100 crores implemented during the second half of FY 2016-17. As a result, the production of DI Pipes will be higher in the FY 2017-18. Further, the healthy order book position of the Company will support sale of enhanced production of DI Pipes. The cost reduction measures like installation of Pulverized Coal Injection in MBF coupled with various other cost control initiatives including lower finance cost are expected to improve the bottom-line of the Company.

The continuous push given by the Central Government to improve access of quality drinking water and sanitation for the rural and urban habitants and the continued thrust on water and waste water infrastructure development Schemes/Projects through its flagship programmes like National Rural Drinking Water Programme, Swachh 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.

**CAUTIONARY STATEMENT:**

Statements in this Management Discussion & Analysis detailing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a down trend in the water infrastructure spend, significant changes in political and economic environment in India, tax laws, litigation, labour relations, exchange rate fluctuations, borrowing cost and price and availability of major raw materials.

## ANNUAL REPORT ON CSR INITIATIVES

[Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014]

**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 social development initiatives, the Company shall allocate annually 2% of its average net profits, if any, of the three preceding years for Corporate Social responsibility (CSR) activities to be undertaken as approved by its Board. Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company.

SPL's CSR thrust shall be in the field of Health Care & Sanitation, Drinking Water, Education, Livelihood Enhancement, Environmental Sustainability & Rural development projects and animal welfare. It 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, 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.G.Maruthi Rao, Non-executive Independent Director & 3) Mr.R.K.Khanna, Non-executive Independent Director.
- 3. Average Net Profit of the company for last 3 financial years: Rs.13,129.38 Lakhs**
- 4. Prescribed CSR expenditure (2% of this amount as in 3 above): Rs.262.59 Lakhs**

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

- a) Total amount to be spent for the FY : Rs.262.59 Lakhs  
 b) Amount un-spent, if any : Rs.202.26 Lakhs  
 c) Manner in which the amount spent during the financial year is detailed below :-

		Amount in INR					
1	2	3	4	5	6	7	8
Sl.No.	CSR Project or activity identified	Sector in which the project is covered	Projects of programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (Budget) project or programme wise	Amount spent on the projects or programs sub-heads : (1) Direct expenditure on projects or programs (2) overheads :	Cumulative exp upto the reporting date	Amount spent direct or through implementing agency
1	Organizing Medical camps in nearby villages and providing infrastructure to Govt. Hospital.	Medical and Health care	Local Area - Chittoor Dist- Andhra Pradesh	376512	376512	376512	Direct
2	School Bldg. Development Infrastructure facilities, Educational assistance, etc.	Promoting Education	Local Area - Chittoor Dist- Andhra Pradesh	487205	487205	487205	Direct
3	Local Village development - Women empowerment.	Rural Development Project - Promoting gender equality	Local Area - Chittoor Dist- Andhra Pradesh	1283479	1283479	1283479	Direct
4	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	301000	301000	301000	Direct
5	Contribution to social organizations for relief activities.	Flood Relief and Rehabilitation	Chennai - Tamil Nadu	1014400	1014400	1014400	Direct
6	Animal shelters and rehabilitation center.	Animal Welfare/Rural Development Project	Local Area - Chittoor Dist- Andhra Pradesh	2570385	2570385	2570385	Direct
			<b>Total</b>	<b>6032981</b>	<b>6032981</b>	<b>6032981</b>	

6. Reasons for not spending the prescribed amount of CSR are given in the Directors' Report.

7. CSR Committee hereby certifies that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Mayank Kejriwal  
 Managing Director  
 DIN 00065980

G.S.RATHI  
 Chairman CSR Committee  
 DIN 00083992

## FORM NO. AOC-2

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

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

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

Sl.No.	Name of the related party	Nature of Relationship	Nature of Transaction	Duration of the contract/transaction	Value (Rs. in Lakhs)	Date of approval by the Board, if any	Amount paid as advance, if any
1	Electrosteel Castings Limited	Associate Company	Purchase of property	01.04.16 to 30.06.17	5520.00	09.05.2016	
2	Electrosteel Castings Limited	Associate Company	Sale of goods	01.04.16 to 31.03.17	5352.76	09.05.2016	-
3	Electrosteel Castings Limited	Associate Company	Purchase of goods	01.04.16 to 31.03.17	2872.95	09.05.2016	-
4	Electrosteel Castings Limited	Associate Company	Interest Received	01.04.16 to 31.03.17	313.40	09.05.2016	-
5	Electrosteel Castings Limited	Associate Company	Reimbursement of expenses	01.04.16 to 31.03.17	24.83	09.05.2016	-
6	Electrosteel Castings Limited	Associate Company	Rent Paid	01.04.16 to 31.03.17	0.36	09.05.2016	-
7	Global Exports Limited	Related Party	Rent Paid	01.04.16 to 31.03.17	15.58	09.05.2016	
8	Amit Trexim Pvt Ltd.	Related party	Rent Paid	01.04.16 to 31.03.17	6.00	09.05.2016	-

**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.

Name of Director	Ratio
Mr. Mayank Kejriwal	392.56
Mr. G.Maruthi Rao	3.44
Mr. G.S.Rathi	72.86
Mr.S.Y.Rajagopalan	4.36
Mr.R.K.Khanna	4.46
Ms.S.Hemamalini	2.37

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

Name of Director / KMP	Designation	% of increase
Mr. Mayank Kejriwal	Managing Director	-17.35
Mr. G. Maruthi Rao	Non Executive and Independent Director	-2.74
Mr. G.S. Rathi (a)	Whole-time Director	38.17
Mr. S.Y. Rajagopalan	Non Executive and Non Independent Director	26.76
Mr. R.K.Khanna	Non Executive and Independent Director	35.29
Mrs. S. Hemamalini	Non Executive and Independent Director	11.36
Mr. N. Sivalai Senthilnathan (b)	Chief Financial Officer	---
Mr. A.R. Surana (c)	Chief Financial Officer	---
Mr. K. Raghuram (d)	Company Secretary	--

- (a) Percentage of increase is not comparable, as he was employed for the part of the year during FY 2015-16.  
 (b) Appointed as Chief Financial Officer w.e.f. 1st December, 2016. Hence percentage of increase is not given.  
 (c) Mr. A. R. Surana ceased to be the Chief Financial Officer w.e.f. close of working hours of 19th September, 2016. Percentage of increase is not comparable, as he was employed for part of the year. Hence percentage of increase is not given.  
 (d) Mr. K. Raghuram was appointed as Company Secretary w.e.f. 4th February, 2016. As he was employed for part of the FY 2015-16, no increase offered. Hence percentage of increase is not given.

3. The percentage increase in the median remuneration of all employees in the financial year 2016-17 was 12.11%.
4. Number of permanent employees on the rolls of company are 1351 as on 31st March, 2017.
5. The Company's profit after tax for the Financial Year 2015-16 was Rs.155.32 Crs as against Rs.82.17 Crs for FY 2014-15. Considering the improved financial performance of the Company and also to compensate for the inflation rate, an average increment of 10.85% has been given in FY 2016-17 to the employees.
6. Remuneration to Managing Director, by way of commission not exceeding 5% of net profits of the Company for the relevant financial year, as specified under section 197 and 198 of the Companies Act 2013, has been approved by the Shareholders in the AGM held on 27th September 2014. Considering the profitability of the Company during the FY 2016-17, the commission has been provided read with Section V of Schedule V, which is 17.35% lower than the commission paid in the FY 2015-16.



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

Particulars	FY 2015 – 16	FY 2016 – 17
Market Capitalization #	Rs.898.66 Crs	Rs.1545.01 Crs
EPS	39.01	35.25
Price Earnings Ratio	5.79	11.02

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

8. 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.
9. 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.
10. 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 - Nil.
11. The remuneration is as per the remuneration policy of the company.

## Annexure VI to Directors' Report

Information as per Section 134 (3) (m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2017.

**A. CONSERVATION OF ENERGY:****a) Energy conservation measures taken:**

It has been the constant endeavour of the Company to focus on improving operational performance in all areas like productivity, yield, utilization and a host of other initiatives, while reducing the consumption of fuel and power. Some of the energy conservation measures adopted across the plant were :-

- Commissioning of PCI system resulting in reduction of coke consumption by 100 Kgs per ton of Hot Metal.
- Installation of four new BFG burners in soaking zone of Annealing Furnace, whereby replacing HSD with BF Gas, resulting in reduction of 50% oil consumption.
- Installation of 500 KVAR Power Capacitors to sustain Power Factor at 99%.
- Introduced auto zinc gun movement and improved zinc recovery at Finishing Lines.
- VFD Drives installed at Converter No.1 and Zinc De Dusting systems at Finishing Lines 5 and 6.
- Identification and monitoring of High energy consuming load centres by installing 82 numbers of Digital energy meters.
- Installed 17914 W LED lights in place of conventional lighting system.
- Usage of transparent roof sheets to maximise use of natural lighting.
- Commissioning of RO Plant for treating the effluent water, leading to reduction in consumption of fresh water to the extent of 250 KL/day.
- Additional intake of 380 KLD of sewerage water and recovery of 150 KLD from STP sludge, thereby reducing fresh water consumption.
- Installation of Variable Frequency Drives (VFDs) at A/F 1&2, Zinc Gun motors.
- Auxiliary consumption at COP reduced from 9.4% to 8.8% with the modification of economiser outlet duct.

- Sustained 12.5 MW generation during summer, by adding dedicated cooling tower for alternator to reduce the temperatures.

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

- Installation of additional coke oven battery for 100 TPD with boiler to increase power generation by 2.8 MW from the waste gasses.
- Installation of Variable Frequency Drives (VFDs) for various applications like blowers, crane operations, cooling tower fans, pump motors and power packs as a flow control strategy for energy conservation.
- Installation of power capacitors and LED lights to improve energy efficiency.
- Modification in electrical logic for automating switching on off operation of hydraulic motors, coolant pumps, blowers etc.,.
- Proposed automation system for Combustion management control in Annealing Furnace # 1.
- Replacement of individual A/C units with packaged Air conditioned units
- Additional coke screening system for proper segregation and minimise losses.

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

Above initiatives resulted in power and fuel saving, reduction in consumption of coke, preservation of ground water, effective utilization of waste gasses, minimization of environmental hazards, culminating to reduction in operating cost.

**B. TECHNOLOGY ABSORPTION:**

The company has absorbed Chinese Technology for Spinning Machine, Finishing Line, Pulverized Coal Injection installed during the year.

**C. FOREIGN EXCHANGE EARNING & OUTGO:**

Foreign Exchange Earning and outgo (Rs. in Lakhs):	2016-17	2015-16
i) Foreign Exchange Earning	-	-
ii) Foreign Exchange Used	45,770.67	29,944.97

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided and declarations made by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 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, 2017 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 2017.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

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

I further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the

**Annexure – VII to Directors' Report**

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.

Place: Hyderabad

Date: 02.05.2017

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

To  
The Members,  
Srikalahasthi Pipes Limited

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.

Place: Hyderabad  
Date: 02.05.2017

Signature:

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

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
as on the financial year ended on 31st March, 2017

[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:  
M/s.Karvy Computershare Private Limited (KCPL),  
Karvy Selenium Tower B, Plot No. 31 & 32,  
Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032.  
Contact Person: Mr.P.Nageswara Rao

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

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

Sl.No.	Name & Description of Main products/Services	NIC Code of the Product/Service	% to total turnover of the Company
1	Ductile Iron Pipes	24311	81%

**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	---	---	----	---	----

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

## i) Category wise shareholding

CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2016				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2017				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
<b>A. PROMOTER AND PROMOTER GROUP</b>									
1) INDIAN									
Individual /HUF	0	0	0	0.00	0	0	0	0.00	0.00
Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	20193178	0	20193178	50.78	20193178	0	20193178	50.78	0.00
Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total A(1) :</b>	<b>20193178</b>	<b>0</b>	<b>20193178</b>	<b>50.78</b>	<b>20193178</b>	<b>0</b>	<b>20193178</b>	<b>50.78</b>	<b>0.00</b>
2) FOREIGN									
Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
Institutions	0	0	0	0.00	0	0	0	0.00	0.00
Qualified Foreign Investors	0	0	0	0.00	0	0	0	0.00	0.00
Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total A(2) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total A=A(1)+A(2)</b>	<b>20193178</b>	<b>0</b>	<b>20193178</b>	<b>50.78</b>	<b>20193178</b>	<b>0</b>	<b>20193178</b>	<b>50.78</b>	<b>0.00</b>
<b>B. PUBLIC SHAREHOLDING</b>									
1) INSTITUTIONS									
Mutual Funds /UTI	286	3625	3911	0.01	475522	3625	479147	1.21	1.20
Financial Institutions /Banks	74158	10225	84383	0.21	70834	10225	81059	0.20	-0.01
Central Government / State Government(s)	243750	450	244200	0.61	243750	450	244200	0.61	0.00
Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Institutional Investors	582849	9700	592549	1.49	1375491	9700	1385191	3.49	2.00
Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
Qualified Foreign Investors	0	0	0	0.00	0	0	0	0.00	0.00
Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total B(1) :</b>	<b>901043</b>	<b>24000</b>	<b>925043</b>	<b>2.32</b>	<b>2165597</b>	<b>24000</b>	<b>2189597</b>	<b>5.51</b>	<b>3.19</b>

CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2016				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2017				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
2. NON-INSTITUTIONS									
Bodies Corporate	5296491	218196	5514687	13.87	4119190	218196	4337386	10.90	-2.96
Individuals									
(i) Individuals holding nominal share capital upto Rs.2 lakh	6340584	306365	6646949	16.73	7387975	300470	7688445	19.33	2.60
(ii) Individuals holding nominal share capital in excess of Rs.2 lakh	5359810	0	5359810	13.48	4803424	0	4803424	12.08	-1.4
Others									
CLEARING MEMBERS /NBFCs registered with RBI	84065	0	84065	0.21	53840	0	53840	0.14	-0.07
NON RESIDENT INDIANS	941099	98714	1039813	2.61	376991	98714	475705	1.20	-1.41
TRUSTS	50	0	50	0.00	3823	0	3823	0.00	0.01
Qualified Foreign Investors	0	0	0	0.00	0	0	0	0.00	0.00
Alternative Investment Fund	0	0	0	0	18197	0	18197	0.04	0.04
<b>Sub-Total B(2) :</b>	<b>18022099</b>	<b>623275</b>	<b>18645374</b>	<b>46.90</b>	<b>16763440</b>	<b>617380</b>	<b>17380820</b>	<b>43.71</b>	<b>-3.19</b>
<b>Total B=B(1)+B(2) :</b>	<b>18923142</b>	<b>647275</b>	<b>19570417</b>	<b>49.22</b>	<b>18929037</b>	<b>641380</b>	<b>19570417</b>	<b>49.22</b>	<b>0.00</b>
<b>Total (A+B) :</b>	<b>39116320</b>	<b>647275</b>	<b>39763595</b>	<b>100.00</b>	<b>39122215</b>	<b>641380</b>	<b>39763595</b>	<b>100.00</b>	<b>0.00</b>
C. Shares held by custodians, against which Depository Receipts have been issued									
Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
Public	0	0	0	0.00	0	0	0	0.00	0.00
<b>GRAND TOTAL (A+B+C) :</b>	<b>39116320</b>	<b>647275</b>	<b>39763595</b>	<b>100.00</b>	<b>39122215</b>	<b>641380</b>	<b>39763595</b>	<b>100.00</b>	<b>0.00</b>



## ii. Shareholding of Promoters & Promoter Group

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

## iii. Change in Promoters' Shareholding:

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

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

Sl.No.	Name of the Share Holder	Shareholding at the beginning of the year		Date #	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	AVIS-TIE UP PRIVATE LIMITED	2453006	6.17	01/04/2016			2453006	6.17
				22/04/2016	-58705	Transfer	2394301	6.02
				29/04/2016	-42469	Transfer	2351832	5.91
				06/05/2016	-88044	Transfer	2263788	5.69
				13/05/2016	-157751	Transfer	2106037	5.30
				20/05/2016	-1700	Transfer	2104337	5.29
				17/06/2016	-19979	Transfer	2084358	5.24
				30/06/2016	-500	Transfer	2083858	5.24
				01/07/2016	-13974	Transfer	2069884	5.21
				08/07/2016	-116884	Transfer	1953000	4.91
				22/07/2016	-1187	Transfer	1951813	4.91
				29/07/2016	-308456	Transfer	1643357	4.13
				05/08/2016	-38000	Transfer	1605357	4.04
				12/08/2016	-10000	Transfer	1595357	4.01
				19/08/2016	-20000	Transfer	1575357	3.96
				26/08/2016	-13147	Transfer	1562210	3.93
				02/09/2016	-118367	Transfer	1443843	3.63
16/09/2016	-43	Transfer	1443800	3.63				
2	ANIL KUMAR GOEL	708066	1.78	31/03/2017			1443800	3.63
				01/04/2016			708066	1.78
				08/04/2016	46191	Transfer	754257	1.90
				22/04/2016	22743	Transfer	777000	1.95
				29/04/2016	47000	Transfer	824000	2.07
				06/05/2016	37073	Transfer	861073	2.17
				13/05/2016	43927	Transfer	905000	2.28
				27/05/2016	7000	Transfer	912000	2.29
03/06/2016	1000	Transfer	913000	2.30				

Sl.No.	Name of the Share Holder	Shareholding at the beginning of the year		Date #	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
3	DOLLY KHANNA	491814	1.24	22/07/2016	22000	Transfer	935000	2.35
				02/09/2016	5000	Transfer	940000	2.36
				11/11/2016	1000	Transfer	941000	2.37
				25/11/2016	2000	Transfer	943000	2.37
				23/12/2016	1000	Transfer	944000	2.37
				30/12/2016	4200	Transfer	948200	2.38
				31/03/2017			948200	2.38
				01/04/2016			491814	1.24
				01/04/2016	5500	Transfer	497314	1.25
				08/04/2016	3500	Transfer	500814	1.26
				15/04/2016	2500	Transfer	503314	1.27
				22/04/2016	13100	Transfer	516414	1.30
				29/04/2016	9650	Transfer	526064	1.32
				13/05/2016	11822	Transfer	537886	1.35
				27/05/2016	2016	Transfer	539902	1.36
				17/06/2016	27852	Transfer	567754	1.43
				24/06/2016	24575	Transfer	592329	1.49
				01/07/2016	2000	Transfer	594329	1.49
				08/07/2016	10000	Transfer	604329	1.52
				15/07/2016	17850	Transfer	622179	1.56
				22/07/2016	1811	Transfer	623990	1.57
				29/07/2016	-1530	Transfer	622460	1.57
				05/08/2016	-7128	Transfer	615332	1.55
				19/08/2016	2000	Transfer	617332	1.55
				26/08/2016	5160	Transfer	622492	1.57
				02/09/2016	-4000	Transfer	618492	1.56
				23/09/2016	2300	Transfer	620792	1.56
				07/10/2016	1650	Transfer	622442	1.57
				14/10/2016	3750	Transfer	626192	1.57
				21/10/2016	1600	Transfer	627792	1.58
				04/11/2016	-1589	Transfer	626203	1.57
				27/01/2017	-4795	Transfer	621408	1.56
				10/02/2017	3545	Transfer	624953	1.57
17/02/2017	2200	Transfer	627153	1.58				
03/03/2017	3645	Transfer	630798	1.59				
10/03/2017	1515	Transfer	632313	1.59				
31/03/2017			636313	1.60				
4	HSBC INFRASTRUCTURE EQUITY FUND (@)	0	0.00	04/04/2016			0	0.00
				10/03/2017	32000	Transfer	32000	0.08
				17/03/2017	204000	Transfer	236000	0.59
				24/03/2017	163033	Transfer	399033	1.00
				31/03/2017	76389	Transfer	475422	1.20
5	UPENDRANATH NIMMAGADDA	447946	1.13	31/03/2017			475422	1.20
				01/04/2016			447946	1.13
				02/09/2016	447946	Transfer	895892	2.25
6	AJAY UPADHYAYA	400000	1.01	02/09/2016	-447946	Transfer	447946	1.13
				31/03/2017			447946	1.13
				01/04/2016			400000	1.01
				13/05/2016	-19750	Transfer	380250	0.96
				20/05/2016	-4717	Transfer	375533	0.94
				27/05/2016	-19584	Transfer	355949	0.90
				03/06/2016	-40949	Transfer	315000	0.79
				10/06/2016	-14000	Transfer	301000	0.76
				17/06/2016	-1000	Transfer	300000	0.75
				15/07/2016	-9836	Transfer	290164	0.73
				29/07/2016	-164	Transfer	290000	0.73
12/08/2016	30000	Transfer	320000	0.80				
12/08/2016	-30000	Transfer	290000	0.73				
19/08/2016	-9877	Transfer	280123	0.70				
26/08/2016	-12606	Transfer	267517	0.67				

Sl.No.	Name of the Share Holder	Shareholding at the beginning of the year		Date #	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
7	NIRMAL BANG FINANCIAL SERVICES PRIVATE LIMITED	387279	0.97	02/09/2016	-12466	Transfer	255051	0.64
				09/09/2016	-13375	Transfer	241676	0.61
				16/09/2016	-18256	Transfer	223420	0.56
				23/09/2016	-13705	Transfer	209715	0.53
				30/09/2016	-9715	Transfer	200000	0.50
				04/11/2016	-2818	Transfer	197182	0.50
				11/11/2016	-304	Transfer	196878	0.50
				25/11/2016	-6869	Transfer	190009	0.48
				31/03/2017			150000	0.38
				01/04/2016			387279	0.97
				08/04/2016	75000	Transfer	462279	1.16
				15/04/2016	-155000	Transfer	307279	0.77
				22/04/2016	-115256	Transfer	192023	0.48
				29/04/2016	-4000	Transfer	188023	0.47
				06/05/2016	35209	Transfer	223232	0.56
				20/05/2016	70306	Transfer	293538	0.74
				27/05/2016	53264	Transfer	346802	0.87
				03/06/2016	11998	Transfer	358800	0.90
				10/06/2016	-42000	Transfer	316800	0.80
				17/06/2016	4001	Transfer	320801	0.81
				24/06/2016	-90500	Transfer	230301	0.58
				30/06/2016	-30000	Transfer	200301	0.50
				08/07/2016	-185773	Transfer	14528	0.04
				15/07/2016	111975	Transfer	126503	0.32
				22/07/2016	79268	Transfer	205771	0.52
				29/07/2016	65572	Transfer	271343	0.68
				05/08/2016	112953	Transfer	384296	0.97
				12/08/2016	65654	Transfer	449950	1.13
				19/08/2016	-71183	Transfer	378767	0.95
				26/08/2016	-57446	Transfer	321321	0.81
				02/09/2016	95482	Transfer	416803	1.05
				09/09/2016	-100241	Transfer	316562	0.80
				16/09/2016	-2046	Transfer	314516	0.79
23/09/2016	8000	Transfer	322516	0.81				
30/09/2016	-43800	Transfer	278716	0.70				
07/10/2016	-11587	Transfer	267129	0.67				
14/10/2016	49604	Transfer	316733	0.80				
28/10/2016	4847	Transfer	321580	0.81				
11/11/2016	60502	Transfer	382082	0.96				
16/12/2016	45056	Transfer	427138	1.07				
23/12/2016	-6051	Transfer	421087	1.06				
30/12/2016	47009	Transfer	468096	1.18				
06/01/2017	-164500	Transfer	303596	0.76				
13/01/2017	2738	Transfer	306334	0.77				
27/01/2017	4283	Transfer	310617	0.78				
10/02/2017	73474	Transfer	384091	0.97				
17/02/2017	27623	Transfer	411714	1.04				
24/02/2017	-55515	Transfer	356199	0.90				
03/03/2017	68002	Transfer	424201	1.07				
10/03/2017	-25480	Transfer	398721	1.00				
17/03/2017	-50000	Transfer	348721	0.88				
31/03/2017	1	Transfer	348722	0.88				
31/03/2017			275373	0.69				
8	ANDHRA PRADESH INDUSTRIAL DEVELOPMENT CORPORATION	243750	0.61	01/04/2016			243750	0.61
				31/03/2017			243750	0.61

Sl.No.	Name of the Share Holder	Shareholding at the beginning of the year		Date #	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
9	VINITHRA SEKHAR (\$)	187000	0.47	01/04/2016			187000	0.47
				21/10/2016	-12105	Transfer	174895	0.44
				31/03/2017			174895	0.44
10	SEEMA GOEL (@)	100000	0.25	01/04/2016			100000	0.25
				29/04/2016	2838	Transfer	102838	0.26
				06/05/2016	162	Transfer	103000	0.26
				13/05/2016	16905	Transfer	119905	0.30
				20/05/2016	2095	Transfer	122000	0.31
				10/06/2016	845	Transfer	122845	0.31
				30/06/2016	155	Transfer	123000	0.31
				22/07/2016	12000	Transfer	135000	0.34
				02/09/2016	33000	Transfer	168000	0.42
				09/09/2016	4100	Transfer	172100	0.43
				23/09/2016	381	Transfer	172481	0.43
				07/10/2016	1291	Transfer	173772	0.44
				28/10/2016	1228	Transfer	175000	0.44
				04/11/2016	3122	Transfer	178122	0.45
11/11/2016	1878	Transfer	180000	0.45				
31/03/2017			180000	0.45				
11	PRADEEP KUMAR AGARWAL (\$)	171000	0.43	01/04/2016			171000	0.43
				08/04/2016	-5000	Transfer	166000	0.42
				22/04/2016	-400	Transfer	165600	0.42
				20/05/2016	-600	Transfer	165000	0.41
				30/06/2016	3000	Transfer	168000	0.42
				01/07/2016	-3000	Transfer	165000	0.41
				30/09/2016	1500	Transfer	166500	0.42
				07/10/2016	-1500	Transfer	165000	0.41
				28/10/2016	600	Transfer	165600	0.42
				04/11/2016	-13600	Transfer	152000	0.38
				25/11/2016	200	Transfer	152200	0.38
				23/12/2016	-500	Transfer	151700	0.38
				30/12/2016	2800	Transfer	154500	0.39
				06/01/2017	-2800	Transfer	151700	0.38
				13/01/2017	-500	Transfer	151200	0.38
				20/01/2017	-1000	Transfer	150200	0.38
				17/02/2017	-3500	Transfer	146700	0.37
				24/02/2017	-5000	Transfer	141700	0.36
				10/03/2017	-7500	Transfer	134200	0.34
				17/03/2017	-2500	Transfer	131700	0.33
24/03/2017	-1000	Transfer	130700	0.33				
31/03/2017	5000	Transfer	135700	0.34				
31/03/2017			137000	0.34				
12	THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SY	151966	0.38	01/04/2016			151966	0.38
				22/04/2016	-10800	Transfer	141166	0.36
				09/09/2016	32925	Transfer	174091	0.44
				21/10/2016	14198	Transfer	188289	0.47
				11/11/2016	17641	Transfer	205930	0.52
				23/12/2016	-12460	Transfer	193470	0.49
				10/02/2017	-10063	Transfer	183407	0.46
				31/03/2017			183407	0.46

(#) The Company is listed and 98.39% of shareholding is in dematerialized form. The net positions (Increase/decrease) provided above is based on the weekend positions as received from the Depositories.

(@) Not in the list of top 10 shareholders as on 01.04.2016. The details are provided above as the shareholder was one of the top 10 shareholders as on 31.03.2017.

(\$) Ceased to be in the list of top 10 shareholders as on 31.03.2017. The details are provided above as the shareholder was one of the top 10 shareholders as on 01.04.2016.

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

Sl.No.	Name of the Director / KMP	Opening Bal. as at 01.04.2016	Change in Shareholding during the year			Cumulative	Closing Bal. as at 31.03.2017
		No. Shares & (%)	Date of dealing	Reasons for change	No. Shares & (%)	No. Shares & (%)	No. Shares & (%)
1	Mayank Kejriwal	-	-	-	-	-	-
2	G.Maruthi Rao	-	-	-	-	-	-
3.	Gouri Shankar Rathi	16000 (0.040)	-	-	-	-	16000 (0.040)
4.	S.Y.Rajagopalan	-	-	-	-	-	-
5.	R.K.Khanna	-	-	-	-	-	-
6.	S.Hemamalini	-	-	-	-	-	-
7.	Shamsher Singh Rawat	-	-	-	-	-	-
8.	Atosh R Surana (i)	100	-	-	-	-	100
9.	N. Sivalai Senthilnathan (ii)	-	-	-	-	-	-
10.	K. Raghuram	-	-	-	-	-	-

(i) Atosh R Surana ceased to be CFO of the Company with effect from 19th September, 2016.

(ii) N. Sivalai Senthilnathan appointed as CFO of the Company with effect from 1st December, 2016.

## V. INDEBTEDNESS :

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

Rs. in Lakhs

At the beginning of the FY	Secured loans excl. deposits	Un-secured loans	Deposits	Total
Principal amount	44465.48	---	---	44465.48
Interest due but not paid	---	---	---	---
Interest accrued but not due	362.71	---	---	362.71
<b>Total</b>	<b>44828.19</b>	<b>---</b>	<b>---</b>	<b>44828.19</b>
<b>Changes during the FY :</b>				
Addition	11335.90	---	---	11335.90
Deletion	7191.76	---	---	7191.76
<b>Net Change</b>	<b>4144.14</b>	<b>---</b>	<b>---</b>	<b>4144.14</b>
<b>At the end of the FY</b>				
Principal amount	48713.31	---	---	48713.31
Interest due but not paid	---	---	---	---
Interest accrued but not due	259.02	---	---	259.02
<b>Total</b>	<b>48972.33</b>	<b>---</b>	<b>---</b>	<b>48972.33</b>

**VI. Remuneration of Directors and Key Managerial Personnel :****A) Remuneration to Managing Director:**

Sl.No.	Particulars of remuneration	Name of MD/WTD/Manager	Amount in Rs.
		Mayank Kejriwal, MD	
1	Gross Salary (Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.		---
	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		8,10,00,000
	Others (Specify)		---
5	Others – Specify		---
	Total		<b>8,10,00,000</b>
	Ceiling as per the Act		<b>8,16,18,000</b>

**B) Remuneration to Whole-Time Director:**

Sl.No.	Particulars of remuneration	Name of MD/WTD/Manager	Amount in Rs.
		Gouri Shankar Rathi, Whole-time Director	
1	Gross Salary (Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.		1,48,57,494
	Value of perquisites U/S 17(2) of the Income Tax Act, 1961.		1,75,723
	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		---
	Total		<b>1,50,33,217</b>
	Ceiling as per the Act		<b>9,00,04,000</b>

## C) Remuneration to other Directors :

Amount in Rs.

Sl.No.	Particulars of remuneration				Total Amount
1	<b>Independent Directors</b>	G.Maruthi Rao	R.K.Khanna	S.Hemamalini	---
	• Fee for Attending Board & Committee Meetings	3,10,000	5,20,000	90,000	9,20,000
	• Commission	4,00,000	4,00,000	4,00,000	12,00,000
	• Others - Specify	---	---	---	---
	<b>Total (1)</b>	<b>7,10,000</b>	<b>9,20,000</b>	<b>4,90,000</b>	<b>21,20,000</b>
2	<b>Other Non-Executive Directors</b>	S.Y.Rajagopalan			
	• Fee for Attending Board & Committee Meetings	5,00,000	---	---	5,00,000
	• Commission	4,00,000	---	---	4,00,000
	• Others - Specify	---	---	---	---
	<b>Total (2)</b>	<b>9,00,000</b>	<b>---</b>	<b>---</b>	<b>9,00,000</b>
	<b>Total (C) = (1+2)</b>	<b>16,10,000</b>	<b>9,20,000</b>	<b>4,90,000</b>	<b>30,20,000</b>
	<b>Total Managerial Remuneration (A+B+C)</b>				<b>9,90,53,217</b>
	<b>Overall Ceiling as per the Act.</b>				<b>17,89,18,928</b>

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

Amount in Rs.

Sl.No.	Particulars of remuneration	Key Managerial Personnel			Total
		Company Secretary	Chief Financial Officer		
		K. Raghuram	Atosh R Surana*	N.Sivalai Senthilnathan*	
1	Gross Salary (Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961)	16,91,796	23,12,246*	24,19,791*	<b>64,23,833</b>
	Value of perquisites U/S 17(2) of the Income Tax Act, 1961	---	1,52,510	1,80,878	<b>3,33,388</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)	--	---	---	---
5	Others – Specify	---	---	---	---
	<b>Total</b>	<b>16,91,796</b>	<b>24,64,756</b>	<b>26,00,669</b>	<b>67,57,221</b>
	Ceiling as per the Act	---	---	---	---

\* Employed part of the year

## 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.

## INDEPENDENT AUDITOR'S REPORT

**To,  
The Members of  
Srikalahasthi Pipes Limited**

### **Report on the Indian Accounting Standards (Ind AS) Financial Statements**

We have audited the accompanying Ind AS financial statements of SRIKALAHASTHI PIPES LIMITED ("the Company" or "SPL") which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of cash flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "Ind AS Financial Statements").

### **Management's Responsibility for the Ind AS 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 Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit. We have taken into account the provisions of the Act, and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Ind AS Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind-AS 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, 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### **Other Matter**

The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 9, 2016 and April 30, 2015 respectively.



The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of this 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 Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;
  - e. on the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of

- f. Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- g. 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, if any, of pending litigations as at March 31, 2017 on its financial position in its Ind AS Financial Statements— Refer Note 36;
  - ii) the Company has made provision as at March 31, 2017, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivate contracts – Refer Note 35;
  - iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
  - iv) the Company has provided requisite disclosures in its Ind AS Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 46 to the Ind AS Financial Statements.

For K. R. BAPUJI & Co.  
Chartered Accountants  
(Firm's Registration No. 000395S)

P. R. SATISH  
(Partner)  
(Membership No. 219432)

Place: Chennai  
Date: May 12, 2017

## Annexure - A to the Independent Auditors' Report

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Srikalahasthi Pipes Limited for the year ended March 31, 2017.

- i) In respect of its Fixed Assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) As explained to us, the fixed assets have been physically verified by the management during the year as per a detailed program drawn for the said purpose, which in our opinion is reasonable having regard to the size of the Company and nature of its size. In our opinion, the periodicity and procedures of such physical verifications are reasonable having regard to the size of the Company and nature of its assets.
  - c) The title deeds of immovable properties, as disclosed in Note 5 on Property, Plant and Equipment to the financial statements, are held in the name of the Company, except for two free hold lands having original cost of Rs. 5851.77 lakhs and net book value of Rs. 5851.77 lakhs for which registration is pending in the name of the company, accordingly, title deeds are not available for the same.
- ii) The management has conducted physical verification of inventories during the year at reasonable intervals, except the materials in transit/ materials lying with third parties. According to the information and explanations given to us, no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made. However, as per information and explanation given to us, the Company has not given any guarantee or provided security in connection with a loan taken by any body corporate or person.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the cost records maintained by the Company relating to its products for which maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013 and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (vii) With respect to Statutory Dues:
  - (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, wealth-tax, service-tax, duty of customs, duty of excise, cess and other material statutory dues as applicable to it, with the appropriate authorities and there were no undisputed statutory dues outstanding as at 31st March, 2017 for a period exceeding six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Wealth tax, Service tax and Cess which have not been deposited on account of any dispute and the following are the details of dues of Sales tax, Income tax and Excise duty that have not been deposited on account of disputed matters pending before appropriate authorities as at 31st March, 2017:

Name of the Statute	Nature of Dues	Amount (in Rs. lakhs)	Period to which the amount relates	Forum where dispute is pending
APGST Act, 1957	Sales Tax	67.52*	1999-00	Sales Tax Appellate Tribunal
-do-	-do-	40.51*	1999-00	-do-
-do-	-do-	194.70*	2002-03	-do-
APVAT Act, 2005	VAT	35.68	2011-12	-do-
-do-	-do-	278.43	2014-15	ADC Kurnool
Central Sales Tax Act, 1956	Sales Tax	158.71*	2000-01	Sales Tax Appellate Tribunal
-do-	-do-	41.60	2000-01	High Court of Andhra Pradesh
-do-	-do-	202.99	2003-04	Sales Tax Appellate Tribunal
-do-	-do-	196.24	2004-05	-do-
Income Tax Act, 1961	Income Tax	10.87*	2003-04	High Court of Andhra Pradesh
-do-	-do-	1.85	2004-05	-do-
Central Excise Act, 1944	Central Excise	3.76	2015-16	Commissioner Appeals, Guntur
Karnataka Forest Amendment Act, 2016	Forest Development Fee	780.77	2016-17	High Court of Karnataka

\*Stay of collection granted for the demands.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has no borrowings from financial institutions, government or by way of debentures.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The term loans availed by the Company during the year are applied for the purposes for which they are raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (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) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- (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 sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS 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.
- (xv) According to the information and explanations given to us 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.

For K. R. BAPUJI & Co.  
Chartered Accountants  
(Firm's Registration No. 000395S)

Place: Chennai  
Date: May 12, 2017

P. R. SATISH  
(Partner)  
(Membership No. 219432)

## Annexure – B to the Independent Auditors' Report

Referred to in Paragraph 2(f) under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date to the members of Srikalahasthi Pipes Limited for the year ended March 31, 2017.

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Srikalahasthi Pipes Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the Ind AS 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 (ICAI). 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 over financial reporting 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”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India.

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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 auditor's 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 over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Place: Chennai  
Date: May 12, 2017

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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.

For K. R. BAPUJI & Co.  
Chartered Accountants  
(Firm's Registration No. 000395S)

P. R. SATISH  
(Partner)  
(Membership No. 219432)

## Balance Sheet as at 31st March, 2017

Rs. in Lakhs

	Note No.	31st March 2017	31st March 2016	1st April 2015
<b>ASSETS</b>				
<b>1 Non-Current Assets</b>				
a. Property, Plant and Equipment	5	90,836.08	79,838.18	80,424.75
b. Capital Work-In-Progress		567.59	1,944.19	888.93
c. Intangible Assets	5.1	94.50	65.99	94.32
d. Financial Assets				
Other Financial Assets	6	557.74	391.88	379.98
e. Other Non Current Assets	7	135.24	588.86	261.34
<b>Total Non-Current Assets</b>		<b>92,191.15</b>	<b>82,829.10</b>	<b>82,049.32</b>
<b>2 Current Assets</b>				
(a) Inventories	8	21,342.91	11,888.57	13,459.24
(b) Financial Assets				
(i) Investments	9	15,263.53	14,729.20	-
(ii) Trade Receivables	10	14,334.45	20,755.02	18,604.67
(iii) Cash and Cash Equivalents	11	5,429.06	2,112.54	5,518.17
(iv) Bank Balances Other than (iii) above	12	119.23	41.41	405.94
(v) Loans	13	2,321.55	614.88	2,436.67
(vi) Other Financial Assets	14	75.00	191.66	125.26
(c) Other Current Assets	15	4,618.64	4,935.48	3,228.85
<b>Total Current Assets</b>		<b>63,504.37</b>	<b>55,268.76</b>	<b>43,778.80</b>
<b>Total Assets</b>		<b>1,55,695.52</b>	<b>1,38,097.86</b>	<b>1,25,828.12</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1 Equity</b>				
a. Equity Share Capital	16	3,976.36	3,976.36	3,976.36
b. Other Equity	16.1	77,377.24	65,753.83	51,676.27
<b>Total Equity</b>		<b>81,353.60</b>	<b>69,730.19</b>	<b>55,652.63</b>
<b>2 Liabilities</b>				
<b>Non-Current Liabilities</b>				
a. Financial Liabilities				
(i) Borrowings	17	6,386.81	10,902.44	17,996.72
(ii) Other Financial Liabilities	18	264.07	1,242.88	1,242.88
b. Provisions	19	550.35	465.49	397.46
c. Deferred Tax Liabilities (Net)	20	12,534.11	11,358.09	10,468.38
<b>Total Non-Current Liabilities</b>		<b>19,735.34</b>	<b>23,968.90</b>	<b>30,105.44</b>
<b>Current Liabilities</b>				
<b>a. Financial Liabilities</b>				
(i) Borrowings	21	38,722.54	29,250.37	19,865.88
(ii) Trade Payables	22	7,097.02	5,153.78	10,240.40
(iii) Other Financial Liabilities	23	7,221.77	8,723.97	8,656.06
<b>b. Other Liabilities</b>	24	<b>981.52</b>	605.22	975.99
c. Provisions	19	583.73	665.43	331.72
<b>Total Current Liabilities</b>		<b>54,606.58</b>	<b>44,398.77</b>	<b>40,070.05</b>
<b>Total Liabilities</b>		<b>74,341.92</b>	<b>68,367.67</b>	<b>70,175.49</b>
<b>Total Equity and Liabilities</b>		<b>1,55,695.52</b>	<b>1,38,097.86</b>	<b>1,25,828.12</b>

Significant Accounting Policies and other accompanying Notes (1-47) form an integral part of Financial Statements

As per our report attached

For K R Bapuji &amp; Co.

Chartered Accountants

Firm Registration No.000395S

P R Satish

Partner

Membership No.219432

Place: Chennai.

Date: 12th May, 2017.

For and on behalf of the Board

G.Maruthi Rao

Chairman

DIN 00083950

G S Rathi

Whole Time Director

DIN 00083992

N. Sivalai Senthilnathan

Chief Financial Officer

K Raghuram

Company Secretary

## Statement of Profit and Loss for the year ended 31st March, 2017

Rs. in Lakhs

	Note No.	31st March 2017	31st March 2016
I. Revenue from operations	25	1,20,340.14	1,17,767.07
II Other Income	26	3,046.91	1,993.17
<b>III Total Income</b>		<b>1,23,387.05</b>	<b>1,19,760.24</b>
<b>IV EXPENSES</b>			
Cost of materials consumed	27	47,604.04	48,312.92
Purchase of Stock-in-Trade	28	7,384.08	2,870.26
Changes in inventories of finished goods, Stock-in-Trade and work-in progress	29	(14.06)	20.98
Excise duty on sale of goods		2,553.48	3,205.81
Employee Benefit Expenses	30	7,067.32	6,803.77
Finance costs	31	3,929.16	4,249.61
Depreciation and Amortisation Expense	32	3,688.50	3,466.77
Other Expenses	33	32,052.20	29,879.38
<b>Total expenses</b>		<b>1,04,264.72</b>	<b>98,809.50</b>
<b>V Profit/(loss) before exceptional items and tax (III-IV)</b>		<b>19,122.33</b>	<b>20,950.74</b>
VI Exceptional Items		-	-
<b>VII Profit/(loss) before tax (V+VI)</b>		<b>19,122.33</b>	<b>20,950.74</b>
<b>VIII Tax expense:</b>	<b>34</b>		
(1) Current tax		(4,581.46)	(5,223.13)
(2) Deferred tax		(517.66)	(195.56)
<b>Total tax expense</b>		<b>(5,099.12)</b>	<b>(5,418.69)</b>
<b>IX Profit/(loss) for the period (VII - VIII)</b>		<b>14,023.21</b>	<b>15,532.05</b>
<b>X Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans		(10.52)	(28.69)
Less: Income tax effect	34.1	3.64	9.93
Total Other Comprehensive Income for the year		(6.88)	(18.76)
<b>Total Comprehensive Income for the year, net of tax</b>		<b>14,016.33</b>	<b>15,513.29</b>
<b>XII Earnings Per Share (EPS) of Rs.10/- (not annualised)</b>			
Basic and Diluted EPS (in Rs.)	44	35.25	39.01

Significant Accounting Policies and other accompanying Notes (1-47) form an integral part of Financial Statements

As per our report attached  
For K R Bapuji & Co.  
Chartered Accountants  
Firm Registration No.000395S  
  
P R Satish  
Partner  
Membership No.219432

Place: Chennai.  
Date: 12th May, 2017.

For and on behalf of the Board

G.Maruthi Rao  
Chairman  
DIN 00083950

G S Rathi  
Whole Time Director  
DIN 00083992

N. Sivalai Senthilnathan  
Chief Financial Officer

K Raghuram  
Company Secretary



## Statement of changes in Equity for the year ended March, 31, 2017

A. Equity Share Capital	Rs. in Lakhs
Balance at the beginning of the reporting period as on 1st April, 2015	3,976.36
Changes in equity share capital during the year 2015-2016	-
Balance at the end of 31st March, 2016	3,976.36
Changes in equity share capital during the year 2016-2017	-
Balance at the end of the reporting period as on 31st March, 2017	3,976.36

## B. Statement of Changes in other Equity

## Other Equity 31.03.2017

Rs. in Lakhs

Particulars	Reserves and Surplus		Other Comprehensive Income	Total
	Retained Earnings	General Reserve	Other items	
Balance As of April 1, 2016	38,346.78	27,500.00	(92.95)	65,753.83
Changes in equity for the year ended March 31, 2017				
Transfer from/to Retained Earnings	(5,000.00)	5,000.00	-	-
Dividends (including corporate dividend tax)	(2,392.92)	-	-	(2,392.92)
Remeasurement of the Net defined Benefit liability Net of Tax effect	-	-	(6.88)	(6.88)
Profit for the period	14,023.21			14,023.21
Balance as of March 31, 2017	44,977.07	32,500.00	(99.83)	77,377.24

## Other Equity 31.03.2016

Rs. in Lakhs

Particulars	Reserves and Surplus		Other Comprehensive Income	Total
	Retained Earnings	General Reserve	Other items	
Balance As of April 1, 2015	29,250.47	22,500.00	(74.19)	51,676.28
Changes in equity for the year ended March 31, 2016				
Transfer from/to Retained Earning	(5,000.00)	5,000.00	-	-
Dividends (including corporate dividend tax)	(1,435.74)	-	-	(1,435.74)
Remeasurement of the Net defined Benefit liability (Net of Tax effect)	-	-	(18.76)	(18.76)
Profit for the period	15,532.05	-	-	15,532.05
Balance as of March 31, 2016	38,346.78	27,500.00	(92.95)	65,753.83

Significant Accounting Policies and other accompanying Notes (1-47) form an integral part of Financial Statements

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

P R Satish  
Partner  
Membership No.219432

Place: Chennai.  
Date: 12th May, 2017.

For and on behalf of the Board

G.Maruthi Rao  
Chairman  
DIN 00083950

G S Rathi  
Whole Time Director  
DIN 00083992

N. Sivalai Senthilnathan  
Chief Financial Officer

K Raghuram  
Company Secretary

## Statement of Cash Flow for the year ended 31st March, 2017

Rs. in Lakhs

PARTICULARS	31st March 2017	31st March 2016
<b>A Cash Flow from operating activities</b>		
<b>Net Profit Before Tax</b>	<b>19,122.33</b>	20,950.74
Adjustments for :		
Finance Cost	3,929.16	4,249.61
Depreciation / Amortisation	3,688.50	3,466.77
Gain on sale of property, plant and equipment (net)	(2.99)	1.12
Dividend on investments	(268.90)	(161.74)
	<b>7,345.77</b>	7,555.77
<b>Operating Profit before Working Capital changes</b>	<b>26,468.10</b>	28,506.51
Adjustments for :		
(Increase) / decrease in Loans	304.20	1,821.79
(Increase) / decrease in Trade Receivables	6,420.57	(2,150.35)
(Increase) / decrease in Inventories	(9,454.34)	1,570.66
Increase / (decrease) in Other Current Liabilities	376.30	(370.72)
Increase / (decrease) in Current Liabilities	452.51	(4,752.89)
	<b>(1,900.77)</b>	(3,881.52)
<b>Cash Generated from Operations</b>	<b>24,567.33</b>	24,624.99
Direct Taxes Paid	(4,050.00)	(4,600.00)
	<b>20,517.33</b>	20,024.99
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(13,338.43)	(3,948.38)
Sale of Property, Plant and Equipment	3.16	40.10
(Increase) / decrease in Other Financial Assets	287.75	(339.42)
Interest Receivable	116.66	(66.39)
(Increase) / decrease in Bank Balances other than Cash and cash equivalents	369.55	(1,261.15)
Current Investments	(534.33)	(14,729.19)
(Increase) / decrease in Loans	(2,010.87)	-
Dividend on investments	268.90	161.74
	<b>(14,837.62)</b>	(20,142.70)
<b>C. Cash Flow from Financing Activities</b>		
Long Term Borrowings-Receipts/(Repayments)[Net]	(4,515.63)	(7,094.28)
Short Term Borrowings-Receipts/(Repayments)[Net]	9,472.17	9,384.07
Increase / (decrease) in Other Financial Liabilities	(893.94)	68.03
Interest Paid	(4,032.85)	(4,210.41)
Dividends (including corporate dividend tax)	(2,392.94)	(1,435.74)
	<b>(2,363.19)</b>	(3,288.33)
<b>Net Cash Flow From Financing Activities (C)</b>	<b>(2,363.19)</b>	(3,288.33)
Net Increase/(Decrease) in Cash & Cash Equivalents(A+B+C)	<b>3,316.52</b>	(3,406.04)
Cash & Cash Equivalent as at Beginning of Year	<b>2,112.54</b>	5,518.58
<b>Cash &amp; Cash Equivalent as at End of the Year (Refer Note 11)</b>	<b>5,429.06</b>	2,112.54
Components of Cash & Cash Equivalents		
Cash On Hand	<b>1.85</b>	2.26
Balances with Banks		
In Current Account	<b>3,927.21</b>	2,110.28
In Deposit Account	<b>1,500.00</b>	-
	<b>5,429.06</b>	2,112.54

Significant Accounting Policies and other accompanying Notes (1-47) form an integral part of Financial Statements

As per our report attached  
For K R Bapuji & Co.  
Chartered Accountants  
Firm Registration No.000395S  
  
P R Satish  
Partner  
Membership No.219432

For and on behalf of the Board

G.Maruthi Rao  
Chairman  
DIN 00083950

G S Rathi  
Whole Time Director  
DIN 00083992

Place: Chennai.  
Date: 12th May, 2017.

N. Sivalai Senthilnathan  
Chief Financial Officer

K Raghuram  
Company Secretary

## 1. Corporate Information

Srikalahasthi Pipes Limited, incorporated under the Companies Act in the year 1991. It is engaged in the manufacture and supply of Ductile Iron Pipe as its core business with its domicile business in the State of Andhra Pradesh, India. The company predominantly caters to the needs of water infrastructure development. The Company also produces Low Ash Metallurgical Coke, Sinter and Power for captive consumption in its integrated complex. The company also manufactures and supplies Pig Iron and Cement, in the process. The company's shares are listed on the National Stock Exchange Limited (NSE) and the BSE Limited (BSE) and the shares are traded regularly.

## 2. Statement of Compliance and Recent Pronouncements

### 2.1 Statement of Compliance

The Company has adopted 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") with effect from April 1, 2016 and therefore Ind AS issued, notified and made effective till the financial statements are authorized have been considered for the purpose of preparation of these financial statements.

These are the Company's first Ind AS Standalone Financial Statements and the date of transition to Ind AS as required has been considered to be April 1, 2015.

The financial statements upto the year ended March 31, 2016, were prepared under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles and Accounting Standards as prescribed under the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, (Previous GAAP) then applicable to the Company. Previous period figures in the Financial Statements have now been restated in compliance to Ind AS.

In accordance with Ind AS 101- "First Time adoption of Indian Accounting Standards" (Ind AS 101), the Company

has presented (Note 45) a reconciliation of Shareholders' equity as given earlier under Previous GAAP and those considered in these accounts as per Ind AS as at March 31, 2016, and April 1, 2015 and also the Net Profit as per Previous GAAP and that arrived including Other Comprehensive Income under Ind AS for the year ended March 31, 2016. The mandatory exceptions and optional exemptions availed by the Company on First-time adoption have been detailed in Note 45(b) of the financial statements.

### 2.2 Recent Pronouncements

In March 2017, Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to the Ind AS 7 'Statement of Cash flows' and Ind AS 102, 'Share - Based Payment' which are applicable w.e.f. 1st April, 2017.

The amendment to Ind AS 7 "Statement of Cash Flows" requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The effect of this amendment on the financial statements of the Company is being evaluated.

The amendment to Ind AS 102 "Share Based Payment" provides specific guidance to measurement of cash-settled share based payment transaction and share based payment transaction with a net settlement feature for withholding tax obligations. As the Company has not issued any stock options plans this amendment does not have any impact on the financial statements of the Company.

## 3. Significant Accounting Policies

### A Basis of Preparation

The Financial Statements have been prepared under the historical cost convention on the accrual basis except for items of Property, Plant and Equipment which on the date of transition have been

## Notes to Financial Statements for the year ended 31st March, 2017

fair valued to be considered as deemed costs and certain financial instruments that are measured in terms of relevant Ind AS at fair values/ amortized costs at the end of each reporting period.

Historical cost convention is generally based on the fair value of the consideration given in exchange for goods and services.

As the operating cycle cannot be identified in normal course, the same has been assumed to have duration of 12 months. All Assets and Liabilities have been classified as current or non-current as per the operating cycle and other criteria set out in Ind AS-1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013.

The Standalone 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.

#### B. Property, Plant and Equipment

Property, plant and equipment (PPE) are stated at cost of acquisition or deemed cost on the date of transition less accumulated depreciation and impairment losses, if any. Cost of an asset comprises of cost of acquisition or construction and includes, where applicable, inward freight, duties and taxes installation expenses, professional fees, borrowing costs, initial estimates of the cost of dismantling and other costs directly attributable to the bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner and purposes.

Capital work in progress includes machinery to be installed, construction and erection materials, borrowing costs, unallocated pre-operative and other expenditures directly attributable towards construction and erection of the assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Depreciation on PPE commences when the assets are ready for their intended use. It is recognized on straight line basis over the estimated useful lives in accordance with Schedule II of the Companies Act, 2013. Certain Plant and Machinery have been considered as Continuous Process Plant on the basis of technical assessment. Based on above, the estimated useful lives of assets for the current period are as follows:

Category	Useful life (Years)
Buildings	
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

## Notes to Financial Statements for the year ended 31st March, 2017

Category	Useful life (Years)
Roads	
- Carpeted Roads-RCC	10
- Non-Carpeted Roads	3
Plant and machinery	
- Continuous Process Plant	25
- Sinter Plant, Blast Furnace and Coke Oven	20
- Power Distribution Plant	35
- Power Generation unit	40
- Others	3-15
Computer equipment	
- Servers and networks	6
- Others	3
Furniture and fixtures, Electrical Installation and Laboratory Equipment	10
Office equipment	5
Vehicles - Motor cycles, scooters and other mopeds	8

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

### C. Intangible Assets

Intangible assets are stated at cost 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 a period of 3 years on straight line basis.

### D. Derecognition of Tangible and Intangible Assets

An item of PPE 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.

### E. Leases

Leases are classified as finance leases whenever the terms of the lease, transfer substantially all the risks and rewards incidental to the ownership of an asset to the Company. All other leases are classified as operating leases.

Finance leases are capitalized at the inception of the lease at lower of its fair value and the present value of the minimum lease payments and a liability is recognized for an equivalent amount. Any initial direct cost of the lease is added to the amount recognized as an asset. Each Lease payment is apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the outstanding amount of the liabilities.

Payments made under operating leases are recognized as expenses on a straight-line basis over the term of the lease unless the lease arrangement are structured to increase in line with expected general inflation or another systematic basis which is more representative of the time pattern of the benefits availed. Contingent rentals, if any, arising under operating leases are recognized as an expense in the period in which they are incurred.

### F. Impairment of Tangible and Intangible Assets

Tangible and Intangible 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 of 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.

#### G. 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 exactly discounts estimated future cash payments or receipts (including all fees and points paid or received, 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 mortised cost of financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

Financial assets are measured at fair value through other comprehensive income if

## Notes to Financial Statements for the year ended 31st March, 2017

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.

### Derivatives and Hedge Accounting

The company enters into derivative financial instruments such as foreign exchange forward and option 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 that are governed by the policies of the Company which are approved by the Board of Directors and 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 to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis.

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, 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.

If the hedging instrument 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 till that time remains and thereafter to the extent hedge accounting being discontinued is recognised in Statement of Profit & 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.

### 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.

However, for 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.

### 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,

## Notes to Financial Statements for the year ended 31st March, 2017

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 (except for equity instruments designated as FVTOCI), 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 profit or 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.

#### H. 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 other 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 respect of finished goods and those under progress represents prime cost, and includes appropriate portion of overheads and excise duty.
- (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.

#### I. Foreign Currency Transactions Presentation currency:

These financial statements are presented in Indian Rupee, the national currency of

India, which is the functional currency of the company.

#### Transactions and balances:

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. Foreign exchange gain/loss to the extent considered as an adjustment to Interest Cost are considered as part of borrowing cost.

#### J. 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.

#### K. 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



## Notes to Financial Statements for the year ended 31st March, 2017

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 that arises from past events 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 in this respect cannot be made.

Contingent Assets are disclosed in the financial statements by way of notes to accounts when an inflow of economic benefits is probable.

#### L. Employee Benefits

Short term Employee benefits are accrued in the year services are rendered by the employees.

**Provident & Family Pension Fund:** In accordance with the provisions of the Employee Provident Funds and Miscellaneous Provisions Act, 1952, eligible employees of the company are entitled to receive benefits with respect to provident fund, a defined contribution plan, in which both the company and employee contribute monthly to Provident Fund Scheme by the Central Government at a determined rate and the Company's contribution is charged off to the Statement of Profit and Loss.

**Gratuity:** Contributions under the scheme for defined benefit under the Payment of Gratuity Act, 1972, is determined on the basis of actuarial valuation and are funded to Life Insurance Corporation of India and recognized as year's expenditure. Actuarial gain and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income. Other costs recognized in the Statement of Profit or Loss.

**Leave Encashment Benefits:** Leave encashment benefits payable to employees while in service, retirement and on death while in service or on termination of employment. With respect to accumulated leaves outstanding at the year-end are accounted for on the basis

of actuarial valuation at the balance sheet date. The present value of such obligation is determined by the projected unit credit method as at the balance sheet date through which the obligations are settled. The resultant actuarial gain or loss on change in present value of defined benefit obligation or change in return of the plan assets is recognized as an income or expense in the Statement of Profit and Loss.

#### M. Revenue

##### Sale of Goods

Revenue is recognized at the fair value of consideration received or receivable when the significant risk and rewards of goods ownership of goods have been transferred and the amount thereof can be measured reliably. This represents the net invoice value of goods supplied to third parties after deducting discounts, volume rebates and outgoing sales tax and is inclusive of excise duty there against.

##### 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 benefits arising on account of entitlement for duty free imports are accounted for through import of materials. Such benefits under Duty Entitlement Pass Book(DEPB) are accounted for on accrual basis. Other export benefits are accounted for as and when accrued.

**N. 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.

**O. Research and Development**

Research and development cost (other than cost of fixed asset acquired) are charged as an expense in the year in which they are incurred.

**P. 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 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.

**Q. 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. 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.

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 generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences 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.

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.

Deferred tax assets include Minimum Alternative Tax (MAT) paid 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. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with asset will be realized.

**R. 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.

**S. Segment Reporting**

Operating segments are identified and reported taking into account the different risk and return, organisation structure and internal reporting system.

**4. Critical accounting judgments, assumptions and key sources of estimation and uncertainty**

The preparation of the financial statements in conformity with recognised 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 accounting estimates involving complex and subjective judgments and the use of assumptions in the financial statements and significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are have been disclosed below.

**a. Determining whether an arrangement contain leases and classification of leases**

The Company enters into service / hiring arrangements for various assets / services. The determination of lease and classification of the service / hiring arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

**b. Fair value as Deemed cost for PPE**

The Company has used fair value of PPE as carried out by external valuer as on the date of transition i.e. 1st April 2015 as deemed costs. Such fair valuations involve higher degree of uncertainty and subjectivity.

**c. Depreciation / amortization of and impairment loss on property, plant and equipment / intangible assets.**

Property, plant and equipment are depreciated and intangible assets are amortized on straight-line basis over the estimated useful lives (or lease term if shorter) in accordance with Schedule II of the Companies Act, 2013, taking into account the estimated residual value, wherever applicable. The Company reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation / amortization expense to be recorded during any reporting period. This reassessment may result in change in depreciation expense in future periods.

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.

**d. 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. If the financial conditions of the trade receivable were to deteriorate, actual write-offs would be higher than estimated.

**e. Income taxes**

Significant judgment is required in determination of taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes. The deferred tax liability consequent to fair valuation of PPE and financial instruments involving estimation for timing differences has been recognised in these financial statements.

**f. Contingencies**

Management judgment is required 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. Based on management best estimates the same does not qualify for recognition in the financial statements.

**g. Insurance Claim and Liquidated damages**

Insurance claims are accounted as and when admitted/settled. Liquidated damages and penalties from the vendors are accounted for in accordance with the terms of agreement for loss of opportunity/profit to the company due to delay in completion if balances are available in the Supplier's Account. Subsequent changes in value if any are provided for.

**h. Defined benefit obligation (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 and Management. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

## 5. Property, Plant and Equipment

Notes to Financial Statements for the year ended 31st March, 2017  
Rs. In Lakhs

DETAILS	Land Freehold	Factory Buildings	Non Factory Buildings	Plant & Machinery	Electrical Installations	Office Equipment	Furniture and Fixtures	Vehicles	TOTAL
<b>Year ended 31 March 2017</b>									
Gross carrying amount									
Opening Gross Carrying Amount	33,701.06	5,588.98	1,006.15	42,007.95	547.50	165.94	31.37	226.53	83,275.48
Additions	5,854.41	656.88	32.59	7,888.86	88.10	49.66	1.00	79.66	14,651.16
Deletions	-	-	-	-	-	0.05	-	0.13	0.18
Closing Gross Carrying Amount as at 31 March 2017	39,555.47	6,245.86	1,038.74	49,896.81	635.60	215.55	32.37	306.06	97,926.46
Accumulated Depreciation and Impairment									
Opening accumulated depreciation	-	256.70	99.77	2,822.65	175.04	49.00	6.56	27.58	3,437.30
Depreciation charged during the year	-	265.38	102.67	3,043.40	154.83	43.30	5.14	38.37	3,653.09
Deduction/Adjustment	-	-	-	-	-	-	-	-	-
Closing Accumulated Depreciation	-	522.08	202.44	5,866.05	329.87	92.30	11.70	65.95	7,090.39
Net Carrying Amounts as at 31 March 2017	39,555.47	5,723.78	836.29	44,030.76	305.73	123.25	20.67	240.11	90,836.08

DETAILS	Land Freehold	Factory Buildings	Non Factory Buildings	Plant & Machinery	Electrical Installations	Office Equipment	Furniture and Fixtures	Vehicles	TOTAL
<b>Year ended 31 March 2016</b>									
Gross carrying amount									
Deemed cost as at 1 April 2015	33,587.77	5,579.96	999.70	39,455.93	522.18	116.48	29.91	132.82	80,424.75
Additions	113.29	9.02	6.45	2,552.88	25.32	49.48	1.55	134.37	2,892.36
Deletions	-	-	-	0.86	-	0.02	0.09	40.66	41.63
Closing Gross Carrying Amount as at 31 March 2016	33,701.06	5,588.98	1,006.15	42,007.95	547.50	165.94	31.37	226.53	83,275.48
Accumulated Depreciation									
Depreciation charged during the year	-	256.70	99.77	2,822.65	175.04	49.00	6.56	27.58	3,437.30
Deduction/Adjustment	-	-	-	-	-	-	-	-	-
Closing Accumulated Depreciation	-	256.70	99.77	2,822.65	175.04	49.00	6.56	27.58	3,437.30
Net Carrying Amount as at 31 March 2016	33,701.06	5,332.28	906.38	39,185.30	372.46	116.94	24.81	198.95	79,838.18

- Land Freehold includes the land purchased during the year by the company for Rs. 5,851.77 Lakhs for which the registration is yet to be completed. The asset is capitalised, since full consideration has been paid and possession taken by the company.
- The Borrowing of the company are secured by way of charge on above property, Plant and Equipment. Refer Note No.17
- The gross block as on the transition date i.e. 1st April 2015 given herein above represent fair value of PPE as valued by an independent valuer and considered as "deemed costs" as per the provisions of Ind AS 101 "First-time adoption of Ind AS". Refer Note 45(c).

## Notes to Financial Statements for the year ended 31st March, 2017

## 5.1 Intangible Assets:

## Computer Software

Rs. in Lakhs

Details	
<b>Year ended 31 March 2017</b>	
Gross carrying amount	
Opening Gross Carrying Amount	95.46
Additions	63.92
Disposals / De-recognition	-
Closing Gross Carrying Amount as at 31 March 2017	159.38
Accumulated Amortisation as at April 1, 2016	29.47
Amortisation for the year	35.41
Disposals / De-recognition	-
Accumulated Amortisation as at March 31, 2017	64.88
Net Carrying Amounts as at 31 March 2017	94.50

Rs. in Lakhs

Details	
<b>Year ended 31 March 2016</b>	
Gross carrying amount	
Deemed cost as at 1 April 2015	94.32
Additions	1.14
Disposals / De-recognition	-
Closing Gross Carrying Amount as at 31 March 2016	95.46
Accumulated Amortisation as at April 1, 2015	
Amortisation for the year	29.47
Disposals / De-recognition	-
Accumulated Amortisation as at March 31, 2016	29.47
Net Carrying Amount as at 31 March 2016	65.99

Note

(i) The estimated amortisation subsequent to March 31, 2017 is as follows:

Year ending March 31,	Amortisation Expense (Rs. in Lakhs)
2018	35.41
2019	35.41
2020	23.68

(ii) Computer Software:

Computer Software includes of capitalised development costs being an internally generated intangible asset.

## Notes to Financial Statements for the year ended 31st March, 2017

Rs. in Lakhs

Note No.	31st March 2017	31st March 2016	1st April 2015
<b>6 Financial Assets</b>			
<b>Other Financial Assets</b>			
<b>Security Deposits</b>			
Unsecured - considered good	557.74	391.88	379.98
<b>Total</b>	<b>557.74</b>	<b>391.88</b>	<b>379.98</b>
<b>7 Other Non-Current Assets</b>			
Capital Advances	61.58	512.08	181.45
Prepayment of Lease Rent (Refer Note No.43)	73.66	76.78	79.89
<b>Total</b>	<b>135.24</b>	<b>588.86</b>	<b>261.34</b>
<b>8 Inventories</b>			
(Valued at lower of Cost or Net Realisable Value)			
Raw Materials	14,444.30	4,470.94	7,113.57
Work-in-Progress	1,078.24	1,222.91	1,058.56
Finished Goods	1,244.59	1,085.86	1,271.19
Stores & Spares	4,575.78	5,108.86	4,015.92
<b>Total</b>	<b>21,342.91</b>	<b>11,888.57</b>	<b>13,459.24</b>
(Refer Note No. 21.1)			

## Notes to Financial Statements for the year ended 31st March, 2017

Note No.	31st March 2017		31st March 2016		1st April 2015	
	No. of Units	Rs. in lakhs	No. of Units	Rs. in lakhs	No. of Units	Rs. in lakhs
<b>9 Investments- Current</b> (Fair Value through Profit and Loss) Units of Mutual funds - Quoted						
HDFC Liquid Fund-DP-Growth Option	46,895	1,504.83	-	-	-	-
ICICI Prudential Liquid - Direct Plan Growth	4,15,704	1,000.67	-	-	-	-
Reliance Liquid Fund - Treasury Plan - Direct Growth Plan	25,223	1,000.68	-	-	-	-
“Reliance Liquid Fund-Cash Plan-Direct Growth Plan - Cpag”	-	-	1,02,522	2,507.23	-	-
“UTI Liquid Cash Plan-Institutional-Direct Plan-Growth”	-	-	4,035	100.15	-	-
UTI Treasury Advantage Fund-Institutional Plan	-	-	11	0.11	-	-
Birla Sun Life Cash Plus-Daily Divident-Direct Plan-Reinvestment	-	-	-	-	-	-
Birla Sun Life Dynamic Bond Fund-Retail Growth Direct Plan	65,70,846	1,952.70	9,99,054	1,001.00	-	-
HDFC Banking And PSU Debt Fund - Direct Growth Option	38,14,319	506.45	-	-	-	-
HDFC CMF Savings Plan-Direct Plan-Daily Dividend Reinvestment	-	-	1,88,192	2,001.69	-	-
HDFC High Interest Fund-Dynamic Plan-Direct Growth Option	-	-	9,79,706	513.37	-	-
HDFC Medium Term Opportunities Fund-DP-Growth Plan	1,41,09,104	2,564.69	-	-	-	-
HDFC Short Term Opportunities Fund-Direct Plan- Growth Option	27,93,140	505.57	31,23,302	518.41	-	-
HDFC Short Term Plan-Direct Plan-Growth Option	15,48,515	510.10	-	-	-	-
HSBC Ultra Short Term Bond Fund-Growth	-	-	1,12,64,136	1,505.78	-	-
ICICI Prudential Savings Fund -Direct Plan - Growth	1,99,779	503.01	-	-	-	-
ICICI Regular Income Fund DP Growth	1,25,72,634	2,134.53	65,93,131	1,009.54	-	-
ICICI Savings Fund-DP Growth	-	-	13,29,240	3,042.87	-	-
“IDFC Super Saver Income Fund-Investment Plan-Growth”	-	-	14,43,685	517.54	-	-
“IDFC Super Saver Income Fund-Investment Plan-Growth”	-	-	14,11,747	506.09	-	-
Reliance Monthly Interval Fund-Series 1	-	-	74,53,046	1,505.42	-	-
Reliance Regular Savings Fund	43,15,702	1,013.85	-	-	-	-
Reliance Short Term Fund-Direct Growth Plan	65,39,255	2,066.45	-	-	-	-
	-	<b>15,263.53</b>	-	<b>14,729.20</b>	-	-

The market value of quoted investment is equal to its carrying value



## Notes to Financial Statements for the year ended 31st March, 2017

Rs. in Lakhs

Note No.	31st March 2017	31st March 2016	1st April 2015
<b>10 Trade Receivables</b> (Unsecured, considered good unless otherwise stated)			
- Considered good	14,334.45	20,755.02	18,604.67
- Doubtful	14.87	843.49	843.49
Sub-Total	14,349.32	21,598.51	19,448.16
Less : Impairment Allowance for doubtful receivables	(14.87)	(843.49)	(843.49)
<b>Total</b>	<b>14,334.45</b>	<b>20,755.02</b>	<b>18,604.67</b>
<b>( Refer Note No. 21.1 for hypothecation of above receivables and 42 (c) for amount due from related parties )</b>			
The average credit period on sale of goods is 45 – 60 days. In case of delay, interest, wherever applicable, is charged.			
<b>Age of receivables:</b>			
<b>Particulars</b>	<b>31st March 17</b>	<b>31st March 16</b>	<b>01st April 2015</b>
Within the credit period (actuals)	13,006.96	17,076.14	12,414.12
1-180 days past due	1,262.61	3,404.91	5,577.32
More than 180 days past due	79.75	1,117.46	1,456.72
	<u>14,349.32</u>	<u>21,598.51</u>	<u>19,448.16</u>
<b>Movement of Impairment Allowances</b>			
<b>Particulars</b>	<b>31st March 17</b>	<b>31st March 16</b>	
Balance at the beginning of the year	843.49	843.49	
Addition in expected credit loss allowance on trade receivables	14.87	-	
Write back during the year	(843.49)	-	
<b>Balance at end of the year</b>	<b>14.87</b>	<b>843.49</b>	

There is no material credit loss for the past five financial years except for the non-acceptance of claim by the customers for price escalation. During the year Rs. 14.87 lakhs (previous year Rs. Nil) has been considered for the impairment allowance on account of the same. The Company does not anticipate any other credit loss in future with regard to the trade receivables as at 31 March 2017.

The concentration of credit risk is limited due to the customer base being backed by the government order and unrelated.

**Transfer of Financial Assets**

During the year, the Company has discounted trade receivables backed by LC with bank for cash proceeds of Rs. 8453.46 lakhs (Rs.10797.11 lakhs in FY 2015-16 and Rs. 9890.39 lakhs in FY 2014-15). As the Company has transferred the significant risks and rewards relating to these trade receivables, proceeds thereof are deducted from the carrying value of the receivables.

Rs. in Lakhs

Note No.	31st March 2017	31st March 2016	1st April 2015
<b>11 Cash and Cash Equivalents</b>			
Balances with Banks in Current Account	3,927.21	2,110.28	5,516.69
Deposit with Bank with 3 months maturity	1,500.00	-	-
- Cash on Hand	1.85	2.26	1.48
<b>Total</b>	<b>5,429.06</b>	<b>2,112.54</b>	<b>5,518.17</b>
<b>12 Bank Balances other than (iii)</b>			
- Balances with Banks in Unpaid Dividend	41.88	29.20	22.41
- Margin Money	77.35	12.21	383.53
<b>Total</b>	<b>119.23</b>	<b>41.41</b>	<b>405.94</b>

## Notes to Financial Statements for the year ended 31st March, 2017

Rs. in Lakhs

Note No.	31st March 2017	31st March 2016	1st April 2015
<b>13 Loans</b>			
<b>13.1 Unsecured</b>			
- Considered good			
i. Inter Corporate Loans	2,010.87	-	-
ii. Loans and Advances to employees	13.52	18.90	18.14
iii. Other Deposits	297.16	595.98	2,418.53
- Doubtful	-	320.53	756.53
	<u>2,321.55</u>	<u>935.41</u>	<u>3,193.20</u>
Less: Impairment Allowances for Other Deposits	-	320.53	756.53
<b>Total</b>	<u>2,321.55</u>	<u>614.88</u>	<u>2,436.67</u>
Movement of Impairment Allowances			
Balance at beginning of the year	320.53	756.53	
Recognized during the year	-	-	
Reversed during the year	320.53	436.00	
Reclassification / adjustment	-	-	
Balance at end of the year	-	320.53	

**13.2 Disclosure of Loans and Advances as per Regulation 34(3) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as follows**

Particulars of Advances	Amount Outstanding at the year end March 31, 2017	Maximum Amount Outstanding at the year end March 31, 2017	Amount Outstanding at the year end March 31, 2016	Maximum Amount Outstanding at the year end March 31, 2016	Amount Outstanding at the year end March 31, 2015	Maximum Amount Outstanding at the year end March 31, 2015
<b>Loans and advances in the nature of loans to Companies in which directors are interested</b>						
Amit Trexim Pvt Ltd	3.00	3.00	2.70	2.70		
Global Exports Ltd.	15.00	15.00	15.00	15.00		

The company has given trade advance in the normal course of business.

**13.3 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	Amount Outstanding at the year end March 31, 2017	Maximum Amount Outstanding at the year end March 31, 2017	Amount Outstanding at the year end March 31, 2016	Maximum Amount Outstanding at the year end March 31, 2016	Amount Outstanding at the year end March 31, 2015	Maximum Amount Outstanding at the year end March 31, 2015
Payal Commercial Company Limited	1,005.55	1,005.55	-	-	-	-
Sanghai Commercial & Credits (P) Ltd	1,005.32	1,005.32	-	-	-	-
<b>Total</b>	<b>2,010.87</b>	<b>2,010.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The company has deployed its surplus funds for fixed rate of interest.

## Notes to Financial Statements for the year ended 31st March, 2017

Rs. in Lakhs

Note No.		31st March 2017	31st March 2016	1st April 2015
<b>14</b>	<b>Other Financial Assets</b>			
	Interest Receivable	75.00	191.65	125.26
	<b>Total</b>	<b>75.00</b>	<b>191.65</b>	<b>125.26</b>
<b>15</b>	<b>Other Current Assets</b>			
	Balance with Government Authorities	1,601.04	1,372.71	1,131.54
	Tax Refunds Receivable - Current year (net of Provision for tax )	213.23	198.06	(103.23)
	Forward premium receivable	-	28.03	-
	Prepaid Expenses	467.19	545.67	345.40
	Advance to Suppliers	2,102.10	2,354.78	1,075.00
	“Fair value of foreign exchange forwards, currency option contracts and Interest swaps (refer Note No 35.)“	-	172.77	342.20
	Other Receivables	235.08	263.46	437.94
	<b>Total</b>	<b>4,618.64</b>	<b>4,935.48</b>	<b>3,228.85</b>

	31st March 2017		31st March 2016		1st April 2015		
	No. of Shares in Lakhs	Rs. in lakhs	No. of Shares in Lakhs	Rs. in lakhs	No. of Shares in Lakhs	Rs. in lakhs	
<b>16</b>	<b>Equity Share Capital</b>						
	<b>Authorized Shares</b>						
	Equity Shares of Rs.10/- each	530.00	5,300.00	530.00	5,300.00	530.00	5,300.00
	<b>Issued, Subscribed and Paid up Shares</b>						
	Equity Shares of Rs.10/- each	397.64	3,976.36	397.64	3,976.36	397.64	3,976.36
	<b>Total</b>	<b>397.64</b>	<b>3,976.36</b>	<b>397.64</b>	<b>3,976.36</b>	<b>397.64</b>	<b>3,976.36</b>

## Reconciliation of Shares outstanding at the beginning and at the end of the reporting period

	31st March 2017		31st March 2016		1st April 2015	
	No. of Shares in Lakhs	Rs. in lakhs	No. of Shares in Lakhs	Rs. in lakhs	No. of Shares in Lakhs	Rs. in lakhs
Opening number of Shares Outstanding	397.64	3,976.36	397.64	3,976.36	397.64	3,976.36
Closing number of Shares Outstanding	397.64	3,976.36	397.64	3,976.36	397.64	3,976.36

## 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 any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	31st March 2017		31st March 2016		1st April 2015	
	No. of Shares in Lakhs	% of holding	No. of Shares in Lakhs	% of holding	No. of Shares in Lakhs	% of holding
<b>Equity shares with voting rights</b>						
M/s. Electrosteel Castings Ltd	193.01	48.54	193.01	48.54	193.01	48.54
M/s. Avis-Tie Up Private Ltd	(*) 14.44	(*) 3.63	24.53	6.17	34.35	8.64

(\*) disclosed for comparative purpose

## Notes to Financial Statements for the year ended 31st March, 2017

Rs. in Lakhs

Note No.	31st March 2017	31st March 2016	1st April 2015
<b>16.1 Other Equity</b>			
(a) General Reserve	<b>32,500.00</b>	27,500.00	22,500.00
(b) Retained Earnings	<b>44,977.07</b>	38,346.78	29,250.46
(c) Other Comprehensive Income	<b>(99.83)</b>	(92.95)	(74.19)
<b>Total</b>	<b><u>77,377.24</u></b>	<u>65,753.83</u>	<u>51,676.27</u>

(Refer Statement of Changes in Equity for movement in balance of reserves)

**Nature of reserves****General Reserve**

The general reserve represent appropriation of profits at the discretion of the company. It is transfer from one component of equity to another.

**Retained Earnings**

Retained Earnings generally represent the undistributed profits /amount of accumulated earnings of the Company. It includes Rs. 24885.21 lakhs which is not available for distribution as dividend represented by change in carrying amount of an PPE upon measurement at Fair Value for deemed costs as on the date of transition (Note 45(c)).

**Other Comprehensive Income**

Other Comprehensive Income represent the balance in equity relating to actuarial gains and losses on defined benefit obligations. This will not be reclassified to Statement of Profit & Loss.

The amount that can be distributed by the Company as dividends to its equity shareholders is determined considering the requirements of the Companies Act, 2013.

On 29th August, 2016, a dividend pertaining to the financial year 2015-16 of Rs. 5/- per equity share aggregating to Rs. 1988.15 lakhs and the dividend distribution tax of Rs.404.75 lakhs has been approved for payment to equity shareholders of the company. In respect of the year ended March 31, 2017, the Board of Directors has recommended a dividend of Rs. 6/- per share to be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The equity dividend to be paid aggregates to Rs. 2385.84 lakhs and the dividend distribution tax thereon amounts to Rs. 488.49 lakhs.

Note No.	31st March 2017		31st March 2016		1st April 2015	
	Non Current	Current	Non Current	Current	Non Current	Current
<b>17 Borrowings</b>						
(Long term at amortised Cost)						
Secured - from Banks						
Rupee Term loans	<b>2,500.00</b>	<b>750.00</b>	4,015.63	734.37	8,125.00	1,937.50
External Commercial Borrowing	<b>3,886.81</b>	<b>2,853.96</b>	6,886.81	3,578.30	9,871.72	3,063.25
	<b>6,386.81</b>	<b>3,603.96</b>	10,902.44	4,312.67	17,996.72	5,000.75
Less: Amount shown under current Financial liabilities (Note No 23.)	-	<b>3,603.96</b>	-	4,312.67	-	5,000.75
<b>Total</b>	<b>6,386.81</b>	-	10,902.44	-	17,996.72	-

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

- Rupee Term Loan of Rs.3250 Lakhs is repayable in 2 Quarterly instalments of Rs.125.00 lakhs each and 12 Quarterly instalment of Rs.250 Lakhs each it carries an interest @ 10.25% p.a. payable monthly.
- Foreign Currency loan of Rs. 5443.87 Lakhs (US\$ 83.952 Lakhs) is repayable in 6 half yearly instalments in September and March every year of US\$ 12,00,600 each and last installment of US\$ 11,91,600 and carries an interest at LIBOR plus 4.6262% p.a payable half yearly.
- Foreign Currency loan of Rs. 1296.90 Lakhs (US\$ 20 Lakhs) is repayable on 22/5/2017 and carries an interest at LIBOR plus 3.7239% p.a payable half yearly.

**Nature of security:**

The above Loans are secured by way of first pari-passu charge on the movable & immovable Fixed Assets of the company, both present and future.

## Notes to Financial Statements for the year ended 31st March, 2017

Rs. in Lakhs

Note No.	31st March 2017	31st March 2016	1st April 2015
<b>18 Other Financial liabilities</b>			
Other Payables	264.07	1,242.88	1,242.88
<b>Total</b>	<b>264.07</b>	<b>1,242.88</b>	<b>1,242.88</b>

	31st March 2017		31st March 2016		1st April 2015	
	Non Current	Current	Non Current	Current	Non Current	Current
<b>19 Provisions</b>						
For Employee Benefits - Unavailed Leave	550.35	583.73	465.49	665.43	397.46	331.72
<b>Total</b>	<b>550.35</b>	<b>583.73</b>	<b>465.49</b>	<b>665.43</b>	<b>397.46</b>	<b>331.72</b>
Movement of Unavailed Leave						
Balance at beginning of the year	465.49	665.43	397.46	331.72	-	-
Recognized during the year	84.86	-	68.03	333.71	-	-
Reversed during the year	-	81.70	-	-	-	-
Reclassification / adjustment	-	-	-	-	-	-
Balance at end of the year	550.35	583.73	465.49	665.43	-	-

**20 Deferred tax liabilities (Net):**

The tax effects of significant temporary differences that resulted in Deferred tax assets and liabilities are as follows:

Rs. in Lakhs

Particulars	Opening balance 01.04.2016	Recognised in profit or loss	Recognised in other comprehensive income	Other Adjustments (refer Note 20.1)	Closing balance 31.03.2017
<b>Deferred tax liabilities / assets in relation to:</b>					
Deferred tax Liabilities:					
Property, Plant & Equipment	14,500.75	657.00	-	-	15,157.75
Derivatives and Others	103.86	(12.66)	-	-	91.20
<b>Total Deferred tax Liabilities</b>	<b>14,604.61</b>	<b>644.34</b>	<b>-</b>	<b>-</b>	<b>15,248.95</b>
Deferred tax Assets:					
MAT Credit entitlement	2,607.17	-	-	(661.99)	1,945.17
Defined benefit obligation / Employee Benefits and others	639.35	126.68	3.64	-	769.67
<b>Total Deferred tax Assets</b>	<b>3,246.52</b>	<b>126.68</b>	<b>3.64</b>	<b>(661.99)</b>	<b>2,714.84</b>
<b>Deferred tax liabilities after set off</b>	<b>11,358.09</b>	<b>517.66</b>	<b>(3.64)</b>	<b>661.99</b>	<b>12,534.11</b>

Particulars	Opening balance 01.04.2015	Recognised in profit or loss	Recognised in other comprehensive income	Other Adjustments (refer Note 20.1)	Closing balance 31.03.2016
<b>Deferred tax liabilities / assets in relation to:</b>					
Deferred tax Liabilities:					
Property, Plant & Equipment	14,520.32	(19.57)	-	-	14,500.75
Derivatives and Others	55.75	48.11	-	-	103.86
<b>Total Deferred tax Liabilities</b>	<b>14,576.07</b>	<b>28.54</b>	<b>-</b>	<b>-</b>	<b>14,604.61</b>
Deferred tax Assets:					
MAT Credit entitlement	3,311.25	-	-	(704.08)	2,607.17
Defined benefit obligation / Employee Benefits and others	796.44	(167.02)	9.93	-	639.35
<b>Total Deferred tax Assets</b>	<b>4,107.69</b>	<b>(167.02)</b>	<b>9.93</b>	<b>(704.08)</b>	<b>3,246.52</b>
<b>Deferred tax liabilities after set off</b>	<b>10,468.38</b>	<b>195.56</b>	<b>(9.93)</b>	<b>704.08</b>	<b>11,358.09</b>

## Notes to Financial Statements for the year ended 31st March, 2017

## 20.1 Other adjustments represent MAT Credit utilised against regular Income Tax Liability

Rs. in Lakhs

Note No.	31st March 2017	31st March 2016	1st April 2015
<b>21 Borrowings</b> (Short term at amortised cost)			
Secured			
Working Capital Loans - from Banks			
Rupee Loan	7,305.29	9,169.02	6,669.20
Foreign Currency Loan	23,917.25	20,081.35	13,196.68
Unsecured			
Commercial Paper	7,500.00	-	-
<b>Total</b>	<b>38,722.54</b>	<b>29,250.37</b>	<b>19,865.88</b>

## Nature of Security and rate of interest

"21.1 Working Capital facilities availed from banks are secured by hypothecation of raw materials, semi finished goods, finished goods, consumables, stores and spares, book debts, both present and future of the company and rank pari-passu among themselves and the rate of interest ranges from 10% to 13.5% p.a for Rupees Loans, from 7.99% to 8.25% for Commercial paper and from 2.05% to 3.25 % for Foreign Currency Loans, these are payable on demand."

Rs. in Lakhs

Note No.	31st March 2017	31st March 2016	1st April 2015
<b>22 Trade payables</b>			
Trade payables	7,097.02	5,153.78	10,240.40
<b>Total</b>	<b>7,097.02</b>	<b>5,153.78</b>	<b>10,240.40</b>

( Refer Note No.42 ( C) for amount due to related parties )

Rs. in Lakhs

Note No.	31st March 2017	31st March 2016	1st April 2015
<b>23 Other Financial Liabilities</b>			
Current maturities of long-term borrowings ( Refer Note No 17)	3,603.96	4,312.67	5,000.75
Interest accrued but not due	259.02	362.71	323.51
Unpaid dividends	41.88	29.20	22.41
Others		-	-
- Creditors for capital goods	311.37	976.84	1,045.69
- Statutory Dues	749.33	1,076.96	640.15
- Amount due to Employees	411.25	417.86	407.72
- Retention Money	142.08	111.26	172.59
- Deposits from Customers/Vendors	52.28	55.13	69.05
- Forward premium Payable	2.91	-	118.20
"-Foreign exchange forwards, currency option contracts and Interest swaps (refer Note No 35.) "	623.22	-	-
- Outstanding Expenses	1,024.47	1,381.34	855.99
<b>Total</b>	<b>7,221.77</b>	<b>8,723.97</b>	<b>8,656.06</b>
<b>24 Other Current liabilities</b>			
Advance from Customers	887.04	521.02	834.75
Others	94.48	84.20	141.24
	<b>981.52</b>	<b>605.22</b>	<b>975.99</b>

## Notes to Financial Statements for the year ended 31st March, 2017

Rs. in Lakhs

Note No.	31st March 2017	31st March 2016
<b>25 Revenue from operations</b>		
<b>25.1 Sale of Manufactured Products</b>		
- D I Spun Pipes	97,970.81	99,507.69
- Pig Iron	742.49	3,851.40
- Cement	3,041.27	2,808.81
- Coke	3,639.15	1,598.12
- Other Products	7,297.28	7,059.49
<b>25.2 Sale of Traded Products</b>		
- Coal	7,649.14	2,941.56
<b>Total</b>	<b>1,20,340.14</b>	<b>1,17,767.07</b>
(Refer Note No.42 ( c) for sales to related parties)		
<b>26 Other Income</b>		
Interest on financial assets- Carried at amortised cost	1,138.05	1,233.19
Rent received	4.69	4.47
Dividend on investments	268.90	34.36
Investments measured at fair value through profit or loss	263.53	127.38
Gain on sale of property, plant and equipment (net)	2.99	-
Exchange gains/(losses) on Foreign Currency Transaction and translation	161.66	132.70
Miscellaneous Income	1,207.09	461.07
<b>Total</b>	<b>3,046.91</b>	<b>1,993.17</b>
<b>27 Cost of materials consumed</b>		
Coking Coal / Coke	22,961.74	21,269.39
Iron Ore / Iron Ore Fines	10,195.52	13,610.13
CRC / MS Scrap	4,350.21	3,977.20
Others	10,096.56	9,456.20
<b>Total</b>	<b>47,604.04</b>	<b>48,312.92</b>
<b>28 Purchases of Traded goods</b>		
Coal	7,384.08	2,870.26
<b>Total</b>	<b>7,384.08</b>	<b>2,870.26</b>
<b>29 Changes in inventories of Finished goods and work in progress</b>		
Opening Stock		
Work in Progress	1,222.91	1,058.56
Finished Goods	1,085.86	2,308.77
Closing Stock		
Work in Progress	1,078.24	1,222.91
Finished Goods	1,244.59	2,308.77
<b>Total</b>	<b>(14.06)</b>	<b>20.98</b>
<b>Details of Inventory</b>		
<b>Work in Progress</b>		
D.I Pipes	409.26	469.93
Others	668.98	752.98
<b>Total</b>	<b>1,078.24</b>	<b>1,222.91</b>
<b>Finished Goods and By-Products</b>		
D.I Pipes	798.40	817.82
Pig Iron	83.91	4.80
Others	362.28	263.24
<b>Total</b>	<b>1,244.59</b>	<b>1,085.86</b>

## Notes to Financial Statements for the year ended 31st March, 2017

Rs. in Lakhs

Note No.	31st March 2017	31st March 2016
<b>30 Employee Benefit Expense</b>		
Salaries, Wages, Bonus and Other Benefits	6,151.87	5,984.81
Contribution to Provident and Other Fund	331.12	302.88
Employees Welfare	584.33	516.08
<b>Total</b>	<b>7,067.32</b>	<b>6,803.77</b>
<b>31 Finance Cost</b>		
Interest Expenses	3,629.47	3,890.32
Other Finance Cost	299.69	359.29
<b>Total</b>	<b>3,929.16</b>	<b>4,249.61</b>
(Refer Note No. 39 for amount Capitalised )		
<b>32 Depreciation</b>		
Depreciation on PPE	3,653.09	3,437.30
Amortisation of Intangible Assets	35.41	29.47
<b>Total</b>	<b>3,688.50</b>	<b>3,466.77</b>
<b>33 Other Expenses</b>		
Power & Fuel	6,213.28	5,471.91
Consumption of Stores, Spares & Consumables	15,610.72	15,260.13
Handling & Transport charges	4,195.29	3,957.48
Directors' Sitting Fee and Commission	30.27	30.37
Rent	123.81	95.05
Professional and consultancy	746.94	309.81
Rates & Taxes	155.70	131.53
Insurance	217.21	136.47
Freight, Packing, Forwarding & LD Charges	741.92	558.23
Commission to Selling Agents	1,548.31	1,548.61
Loss on sale of property, plant and equipment	-	1.12
Repairs & Maintenance:		
- Plant & Machinery	1,338.43	1,064.54
- Buildings	197.20	473.58
- Others	3.51	13.57
Provision for doubtful receivables & advances	14.87	-
Auditors' Remuneration:		
- Audit fee	7.00	5.00
- Tax Audit	3.00	2.00
- Certification fee	3.27	2.81
- Out of Pocket Expenses	1.32	0.80
Bad debts written off	843.49	-
Less:- Transferred from Impairment Allowances for doubtful receivables	843.49	-
Donations	151.87	251.96
Contribution to CSR Activities	60.33	50.53
Miscellaneous Expenses	687.95	513.87
<b>Total</b>	<b>32,052.20</b>	<b>29,879.38</b>



## Notes to Financial Statements for the year ended 31st March, 2017

Rs. in Lakhs

Note No.	31st March 2017	31st March 2016
<b>34 Income Tax Expense</b>		
Current tax		
In respect of the current year	<b>4,424.25</b>	5,192.66
In respect of prior years ( Adjustment of MAT)	<b>136.52</b>	-
In respect of prior years ( Adjustment of TDS and others)	<b>20.68</b>	30.47
<b>Deferred tax</b>		
In respect of the current year	<b>517.67</b>	195.56
<b>Total income tax expense recognised in the current year</b>	<b>5,099.12</b>	5,418.69
<b>The income tax expense for the year can be reconciled to the accounting profit as follows:</b>		
<b>Particulars</b>		
Profit before tax	<b>19,122.33</b>	20,950.74
Income tax expense calculated at 34.608% (2015-2016: 34.608%)	<b>6,617.86</b>	7,250.63
Less : Effect of income that is exempt from taxation		
Effect of other reduction from Book Profit incld. Depreciation	<b>(3,653.69)</b>	(3,130.52)
Add : Effect of expenses that are not deductible in determining taxable profit		
Effect of other addition to Book Profit incld. Depreciation	<b>1,460.08</b>	1,072.55
	<b><u>4,424.25</u></b>	<u>5,192.66</u>

Adjustments recognised in the current year in relation to the current tax of prior years

The tax rate used for reconciliations above is the corporate tax rate of 30% plus applicable surcharge and cess etc. payable by corporate entities in India on taxable profits under the Indian tax laws.

**34.1 Income tax recognised in other comprehensive income**

Deferred tax

Arising on income and expenses recognised in other comprehensive income:

Remeasurement of defined benefit obligation	<b>3.64</b>	9.93
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	<b>3.64</b>	9.93
Items that may be reclassified to profit or loss	-	-

**35. FINANCIAL INSTRUMENTS**

The Carrying and Fair values of financial instrument by categories were as follows:

Rs. in Lakhs

	31st March 2017	31st March 2016	1st April 2015
<b>Amortised cost:</b>			
Security Deposits	557.74	391.88	379.98
Trade receivables	14,334.45	20,755.02	18,604.67
Cash and cash equivalents	5,429.06	2,112.54	5,518.17
Bank Balances (Note No.12)	119.23	41.41	405.94
Loans (Note No.13)	2,321.55	614.88	2,436.67
Interest Receivable	75.00	191.66	125.26
<b>Fair Value through Profit and Loss Account</b>			
Designated upon initial recognition	-	-	-
Designated upon Mandatory :			
- Investment in Mutual Funds	15,263.53	14,729.20	
- Derivative- not designated as hedging instruments:- Forward Contracts and Options	-	172.77	342.20
<b>Total</b>	<b>38,100.56</b>	<b>39,009.36</b>	<b>27,812.89</b>
<b>Liabilities</b>			
<b>Amortised cost:</b>			
Loans and borrowings	18,055.29	13,919.02	16,731.70
Trade payables	7,097.02	5,153.78	10,240.40
Other non current financial Liabilities (Note No.18 )	264.07	1,242.88	1,242.88
Other financial Liabilities other than Borrowings and derivative (Note No.23)	2,994.59	4,411.30	3,655.31
<b>Fair Value through Profit and Loss Account</b>			
Designated upon initial recognition	-	-	-
Designated upon Mandatory :			
- Borrowings	30,658.02	30,546.46	26,131.65
- Derivative- not designated as hedging instruments:- Forward Contracts and Options	623.22	-	-
<b>Total</b>	<b>59,692.21</b>	<b>55,273.44</b>	<b>58,001.94</b>

## Notes to Financial Statements for the year ended 31st March, 2017

**Fair Valuation Techniques**

The following methods and assumptions were used to estimate the fair values:

1. The fair value of cash and cash equivalents, trade receivables, trade payables, current financial liabilities and borrowings approximate their carrying amount largely due to the short-term nature of these instruments. The Board considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statement approximate their fair value.
2. Long-term debt has been contracted at floating rates of interest, which are reset at short intervals. Fair value of variable interest rate borrowings approximates their carrying value of such long-term debt approximates fair value subject to adjustments made for transaction cost.
3. Investments in liquid and short-term mutual funds are measured using quoted market prices at the reporting date multiplied by the quantity held.
4. 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. These derivatives are estimated by using the pricing models, where the inputs to those models are based on readily observable market parameters basis contractual terms, period to maturity, and maturity parameters such as foreign exchange rates and volatility. These models do not contain a high level of subjectivity as the valuation techniques used do not require significant judgment, and inputs thereto are readily observable from actively quoted market prices. The said valuation has been carried out by an independent Agency with whom the contract has been entered with. Management has evaluated the credit and a non-performance risk associated with the counterparties and believes them to be insignificant and not requiring any adjustments.

**Fair value hierarchy**

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2017:

Rs. in Lakhs

Particulars	As of 31st March 2017(*)	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
<b>Assets</b>				
– Investment in liquid and short term mutual funds	15263.53 15263.53 [0]	(14729.20) (14729.20) [0]	-	-
Derivative - not designated as hedging instruments Forward Contracts and Options	0 (172.77) [342.20]	-	0 (172.77) [342.20]	-
<b>Liabilities</b>				
– Borrowings	30658.02 (30546.46) [26131.65]	-	30658.02 (30546.46) [26131.65]	-
– Derivative - not designated as hedging instruments - Forward Contracts and Options	623.22 (0) (0)	-	623.22 [0] [0]	-

(\*) Figures in round brackets ( ) indicate figures as on 31st March 2016 and in brackets [ ] indicate figures as of 1st April, 2015

## Notes to Financial Statements for the year ended 31st March, 2017

During the year ended March 31, 2017 and March 31, 2016, there were no transfers between Level 1 and Level 2 fair value measurements. There is no transaction / balance under level 3.

The fair value of liquid mutual funds is based on quoted price.

Derivative 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 market place. The inputs used under level II market valuation technique for forward contracts are Forward foreign currency exchange rates

and Interest rates to discount future cash flow.

**Derivatives 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. The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

**(a) Category wise outstanding derivatives contracts are as given below:**

Sl. No.	Category	Currency	31st March 2017		31st March 2016		Underlying Purpose
			No. of Deals	Amount US\$ in lakhs	No. of Deals	Amount US\$ in lakhs	
1	Forward	USD/INR	2	5.71	-	-	Buyers Credit and Imports
2	Option	USD/INR	12	359.29	22	364.49	Buyers Credit and Imports
3	Swap	USD	6	104.00	-	-	Interest

**(b) Un-hedged Foreign Currency exposures as on March 31, 2017 are as follows: -**

(in lakhs)

Nature	Currency	Amount in Foreign Currency	
		March 31, 2017	March 31, 2016
Buyer's Creditors and Interest	USD	6.47	13.99
Trade Payables (Including acceptances)	USD	20.56	2.28
Trade Payables (Including acceptances)	EURO	0.25	1.43
Trade Payables (Including acceptances)	AUD	-	0.16
Trade Payables (Including acceptances)	GBP	-	0.12
External Commercial Borrowings	USD	47.94	87.46

## Notes to Financial Statements for the year ended 31st March, 2017

The foreign exchange forward and option contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

(US\$ in lakhs)

Particulars	March 31, 2017	March 31, 2016
Not later than one month	Nil	Nil
Later than one month and not later than three months	284.32	221.64
Later than three months and not later than one year	80.68	142.85

**FINANCIAL RISK FACTORS**

The company's activities expose it to a variety of financial risks – 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 primary market risk to the company is foreign exchange risk. The company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The risks are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and approves policies for managing each of these risks, which are summarized below:

**MARKET RISK**

Market risk is the risk or uncertainty arising from possible market price movements resulting in fluctuation of the fair value of future cash flows of a financial instrument. The major components of Market risks are foreign currency exchange risk, interest rate risk and price risk. Financial instruments affected by market risk includes borrowings, investments and derivative financial instruments.

**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.

The Company evaluates exchange rate exposure arising from these transactions and enters into foreign currency derivative instruments to mitigate such exposure. The Company follows established risk management policies, including the use of derivatives like foreign exchange forward / option contracts to hedge forecasted cash flows denominated in foreign currency.

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

The carrying amount of the Non-Derivative financial instruments in foreign currency as of the end of the reporting period is as follows:

## Notes to Financial Statements for the year ended 31st March, 2017

(US\$ in lakhs)

Particulars	As at March 31, 2017 (*)				
	USD	EURO	GBP	AUD	Total
Loans and borrowings	103.95 (157.96) [211.52]	- - -	- - -	- - -	103.95 (157.96) [211.52]
Buyers Credit	368.84 (378.49) [508.91]	- - -	- - -	- - -	368.84 (378.49) [508.91]
Vendors	20.56 (3.92) [44.05]	0.25 - -	- - -	- - -	20.81 (3.92) [44.05]
Total liabilities	493.35 (540.37) [764.48]	0.25 - -	- - -	- - -	493.60 (540.37) [764.48]

(\*) Figures in round brackets ( ) indicate figures as on 31st March 2016 and in square brackets [ ] indicate figures as of 1st April, 2015

The company is principally exposed to foreign currency risk against USD. Sensitivity of profit or loss arising mainly from USD denominated receivables and payables are as follows:

(US\$ in lakhs)

Sensitivity at year end	2016-17	2015-16
Receivables:	-	-
Weakening of INR by 5%	-	-
Strengthening of INR by 5%	-	-
Payables:	<b>493.35</b>	540.36
Weakening of INR by 5%	<b>24.67</b>	27.02
Strengthening of INR by 5%	<b>-24.67</b>	-27.02

Summary of exchange difference accounted in Statement of Profit and Loss

(Rs in lakhs)

Fluctuation	2016-17	2015-16
Net (gain)/losses on Currency fluctuation shown as Other Income		
Net foreign exchange	<b>(476.73)</b>	591.47
<b>(Gain)/Loss on Derivatives shown as Other Income</b>		
Currency Forwards and Options	<b>339.98</b>	(577.95)
Interest rate swaps	<b>(24.91)</b>	(146.22)
<b>Net (Gain) on Currency Exchange fluctuation</b>	<b>(161.66)</b>	(132.70)

**INTEREST RATE RISK**

Interest rate risk primarily arises from floating rate borrowing with banks and financial institutions. The Company has entered into rate swap contracts in respect of interest payable on its borrowings denominated in foreign currency. As of March 31, 2017, substantially all of the Company borrowings were subject to floating interest rates, which are reset at short intervals.

The sensitivity analysis of exposure to floating interest rates per annum on borrowing costs on other than Current Borrowings is as follows: -

(Rs in lakhs)

Nature of Borrowing	Rate of interest (%)	2016-17	2015-16
Rupee Loan	+0.50	+16.25	+23.75
	-0.50	-16.25	-23.75
ECB	+0.25	+16.85	+26.16
	-0.25	-16.85	-26.16

**COMMODITY PRICE RISK**

The Company uses various commodities, including base metals & others, which exposes it to the price risk on account of procurement of commodities. The management monitors commodities / raw materials whose prices are volatile and suitable steps are taken accordingly to minimize risk on the same. The Company enter into contracts for procurement of material, most of the transactions are short term fixed price contract and a few transactions are long term fixed price contracts.

**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). To manage this, the management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. 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. Further the company obtains necessary security including letter of credits and / or bank guarantee to mitigate its credit risk.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. Receivables from customers are reviewed/evaluated periodically by the management and appropriate provisions are made to the extent recovery there against has been considered to be remote.

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 backed by the government order and unrelated. Of the trade receivables balance at the end of the year, Rs.2315 lakhs (previous year Rs.2968.89 lakhs) due from a public limited company, the Company's largest customer. The customer accounted for more than 16% and 14% of the accounts receivable as at March 31, 2017 and 2016, respectively and more than 9% and 10% of revenues for the year ended March 31, 2017 and March 31, 2016, respectively.

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.

**COUNTERPARTY RISK**

Counterparty risk encompasses settlement risk on derivative and money market contracts and credit risk on demand and time deposits. Settlement and credit risk is reduced by the policy of entering transactions with counterparties that are usually banks or financial institutions with acceptable credit ratings. Exposure to these risks are closely monitored and maintained within predetermined parameters. There are limits on credit exposure to any financial institution. The limits are regularly assessed and determined based upon credit analysis including financial statements and capital adequacy ratio reviews. In addition, net settlement agreements are contracted with significant counterparties.

## Notes to Financial Statements for the year ended 31st March, 2017

**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 is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The company relies on mix of borrowings, capital infusion and excess operating cash flows to meet its need for funds. The current committed limits are sufficient to meet its short and medium-term requirements. The company ensures that it does not breach any financial covenants stipulated by the lender. In the event of breach of covenants the Company may be liable to pay additional interest. The Company also ensures that it has sufficient cash on demand to meet expected operational expenses. As of March 31, 2017, the cash and cash equivalents are held with major banks and financial institutions.

The company has following unused line of credit which can be utilised for operational needs and exigencies:

(Rs in lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Secured	14694.71	12830.98	15330.80

**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 maximise shareholder value. The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stake holders. The Company 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. No changes were made in the

objectives, policies or processes for managing capital during the years ended 31st March 2017 and 31st March 2016.

The Company's audit committee reviews the capital structure of the Company on periodic basis. As part of this review, the committee considers the cost of capital and the risks associated with the same.

The company also monitors capital using gearing ratio which is net debt divided by total capital. The gearing ratios as at 31st March, 2017, 31st March, 2016 and 1st April, 2015 are as follows:

(Rs. in lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Borrowings	48,713.31	44,465.48	42,863.35
Less Cash and Cash Equivalents	5,429.06	2,112.53	5,518.17
Net Debt	43,284.25	42,352.95	37,345.18
Total Capital	81,353.59	69,730.18	55,652.63
Gearing Ratio	0.53	0.61	0.67

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 been complying with the financial covenants of the borrowings during the reported period.



## Notes to Financial Statements for the year ended 31st March, 2017

## 36. Contingent Liabilities not provided for:

(Rs. in lakhs)

Particulars	2016-17	2015-16
a) Guarantees given by banks on behalf of the Company	(*)756.52	723.47
b) Bills discounted with banks	8453.46	10777.06
c) Outstanding Letter of Credits	3674.81	1825.19
d) Various demands raised, which in the opinion of the management are not tenable and are pending with various forums / authorities:		
i) Sales Tax	1665.36	1339.48
ii) Excise, Custom Duty & Service Tax	128.94	354.10
iii) Forest Development Fee	(*)859.97	-
iv) Income Tax	37.72	37.72

(\*) Bank guarantee includes an amount of Rs. 179.59 lakhs issued against demand for Forest Development fee.

The Company has tax disputes in appeals as disclosed above and certain litigations in respect of land. Based on the facts of each dispute / litigation and opinion of the management including that of advice of our legal advisors, the company believes that the outcome of the said disputes / litigations will not result in material impact that would affect the financial position or operations of the Company.

## 37. Commitments not provided for:

Rs. in lakhs

	2016-17	2015-16
Estimated amount of Capital contracts not provided for	495.96	711.15
Export Obligations to be fulfilled	1927.08	1927.08

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

Rs. in lakhs

Principal amount outstanding at the end of the year	Nil
Interest amount due at the end of the year	Nil
Interest Paid to suppliers	Nil

39. During the year, the company has capitalized the following interest during construction, allocating them to respective Fixed Assets, consequently the expenses disclosed under the respective heads are net of amounts capitalized by the company as follows: -

Rs. in lakhs

Particulars	2016-17		2015-16	
	Fixed Assets	Capital work in Progress	Fixed Assets	Capital work in Progress
Interest and Finance Charges	52.24	-	23.95	9.83

40. The disclosures required under Ind AS 19 "Employee Benefits", are given below: -

Rs. In Lakhs

Defined Contribution Plan	31.3.2017		31.3.2016		31.3.2015	
	Gratuity (Funded)	Leave (Unfunded)	Gratuity (Funded)	Leave (Unfunded)	Gratuity (Funded)	Leave (Unfunded)
<b>Change in benefit obligations:</b>						
Balance as at the beginning of the year	715.62	591.59	584.92	513.54	498.39	393.00
Service Cost	72.92	135.06	70.95	81.53	60.47	73.87
Interest Cost	53.83	44.47	44.76	40.32	44.08	34.59
Benefits Paid	-32.88	-6.5	-22.16	6.72	-17.18	-20.84
Actuarial (Gain)/Loss	83.18	-67.35	37.15	-50.52	-0.84	32.92
Balance as at the closing of the year	892.67	697.27	715.62	591.59	584.92	513.54
Current Liability	-	146.92	-	126.10	-	116.08
Non-Current Liability	-	550.35	-	465.49	-	397.46
<b>Change in plan assets:</b>						
Balance as at the beginning of the year	705.49	-	562.42	-	508.68	-
Expected Return of Plan Assets	59.09	-	47.39	-	46.12	-
Actuarial (Gain)/Loss	72.66	-	8.46	-	-	-
Contributions	134.45	6.50	109.38	6.72	24.80	20.84
Benefits Paid	-32.88	-6.50	-22.16	-6.72	-17.18	-20.84
Balance as at the closing of the year	938.81	0	705.49	0	562.42	0
<b>Fair value of assets and obligations at the end:</b>						
Fair Value of Plan Assets	938.81	-	705.49	-	562.42	-
Present Value of Obligations	892.67	697.27	715.62	591.59	584.92	513.54
Amount recognized in Balance Sheet	-46.14	697.27	10.13	591.59	22.50	513.54
<b>Expenses recognized during the year in the statement of Profit &amp; Loss Account:</b>						
Current Service Cost	72.92	135.06	70.95	81.53	60.47	73.87
Interest Cost	53.83	44.47	44.76	40.32	44.08	34.59
Expected Return of Plan Assets	-59.09	-	-47.39	-	-46.12	-
Actuarial (Gain)/Loss	0	-67.35	0	-50.52	0	32.92
Net Cost	67.66	112.18	68.32	71.33	58.43	141.38

## Notes to Financial Statements for the year ended 31st March, 2017

Rs. In Lakhs

Defined Contribution Plan:	31.3.2017		31.3.2016		31.3.2015	
	Gratuity (Funded)	Leave (Unfunded)	Gratuity (Funded)	Leave (Unfunded)	Gratuity (Funded)	Leave (Unfunded)
<b>Expenses recognized during the year recognised in the statement of other comprehensive income:</b>						
Actuarial (Gains) / Losses	10.52	-67.35	4.81	-50.52	52.37	32.92
(Return)/Loss on plan of assets	0.00	0.00	-8.45	0.00	0.01	0.00
Amortisation of Actuarial Loss / (Gain)	0.00	67.35	32.33	50.52	-53.21	-32.92
Total recognised in other comprehensive income	10.52	0.00	28.69	0.00	-0.83	0.00
(Gain)/Loss from change in demographic assumptions	0.00	0.00	0.00	0.00	0.00	0.00
(Gain)/Loss from change in financial assumptions	46.77	26.95	4.81	2.87	52.37	2.87
Net (Gain)/Loss	46.77	26.95	4.81	2.87	52.37	2.87
Assumptions:						
Discount Rate	6.88%	6.88%	7.70%	7.70%	7.80%	7.70%
Salary Escalation	10%	10%	10%	10%	10%	10%
<b>Maturity Profile of the defined benefit obligation</b>						
within 1 year	124.92	87.61	109.70	89.44	109.70	89.44
1-2 years	98.10	76.29	81.83	52.3	81.83	52.3
2-3 years	94.71	59.85	75.06	54.68	75.06	54.68
3-4 years	78.85	53.43	70.86	46.49	70.86	46.49
4-5 years	65.12	38.69	57.89	39.39	57.89	39.39
5-10 years	267.58	165.97	215.08	141.25	215.08	141.25
<b>Sensitivity Analysis:</b>						
Liability increase in discount rate by 1%	55.09	32.56	46.44	27.43	46.44	27.43
Liability decrease in discount rate by 1%	68.08	13.84	53.64	30.52	53.64	30.52
Liability increase in Salary escalation by 1%	81.38	17.84	46.62	15.07	-584.92	-513.54
Liability decrease in Salary escalation by 1%	27.18	17.27	41.48	14.61	584.92	513.54

The Company expects to contribute Rs. 106.70 lakhs to Gratuity Fund in the year 2017-18

## Notes to Financial Statements for the year ended 31st March, 2017

**41. Segment Reporting:**

The Company's operates mainly in one business segment viz. Pipes being primary segment and all other activities revolve around the main activity. The Company is also manufacturing & selling Cement and producing Pig Iron and LAM Coke for captive use, which do not qualify as a reportable segment as per Ind AS –108 on Operating segments.

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

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

- a. Associate Company:  
M/s.Electrosteel Castings Limited
- b. Key Management Personnel & their relatives (KMP):  
Shri. G. Maruthi Rao, Chairman  
Shri. Mayank Kejriwal, Managing Director  
Shri. G. S. Rathi, Whole Time Director  
Shri. S.Y. Rajagopalan, Director  
Shri. R.K. Khanna, Director  
Smt. S. Hemamalani, Director  
Shri. Karthikeya Misra, Director  
Shri. Atosh R Surana, Chief Financial Officer (till 19th September 2016)  
Shri. N. Sivalai Senthilnathan, Chief Financial Officer (from 01st December 2016)  
Shri. K. Raghuram, Company Secretary
- c. Enterprise where Key Management Personnel have control:  
Amit Trexim Private Limited  
Global Exports Limited

## Notes to Financial Statements for the year ended 31st March, 2017

Rs. In Lakhs

DESCRIPTION	Associate	KMP	Enterprise where KMP have control	Total	Outstanding as at		
					31.3.2017	31.3.2016	31.3.2015
<b>Sales:</b>							
Electrosteel Castings limited	5352.76 (6163.69)	- -	- -	5352.76 (6163.69)	126.36	3971.68	3633.93
<b>Purchases:</b>							
Electrosteel Castings limited	8392.95 (1370.98)	- -	- -	8392.95 (1370.98)	-	354.27	-
<b>Remuneration:</b>							
Shri G. Maruti Rao	-	4.00 (4.00)	-	4.00 (4.00)	-	-	-
Shri Mayank Kejriwal	-	810.00 (980.00)	-	810.00 (980.00)	-	-	-
Shri S Y Rajagopalan	-	4.00 (4.00)		4.00 (4.00)	-	-	-
Shri R K Khanna	-	4.00 (4.00)		4.00 (4.00)	-	-	-
Smt. S. Hemamalini	-	4.00 (4.00)	-	4.00 (4.00)	-	-	-
Shri G.S. Rathi	-	150.33 (108.80)	-	150.33 (108.80)	-	-	-
Shri Atosh R. Surana	-	24.64 (41.28)	-	24.64 (41.28)	-	-	-
Shri Sivalai Senthilnathan	-	26.00 0	-	26.00 0	-	-	-
Shri Manoj K. Shah	-	0 (4.80)	-	0 (4.80)	-	-	-
Shri K. Raghuram	-	16.92 (4.09)	-	16.92 (4.09)	-	-	-
<b>Rent paid:</b>							-
Electrosteel Castings Limited	0.36 (0.36)	-	-	0.36 (0.36)	-	-	-
Amit Trexim Private Limited	-	-	6.00 (5.73)	6.00 (5.73)	3.00	2.70	2.70
Global Exports Limited	-	-	15.57 (15.57)	15.57 (15.57)	15.00	15.00	15.00
<b>Reimbursement of Expenses:</b>							
Electrosteel Castings Limited	24.83 (12.03)	-	-	24.83 (12.03)	-	-	-
<b>Interest Received:</b>							
Electrosteel Castings Limited	313.40 (302.37)	-	-	313.40 (302.37)	-	-	-
<b>Advance Paid:</b>							
Electrosteel Castings Limited	0 (5500.00)	-	0 (5500.00)	0 (5500.00)	-	-	-
<b>Advance Received:</b>							
Electrosteel Castings Limited	0 (5500.00)	-	0 (5500.00)	0 (5500.00)	-	-	-

( ) indicate figures as on 31st March 2016

## Notes to Financial Statements for the year ended 31st March, 2017

43. The Company has operating lease arrangement for Land and office accommodation etc. Expenditure incurred on account of rent during the year amounting to Rs.123.81 lakhs (Previous year Rs.95.05 lakhs) is recognized in the Statement of Profit and Loss.

As required under Ind AS 17 – “Leases” the future minimum lease payments under non-cancelable operating leases in aggregate are as follows.

(Rs. in lakhs)

Period	31 March 2017	31 March 2016	1 April 2015
Not later than one year	8.53	8.53	8.53
Later than one year and not later than five years	42.63	42.63	42.63
Later than five years	383.03	391.56	400.09

## 44. Earnings Per Share (EPS):

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Net profit/(loss) after taxes as per Statement of Profit and Loss (Rs. in lakhs)	14016.34	15513.29
Less: Adjustments for the purpose of diluted earnings per share	Nil	Nil
Net profit for diluted earnings per share (Rs. in lakhs)	14016.34	15513.29
Weighted average number of equity shares for basic EPS and diluted EPS (Face value Rs.10/- per equity share)		
i) for Basic EPS	3,97,63,595	3,97,63,595
ii) for Diluted EPS	3,97,63,595	3,97,63,595
<b>Earnings Per Share:</b> Basic and Diluted EPS (in Rs.)	35.25	39.01

## Notes to Financial Statements for the year ended 31st March, 2017

## 45. First-time adoption of IND-AS-Reconciliation

In terms of Ind AS 101, "First-Time Adoption of Indian Accounting Standards" the required reconciliation of equity, other comprehensive income and cash flows with respect to the figures reported under the previous GAAP are as under:

(i) Reconciliation of equity as at 31st March, 2016 and 1st April, 2015

Rs. In Lakhs

	Notes	As at March 31 2016 (End of last period presented under Previous GAAP)		As at April 01 2015 (Date of transition)			
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
<b>ASSETS</b>							
<b>1. Non-Current Assets</b>							
a. Property, Plant and Equipment	45.C.a	48,806.95	31,031.24	79,838.18	48,635.55	31,789.20	80,424.75
b. Capital Work-In-Progress		1,944.19	-	1,944.19	888.93	-	888.93
c. Intangible Assets		65.99	-	65.99	94.32	-	94.32
d. Financial Assets							
i. Other Financial Assets	45.C.e	394.62	(2.74)	391.88	379.98	-	379.98
e. Other Non Current Assets	45.C.f	512.08	76.78	588.86	181.45	79.89	261.34
<b>Total Non-Current Assets</b>		<b>51,723.83</b>	<b>31,105.28</b>	<b>82,829.10</b>	<b>50,180.23</b>	<b>31,869.09</b>	<b>82,049.32</b>
<b>2. Current Assets</b>							
(a) Inventories		11,888.57	-	11,888.57	13,459.24	-	13,459.24
(b) Financial Assets							
(i) Investments	45.C.d	14,601.82	127.38	14,729.20	-	-	-
(ii) Trade Receivables		20,755.02	-	20,755.02	18,604.67	-	18,604.67
(iii) Cash and Cash Equivalents		2,112.54	-	2,112.54	5,518.17	-	5,518.17
(iv) Bank Balances Other Than (iii)		41.41	-	41.41	405.94	-	405.94
(v) Loans		614.88	-	614.88	2,436.67	-	2,436.67
(vi) Other Financial Assets		191.66	-	191.66	125.26	-	125.26
(c) Other Current Assets	45.C.h	7,201.51	(2,266.03)	4,935.48	6,286.61	(3,057.76)	3,228.85
<b>Total Current Assets</b>		<b>57,407.41</b>	<b>(2,138.65)</b>	<b>55,268.76</b>	<b>46,836.56</b>	<b>(3,057.76)</b>	<b>43,778.81</b>
<b>Total Assets</b>		<b>1,09,131.24</b>	<b>28,966.63</b>	<b>1,38,097.86</b>	<b>97,016.79</b>	<b>28,811.33</b>	<b>1,25,828.12</b>
<b>EQUITY AND LIABILITIES</b>							
<b>1. Equity</b>							
a. Equity Share Capital		3,976.36	-	3,976.36	3,976.36	-	3,976.36
b. Other Equity		38,840.40	26,913.43	65,753.83	25,353.06	26,323.21	51,676.27
<b>Total Equity</b>		<b>42,816.76</b>	<b>26,913.43</b>	<b>69,730.19</b>	<b>29,329.42</b>	<b>26,323.21</b>	<b>55,652.63</b>

## Notes to Financial Statements for the year ended 31st March, 2017

Rs. In Lakhs

	Notes	As at March 31 2016 (End of last period presented under Previous GAAP)			As at April 01 2015 (Date of transition)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
<b>2. Liabilities</b>							
Non-Current Liabilities							
a. Financial Liabilities							
(i) Borrowings		10,902.44	-	10,902.44	17,996.72	-	17,996.72
(ii) Other Financial Liabilities		1,242.88	-	1,242.88	1,242.88	-	1,242.88
b. Provisions		513.54	(48.05)	465.49	393.00	4.46	397.46
c. Deferred Tax Liabilities (Net)	45.C.h	6,911.99	4,446.11	11,358.09	6,547.31	3,921.06	10,468.38
<b>Total Non-Current Liabilities</b>		<b>19,570.85</b>	<b>4,398.06</b>	<b>23,968.90</b>	<b>26,179.91</b>	<b>3,925.52</b>	<b>30,105.44</b>
<b>Current Liabilities</b>							
a. Financial Liabilities							
(i) Borrowings		29,250.37	-	29,250.37	19,865.88	-	19,865.88
(ii) Trade Payables		5,153.78	-	5,153.78	10,240.40	-	10,240.40
(iii) Other Financial Liabilities		8,723.97	-	8,723.97	8,656.06	-	8,656.06
b. Other Liabilities		605.22	-	605.22	975.99	-	975.99
c. Provision	45.C.i	3,010.29	(2,344.86)	665.43	1,769.13	(1,437.41)	331.72
<b>Total Current Liabilities</b>		<b>46,743.63</b>	<b>(2,344.86)</b>	<b>44,398.77</b>	<b>41,507.46</b>	<b>(1,437.41)</b>	<b>40,070.05</b>
<b>Total Liabilities</b>		<b>66,314.48</b>	<b>2,053.20</b>	<b>68,367.67</b>	<b>67,687.37</b>	<b>2,488.11</b>	<b>70,175.49</b>
<b>Total Equity and Liabilities</b>		<b>1,09,131.24</b>	<b>28,966.63</b>	<b>1,38,097.86</b>	<b>97,016.79</b>	<b>28,811.32</b>	<b>1,25,828.12</b>



## Notes to Financial Statements for the year ended 31st March, 2017

(ii) Reconciliation of total equity as given above :

Description	Notes	31st Mar' 2016	1st Apr' 2015
Total Equity (Shareholders fund) as per previous GAAP		42,816.76	29,329.42
De-recognition of proposed dividend including Dividend Distribution Tax	45C.i	2,392.90	1,435.74
Loan fee recorded at Effective Interest Rate		165.61	411.81
Fair valuation of Property, Plant & equipment		32,176.38	32,176.38
Classification of major components of PPE and assessment of useful lives		(1,068.32)	(307.27)
Effect on fair valuation of forward/ derivative contract		172.77	(161.11)
Fair valuation of current investments		127.38	-
Others		(0.01)	-
Deferred tax on above Adjustments		(7,053.28)	(7,232.34)
Total Equity (Shareholders fund) as per Ind-AS		69,730.19	55,652.63

(iii) Reconciliation of Statement of Profit and Loss for the year ended 31st March, 2016

(Rs.in Lakhs)

	Notes	Year ended March 31, 2016		
		As per IGAAP	Ind AS Adjustments	As per Ind AS
I Revenue from operations		117,767.07	-	117,767.07
II Other Income	45.C.d	1,733.03	260.14	1,993.17
<b>III Total revenue (1+2)</b>		<b>119,500.10</b>	<b>260.14</b>	<b>119,760.24</b>
<b>IV EXPENSES</b>				
Cost of materials consumed		48,312.92	-	48,312.92
Purchase of Stock-in-Trade		2,870.26	-	2,870.26
Changes in inventories of finished goods, Stock-in-Trade and work-in progress		20.98	-	20.98
Excise duty on sale of goods		3,205.81		3,205.81
Employee Benefit Expenses	45.C.g	6,832.46	(28.69)	6,803.77
Finance costs	45.C.b	4,204.59	45.02	4,249.61
Depreciation and Amortisation Expense	45.C.a	2,708.84	757.93	3,466.77
Other Expenses		29,876.18	3.20	29,879.38
<b>Total expenses (IV)</b>		<b>98,032.04</b>	<b>777.46</b>	<b>98,809.50</b>
V Profit/(loss) before exceptional items and tax (III-IV)		21,468.06	(517.32)	20,950.75
VI Exceptional Items		-	-	-
VII Profit/(loss) before tax (V+VI)		<b>21,468.06</b>	<b>(517.32)</b>	<b>20,950.75</b>
VIII Tax expense:				
(1) Current tax		(5,223.13)		(5,223.13)
(2) Deferred tax		(364.67)	169.11	(195.56)
Total tax expense		(5,587.80)	169.11	(5,418.69)
IX Profit/(loss) for the period (VII - VIII)		<b>15,880.26</b>	<b>(348.21)</b>	<b>15,532.06</b>
X Other Comprehensive Income				
A (i) Items that will not be reclassified to profit or loss				
(a) Remeasurement of the defined benefit plans		-	28.69	28.69
Less: Income tax effect		-	(9.93)	(9.93)
Total Other Comprehensive Income for the year		-	18.76	18.76
<b>Total Comprehensive Income for the year, net of tax</b>		<b>15,880.26</b>	<b>(366.98)</b>	<b>15,513.29</b>

## Notes to Financial Statements for the year ended 31st March, 2017

(iv) Reconciliation of Total Comprehensive Income for the year ended 31st March, 2016

(Rs. in lakhs)

Description	Note No.	2015-16
Net profit under previous GAAP		15,880.25
Actuarial (gain)/loss on employee defined benefit Plans recognised in other comprehensive income	45Cg	28.69
Classification of major components of PPE and assessment of useful lives	45.C.a	(761.05)
Finance Costs as per Effective Interest Rate method	45Cb	(246.20)
Effect on measuring financial instrument at fair valuation of Forward and Derivative contract	45Cc	333.88
Accrued investments	45Cd	127.38
Others	45Ce	(0.01)
Effect of Deferred Taxes on above	45Ch	169.11
Net Profit for the period under IND AS		15,532.05
Other comprehensive income, net of income tax:		
Actuarial gain/(loss) on employee defined benefit plans	45Cg	(18.76)
Total Comprehensive Income under IND AS		15,513.29

(v) Reconciliation of Statement of Cash flow for the year ended 31st March, 2016

(Rs. in lakhs)

Particulars	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flows from operating activities	20,054.78	(29.79)	20,024.99
Net cash flows from investing activities	(20,142.69)	(0.01)	(20,142.70)
Net cash flows from financing activities	(3,311.34)	23.01	(3,288.33)
Net increase / (decrease) in cash and cash equivalents	(3,399.25)	(6.79)	(3,406.04)
Cash and cash equivalents at the beginning of the period	5,518.58	-	5,518.58
Cash and cash equivalents at the end of the period	2,119.33	(6.79)	2,112.54

**45 (a). MANDATORY EXCEPTIONS AND OPTIONAL EXEMPTIONS**

These financial statements are covered by Ind AS 101, "First Time Adoption of Indian Accounting Standards", as they are the Company's first Ind AS financial statements for the year ended March 31, 2017.

**Overall principle:**

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by

recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying certain items from Previous GAAP to Ind AS as required under the Ind AS, and applying Ind AS in the measurement of recognized assets and liabilities. The accounting policies that the Company used in its opening Ind-AS Balance Sheet may have differed from those that it used for its previous GAAP. The resulting adjustments arise from events and transactions before the date of transition to Ind-AS had recognized directly in retained earnings at the date of transition.

## Notes to Financial Statements for the year ended 31st March, 2017

However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Company as detailed below.

### De-recognition of financial assets and financial liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

### Fair Value as deemed cost for Property, Plant and Equipment

Property, plant and equipment has been valued at Fair value at the date of transition, which has been considered as deemed cost.

### Deemed cost for Intangible assets

The Company has elected to continue with the carrying value of all of its intangible assets recognized as of transition date measured as per the Previous GAAP and used that carrying value as its deemed cost as of the transition date.

### Impairment of financial assets

Ind AS 109 "Financial Instruments" requires the impairment to be carried out retrospectively; however, as permitted by Ind AS 101, the Company, has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

### Determining whether an arrangement contains a lease

The Company as on the date of transition complied with Ind AS 17 "Leases" to determine whether an arrangement contains a Lease on the basis of facts and circumstances existing at the date of transition to Ind AS, accordingly leasehold land has been reclassified as operating lease.

### Long Term Foreign Currency Monetary items

The Company has adapted to continue the accounting policy related to exchange difference arising from translation of existing long term foreign currency

monetary items recognised in the financial statements under previous GAAP as on the date of transition, accordingly the company has continued the policy of capitalization of forex on such long-term loans outstanding as on 1st April 2015 and such capitalised amount is being amortised over the remaining useful life of the assets.

### 45 (C). Explanatory Notes to reconciliation between Previous GAAP and Ind AS:

#### (a) Property, Plant & Equipment ('PPE'):

The company has used fair value of the PPE as carried out by an external valuer in its opening Ind AS statement of financial position as deemed cost.

- i) the aggregate of those fair values is Rs. 80906.23 Lakhs; and
- ii) the aggregate adjustment to the carrying amounts of land reported under previous GAAP is Rs.32176.37 lakhs.

The fair value of PPE has been determined based on the valuation carried out by External independent valuers. The fair value of the properties was determined based on market value of similar assets, significantly adjusted for differences in the nature, location or condition of the specific items of PPE. The fair valuation involves higher degree of uncertainty and subjectivity.

The company has ascertained major components of Plant & Machinery earlier and reviewed its useful life in terms of Ind AS as on the date of transition. This has resulted in additional depreciation to the extent of Rs. 761.05 lakhs and Rs. 307.27 lakhs for the year ended 31st March 2016 and as on 01st April 2015 respectively.

The company has reclassified leasehold land as explained in point (f) below, accordingly an amount of Rs. 76.78 lakhs and Rs. 79.89 lakhs are adjusted for the year ended 31st March 2016 and as on 01st April 2015 respectively.

Cumulatively, the above has resulted in a total adjustment of Rs.31031.24 lakhs and Rs. 31789.20 lakhs for the year ended 31st March 2016 and as on 01st April 2015 respectively.

#### (b) Borrowings:

Ind AS requires Finance Liabilities consisting of Long Term Borrowings to be designated and measured at amortised cost based on Effective Interest Rate (EIR) method. The transaction costs incurred towards

## Notes to Financial Statements for the year ended 31st March, 2017

origination of borrowings are required to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognized in profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Under previous GAAP, transaction costs incurred in connection with borrowings are accounted upfront and charged to profit or loss for the period in which such transaction costs is incurred.

Accordingly, Finance costs have been reduced by Rs. 411.81 Lakhs and Rs. 246.20 Lakhs as on 1st April 2015 and 31st March 2016 respectively. This has resulted in increase in total equity of Rs.411.81 lakhs and Rs.246.20 lakhs as on 1st April 2015 and 31st March 2016 respectively.

**(c) Derivative financial Instruments**

Under previous GAAP, exchange difference arising with respect to forward contracts other than those entered into, to hedge foreign currency risk on unexecuted firm contracts or of highly probable forecast transactions were recognised in the period in which they arise and the difference between the forward contract and exchange rate at the date of transaction is recognised as revenue/expense over the life of the contract.

Under Ind AS, both reductions and increases to the fair value of derivative contracts are recognised in Statement of Profit and Loss.

On transition, the Company has fair valued the outstanding forward contract/Swap and Options resulting in loss of Rs. 161.11 lakhs and gain of Rs. 333.88 lakhs as on 1st April 2015 and 31st March 2016 respectively. This has resulted in decrease in total equity of Rs.161.11 lakhs as on 1st April 2015 and net increase in equity of Rs. 172.77 lakhs as at 31st March 2016.

**(d) Investment in Mutual Funds**

Under previous GAAP, current investments were measured at lower of cost or market price. Under Ind AS, Investments are measured at fair value through profit and loss and accordingly, difference between the fair value and carrying value is recognised in the Statement of Profit and Loss.

On transition, the Company has recognised a gain of Rs. 127.38 lakhs in respect of mutual funds for the year ended 31st March 2016. This has resulted in increase in Rs.127.38 lakhs (income) and total equity by Rs. 127.38 lakhs for the year ended 31st March 2016.

**(e) Fair Valuation of financial assets and liabilities**

Under previous GAAP, receivables and payables were measured at transaction cost less allowances for recoverability, if any. Under Ind AS, the financial assets and liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less allowances for impairment, if any. The resulting changes are recognised either under finance income or expenses in the Statement of Profit and Loss. On transition, the company has fair valued certain financial assets resulting in loss of Rs.0.01 lakhs and reduction of other financial assets by Rs.2.74 lakhs for the year ended 31st March 2017.

**(f) Reclassification of Lease**

Under previous GAAP, leasehold land in the form of perpetual agreement was classified as finance lease.

Under Ind AS, finance lease includes leases that substantially transfer all the risks and rewards incidental to ownership of assets. Land is considered to have an indefinite life and whose value appreciates with passage of time. Accordingly, on transition the company has reclassified such leasehold land to operating lease amounting to Rs. 79.89 lakhs as on 1st April 2015 and Rs 76.78 lakhs as on 31st March 2016.

**(g) Defined benefit liabilities**

Both under previous GAAP and Ind AS, the Company recognizes costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to Statement of Profit and Loss. Under Ind AS, re-measurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognized immediately in the balance sheet with a corresponding debit or credit to equity through Other Comprehensive Income (OCI).

Under Ind AS, the entity is permitted to transfer amounts recognized in the Other Comprehensive Income within equity. The Company has taken recourse of the said provision and has transferred all re-measurement costs recognized relating prior to the transition date from Retained earnings as on the date of transition as permitted under Ind AS.

Thus, the employee benefit cost is reduced by Rs. 74.19 lakhs on transition date i.e 01.04.2015 and Rs.18.76

## Notes to Financial Statements for the year ended 31st March, 2017

lakhs for the year 2015-16 and re-measurement losses on defined benefit plans have been recognized in the Other Comprehensive Income, net of tax.

**(h) Taxation**

The Company has accounted for current and deferred tax on various adjustments between previous GAAP and Ind AS at the tax rate at which they are expected to be reversed.

MAT credit entitlement being of the nature of deferred tax, accordingly, on transition the company has reclassified such MAT Credit from current tax to deferred tax amounting to Rs. 3311.25 lakhs as on 1st April 2015 and Rs 2607.17 lakhs as on 31st March 2016.

**(i) Proposed Dividend**

Under previous GAAP, proposed dividend as recommended by the Board of Directors is recognised

as liability in the period to which they relate irrespective of the approval of the shareholders.

Under Ind AS, such dividends are recognised as liability in the period in which they are approved by the shareholders or paid. Accordingly, on the date of transition the company has derecognised proposed dividend and dividend tax amounting to Rs. 1,435.74 lakhs and recognised them during the year 2015-16 on approval by the Shareholders. Similarly, proposed dividend and dividend tax of Rs 2,392.90 lakhs have been derecognised during the year 2015-16. This has resulted in increase in total equity of Rs. 1435.74 lakhs and Rs. 957.16 lakhs as on 1st April 2015 and 31st March 2016 respectively.

Previous GAAP figures have been reclassified / regrouped wherever necessary to conform with financial statements prepared under Ind AS.

**46. Disclosure of Specified Bank Notes (SBN)**

The details of SBN (Rs. 500 and Rs. 1,000 notes existing as on 8th November, 2016) and other notes held and transacted during the period from 8th November, 2016 to 30th December, 2016 as defined and required vide MCA Notification Number GSR 308(E) Dated 30th March, 2017 are given below:

(in. Rupees)

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in hand as on 08.11.2016	1,08,500	1,848	1,10,348
(+) Permitted Receipts	-	6,02,361	6,02,361
(-) Permitted Payments	-	3,04,989	3,04,989
(-) Amount deposited in Banks	1,08,500	-	1,08,500
Closing cash in hand as on 30.12.2016	-	2,99,220	2,99,220

47. These financial statements have been approved by the Board of Directors of the Company on 12th May, 2017 for issue to the shareholders for their adoption.

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

P R Satish  
Partner  
Membership No.219432

Place: Chennai.  
Date: 12th May, 2017.

For and on behalf of the Board

G.Maruthi Rao  
Chairman  
DIN 00083950

G S Rathi  
Whole Time Director  
DIN 00083992

N. Sivalai Senthilnathan  
Chief Financial Officer

K Raghuram  
Company Secretary

**SRIKALAHASTHI PIPES LIMITED**

Regd. Office: Rachagunneri – 517641, Srikalahasthi Mandal, Chittoor District, A.P. India  
Website : www.srikalahasthipipes.com, CIN : L74999AP1991PLC013391

**NOTICE**

**NOTICE** is hereby given that Twenty Fifth Annual General Meeting of Srikalahasthi Pipes Limited will be held at the Registered Office of the Company at Rachagunneri, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh on Wednesday, the 27th day of September, 2017 at 11.30 A.M. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Financial Statements including Balance Sheet as at 31st March, 2017 and Profit & Loss Account for the year ended as on that date, together with the Auditors' Report and Directors' Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of Shri G.S. Rathi (DIN: 00083992 ) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors in place of retiring Auditors and fix their remuneration and for this purpose to consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Lodha & Co., Chartered Accountants, (Registration No. 301051E) be and is hereby appointed as the Statutory Auditors of the Company in place of M/s K.R. Bapuji & Co, Chartered Accountants (Registration No. 000395S), the retiring Statutory Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the 30th Annual General Meeting of the Company, subject to ratification by the Members at every Annual General Meeting till the 30th Annual General Meeting, at such remuneration plus applicable taxes and reimbursement of out-of pocket expenses in connection with the audit at actual as may be determined mutually between the Board of Directors and the Auditors”.

**SPECIAL BUSINESS :**

5. 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.1,40,000 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, 2018.

“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”

6. To approve re-appointment of Shri Mayank Kejriwal (DIN:00065980) as Managing Director of the Company and the remuneration payable to him.

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

“RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and approval

of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013 and Article 139 of Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Shri Mayank Kejriwal (DIN:00065980) as Managing Director of the Company for a period of five years with effect from 1st May, 2017, as well as for the payment of remuneration by way of commission not exceeding 5% of the net profits of the Company as computed in the manner laid down in Sections 197 and 198 of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof, for the relevant financial year, subject to a maximum amount to be decided by the Board every year starting from the FY 2017-18, till expiry of his term."

"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"

7. To approve appointment of Shri V. Poyyamozhi (DIN: 07887406) 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) Shri V. Poyyamozhi (DIN: 07887406) who has been appointed by the Board of directors as Additional Director of the Company and who holds office as such upto 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."

8. To approve appointment of Shri V. Poyyamozhi (DIN: 07887406) as a Whole-time Director of the Company for a period of (5) five years, liable to retire by rotation, with effect from 10th August, 2017:

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

"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013 and relevant provisions of the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the appointment of Shri V. Poyyamozhi (DIN: 07887406) as a Whole-time Director of the Company for a period of five years, liable to retire by rotation, with effect from 10th August, 2017, on the remuneration and terms and conditions as set out in the explanatory statement annexed to this notice.

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

By Order of the Board  
For Srikalahasthi Pipes Limited

**K.Raghuram**  
Company Secretary

Place: Chennai.  
Dated: 10th August, 2017

**Notes:**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote, instead of himself / herself. The proxy, so appointed, need not be a member of the company. In order to be effective, the proxy form(s) duly completed and signed should reach the registered office of the company at least 48 hours before the commencement of the meeting. A person shall not act as a proxy for more than 50 members and holding in aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
2. The explanatory statement, pursuant to Section 102 of the Companies Act, 2013 in respect of the special business as set out in the Notice and intimation required to be furnished as per Regulation 36 of the Listing Regulations are annexed hereto.
3. The register of members and the Share Transfer Books of the Company shall remain closed from 21st September, 2017 to 27th September, 2017 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend for the FY 2016-17. The cut-off date for determining voting rights for e-voting on resolutions that will be listed for Annual General Meeting will be 20th September, 2017.
4. Dividend in respect of equity shares for the financial year ended 31st March, 2017, 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 September, 2017 as per the information furnished to the Company by Depositories for this purpose.
5. Members are requested to furnish their Bank Account details, change of address etc., to the Registrar and Share Transfer Agents in respect of shares held in physical form. If the shares are held in electronic form, then the said particulars should be furnished to their respective Depository Participants (DPs).
6. Members desirous of getting any information in respect of the Accounts of the Company are requested to send their queries in writing to the Company at the Registered Office so as to reach at least 7 days before the date of the meeting so that the required information can be made available at the meeting. Members/ Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the meeting as also the Attendance Slip duly filled in for attending the meeting.
7. a) Members holding the shares in electronic mode may please note that their dividend would be paid through National Electronic Clearing System (NECS) or Electronic Clearing Services (ECS) at the available RBI locations. The dividend would be credited to their bank account as per the mandate given by the members to their DPs. In the absence of availability of NECS/ECS facility, the dividend would be paid through warrants and the Bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable Regulations.  
 b) Members are requested to send their Bank Account particulars (viz. Account No., Name & Branch of the Bank and the MICR Code) to their DPs in case the shares are held in electronic mode or to the Registrar and Share Transfer Agents in case the shares are held in physical mode for printing on dividend warrant to ensure that there is no fraudulent encashment of the warrants.
8. Equity Shares of the Company fall under the category of compulsory de-mat trading by all investors. Considering the advantages of scripless trading, shareholders are requested to consider dematerialization of their shareholding so as to avoid inconvenience.

Members who have not received their dividend paid by the Company in respect of earlier years are requested to check with the Company's Registrar & Transfer Agent – Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032. Members are requested to note that in terms of Section 124 (2) of the Companies Act, 2013, dividend declared by the Company, for earlier years, which remain unclaimed for a period of 7 years from the date when it first became due for payment will be transferred by the Company to a fund



called "Investor Education and Protection Fund" (IEPF), set up by the Central Government. Accordingly, the unpaid/unclaimed dividend for the financial years 2009-10 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
2009-10	1.50	25.08.2010	24.09.2017
2010-11	1.50	25.08.2011	24.09.2018
2011-12	Nil	-	-
2012-13	Nil	-	-
2013-14	1.50	27.09.2014	26.10.2021
2014-15	3.00	24.08.2015	23.09.2022
2015-16	5.00	29.08.2016	28.09.2023

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

9. Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with Companies) Rules, 2012, the Company will provide/host the required details of unclaimed amounts referred under Section 124 (2) of the Companies Act, 2013 on its website and also in the website of the Ministry of Corporate Affairs (MCA) in the relevant form every year.
10. Electronic copy of the Annual Report and the Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the above documents are being sent in the permitted mode.
11. Members may also note that the Annual Report and the Notice of the Annual General Meeting will also be available on the Company's website [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com) for their download. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same by post free of cost.
12. Members are requested to affix their signatures at the space provided on the Attendance Slip annexed to Proxy Form and handover the Slip at the entrance of the meeting hall. Corporate members are requested to send a duly certified copy of the Board Resolution/ Power of attorney authorizing their representatives to attend and vote at the Annual General Meeting.
13. Members are requested to give us their valuable suggestions for improvement of our investor services.
14. Voting through electronic means : Pursuant to Section 108 of the Companies Act, 2013, read with the Companies (Management & Administration) Amendment Rules, 2015 of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 20th September, 2017 are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting period will commence at 9.00 a.m. on 24th September, 2017 and will end at 5.00 p.m. on 26th September, 2017. The Company has appointed Mr. S. Chidambaram, Practicing Company Secretary, to act as the Scrutinizer, to scrutinize the remote e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting may refer to the detailed procedure given hereinafter.

**Procedure and instructions for remote e-voting**

The Company has engaged the services of M/s. Karvy Computershare Private Limited (“Karvy”) as the Authorized Agency to provide e-voting facilities. The e-voting particulars are set out below:

**A. Members receiving Notice through e-mail from Karvy:**

- i. Open your web browser during the voting period and navigate to ‘https://evoting.karvy.com’
- ii. Enter the login credentials (i.e., user-id & password). However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote:

User – ID	For Members holding shares in Demat Form:- a) For NSDL :- 8 Character DP ID followed by 8 digit Client ID b) For CDSL :- 16 digits Beneficiary ID / Client ID For Members holding shares in Physical Form:- Event No. (EVENT) followed by Folio No. registered with the Company
Password	Your unique password is provided in the e-mail forwarding the electronic notice.

- iii. After entering these details appropriately, click on “LOGIN”.
  - iv. You will now reach Password Change Menu wherein they are required to mandatorily change their password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc on first login. You may also enter a secret question of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - v. After changing password, you need to login again with the new credentials.
  - vi. On successful login, the system will prompt to select the “Event” i.e. Srikalahasthi Pipes Limited.
  - vii. On the voting page, enter the number of shares (which represents number of votes) as on the cut-off date under “FOR/AGAINST/ABSTAIN” against the resolution or alternatively you may partially enter any number in “FOR” , partially in “AGAINST” and partially in “ABSTAIN” but the total number in “FOR/AGAINST/ABSTAIN” taken together should not exceed your total shareholding.
  - viii. You may then cast your vote by selecting an appropriate option and click on “Submit”. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify your vote. During the voting period, Members can login any number of times till they have voted on the resolution.
  - ix. Corporate/Institutional Members (corporate /FIs /FII/Trust/Mutual Funds/Companies, etc) are additionally required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc. together with the attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: schid285@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format “Corporate Name\_Event No.”.
- B. Members receiving physical copy of Notice of AGM and Attendance Slip:**
1. Please use the User ID and initial password as provided at the bottom of the Attendance Slip.
  2. Please follow all steps from Sr. No. (i) to (ix) as mentioned in (A) above, to cast your vote.
- C. The e- voting period commences on 24th September, 2017 at 09.00 A.M and ends on 26th September, 2017 at 05.00 P.M. In case of any query pertaining to e-voting, please visit Help & FAQs section of Karvy e-voting website.**

- D. Once the vote on the resolution is cast by a shareholder, the shareholder shall not be allowed to change it subsequently. Further, the shareholders who have cast their vote electronically shall not be allowed to vote again at the AGM.
- E. Mr. S. Chidambaram, Company Secretary in Practice has been appointed as Scrutinizer for conducting the e-voting process in accordance with law. The Scrutinizer's decision on the validity of e-voting shall be final. The e-mail ID of the Scrutinizer is schid285@gmail.com.
- F. The Scrutinizer shall, on the date of the AGM, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's report of the votes cast in favour or against, if any, and submit it to the Chairman.
- G. The voting rights for the shares are one vote per equity share, registered in the name of the shareholders / beneficial owners as on 20th September, 2017. Shareholders holding shares either in physical form or dematerialized form may cast their vote electronically.
- H. Shareholders / proxies may also vote at the venue of the meeting physically by using the ballot papers that will be provided at the venue. Shareholders who have cast their votes through e-voting will not be allowed to cast their votes physically at the venue of the AGM.
- I. In case of any grievances connected with the voting by electronic means, shareholders are requested to contact Mr.P.Nageswara Rao, Karvy Compuershare Pvt. Limited, Karvy Selenium, Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad - 500 032, E-mail : einward.ris@karvy.com, Phone : 040-67162222. The shareholders may also write to Company at E-mail companysecretary@srikalahasthipipes.com
- J. Members who have acquired shares after the despatch of the Notice and before the Cut off date may obtain the user ID by approaching Mr.P.Nageswara Rao, Karvy Computershare Pvt. Limited, Karvy Selenium, Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad - 500 032, E-mail: einward.ris@karvy.com or write to Company at E-mail: companysecretary@srikalahasthipipes.com Phone: 040-67162222, for issuance of the user ID and password for exercising their right to vote by electronic means.
- K. The result of voting will be announced after the AGM to be held on 27th September, 2017 and the resolutions will be deemed to have been passed on the date of the AGM, subject to receipt of the requisite number of votes in favour of the resolutions.
- L. The result of the voting along with the Scrutinizer's Report will be communicated to the stock exchanges and will also be hosted on the website of the Company [www.srikalahasthipipes.com](http://www.srikalahasthipipes.com) and on Karvy's website (<https://evoting.karvy.com>) within 48 hours of completion of voting.

By Order of the Board  
For Srikalahasthi Pipes Limited

**K.Raghuram**  
Company Secretary

Place: Chennai.  
Dated: 10th August, 2017

**ANNEXURE TO THE NOTICE  
(EXPLANATORY STATEMENT PURSUANT TO SECTIONS 102 OF THE COMPANIES ACT, 2013)**

**Item No.5:**

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, 2018 at a remuneration of Rs.1,40,000 (Rs. One Lakh Forty 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.5 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending March 31, 2018.

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.

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.5 of the Notice.

**Item No.6:**

The Board of Directors at its meeting held on 27th April, 2012 and the Shareholders at the Annual General Meeting of the Company held on 27th August, 2012 had approved the appointment of Shri Mayank Kejriwal as the Managing Director of the Company with effect from 1st May, 2012 for a period of five years at a remuneration not exceeding 3% of the net profits of the Company within the overall limits specified in the provisions of erstwhile Companies Act, 1956. Subsequently, at the Annual General Meeting of the Company held on 27th September, 2014, the shareholders had approved to increase the overall remuneration payable to him by way of commission from 3% of the net profits of the Company to 5% of the net profits starting from the FY 2014-15 till expiry of his present term. The present term of appointment of Shri Mayank Kejriwal has expired on 30th April, 2017.

In view of the contributions made by Shri Mayank Kejriwal and his extensive knowledge of Company's operations and rich experience and expertise in managing the affairs of the Company, the Nomination and Remuneration Committee at its meeting held on 12th May, 2017 has considered his re-appointment as Managing Director of the Company for a further term of five years and recommended the same for the approval of the Board. The Board of Directors of the Company at its meeting held on 12th May, 2017 has approved the reappointment of Shri Mayank Kejriwal as Managing Director of the Company with effect from 1st May, 2017, at a remuneration by way of commission not exceeding 5% of the net profits of the Company as computed in the manner laid down in Sections 197 and 198 of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof, for the relevant financial year, subject to a maximum limit, to be decided by the Board every year starting from the FY 2017-18, till expiry of his term.

Except Shri Mayank Kejriwal, Managing Director, 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 set out at Item No.6 of the Notice.

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 Ordinary resolution.

**Item No. 7&8:**

Based on the recommendation of the Nomination & Remuneration Committee, Shri V. Poyyamozi was appointed as an Additional Director on the Board of the Company with effect from 10th August, 2017 to hold office upto the date of this Annual General Meeting. Further, as recommended by the Nomination and Remuneration Committee, he was also appointed as the Whole-time Director of the Company for a period of five years, liable to retire by rotation, with effect from 10th August, 2017, subject to the approval of the Members.

Shri Poyyamozhi aged about 60 years is a Mechanical Engineering graduate. He was associated with various reputed steel plants and thus has vast experience of about 35 years in the field. He started his career in Bhilai Steel Plant, where he rose through the ranks in 18 years of service. He then joined JSW Steel Limited where he was involved in bringing the steel melting facility from 0.8 Million tonnes capacity to 12 Million tonnes capacity and he resigned as Sr. Vice President.

He has been associated with the Company for the last four years as Chief Operating Officer and leads the operational team of the Company's integrated plant. He has brought in strong execution skill and has considerably strengthened innovation and developmental activities. He has a strong track record of results, execution excellence and improved efficiency while driving the team to achieve higher operational excellence.

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 Shri V. Poyyamozhi as a Director of the Company.

Both the Nomination and Remuneration Committee and the Board were of the opinion, after evaluation of his performance 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 whole-time director for a term of five years.

Proposed Remuneration of Mr. V. Poyyamozhi:

- i. Salary: Rs. 2,83,000 per month in the grade of 2,83,000-14,150- 3,39,600.
- ii. House Rent Allowance : Not exceeding 60% of the salary.
- iii. Special Allowance: Rs.3,86,500 per month in the grade of 3,86,500-19,325-4,63,800
- iv. Perquisites and Amenities:
  - a. Medical Benefits: Reimbursement of expenses for self and family in accordance with the rules specified by the company.
  - b. Leave: As per applicable Staff Rules of the Company
  - c. Car and Telephone: Provision of a car for use on Company's business and telephone at residence. These will not be considered as perquisites. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.
  - d. Personal Accident & Term Insurance Premium: Not to exceed Rs. 10,000 per annum.
  - e. Mediclaim Policy: Mediclaim Policy to be taken as per applicable Staff Rules of the Company.
  - f. Encashment of Leave: In accordance with the Company's Rules and Regulations.
  - g. Contribution to Retiral Benefit Funds: Company's contribution to Provident Fund as applicable to other employees. Gratuity in accordance with the Gratuity Fund Rules.
  - h. Leave Travel Concession: Return passage for Mr. Poyyamozhi and his family in accordance with the Rules specified by the Company.

Minimum Remuneration: In the event of absence or inadequacy of profits of the Company in any financial year, Shri Poyyamozhi will be entitled to receive such minimum remuneration as is permissible under Section II of Part II of Schedule V to the Companies Act, 2013.

For the purpose of calculation of such monetary value, the perquisites shall be valued as per Income Tax Rules, wherever applicable and in the absence thereof, at cost.

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

By Order of the Board  
For Srikalahasthi Pipes Limited

**K.Raghuram**  
Company Secretary

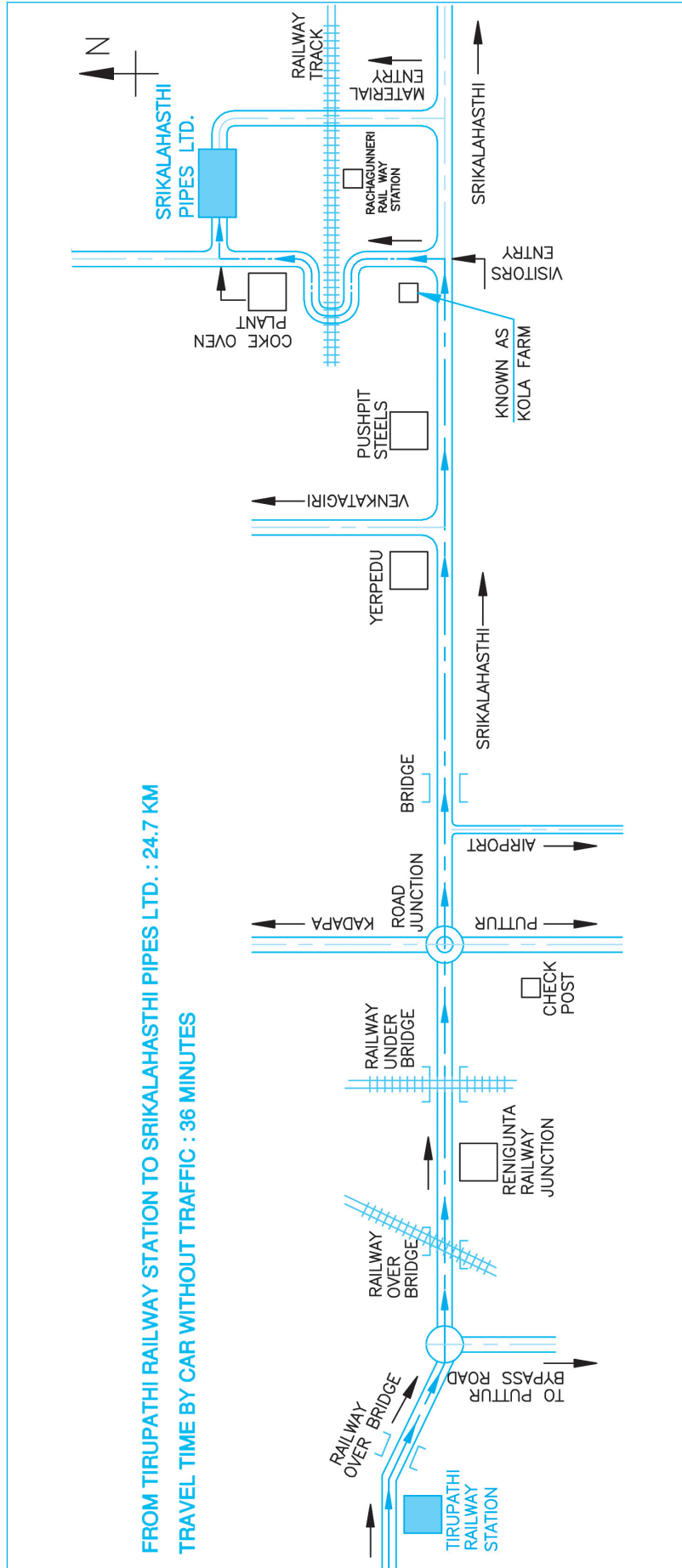
Place: Chennai.  
Dated: 10th August, 2017

### 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)	Shri G.S.Rathi	Shri Mayank Kejriwal	Shri V. Poyyamozihi
Date of Birth	9th January, 1950	23rd August, 1954	6th February, 1957
DIN Number	00083992	00065980	07887406
Date of earlier appointment	1st July, 2015	1st May, 2012	-
Qualifications	B.Com (Hons.), FCS , LLB	B.Com (Hons.)	BE (Mechanical), ICWA (Intermediate)
Brief Resume	Shri G.S. Rathi is a Gold Medalist in B.com (Hons.) of Bhagalpur University, Bihar, Law graduate and a qualified Company Secretary. He served as Executive Director in Electrosteel Castings Limited (ECL) and was looking after the working of Flawur Unit of Electrosteel, besides marketing and sales of ECL in Southern and Western Regions of India. He has expertise in general administrative management and Marketing and actively involved in the day to day operations of the Company. He earlier worked as Vice President- cum- Company Secretary of Vidula Chemicals & Manufacturing Industries, a Birla Group Company during 1980 to 1986 and implemented a Greenfield Chemical Project near Kolkata.	Shri Mayank Kejriwal is B.Com (Hons.), having rich experience of DI Pipe industry. He is also the Jt-Managing Director of Electrosteel Castings Limited, a pioneering DI Pipe manufacturer in India and holds Directorships in various limited Companies. He has extensive knowledge of Company's operations and rich experience and expertise in managing the affairs of the Company. Under the able leadership of Shri Mayank Kejriwal Company has attained new heights.	Mr V.Poyyamozihi, B.E.Mechanical, ICWA(Intermediate), leads the company's integrated plant production team and has been associated with the Company for the last four years. He has a strong track record of results, execution excellence and improved efficiency while driving the team to score highest customer satisfaction. Mr V. Poyyamozihi has spent nearly 34 years in steel industry. He started his career in Bhilai Steel Plant, where he rose through the ranks in 18 years of service. He then joined JSW Steel Limited where he was involved in bringing the steel melting facility from 0.8 Million tonnes capacity to 12 Million tonnes capacity and he resigned as Sr. Vice President.
Directorship in other Listed Companies.	-	1. Electrosteel Castings Limited	-
Shareholding	16,000 Shares	Nil	-
Membership in other Board Committees : 1) Audit Committee	-	-	-
2) Nomination & Remuneration Committee	-	-	-
3) Stakeholders' Relationship Committee	-	1. Electrosteel Castings Limited	-

**ROUTE MAP OF AGM VENUE**





IIIE has Great Pleasure in Conferring  
**Performance Excellence Award**

(Gold Category)

on

**Srikalahasthi Pipes Limited**

Rachagunneri

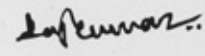
*For their  
Financial and Operational Strength  
For the year 2015 - 2016*

In witness thereof we have hereunto set our hands  
and affixed the Common seal of the Institution

On Saturday the 25th Day of February 2017



  
Chairman

  
President







Skill development Centre established for girls in the surrounding villages under “Beti Padhao Beti Bachao” programme as a part of CSR initiatives of the Company.





INSPIRING GROWTH

# Srikalahasthi Pipes Limited

Regd. Office & Works

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